

Act No. 92  
Public Acts of 1989  
Approved by the Governor  
September 20, 1989  
Filed with the Secretary of State  
September 20, 1989

**STATE OF MICHIGAN  
85TH LEGISLATURE  
REGULAR SESSION OF 1989**

Introduced by Rep. Jacobetti

# **ENROLLED HOUSE BILL No. 4336**

AN ACT to amend sections 6, 8, 11, 17, 18, 19, 21, 22, 24, 25, 29, 31, 33, 36, 37, 38, 39, 40, 41, 45, 46, 47, 48, 51, 53, 54, 55, 56, 61, 62, 63, 71, 72, 81, 83, 93, 96, 97, 98, 101, 105, 107, 108, 121, 143, 144, 145, 146, 152, 164, and 166 of Act No. 94 of the Public Acts of 1979, entitled as amended "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to prescribe the powers and duties of certain state departments; the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal certain acts and parts of acts," sections 6, 11, 17, 21, 22, 24, 25, 31, 33, 36, 37, 38, 40, 41, 45, 46, 47, 51, 53, 54, 55, 56, 61, 62, 63, 71, 72, 81, 83, 93, 96, 97, 98, 107, 108, 143, 144, 145, 146, 164, and 166 as amended and sections 8, 19, and 29 as added by Act No. 318 of the Public Acts of 1988, sections 39 and 48 as amended by Act No. 509 of the Public Acts of 1988, section 101 as amended by Act No. 298 of the Public Acts of 1986, sections 105 and 121 as amended by Act No. 212 of the Public Acts of 1986, and section 152 as amended by Act No. 320 of the Public Acts of 1980, being sections 388.1606, 388.1608, 388.1611, 388.1617, 388.1618, 388.1619, 388.1621, 388.1622, 388.1624, 388.1625, 388.1629, 388.1631, 388.1633, 388.1636, 388.1637, 388.1638, 388.1639, 388.1640, 388.1641, 388.1645, 388.1646, 388.1647, 388.1648, 388.1651, 388.1653, 388.1654, 388.1655, 388.1656, 388.1661, 388.1662, 388.1663, 388.1671, 388.1672, 388.1681, 388.1683, 388.1693, 388.1696, 388.1697, 388.1698, 388.1701, 388.1705, 388.1707, 388.1708, 388.1721, 388.1743, 388.1744, 388.1745, 388.1746, 388.1752, 388.1764, and 388.1766 of the Michigan Compiled Laws; to add sections 19a, 19b, 19c, 19d, 27, 34a, 90, 91, 158, and 159; and to repeal certain parts of the act.

*The People of the State of Michigan enact:*

Section 1. Sections 6, 8, 11, 17, 18, 19, 21, 22, 24, 25, 29, 31, 33, 36, 37, 38, 39, 40, 41, 45, 46, 47, 48, 51, 53, 54, 55, 56, 61, 62, 63, 71, 72, 81, 83, 93, 96, 97, 98, 101, 105, 107, 108, 121, 143, 144, 145, 146, 152, 164, and 166 of Act No. 94 of the Public Acts of 1979, sections 6, 11, 17, 21, 22, 24, 25, 31, 33, 36, 37, 38, 40, 41, 45, 46, 47, 51, 53, 54, 55, 56, 61, 62, 63, 71, 72, 81, 83, 93, 96, 97, 98, 107, 108, 143, 144, 145, 146, 164, and 166 as amended and sections 8, 19, and 29 as added by Act No. 318 of the Public Acts of 1988, sections 39 and 48 as amended by Act No. 509 of the Public Acts of 1988, section 101 as amended by Act No. 298 of the Public Acts of 1986, sections 105 and 121 as amended by Act No. 212 of the Public Acts of 1986, and section 152 as amended by Act No. 320 of the Public Acts of 1980, being sections 388.1606, 388.1608, 388.1611, 388.1617, 388.1618, 388.1619, 388.1621, 388.1622, 388.1624, 388.1625, 388.1629, 388.1631, 388.1633, 388.1636, 388.1637, 388.1638, 388.1639, 388.1640, 388.1641, 388.1645, 388.1646, 388.1647, 388.1648, 388.1651, 388.1653, 388.1654, 388.1655, 388.1656, 388.1661, 388.1662, 388.1663, 388.1671, 388.1672, 388.1681, 388.1683, 388.1693, 388.1696, 388.1697, 388.1698, 388.1701, 388.1705, 388.1707, 388.1708, 388.1721, 388.1743, 388.1744, 388.1745, 388.1746, 388.1752, 388.1764, and 388.1766 of the Michigan Compiled Laws, are amended and sections 19a, 19b, 19c, 19d, 27, 34a, 90, 91, 158, and 159 are added to read as follows:

Sec. 6. (1) "Center program" means a program operated by a district or intermediate district for special education pupils from several districts in programs for the autistically impaired, trainable mentally impaired, severely mentally impaired, severely multiply impaired, hearing impaired, physically and otherwise health impaired, visually impaired, and programs for emotionally impaired housed in buildings that do not serve regular education pupils. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district.

(2) "District membership retention rate" for the current school year means the proportion of pupils who have not dropped out of school in the current school year and is equal to 1 minus the quotient of the number of pupils unaccounted for in the current school year, as determined pursuant to subsection (3), divided by the membership of the current school year.

(3) "District membership retention report" means a report of the membership of the district for the immediately preceding school year, adjusted for those pupils who have transferred into the district, transferred out of the district, transferred to alternative programs, and have graduated, to determine the number of pupils who are unaccounted for. The number of pupils unaccounted for shall be calculated as determined by the department.

(4) "Membership", except as otherwise provided in sections 56 and 62, means the number of full-time equivalent pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day as determined by the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board. In a district operating an extended school year program approved by the state board, a pupil enrolled, but not scheduled to be in regular daily attendance on the pupil membership count day, shall be counted. The department shall give a uniform interpretation of full-time and part-time memberships. The state board may provide a district with an adjustment of the district's membership count upon the showing of a substantial increase in membership due to the closing of a nonpublic school after the pupil membership count day. In a district offering classes that are scheduled for a full year in which different pupils participate in different sessions, full-time equated memberships shall be determined by dividing the number of class hours scheduled and provided per year per pupil by 900 for elementary and secondary pupils and by 480 for adult pupils.

(5) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence shall not be required for adult or nonpublic part-time pupils, for pupils receiving 1/2 or less of their instruction in a district other than their district of residence, or for those pupils who were enrolled and in regular daily attendance and remain enrolled and in regular daily attendance in the district other than their district of residence before April 1, 1981.

(6) "Pupil membership count day" of a district means:

(a) The fourth Friday following Labor day each school year.

(b) For a district maintaining school during the entire school year, the following days:

(i) Fourth Friday in July.

(ii) Fourth Friday in October.

(iii) Fourth Friday in January.

(iv) Fourth Friday in April.

(c) A district receiving funds from the job training partnership act, Public Law 97-300, 96 Stat. 1322, or a district operating a training program approved by the department may amend the number of pupils counted on the pupil membership count day to include pupils participating in the job training partnership act program or a training program approved by the department. The pupil membership count day for these pupils shall be the third Friday after the first Monday after the start of instruction for the program. Aid received under section 21(1) for these pupils shall be reduced 1/480 for each hour of classroom instruction the pupils are scheduled to receive under 480 hours and further reduced to ensure that the combined section 21(1) and the job training partnership act or other approved training program aid for the programs do not exceed the cost of the programs as verified by the intermediate school district of the district operating the programs.

(d) For the 1989-90 school year only, for a district whose pupils are not in regular daily attendance on the pupil membership count day or on any of the 15 regular school days before the pupil membership count day, at the option of the district, either the second or the third Friday following the first Monday after either the start or resumption of pupil instruction.

(7) "Rule" means a rule promulgated pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(8) "The school code of 1976" means Act No. 451 of the Public Acts of 1976, as amended, being sections 380.1 to 380.1852 of the Michigan Compiled Laws.

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

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

(11) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence. A pupil's district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

Sec. 8. On the basis of a district's membership as defined in section 6(4) and a district's membership retention report as defined in section 6(3), the department shall calculate an annual pupil dropout rate for each district. The department shall only include pupils in grades 7 to 12 and shall not include migrant or adult pupils in the calculation of district pupil dropout rates. In addition, the department shall calculate an annual pupil dropout rate for the state in the same manner as that used to calculate the pupil dropout rate for a district. The department shall report all pupil dropout rates to the senate and house education committees and appropriations committees not later than August 1, each year.

Sec. 11. There is appropriated from the school aid fund established by section 11 of article IX of the state constitution of 1963, for the fiscal year ending September 30, 1990, the sum necessary to fulfill the requirements of this act, and any deficiency is appropriated from the general fund by the legislature. The appropriation shall be allocated as provided in this act. The estimated appropriations and the estimated sources of revenue provided for in this 1989 amendatory act are as follows:

GROSS APPROPRIATION.....	\$ 2,581,452,900
Appropriated from:	
Total federal.....	51,000,000
School aid fund .....	1,930,452,900
State general fund/general purpose.....	600,000,000

Sec. 17. (1) Not later than October 1, December 1, February 1, April 1, June 1, and August 1, the department shall prepare a statement of the amount to be distributed, exclusive of federal social security payments, in the installment to the districts and intermediate districts and deliver the statement to the state treasurer. Except for section 22(2), the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 20%, 19%, 17%, 16%, 15%, and 13%, respectively. Section 22(2) allocations shall be paid in full in the October warrant. The state treasurer shall draw 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 statement and deliver the warrant to the treasurer of each district or intermediate district. 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. For the 1988-89 school fiscal year only, a district or intermediate district may consider the amount distributed on August 1 of the next school fiscal year to be continuously allocated for either the immediately preceding or current school fiscal year for state accounting purposes. A district or intermediate district that chooses to allocate the August 1 payment to the immediately preceding school fiscal year shall notify in writing the department of its decision not later than October 16, 1989. Any district or intermediate district that does not so notify the department shall continue to allocate the August 1 payment for state accounting purposes to the current school fiscal year in which the payments are received under the payment schedule of this section. If a district experiences an increase in membership over the prior year, the August 1 payment shall be recomputed so that the district receives credit for the increased membership in the school fiscal year, with the additional amount due the district to be allocated in the February 1, April 1, or June 1 payments or any combination of these payments. However, this additional amount shall then be deducted from the district's subsequent August 1 payment, so that the state pays the district no more, in the state's fiscal year, than the district's proper entitlement under this act.

(2) Payments made pursuant to subsection (1) shall be adjusted so that districts and intermediate districts receive, in addition, in their 1982-83 school fiscal year those amounts by which their 1982-83 school fiscal year payments were reduced due to executive order 1982-13. Payments in subsequent fiscal years shall be adjusted so that districts and intermediate districts receive not later than October 31 of their school fiscal year those amounts by which the payments of that school fiscal year were reduced due to this subsection.

(3) Payments made pursuant to subsection (1) shall be adjusted so that districts and intermediate districts receive, in addition, in their 1983-84 school fiscal year 60% of those amounts by which their 1983-84 school fiscal year payments were reduced due to Executive Order 1983-5. Payments in subsequent fiscal years shall be adjusted so that districts and intermediate districts receive not later than October 31 for each school fiscal year those amounts by which the payments of that school fiscal year were reduced due to this subsection.

(4) In order to ensure that all districts and intermediate districts receive the adjustments provided for in subsections (2) and (3), the department may make any necessary adjustments in individual district and intermediate district payments.

(5) Monthly payments to districts or intermediate districts, for federal social security obligations only, shall be disbursed by the state treasurer pursuant to section 146. The department shall prepare a monthly statement of the amount to be distributed to the districts or intermediate districts and deliver the statement to the state treasurer. The state treasurer shall draw 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 statement and deliver the warrant to the treasurer of each district or intermediate district.

Sec. 18. (1) Except as provided in articles 3, 4, 6, and 14, each district shall apply the money received by the district under this act to salaries of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks which are designated by the board to be used in the schools under the board's charge, other supplies, and any other school operating expenditures defined in section 7. Except for a district affected by section 22(2), an amount equal to not more than 5% of the total amount received by a district under article 2 may be transferred by the board to either the building and site fund or to the debt retirement fund for debt service for debts contracted after December 8, 1932. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a district the apportionment otherwise due for the fiscal year following the discovery by the department of a violation by the district.

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district have an audit of the district's financial and pupil accounting records at least annually at the expense of the district by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. The audits and management letters shall be subject to rules prescribed by the state board, in consultation with the state auditor general. A copy of the report of each audit shall be filed as required by the state board and shall be available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, as amended, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

Sec. 19. Beginning in 1990-91, in order to receive all of the funds for which a district qualifies under this act, a district shall administer a state board approved employability skills assessment and provide an annual education report as required by section 1204a of the school code of 1976, being section 380.1204a of the Michigan Compiled Laws. A district that fails to meet the requirements of this section shall forfeit in 1990-91 3% of the funds for which the district qualifies under this act.

Sec. 19a. (1) Beginning in 1990-91, in order to receive all of the funds for which a district qualifies under this act, the board of a school district shall make available to all pupils attending public school in the district a core curriculum developed pursuant to subsection (3).

(2) A model core curriculum shall be developed by the state board. The model core curriculum shall define the outcomes to be achieved by all pupils and shall be based upon the "Michigan K-12 program standards of quality" published by the state board.

(3) A school board shall determine, considering as a guide the core curriculum developed pursuant to subsection (2), the courses that will comprise the school district's core curriculum and the sequence, by grade cluster, in which those courses will be taught. The core curriculum shall explain any variance from the model core curriculum developed by the state board pursuant to subsection (2).

(4) A subject or course required by the core curriculum developed pursuant to subsection (3) shall be made available to all pupils in a school district by that school district, a consortium of school districts, or a consortium of 1 or more school districts and 1 or more intermediate school districts.

(5) The state board shall make available to all nonpublic schools in this state, as a resource for their consideration, the core curriculum developed for public schools pursuant to subsection (2) for the purpose of assisting the governing body of a nonpublic school in developing its own core curriculum.

(6) This section does not alter the obligation of school districts under Snyder v Charlotte Schools, 421 Mich 517 (1984) to offer to resident pupils of nonpublic schools nonessential elective courses that have traditionally been offered on a shared time basis to those pupils.

(7) A district that fails to establish a core curriculum before July 1, 1991 shall forfeit in 1990-91 5% of the funds for which the district qualifies under this act.

Sec. 19b. (1) Beginning in 1990-91, in order to receive all of the funds for which a district qualifies under this act, the board of a school district, considering criteria established by the state board, shall adopt and implement

a 3- to 5-year school improvement plan or plans and continuing school improvement process for each school within the school district. The school improvement plan shall include, at a minimum, proposed methods for effective classroom management, methods of improving pupil academic and personal achievement, dropout prevention, parental and community involvement in the school improvement process, staff development, and building level decision making. School board members, school building administrators, teachers, pupils, parents of pupils attending that school, and other residents of the school district shall participate in the planning, development, and implementation of the district's school improvement plan. Upon request of a school board, the department shall assist, and the intermediate school district to which the school district is constituent or a consortium of intermediate school districts may assist, a school district in the development and implementation of a school improvement plan. A school improvement plan described in this section shall be updated annually by the school board and shall be maintained on file with the intermediate school district to which the school district is constituent.

(2) The state board annually shall review a random sampling of school improvement plans and submit a report on school improvement activities planned and accomplished by each of the school districts that were part of the sampling to the senate and house committees that have the responsibility for education legislation.

(3) A district that fails to adopt and file a school improvement plan before July 1, 1991 shall forfeit in 1990-91 5% of the funds for which the district qualifies under this act.

Sec. 19c. (1) Not later than October 1, 1991, the department, based upon accreditation rules promulgated by the state board, shall develop and make available to all K to 12 public schools standards to be applied to each school for accreditation purposes.

(2) In the 1992-93 school year, the department shall review and evaluate for accreditation purposes the performance of 1/6 of the public schools in the state. Beginning in 1994-95 and each school year thereafter, the department shall annually review and evaluate for accreditation purposes the performance of 1/6 of the public schools in the state, plus each school that did not meet accreditation standards the immediately preceding school year.

Sec. 19d. (1) Notwithstanding the funding provisions of sections 19a and 19b, in order to receive any of the funds for which a district qualifies under this act, a district shall make available to all pupils attending public school in the district a core curriculum as described in section 19a and shall adopt and implement a 3- to 5-year school improvement plan or plans and continuing school improvement process as described in section 19b for each school within the district.

(2) For the 1992-93 school year, in order to receive any of the funds for which a district qualifies under this act, a district shall have forwarded to the department a plan to develop and implement an accreditation program for each school in the district. The plan shall be based upon accreditation standards developed by the state board as described in section 19c.

(3) This section shall not take effect unless amendment 1 or amendment 2 of House Joint Resolution I of the 85th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963.

Sec. 21. (1) Except as otherwise provided in this act, from the amount appropriated in section 11, there is allocated to each district an amount per membership pupil sufficient to guarantee the district for 1989-90 a combined state-local yield or gross allowance of \$266.00 plus \$83.61 for each mill of operating tax levied. For purposes of this section, only taxes levied for purposes included in the operation cost of the district as prescribed in section 7 shall be considered operating tax. The net allocation for each district shall be an amount per membership pupil computed by subtracting, from the gross allowance guaranteed the district, the product of the district's state equalized valuation behind each membership pupil and the millage utilized for computing the gross allowance.

An additional \$30.00 per pupil in gross allowance shall be allocated to any district that satisfies the requirements specified in subdivisions (a) and (b).

(a) The district requires pupils to have completed as a condition for graduation in 1991-92 all of the following:

(i) A total of 10 years of English or communication skills, mathematics, science, and social science, with not less than 2 years of each subject specified in this subparagraph.

(ii) One year of health, or consumer home economics essential health and living skills, or physical education, or any combination thereof.

(iii) One year of fine or performing arts, foreign language, or of vocational education or practical arts, or any combination thereof.

(iv) One semester of computer education or the equivalent, which may be demonstrated by the passage of an appropriate computer competency test, as approved by the department.

If a class taught in a district reasonably falls within more than 1 of the subject categories listed in subparagraphs (i) to (iv), the district may determine which subject category the class falls within as long as teacher certification requirements are not violated.

(b) The district provides for its pupils in grades 9 through 12 six classes, each consisting of at least 50 minutes of classroom instruction or a total of not less than 300 minutes of classroom instruction. In either case, at least 30% of the pupils in grades 9 through 12 shall be enrolled in the sixth period, with the sixth period being a class of an academic nature that normally would be credited toward high school graduation. This subdivision does not apply to pupils in grade 9 who do not attend classes in the same building as pupils in grades 10 through 12.

The department may waive the requirements of subdivision (b) for a district with unusual circumstances that is making a good faith effort to comply with this subdivision and has a plan in place to meet the requirements during the following year.

In order to be eligible for the additional \$30.00 per pupil permitted under this subsection, unless it has received a waiver under subdivision (b), a district shall submit to the department, not later than October 31, 1989, an official copy of the board minutes indicating compliance with the requirements specified in subdivisions (a) and (b).

A primary or fourth class school district that sends its resident high school pupils to 1 or more districts shall receive the additional \$30.00 per pupil permitted under this subsection if at least 90% of its resident high school pupils attend schools in districts that satisfy the requirements of either subdivision (a) or (b). In this case, the primary or fourth class district shall submit to the department not later than October 31, 1989, a resolution adopted by its board indicating that it complies with this requirement.

In 1989-90, an additional \$14.00 per pupil in gross allowance shall be allocated to any district that satisfies the requirements specified in either of the following subdivisions:

(a) The district attains an average class size of not more than 25 pupils for grades K, 1, 2, and 3, taken collectively.

(b) The district reduces its average class size in grades K, 1, 2, and 3, taken collectively, by at least 1% from the average class size in the immediately preceding school year.

For purposes of computing average class size, only the following staff shall be counted:

(i) General subject classroom teachers, such as teachers of reading, language arts, mathematics, science or social studies, and kindergarten teachers.

(ii) Special subject teachers, such as teachers of art, music, or physical education, to the extent that they provide instruction to eligible pupils.

(iii) Special needs teachers, in areas such as compensatory education, bilingual education, migrant education, or gifted and talented education, to the extent that they provide instruction to eligible pupils. The following staff shall not be counted:

(A) Special education teachers.

(B) Adult education teachers.

(C) Professional or nonprofessional support staff.

(D) Teacher aides, paraprofessionals, or volunteers.

(E) Administrators or supervisors.

The department may waive the requirements of subdivision (a) or (b) for a district with unusual circumstances that is making a good faith effort to comply with either of these subdivisions and has a plan in place to meet the requirements for the following year. However, the department shall not grant waivers to a district in more than 2 consecutive school years.

In order to be eligible for the additional \$14.00 per pupil permitted under this subsection, unless it has received a waiver for subdivision (a) or (b), a district shall submit to the department not later than October 31, 1989, a resolution adopted by its board indicating that the district complies with the requirements of either subdivision (a) or (b).

(2) A district that supported a district library in 1979-80 and continues to provide support for the district library through a millage levied pursuant to former Act No. 164 of the Public Acts of 1955, as amended, being sections 397.271 to 397.276 of the Michigan Compiled Laws, shall be credited, for all computations made under this section, with the amount of millage levied for library purposes, but not to exceed 0.7 mills, if the district levies not more than 0.7 mills less than its authorized operating millage rate.

(3) State equalization allocations to a district shall be adjusted by subtracting from the allocations money received under section 3(c)(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238, in the same proportion as the total local revenues covered under the state equalization program are to total local revenues for education in

the district, except that not more than \$160.00 per pupil shall be subtracted. The proportion shall be based on prior year revenue and prior year impact aid. A deduction in any year shall not exceed the amount of deductible impact aid for which a district is eligible under section 3(c)(1) of title I of chapter 1124, 64 Stat. 1100. Any deductions made under this act shall be consistent with the requirements of section 5 of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 240 and its regulations.

(4) If a district has more than 500 pupils and if the net allocation computed for a district pursuant to subsection (1) is a negative amount, it shall be applied as a deduction against any funds otherwise due the district under all other sections of this act. However, the deduction made under this subsection shall not exceed a percentage of a district's total state aid entitlement under all other sections of this act, which percentage is determined by dividing the gross allowance computed for the district under subsection (1) by the product of the district's state equalized valuation behind each membership pupil and the millage utilized for computing the gross allowance and then subtracting the result from 100%, except that the percentage shall not exceed 99%, and shall be applied after the following adjustments which shall be based upon per pupil or per professional staff member cost in each program:

(a) The categorical allocations for sections 52 and 61 shall be reduced a proportionate amount for nonresident pupils, and the categorical allocation for section 97 shall be reduced a proportionate amount for each professional staff member not an employee of the district.

(b) The categorical allocations for section 52 shall be increased a proportionate amount for pupils enrolled in a program operated by another district or the intermediate district, and the categorical allocation for section 97 shall be increased a proportionate amount for each professional staff member participating in a consortium of districts, or of districts and intermediate districts, where the legal fiscal agency is another district or intermediate district.

(5) Funds due under sections 27, 53, 75, 143, and 144 shall not be counted for purposes of subsection (4).

(6) The statewide deductions made under subsection (4) shall not exceed \$22,625,000.00 in 1989-90.

(7) A tax levied pursuant to section 1356(4) of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1356 of the Michigan Compiled Laws, for the retirement of an operating deficit shall be considered levied for operating purposes in making computations under this section.

Sec. 22. (1) A K to 12 district formed after January 1, 1989, by the consolidation or annexation of 2 or more districts or the attachment of a total district to another district shall be entitled to receive in 1989-90, the same total allocation under section 21(1) that the individual districts that make up the new district would have been entitled to receive in 1989-90 as separate districts.

(2) A K to 12 district that after July 1, 1989 is designated as a trustee district pursuant to the school code of 1976 upon the division of a district and subsequent attachment of that district to 2 or more contiguous districts, shall be entitled to receive in 1989-90 and 1990-91 the total allocation under section 21(1) that the divided district would have been entitled to receive in 1989-90 and 1990-91 as a separate district. That allocation shall be expended only for payment of the bonded indebtedness of the divided district.

(3) From the money appropriated in section 11, there is allocated an amount not to exceed \$350,000.00 for 1989-90 for districts formed by the consolidation or annexation of 2 or more districts or the attachment of a total district to another district after November 1, 1982. In order to be eligible to receive reorganization payments, districts shall have been formed by the consolidation or annexation of 2 or more districts or the attachment of a total district to another district not later than the second Monday in June immediately preceding the fiscal year in which the payments are to be received. Payments to eligible reorganized districts shall be, in the first year of the reorganization, the sum of \$425.00 per pupil, for each transferred pupil in membership on the pupil membership count day or tuition pupil as provided for in section 111 in the school fiscal year immediately preceding the reorganization in the district contributing the least number of pupils to the reorganized district, \$300.00 per each such pupil in the second year of the reorganization, and \$175.00 per each such pupil in the third year of the reorganization. As an alternative an eligible reorganized district resulting from the merger of 3 or more total districts may elect a payment which shall be \$425.00 per pupil in the first year of the reorganization for each transferred pupil in membership on the pupil membership count date or tuition pupil as provided for in section 111 in the school fiscal year immediately preceding the reorganization in the districts other than the district contributing the largest number of pupils to the reorganized district, \$300.00 per each such pupil in the second year of the reorganization, and \$175.00 per each such pupil in the third year of the reorganization, except that payment shall not be made for more than 1,000 pupils to any 1 reorganized district under this alternative provision. Payments made to reorganized districts under this subsection shall not exceed 3 years.

Sec. 24. (1) A pupil under court jurisdiction who is placed in a private home or in a private or public institution located outside the district in which the pupil's parents or legal guardians reside may be counted as a

resident of the district of attendance if other than the district of the pupil's parents or legal guardian. The pupil shall be counted by the district of attendance as 1-1/2 memberships. The total membership of these pupils shall be computed by adding the membership days attended by the pupils before April 1 of the current school year and dividing the total by the number of days in the school year of the district before April 1 of the current school year. Except as provided in subsection (2), the membership thus obtained shall be certified by the district to the department, which shall adjust the total membership of the district accordingly in determining the school aid to be paid during the current fiscal year.

(2) In districts not receiving aid under section 21(1), the membership for these students shall be counted in membership in the intermediate district. For each pupil, the intermediate district shall receive under section 21(1) a membership aid gross allowance computed by averaging the actual membership aid gross allowances of the intermediate district's constituent districts weighted as to membership. The resulting membership aid shall be paid by the intermediate district to the district.

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

Sec. 25. From the amount appropriated in section 11, there is allocated an amount not to exceed \$20,000,000.00 in 1989-90 to applicant districts with nonschool operating property taxes. An applicant district's entitlement shall be determined through a process of gross allowance increase as follows:

(a) An application may be filed by the district in form and content as prescribed by the department showing the total taxes levied on property located within the district by the taxing agencies, including the district, but excluding taxes levied for school operating purposes.

(b) Using the total property taxes for the prior year as last reported by the state tax commission for the entire state, but excluding the taxes levied for school operating purposes, the department shall determine the tax rate for the entire state. The applicant district's tax rate shall be determined by dividing the figure obtained in subdivision (a) by the district's prior year state equalized valuation.

(c) If the resulting tax rate for the applicant district is 125% or more of the resulting tax rate for the districts of the state, the gross allowance of the applicant district computed pursuant to section 21(1) shall be increased by the percentage by which the resulting tax rate in the applicant district exceeds 125% of the resulting tax rates in all districts of the state.

(d) Each applicant district's entitlement under this subsection shall be the difference between the allocation received by the district under section 21(1) and the allocation the district would have received under section 21(1) as recomputed using the gross allowance as increased in subdivision (c).

(e) A district receiving funds under section 27 shall not receive funds under this section.

Sec. 27. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$17,000,000.00 for 1989-90 to applicant K to 12 districts that meet all of the following criteria:

(a) The district levied not less than 20 mills and levied not less than the district's authorized millage level for school operating purposes in 1988-89 and 1989-90.

(b) The district may receive an allocation under section 25 or section 27, whichever is greater. However, a district shall not receive funds from both sections 25 and 27.

(c) The district has an average adjusted gross income per membership pupil less than 75% of the state average adjusted gross income per membership pupil, based on adjusted gross income for the immediately preceding calendar year or the latest calendar year for which data is available, as certified by the department of treasury.

(2) Each applicant district is entitled under this section to \$1.00 per pupil for each \$1.00 that the district's average adjusted gross income per pupil is below 75% of the state average adjusted gross income per pupil. However, the allocation per pupil provided under this section, when combined with the sum of the per pupil allocation under section 21(1) calculated using the millage utilized for computing the gross allowance in 1988-89 and the product of the district's state equalized valuation behind each membership pupil utilized for computing the gross allowance in 1989-90 and the millage utilized for computing the gross allowance in 1988-89, shall not exceed in 1989-90 either \$3,100.00 per pupil or 1.076% of the sum of the product of the district's state equalized valuation behind each membership pupil utilized for computing the gross allowance in 1988-89 and the district's 1988-89 levied millage for school operations and the district's 1988-89 membership aid per pupil under section 21(1), whichever is less.

Sec. 29. From the amount appropriated in section 11 for 1989-90, there is allocated an amount not to exceed \$225,000.00 for the following:

In districts not receiving aid under section 21(1), the membership for foreign born pupils who live in tax-exempt housing owned by a 4-year college or university and whose native language is other than English or

for whom the primary language of the home environment is other than English shall be counted in membership in the intermediate district. For each pupil, the intermediate district shall receive under this section 25% of a membership aid gross allowance computed by averaging the actual membership aid gross allowances of the intermediate district's constituent districts weighted as to membership. The resulting membership aid shall be paid, without deduction, by the intermediate district to the district.

Sec. 31. From the amount appropriated in section 11, there is allocated \$26,582,000.00 for 1989-90, but not to exceed \$300.00 per eligible pupil, to enable eligible districts to establish or to continue, in conjunction with whatever federal funds may be available under chapter 1 of the education consolidation and improvement act of 1981, Public Law 97-35, Stat. 463-482, comprehensive compensatory education programs designed to improve the achievement in basic cognitive skills of pupils enrolled in grades K to 10 who have extraordinary need for special assistance to improve competency in those basic skills and for whom the districts are not already receiving additional funds by virtue of the pupils being physically, mentally, or emotionally handicapped.

Sec. 33. The number of pupils in grades K to 10 determined to be in need of substantial improvement in the basic cognitive skills for 1989-90 shall be calculated for each district following procedural steps:

(a) Using the reading and mathematics test scores of the statewide assessment battery given in the fall of the 4 prior years, the percentage of the district's pupils in grade 4 who attained 60% or fewer of the reading objectives and the percentage of the district's pupils in grade 4 who attained 60% or fewer of the mathematics objectives shall be averaged. The average aggregate enrollment of the district in grades K to 4 on the pupil membership count day of the 4 prior school years shall be multiplied by this average percentage to determine the estimated number of pupils in grades K to 4.

(b) Using the reading and mathematics test scores of the statewide assessment battery given in the fall of the 4 prior years, the percentage of the district's pupils in grade 7 who attained 60% or fewer of the reading objectives and the percentage of the district's pupils in grade 7 who attained 60% or fewer of the mathematics objectives shall be averaged. The average aggregate enrollment of the district in grades 5, 6, and 7 on the pupil membership count day of the 4 prior school years shall be multiplied by this average percentage to determine the estimated number of pupils in grades 5, 6, and 7.

(c) Using the reading and mathematics test scores of the statewide assessment battery given in the fall of the 4 preceding years, the percentage of the district's pupils in grade 10 who attained 60% or fewer of the reading objectives and the percentage of the district's pupils in grade 10 who attained 60% or fewer of the mathematics objectives shall be averaged. The average aggregate enrollment of the district in grades 8, 9, and 10 on the pupil membership count day of the 4 preceding school years shall be multiplied by this average percentage to determine the estimated number of pupils in grades 8, 9, and 10.

(d) The number of pupils determined in subdivision (a) shall be added to the number of pupils determined in subdivisions (b) and (c). This resultant sum shall be construed to be the number of pupils of the district enrolled in grades K to 10 who have extraordinary need of substantial improvement in basic cognitive skills at the beginning of the school year.

Sec. 34a. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$5,000,000.00 for 1989-90 to eligible districts for achievement incentive grants to reward improvement in pupil academic performance.

(2) The following calculations shall be made using the reading test scores of the Michigan education assessment program:

(a) The sum of the average number of objectives attained by the pupils in grades 4, 7, and 10 in 1985-86 shall be subtracted from the sum of the average number of objectives attained by the pupils in grades 4, 7, and 10 in 1988-89.

(b) A reading need factor for each district shall be determined by assigning a weight to the sum of the average number of objectives attained by the pupils in grades 4, 7, and 10 in 1985-86. If this sum is 63, a weight of 1.0 shall be assigned. For each point by which this sum exceeds 63, the weight shall be reduced by 0.33. A weight of zero shall be assigned to a sum greater than or equal to 66. For each point by which this sum is less than 63, the weight shall be increased by 0.11.

(3) The following calculations shall be made using the mathematics test scores of the Michigan education assessment program:

(a) The sum of the average number of objectives attained by the pupils in grades 4, 7, and 10 in 1985-86 shall be subtracted from the sum of the average number of objectives attained by the pupils in grades 4, 7, and 10 in 1988-89.

(b) A mathematics need factor for each district shall be determined by assigning a weight to the sum of the average number of objectives attained by the pupils in grades 4, 7, and 10 in 1985-86. If this sum is 71, a weight

of 1.0 shall be assigned. For each point by which this sum exceeds 71, the weight shall be reduced by 0.33. A weight of zero shall be assigned to a sum greater than or equal to 74. For each point by which this sum is less than 71, the weight shall be increased by 0.11.

(4) A district's tentative allocation for improvements in basic reading skills is the product of the improvement in reading skills as determined under subsection (2)(a), the reading need factor as determined under subsection (2)(b), and the total number of pupils tested in reading in grades 4, 7, and 10 in 1988-89. However, the tentative allocation under this subsection shall be zero for any district with an improvement in reading skills of less than 0.30.

(5) A district's tentative allocation for improvement in basic mathematics skills is the product of the improvement in mathematics skills as determined under subsection (3)(a), the mathematics need factor as determined under subsection (3)(b), and the total number of pupils tested in mathematics in grades 4, 7, and 10 in 1988-89. However, the tentative allocation under this subsection shall be zero for any district with an improvement in mathematics skills of less than 0.30.

(6) A district's total tentative allocation under this section is the sum of the amounts calculated under subsections (4) and (5).

(7) A district's final allocation under this section shall be equal to the product of the district's total tentative allocation as determined under subsection (6) and the quotient of \$5,000,000.00 divided by the sum of the tentative allocations of all eligible districts as determined under subsection (6). However, a district shall not receive an allocation under this section if the district's final allocation as calculated under this subsection is less than \$2,500.00.

(8) The department, in consultation with district building principals and teachers, shall review creative and innovative ways to measure and reward improvement in pupil academic performance and educational competency, pupil attendance rates, and the district's membership retention rate. The department, not later than February 15, 1990, shall submit a report of its review and subsequent recommendations to the house and senate appropriations subcommittees responsible for district funding and the house and senate committees responsible for education legislation.

Sec. 36. From the amount appropriated in section 11, there is allocated an amount not to exceed \$17,200,000.00 for 1989-90 to enable eligible districts to develop or expand, in conjunction with whatever federal funds may be available under title I of the elementary and secondary education act, Public Law 89-750, 80 Stat. 1196 and the head start act, 42 U.S.C. 9831-9852, comprehensive compensatory education programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the year in which the programs are offered, who have extraordinary need of special assistance, and for whom the districts are not already receiving additional funds by virtue of the pupils being physically, mentally, or emotionally handicapped.

Sec. 37. A district shall be eligible for an allocation under section 36 if, in a manner and on forms prescribed by the department, all of the following apply:

(a) The district complies with the state board approved standards of quality and curriculum guidelines for preschool programs for 4-year olds. However, Act No. 116 of the Public Acts of 1973, being sections 722.111 to 722.128 of the Michigan Compiled Laws, does not apply to the district.

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

(c) The district only employs for this program teachers possessing proper training in early childhood development, including a ZA endorsement and/or child development associate, and trained support staff.

(d) The district identifies in its application all early childhood development programs operating in the community and all collaborative activities between the district and other operators of early childhood development programs.

(e) The district has submitted for approval a program budget that includes only those costs not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the preschool readiness program, and that would not be incurred if the program were not being offered. If children other than those determined to be educationally disadvantaged participate in the program, state reimbursement under section 36 shall be limited to the portion of approved costs attributable to educationally disadvantaged children.

(f) The district has established a committee on early childhood education curriculum consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade, a parent of a prekindergarten pupil, the district curriculum director or equivalent administrator, and, if feasible, a school psychologist, school social worker, or school counselor. The committee shall do both of the following:

(i) Ensure the ongoing articulation of the preschool, kindergarten, and first grade programs offered by the district.

(ii) Review all referrals for participation in the preschool program and recommend pupils for placement.

(g) The district has submitted for departmental approval a plan to conduct and report annual preschool program evaluations using criteria approved by the department. At a minimum, the evaluations shall include assessment of the gains in educational readiness and progress through first grade of children participating in the preschool program.

(h) The district has established a community advisory committee that shall be involved in the planning and evaluation of the program and has provided for collaboration with and the involvement of appropriate community, volunteer, social service agencies and organizations, and parents in addressing all aspects of educational disadvantage.

(i) The district reviews, and if necessary, restructures all programs funded under section 31 for the purpose of ensuring that gains achieved in programs funded under section 36 are maintained and reinforced.

(j) At least 13% of the district's resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, and not less than 18 of the children, are construed to be in need of special readiness assistance. A district that receives an allocation under section 21(1) shall also be eligible for an allocation under section 36 if at least 50 children, as described in section 36 and calculated under section 38, are construed to be in need of special readiness assistance, regardless of the percentage they comprise of the district's resident children of the age group specified in section 36. In addition, a consortium of 2 or more districts shall be eligible for an allocation under section 36 if each of those districts has at least 13%, but less than 18, of its resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, and in combination the districts' combined number of children who are construed to be in need of special readiness assistance equals or exceeds 18. A district or intermediate district may administer a consortium described in this subdivision.

Sec. 38. The number of prekindergarten children construed to be in need of special readiness assistance under section 36 shall be calculated for each district in the following manner: one half of the percentage of the district's pupils who are eligible for free lunch, as determined by the district's department-verified 1988-89 spring count under the national school lunch act, 42 U.S.C. 1751 to 1753, 1755 to 1763, and 1765 to 1769c shall be multiplied by the average kindergarten enrollments of the district on the pupil membership count day of the 2 previous years.

Sec. 39. The tentative allocation to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 by \$2,250.00 in 1989-90 and shall be distributed among districts in decreasing order of concentration of eligible pupils as determined by section 38 until the money appropriated in section 36 is distributed. However, a district that receives an allocation under section 21(1) and that has not less than 50 eligible pupils shall receive priority over other eligible districts. For any district with 315 or more eligible pupils, the number of eligible pupils shall be 50% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 36.

Sec. 40. The department shall review district requests for alternative preschool program schedules on an individual district basis and shall report not later than March 15 each year their findings regarding the merit of alternative scheduling to the house and senate appropriations and education committees.

Sec. 41. From the amount appropriated in section 11, there is allocated an amount not to exceed \$4,212,000.00 for 1989-90 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability as required by section 1153 of the school code of 1976. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for the bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability. As required by section 1155 of the school code of 1976, a child of limited English-speaking ability residing in a school district operating or participating in a bilingual instruction program pursuant to section 1153 of the school code of 1976 shall be enrolled in the bilingual instruction program for 3 years or until the child achieves a level of proficiency in English language skills sufficient to receive an equal educational opportunity in the regular school program, whichever occurs first.

Sec. 45. From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,888,000.00 in 1989-90 to provide grants to or contract with certain districts and intermediate districts for the provision of a school health education curriculum. Provision of the curriculum shall be in accordance with the

plan established by the Michigan model for comprehensive school health education state steering committee. The state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department of education.
- (b) The office of health and medical affairs in the department of management and budget.
- (c) The department of mental health.
- (d) The department of public health.
- (e) The offices of substance abuse services in the department of public health.
- (f) The department of social services.
- (g) The department of state police.

Sec. 46. From the amount appropriated in section 11, there is allocated an amount not to exceed \$5,000,000.00 for 1989-90 to provide grants to districts to continue school dropout pilot program services to pupils who participated in such programs approved by the department for 1988-89.

Sec. 47. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,425,000.00 for 1989-90 to applicant intermediate districts that provide support services for the education of gifted and talented pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the amount appropriated in section 11, there is allocated an amount not to exceed \$400,000.00 for 1989-90 to support part of the cost of summer institutes for gifted and talented students. This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.

(3) From the amount appropriated in section 11, there is allocated an amount not to exceed \$7,253,100.00 for 1989-90 for the development and operation of comprehensive programs for gifted and talented pupils. A district or consortium of districts may be eligible to receive an amount not to exceed \$100.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership with a minimum grant of \$6,000.00. Funding shall be provided in the following order: the per pupil allotment, the minimum grant of \$6,000.00 to consortiums, and then the minimum grant of \$6,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for gifted and talented pupils. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships. To ensure maximum efficiency and to prevent duplication, the department shall not approve a plan that would compete with or tend to lessen participation in an existing program.

(4) From the amount appropriated in section 11, there is allocated to 1 or more intermediate districts selected by the department, an amount not to exceed \$50,000.00 for 1989-90 for a comprehensive state-level evaluation and final report of the programs funded under subsections (1), (2), and (3). The evaluation design and final report shall be approved by the department. The intermediate districts selected under this subsection shall submit not later than April 1, 1990 the final report to the senate and house appropriations subcommittees responsible for the appropriations to school districts.

Sec. 48. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$3,150,000.00 for 1989-90 to applicant districts or intermediate districts for nonresidential alternative juvenile rehabilitation programs, which are programs for children and youth who have been found to need remedial academic or social rehabilitative services, or both. To be eligible for funding of salaries from legislative appropriations, the county board of commissioners of the county in which the program is conducted or the supervising district or intermediate district, by resolution, shall agree to fund the balance of the cost of the program. The district or intermediate district in which the program is conducted, in cooperation with the juvenile division of the probate court for the county, shall supervise the program. The district or intermediate district may apply for state money for reimbursement of \$7,500.00 for the salary of each professional program person required by this section.

(2) The department may use federal funds that may become available for the purpose of strengthening nonresidential alternative juvenile rehabilitation programs.

Sec. 51. (1) There is allocated \$172,355,000.00 for 1989-90 to consist of an amount not to exceed \$121,355,000.00 from the amount appropriated in section 11 and \$51,000,000.00 in federal funding under

sections 611 to 620 of the education of the handicapped act, 20 U.S.C. 1411 to 1420 plus any carryover federal funds from prior year appropriations, 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 school code of 1976; net tuition payments made by intermediate districts to the Michigan school for the blind and the Michigan school for the deaf; and programs for pupils handicapped by learning disabilities as defined by the department. 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 school code of 1976.

(2) State funds shall be allocated on an added cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$4,000,000.00 may be allocated by the department to districts or intermediate districts on a grant basis for programs, equipment, and services designed to benefit or improve special education on a statewide scale.

(3) From the amount allocated in section 51(1), there is allocated an amount not to exceed \$3,100,000.00 for 1989-90 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.

(4) For purposes of this article:

(a) "Added costs" shall be computed by deducting, from the total approved costs of special education programs and services, a gross allowance for each full-time equated special education pupil counted in membership in the district or intermediate district whose primary educational or training program, as determined by the department, is a special education program and service as defined in section 6(7) of the school code of 1976.

(b) "Total approved costs of special education programs and services" 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 53 programs. They shall not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6(6) of the school code of 1976. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, shall not be 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 juvenile detention facilities as defined in R 340.1757 of the Michigan administrative code. Only salaries and other compensation paid teacher aides required in rules promulgated by the department or as otherwise approved by the department shall be included.

(c) Reimbursement for ancillary and other related services, as defined by R 340.1701 of the Michigan administrative code, shall not be provided when those services are covered and available by private group health insurance carriers or federally reimbursed program sources. 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 school district shall be responsible for payment of a deductible amount and for an advance payment required until the time a claim is paid.

(d) A "membership aid gross allowance" shall be computed pursuant to section 21(1).

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 school for the blind or the Michigan school for the deaf shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence. A district operating a center program for pupils from several districts, pursuant to an approved intermediate district plan, may elect to have the pupils counted in membership in the intermediate district. For each pupil, the intermediate district shall receive under section 21(1) a membership aid gross allowance computed by averaging the actual membership aid gross allowances of the intermediate district's constituent districts weighted as to membership. However, membership aid shall not be paid to intermediate districts for pupils who are residents of districts not receiving a membership allocation under section 21(1) and who are enrolled in programs funded under section 52, unless they are enrolled in a center program or are eligible as court placed pupils under section 24(2).

(e) The contribution of the resident district, if a pupil's special education program is operated by another district or by an intermediate district, shall be determined as follows:

(i) If the district receives an allocation under section 21(1) and the pupil is educated in a district not receiving an allocation under section 21(1), by subtracting categorical aid and the intermediate district reimbursement for each pupil from the total cost of the education program.

(ii) If the district receives an allocation under section 21(1) and the pupil is educated in a district receiving an allocation under section 21(1), by subtracting the gross state aid membership allowance, categorical aid, and the intermediate district reimbursement for each pupil from the total cost of the education program.

(iii) If the district does not receive an allocation under section 21(1), by subtracting categorical aid and the intermediate district reimbursement for each pupil from the total cost of the education program.

(5) Special education personnel transferred from 1 district to another to implement the school code of 1976 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.

(6) 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 which is refunded shall be deposited in the state treasury to the credit of the school aid fund.

Sec. 53. (1) Reimbursement shall be 100% of the added costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the school code of 1976 for the following special education pupils:

(a) Pupils assigned to a district or intermediate district through the community placement program of the courts or a state agency, if the pupil was a resident of another intermediate district at the time the pupil came under the jurisdiction of the court or a state agency.

(b) Pupils who are residents of institutions operated by the department of mental health.

(c) Pupils who are former residents of department of mental health institutions for the developmentally disabled who are placed in community settings other than the pupil's home.

(d) Pupils placed in a district by a parent for the purpose of seeking a suitable home, and the parent does not reside in the same intermediate district as the pupil's placement.

(e) Pupils who are residents of nursing homes whose educational programs are approved by the department.

(f) Pupils who are residents of special placement homes approved by the department.

Only those costs that are clearly and directly attributable to educational programs for pupils described in this subsection, and that would not in fact have been incurred if the pupils were not being educated in a district or intermediate district, shall be reimbursed under this section.

(2) The costs of transportation shall be funded under this section but shall not be reimbursed under article 7.

(3) Not more than \$38,900,000.00 for 1989-90 of the allocation in section 51(1) shall be allocated under this section.

Sec. 54. In addition to the aid received under section 52, each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan school for the blind or the Michigan school for the deaf. This amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 for 1989-90 of the allocation in section 51(1) shall be allocated under this section.

Sec. 55. From the amount allocated in section 51(2), there is allocated an amount not to exceed \$400,000.00 for 1989-90 to applicant districts and intermediate districts to be used in a program developed by the department for pupils who have a communication impairment. Preference shall be given to grant applications that request the purchase of equipment that is designed and manufactured within this state. Upon approval by the department, an applicant district or intermediate district may participate in the program and receive a grant for the purchase or other service utilization of equipment or for the testing of individuals and the determination of a need for equipment designed for the use of individuals with a communication impairment, or their instructors, to provide artificial communication ability or to enhance natural communication abilities. Equipment purchased with funds allocated under this section shall be available to pupils 12 months of the year.

Sec. 56. (1) For the purposes of this section:

(a) "Membership" means the total membership of the intermediate school and the districts constituent to the intermediate district.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the school code of 1976, including a levy for debt service obligations.

(c) "State equalized valuation" means the total state equalized valuation of the districts constituent to an intermediate district, except that if a district has elected not to come under part 30 of the school code of 1976, membership and state equalized valuation of the district shall not be included in the membership and state equalized valuation of the intermediate district.

(2) From the amount appropriated in section 11, there is allocated the amount necessary to reimburse intermediate districts levying millages for special education pursuant to part 30 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the school code of 1976. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan that utilizes at least a membership aid gross allowance, as defined in section 51(4)(d), as a required local contribution.

(3) Reimbursement for those millages levied in 1988-89 shall be made in 1989-90 at an amount per 1988-89 membership pupil computed by subtracting from \$68,250.00 the 1988-89 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1988-89 millage levied.

Sec. 61. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$28,560,000.00 for 1989-90 to reimburse districts and secondary area vocational-technical centers for secondary-level vocational-technical education programs, including parenthood education programs, on an added cost basis. The definition of what constitutes those programs and reimbursement shall be pursuant to rules promulgated by the state board. Applications for participation in the programs shall be filed in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. The board of a district maintaining a secondary vocational-technical education program, with the approval of the department, may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the state board.

(2) Districts and intermediate districts shall be reimbursed for local vocational administration, shared time vocational administration, and career education planning district vocational-technical administration. The definition of what constitutes administration and reimbursement shall be pursuant to guidelines adopted by the state board. Not more than \$800,000.00 of the allocation in subsection (1) shall be distributed under this subsection.

(3) Districts that were designated as area vocational-technical centers by the state board before January 1, 1971, may count in membership, with permission of the district of residence, pupils enrolled in vocational-technical education programs in any of the districts in the designated service area if all of the following conditions are met:

(a) The district has been designated the fiscal agent for all area vocational-technical education programs in each of the participating districts in the designated service area.

(b) The designated service area has held at least 1 election to establish an area vocational-technical education program pursuant to section 681 of the school code of 1976.

(c) The designated service area presently is not supported by area vocational-technical education millage passed pursuant to the provisions of section 681 of the school code of 1976.

(d) The fiscal conditions described in this subsection are included as a part of the career education planning district's annual vocational plan approved by the department.

(4) A district subjected to a deduction under section 21(4) is not required to allocate more money to a program funded under this article than the amount actually received by the district after reducing its state aid allocation by the percentage reduction determined under section 21(4).

Sec. 62. (1) For the purposes of this section:

(a) "Membership" means the total membership of the intermediate district and the districts constituent to the intermediate district or the total membership of the area vocational-technical education program.

(b) "Millage levied" means the millage levied for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976, including a levy for debt service obligations incurred as the result of borrowing for capital outlay projects and in meeting building and site fund requirements of area vocational-technical education.

(c) "State equalized valuation" means the total state equalized valuation of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to

come under sections 681 to 690 of the school code of 1976, the membership and state equalized valuation of the district shall not be included in the membership and state equalized valuation of the intermediate district.

(2) From the amount appropriated in section 11, there is allocated the amount necessary to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the school code of 1976, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in 1988-89 shall be made in 1989-90 at an amount per 1988-89 membership pupil computed by subtracting from \$68,250.00 the 1988-89 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1988-89 millage levied.

Sec. 63. From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,456,000.00 for 1989-90 to reimburse districts, intermediate districts, and secondary area vocational-technical centers for programs that prepare and train youth and adults in occupations that are impacted by new and emerging technology. These funds shall be used to pay for instructional equipment. Applications for participation in the programs shall be filed in the form prescribed by the department. Upon approval by the department, an applicant district or intermediate district shall receive a grant for instructional equipment on a cost-sharing basis.

Sec. 71. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$102,000,000.00 for 1989-90 to fund districts and intermediate districts transporting pupils by school bus, passenger van, station wagon, or adequate vehicle of ample capacity from the vicinity of their homes to the schools the pupils attend, or from their homes or schools to area vocational centers or other facilities providing approved occupational or cooperative academic programs and back again in amounts determined by the department. Funding for contracted transportation services or transportation services provided through the use of public transit systems shall be the same as for district-owned bus fleets.

(2) Districts and intermediate districts shall be funded for transporting pupils whose primary educational or training program, as determined by the department, is a special education program as defined in section 6(7) of the school code of 1976, from their homes or schools to approved special education programs, including summer programs, for which the district or intermediate district receives added-cost reimbursement under section 52, and back again.

(3) Upon investigation, the department shall review, confirm, set aside, or amend the action, order, or decision of the board of a district with reference to the routes over which the pupils shall be transported, the distance the pupils shall be required to walk, and the suitability and number of vehicles and equipment for the transportation of the pupils.

(4) An allotment for transportation shall not be allowed a district which operates a bus route disapproved by the department.

(5) Districts having pupils living in remote or isolated areas from which transportation to and from regularly scheduled classes is either impossible or prohibitively expensive for seasonal periods of less than half of the regularly scheduled school year may establish, with department approval, alternative tutoring programs and be reimbursed under this section for 75% of the approved costs of the programs.

Sec. 72. (1) Transportation aid for the 1989-90 school year shall be based upon an allowance for each pupil transported and calculated for each district and intermediate district by the department on the basis of the following factors:

(a) An overhead allowance of \$10.00 per pupil based upon the following:

(i) Transportation staff per 100 pupils transported.

(ii) Bus fleet capacity per pupil transported.

(b) A regional allowance of between \$15.00 and \$37.00 per pupil, depending on the region, based upon the following:

(i) Transportation staff salary.

(ii) Regional cost variation.

(c) An amortization cost per pupil of 100% of cost, with a minimum of \$20.00 per pupil, for pupil transportation vehicles.

(d) An insurance cost per pupil of 100% of cost for pupil transportation vehicles.

(e) Authorized miles traveled per pupil of \$1.00 per mile, with an adjustment for districts with low mileage per pupil such that the \$1.00 may be increased on a sliding scale up to \$1.20 per mile.

The allocation shall be based upon current year data reported by the districts and intermediate districts. Special education transportation aid shall be calculated separately and shall use the vehicle as the funding unit. The total transportation allowance for a district shall be calculated by multiplying the sum of (a), (b), (c), (d), and (e) by the number of pupils actually transported. The rate of aid for contracted transportation services or transportation services provided through the use of public transit systems shall be comparable for district-owned bus fleets.

(2) Districts and intermediate districts may apply to the department for exceptions to the district's formula transportation allowance regarding the costs of transporting pupils when exceptional conditions or circumstances impose unavoidably unusual expenses for transporting district students to their regularly scheduled classes. The department shall report not later than March 15 of each year to the house and senate appropriations and education committees all exceptions granted under this subsection for the current year.

Sec. 81. (1) From the amount appropriated in section 11, there is allocated to the intermediate districts the sum necessary, but not to exceed \$21,714,200.00 for 1989-90, to provide state aid to intermediate districts. There shall be allocated to each intermediate district an amount obtained by adding 105.3% of the prior year's aid received under this section and 105.3% of the product of the prior year's state equalized valuation and the prior year's operating millage, and subtracting from that sum the product of the current year's state equalized valuation and the prior year's operating millage. However, an intermediate district shall not receive less than an amount per pupil equal to 100% of the 1988-89 aid per pupil received under this section.

(2) From the amount appropriated in section 11, 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 for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

(3) From the amount appropriated in section 11, there is allocated an amount not to exceed \$200,000.00 for 1989-90 to applicant intermediate districts that provide support services for instruction in arts education. Not more than 1 program may be established within an educational media center described in section 671 of the school code of 1976, with 1 of the constituent intermediate districts serving as the fiscal agent and being entitled to 30 cents per pupil of the educational media center service area, or \$10,000.00 in total, whichever is greater, for reimbursement of salaries of support services personnel approved by the department or of expenditures to support program costs as approved by the department.

Sec. 83. From the amount appropriated in section 11, there is allocated to intermediate districts an amount not to exceed \$3,478,100.00 for 1989-90, to operate educational media centers under section 671 of the school code of 1976 and the rules promulgated by the state board.

Sec. 90. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$2,000,000.00 for 1989-90 to provide funds to districts for innovative and diversified educational programs. Funds received by a district shall be used for purposes of school redesign as identified in the district's plan as described in this section and as approved by the department.

(2) From the amount allocated in subsection (1), \$2,000,000.00, but not more than \$50,000.00 per eligible classroom building, is provided to applicant districts for a pilot school-level building program to improve school performance by restructuring the educational delivery system. A grant awarded to an applicant district may be used for planning or implementing school restructuring, or both. To be eligible for funding under this subsection, a board shall submit to the department a plan developed by principals, teachers, parents, community leaders, or other representatives of participating schools within the district. The plan shall indicate how 1 or more schools within the district will be restructured by reallocating existing human and monetary resources to better serve pupils. A plan may include, but is not limited to, all of the following:

(a) A provision for school site management teams comprised of principals, teachers, parents, pupils, community leaders, and other representatives of a particular school who will develop, review, and revise, as necessary, innovative ways of redesigning and improving the educational delivery system in the school.

(b) A restructuring of methods of teaching, including, but not limited to, the use of time, the composition and size of instructional groups, and the use of telecommunications.

(c) A restructuring of the responsibilities and organization of the teaching staff.

(d) The use of alternative methods of assessing pupil achievement, including, but not limited to, competency based testing and promotion and the use of pupil projects and exhibitions.

(e) The use of new instructional methods and curricula that explore subject areas in greater depth or that encourage the development of analytical skills, objective reasoning, and critical thinking.

(3) The department shall do both of the following:

(a) Upon request of a board, provide technical assistance to schools engaged in school restructuring at both the planning and implementation stages.

(b) Monitor and report not later than September 30, 1990 to the senate and house committees that have the responsibility for education legislation on the status of schools engaged in school restructuring.

Sec. 91. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$2,250,000.00 for 1989-90 to applicant districts, intermediate districts, and consortia of districts and intermediate districts to provide support services for developing and adopting long-range school improvement plans, to prepare and distribute an annual education report, and to adopt a core curriculum as a means of raising academic standards and improving school accountability. Each district and intermediate district is eligible to receive a minimum of \$640.00 per classroom building. If funds remain after allocation to all applicant districts and intermediate districts, these funds shall be distributed proportionately among buildings that have more than 30 classroom teachers. An intermediate district may act as the fiscal agent for a consortium of districts or intermediate districts, or both.

(2) In order to be eligible for funding under this section, an applicant district or intermediate district shall submit to the department for approval a proposal for developing and adopting 3- to 5-year school improvement plans and a core curriculum. The proposal shall be developed in accordance with criteria established by the department.

(3) From the amount appropriated in section 11, there is allocated an amount not to exceed \$150,000.00 for 1989-90 to intermediate districts to provide regional support services and technical assistance for school improvement planning for districts. In order to receive funds under this subsection, an intermediate district shall submit an application in accordance with criteria established by the state board.

Sec. 93. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$945,000.00 for 1989-90 to be used for the salaries of teachers in alternative education programs for school age expectant parents and school age parents and their children, as approved by the department under section 1301 of the school code of 1976. Districts and intermediate districts providing approved programs shall be entitled to 75% of the actual cost of the salary, not to exceed \$8,100.00 for an individual salary, of each teacher approved by the department.

(2) From the amount appropriated in section 11, there is allocated an amount not to exceed \$315,000.00 for 1989-90 to support the operation of model school age parents' projects approved by the department.

Sec. 96. From the amount appropriated in section 11, there is allocated an amount not to exceed \$3,120,000.00 for 1989-90 to be used by districts conducting community school programs approved by the department.

Sec. 97. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$3,016,000.00 for 1989-90 to applicant districts and intermediate districts for local professional and nonprofessional staff development. Each district and intermediate district shall be eligible to receive \$25.00 per professional staff member. Each district or intermediate district with a professional staff equal to or greater than 500, or a consortium of districts, intermediate districts, or a combination of districts and intermediate districts with professional staff equal to or greater than 500, or a combination of districts and intermediate districts within the same county with professional staff equal to or greater than 250, or an intermediate district consortium that includes all of its constituent districts regardless of the number of staff members shall be eligible for an additional \$10.00 per professional staff member upon completion of an application, as approved by the department, to be submitted by November 1, 1989.

(2) Applications submitted for receipt of funds under this section shall include all of the following:

(a) Identification of the district, intermediate district, or consortium needs assessment for staff development by the local policy board.

(b) Identification of the goals and objectives of a staff development program by the local policy board.

(c) Identification of the process for program development and identification of potential resources such as colleges, universities, community colleges, and intermediate districts.

(d) Identification of the process for program evaluation.

(e) Designation of a program coordinator.

(f) Designation of a policy board with a minimum of 11 members. The teacher representatives shall be appointed by the teachers' collective bargaining agent or elected by all teachers in an area where there is not a collective bargaining agent. The policy board shall consist of a majority of teachers with the balance of the board composed of representatives of district or intermediate district boards of education, administrators, nonprofessional staff, and other support personnel.

- (g) Designation of a legal fiscal agent.
- (h) An explanation, if appropriate, of how funds received under this section will be expended for nonprofessional staff.
- (3) Participation by staff may be voluntary.
- (4) A 3-year plan shall be submitted which prioritizes utilization of staff development funds. This plan may include, but is not limited to, locally identified needs in the following areas:
  - (a) Equal educational opportunity, including title IX of the education amendments of 1972, Public Law 92-318, 86 Stat. 235; title VI of the civil rights act of 1964, Public Law 88-352, 78 Stat. 252; and section 504 of the rehabilitation act of 1973, 29 U.S.C. 794.
  - (b) Management training for administrators.
  - (c) Utilization of assessment results for district and building level improvement in the basic skills.
  - (d) Working with pupils with special needs including work in bilingual programs, mainstreaming programs, and gifted and talented pupils' programs.
  - (e) Upgrading of teaching skills in the teacher's major and minor subject areas as provided on his or her teaching certificate or those areas in which the teacher has not had recent classroom experience or training.
  - (f) Implementation of the state school health education curriculum.
  - (g) Utilizing computers in the educational process.
  - (h) Career education in-service programs.
  - (i) The use of fine arts and multi-modal approach to teaching in the general curricula and school improvement process.
- (5) Not more than 15% of the money received may be used for program coordination without department approval.
- (6) The funds allocated under this section shall not be expended for facility rental, overhead charges, or stipend payments.
- (7) A legal fiscal agent may be a district or an intermediate district.
- (8) The department shall submit a progress report to the legislature not later than April 1 of each year on all staff activities funded under this section.
- (9) Additional general fund revenue which becomes available for districts or intermediate districts for local professional and nonprofessional staff development and career education in-service programs is appropriated for that purpose. An amount equal to the additional general fund revenue which becomes available for districts or intermediate districts for local professional and nonprofessional staff development and career education in-service programs shall be deducted from the amount appropriated in section 11, as allocated pursuant to subsection (1), and shall be credited to the general fund of the state. This subsection does not apply to funds provided to a district or an intermediate district through this act.
- (10) As used in this section, "nonprofessional staff" means nonprofessional staff who work with school children.

Sec. 98. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,872,000.00 for 1989-90 to applicant districts and intermediate districts approved by the department for the development of professional development programs in the areas of mathematics, science, computer literacy-competency, structured linguistics taught through a multisensory approach, reading and writing and composition.

(2) In order to be eligible for funding under this section, the applicant district or intermediate district shall submit a proposal for developing and operating professional development programs for teachers and administrators. The proposal shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. The criteria used by the department to approve programs shall include, but not be limited to, all of the following:

- (a) Encouraging consortia among districts, community colleges, universities, and professional organizations.
  - (b) Developing training guidelines that show the relationship of curriculum goals within the content areas of mathematics, science, computer literacy-competency, and writing and composition to the general goals of the K to 12 program.
  - (c) Developing assessment strategies to identify major target audiences and training content needs in mathematics, science, computer literacy-competency, and writing and composition.
- (3) Community colleges and teacher preparation institutions may enter into agreements with districts or intermediate districts that have been awarded grants under this section.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the third Friday following the pupil membership count day, each district superintendent through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of the district's enrollment for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the school code of 1976, shall file with the intermediate superintendent a certified and sworn copy of the enrollment for the current school year pursuant to rules promulgated by the state board. In case of failure to file the sworn and certified copy not later than the third Friday following the pupil membership count day or pursuant to rules promulgated by the state board, state aid due to be distributed on December 1 under this act shall be withheld from the defaulting district. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by the laws of this state.

(2) Each district shall provide a minimum of 180 days of pupil instruction. Except as provided in subsections (6) and (7), a district failing to hold 180 days of pupil instruction shall forfeit 1/180 of its total state aid appropriation for each day of failure. A district failing to comply with rules promulgated by the state board, which rules establish the minimum time pupil instruction is to be provided to pupils for the regular school year, shall forfeit from its total state aid allocation an amount determined by applying a ratio of the time duration the district was in noncompliance in relation to the minimum time pupil instruction is required. A district failing to meet both the minimum 180 days of pupil instruction requirement and the prescribed time of pupil instruction requirement shall be penalized only the higher of the 2 amounts calculated under the forfeiture provisions of this subsection. Not later than August 1, the board of each district shall certify to the department the number of days of pupil instruction in the previous school year. If the district did not hold at least 180 days of pupil instruction, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. Days lost because of strikes or teachers' conferences shall not be counted as days of pupil instruction. A district not having 70% of the district's membership in attendance on any day shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to 70%. The state board shall promulgate rules for the implementation of this subsection.

(3) The first 2 days when pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, or health conditions as defined by the city, county, or state health authorities, shall be counted as days of pupil instruction. Subsequent such days shall not be counted as days of pupil instruction.

(4) The language of subsection (3) that specifies when certain days shall not be counted as days of pupil instruction does not apply to a district that has 1 or more collective bargaining agreements that obligate the district to provide compensation for those days not eligible to be counted as days of pupil instruction under that subsection. This exemption shall apply for the duration of those agreements in effect on the effective date of the amendatory act that adds this subsection. This subsection does not apply after June 30, 1987.

(5) A district shall not be allotted or paid a sum under this act in a fiscal year if the department determines that at the end of the preceding school fiscal year the amount of funds on hand in the district available for the payment of the operation cost in the district exceeded the amount of money expended for operation cost in the district during the preceding school fiscal year. This subsection does not apply to allocations made under section 146 for the fiscal years ending September 30, 1988 and September 30, 1989.

(6) A district shall not forfeit part of its state aid appropriation if it adopts or has in existence an alternative scheduling program for pupils in kindergarten, which program is approved by the state board.

Sec. 105. (1) Pupils to be counted in membership shall be not less than 5 years of age on December 1 and less than 20 years of age on September 1 of the school year except as follows:

(a) A special education pupil who is enrolled and receiving instruction in a special education program approved by the department and not having a high school diploma who is less than 26 years of age as of September 1 of the current school year shall be counted in membership.

(b) A pupil who is enrolled in classes as specified under section 108(1) required for that pupil to obtain a high school diploma may be counted in membership regardless of age.

(c) A pupil not having a high school diploma taking instruction in an adult basic education program which provides instruction in mathematics, reading, or English, as specified under section 108(1), may be counted in membership regardless of age.

(d) A pupil not less than 16 years of age who is enrolled in classes in a program under section 108 may be counted in membership.

(2) A pupil less than 20 years of age on September 1 of the school year and having obtained a high school diploma shall be counted in membership if enrolled in academic or vocational-technical courses that would normally be credited toward high school completion and are to prepare pupils for employment, additional occupational skills training, or postsecondary education. A pupil less than 20 years of age on September 1 of the school year, who has obtained a high school diploma, who is attending a course offered directly or indirectly by

a district, and who earns postsecondary credit for that course shall not be included in the membership calculation under this subsection. Beginning in 1989-90, a district or consortium of districts shall not receive more than 100% of the membership credit received in 1988-89 for pupils under this subsection who are attending a community or junior college or 4-year institution of higher education. In 1990-91, a district or consortium of districts shall not receive more than 50% of the membership credit received in 1988-89 for pupils under this subsection who are attending a community or junior college or 4-year institution of higher education. In 1991-92 and each year thereafter, a district or consortium of districts shall not receive membership credit for pupils under this subsection who are attending a community or junior college or 4-year institution of higher education.

(3) A pupil 26 years of age or older residing in a mental health institution or a nursing home and receiving educational services on site shall not be counted in membership unless prior approval is received from the department. A district may request prior approval for adult basic education programs and general educational development test preparation programs. The department shall grant approval for adult basic education and general educational development test preparation programs that meet the requirements of subsection (1)(c) and section 108(1), as appropriate.

Sec. 107. (1) The prorated membership of a part-time pupil, who is 18 years of age or older on September 1 of a school year and is eligible to be counted in membership under section 105, shall be computed by applying a ratio which is the relation between the number of hours of student instruction received and 480 clock hours of classroom instruction. Time required to pass to and from classes shall be counted as classroom instruction, but meal time, study halls, or recess time shall not be counted. A district that counts pupils under this subsection shall have its board approve a district-wide plan for adult education. The plan shall address goals and objectives for the adult education program. The district shall submit to the department, not later than November 1 each year for each fiscal year in which funding is received for the adult education program, a resolution adopted by its board indicating that the district complies with all of the following requirements:

(a) The district has incorporated into its plan as required under subsection (1) as guidelines the adult education standards of quality approved by the state board.

(b) The district has implemented an adult education pupil retention plan.

(c) The district has implemented an adult education plan that includes placement, follow-up, and evaluation.

(2) For purposes of determining membership under this section, a district may count towards classroom instruction only the following courses and number of credit hours:

(a) A total of 10 credits of English or communication skills, mathematics, science, and social science, with not less than 2 years of each subject specified in this subdivision.

(b) One credit of health.

(c) Four credits of a foreign language, vocational-technical education as approved by the department, occupational skills training as approved by the department, or any combination thereof.

(d) One credit of computer education, or the equivalent, as approved by the department.

(e) A total of four additional credits of any of the subjects specified in subdivisions (a) through (d), fine and performing arts or practical arts, or any combination thereof, as approved by the department. Pupils enrolled in fine and performing arts or practical arts classes shall also be enrolled at the same time in at least 1 of the classes listed in subdivisions (a) through (d).

(3) For purposes of subsection (2), a credit hour shall not exceed 120 clock hours of classroom instruction, and credit hours earned by a pupil during previous school years shall be counted. Prorated membership may be included for pupils enrolled and making progress in adult basic education, which is instruction in mathematics, reading, or English at or below the eighth grade level.

(4) In order to be eligible to generate membership under this section, a district shall allow those pupils who have taken classes before October 1, 1988 that are not encompassed in subsection (2)(a) to (d) to attend classes and receive credit toward graduation for subjects specified in subsection (2)(a) to (d) for the number of credits previously earned in those subjects that are not encompassed in subsection (2)(a) to (d). The district shall not assess a fee or generate membership for these credits.

(5) A district that counts adult education pupils in membership and complies with the requirements of this section and section 108 shall receive regularly scheduled state aid payments for which the district qualifies under this act in accordance with the following table:

#### ADULT EDUCATION PAYMENTS

10% for demonstration of a completed comprehensive assessment as required by section 108(1)(c).

80% for enrollment of eligible pupils.

10% for attainment of a high school diploma, for passage of the general education development (GED) test, or for completion of the adult basic education objectives by achieving an eighth grade level in reading, English, or mathematics.

Not more than 10% for classroom attendance.

(6) For purposes of subsection (5), classroom attendance shall be measured by the total cumulative membership clock hours of classroom instruction. The total cumulative membership clock hours of classroom instruction shall be determined by multiplying the total membership by 480 hours. Credit for cumulative membership clock hours of classroom instruction shall be determined by dividing the total number of clock hours of classroom instruction attended by the total number of cumulative membership clock hours. The specific percentage allowable for attendance shall be in accordance with the following table:

0 - 25% attended clock hours - 2.5%

26 - 50% attended clock hours - 5%

51 - 75% attended clock hours - 7.5%

76 - 100% attended clock hours - 10%

Sec. 108. (1) A district operating an adult education program and receiving an allocation under section 21(1) shall:

(a) Provide the program within the geographic boundaries of the district.

(b) Develop course descriptions for all adult basic and high school completion courses approved by the board of education which shall be available for review by the department not later than October 1 of each school year.

(c) Have on file a planned program for adult basic education or a planned program for a high school diploma, or both, for each individual enrolled in an adult basic education program or adult high school completion program, or both, comparable to planned programs maintained for a pupil in the regular program of the district.

(d) Ensure that the adult high school completion program is comparable to the requirements and standards of other high school completion programs in that district. If modifications are made in programs or courses, or both, to accommodate adult needs, specific rationale for the modifications shall be available for review.

(e) Maintain pupil records comparable to those maintained for the regular high school program of that district.

(f) Submit to the department not later than October 30 each year a report describing the district's activities in the fiscal year ending the immediately preceding September 30 that pertain to requirements set forth in subdivisions (d) and (e).

(2) Two or more K to 12 districts may conduct adult education programs on a cooperative basis. Cooperating districts shall enter into an annual written agreement which shall cover all of the high school completion programs and adult basic education programs offered within the participating districts. Exceptions to this provision may be made with the approval of the department. An agreement shall include the educational, administrative, management, operational, and financial matters concerning adult education programs and services offered by all the participating districts. One district shall be designated in the agreement as the administrator of the adult education cooperative program and shall operate the program as a direct extension of the district, except that the pupils enrolled in the program may be counted on the pupil membership count day of the district in which the pupils' classes are held. The district serving as the administrator of the adult education program shall pay only reasonable fees for services, facilities, and utilities provided directly to the program by a cooperative district. These fees shall reflect only actual costs to the cooperating district. No other payments may be made to a cooperating district by the district serving as the administrator of the adult education program. The fee schedule to be paid by the administrative district of the adult education program shall be included as part of the annual written agreement between cooperating districts. The administrative district shall maintain for 5 years records of fees paid under the agreement. The funds generated by the administering district shall be used to support actual reasonable costs of the adult education programs in the cooperative program with the exception that administering districts may use revenues in addition to that needed to meet the costs of the adult education program to provide supplemental services within the consortium in the areas of early childhood education, alternative education, dropout prevention, community education, teen parent programs for youth, or other department-approved education programs.

(3) A district which does not receive an allocation under section 21(1), with the approval of the department, may enter into a cooperative arrangement with a district which receives membership aid for the purpose of obtaining educational services for adult pupils. These cooperative arrangements shall meet the same conditions as those listed in subsection (2).

(4) A district which operates an adult education program under subsection (2) and enrolls pupils from districts not receiving an allocation under section 21(1) or not levying operating millage equal to or greater than

that of the district which operates the program shall receive for those pupils the lesser of the following gross allowances:

(a) The operating district's gross allowance.

(b) A gross allowance computed by averaging the actual gross allowances weighted as to membership of the constituent districts in the intermediate district of the operating district.

Sec. 121. The valuation of a whole or fractional district shall be the total state equalized valuation of the property contained in the whole or fractional district as last fixed by the state tax commission and placed on the ad valorem tax roll. For purposes of computations made under this act, except as provided in section 26, the state equalized valuation of a district or intermediate district shall include the value of property used to calculate the tax imposed on lessees or users of tax-exempt property under Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan Compiled Laws. Adjustments to this state equalized valuation shall be made for all of the following:

(a) State tax tribunal decisions.

(b) Court decisions.

(c) County board of review adjustments made after the state tax commission determination.

(d) Lands deeded to the state for jurisdictions without delinquent tax revolving funds or for jurisdictions that have required repayment to the delinquent tax revolving funds.

(e) The requirements of this act.

Sec. 143. (1) From the amount appropriated in section 11, there shall be allocated to each eligible district for 1989-90 the following amount per pupil, except as provided in subsection (2):

(a) Add the following:

(i) 105% of the previous year's membership aid per pupil received under section 21(1).

(ii) 105% of the previous year's membership aid per pupil received under this section.

(iii) 105% of the product of the previous year's state equalized valuation per pupil and the 1975-76 millage levied for purposes included in the operation cost of the district as prescribed in section 7.

(b) From the sum obtained in subdivision (a), subtract the following:

(i) The current year's membership aid per pupil received under section 21(1) or the membership aid per pupil which would be due the district if the current year's formula were applied to the 1975-76 operating millage, whichever is greater.

(ii) The product of the current year's state equalized valuation per pupil and the 1975-76 operating millage levied.

(2) A district shall not receive a greater amount per pupil under subsection (1) than was received by the district in the prior year.

(3) The purpose, use, and expenditure of aid received under this section shall be limited as if the funds were generated by ad valorem taxes levied for operating purposes.

Sec. 144. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$130,000.00 for 1989-90 to applicant districts not receiving a membership allocation under section 21(1), that have sustained an SEV reduction due to the listing of forest land under Act No. 94 of the Public Acts of 1925, being sections 320.301 to 320.314 of the Michigan Compiled Laws, and that levied 25.615 mills or 35.16 mills for operating purposes in 1985-86.

(2) An applicant district's entitlement shall be determined as follows:

(a) A potential property tax payment shall be determined by multiplying the total acreage of the district under Act No. 94 of the Public Acts of 1925 by \$75.00 per acre. This product shall then be multiplied by the operating millage rate of the district.

(b) From the amount computed under subdivision (a) shall be subtracted all payments received by the district for the commercial forest land, including specific and yield and withdrawal tax revenue.

Sec. 145. From the amount appropriated in section 11, there is allocated for 1989-90 an amount sufficient to pay the state share of desegregation costs mandated by the federal court before June 1, 1983, in *Berry v school district of the city of Benton Harbor*, United States district court for the western district of Michigan, docket no. C.A. 9.

Sec. 146. (1) Except as otherwise provided in this act, from the amount appropriated in section 11, there is allocated to each district and intermediate district an amount equal to the employer's share of the district's or

intermediate district's federal social security obligations, 7.65% on calendar 1989 employee's wage base up to \$48,000.00, and 7.65% on calendar 1990 employee's wage base up to \$50,000.00.

(2) Except as otherwise provided in this act, the state shall not assume the employer's share of federal social security obligations for the federally funded employees of the district or intermediate district, nor for individuals employed pursuant to the Michigan youth corps act, Act No. 69 of the Public Acts of 1983, being sections 409.221 to 409.229 of the Michigan Compiled Laws, or the Michigan opportunity and skills training program or project self-reliance, both administered by the department of social services, or any successor of either of these 2 programs.

(3) Monthly payments to districts or intermediate districts, for social security obligations only, shall be disbursed on a fiscal year schedule. These payments are determined by multiplying the state's percentage contribution by the estimated base payroll for each covered employee for the quarterly periods beginning in October of the school year. The state payments shall be prospective estimates, based upon data to be submitted to the department in a form and manner as required by the department. Payments required to satisfy social security obligations of each district or intermediate district shall be adjusted by the department as necessary to reflect actual requirements of preceding completed payrolls and payroll periods, and shall be adjusted finally by the department for the fiscal year ending September 30, 1989 pursuant to section 41 of the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws.

(4) Each district or intermediate district shall remit directly to the appropriate federal government agency the total employer share and the total employee share of the district's or intermediate district's social security obligation. Social security contributions shall not be remitted to the social security contribution fund as otherwise required by section 42(6) of Act No. 300 of the Public Acts of 1980, being section 38.1342 of the Michigan Compiled Laws.

Sec. 152. Before the first Monday in November of each year, each district shall furnish to the department those reports the department considers necessary for the determination of the allocation of funds under this act. In order to receive funds under this act, each district and intermediate district shall also furnish to the department the information the department considers necessary for the administration of this act and for the provision of reports of educational progress to the senate and house committees responsible for education, the senate and house appropriations subcommittees responsible for appropriations to school districts, and the senate and house fiscal agencies, as appropriate.

Sec. 158. In order to receive funds under this act, each district shall furnish to the department, on a form and in a manner prescribed by the department, the district membership retention report defined in section 6(3).

Sec. 159. Not later than February 1, 1990, the department shall report to the senate and house appropriations subcommittees responsible for appropriations to school districts and the senate and house committees responsible for education on the implementation and impact of a schools of choice program. The report shall address, but not be limited to, all of the following:

(a) Program planning and evaluation at the district and building level, including the role of parents, teachers, administrators, and pupils.

(b) Pupil transportation.

(c) Achievement of racial balance within school buildings.

(d) Pupil and parent counseling and information dissemination.

(e) Pupil assignment and transfer policies.

(f) Administration and decision making at the district and building levels.

Sec. 164. In 1989-90, a district or intermediate district shall forfeit an amount of funds to which the district or intermediate district otherwise would be entitled under this act equal to the district's or intermediate district's expenditures in the 1988-89 fiscal year for cars for board members, and for chauffeurs for board members or administrators.

Sec. 166. For 1989-90, a district in which a school official, member of a board, or other person dispenses or otherwise distributes a family planning drug or device in a public school in violation of section 1507 of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1507 of the Michigan Compiled Laws, dispenses prescriptions for any family planning drug, or makes referrals for abortions shall forfeit 5% of its total state aid appropriation.

Section 2. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act is \$2,530,452,900.00 for 1989-90 and state appropriations to be paid to local units of government are \$2,140,452,900.00.

Section 3. Section 23 of Act No. 94 of the Public Acts of 1979, being section 388.1623 of the Michigan Compiled Laws, is repealed.

Section 4. This amendatory act shall take effect October 1, 1989.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.