

Inmate housing fund; use; distribution; reports.

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

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

Cognitive restructuring programs.

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

This act is ordered to take immediate effect.

Approved August 7, 2003.

Filed with Secretary of State August 8, 2003.

[No. 155]**(SB 281)**

AN ACT to make appropriations for the judicial branch for the fiscal year ending September 30, 2004; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; judiciary.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the judicial branch for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

JUDICIARY

APPROPRIATION SUMMARY:

Full-time equated exempted positions.....	582.5		
GROSS APPROPRIATION		\$	253,567,900
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			4,633,500
ADJUSTED GROSS APPROPRIATION.....		\$	248,934,400

	For Fiscal Year Ending Sept. 30, 2004
Federal revenues:	
Total federal revenues.....	\$ 4,106,500
Special revenue funds:	
Total local revenues	2,898,700
Total private revenues.....	842,500
Total other state restricted revenues.....	79,770,300
State general fund/general purpose	\$ 161,316,400
Supreme court.	
Sec. 102. SUPREME COURT	
Full-time equated exempted positions.....	284.0
Supreme court administration—114.0 FTE positions.....	\$ 10,033,500
Judicial institute—20.0 FTE positions.....	2,935,700
State court administrative office—80.0 FTE positions	9,811,000
Judicial information systems—21.0 FTE positions	4,540,600
Direct trial court automation support—33.0 FTE positions.....	2,898,700
Foster care review board—12.0 FTE positions	1,167,700
Community dispute resolution—4.0 FTE positions	2,499,800
Drug treatment courts.....	4,635,000
GROSS APPROPRIATION	\$ 38,522,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of community health.....	1,800,000
IDG from department of career development.....	95,000
IDG from state police - criminal justice improvement	2,015,000
IDG from state police - Michigan justice training fund.....	300,000
Federal revenues:	
DOE, special education grant.....	150,000
DOJ, enforcing underage drinking law	50,000
DOJ, victims assistance programs.....	50,000
DOJ, drug court training and evaluation	300,000
DOT, national highway safety traffic administration	215,300
HHS, access and visitation grant	387,000
HHS, court improvement project	1,160,000
HHS, domestic violence prevention	175,000
HHS, TANF	50,000
HHS, title IV-D child support program.....	907,700
HHS, title IV-E foster care program	500,000
USDA, agriculture mediation grant.....	125,000
Special revenue funds:	
Local - user fees.....	2,898,700
Private	169,000
Private - interest on lawyers trust accounts.....	232,700
Private - state justice institute	370,800
Community dispute resolution fees.....	2,224,800
Law exam fees	482,100
Drug court fund	1,267,500
Miscellaneous revenue	227,900

	For Fiscal Year Ending Sept. 30, 2004
Justice system fund.....	\$ 600,000
State court fund.....	319,000
State general fund/general purpose.....	\$ 21,449,500

Court of appeals.

Sec. 103. COURT OF APPEALS

Full-time equated exempted positions.....	230.5
Court of appeals operations—230.5 FTE positions.....	\$ 17,232,300
GROSS APPROPRIATION.....	\$ 17,232,300
Appropriated from:	
Special revenue funds:	
Court filing/motion fees.....	1,746,000
Miscellaneous revenue.....	77,800
State general fund/general purpose.....	\$ 15,408,500

Branchwide appropriations.

Sec. 104. BRANCHWIDE APPROPRIATIONS

Full-time equated exempted positions.....	3.0
Branchwide appropriations—3.0 FTE positions.....	\$ 8,376,000
GROSS APPROPRIATION.....	\$ 8,376,000
Appropriated from:	
State general fund/general purpose.....	\$ 8,376,000

Justices' and judges' compensation.

Sec. 105. JUSTICES' AND JUDGES' COMPENSATION

Full-time judges positions.....	616.0
Supreme court justices' salaries—7.0 justices.....	\$ 1,152,300
Court of appeals judges' salaries—28.0 judges.....	4,240,300
District court judges' state base salaries—259.0 judges.....	23,946,700
District court judicial salary standardization.....	11,831,100
Probate court judges' state base salaries—106.0 judges.....	9,168,500
Probate court judicial salary standardization.....	4,407,100
Circuit court judges' state base salaries—216.0 judges.....	20,346,300
Circuit court judicial salary standardization.....	9,876,400
Judges' retirement system defined contributions.....	2,557,800
OASI, social security.....	4,738,200
GROSS APPROPRIATION.....	\$ 92,264,700
Appropriated from:	
Special revenue funds:	
Court fee fund.....	7,090,200
State general fund/general purpose.....	\$ 85,174,500

Judicial agencies.

Sec. 106. JUDICIAL AGENCIES

Full-time equated exempted positions.....	10.0
Judicial tenure commission—10.0 FTE positions.....	\$ 1,004,200
GROSS APPROPRIATION.....	\$ 1,004,200

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:
State general fund/general purpose \$ 1,004,200

Indigent defense - criminal.

Sec. 107. INDIGENT DEFENSE - CRIMINAL

Full-time equated exempted positions.....55.0
Appellate public defender program—47.0 FTE positions..... \$ 4,502,000
Appellate assigned counsel administration—8.0 FTE positions..... 808,700
GROSS APPROPRIATION..... \$ 5,310,700

Appropriated from:
Interdepartmental grant revenues:
IDG from state police - Michigan justice training fund..... 423,500
Federal revenues:
DOJ, assigned criminal defense 36,500
Special revenue funds:
Private - interest on lawyers trust accounts..... 70,000
Miscellaneous revenue 113,100
State general fund/general purpose \$ 4,667,600

Indigent civil legal assistance.

Sec. 108. INDIGENT CIVIL LEGAL ASSISTANCE

Indigent civil legal assistance..... \$ 7,337,000
GROSS APPROPRIATION..... \$ 7,337,000

Appropriated from:
Special revenue funds:
State court fund 7,337,000
State general fund/general purpose \$ 0

Trial court operations.

Sec. 109. TRIAL COURT OPERATIONS

Court equity fund reimbursements..... \$ 69,906,000
Judicial technology improvement fund 4,465,000
GROSS APPROPRIATION..... \$ 74,371,000

Appropriated from:
Special revenue funds:
Court equity fund 44,669,900
Judicial technology improvement fund 4,465,000
State general fund/general purpose \$ 25,236,100

Grants and reimbursements to local government.

Sec. 110. GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drug case-flow program..... \$ 250,000
Drunk driving case-flow program..... 2,300,000
Juror compensation reimbursement..... 6,600,000
GROSS APPROPRIATION..... \$ 9,150,000

		For Fiscal Year Ending Sept. 30, 2004
Appropriated from:		
Special revenue funds:		
Drug fund	\$	250,000
Drunk driving fund.....		2,300,000
Juror compensation fund		6,600,000
State general fund/general purpose	\$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS**Total state spending; payments to local units of government.**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$241,086,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is estimated at \$124,506,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

SUPREME COURT

State court administrative office - administration	\$	511,900
Drug treatment courts.....		4,335,000

TRIAL COURT OPERATIONS

Court equity fund reimbursements	\$	69,906,000
Judicial technology improvement fund		4,465,000

JUSTICES' AND JUDGES' COMPENSATION

District court judicial salary standardization	\$	11,831,100
Probate court judges' state base salaries.....		9,168,500
Probate court judicial salary standardization.....		4,407,100
Circuit court judicial salary standardization		9,876,400
Grant to OASI contribution fund, employers share, social security....		855,800

GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drunk driving case-flow program.....	\$	2,300,000
Drug case-flow program.....		250,000
Juror compensation reimbursement.....		6,600,000
TOTAL	\$	<u>124,506,800</u>

Appropriations subject to MCL 18.1101 to 18.1594; approval of expenditure or transfer of funds.

Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) Funds appropriated in part 1 to an entity within the judicial branch shall not be expended or transferred to another account without written approval of the authorized agent of the judicial entity. If the authorized agent of the judicial entity notifies the state budget director of its approval of an expenditure or transfer, the state budget director shall immediately make the expenditure or transfer. The authorized judicial entity agent shall be designated by the chief justice of the supreme court.

Definitions.

Sec. 203. As used in this act:

- (a) "DOE" means the United States department of education.
- (b) "DOJ" means the United States department of justice.
- (c) "DOT" means the United States department of transportation.
- (d) "FTE" means full-time equated.
- (e) "HHS" means the United States department of health and human services.
- (f) "IDG" means interdepartmental grant.
- (g) "OASI" means old age survivor's insurance.
- (h) "TANF" means temporary assistance for needy families.
- (i) "USDA" means the United States department of agriculture.

Privatization; project plan.

Sec. 207. At least 90 days before beginning any effort to privatize, the judicial branch shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, the judicial branch shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site. Quarterly, the judicial branch shall provide to the appropriations subcommittees members, state budget office, and the fiscal agencies an electronic listing of the reports submitted during the most recent 3-month period along with the Internet or Intranet site of each report, if any.

Purchase of foreign goods or services.

Sec. 209. (1) Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced American goods and services, or both, of comparable quality, are available.

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced Michigan goods or services, or both, of comparable quality, are available.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. (1) The chief justice of the supreme court shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform

contracts to provide services or supplies, or both, for the judicial branch. The chief justice shall strongly encourage firms with which the courts of this state contract to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

(2) The chief justice shall take all reasonable steps to ensure equal opportunity for all who compete for and perform contracts to provide services or supplies, or both, for the department. The chief justice shall strongly encourage firms with which the department contracts to provide equal opportunity for subcontractors to provide services or supplies, or both.

Personal service contracts; reports.

Sec. 211. (1) The judicial branch shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate setting. The notification shall include all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

(2) For personal service contracts of \$100,000.00 or more, the judicial branch shall provide a monthly report on all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

Receipt and retention of reports.

Sec. 212. The judicial branch shall receive and retain copies of all reports funded from appropriations in part 1 and shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

JUDICIAL BRANCH

Direct trial court automation support program.

Sec. 301. (1) The direct trial court automation support program of the state court administrative office shall recover direct and overhead costs from trial courts by charging for services rendered. The fee shall cover the actual costs incurred to the direct trial court automation support program in providing the service. A report of amounts collected in excess of funds identified as user service charges in part 1 shall be submitted to the state budget director and to the house and senate appropriations subcommittees on judiciary 30 days before expenditure by the direct trial court automation support program.

(2) From funds appropriated in part 1, the direct trial court automation support program of the state court administrative office shall provide to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies before January 1 of each year, a detailed list of user service charges collected during the immediately preceding state fiscal year.

Expenditures; approval.

Sec. 302. Funds appropriated within the judicial branch shall not be expended by any component within the judicial branch without the approval of the supreme court.

Circuit court and court of claims reimbursements; allocations.

Sec. 303. Of the amount appropriated in part 1 for the judicial branch, \$325,000.00 is allocated for circuit court reimbursement under section 3 of 1978 PA 16, MCL 800.453, and \$186,900.00 is allocated for court of claims reimbursement under section 6413 of the revised judicature act of 1961, 1961 PA 236, MCL 600.6413.

Audits.

Sec. 304. The judicial branch shall cooperate with the auditor general regarding audits of the judicial branch conducted pursuant to section 53 of article IV of the state constitution of 1963.

Status of accounts.

Sec. 305. To avoid the overexpenditure of funds appropriated under this act, the supreme court shall report quarterly to the state budget director and to the judiciary subcommittees of the house and senate appropriations committees regarding the status of the accounts set forth in part 1.

Collection of judgments; assistance to local trial courts.

Sec. 306. The supreme court and the state administrative office shall continue to maintain, as a priority, the assisting of local trial courts in improving the collection of judgments.

Revenue amounts; use.

Sec. 307. It is the intent of the legislature that from the funds appropriated in part 1 for court of appeals operations, the judiciary shall use the following revenue amounts for the purpose of delay reduction:

(a) \$225,000.00 of additional filing fee revenue raised from the increase from \$250.00 to \$375.00 in court of appeals filing fees under section 321(1)(a) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.

(b) \$87,500.00 of additional fee revenue raised from the increase in court of appeals motion fees from \$75.00 to \$100.00 and from the increase from \$150.00 to \$200.00 in fees for motions for immediate consideration or expedited appeal, under section 321(1)(b) and (c) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.

Judges' compensation; insufficient amount available.

Sec. 308. If sufficient funds are not available from the court fee fund to pay judges' compensation, the difference between the appropriated amount from that fund for judges' compensation and the actual amount available after the amount appropriated for trial court reimbursement is made shall be appropriated from the state general fund for judges' compensation.

Drug treatment court programs; contracts for evaluation and monitoring.

Sec. 310. From the funds appropriated in part 1 for drug treatment court programs, at the discretion of the supreme court, the state court administrative office shall contract

with 1 or more independent third parties for evaluation and monitoring of drug court programs funded by the judiciary. The evaluation shall include measures of the impact of drug court programs in changing offender criminal involvement (recidivism) and substance abuse and in reducing prison admissions. The evaluation of a program funded with federal Byrne funds shall be consistent with any requirements contained in the federal Byrne grant for that program. Evaluations required by this section shall to the extent feasible compare offenders treated under the programs with other offenders of similar characteristics. Not later than June 1, 2004, the state court administrative office shall provide a progress report regarding the status and findings of the evaluation to the senate and house appropriations subcommittees on the judiciary, the senate and house fiscal agencies, and the state budget director.

Drug treatment court; federal guidelines; proposals by local units of government; training; grants; priority; expansion.

Sec. 311. (1) The funds appropriated in part 1 for drug treatment courts shall be administered by the state court administrative office to operate drug treatment court programs. A drug treatment court program shall not receive funds for more than 5 years. A drug treatment court shall be responsible for handling cases involving substance abusing nonviolent offenders through comprehensive supervision, testing, treatment services, and immediate sanctions and incentives. A drug treatment court shall use all available county and state personnel involved in the disposition of cases including, but not limited to, parole and probation agents, prosecuting attorney, defense attorney, and community corrections providers. The funds may be used in connection with other federal, state, and local funding sources.

(2) Local units of government are encouraged to refer to federal drug treatment court guidelines to prepare proposals. However, federal agency approvals are not required for funding under this section.

(3) From the funds appropriated in part 1, the chief justice shall allocate sufficient funds for the judicial institute to provide in-state training for those identified in subsection (1), including training for new drug treatment court judges.

(4) For drug treatment court grants, consideration for priority may be given to those courts where higher instances of substance abuse cases are filed.

(5) The judiciary shall receive \$1,800,000.00 in Byrne formula grant funding as an interdepartmental grant from the department of community health to be used for expansion of drug treatment courts, to assist in avoiding prison bed space growth for nonviolent offenders in collaboration with the department of corrections.

Parental rights; court-issued waiver; statistical report.

Sec. 312. From the funds appropriated in part 1, the state court administrator shall produce a statistical report regarding the implementation of the parental rights restoration act, 1990 PA 211, MCL 722.901 to 722.908, as it pertains to minors seeking a court-issued waiver of parental consent. The state court administrative office shall report the total number of petitions filed and the total number of petitions granted in accordance with section 208.

Judicial technology improvement fund; allocations.

Sec. 313. (1) The appropriation in part 1 for the judicial technology improvement fund shall be allocated for the development of a statewide judicial information system. The supreme court, working with the department of state police, department of corrections, secretary of state, prosecuting attorneys association of Michigan, and the department of

information technology, will develop a statewide telecommunications infrastructure to integrate criminal justice information systems. The judicial technology improvement fund shall also provide grants to local trial court funding units to encourage technology innovations by local trial courts that will result in enhanced public service. These innovations will include, but not be limited to, electronic filing, on-line payments of fines and fees, and web-based instructions for completion of court documents.

(2) Funds in part 1 may be used to develop, operate, and maintain the cyber court created in chapter 80 of the revised judicature act of 1961, 1961 PA 236, MCL 600.8001 to 600.8029.

(3) There is hereby appropriated to the judiciary for deposit into the judicial technology improvement fund \$6,000,000.00 contingent upon the receipt of a refund from the federal government related to penalties previously imposed for the child support enforcement system of which not less than \$1,000,000.00 and not more than \$2,000,000.00 shall be utilized towards development and operation of a cyber court system as identified in subsection (2). The appropriation to the judiciary of refund money related to the child support enforcement system shall precede any other appropriations of such resources. Notwithstanding subsection (2), any child support enforcement system penalty refund resources deposited into the judicial technology improvement fund shall be expended in the manner as prescribed in subsection (1). The child support enforcement system refund revenue when certified as available in the judicial technology improvement fund by the judiciary shall remain unallotted until such time as the state budget director has reviewed and approved an allotment schedule submitted by the judiciary. Unexpended resources remaining in the fund at the end of the fiscal year may be carried forward for expenditure in the following year for the same purposes as described in this section.

Mental health court.

Sec. 314. If funds become available from the federal government for mental health courts, the state court administrative office shall assist those local trial courts who are interested in starting a mental health court in writing grants and any other assistance that may help them receive such funds.

Information technology activities.

Sec. 315. The judicial branch shall communicate regarding information technology activities with the department of information technology.

This act is ordered to take immediate effect.

Approved August 7, 2003.

Filed with Secretary of State August 8, 2003.

[No. 156]

(SB 266)

AN ACT to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of military and veterans affairs.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	1,072.0	
GROSS APPROPRIATION		\$ 103,097,500
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 200,000
ADJUSTED GROSS APPROPRIATION		\$ 102,897,500
Federal revenues:		
Total federal revenues		40,627,900
Special revenue funds:		
Total local revenues		0
Total private revenues		1,270,700
Total other state restricted revenues		23,800,100
State general fund/general purpose		\$ 37,198,800

Headquarters and armories.**Sec. 102. HEADQUARTERS AND ARMORIES**

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	140.0	
Headquarters and armories—99.5 FTE positions		\$ 8,941,200
Unclassified military personnel		660,300
Military appeals tribunal		900
Michigan emergency volunteers		5,000
State active duty		70,100
Challenge program—40.5 FTE positions		3,296,900
GROSS APPROPRIATION		\$ 12,974,400
Appropriated from:		
IDG, challenge grant		200,000
Federal revenues:		
DOD-DOA-NGB		3,542,500
Special revenue funds:		
Rental fees		350,000
Mackinac Bridge authority		40,000
Private donations		845,700
State general fund/general purpose		\$ 7,996,200

Military training sites and support facilities.**Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES**

Full-time equated classified positions	229.0
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	For Fiscal Year Ending Sept. 30, 2004
Military training sites and support facilities—229.0 FTE positions	\$ 14,860,200
Military training sites and support facilities test projects	100,000
GROSS APPROPRIATION.....	\$ 14,960,200
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	12,140,400
Special revenue funds:	
Test project fees	100,000
State general fund/general purpose	\$ 2,719,800

Departmentwide appropriations.

Sec. 104. DEPARTMENTWIDE APPROPRIATIONS

Departmentwide accounts.....	\$ 1,741,100
Special maintenance - state	351,200
Special maintenance - federal.....	4,300,000
Military retirement	2,500,000
Counternarcotic operations.....	50,000
Starbase grant.....	600,000
GROSS APPROPRIATION.....	\$ 9,542,300
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	6,170,600
Federal counternarcotic revenues	50,000
Special revenue funds:	
State general fund/general purpose	\$ 3,321,700

Veterans service organizations.

Sec. 105. VETERANS SERVICE ORGANIZATIONS

American legion	\$ 886,000
Disabled American veterans.....	732,400
Marine corps league	336,300
American veterans of World War II and Korea.....	464,800
Veterans of foreign wars.....	886,000
Michigan paralyzed veterans of America.....	165,700
Purple heart.....	157,900
Veterans of World War I.....	100
Polish legion of American veterans.....	41,200
Jewish veterans of America.....	41,200
State of Michigan council Vietnam veterans of America	159,500
Catholic war veterans	41,200
GROSS APPROPRIATION.....	\$ 3,912,300
Appropriated from:	
State general fund/general purpose	\$ 3,912,300

Grand Rapids veterans' home.

Sec. 106. GRAND RAPIDS VETERANS' HOME

Full-time equated classified positions.....	536.0
Grand Rapids veterans' home—536.0 FTE positions	\$ 42,096,700
Board of managers	300,000
GROSS APPROPRIATION.....	\$ 42,396,700

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Federal revenues:	
DVA-VHA	\$ 13,050,600
HHS, Medicaid	350,600
HHS, Medicare.....	689,100
Special revenue funds:	
Private - veterans' home post and posthumous funds	300,000
Income and assessments	14,146,600
Lease revenue	35,000
State general fund/general purpose	\$ 13,824,800

D.J. Jacobetti veterans' home.

Sec. 107. D.J. JACOBETTI VETERANS' HOME

Full-time equated classified positions	151.0
D.J. Jacobetti veterans' home—151.0 FTE positions	\$ 12,945,600
Board of managers	125,000
GROSS APPROPRIATION	\$ 13,070,600

Appropriated from:	
Federal revenues:	
DVA-VHA	3,867,100
HHS, Medicare.....	206,600
Special revenue funds:	
Private - veterans' home post and posthumous funds	125,000
Income and assessments	4,191,500
State general fund/general purpose	\$ 4,680,400

Veterans' affairs directorate.

Sec. 108. VETERANS' AFFAIRS DIRECTORATE

Full-time equated classified positions	16.0
Veterans' affairs directorate administration—3.0 FTE positions	\$ 294,200
Veterans' trust fund administration—13.0 FTE positions.....	1,030,000
Veterans' trust fund grants	3,746,500
GROSS APPROPRIATION	\$ 5,070,700

Appropriated from:	
Special revenue funds:	
Michigan veterans' trust fund	4,776,500
State general fund/general purpose	\$ 294,200

Information technology.

Sec. 109. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$ 1,170,300
GROSS APPROPRIATION	\$ 1,170,300

Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	416,900
DVA-VHA	135,700
HHS, Medicare.....	7,800

For Fiscal Year
Ending Sept. 30,
2004

Special revenue funds:		
Income and assessments	\$	160,500
State general fund/general purpose	\$	449,400

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$60,998,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
MILITARY TRAINING SITES AND SUPPORT FACILITIES

Payments in lieu of taxes	\$	70,000
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MICHIGAN VETERANS' TRUST FUND

County counselor travel expenses	\$	50,000
TOTAL	\$	120,000

Appropriations subject to MCL 18.1101 to 18.1594.

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

Definitions.

Sec. 203. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military and veterans affairs.
- (c) "DOD" means the United States department of defense.
- (d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.
- (e) "DVA" means the United States department of veterans' affairs.
- (f) "DVA-VHA" means the DVA veterans' health administration.
- (g) "FTE" means full-time equated.
- (h) "HHS" means the United States department of health and human services.
- (i) "IDG" means interdepartmental grant.

Billing by department of civil service.

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

Hiring freeze; exceptions.

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report by the last business day of each month to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous month and the justification for the exception.

Privatization; project plan.

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

Reporting requirements; use of Internet.

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

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Receipt and retention of copies.

Sec. 211. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Michigan national guard education assistance program.

Sec. 212. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$1,300,000.00 without legislative approval. Under the program, a member of the national guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

(2) As used in this section, an eligible person means a member of the Michigan national guard who is in active service, as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An eligible person does not include a member of the Michigan national guard or air national guard who is absent without leave or who is under charges as described in the Michigan code of military justice of 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

(3) The department of military and veterans affairs, office of the adjutant general shall administer the education assistance program and prescribe forms and procedures to effectively carry out the education assistance program.

(4) An eligible person shall apply to the department of military and veterans affairs, office of the adjutant general for education assistance and shall provide evidence of attendance and completion of the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent. The adjutant general shall approve the application for reimbursement if the applicant meets the definition of an eligible person under subsection (2) and other criteria as established by the adjutant general.

(5) The education assistance program applies to any course of instruction that is included in an associate, undergraduate, or postgraduate degree program offered by a college or university of this state.

(6) The education assistance program applies to an eligible person notwithstanding any other educational incentive or benefit received by the eligible person under any other educational assistance program provided by any other state.

(7) An eligible person who successfully completes the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent, shall be eligible for reimbursement.

(8) The department of military and veterans affairs may use funds from the appropriated funds to administer the education assistance program.

(9) Reimbursed members who do not complete their national guard obligation shall pay the state for money received from the state for tuition. Members who fail to repay the state within the time limits established by the adjutant general shall be indebted to the state. The department shall work in conjunction with the department of treasury for inclusion in the tax intercept program for amounts due the state.

(10) A portion of the funds for the Michigan national guard education assistance program may be used by the department for the purpose of promoting the program and for encouraging those persons the department wishes to have enlist or reenlist in the Michigan national guard.

National guard armories; closing or consolidation.

Sec. 213. The department shall consult with the house and senate appropriations subcommittees on military and veterans affairs regarding the projected closing or consolidation of any national guard armories.

State military cemeteries in Crawford and Dickinson counties.

Sec. 214. It is the intent of the legislature that, should the necessary legislation be enacted and funding become available, funds be appropriated for state military cemeteries in Crawford and Dickinson Counties.

Technology-related services and projects; user fees.

Sec. 221. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Information technology amounts as work projects.

Sec. 223. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

HEADQUARTERS AND ARMORIES**Rental and equipment usage fees.**

Sec. 301. The department may charge reasonable rental and equipment usage fees for renting an armory or using the distance learning network. The fee shall include the cost of overtime compensation, insurance coverage, and any maintenance required.

Challenge program; private donations; alternative revenue sources; fee.

Sec. 302. (1) The funds appropriated in this act for private donations to the challenge program shall be considered state restricted revenue, and unexpended funds remaining at the close of the fiscal year shall not lapse to the general fund but shall be carried forward to the subsequent fiscal year.

(2) It is the intent of the legislature that the department make every effort to identify alternative sources of revenue to replace the \$1,340,700.00 in state general fund/general purpose funding provided in this act for the challenge program.

(3) The department may charge a parent or guardian of a participant in the challenge program a fee for participating in the program if the participant is a member of a family with an income that exceeds 200% of the federal poverty guidelines as published by the United States department of health and human services. The amount charged the parent or guardian shall not exceed the per student state share cost of administering the program. The parent or guardian shall be notified of any charge to be assessed under this subsection prior to enrollment of the child in the program.

Distribution of prepaid phone cards.

Sec. 303. The state family program office shall promote and inform private individuals, businesses, and organizations regarding the distribution of prepaid phone cards and other services to national guard members and military reservists deployed overseas on active duty.

Challenge program; youth served by family independence agency; priority.

Sec. 304. The department will partner with the family independence agency to identify youth who may be eligible for the challenge program from those youth served by family independence agency programs. Such eligible youth shall be given priority for enrollment in the program.

VETERANS SERVICE ORGANIZATIONS**Veterans service organizations.**

Sec. 501. (1) Money appropriated in section 105 for grants to veterans service organizations shall be used only for salaries, wages, related personnel costs, training, and equipment for accredited veteran service advocacy officers and necessary support and managerial staff. Training shall be provided for service advocacy officers and shall be conducted by accredited advocacy officers.

(2) To receive a grant from the money appropriated in section 105, a veterans service organization shall meet the following eligibility requirements:

(a) Be congressionally chartered by the United States Congress.

(b) Be an active participating member of the Michigan veterans organizations' rehabilitation and veterans service committee and abide by its rules, guidelines, and programs.

(c) Demonstrate the receipt of monetary or service support from its own organization.

(d) Comply with the department's and the legislature's requirements of accounting audits, service work activity, accounting of recoveries, listing of volunteer hours, budget requests, and other requirements specified in subsection (3).

(e) For a veterans service organization founded after September 30, 1989, be in operation and providing service to Michigan veterans for not less than 2 years before receiving an initial state grant. During this 2-year period of time, the organization shall file a listing of service work activity and an accounting of recoveries with the department, the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office on forms as prescribed by the department.

(3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department an accounting of its expenditures, audited and certified by a certified public accountant, within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2005, to the department by November 15, 2003, within the format as prescribed by the department to be used in the development of the budget for the fiscal year ending September 30, 2005. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 2003, to the department by January 31, 2004.

The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2003. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office.

VETERANS' HOMES

Grand Rapids veterans' home and D.J. Jacobetti veterans' home; use.

Sec. 601. Appropriations in this act for the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home shall not be used for any purpose other than for veterans and veterans' families.

Grand Rapids veterans' home and D.J. Jacobetti veterans' home; report.

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house of representatives appropriations subcommittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house of representatives appropriations subcommittees on military affairs no later than February 1, 2004.

Grand Rapids veterans' home and D.J. Jacobetti veterans' home; expenditures.

Sec. 603. The money appropriated in this act for the boards of managers may be expended for facility improvements, the purchase and repair of equipment and furnishings, member services, and other purposes that benefit the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home.

VETERANS' TRUST FUND

Michigan veterans' trust fund; annual report.

Sec. 703. (1) By April 1, 2004, the department shall submit to the senate and house of representatives appropriations subcommittees on military affairs and the state budget office a detailed annual report of the Michigan veterans' trust fund for fiscal year 2002-2003. The report shall include information on grants provided from the emergency grant

program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

(2) The annual report required under subsection (1) shall provide detailed information on the number of emergency grant applications denied during fiscal year 2002-2003, including an accounting of the reasons for denial. This information also shall include the number of persons denied an emergency grant because of individual ineligibility, because of insufficient funds, and because the applicant's request did not meet minimum program criteria.

(3) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 2002-2003.

County veterans counselors.

Sec. 704. The Michigan veterans affairs directorate administration and the Michigan veterans' trust fund administration shall take steps to assist the county veterans counselors of the state to obtain training necessary for the execution of their duties.

This act is ordered to take immediate effect.

Approved August 7, 2003.

Filed with Secretary of State August 8, 2003.

[No. 157]

(SB 288)

AN ACT to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of agriculture.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of agriculture for the fiscal year ending

September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF AGRICULTURE

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	563.0	
GROSS APPROPRIATION		\$ 97,175,800
Interdepartmental grant revenues:		
IDG from MDCH, local public health operations		8,878,700
IDG from MDCIS (LCC), liquor quality testing fees		164,000
IDG from MDCIS (LCC), nonretail liquor license fees		515,900
IDG from MDEQ, aquifer dispute resolution		100,000
IDG from MDEQ, biosolids		80,000
IDG from MDEQ, right to farm		105,000
IDG from MDEQ, type II well survey		15,000
IDG from MDNR, district forestry and wildlife program		1,000,000
Total interdepartmental grants and intradepartmental transfers ...		10,858,600
ADJUSTED GROSS APPROPRIATION		\$ 86,317,200
Federal revenues:		
DAG, multiple grants		11,501,000
EPA, multiple grants		2,280,000
HHS-FDA		270,700
Total federal revenues		14,051,700
Special revenue funds:		
Total local revenues		0
Private - oil company overcharge settlement		997,600
Private - slow-the-spread foundation		130,000
Total private revenues		1,127,600
Agricultural preservation fund		727,300
Agriculture equine industry development fund		12,467,000
Agriculture pollution prevention fund		100
Civil penalties		40,300
Commodity inspection fees		991,500
Gasoline inspection and testing fund		1,565,800
Groundwater and freshwater protection fund		4,756,500
Horticulture fund		70,000
Industry support funds		260,000
Licensing and inspection fees		5,925,500
Michigan state fair revenue		5,372,400
Pseudorabies and swine brucellosis fund		20,000
State services fee fund		5,437,300
Testing fees		357,500
Upper Peninsula state fair revenue		1,224,300
Weights and measures regulation fees		518,400
Total other state restricted revenues		39,733,900
State general fund/general purpose		\$ 31,404,000

For Fiscal Year
Ending Sept. 30,
2004

Executive.

Sec. 102. EXECUTIVE

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	48.5	
Commission and boards		\$ 63,300
Unclassified positions—6.0 FTE positions		428,500
Executive direction—7.0 FTE positions		752,000
Management services—37.5 FTE positions		2,833,100
Statistical reporting service—4.0 FTE positions		326,500
GROSS APPROPRIATION		\$ 4,403,400
Appropriated from:		
Interdepartmental grant revenues:		
IDG from MDCIS (LCC), nonretail liquor license fees		8,800
Special revenue funds:		
Gasoline inspection and testing fund		47,800
Licensing and inspection fees		10,000
Michigan state fair revenue		80,500
State services fee fund		160,500
Upper Peninsula state fair revenue		9,000
State general fund/general purpose		\$ 4,086,800

Departmentwide.

Sec. 103. DEPARTMENTWIDE

Rent and building occupancy charges		\$ 1,700,700
Employee turnover savings		(100,000)
Agriculture equine industry development fund reimbursement		0
GROSS APPROPRIATION		\$ 1,600,700
Appropriated from:		
Interdepartmental grant revenues:		
IDG from MDCIS (LCC), nonretail liquor license fees		6,600
Federal revenues:		
DAG, multiple grants		115,000
EPA, multiple grants		70,000
HHS-FDA		15,000
Special revenue funds:		
Agricultural preservation fund		27,300
Agriculture equine industry development fund		2,025,000
Groundwater and freshwater protection fund		10,900
Licensing and inspection fees		55,200
State services fee fund		304,600
State general fund/general purpose		\$ (1,028,900)

Food and dairy.

Sec. 104. FOOD AND DAIRY

Full-time equated classified positions	108.0	
Food safety and quality assurance—108.0 FTE positions		\$ 9,815,700
Local public health operations		8,878,700
GROSS APPROPRIATION		\$ 18,694,400

	For Fiscal Year Ending Sept. 30, 2004
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCH, local public health operations	\$ 8,878,700
Federal revenues:	
DAG, multiple grants.....	22,700
HHS-FDA.....	186,700
Special revenue funds:	
Civil penalties.....	40,300
Licensing and inspection fees.....	2,840,200
State general fund/general purpose	\$ 6,725,800

Animal industry.

Sec. 105. ANIMAL INDUSTRY

Full-time equated classified positions.....	50.0
Animal health and welfare—23.5 FTE positions.....	\$ 2,054,100
Bovine tuberculosis program—26.5 FTE positions.....	4,192,500
GROSS APPROPRIATION.....	\$ 6,246,600

Appropriated from:	
Federal revenues:	
DAG, multiple grants.....	150,000
HHS-FDA.....	9,000
Special revenue funds:	
Agriculture equine industry development fund.....	50,000
Licensing and inspection fees.....	178,200
Pseudorabies and swine brucellosis fund.....	20,000
State general fund/general purpose	\$ 5,839,400

Pesticide and plant pest management.

Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT

Full-time equated classified positions.....	121.8
Pesticide and plant pest management—121.8 FTE positions	\$ 12,107,800
Emerald ash borer control program	7,250,000
Michigan State University.....	210,000
GROSS APPROPRIATION.....	\$ 19,567,800

Appropriated from:	
Federal revenues:	
DAG, multiple grants.....	9,264,400
EPA, multiple grants.....	1,510,000
HHS-FDA.....	60,000
Special revenue funds:	
Private - slow-the-spread foundation.....	130,000
Commodity inspection fees	991,500
Horticulture fund.....	70,000
Licensing and inspection fees.....	2,779,800
State general fund/general purpose	\$ 4,762,100

For Fiscal Year
Ending Sept. 30,
2004

Environmental stewardship.

Sec. 107. ENVIRONMENTAL STEWARDSHIP

Full-time equated classified positions.....	47.0		
Environmental stewardship—32.7 FTE positions.....		\$	2,740,200
Groundwater and freshwater protection program—8.3 FTE positions.....			4,924,000
Farmland and open space preservation—6.0 FTE positions.....			699,800
Cooperative resources management initiative program			1,000,000
Agriculture pollution prevention program.....			100
Energy conservation program			138,000
Local conservation districts			1,661,200
Migrant labor housing.....			255,000
GROSS APPROPRIATION		\$	<u>11,418,300</u>

Appropriated from:

Interdepartmental grant revenues:

IDG from MDEQ, aquifer dispute resolution.....			100,000
IDG from MDEQ, biosolids.....			80,000
IDG from MDEQ, right to farm			105,000
IDG from MDEQ, type II well survey			15,000
IDG from MDNR, district forestry and wildlife program			1,000,000

Federal revenues:

EPA, multiple grants			400,000
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Special revenue funds:

Private - oil company overcharge settlement			193,900
Agricultural preservation fund			699,800
Agriculture pollution prevention fund			100
Groundwater and freshwater protection fund.....			4,745,500
State general fund/general purpose		\$	<u>4,079,000</u>

Laboratory program.

Sec. 108. LABORATORY PROGRAM

Full-time equated classified positions.....	115.0		
Laboratory analysis program—61.5 FTE positions		\$	5,012,100
USDA monitoring—18.0 FTE positions			1,828,500
Consumer protection program—35.5 FTE positions			3,046,500
GROSS APPROPRIATION		\$	<u>9,887,100</u>

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC), liquor quality testing fees			161,500
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Federal revenues:

DAG, multiple grants.....			1,848,900
EPA, multiple grants.....			300,000

Special revenue funds:

Private - oil company overcharge settlement			803,700
Agriculture equine industry development fund.....			443,900
Gasoline inspection and testing fund			1,491,800
Testing fees.....			357,500
Weights and measures regulation fees			518,400
State general fund/general purpose		\$	<u>3,961,400</u>

For Fiscal Year
Ending Sept. 30,
2004

Market development.

Sec. 109. MARKET DEVELOPMENT

Full-time equated classified positions	20.0	
Agriculture development, marketing and emergency management—20.0 FTE positions.....		\$ 2,441,700
Export market development program.....		100,000
Food bank		630,500
Northwest Michigan horticultural research station.....		10,000
Southwestern Michigan tourist council - taste of Michigan.....		15,000
Future farmers of America.....		60,000
GROSS APPROPRIATION.....		\$ 3,257,200
Appropriated from:		
Interdepartmental grant revenues:		
IDG from MDCIS (LCC), nonretail liquor license fees.....		500,000
Federal revenues:		
DAG, multiple grants.....		100,000
Special revenue funds:		
Industry support funds.....		260,000
Licensing and inspection fees.....		62,100
State services fee fund		573,300
State general fund/general purpose		\$ 1,761,800

Fairs and expositions.

Sec. 110. FAIRS AND EXPOSITIONS

Full-time equated classified positions	21.0	
Michigan state fair operations—9.0 FTE positions.....		\$ 5,110,200
Upper Peninsula state fair—7.0 FTE positions.....		1,214,400
Fairs and racing—5.0 FTE positions		612,500
Building and track improvement - county and state fairs		963,200
Premiums - county and state fairs		1,614,000
Purses and supplements - fairs/licensed tracks		2,137,900
Standardbred Fedele Fauri futurity.....		70,800
Standardbred Michigan futurity		70,800
Quarterhorse programs		34,800
Licensed tracks - light horse racing.....		67,300
Standardbred breeders' awards.....		1,082,300
Standardbred purses and supplements - licensed tracks		242,400
Standardbred sire stakes		906,800
Thoroughbred sire stakes		906,800
Standardbred training and stabling		38,300
Thoroughbred program		1,586,900
Thoroughbred owners' awards.....		136,500
Distribution of outstanding winning tickets.....		500,000
GROSS APPROPRIATION.....		\$ 17,295,900

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoes."

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:

Special revenue funds:

Agriculture equine industry development fund.....	\$	7,781,600
Michigan state fair revenue		5,203,100
State services fee fund		3,096,800
Upper Peninsula state fair revenue		1,214,400
State general fund/general purpose	\$	0

Office of racing commissioner.

Sec. 111. OFFICE OF RACING COMMISSIONER

Full-time equated classified positions.....	31.7	
Office of racing commissioner—31.7 FTE positions.....	\$	3,342,500
GROSS APPROPRIATION.....	\$	3,342,500

Appropriated from:

Special revenue funds:

Agriculture equine industry development fund.....		2,042,500
State services fee fund		1,300,000
State general fund/general purpose	\$	0

Information technology.

Sec. 112. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$	1,461,900
GROSS APPROPRIATION.....	\$	1,461,900

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC), liquor quality testing fees		2,500
IDG from MDCIS (LCC), nonretail liquor license fees.....		500

Special revenue funds:

Agricultural preservation fund		200
Agriculture equine industry development fund.....		124,000
Gasoline inspection and testing fund		26,200
Groundwater and freshwater protection fund.....		100
Michigan state fair revenue.....		88,800
State services fee fund		2,100
Upper Peninsula state fair revenue		900
State general fund/general purpose	\$	1,216,600

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$71,137,900.00 and state spending from state resources to be paid to local units of government for fiscal

year 2003-2004 is \$3,461,200.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE

Groundwater and freshwater protection program	\$	1,800,000
Local conservation districts		1,661,200
TOTAL	\$	<u>3,461,200</u>

Appropriations subject to MCL 18.1101 to 18.1594.

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

Definitions.

Sec. 203. As used in this act:

- (a) "DAG" means the United States department of agriculture.
- (b) "Department" means the department of agriculture.
- (c) "Director" means the director of the department.
- (d) "EPA" means the United States environmental protection agency.
- (e) "FTE" means full-time equated.
- (f) "HHS-FDA" means the United States department of health and human services - food and drug administration.
- (g) "IDG" means interdepartmental grant.
- (h) "MDCH" means the Michigan department of community health.
- (i) "MDCIS (LCC)" means the Michigan department of consumer and industry services - liquor control commission.
- (j) "MDEQ" means the Michigan department of environmental quality.
- (k) "MDNR" means the Michigan department of natural resources.

Billing by department of civil service.

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

Hiring freeze; exceptions.

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

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

(3) The hiring freeze does not apply to the animal industry program.

Privatization; project plan.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Reporting requirements; use of Internet.

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

Purchase of foreign goods or services.

Sec. 209. (1) Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

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

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

State restricted fund or account; reversion.

Sec. 211. (1) The unexpended and unobligated balance of any state restricted fund or account remaining at the end of the fiscal year shall revert back to the state restricted fund or account from which appropriated and be available for appropriation for the next fiscal year. Appropriations that revert to a state restricted fund or account pursuant to this section shall not revert to the general fund of this state.

(2) A state restricted revenue fund or account that receives revenues in excess of expenditures made from that state restricted revenue fund or account shall not have the excess revenue revert to the general fund of this state.

Indemnification.

Sec. 212. (1) Of the funds appropriated in part 1, the department may provide for indemnity as provided for pursuant to the animal industry act, 1988 PA 466, MCL 287.701

to 287.745, not to exceed \$100,000.00 per order from any line item for the fiscal year ending September 30, 2004. Before the department provides for an indemnification under this section, the department shall report the reason for the indemnification, the amount of the indemnification, and to whom the indemnification is to be paid. The report shall be given to each member of the house and senate appropriations subcommittees on agriculture and to the senate and house fiscal agencies and the state budget director.

(2) The department of agriculture shall make an indemnification payment for the fair market value of an apiarian loss caused by a bear and payment for the fair market value of livestock killed by a wolf or coyote, if the kill is verified by the department of natural resources. The fair market value of the livestock shall be determined pursuant to the indemnification procedures prescribed in the animal industry act, 1988 PA 466, MCL 287.701 to 287.745. In addition to the funds appropriated in part 1, the department of agriculture is authorized to expend the funds received from the department of natural resources to reimburse the department of agriculture for all indemnification payments made pursuant to this subsection.

Notice of grants.

Sec. 214. Of the funds appropriated in part 1 that are other than line-item grants, the department shall not provide grants to local government agencies, institutions of higher education, or nonprofit organizations unless the department provides notice of the grant to the house and senate appropriations subcommittees on agriculture at least 10 days before the grant is issued. The grants shall be used to support research or other related activities for the purpose of enhancing the agricultural industries in this state.

Appropriation to Michigan agriculture equine industry development fund; distribution.

Sec. 216. The unexpended and unencumbered balance of revenue deposited pursuant to section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320, for the fiscal year ending September 30, 2004, shall be appropriated to the Michigan agriculture equine industry development fund for distribution as set forth in section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Technology related service and projects; fees.

Sec. 219. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology-related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house and senate committees on appropriations before October 15, 2003. The department of agriculture shall not process any payments or fund transfers to the department of information technology until 30 days after the schedule of rates, user fees, and assessments is provided to the legislature, pursuant to this section.

Designation of information technology amounts as work projects.

Sec. 220. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoes."

are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Employee turnover savings; negative appropriation.

Sec. 222. The negative appropriation for employee turnover savings in part 1 shall be satisfied by employee cost savings realized from the natural delay associated with position posting, recruitment, and hiring of employees to fill approved vacancies for existing positions within the department. Appropriation authorization adjustments required to implement the negative appropriation shall be made after the approval of transfers by the legislature under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 224. In addition to the appropriations contained in part 1, if legislation creating an agricultural enhancement fund is enacted before September 30, 2004, or existing casino compacts are renegotiated and revenue is available from those sources, programs, services, and projects are appropriated in the following amounts and order of priority:

- (a) \$1,000,000.00 for market development.
- (b) \$750,000.00 for bovine tuberculosis.
- (c) \$600,000.00 for migrant housing.
- (d) \$200,000.00 for local conservation districts.
- (e) \$50,000.00 for future farmers of America.

EXECUTIVE

Commodity committees; per diem rates.

Sec. 301. Per diem rates for commodity committees established in the agriculture commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674, 1970 PA 29, MCL 290.421 to 290.430, 1964 PA 114, MCL 290.551 to 290.568, and the beef industry commission act, 1972 PA 291, MCL 287.601 to 287.610, will be set based upon levels established in section 301 of 2002 PA 516.

Publications, audit and licensing functions; livestock sales, certification of nursery stock, bean inspection services, and laboratory analysis.

Sec. 302. The department may receive and expend revenue and use that revenue to cover necessary expenses related to publications, audit and licensing functions, livestock sales, certification of nursery stock, bean inspection services, and laboratory analyses as specified in the following:

- (a) Management services publications.
- (b) Management services audit and licensing functions.
- (c) Upper Peninsula state fair livestock sales.
- (d) Pesticide and plant pest management propagation and certification of virus-free foundation stock.
- (e) Pesticide and plant pest management bean inspection and grading services.

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoes."

(f) Laboratory support testing for testing horses in draft horse pulling contests at county fairs when local jurisdictions request state assistance.

(g) Laboratory support analyses to determine foreign substances in horses engaged in racing or pulling contests at tracks.

(h) Laboratory support analysis of food, livestock, and agricultural products for disease, foreign products for disease, toxic materials, foreign substances, and quality standards.

(i) Laboratory support test samples for other agencies and organizations.

(j) Fruit and vegetable inspection at shipping and termination points and processing plants.

Agricultural surveys.

Sec. 303. Of the funds appropriated in part 1 for statistical reporting service, \$90,000.00 shall be used for surveys which include, but are not limited to, fruit, vegetables, and nursery stock, which encompasses Christmas trees and ornamental plants. The director of the Michigan department of agriculture is given authority to include other agricultural surveys such as turfgrass in the 3- to 5-year rotation. The survey shall include information such as existing plantings/acreage, new plantings/acreage, production, and number of growers.

FOOD AND DAIRY

Local health department conformance with minimum program requirements; costs resulting from food-borne outbreak.

Sec. 401. (1) The department shall monitor restaurant inspection and licensing functions carried out by local health departments to ensure uniform application and enforcement of minimum program requirements. On or before April 1, 2004, the department shall report to the senate and house appropriations subcommittees on agriculture, the senate and house fiscal agencies, and the state budget director on local health department conformance with minimum program requirements.

(2) If a local unit of government incurs additional costs resulting from its efforts to control a significant food-borne outbreak, the director shall seek additional resources to reimburse the local unit of government for these additional costs. The director shall involve the local health officer of the jurisdiction affected in all aspects of the control of any food-borne outbreak.

Food-borne outbreaks and emergencies; enforcement actions; report.

Sec. 402. Not later than April 1, 2004, the department shall provide a report to the house and senate appropriations subcommittees on agriculture and the house and senate fiscal agencies describing significant food-borne outbreaks and emergencies including any enforcement actions taken related to food safety during the 2002-2003 fiscal year.

Reallocation or redistribution of program funds; prior approval.

Sec. 403. The department, in conjunction with the department of community health, shall assure that a process is in place that requires a local unit of government to obtain prior approval from the department before any reallocation or redistribution of program funds appropriated in section 104.

ANIMAL INDUSTRY**Bovine tuberculosis program; costs for monitoring and testing.**

Sec. 450. From the funds appropriated in section 105 for the bovine tuberculosis program, the department of agriculture shall reimburse the department of natural resources for those costs associated with monitoring and testing wildlife for bovine tuberculosis that are necessary to support the department of agriculture goals and are jointly agreed to by the department of agriculture and the department of natural resources to be in excess of efforts necessary to effectively plan and execute the eradication of bovine tuberculosis from Michigan's wild free-ranging deer herd.

Whole herd testing costs.

Sec. 451. From the funds appropriated in section 101 for bovine tuberculosis, the department shall pay for all whole herd testing costs to achieve and maintain split-state status requirements. These costs include producer assistance, indemnity, and compensation for injury causing death or downer to animals.

Animal or plant health outbreak; additional costs.

Sec. 452. In the event of a significant animal or plant health outbreak, the director shall seek additional state and federal resources to cover the additional costs associated with addressing the outbreak.

PESTICIDE AND PLANT PEST MANAGEMENT**Training of applicators.**

Sec. 501. Of the funds appropriated in section 106 to the pesticide and plant pest management division, up to \$100,000.00 may be made available to the Michigan cooperative extension service for the purpose of training of applicators. Reimbursement shall be based on actual expenditures and revenue availability.

ENVIRONMENTAL STEWARDSHIP**Energy conservation program.**

Sec. 601. The funds appropriated in section 107 for the energy conservation program shall be distributed on a competitive basis that will be based on statewide energy conservation criteria.

New migrant labor housing; construction grants.

Sec. 602. The department may expend the amount appropriated for migrant labor housing grants for construction of new migrant labor housing. Project grants shall not exceed \$5,000.00 per unit. An applicant is not eligible for more than a \$20,000.00 grant in any fiscal year.

Migrant labor housing program; federal funds.

Sec. 603. The department shall apply for all federal funds for which it is eligible that can be used to support the migrant labor housing program.

Local conservation districts; allocations.

Sec. 604. The appropriation in section 107 for local conservation districts shall be allocated in the following manner:

(a) Of the total appropriation, \$81,200.00 shall be allocated for local conservation district training.

(b) Of the total appropriation, each local conservation district meeting the minimum grant requirements shall receive a grant of \$20,000.00 to support basic operations, unless the district resides in a county consisting of multiple districts, in which case a \$20,000.00 grant shall be divided equally among the districts in that county. The amount of money allocated under this subdivision shall not be used by local conservation districts to replace any money received from local sources.

(c) Of the remaining appropriation after distributions under subdivisions (a) and (b), additional grants, not to exceed \$20,000.00 per local conservation district, may be provided based on a formula approved by the commission of agriculture. Grants under this subdivision shall require at least a 100% cash or in-kind local match. Criteria used to distribute grants under this subdivision shall include, but are not limited to, the natural resources need, the size, and the population of the area served by each local conservation district.

Aquifer dispute resolution activities.

Sec. 605. Within the appropriation in part 1 for environmental stewardship, \$100,000.00 is for aquifer dispute resolution activities carried out by the department.

Compiler's note: Sec. 605 of Act 157 of 2003 was repealed by Act 237 of 2003, Imd. Eff. Dec. 29, 2003.

MARKET DEVELOPMENT

Grape and wine industry council; grants.

Sec. 701. Within the appropriations in part 1 for market development, \$500,000.00 is for the grape and wine industry council, from which the department may provide grants for the purposes as described in section 303 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303.

Unused funds applied by food bank council.

Sec. 702. In any given year when insufficient amounts of Michigan surplus products are offered to the food bank council and accepted for distribution, unused funds may be applied by the food bank council for the direct purchase of foods from Michigan growers, manufacturers, or wholesalers.

Future farmers of America.

Sec. 704. Indirect costs may not be charged against the future farmers of America grant in section 109 by any administering agency.

Federal market access program.

Sec. 705. The appropriation in section 109 for the export market development program shall be used to coordinate state participation in the federal market access program and to leverage federal funds for the purpose of developing new and enhancing existing export markets for Michigan agricultural products.

Agricultural development fund resources; expenditures in support of agricultural processing and production ventures.

Sec. 707. The department is authorized to receive and expend up to \$5,000,000.00 of utility company uncollectible allowance recovery fund resources which may be deposited into the agricultural development fund for the support of grants for value-added agricultural processing and agricultural production ventures in accordance with the Julian-Stille value-added act, 2000 PA 322, MCL 285.301 to 285.304. The agriculture

development fund resources when certified as available by the department of treasury shall remain unallotted until such time as the state budget director has reviewed and approved a department submitted allotment schedule. Expenditures for support of agricultural processing and production ventures shall not exceed revenues received. Unexpended resources remaining in the fund at the end of the fiscal year shall remain in the fund and not lapse to the general fund.

FAIRS AND EXPOSITIONS

Simulcasting revenues.

Sec. 801. The department shall submit a report each month to the state budget director, the senate and house appropriations subcommittees on agriculture, and the senate and house fiscal agencies that states the simulcasting revenues generated in the preceding month by each licensed track and the amount received from license fees.

Standardbred purses and supplements - licensed tracks; use; licensed tracks - light horse racing.

Sec. 802. (1) The appropriation in section 110 for standardbred purses and supplements - licensed tracks is intended to provide state purse supplements for 4 races at state licensed pari-mutuel horse racing tracks. The purse supplements are to be used for races comprised only of Michigan-bred horses segregated into a 4-year-old colt trot division, a 4-year-old filly trot division, a 4-year-old colt pace division, and a 4-year-old filly pace division.

(2) The appropriation in part 1 for licensed tracks - light horse racing shall be allocated as follows:

Arabian and Appaloosa horse racing	\$	16,800
Quarter horse racing		50,500

Thoroughbred yearling show.

Sec. 803. Included in the appropriation made in section 110 for the thoroughbred program is \$30,500.00 for the Michigan united thoroughbred breeders and owners association to conduct a thoroughbred yearling show. The Michigan united thoroughbred breeders and owners association shall submit to the department an itemized list of expenses showing that the expenses of the yearling show were paid.

Thoroughbred owners' awards.

Sec. 804. From the funds appropriated in section 110 for thoroughbred owners' awards, awards shall be distributed pursuant to section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Agriculture equine industry development fund; notice of planned reductions in appropriations, allocations, or expenditures.

Sec. 805. The department shall notify the senate and house appropriations subcommittees and the fiscal agencies of any planned reductions in appropriations, allocations, or expenditures from the agriculture equine industry development fund no less than 10 days before such reductions are implemented.

County fair, district fair, 4-H fair, or state fair; publication of rules relative to prizes, awards, and deadlines.

Sec. 806. A county fair, district fair, 4-H fair, or state fair receiving funds in section 110 to be used for prizes or awards, in whole or in part, as a condition precedent to the receiving of the funds for those purposes, shall publish the rules relative to the prizes, awards, and deadlines for entries eligible for the funds in their official premium books or lists relative to the prizes or awards. An aggrieved exhibitor may make a written complaint to the fair within 10 days after the fair ends. If the fair has not satisfactorily settled the grievance within 45 days after it is submitted to the fair, the aggrieved person may file the complaint with the department and the department shall investigate the complaint and make a finding of fact regarding the complaint and take appropriate action regarding the complaint.

Overnight purse supplements.

Sec. 807. Of the amount appropriated in section 110 for purses and supplements - fairs/licensed tracks, a sufficient amount is appropriated to provide for overnight purse supplements pursuant to the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

Michigan horse show association - fall youth show.

Sec. 808. Of the amount appropriated in section 110 for premiums, \$11,400.00 shall be expended as a grant for the Michigan horse show association - fall youth show.

Promotion of youth involvement and adult exhibitions.

Sec. 809. From the appropriations for premiums - county and state fairs in section 110, \$120,000.00 shall be awarded through a competitive grant program to local, regional, or state fairs or expositions to promote youth involvement and adult exhibitions in the animal agriculture industry. Appropriate exhibition classes for youth shall be developed that encourage a production exhibit for which premium awards may be paid. The age for youth exhibitors shall be determined by the standards of the association requesting the grant or, if standards do not exist, the age for youth exhibitors shall be ages 9 through 21. Implementation of the latest technologies into the evaluation of the animals shall be encouraged in the production exhibit. Adult exhibitions should focus on the performance or end product, or both, with the appropriate technologies used to enhance placings and the awarding of premiums.

Michigan state fair operations; limitation.

Sec. 810. Expenditures for the Michigan state fair operations from the department shall be limited to the amount appropriated in section 110. The department shall not be responsible for any costs above the appropriated amount unless additional funds are appropriated for this purpose.

Distribution of outstanding winning tickets; availability of funds.

Sec. 811. The funds appropriated in section 110 for distribution of outstanding winning tickets are not available for expenditure until they are deposited in the agriculture equine industry development fund pursuant to section 2 of 1951 PA 90, MCL 431.252. These funds shall be expended in accordance with section 2 of 1951 PA 90, MCL 431.252, and only after they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

State subsidy relating to leased land, building, or other property.

Sec. 812. An individual or other entity that leases land, a building, or other property under the Michigan exposition and fairgrounds act, 1978 PA 361, MCL 285.161 to 285.175a, is not eligible for a state grant, loan, appropriation, or other state subsidy related to the leased land, building, or other property.

Unreserved and unencumbered closing balance of agriculture equine industry development fund.

Sec. 813. (1) On or before January 29, 2004, the department, together with the senate and house fiscal agencies and the department of management and budget, shall estimate the unreserved and unencumbered closing balance of the agriculture equine industry development fund for the fiscal year ending September 30, 2003. The estimate shall consider lapsed appropriations from the fund and any carryforward amounts designated for appropriation in the fiscal year ending September 30, 2003.

(2) On or before February 5, 2004, the department shall request a legislative transfer in accordance with section 393 of the management and budget act, 1984 PA 431, MCL 18.1393, to appropriate any estimated unreserved and unencumbered agriculture equine industry development fund balance in excess of \$250,000.00. The appropriations included in the transfer request shall be in accordance with the requirements of section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320. At the same time the department forwards its transfer request to the department of management and budget, the department shall submit copies of the transfer request to the senate and house appropriations subcommittees on agriculture and the senate and house fiscal agencies.

OFFICE OF RACING COMMISSIONER**Crime involving horse racing industry; reward for information.**

Sec. 901. The racing commissioner may pay rewards of not more than \$5,800.00 to a person who provides information that results in the arrest and conviction on a felony or misdemeanor charge for a crime that involves the horse racing industry. A reward paid pursuant to this section shall be paid out of the office of racing commissioner line item.

This act is ordered to take immediate effect.

Approved August 7, 2003.

Filed with Secretary of State August 8, 2003.

[No. 158]

(HB 4401)

AN ACT to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal acts and parts of acts," by amending the title and sections 3, 6, 8b, 11, 11f, 11g, 11j, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 101, 104a, 105, 107, 108, 147, and 166a (MCL 388.1603,

388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1611j, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1668, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704a, 388.1705, 388.1707, 388.1708, 388.1747, and 388.1766a), the title as amended by 1997 PA 142, section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 104a, 107, 108, and 147 as amended by 2002 PA 521, sections 8b and 11j as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, section 101 as amended by 2002 PA 476, and section 166a as amended by 1996 PA 300, and by adding sections 11a, 11b, 11c, 20k, 22d, 22e, 31e, 32j, 41a, 55a, 98b, and 107a; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

TITLE

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

388.1603 Definitions; A to D.

Sec. 3. (1) “Average daily attendance”, for the purposes of complying with federal law, means 92% of the membership as defined in section 6(4).

(2) “Board” means the governing body of a district or public school academy.

(3) “Center” means the center for educational performance and information created in section 94a.

(4) “Cooperative education program” means a written voluntary agreement between and among districts to provide certain educational programs for pupils in certain groups of districts. The written agreement shall be approved by all affected districts at least annually and shall specify the educational programs to be provided and the estimated number of pupils from each district who will participate in the educational programs.

(5) “Department”, except in sections 67, 68, 107, and 108, means the department of education.

(6) “District” means a local school district established under the revised school code, a local act school district, or, except in sections 6(4), 6(6), 13, 20, 22a, 23, 31a, 32f, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 105, and 105c, district also includes a university school.

(7) “District of residence”, except as otherwise provided in this subsection, means the district in which a pupil’s custodial parent or parents or legal guardian resides. For a pupil described in section 24b, the pupil’s district of residence is the district in which the pupil enrolls under that section. For a pupil described in section 6(4)(d), the pupil’s district of residence shall be considered to be the district or intermediate district in which the pupil is counted in membership under that section. For a pupil under court jurisdiction who is placed outside the district in which the pupil’s custodial parent or parents or legal

guardian resides, the pupil's district of residence shall be considered to be the educating district or educating intermediate district.

(8) "District superintendent" means the superintendent of a district, the chief administrator of a public school academy, or the chief administrator of a university school.

388.1606 Additional definitions.

Sec. 6. (1) "Center program" means a program operated by a district or intermediate district for special education pupils from several districts in programs for the autistically impaired, trainable mentally impaired, severely mentally impaired, severely multiply impaired, hearing impaired, physically and otherwise health impaired, and visually impaired. Programs for emotionally impaired pupils housed in buildings that do not serve regular education pupils also qualify. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district. In addition, special education center program pupils placed part-time in noncenter programs to comply with the least restrictive environment provisions of section 612 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1412, may be considered center program pupils for pupil accounting purposes for the time scheduled in either a center program or a noncenter program.

(2) "District and high school graduation rate" means the annual completion and pupil dropout rate that is calculated by the center pursuant to nationally recognized standards.

(3) "District and high school graduation report" means a report of the number of pupils, excluding migrant and adult, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into or out of the district or transferred to alternative programs, who leave high school with a diploma or other credential.

(4) "Membership", except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of .8 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .2 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

(a) Except as otherwise provided in this subsection, and pursuant to subsection (6), a pupil shall be counted in membership in the pupil's educating district or districts. An individual pupil shall not be counted for more than a total of 1.0 full-time equated membership.

(b) If a pupil is educated in a district other than the pupil's district of residence, if the pupil is not being educated as part of a cooperative education program, if the pupil's district of residence does not give the educating district its approval to count the pupil in membership in the educating district, and if the pupil is not covered by an exception specified in subsection (6) to the requirement that the educating district must have the

approval of the pupil's district of residence to count the pupil in membership, the pupil shall not be counted in membership in any district.

(c) A special education pupil educated by the intermediate district shall be counted in membership in the intermediate district.

(d) A pupil placed by a court or state agency in an on-grounds program of a juvenile detention facility, a child caring institution, or a mental health institution, or a pupil funded under section 53a, shall be counted in membership in the district or intermediate district approved by the department to operate the program.

(e) A pupil enrolled in the Michigan schools for the deaf and blind shall be counted in membership in the pupil's intermediate district of residence.

(f) A pupil enrolled in a vocational education program supported by a millage levied over an area larger than a single district or in an area vocational-technical education program established pursuant to section 690 of the revised school code, MCL 380.690, shall be counted only in the pupil's district of residence.

(g) A pupil enrolled in a university school shall be counted in membership in the university school.

(h) A pupil enrolled in a public school academy shall be counted in membership in the public school academy.

(i) For a new district, university school, or public school academy beginning its operation after December 31, 1994, membership for the first 2 full or partial fiscal years of operation shall be determined as follows:

(i) If operations begin before the pupil membership count day for the fiscal year, membership is the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year and on the supplemental count day for the current school year, as determined by the department and calculated by adding the number of pupils registered for attendance on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

(ii) If operations begin after the pupil membership count day for the fiscal year and not later than the supplemental count day for the fiscal year, membership is the final audited count of the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the supplemental count day for the current school year.

(j) If a district is the authorizing body for a public school academy, then, in the first school year in which pupils are counted in membership on the pupil membership count day in the public school academy, the determination of the district's membership shall exclude from the district's pupil count for the immediately preceding supplemental count day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

(k) In a district, public school academy, university school, or intermediate district operating an extended school year program approved by the superintendent, a pupil enrolled, but not scheduled to be in regular daily attendance on a pupil membership count day, shall be counted.

(l) Pupils to be counted in membership shall be not less than 5 years of age on December 1 and less than 20 years of age on September 1 of the school year except a special education pupil who is enrolled and receiving instruction in a special education

program or service approved by the department and not having a high school diploma who is less than 26 years of age as of September 1 of the current school year shall be counted in membership.

(m) An individual who has obtained a high school diploma shall not be counted in membership. An individual who has obtained a general education development (G.E.D.) certificate shall not be counted in membership. An individual participating in a job training program funded under former section 107a or a jobs program funded under former section 107b, administered by the Michigan strategic fund or the department of career development, or participating in any successor of either of those 2 programs, shall not be counted in membership.

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

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

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

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

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

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

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

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school

academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

(u) If, as a result of a disciplinary action, a district determines through the district's alternative or disciplinary education program that the best instructional placement for a pupil is in the pupil's home, if that placement is authorized in writing by the district superintendent and district alternative or disciplinary education supervisor, and if the district provides appropriate instruction as described in this subdivision to the pupil at the pupil's home, the district may count the pupil in membership on a pro rata basis, with the proration based on the number of hours of instruction the district actually provides to the pupil divided by the number of hours specified in subdivision (q) for full-time equivalency. For the purposes of this subdivision, a district shall be considered to be providing appropriate instruction if all of the following are met:

(i) The district provides at least 2 nonconsecutive hours of instruction per week to the pupil at the pupil's home under the supervision of a certificated teacher.

(ii) The district provides instructional materials, resources, and supplies, except computers, that are comparable to those otherwise provided in the district's alternative education program.

(iii) Course content is comparable to that in the district's alternative education program.

(iv) Credit earned is awarded to the pupil and placed on the pupil's transcript.

(v) A pupil enrolled in an alternative or disciplinary education program described in section 25 shall be counted in membership in the district or public school academy that expelled the pupil.

(w) If a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked, and if the pupil enrolls in a district within 45 days after the pupil membership count day, the department shall adjust the district's pupil count for the pupil membership count day to include the pupil in the count.

(x) For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of .8 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .2 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent.

(y) If a district's membership for a particular fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils and the district has 4.5 or fewer pupils per square mile, as determined by the department, the district's membership shall be considered to be the membership figure calculated under this subdivision. If a district

educates and counts in its membership pupils in grades 9 to 12 who reside in a contiguous district that does not operate grades 9 to 12 and if 1 or both of the affected districts request the department to use the determination allowed under this sentence, the department shall include the square mileage of both districts in determining the number of pupils per square mile for each of the districts for the purposes of this subdivision. The membership figure calculated under this subdivision is the greater of the following:

(i) The average of the district's membership for the 3-fiscal-year period ending with that fiscal year, calculated by adding the district's actual membership for each of those 3 fiscal years, as otherwise calculated under this subsection, and dividing the sum of those 3 membership figures by 3.

(ii) The district's actual membership for that fiscal year as otherwise calculated under this subsection.

(z) If a public school academy that is not in its first or second year of operation closes at the end of a school year and does not reopen for the next school year, the department shall adjust the membership count of the district in which a former pupil of the public school academy enrolls and is in regular daily attendance for the next school year to ensure that the district receives the same amount of membership aid for the pupil as if the pupil were counted in the district on the supplemental count day of the preceding school year.

(5) "Public school academy" means a public school academy, urban high school academy, or strict discipline academy operating under the revised school code.

(6) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence shall not be required for any of the following:

(a) A nonpublic part-time pupil enrolled in grades 1 to 12 in accordance with section 166b.

(b) A pupil receiving 1/2 or less of his or her instruction in a district other than the pupil's district of residence.

(c) A pupil enrolled in a public school academy or university school.

(d) A pupil enrolled in a district other than the pupil's district of residence under an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105.

(e) A pupil enrolled in a district other than the pupil's district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105.

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

(g) A pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal sexual assault or other serious assault, if the official complaint either indicates that the assault occurred at school or that the assault was committed by 1 or more other pupils enrolled in the school the pupil would otherwise attend in the district of residence or by an employee of the district of residence. A person who intentionally makes a false report

of a crime to law enforcement officials for the purposes of this subdivision is subject to section 411a of the Michigan penal code, 1931 PA 328, MCL 750.411a, which provides criminal penalties for that conduct. As used in this subdivision:

(i) “At school” means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.

(ii) “Serious assault” means an act that constitutes a felony violation of chapter XI of the Michigan penal code, 1931 PA 328, MCL 750.81 to 750.90g, or that constitutes an assault and infliction of serious or aggravated injury under section 81a of the Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

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

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

However, if a district that is not a first class district educates pupils who reside in a first class district and if the primary instructional site for those pupils is located within the boundaries of the first class district, the educating district must have the approval of the first class district to count those pupils in membership. As used in this subsection, “first class district” means a district organized as a school district of the first class under the revised school code.

(7) “Pupil membership count day” of a district or intermediate district means:

(a) Except as provided in subdivision (b), the fourth Wednesday in September each school year.

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) “Pupils in grades K to 12 actually enrolled and in regular daily attendance” means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. A pupil who is absent from any of the classes in which the pupil is enrolled on

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

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

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

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

(12) “State board” means the state board of education.

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

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

(15) “Tuition pupil” means a pupil of school age attending school in a district other than the pupil’s district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil or a pupil described in subsection (6)(d) to (k). A pupil’s district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

(16) “State school aid fund” means the state school aid fund established in section 11 of article IX of the state constitution of 1963.

(17) “Taxable value” means the taxable value of property as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(18) “Textbook” means a book that is selected and approved by the governing board of a district and that contains a presentation of principles of a subject, or that is a literary work relevant to the study of a subject required for the use of classroom pupils, or another type of course material that forms the basis of classroom instruction.

(19) “Total state aid” or “total state school aid” means the total combined amount of all funds due to a district, intermediate district, or other entity under all of the provisions of this act.

(20) “University school” means an instructional program operated by a public university under section 23 that meets the requirements of section 23.

388.1608b Public school academy district code; assignment.

Sec. 8b. (1) The department shall assign a district code to each public school academy that is authorized under the revised school code and is eligible to receive funding under this act within 30 days after a contract is submitted to the department by the authorizing body of a public school academy.

(2) If the department does not assign a district code to a public school academy within the 30-day period described in subsection (1), the district code the department shall use to make payments under this act to the newly authorized public school academy shall be a number that is equivalent to the sum of the last district code assigned to a public school academy located in the same county as the newly authorized public school academy plus 1. However, if there is not an existing public school academy located in the same county as the newly authorized public school academy, then the district code the department shall use to make payments under this act to the newly authorized public school academy shall be a 5-digit number that has the county code in which the public school academy is located as its first 2 digits, 9 as its third digit, 0 as its fourth digit, and 1 as its fifth digit.

388.1611 Appropriations.

Sec. 11. (1) For the fiscal year ending September 30, 2003, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,230,753,400.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963, the sum of \$198,413,500.00 from the general fund, and the sum of \$700,000.00 from local revenues. For the fiscal year ending September 30, 2004, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,987,820,500.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$282,100,000.00 from the general fund. For the fiscal year ending September 30, 2004, from loan repayments deposited to the general fund pursuant to section 4 of 1961 PA 112, MCL 388.984, on the settlement date, as determined under section 9c of 1961 PA 108, MCL 388.959c, there is appropriated from the general fund to the state school aid fund the amount determined by the state treasurer to equal the difference between the outstanding amount of general obligation debt incurred pursuant to 1961 PA 112, MCL 388.981 to 388.985, and the outstanding amount of loans under 1961 PA 108, MCL 388.951 to 388.963, as reduced in accordance with section 9c(1) of 1961 PA 108, MCL 388.959c. In addition, for the fiscal year ending September 30, 2004, there is appropriated from the general fund to the state school aid fund an amount equal to the amount of all school bond loan fund repayments received by the state treasurer from June 1, 2003 through December 21, 2003, determined by the state treasurer not to have been paid from proceeds of bonds of the school district and representing the difference between the outstanding amount of general obligation debt incurred by this state under 1961 PA 112, MCL 388.981 to 388.985, and the outstanding amount of loans under 1961 PA 108, MCL 388.951 to 388.963, at the time of repayment. Funds appropriated to the state school aid fund from the general fund from loan repayments received as described in this subsection shall be expended within 90 days of deposit within the state school aid fund. In addition, available federal funds are appropriated for each of those fiscal years.

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

(3) If the maximum amount appropriated under this section from the state school aid fund and the school aid stabilization fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f,

11g, 22a, 31d, 51a(2), and 51c shall be made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive the lesser of an amount equal to the 1994-95 foundation allowance of the district in which the district beginning operations after 1994-95 is located or \$5,500.00. The amount of the payment to be made under section 22b for these qualifying districts shall be as calculated under section 22a, with the balance of the payment under section 22b being subject to the proration otherwise provided under this subsection and subsection (4). For proration before May 1, 2003, state payments under each of the other sections of this act from all state funding sources shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. If additional proration is necessary in 2002-2003 after May 1, 2003, and for any proration necessary after 2002-2003, state payments under each of the other sections of this act from all state funding sources shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

(4) If additional proration is necessary in 2002-2003 because of the outcome of any revenue estimating conference occurring after May 1, 2003 and for any proration necessary after 2002-2003, the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:

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

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

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

(c) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(ii) for intermediate districts by reducing payments to intermediate districts. This reduction shall be made by reducing the payments to each intermediate district, other than payments under sections 11f, 11g, 22a, 31d, 51a(2), 51a(12), 51c, 53a, and 56, on an equal percentage basis.

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

(5) For the fiscal year ending September 30, 2003 only, in addition to the appropriations under subsection (1), the amount of \$51,000,000.00 is transferred and appropriated from the general fund to the state school aid fund. This transfer reflects the estimated net shortfall in state school aid fund revenue as determined at the May 2003 consensus revenue estimating conference and is appropriated to avoid any further proration under subsection (3) due to that estimated shortfall.

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

388.1611a School aid stabilization fund; deposit; expenditure; investment; money remaining at close of fiscal year; shortfall.

Sec. 11a. (1) The school aid stabilization fund is created as a separate account within the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(2) The state treasurer may receive money or other assets from any source for deposit into the school aid stabilization fund. The state treasurer shall deposit into the school aid stabilization fund all of the following:

(a) Unexpended and unencumbered state school aid fund revenue for a fiscal year that remains in the state school aid fund as of the bookclosing for that fiscal year.

(b) Money statutorily dedicated to the school aid stabilization fund.

(c) Money appropriated to the school aid stabilization fund.

(3) Money available in the school aid stabilization fund may not be expended without a specific appropriation from the school aid stabilization fund. Money in the school aid stabilization fund shall be expended only for purposes for which state school aid fund money may be expended.

(4) The state treasurer shall direct the investment of the school aid stabilization fund. The state treasurer shall credit to the school aid stabilization fund interest and earnings from fund investments.

(5) Money in the school aid stabilization fund at the close of a fiscal year shall remain in the school aid stabilization fund and shall not lapse to the unreserved school aid fund balance or the general fund.

(6) If the maximum amount appropriated under section 11 from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, there is appropriated from the school aid stabilization fund to the state school aid fund an amount equal to the projected shortfall as determined by the department of treasury, but not to exceed available money in the school aid stabilization fund. If the money in the school aid stabilization fund is insufficient to fully fund an amount equal to the projected shortfall, the state budget director shall notify the legislature as required under section 11(3) and state payments in an amount equal to the remainder of the projected shortfall shall be prorated in the manner provided under section 11(4).

388.1611b School aid stabilization fund; allocation for 2003-2004.

Sec. 11b. From the general fund money appropriated in section 11, there is allocated for 2003-2004 the sum of \$22,000,000.00 for deposit into the school aid stabilization fund created in section 11a.

388.1611c School aid stabilization fund; deposit not later than December 31, 2003; conditions.

Sec. 11c. If the unreserved general fund balance after final bookclosing for the fiscal year ending September 30, 2003 is at least \$350,000,000.00, then an amount equal to \$73,100,000.00 is appropriated from the general fund and deposited to the school aid stabilization fund not later than December 31, 2003 for the fiscal year ending September 30, 2004.

388.1611f Payments to non-plaintiff districts pursuant to Durant v State of Michigan; payments for fiscal years ending September 30, 2004 through September 30, 2008; submission of waiver resolution; creation of obligation or liability; offer of settlement and compromise; payment date; use of payments; form and substance of resolution.

Sec. 11f. (1) From the appropriations under section 11, there is allocated for the purposes of this section an amount not to exceed \$32,000,000.00 for the fiscal year ending September 30, 2004 and for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These allocations are for paying the amounts described in subsection (4) to districts and intermediate districts, other than those receiving a lump sum payment under subsection (2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. The waiver resolution shall be in form and substance as required under subsection (7). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. The amounts described in this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

(2) In addition to any other money appropriated under this act, there was appropriated from the state school aid fund an amount not to exceed \$1,700,000.00 for the fiscal year ending September 30, 1999. This appropriation was for paying the amounts described in this subsection to districts and intermediate districts that were not plaintiffs in the consolidated cases known as Durant v State of Michigan; that, on or before March 2, 1998, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district had or may have had in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan; and for which the total amount listed in section 11h and paid under this section was less than \$75,000.00. For a district or intermediate district qualifying for a payment under this subsection, the entire amount listed for the district or intermediate district in section 11h was paid in a lump sum on November 15, 1998 or on the next business day following that date. The amounts paid under this subsection represent offers

of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

(3) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in this section. This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

(4) The amount paid each fiscal year to each district or intermediate district under subsection (1) shall be 1/20 of the total amount listed in section 11h for each listed district or intermediate district that qualifies for a payment under subsection (1). The amounts listed in section 11h and paid in part under this subsection and in a lump sum under subsection (2) are offers of settlement and compromise to each of these districts or intermediate districts to resolve, in their entirety, any claim or claims that these districts or intermediate districts may have asserted for violations of section 29 of article IX of the state constitution of 1963 through September 30, 1997, which claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute an admission of liability to the districts or intermediate districts listed in section 11h or a waiver of any defense that is or would have been available to the state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

(5) The entire amount of each payment under subsection (1) each fiscal year shall be paid on November 15 of the applicable fiscal year or on the next business day following that date.

(6) Funds paid to a district or intermediate district under this section shall be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, training for technology, or to pay debt service on voter-approved bonds issued by the district or intermediate district before the effective date of this section. For intermediate districts only, funds paid under this section may also be used for other nonrecurring instructional expenditures including, but not limited to, nonrecurring instructional expenditures for vocational education, or for debt service for acquisition of technology for academic support services. Funds received by an intermediate district under this section may be used for projects conducted for the benefit of its constituent districts at the discretion of the intermediate board. To the extent payments under this section are used by a district or intermediate district to pay debt service on debt payable from millage revenues, and to the extent permitted by law, the district or intermediate district may make a corresponding reduction in the number of mills levied for that debt service.

(7) The resolution to be adopted and submitted by a district or intermediate district under this section and section 11g shall read as follows:

“Whereas, the board of _____ (name of district or intermediate district) desires to settle and compromise, in their entirety, any claim or claims that the district (or intermediate district) has or had for violations of section 29 of article IX of the state constitution of 1963, which claim or claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

Whereas, the district (or intermediate district) agrees to settle and compromise these claims for the consideration described in sections 11f and 11g of the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for the district (or intermediate district) in section 11h of the state school aid act of 1979, 1979 PA 94, MCL 388.1611h.

Whereas, the board of _____ (name of district or intermediate district) is authorized to adopt this resolution.

Now, therefore, be it resolved as follows:

1. The board of _____ (name of district or intermediate district) waives any right or interest it may have in any claim or potential claim through September 30, 1997 relating to the amount of funding the district or intermediate district is, or may have been, entitled to receive under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or any other source of state funding, by reason of the application of section 29 of article IX of the state constitution of 1963, which claims or potential claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

2. The board of _____ (name of district or intermediate district) directs its secretary to submit a certified copy of this resolution to the state treasurer no later than 5 p.m. eastern standard time on March 2, 1998, and agrees that it will not take any action to amend or rescind this resolution.

3. The board of _____ (name of district or intermediate district) expressly agrees and understands that, if it takes any action to amend or rescind this resolution, the state, its agencies, employees, and agents shall have available to them any privilege, immunity, and/or defense that would otherwise have been available had the claims or potential claims been actually litigated in any forum.

4. This resolution is contingent on continued payments by the state each fiscal year as determined under sections 11f and 11g of the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and 388.1611g. However, this resolution shall be an irrevocable waiver of any claim to amounts actually received by the school district or intermediate school district under sections 11f and 11g of the state school aid act of 1979.”.

388.1611g Payments to non-plaintiff districts pursuant to Durant v State of Michigan; payments for fiscal years ending September 30, 2003 through September 30, 2013; waiver resolution; offers of settlement and compromise; creation of obligation or liability; calculation of amount; payment date; use of funds.

Sec. 11g. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$141,000.00 each fiscal year for the fiscal year ending September 30, 2003, for the fiscal year ending September 30, 2004, and for the fiscal year ending September 30, 2005. There is allocated an amount not to exceed \$34,200,000.00 for each succeeding fiscal year through the fiscal year ending September 30, 2013. Payments under this section will cease after September 30, 2013. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section