

Act No. 130  
Public Acts of 1995  
Approved by the Governor  
June 30, 1995  
Filed with the Secretary of State  
June 30, 1995

**STATE OF MICHIGAN**  
**88TH LEGISLATURE**  
**REGULAR SESSION OF 1995**

Introduced by Reps. Oxender, Geiger, Middleton, Bankes, Gilmer, Johnson, LeTarte, Dolan, McBryde, McNutt and Bobier

# **ENROLLED HOUSE BILL No. 4436**

AN ACT to amend sections 3, 4, 5, 6, 6a, 11, 11c, 13, 15, 16, 17b, 18, 19, 20, 20c, 20d, 21d, 23, 24, 31a, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 57, 58, 61a, 62, 64, 74, 81, 95, 99, 101, 102, 104a, 107b, 107e, 111, 118, 121, 124, 145, 146a, 147, 148, 149, 151, 166b, and 167 of Act No. 94 of the Public Acts of 1979, entitled as amended "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to 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 prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal certain acts and parts of acts," sections 3, 6, 20, 31a, 99, 107e, and 111 as amended and sections 20d and 23 as added by Act No. 360 of the Public Acts of 1994, section 4 as amended by Act No. 110 of the Public Acts of 1985, sections 5, 15, 36, 39, 41, 52, 53, 54, 56, 62, 74, 104a, 107b, 124, 145, and 167 as amended and sections 11c, 20c, and 57 as added by Act No. 336 of the Public Acts of 1993, sections 6a, 11, 17b, 18, 19, 24, 37, 38, 51, 58, 61a, 81, 95, 101, 146a, 147, 149, and 151 as amended and sections 21d and 148 as added by Act No. 283 of the Public Acts of 1994, sections 13, 64, and 102 as amended and section 166b as added by Act No. 175 of the Public Acts of 1993, section 118 as amended by Act No. 276 of the Public Acts of 1982, and section 121 as amended by Act No. 118 of the Public Acts of 1991, being sections 388.1603, 388.1604, 388.1605, 388.1606, 388.1606a, 388.1611, 388.1611c, 388.1613, 388.1615, 388.1616, 388.1617b, 388.1618, 388.1619, 388.1620, 388.1620c, 388.1620d, 388.1621d, 388.1623, 388.1624, 388.1631a, 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1664, 388.1674, 388.1681, 388.1695, 388.1699, 388.1701, 388.1702, 388.1704a, 388.1707b, 388.1707c, 388.1711, 388.1718, 388.1721, 388.1724, 388.1745, 388.1746a, 388.1747, 388.1748, 388.1749, 388.1751, 388.1766b, and 388.1767 of the Michigan Compiled Laws; to add sections 6c, 6d, 11d, 20e, 20f, 20g, 20h, 28b, 56a, 66, 76, 91a, 91b, 91c, 94, 94a, 107f, 164b, 164c, and 164d; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

Section 1. Sections 3, 4, 5, 6, 6a, 11, 11c, 13, 15, 16, 17b, 18, 19, 20, 20c, 20d, 21d, 23, 24, 31a, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 57, 58, 61a, 62, 64, 74, 81, 95, 99, 101, 102, 104a, 107b, 107e, 111, 118, 121, 124, 145, 146a, 147, 148, 149, 151, 166b, and 167 of Act No. 94 of the Public Acts of 1979, sections 3, 6, 20, 31a, 99, 107e, and 111 as amended and sections 20d and 23 as added by Act No. 360 of the Public Acts of 1994, section 4 as amended by Act No. 110 of the Public Acts of 1985, sections 5, 15, 36, 39, 41, 52, 53, 54, 56, 62, 74, 104a, 107b, 124, 145, and 167 as amended and sections 11c, 20c, and 57 as added by Act No. 336 of the Public Acts of 1993, sections 6a, 11, 17b, 18, 19, 24, 37, 38, 51, 58, 61a, 81, 95, 101, 146a, 147, 149, and 151 as amended and sections 21d and 148 as added by Act No. 283 of the Public Acts of 1994, sections 13, 64, and 102 as amended and section 166b as added by Act No. 175 of the Public Acts of 1993, section 118 as amended by Act No. 276 of the Public Acts of 1982, and section 121 as amended by Act No. 118 of the Public Acts of 1991, being sections 388.1603, 388.1604, 388.1605, 388.1606, 388.1606a, 388.1611, 388.1611c, 388.1613, 388.1615, 388.1616, 388.1617b,

388.1618, 388.1619, 388.1620, 388.1620c, 388.1620d, 388.1621d, 388.1623, 388.1624, 388.1631a, 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1664, 388.1674, 388.1681, 388.1695, 388.1699, 388.1701, 388.1702, 388.1704a, 388.1707b, 388.1707e, 388.1711, 388.1718, 388.1721, 388.1724, 388.1745, 388.1746a, 388.1747, 388.1748, 388.1749, 388.1751, 388.1766b, and 388.1767 of the Michigan Compiled Laws, are amended and sections 6c, 6d, 11d, 20e, 20f, 20g, 20h, 28b, 56a, 66, 76, 91a, 91b, 91c, 94, 94a, 107f, 164b, 164c, and 164d are added to read as follows:

Sec. 3. (1) "Average daily attendance", for the purposes of complying with section 1471 of subpart 5 of part 5 of chapter 1 of title I of the elementary and secondary education act, Public Law 89-10, 20 U.S.C. 2891, 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) "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.

(4) "Department" means the department of education.

(5) "District" means a local school district established under part 2, 3, 4, 5, or 6 of the school code of 1976, a local act school district, or, except in sections 6(4), 6(6), 13, 20, 20i, 31a, 163(1)(c), and 163(1)(d), a public school academy. Except in sections 6(4), 6(6), 13, 20, 163(1)(c), and 163(1)(d) district also includes a university school.

(6) "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. However, for a pupil described in section 6(4)(e) or (f), 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.

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

Sec. 4. (1) "Elementary pupil" means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade.

(2) "Extended school year" means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. The mandatory days of student instruction and prescribed clock hours shall be completed by each pupil not more than 365 calendar days after the pupil's first day of classes for the school year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements for the educational program.

(3) "Fiscal year" means the state fiscal year which commences October 1 and continues through September 30.

(4) "General educational development testing preparation program" means a program that has high school level courses in writing skills, social studies, science, reading skills, and mathematics and that prepares a person to successfully complete the general educational development (GED) test.

(5) "High school pupil" means a pupil in membership in grades 7 to 12, except in a district not maintaining grades above the eighth grade.

Sec. 5. (1) "Intermediate board" means the governing body of an intermediate district.

(2) "Intermediate district" means an intermediate school district established under part 7 of the school code of 1976.

(3) "Intermediate district weighted average foundation allowance" means the average foundation allowance per membership pupil, calculated by averaging the foundation allowances per membership pupil of the intermediate district's constituent districts, weighted as to membership. However, the intermediate district weighted average foundation allowance for an intermediate district shall not exceed \$6,500.00 as adjusted by the index under section 20(2).

(4) "Intermediate superintendent" means the superintendent of an intermediate district.

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 shall 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.

(2) "District pupil retention rate" means the proportion of pupils who have not dropped out of school in the immediately preceding school year and is equal to 1 minus the quotient of the number of pupils unaccounted for in the

immediately preceding school year, as determined pursuant to subsection (3), divided by the pupils of the immediately preceding school year.

(3) "District pupil retention 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 the district, transferred out of the district, transferred to alternative programs, and have graduated, to determine the number of pupils who are unaccounted for. The number of pupils unaccounted for shall be calculated as determined by the department.

(4) "Membership", except as otherwise provided in this act, means the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in a district, public school academy, university school, or intermediate district on the pupil membership count day for the current school year and on the supplemental count day for the immediately preceding school year, 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 state board, and as corrected by a subsequent department audit, plus the final audited count from the supplemental count day for the immediately preceding school year, and dividing that sum by 2. The amount of the foundation allowance to be paid on behalf of 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, a pupil shall be counted in membership in the pupil's district of residence.

(b) A pupil educated as part of a cooperative education program, or enrolled in a grade not offered by the pupil's district of residence, in a district other than the pupil's district of residence shall be counted in membership in the pupil's district of residence, but the responsibility for reporting the pupil's attendance is as follows:

(i) If the pupil is educated in the district that is not the pupil's district of residence for 1/2 time or less, the pupil's district of residence shall report the pupil's attendance to the department as part of reporting the district's membership count.

(ii) If the pupil is educated in the district that is not the pupil's district of residence for more than 1/2 time, that other district shall report the pupil's attendance to the department.

(c) If a pupil is educated in a district other than the pupil's district of residence with the approval of the pupil's district of residence and not as part of a cooperative education program and not in a grade not offered by the pupil's district of residence, the pupil shall be counted in membership in the educating district.

(d) If a pupil is educated in a district other than the pupil's district of residence and not 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.

(e) A special education pupil educated by the intermediate district shall be counted in membership in the intermediate district. A special education pupil who is educated in a center program operated by a district and who is not required to be counted in membership in an intermediate district shall be counted in membership in the educating district.

(f) 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 53, shall be counted in membership in the district or intermediate district approved by the department to operate the program.

(g) A pupil under court jurisdiction who is placed outside the district of residence in which the pupil's parents or legal guardian resides shall be counted in membership in the educating district.

(h) A pupil enrolled in the Michigan school for the blind or the Michigan school for the deaf shall be counted in membership in the pupil's intermediate district of residence.

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

(j) If a pupil is enrolled in a district other than the pupil's district of residence under section 91a or under an intermediate district schools of choice pilot program under former section 91, the pupil shall be counted in membership in the educating district.

(k) If a pupil is enrolled in a district other than the pupil's district of residence but within the same intermediate district and if at least 50% of the constituent districts of the intermediate district continue to participate in an intermediate district schools of choice pilot program under former section 91, the pupil shall be counted in the educating district.

(l) A pupil enrolled in a public school academy shall be counted in membership in the public school academy. However, the membership of a public school academy shall be determined as follows:

(i) For a public school academy, or its predecessor entity operating in 1994-95 under former section 23d if applicable, 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 immediately preceding 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 state board, and as corrected by a subsequent department audit, plus the final audited count from the supplemental count day for the immediately preceding school year, and dividing that sum by 2.

(ii) For a public school academy beginning operations after March 30, 1995 and before the 1995-96 pupil membership count day that is not the successor to an alternative public school operated in 1994-95 under section 23d, 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 state board, 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.

(iii) For a public school academy beginning operations in 1995-96 after the pupil membership count day and not later than the supplemental count day, 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.

(iv) For a public school academy that received funds under section 23 in 1994-95, membership is the average of 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 pupil membership count day for the current school year and the number of full-time equated pupils used to calculate payments under section 23 in 1994-95.

(m) 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.

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

(o) 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 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.

(p) 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, both administered by the Michigan jobs commission, or participating in any successor of either of those 2 programs, shall not be counted in membership.

(q) A pupil counted in membership in a public school academy on the pupil membership count day or the supplemental count day shall not be counted in a membership in a district or intermediate district on the same count day.

(r) 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.

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

(t) For the purposes of this subsection, full-time equated memberships for pupils in grades 1 to 12 shall be determined by dividing the number of class hours scheduled and provided per year per pupil by 900 for 1994-95, 990 for 1995-96 and 1996-97, 1,035 for 1997-98 and 1998-99, and 1,080 for 1999-2000 and succeeding fiscal years. In determining full-time equated memberships for pupils who are dually enrolled in a postsecondary institution under section 21b, a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her dual enrollment on the number of class hours provided by the district to the pupil.

(u) Beginning in 1995-96, 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.

(v) For a district that has qualified currently migrant pupils enrolled in the district as of the pupil membership count day who were not counted in membership in the district on the supplemental count day for the immediately preceding

school year, as determined by the department using the criteria used for eligibility for the migrant education program under the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, 102 Stat. 130, the number of those pupils counted in the district's membership is 3/4 of the number of those pupils counted on the pupil membership count day only.

(5) "Public school academy" means a public school academy operating under part 6a or 6b of the school code of 1976.

(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 nonpublic part-time pupils, for pupils receiving 1/2 or less of their instruction in a district other than their district of residence, for pupils enrolled in a university school, for pupils enrolled in a district other than their district of residence under an intermediate district schools of choice pilot program as described in section 91a or former section 91, for pupils enrolled in a district other than their district of residence but within the same intermediate district if at least 50% of the constituent districts of the intermediate district continue to participate in an intermediate district schools of choice pilot program under former section 91, or for those pupils who were enrolled and in regular daily attendance and remain enrolled and in regular daily attendance in the district other than their district of residence before April 1, 1981.

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

(a) Except as provided in subdivision (b), the following days:

(i) For the 1995-96 school year, the first Friday in October.

(ii) Beginning with the 1996-97 school year, the fourth Friday in September each school year.

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

(i) Fourth Friday in July.

(ii) Fourth Friday in October.

(iii) Fourth Friday in January.

(iv) Fourth Friday in April.

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

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

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

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

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

(13) "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; a pupil enrolled in a district other than the pupil's district of residence but within the same intermediate district if at least 50% of the constituent districts of the intermediate district continue to participate in an intermediate district schools of choice pilot program under former section 91; or a pupil served by an intermediate district schools of choice pilot program as described in section 91a or former section 91. 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.

(14) "State school aid fund" means the state school aid fund established in section 11 of article IX of the state constitution of 1963.

(15) "Taxable value" means the taxable value of property as determined under section 27a of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.27a of the Michigan Compiled Laws.

(16) "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.

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

Sec. 6a. Except as otherwise provided in this act, in addition to the pupil membership count day, there shall be a supplemental pupil count of the number of full-time equated pupils in grades K-12 actually enrolled and in regular daily attendance in a district or intermediate district on the second Friday in February or, for a district that is not in session on that day, the immediately preceding day on which the district is in session. For the purposes of this act, the day on which the supplemental pupil count is conducted is the supplemental count day.

Sec. 6c. For 1994-95 only, notwithstanding any other provision of this act, for a district that administers a department-approved K-12 alternative education program involving 2 or more districts and a public community college that has pupils enrolled in the alternative education program in a grade level that was not included in the program in the 1993-94 school year, the number of pupils enrolled in that grade level to be counted in membership in the administering district for 1994-95 is the number of those pupils enrolled and in regular daily attendance in the alternative education program on the 1994 pupil membership count day only. However, not more than 80 pupils may be counted in 1994-95 membership statewide under this section. Upon request by the department, the administering district shall provide to the department any information the department needs to verify the eligibility of a pupil to be counted under this section.

Sec. 6d. Notwithstanding section 6(4), for 1994-95 only, if a district granted a contract to serve as the authorizing body for a public school academy to operate an alternative education program within the district, and if subsequently the district instead directly operated that alternative education program itself, then the number of pupils counted in membership in the alternative education program shall be the number of those pupils enrolled and in regular daily attendance in the alternative education program on the 1994 pupil membership count day only. However, the adjustment to a district's membership required under this section shall be limited so that the total amount of additional money allocated to districts for 1994-95 as a result of this section does not exceed \$434,000.00, and payments shall be prorated as necessary. Upon request by the department, a district shall provide to the department any information the department considers necessary to verify the eligibility of a pupil to be counted in membership as described in this section.

Sec. 11. (1) There is appropriated for the public schools of this state and certain other state purposes relating to education from the state school aid fund established by section 11 of article IX of the state constitution of 1963 the sum of \$7,618,289,000.00, and from the general fund the sum of \$589,077,000.00, for the fiscal year ending September 30, 1996. In addition, available federal funds are appropriated. Also, if the 88th Legislature enacts legislation that provides for the resolution of claims against the uninsured employers' security fund that were outstanding as of December 29, 1994, an additional \$26,000,000.00 is appropriated from the workplace health and safety fund to the state school aid fund, and that \$26,000,000.00 is then appropriated from the state school aid fund to be used for the purposes of this act.

(2) If the decision issued April 25, 1995 by the Michigan supreme court in Musselman v Governor (docket nos. 97322, 97915) is overturned on rehearing so that prefunding of retirement health care benefits for members of the public school employees retirement system is not required, then, in addition to the appropriations under subsection (1), for the fiscal year ending September 30, 1996 there is appropriated \$35,000,000.00 from the reserve for health benefits for the purposes of this act.

(3) The appropriations under this section shall be allocated as provided in this act. Money appropriated under this section from the general fund, from the reserve for health benefits, and from available federal funds 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 remain in a separate account in the state school aid fund to be used to augment funding under this act in a succeeding fiscal year in which the maximum amount appropriated under this section is not sufficient to fully fund allocations under this act from the state school aid fund.

(4) If the maximum amount appropriated under this section 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, payments under each section of this act shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for that fiscal year.

Sec. 11c. There is appropriated from the general fund for the fiscal year ending September 30, 1995 an amount not to exceed \$22,000,000.00 for purposes specified in this section. From this amount, an amount not to exceed \$12,000,000.00 is allocated for payments to authorities pursuant to section 13b of Act No. 197 of the Public Acts of 1975, being section 125.1663b of the Michigan Compiled Laws, section 12a of the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being section 125.1812a of the Michigan Compiled Laws, and section 11a of the local development financing act, Act No. 281 of the Public Acts of 1986, being section 125.2161a of the Michigan Compiled Laws, and an amount equal to \$10,000,000.00 is appropriated to the state school aid fund.

Sec. 11d. The \$40,000,000.00 appropriated from the general fund for 1993-94 under former section 11b(2) and carried forward into 1994-95 as a work project under section 451(5) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1451 of the Michigan Compiled Laws, shall lapse to the general fund for the fiscal year ending September 30, 1995.

Sec. 13. Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership and number of teachers and other professionals approved by the superintendent of public instruction employed as of the pupil membership count day of each year and on the taxable value and the operating millage of each district for the calendar year. In addition, a district maintaining school during the entire year, as provided in section 1561 of the school code of 1976, being section 380.1561 of the Michigan Compiled Laws, shall count memberships and teachers pursuant to rules promulgated by the state board.

Sec. 15. (1) If a district or intermediate district fails to receive its proper apportionment, the department, upon satisfactory proof that the district or intermediate district was entitled justly, shall apportion the deficiency in the remaining apportionments. Subject to subsections (2) and (3), if a district or intermediate district has received more than its proper apportionment, the department, upon satisfactory proof, shall deduct the excess in the remaining apportionments, except that a deduction due to an adjustment in the taxable value of a district or intermediate district shall be made in the apportionment for the fiscal year following the fiscal year in which the valuation is finalized. Notwithstanding any other provision in this act, state aid overpayments to a district, other than overpayments in payments for special education or special education transportation, may be recovered from any payment made under this act other than a special education or special education transportation payment. State aid overpayments made in special education or special education transportation payments may be recovered from subsequent special education or special education transportation payments.

(2) If the result of an audit conducted by or for the department affects the current fiscal year membership, affected payments shall be adjusted in the current fiscal year. A deduction due to an adjustment made as a result of an audit conducted by or for the department, or as a result of information obtained by the department from the district, an intermediate district, the department of treasury, or the office of auditor general, shall be deducted from the district's apportionments within the next fiscal year after the fiscal year in which the adjustment is finalized. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 2 years for the adjustment if the district would otherwise experience a significant hardship.

(3) If, because of the receipt of new or updated data, the department determines during a fiscal year that the amount paid to a district or intermediate district under this act for a prior fiscal year was incorrect under the law in effect for that year, the department may make the appropriate deduction or payment in the district's or intermediate district's allocation for the fiscal year in which the determination is made. The deduction or payment shall be calculated according to the law in effect in the fiscal year in which the improper amount was paid.

(4) Expenditures made by the department under this act that are caused by the write-off of prior year accruals may be funded by revenue from the write-off of prior year accruals.

Sec. 16. A district shall not receive a greater allowance than the actual amounts paid by the district. If a district receives in an apportionment more than was paid, the excess shall be deducted from the district's next apportionment.

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, and June 20, the department shall prepare a statement of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the statement to the state treasurer, and the state treasurer shall pay the installments on each of those dates or on the next business day following each of those dates. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 1/9. However, the payments due to a district in 1995-96 on April 20, May 20, and June 20 pursuant to this section each shall be reduced by an amount equal to 1/3 of the district's total additional payments in 1994-95 under section 20c.

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

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

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

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

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually at the expense of the district or intermediate district, as applicable, by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. The financial and pupil accounting records audits shall be accompanied by the district's or intermediate district's annual financial audit, which shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The audits and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department. Except as otherwise provided in this subsection, a district shall file the audit reports with the intermediate district not later than 120 days after the end of each school fiscal year and the intermediate district shall forward the audit reports for its constituent districts and for the intermediate district to the department not later than November 15 of each year. The audit reports shall be available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws. The report of the final audit of a district's supplemental pupil count under section 6a shall be filed, as required by the department, not later than 120 days after the beginning of the next state fiscal year. Not later than December 1 of each year, the department shall notify the department of management and budget and the legislative appropriations subcommittees responsible for review of the school aid budget of districts and intermediate districts that have not filed an audit required under this section for the school year ending in the immediately preceding fiscal year.

(3) Each district and intermediate district shall file with the department an annual comprehensive financial report, known as "Form B", on a form and in the manner prescribed by the department. A district shall file the Form B report with the intermediate district not later than 120 days after the end of each school year. An intermediate district shall forward the Form B reports for its constituent districts and the Form B report for the intermediate district to the department by November 15 of each year.

(4) If a district that is a public school academy purchases property using money received under this act, the public school academy shall retain ownership of the property unless the public school academy sells the property at fair market value.

(5) If a district or intermediate district does not comply with subsection (2) or (3), the department shall withhold all state school aid due to the district or intermediate district under this act, beginning with the next payment due to the district or intermediate district, until the district or intermediate district complies with subsections (2) and (3). If the district or intermediate district does not comply with subsections (2) and (3) by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 19. (1) A district shall comply with the requirements of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "public act 25 of 1990".

(2) Each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the implementation of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, commonly referred to as "public act 25 of 1990", and on the achievement of national education goals.

(3) If a district or intermediate district fails to meet the requirements of subsection (2) and sections 1204a, 1277, and 1278 of the school code of 1976, the department shall withhold 5% of the total funds for which the district or intermediate district qualifies under this act until the district or intermediate district complies with all of those sections. If the district or intermediate district does not comply with all of those sections by the end of the fiscal year, the department shall place the amount withheld in an escrow account until the district or intermediate district complies with all of those sections.

(4) If a school in a district is not accredited under section 1280 of the school code of 1976 or is not making satisfactory progress toward meeting the standards for that accreditation, the department shall withhold 5% of the total funds for which the district qualifies under this act that are attributable to pupils attending that school. The department shall

place the amount withheld from a district under this subsection in an escrow account and shall not release the funds to the district until the district submits to the department a plan for achieving accreditation for each of the district's schools that are not accredited under section 1280 of the school code of 1976 or are not making satisfactory progress toward meeting the standards for that accreditation. In determining whether a district is making satisfactory progress toward meeting the standards for that accreditation, if a school's MEAP scores are improving compared to the school's own MEAP scores from prior years, the department shall not determine that the school is not making satisfactory progress based solely on MEAP scores.

Sec. 20. (1) From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$7,551,650,100.00 to guarantee each district a foundation allowance per membership pupil, to make payments under this section to public school academies and university schools, and to fund payments under section 20h. The amount of each district's foundation allowance shall be calculated as provided in this section, using a basic foundation allowance for 1995-96 in the amount of \$5,000.00, as adjusted by the index under subsection (2). If the maximum amount allocated under this section is not sufficient to fully fund payments under this section, and before any proration required under section 11, the amount of the payment to each district, university school, and public school academy shall be prorated by reducing by an equal percentage the total payment under this section to each district, university school, and public school academy.

(2) For 1995-96 and each succeeding fiscal year, the basic foundation allowance shall be determined by multiplying the amount of the basic foundation allowance for the immediately preceding state fiscal year by the index calculated under this subsection. This result is the amount of the basic foundation allowance per membership pupil for the current state fiscal year. The index to be used shall be determined, using the procedures described in subsection (5), as follows:

(a) The numerator of the fraction to be used in calculating the index is the total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. Beginning with the calculation of the index for 1996-97, the numerator of the fraction to be used in calculating the index is the average annual total state school aid fund revenue over the current and the immediately preceding state fiscal years, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund.

(b) The denominator of the fraction to be used in calculating the index is the total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. Beginning with the calculation of the index for 1996-97, the denominator of the fraction to be used in calculating the index is the average annual total state school aid fund revenue over the 2 immediately preceding state fiscal years, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund.

(c) The resulting revenue adjustment factor derived under subdivisions (a) and (b) shall then be adjusted by a pupil membership adjustment factor. The pupil membership adjustment factor shall be computed by dividing the membership for the school year ending in the immediately preceding state fiscal year, excluding intermediate district membership, by the membership for the school year ending in the current state fiscal year, excluding intermediate district membership. This pupil adjustment factor shall be multiplied by the fraction derived under subdivisions (a) and (b) to determine the index.

(3) Beginning in the 1995-96 state fiscal year, except as otherwise provided in this section, the amount of a district's foundation allowance shall be calculated as follows, using in all calculations the total amount of the district's foundation allowance as calculated before any proration:

(a) For a district that in the immediately preceding state fiscal year had a foundation allowance at least equal to the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts pursuant to the index under subsection (2), but less than the basic foundation allowance in the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance pursuant to the index under subsection (2) and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance pursuant to the index under subsection (2) minus \$50.00) times (the difference between the district's foundation allowance for the immediately preceding state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts pursuant to the index under subsection (2))] divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts pursuant to the index under subsection (2)]. However, the foundation allowance for a district that had less than the basic foundation allowance in the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

(b) For a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance as adjusted by the index under subsection (2), the district shall

receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance pursuant to the index under subsection (2).

(4) To ensure that a district receives the district's foundation allowance, there is allocated to each district a state portion of the district's foundation allowance in an amount calculated under this subsection. The state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under Act No. 197 of the Public Acts of 1975, being sections 125.1651 to 125.1681 of the Michigan Compiled Laws, the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws, or the local development financing act, Act No. 281 of the Public Acts of 1986, being sections 125.2151 to 125.2174 of the Michigan Compiled Laws, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. For 1995-96 and each succeeding fiscal year, the \$6,500.00 amount prescribed in this subsection shall be adjusted by an amount equal to the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance pursuant to the index under subsection (2).

(5) The indices to be computed under this section for each state fiscal year shall be a topic of each revenue estimating conference conducted under section 367b of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1367b of the Michigan Compiled Laws. If a revenue estimating conference fails to reach a consensus on the estimate of an index, the state treasurer shall compute an estimated index and certify it to the director of the department of management and budget and the superintendent of public instruction. The index estimated at the most recent revenue estimating conference held before June 30 of the immediately preceding state fiscal year, or calculated by the state treasurer if the revenue estimating conference fails to reach a consensus of the index, shall be the index for the current state fiscal year and shall be used as the basis for making payments under this act for the current state fiscal year.

(6) The allocation under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence.

(7) Subject to subsection (8) and except as otherwise provided in this subsection, for pupils in membership in a public school academy or a university school, there is allocated under this section for 1995-96 to the authorizing body that is the fiscal agent for a public school academy for forwarding to the public school academy, or to the board of the public university operating the university school, an amount per membership pupil in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or \$5,500.00, whichever is less. For 1995-96 and each succeeding fiscal year, the \$5,500.00 amount prescribed in this subsection shall be adjusted by an amount equal to the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance pursuant to the index under subsection (2). Notwithstanding section 101(2), for a public school academy that begins operations in 1995-96 after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by 990. The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection. Also, a public school academy that begins operations in 1995-96 after the pupil membership count day shall not receive any funds under this section unless the public school academy provides for the school year a number of hours of pupil instruction that is at least in the same proportion to 990 hours as the number of days of pupil instruction provided by the public school academy for the school year is in proportion to 180 days.

(8) If more than 25% of the pupils residing within a district are in membership in a public school academy located in the district, then the amount per membership pupil allocated under this section to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy shall be reduced by an amount equal to the local school operating revenue per membership pupil in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in a public school academy located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership in the public school academy, as determined by the department.

(9) If a district does not receive a payment under subsection (10); if the number of mills the district may levy on a homestead and qualified agricultural property under section 1211(1) of the school code of 1976, being section 380.1211 of the Michigan Compiled Laws, is 0.5 mills or less; and if the district elects not to levy those mills, the district instead shall receive a separate supplemental payment under this subsection in an amount equal to the amount the district would have received had it levied those mills, as determined by the department of treasury. A district shall not receive a separate supplemental payment under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property.

(10) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a homestead and qualified agricultural property are exempt and not to levy school operating taxes on a homestead and qualified agricultural property as provided in section 1211(1) of the school code of 1976 and not to levy school operating taxes on all property as provided in section 1211(2) of the school code of 1976, there is allocated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental payment in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a homestead and qualified agricultural property at the rate authorized for the district under section 1211(1) of the school code of 1976 and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the school code of 1976, as determined by the department of treasury. A district shall not receive a separate supplemental payment under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property.

(11) For a district that has combined state and local revenue per membership pupil in the 1995-96 state fiscal year that is less than the sum of the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year and the dollar amount of the increase from 1994-95 to 1995-96 in the basic foundation allowance under subsection (2) due to a decline in the district's taxable value per membership pupil from the immediately preceding state fiscal year to the current state fiscal year and is restricted by the millage caps contained in section 1211 of the school code of 1976 from levying additional mills of school operating taxes to attain its foundation allowance as calculated under subsection (3), there is allocated under this subsection a separate payment in an amount per membership pupil equal to the difference between the district's combined state and local revenue per membership pupil in the 1995-96 state fiscal year and the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year.

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

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

(14) All fractions used in making calculations under this section shall be rounded to the fourth decimal place and the dollar amount of an increase in a foundation allowance shall be rounded to the nearest whole dollar.

(15) As used in this section:

(a) "Combined state and local revenue per membership pupil" means the aggregate of the district's state school aid received by or paid on behalf of the district under this section, except for payments under subsection (11), and the district's local school operating revenue, divided by the district's membership.

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

(c) "Homestead" means that term as defined in section 1211 of the school code of 1976.

(d) "Immediately preceding state fiscal year" means the state fiscal year immediately preceding the current state fiscal year.

(e) "Local school operating revenue" means school operating taxes levied under section 1211 of the school code of 1976.

(f) "Local school operating revenue per membership pupil" means a district's local school operating revenue divided by the district's membership.

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

(h) "Qualified agricultural property" means that term as defined in section 1211 of the school code of 1976.

(i) "School operating purposes" means the purposes included in the operation costs of the district as prescribed in sections 7 and 18.

(j) "School operating taxes" means local ad valorem property taxes levied under section 1211 of the school code of 1976 and retained for school operating purposes.

(k) "Taxable value per membership pupil" means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district's membership for the school year ending in the current state fiscal year.

Sec. 20c. (1) From the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$600,000,000.00 for making an additional payment to districts for 1994-95 only. The payment shall be made by the state treasurer in 2 equal installments, on August 20, 1995 and September 20, 1995, or on the next succeeding business day.

(2) The amount of the payment to a district under this section shall be calculated by dividing \$600,000,000.00 by the total statewide membership of all districts and multiplying that quotient times the district's membership. If a public school academy is the successor entity to an alternative public school operated by an intermediate district under former section 23d and demonstrates to the department that it was authorized as a public school academy under the school code of 1976 before July 1, 1995 and that it is planning to operate as a public school academy for the entire 1995-96 school year, then for the purpose of calculating payments under this section to the public school academy, the public school academy shall be considered to have had a 1994-95 membership equal to the 1994-95 membership of the alternative public school, as calculated under former section 23d(5).

(3) The payments under this section are estimated advance payments of the state foundation allowance and supplemental allowance under section 20 for the state fiscal year ending September 30, 1996. A district shall not accrue a payment under this section to the school fiscal year ending June 30, 1995.

Sec. 20d. In making the final determination required under former section 20a of a district's combined state and local revenue per membership pupil in 1993-94 and under section 20 of a district's 1994-95 millage rate, the department and the department of treasury shall comply with all of the following:

(a) The department and the department of treasury shall not consider, and shall not make any adjustment under section 121 to the valuation of a district because of, any state tax tribunal decision or order or court decision or order issued after the June 20, 1994 certification date under former section 20a unless the court decision or order modifies a state tax tribunal decision or order issued before June 20, 1994 that was included in making the determination of the district's combined state and local revenue per membership pupil in 1994 under section 20a.

(b) The department and the department of treasury shall not consider, and shall not make any other adjustment to a district's combined state and local revenue per membership pupil in 1993-94 because of, any information submitted or audits completed after May 1, 1995. However, the department and the department of treasury may consider information or clarifications submitted not later than June 15, 1995 in response to a request by the department or department of treasury.

(c) Not later than August 30, 1995, the department of treasury shall make a final certification of the number of mills that may be levied by a school district under section 1211 of the school code of 1976, being section 380.1211 of the Michigan Compiled Laws.

Sec. 20e. (1) For 1994-95 only, notwithstanding section 20(6), after calculating the state portion of a district's foundation allowance as provided under section 20(6), the department shall deduct from that calculation the quotient of the product of 1/2 of the state equalized value of property granted an exemption under section 7cc(14) of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.7cc of the Michigan Compiled Laws, multiplied by the lesser of 18 mills or the number of mills of school operating taxes for 1993-94 levied by the district, divided by the district's membership, and this result is the state portion of the district's foundation allowance for 1994-95. As used in this subsection, "school operating taxes" means that term as defined in section 20.

(2) Notwithstanding any provision to the contrary in section 20, if a district had a deduction for 1993-94 under former section 21(5) and operated a special education center program on behalf of an intermediate district in 1993-94, then, for purposes of calculating the district's foundation allowance for 1994-95, the district's combined state and local revenue per membership pupil for 1993-94 shall be recalculated and in the recalculation the amount of payments under former section 146 to be used for calculating the exclusion under section 20(21)(a)(i)(U) shall be an amount equal to the product of the amount allocated to the district under former section 146 attributable to the district's center program employees providing direct services for the intermediate district center program multiplied by a percentage obtained by subtracting the reduction percentage applied to the district under former section 21(5) from 100%.

(3) Notwithstanding any provision to the contrary in section 20 or former section 21, if a district obtained voter approval on September 20, 1993 to increase its authorized millage rate for school operating purposes by an amount equal to the millage reduction required by section 31 of article IX of the state constitution of 1963, then, for purposes of calculations made under former section 21 for the 1993-94 state fiscal year and calculations made under section 20 for

the 1994-95 state fiscal year, the district shall be considered to have levied in 1993 the total number of mills of school operating taxes the district was authorized to levy, as increased by that voter approval.

Sec. 20f. From the amount allocated under section 20, there is allocated an amount equal to \$212,000.00 for 1994-95 only to an instructional program operated by a public university under section 23 that was planned in 1992-93 and implemented in 1993-94 under former section 23c.

Sec. 20g. (1) From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$400,000,000.00 for making an additional payment to districts for 1995-96 only. The payment shall be made by the state treasurer in 2 equal installments, on August 20, 1996 and September 20, 1996, or on the next succeeding business day.

(2) The amount of the payment to a district under this section shall be calculated by dividing \$400,000,000.00 by the total statewide membership of all districts and multiplying that quotient times the district's membership.

(3) The payments under this section are estimated advance payments of the state foundation allowance and supplemental allowance under section 20 for the state fiscal year ending September 30, 1997. A district shall not accrue a payment under this section to the school fiscal year ending June 30, 1996.

Sec. 20h. (1) From the amount allocated in section 20 for 1995-96, an amount not to exceed \$2,000,000.00 shall be used to provide funding under this section for districts experiencing large pupil membership growth.

(2) A district is eligible to receive funding under this section if the district's actual pupil count as of the 1996 supplemental count day is at least 30 pupils more than the district's actual pupil count as of the 1995 supplemental count day and is at least 103% of the district's actual pupil count as of the 1995 supplemental count day. The amount of the payment to a district under this section shall be calculated by multiplying an amount equal to 25% of the district's foundation allowance under section 20 or an amount equal to 25% of \$6,500.00 as adjusted by the index under section 20(2), whichever is less, times the difference between the district's actual pupil count as of the 1996 supplemental count day and 103% of the district's actual pupil count as of the 1995 supplemental count day.

(3) Payments under this section shall commence with the April 1996 payment.

(4) Payments under this section shall be adjusted upon receipt of audited membership data.

(5) The department shall prorate payments under this section as necessary.

Sec. 21d. From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$100,000.00 for reorganization planning grants. Applications for reorganization planning grants shall be submitted to the department in the form and manner prescribed by the department. A reorganization planning grant shall not exceed \$15,000.00.

Sec. 23. (1) For 1995-96, an instructional program operated under this section by a public university for pupils in grades K-6, 6-8, or 9-12, or a combination of those grades, may be funded under this act as a district if all of the following requirements are met:

(a) The public university has submitted an application under this section, or submitted an application to the department in a prior fiscal year under former section 23c, in the form and manner prescribed by the department. The application shall include, or have included, at least all of the following:

(i) Identification of the proposed grade levels for which the university plans to operate an instructional program.

(ii) Identification of the districts from which pupils would be eligible to attend the instructional program.

(iii) A description of the process for the random selection of pupils for enrollment.

(iv) A description of the proposed curriculum features that would be given highest priority in the instructional program.

(b) The instructional program complies with the requirements of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "public act 25 of 1990".

(2) An instructional program operated under this section is eligible in the same manner as a district for all applicable categorical and federal aid.

(3) An employee of a public university employed in an instructional program operated under this section is not an employee of a school district for purposes of Act No. 4 of the Public Acts of the Extra Session of 1937, being sections 38.71 to 38.191 of the Michigan Compiled Laws.

(4) An employee of a public university employed in an instructional program operated under this section is not eligible to be a member of the public school employees retirement system established by the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws, unless other employees of the university are eligible for membership in that retirement system.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated for 1995-96 to the educating district or intermediate district an amount equal to 100% of the added cost for educating pupils under court jurisdiction placed in a juvenile detention facility or child caring institution licensed by the state department of social services and approved by the department to provide an on-grounds education program. The total amount to be paid for 1995-96 under this section for added cost shall not exceed \$7,000,000.00. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section and all applicable federal funds received for pupils described in this section from total costs, as approved by the department, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution.

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

Sec. 28b. From the appropriation in section 11, in addition to all other allocations under this act, there is allocated for 1995-96 an amount not to exceed \$225,000.00 for paying to a district in which a federal military air base closed in 1993 an amount equal to \$100.00 per pupil as a transitional allowance for mitigating the impact of the closure.

Sec. 31a. (1) From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$230,000,000.00 for payments to eligible districts and eligible applicant public school academies under this section. Beginning in 1995-96, subject to subsection (11), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, and 1769 to 1769h, and reported to the department by December 31 of the immediately preceding fiscal year.

(2) To be eligible to receive funding under this section, a public school academy shall apply to the department, in a form and manner prescribed by the department, and a district or public school academy must meet all of the following:

(a) The district's or public school academy's combined state and local revenue per membership pupil in the 1995-96 state fiscal year, as calculated under section 20, is less than \$6,500.00, as adjusted by the index calculated under section 20(2).

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

(3) An eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the district's foundation allowance or of the public school academy's per membership pupil allocation under section 20 for the current state fiscal year.

(4) Subject to subsections (8) and (9), a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils and for the purposes of subsection (5) and shall not use any of that money for administrative costs or to supplant funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may be conducted using a tutorial method, with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method.

(5) A district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the school code of 1976, being section 380.1272a of the Michigan Compiled Laws, shall use from those funds an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school breakfast program.

(6) In order to provide accountability for the program funded under this section, the superintendent of a district or chief executive of a public school academy shall submit to the department, in a succinct form and manner prescribed by the department, a written assurance of the district's or public school academy's compliance with all provisions of this section by May 20 of the current fiscal year. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the June payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

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

(8) Subject to subsection (5), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsection (5), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 35% of the total number of pupils enrolled in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

(9) As a pilot project for a period of 3 fiscal years, a district that is located in a county with a population of more than 350,000 and less than 480,000 and that has more than 10,000 pupils in membership shall expend funds received under this section, other than the amount described in subsection (5), attributable to pupils enrolled in grades K-3 for the purpose of reducing class size in grades K-3 in the district to an average of not more than 17 pupils per class, with not more than 19 pupils in any particular class, in each school building in the district in which pupils described in subsection (1) constitute a specified percentage of the total number of pupils in the building. That specified percentage is as follows:

(a) For the 1994-95 school year, 59%.

(b) For the 1995-96 school year, 50%.

(c) For the 1996-97 school year, 25%.

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

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

(12) As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable MEAP test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of moderate on the most recent MEAP reading test for which results for the pupil have been received, did not achieve at least a score of moderate on the most recent MEAP mathematics test for which results for the pupil have been received, or achieved less than 50% of the objectives on the most recent MEAP science test for which results for the pupil have been received.

Sec. 36. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$52,980,500.00 for school readiness grants in 1995-96 to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 102 Stat. 140, chapter 1 of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 9831 to 9835, 9836 to 9844, 9846, and 9847 to 9852a, comprehensive compensatory programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more "at-risk" factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. A comprehensive compensatory program funded under this section shall include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

(2) A district receiving a grant under this section may contract for the provision of the comprehensive compensatory program and retain for administrative services an amount equal to not more than 5% of the grant amount.

(3) From the allocation in subsection (1), there is allocated for 1995-96 only an amount not to exceed \$250,000.00 to pay an additional amount, as described in this subsection, to districts that participated in 1993-94 in a consortium that operated a program under section 36 in 1993-94 and was administered by a district or intermediate district that did not

receive an August 1994 payment. The amount of the additional payment to a district under this section shall be an amount, determined by the department, equal to 13% of the annual allocation attributable to the district under section 36 in 1993-94. A district that subcontracts for programs conducted under section 36 shall, if necessary, use funds provided under this section to pay fully a subcontractor with a payment amount due from the 1993-94 fiscal year. The department shall prorate payments under this section as necessary.

Sec. 37. (1) A district is eligible for an allocation under section 36 if the district meets all of the requirements in subsections (2), (3), and (4).

(2) The district shall submit a preapplication, in a manner and on forms prescribed by the department, by a date specified by the department in the immediately preceding state fiscal year. The preapplication shall include a comprehensive needs assessment and community collaboration plan, and shall identify all of the following:

(a) The estimated total number of children in the community who meet the criteria of section 36 and how that calculation was made.

(b) The estimated number of children in the community who meet the criteria of section 36 and are being served by other early childhood development programs operating in the community, and how that calculation was made.

(c) The number of children the district will be able to serve who meet the criteria of section 36, including a verification of physical facility and staff resources capacity.

(d) The estimated number of children who meet the criteria of section 36 who will remain unserved after the district and community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

(3) The district shall submit a final application for approval, in a manner and on forms prescribed by the department, by a date specified by the department. The final application shall indicate all of the following that apply:

(a) The district complies with the state board approved standards of quality and curriculum guidelines for early childhood programs for 4-year-olds.

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

(c) The district only employs for this program either of the following:

(i) Teachers possessing proper training, including, but not limited to, a valid teaching certificate and an early childhood (ZA) endorsement. This provision does not apply to a district that subcontracts with an eligible child development program. In that situation a teacher must have a valid teaching certificate and may have a child development associate credential (CDA) instead of an early childhood (ZA) endorsement.

(ii) Paraprofessionals possessing proper training in early childhood development, including, but not limited to, a child development associate credential (CDA) or associate degree in child development or other similar program, as approved by the department.

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

(e) The district has established a school readiness advisory committee consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade; parents or guardians of program participants; representatives from appropriate community agencies and organizations; the district curriculum director or equivalent administrator; and, if feasible, a school psychologist, school social worker, or school counselor. In addition, at least 50% of the committee members shall be parents or guardians of program participants. The committee shall do all of the following:

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

(ii) Review the mechanisms and criteria used to determine participation in the early childhood program.

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

(iv) Review the nutritional services provided to program participants.

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

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

(vii) Review, evaluate, and make recommendations to a local school readiness program or programs for changes to the school readiness program.

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

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

(h) At least 18 of the district's resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, are construed to be in need of special readiness assistance. A district is also eligible for an allocation under section 36 if at least 50 children, as described in section 36 and calculated under section 38, are construed to be in need of special readiness assistance, regardless of the percentage they comprise of the district's resident children of the age group specified in section 36. In addition, a consortium of 2 or more districts shall be eligible for an allocation under section 36 if each of those districts has less than 18 of its resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, and in combination the districts' number of children who are construed to be in need of special readiness assistance equals or exceeds 18. A district or intermediate district may administer a consortium described in this subdivision.

(4) With the final application, an applicant district shall submit to the department a resolution adopted by its board certifying the number of 4-year-old children who show evidence of "at-risk" factors as described in section 36, who meet the income eligibility criteria for free or reduced price lunch or the income and all other eligibility criteria for the state department of social services unified child day care program, and who will participate in a school readiness program funded under section 36.

Sec. 38. The maximum number of prekindergarten children construed to be in need of special readiness assistance under section 36 shall be calculated for each district in the following manner: one-half of the percentage of the district's pupils in grades K-5 who are eligible for free lunch, as determined by the district's October count in the immediately preceding school year under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1769b, and 1769 to 1769h, as reported to the department not later than December 31 of the immediately preceding fiscal year, shall be multiplied by the average kindergarten enrollment of the district on the pupil membership count day of the 2 immediately preceding years.

Sec. 39. (1) The tentative allocation in 1995-96 to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, by \$3,000.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38 until the money allocated in section 36 is distributed.

(2) A district that has not less than 50 eligible children shall receive priority over other eligible districts other than those districts funded under subsection (3).

(3) A district that received funds under this section in at least 1 of the 2 immediately preceding fiscal years shall receive priority in funding over other eligible districts. However, funding beyond 3 state fiscal years is contingent upon the availability of funds and documented evidence satisfactory to the department of compliance with all operational, fiscal, administrative, and other program requirements.

(4) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 36.

(5) If, taking into account the total amount to be allocated to the district as calculated under this section, a district determines that it is able to include additional eligible children in the school readiness program without additional funds under this section, the district may include additional eligible children but shall not receive additional funding under this section for those children.

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 for 1995-96 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability as required in section 1153 of the school code of 1976, being section 380.1153 of the Michigan Compiled Laws. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability. As required by section 1155 of the school code of 1976, being section 380.1155 of the Michigan Compiled Laws, a child of limited English-speaking ability residing in a school district operating or participating in a bilingual instruction program pursuant to section 1153 of the school code of 1976 shall be enrolled in the bilingual instruction program for 3

years or until the child achieves a level of proficiency in English language skills sufficient to receive an equal educational opportunity in the regular school program, whichever occurs first.

Sec. 51. (1) From the appropriation in section 11, there is allocated \$191,355,000.00 for 1995-96 to consist of an amount not to exceed \$121,355,000.00 from state sources and \$70,000,000.00 in federal funding under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, plus any carryover federal funds from previous year appropriations, for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws; net tuition payments made by intermediate districts to the Michigan school for the blind and the Michigan school for the deaf; and programs for pupils with handicaps as defined by the department. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the school code of 1976.

(2) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,000,000.00 may be allocated by the department to districts or intermediate districts on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(3) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$3,100,000.00 for 1995-96 to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

(a) "Total approved costs of special education" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53 programs. The total approved costs include salary and other compensation for all approved special education personnel for the program, including payments for social security and medicare and public school employee retirement system contributions. The total approved costs do not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6(6) of the school code of 1976. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, are not included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

(b) Reimbursement for ancillary and other related services, as defined by R 340.1701 of the Michigan administrative code, shall not be provided when those services are covered by and available through private group health insurance carriers or federal reimbursed program sources unless the department and district or intermediate district agree otherwise and that agreement is approved by the department of management and budget. Expenses, other than the incidental expense of filing, shall not be borne by the parent. In addition, the filing of claims shall not delay the education of a pupil. A district or intermediate district shall be responsible for payment of a deductible amount and for an advance payment required until the time a claim is paid.

(5) From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$79,218,100.00 for funding payments under this subsection for pupils counted in membership under this subsection. A pupil who is enrolled in a full-time special education program conducted or administered by an intermediate district or a pupil who is enrolled in the Michigan school for the blind or the Michigan school for the deaf shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence. For each pupil, the intermediate district shall receive the intermediate district weighted average foundation allowance. However, if the total payment under this subsection to an intermediate district is not within the parameters specified in subsection (6), the department shall adjust the payment to the intermediate district to ensure that the total is within those parameters. A district operating a center program for pupils from several districts pursuant to an approved intermediate district plan that had the pupils counted in membership in the intermediate district in 1994-95 shall have the pupils counted in membership in the intermediate district in 1995-96.

(6) The total payment to an intermediate district under subsection (5) shall be at least equal to 103.05% of, and shall not exceed 106.10% of, the sum of all of the following:

(a) The 1994-95 allocation to the intermediate district under subsection (4).

- (b) The 1994-95 allocation to the intermediate district under former section 146a(2).
- (c) The 1994-95 allocation to the intermediate district under former section 147(5).
- (d) 10% of the 1994-95 allocation to the intermediate district under former section 146a(1).
- (e) 10% of the 1994-95 allocation to the intermediate district under former section 147(1).

(7) Special education personnel transferred from 1 district to another to implement the school code of 1976 shall be entitled to the rights, benefits, and tenure to which the person would otherwise be entitled had that person been employed by the receiving district originally.

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

Sec. 52. (1) Reimbursement for the necessary costs of special education programs and services shall be a portion determined by the amount allocated under section 51(1), but not to exceed 75% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, for special education pupils other than those programs funded under section 53, and of the costs of summer programs and services and the costs of providing room and board for special education pupils, as approved by the department. If the state financed proportion of reimbursement of the necessary costs of a special education activity or service required by article 3 of the school code of 1976, which is in addition to or different from the special education activities or services required under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, is less than the state financed proportion of the necessary costs of that activity or service in 1978-79, the portion of the amount appropriated shall be increased to reimburse that activity or service accordingly.

(2) The costs of transportation for special education pupils shall not be funded under this section but shall be reimbursed under section 58.

Sec. 53. (1) Reimbursement shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, minus the foundation allowance calculated under section 20, for the following special education pupils:

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

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

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

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

(e) Pupils who are dependents of foreign diplomats who reside in this state and who are placed in a center program.

(f) Pupils enrolled in a department-approved on-grounds educational program longer than 180 days, but not longer than 233 days, at a residential child care institution, if the child care institution offered in 1991-92 an on-grounds educational program longer than 180 days but not longer than 233 days.

(2) Only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (1), and that would not have been incurred if the pupils were not being educated in a district or intermediate district, are reimbursable under this section.

(3) The costs of transportation shall be funded under this section but shall not be reimbursed under section 58.

(4) Not more than \$24,000,000.00 for 1995-96 of the allocation in section 51(1) shall be allocated under this section.

Sec. 54. In addition to the aid received under section 52, each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan school for the blind or the Michigan school for the deaf. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 for 1995-96 of the allocation in section 51(1) shall be allocated under this section.

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

(a) "Membership" means the total membership in 1994-95 of the intermediate district and the districts constituent to the intermediate district.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the school code of 1976, being sections 380.1711 to 380.1743 of the Michigan Compiled Laws, including a levy for debt service obligations.

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$30,650,000.00 for 1995-96 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan that utilizes at least a district's foundation allowance, as calculated under section 20, as a required local contribution.

(3) Reimbursement for those millages levied in 1994-95 shall be made in 1995-96 at an amount per 1994-95 membership pupil computed by subtracting from \$93,500.00 the 1994-95 taxable value behind each membership pupil, and multiplying the resulting difference by the 1994-95 millage levied.

Sec. 56a. From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$1,000,000.00 for payments to intermediate districts under this section. The amount of the payment to each intermediate district under this section shall be an amount equal to the product of the number of mills levied by the intermediate district for special education, both for operating purposes and debt service, under part 30 of the school code of 1976, being sections 380.1711 to 380.1743 of the Michigan Compiled Laws, times the taxable value of the intermediate district captured under Act No. 197 of the Public Acts of 1975, being sections 125.1651 to 125.1681 of the Michigan Compiled Laws, the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws, or the local development financing act, Act No. 281 of the Public Acts of 1986, being sections 125.2151 to 125.2174 of the Michigan Compiled Laws. The department shall prorate payments under this section as necessary.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$600,000.00 for 1995-96 to applicant intermediate districts that provide support services for the education of gifted and talented pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$400,000.00 for 1995-96 to support part of the cost of summer institutes for gifted and talented students. This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.

(3) From the appropriation in section 11, there is allocated an amount not to exceed \$4,000,000.00 for 1995-96 for the development and operation of comprehensive programs for gifted and talented pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$50.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership with a minimum total grant of \$3,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$3,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for gifted and talented pupils and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 58. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$25,405,000.00 for 1995-96 to fund districts and intermediate districts for providing specialized transportation services, as determined by the department, for pupils in special education programs and services as defined in section 6(7) of the school code of 1976, being section 380.6 of the Michigan Compiled Laws, for which the district or intermediate district receives reimbursement under section 52. Allocations to districts and intermediate districts under this section shall be based on data reported by the districts and intermediate districts for the current school year.

(2) Transportation aid under subsection (1) is based upon an allowance for each vehicle used for transportation and calculated for each district and intermediate district by the department on the basis of all of the following factors:

(a) An overhead allowance of \$200.00 per special education pupil transported.

(b) A regional allowance of between \$9,500.00 and \$15,000.00 per vehicle, depending on the region, based upon the following:

(i) Transportation staff salary.

(ii) Regional cost variation.

(c) An amortization cost per pupil of 100% of cost for pupil transportation fleet vehicles.

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

(e) Authorized miles traveled per pupil of \$0.15 per mile.

(3) The rate of aid for contracted transportation services or transportation services provided through the use of public transit systems is comparable to the rate of aid for district-owned bus fleets.

(4) Districts and intermediate districts may apply to the department for exceptions to the district's or intermediate district's formula transportation allowance under this section regarding the costs of transporting pupils when exceptional conditions or circumstances impose unavoidably unusual expenses for transporting pupils to their regularly scheduled classes.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$28,560,000.00 for 1995-96 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to state board rules. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the state board.

(2) Except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, districts and intermediate districts shall be reimbursed for local vocational administration, shared time vocational administration, and career education planning district vocational-technical administration. The definition of what constitutes administration and reimbursement shall be pursuant to guidelines adopted by the state board. Not more than \$800,000.00 of the allocation in subsection (1) shall be distributed under this subsection.

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

(a) "Membership" means the total membership in 1994-95 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1994-95 of the area vocational-technical education program.

(b) "Millage levied" means the millage levied for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976, being sections 380.681 to 380.690 of the Michigan Compiled Laws, including a levy for debt service obligations incurred as the result of borrowing for capital outlay projects and in meeting building and site fund requirements of area vocational-technical education.

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the school code of 1976, the membership and taxable value of that district shall not be included in the membership and taxable value of the intermediate district.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$7,200,000.00 for 1995-96 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the school code of 1976, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in 1994-95 shall be made in 1995-96 at an amount per 1994-95 membership pupil computed by subtracting from \$93,500.00 the 1994-95 taxable value behind each membership pupil, and multiplying the resulting difference by the 1994-95 millage levied. However, the department shall prorate the allocations as necessary.

Sec. 64. A district may provide vocational education training in partnership with a business entity under a written agreement.

Sec. 66. An intermediate board may conduct, operate, participate in, administer, or serve as fiscal agent for 1 or more programs involving job training and development, including, but not limited to, workforce development programs, school-to-work initiatives, or programs under the job training partnership act, Public Law 97-300, 96 Stat. 1322. The

intermediate board may enter into contracts with other governmental units or agencies, other educational entities, nonprofit corporations, or other responsible entities for administering, operating, implementing, or receiving funds for the programs. After charging appropriate costs to other participating entities, the intermediate board may expend intermediate district funds that are not otherwise restricted, including unrestricted operating funds received under this act, on the programs as the intermediate board considers necessary and appropriate.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,625,000.00 for 1995-96 for the purposes of subsections (2) and (3).

(2) From the allocation in subsection (1), there is allocated the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to section 51 of the pupil transportation act, Act No. 187 of the Public Acts of 1990, being section 257.1851 of the Michigan Compiled Laws. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or driver skills road tests shall be made by the department to the college or university or intermediate school district providing the course of instruction.

(3) From the allocation in subsection (1), there is allocated the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the school code of 1976, being section 380.1323 of the Michigan Compiled Laws. Districts funded under this subsection shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

Sec. 76. If a district received money in 1993-94 attributable to nonspecial education transportation under former section 71 and that money was included in calculating the district's combined state and local revenue per membership pupil in 1993-94 under section 20(21), as that section was in effect for 1994-95, then the district shall use money received under section 20 as the funding for transporting nonpublic school students as required under section 1321 of the school code of 1976, being section 380.1321 of the Michigan Compiled Laws.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for 1995-96 to the intermediate districts the sum necessary, but not to exceed \$76,676,300.00 for 1995-96, to provide state aid to intermediate districts under this subsection and subsections (2) and (3). Except as otherwise provided in this section, there shall be allocated to each intermediate district an amount obtained by multiplying the sum of the amount of funding actually received by each intermediate district in 1994-95 under subsections (4) and (7), as in effect for 1994-95, plus 90% of the funding actually received by or paid on behalf of each intermediate district in 1994-95 under sections 146a(1) and 147(1), as in effect for 1994-95, times 103.05%. Funding provided under this section shall be used to comply with requirements of this act and the school code of 1976 that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(3) If an intermediate district participated in 1993-94 in a consortium operating a regional educational media center under section 671 of the school code of 1976, being section 380.671 of the Michigan Compiled Laws, and rules promulgated by the state board, and if the intermediate district obtains written consent from each of the other intermediate districts that participated in the consortium in 1993-94, the intermediate district may notify the department not later than October 1, 1995 that it is electing to directly receive its payment attributable to participation in that consortium. An intermediate district making that election, and that has obtained the necessary consent, shall receive for 1995-96 for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of 103.05% of the 1993-94 allocation to the fiscal agent for that consortium under former section 83 divided by the combined total 1995-96 membership in all of the intermediate districts that participated in that consortium and their constituent districts. The amount allocated to an intermediate district under this subsection for 1995-96 shall be deducted from the total allocation for 1995-96 under this section to the intermediate district that was the 1993-94 fiscal agent for the consortium.

(4) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house

and senate fiscal agencies not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year.

(5) In order to receive funding under this section, an intermediate district shall demonstrate to the satisfaction of the department that the intermediate district employs at least 1 person who is trained in pupil counting procedures, rules, and regulations.

(6) The department shall prorate payments under this section as necessary.

Sec. 91a. If a district allowed a nonresident pupil to enroll in the district under a pilot intermediate district schools of choice program under former section 91, the district shall continue to allow that pupil to enroll in the district until the pupil graduates from high school even if the district ceases to participate in the pilot intermediate district schools of choice program or the program is discontinued.

Sec. 91b. If a district allows a nonresident pupil described in section 6(4)(k) to enroll in the district, the district shall continue to allow that pupil to enroll in the district until the pupil graduates from high school.

Sec. 91c. A pupil who transfers to a district other than the pupil's district of residence under an intermediate district schools of choice pilot program under former section 91 or a pupil described in section 6(4)(k) who transfers to a district other than the pupil's district of residence is ineligible to participate in interscholastic athletic competition for a period of 1 semester from the date the pupil transfers.

Sec. 94. From the general fund money appropriated in section 11, there is allocated to the department for 1995-96 an amount not to exceed \$1,500,000.00 to provide technical assistance to districts for school accreditation purposes as described in section 1280(9) of the school code of 1976, being section 380.1280 of the Michigan Compiled Laws.

Sec. 94a. From the general fund money appropriated in section 11, there is allocated to the department for 1995-96 an amount not to exceed \$25,000.00 for 1 or more grants for funding the costs of production and distribution of audiotape textbooks for pupils whose disabilities limit their use of standard print, including, but not limited to, pupils who are blind, visually impaired, learning disabled, or physically impaired. To receive a grant under this section, an entity shall apply to the department in a form and manner prescribed by the department. A grant recipient may use the funds for recording new material or copying existing recordings, or both.

Sec. 95. (1) From the appropriations in section 11, there is allocated \$8,000,000.00 from the state school aid fund appropriation and \$2,000,000.00 from the general fund appropriation for 1995-96 for professional development for teachers and others within the educational community. The total allocation under this section shall be distributed as follows:

(a) \$6,500,000.00 is allocated from the state school aid fund to districts on a per pupil basis, with each district receiving the same amount per pupil.

(b) \$1,500,000.00 is allocated from the state school aid fund to intermediate districts on a per pupil basis for each pupil in membership in the intermediate district or in a constituent district, with each intermediate district receiving the same amount per pupil.

(c) \$2,000,000.00 is allocated from the general fund to the department for statewide professional development initiatives.

(2) Subject to subsection (3), the professional development funds allocated under this section may be used for any of the following:

(a) Advancement of the initiatives under sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "Public Act 25 of 1990".

(b) Improving instructional and support staff skills.

(c) Other areas of professional development identified in the school code of 1976.

(3) Of the money allocated to the department under subsection (1)(c), at least \$500,000.00 shall be used for 1 or more programs to train elementary level teachers who are employed by a district during the 1995-96 school year to become more proficient in multiple reading techniques to address and teach pupils with reading disabilities, including, but not limited to, dyslexia, and \$100,000.00 shall be used for a grant to provide matching funds for a \$100,000.00 grant provided by the W. K. Kellogg foundation for systematic professional development for teachers in school readiness programs funded under section 36.

(4) In order to provide accountability for this program, the superintendent of a district or intermediate district shall submit to the department, in a form and manner determined by the department, a written assurance of compliance with all provisions of this section not later than May 20 of the current fiscal year. Failure to comply with this subsection will

result in the withholding of an amount equal to the June payment for programs funded under this section until the district or intermediate district complies with this subsection. If the district or intermediate district does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the state school aid fund.

(5) In order to receive funds under this section, a grant recipient shall allow access for the department or the department's designee to audit all records related to the program for which it receives such funds. The grant recipient shall reimburse the state for all disallowances found in the audit.

Sec. 99. (1) From the general fund/general purpose appropriation in section 11, there is allocated an amount not to exceed \$7,614,000.00 for 1995-96 for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board on February 17, 1993.

(2) Within a service area designated locally, approved by the department, and consistent with the master plan described in subsection (1), an established mathematics and science center shall address 2 or more of the following 6 basic services, as described in the master plan, to constituent districts and communities: leadership, pupil services, curriculum support, community involvement, professional development, and resource clearinghouse services.

(3) The department shall not award a grant under this section to more than 1 mathematics and science center located in a particular intermediate district unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the intermediate district.

(4) As part of the technical assistance process, the department shall provide minimum standard guidelines that may be used by the mathematics and science center for providing fair access for qualified pupils and professional staff as prescribed in this section.

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 25 established mathematics and science centers and the 8 satellite extensions that were funded in 1994-95. Each established mathematics and science center that was funded in 1994-95 shall receive an amount equal to 110% of the amount it received under this section in 1994-95. The balance of the allocation under this section for 1995-96 shall be distributed as determined by the department, subject to approval by the house and senate appropriations subcommittees that have responsibility for this act.

(6) An established mathematics and science center shall submit to the department and the department of management and budget by May 20 of the fiscal year a signed assurance that the mathematics and science center has addressed 2 or more of the 6 basic service areas as described in the master plan. If a mathematics and science center does not comply with this subsection, the department shall withhold an amount equal to the June payment due under this section until the mathematics and science center complies with this subsection. If the mathematics and science center does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

(7) In order to receive funds under this section, a grant recipient shall allow access for the department or the department's designee to audit all records related to the program for which it receives such funds. The grant recipient shall reimburse the state for all disallowances found in the audit.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth Friday after the pupil membership count day and not later than the fifth Friday after the supplemental count day, each district superintendent through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the school code of 1976, being section 380.1561 of the Michigan Compiled Laws, shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to rules promulgated by the state board. Not later than the seventh Friday after the pupil membership count day and not later than the seventh Friday after the supplemental count day, the intermediate district shall transmit to the department the data filed by each of its constituent districts. If a district fails to file the sworn and certified copy with the intermediate superintendent in a timely manner, as required under this subsection, the intermediate district shall notify the department and state aid due to be distributed under this act shall be withheld from the defaulting district immediately, beginning with the next payment after the failure and continuing with each payment until the district complies with this subsection. If an intermediate district fails to transmit the data in its possession in a timely and accurate manner to the department, as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If a district or intermediate district does not comply with this subsection by the end of the fiscal year, the district or intermediate district forfeits the amount withheld. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by section 161.

(2) Not later than the twenty-fourth Friday after the pupil membership count day and not later than the twenty-fourth Friday after the supplemental count day, an intermediate district shall submit to the department, in a form and manner prescribed by the department, the audited enrollment and attendance data for the pupils of its constituent districts and of the intermediate district. For 1995-96 only, if an intermediate district cannot submit the audited data as described in this subsection in a timely manner, the intermediate district may request an extension in writing from the department. If an intermediate district fails to transmit the audited data as required under this subsection and does not request a waiver from the department in writing, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If an intermediate district does not comply with this subsection by the end of the fiscal year, the intermediate district forfeits the amount withheld.

(3) Each district shall provide a minimum of 180 days and the required minimum number of hours of pupil instruction. The required minimum number of hours of pupil instruction is as follows: in 1994-95, each district shall provide a minimum of 900 hours of pupil instruction; in 1995-96 and 1996-97, each district shall provide a minimum of 990 hours of pupil instruction; in 1997-98 and 1998-99, each district shall provide a minimum of 1,035 hours of pupil instruction; and, beginning in 1999-2000, each district shall provide a minimum of 1,080 hours of pupil instruction. Except as otherwise provided in this act, a district failing to hold 180 days of pupil instruction shall forfeit 1/180 of its total state aid appropriation for each day of failure. Except as otherwise provided in this act, a district failing to comply with the required minimum hours of pupil instruction shall forfeit from its total state aid allocation an amount determined by applying a ratio of the time duration the district was in noncompliance in relation to the required minimum number of hours. A district failing to meet both the minimum 180 days of pupil instruction requirement and the minimum number of hours requirement of pupil instruction shall be penalized only the higher of the 2 amounts calculated under the forfeiture provisions of this subsection. Not later than August 1, the board of each district shall certify to the department the number of days and hours of pupil instruction in the previous school year. If the district did not hold at least 180 days and the required minimum number of hours of pupil instruction, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (8). Days lost because of strikes or teachers' conferences shall not be counted as days of pupil instruction. A district not having 75% of the district's membership in attendance on any day shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to the specified percentage. The state board shall promulgate rules for the implementation of this subsection.

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

(5) A public school academy shall not be allotted or paid a sum under this act in a fiscal year if the department determines that at the end of the preceding school fiscal year the amount of funds on hand in the public school academy available for the payment of the operation cost of the public school academy exceeded the amount of money expended for operation cost by the public school academy during the preceding school fiscal year.

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

(7) Upon application by the district for a particular fiscal year, the state board may waive the 180-day requirement of subsection (3) for a district if the district has adopted an experimental school year schedule in 1 or more buildings in the district if the experimental school year schedule provides the required minimum number or more hours of pupil instruction and is consistent with all state board policies on school improvement and restructuring. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section of part of its state aid allocation for the specific building or program covered by the waiver.

(8) Not later than January 31 of each fiscal year, the board of each district shall certify to the department the planned number of days and hours of pupil instruction in the district for the school year ending in the fiscal year. In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this act that is equal to the proportion below 180 days and the required minimum number of hours, as specified in the following:

(a) The district fails to operate its schools for a minimum of 180 days and the required minimum number of hours of pupil instruction in a school year, including days counted under subsection (4).

(b) The board of the district takes formal action not to operate its schools for a minimum of 180 days and the required minimum number of hours of pupil instruction in a school year, including days counted under subsection (4).

(9) In providing 990 hours of instruction for 1995-96, a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for 990 hours of instruction, excluding study halls, or 1,080 hours of instruction, including up to 2 study halls.

(b) The time a pupil is assigned to any tutorial activity in a block schedule may be considered instructional time, unless that time is determined in an audit to be a study hall period.

(c) A pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the pupil's best educational interest must be scheduled for a minimum of 770 hours of pupil instruction to be considered a full-time equivalent pupil.

(d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a special education pupil cannot receive 990 hours of pupil instruction solely because of travel time between instructional sites during the school day, that travel time, up to a maximum of 2 1/2 hours per school week, shall be considered to be pupil instruction time for the purpose of determining whether the pupil is receiving 990 hours of pupil instruction. However, if a district demonstrates to the satisfaction of the department that the travel time limitation under this subdivision would create undue costs or hardship to the district, the department may consider more travel time to be pupil instruction time for this purpose.

(10) The department shall apply the guidelines under subsection (8) in calculating the full-time equivalency of pupils.

(11) Upon application by the district for a particular fiscal year, the state board may waive for a district the 180-day requirement of subsection (3) for a department-approved alternative education program. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section for the specific program covered by the waiver.

Sec. 102. (1) A district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and a district or intermediate district shall not incur an operating deficit in a fund during a school fiscal year. A district or intermediate district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district or intermediate district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate the district's or intermediate district's deficit not later than the end of the second school fiscal year after the deficit was incurred. Withheld state aid payments shall be released after the department approves the deficit reduction plan and ensures that the budget for the current school fiscal year is balanced.

(2) Not later than December 1 of each year, the department shall prepare a report of deficits incurred by districts and intermediate districts in the immediately preceding fiscal year and the progress made in reducing those deficits and submit the report to the standing committees of the legislature responsible for K-12 education legislation, the appropriations subcommittees of the legislature responsible for K-12 education appropriations, the house and senate fiscal agencies, the state treasurer, and the department of management and budget. The department shall also submit interim reports concerning district and intermediate district deficits as necessary.

(3) The amount of the permissible deficit for each school fiscal year shall not exceed the amount of state aid reduced by an executive order during that school fiscal year.

(4) A district or intermediate district with an existing deficit or which incurs a deficit shall submit to the department a monthly monitoring report on revenue and expenditures in a form and manner prescribed by the department.

(5) If a district or intermediate district is not able to comply with the provisions of this section, the district or intermediate district shall submit to the department a plan to eliminate its deficit. Upon approval of the plan submitted, the superintendent of public instruction may continue allotment and payment of funds under this act, extend the period of time in which a district or intermediate district has to eliminate its deficit, and set special conditions that the district or intermediate district must meet during the period of the extension.

(6) For the purposes of this section, a district or intermediate district is considered to have incurred an operating deficit if the district or intermediate district incurs any withholding of or financial penalty, other than a temporary delay, against any portion of its total state school aid allocation under this act.

Sec. 104a. (1) In order to receive state aid under this act, a district shall comply with this section and shall award a state-endorsed high school diploma to an eligible graduate as provided in this section. For a pupil scheduled to graduate in 1994, 1995, or 1996 to be eligible for a state-endorsement in 1 or more of the subject areas of communication arts, mathematics, or science, the pupil must achieve at least 1 of the following:

(a) A passing score on locally-adopted and state-approved basic proficiency tests measuring proficiency in 1 or more of the subject areas specified in this subsection.

(b) If the pupil is eligible to take the general education development (G.E.D.) test, a passing score in 1 or more of the subject areas specified in this subsection and tested in the G.E.D. test.

(c) For a state endorsement in communications arts, at least a score of moderate on the reading portion of the Michigan educational assessment program (MEAP) grade 10 test; for a state endorsement in mathematics, at least a score of moderate on the mathematics portion of the MEAP grade 10 test; and, for a state endorsement in science, at least 50% of the objectives on the science portion of the MEAP grade 11 test. For pupils scheduled to graduate in 1997,

the department may use a version of the science assessment instrument developed under subsection (8) instead of the science portion of the MEAP grade 11 test, and, in its discretion, may administer that science assessment instrument in the fall of 1995 or the spring of 1996, or both. If the department uses that science assessment instrument, as provided under this subdivision, the department, based on expert advice, shall determine the level of proficiency that must be demonstrated for a pupil scheduled to graduate in 1997 to earn a state endorsement in science. That level of proficiency shall be comparable to the level of proficiency that pupils scheduled to graduate in 1996 were required to demonstrate on the science portion of the MEAP grade 11 test to earn a state endorsement in science.

(2) For pupils scheduled to graduate in 1997, if a pupil achieves the outcomes required by the state board, as measured by an assessment instrument developed under subsection (8), for a state-endorsed high school diploma, or meets the requirements described in subsection (1)(c) for a state-endorsed diploma, in 1 or more of the subject areas of communications skills, mathematics, and science, the pupil's district shall award a state endorsement on the pupil's diploma in each of the subject areas in which the pupil demonstrated the required proficiency. Beginning with pupils scheduled to graduate in 1998, if a pupil achieves the outcomes required by the state board, as measured by an assessment instrument developed under subsection (8), for a state-endorsed high school diploma in 1 or more of the subject areas of communications skills, mathematics, and science, the pupil's district shall award a state endorsement on the pupil's diploma in each of the subject areas in which the pupil demonstrated the required proficiency. A district shall not award a state endorsement to a pupil unless the pupil meets the applicable requirements for the endorsement, as described in this subsection. A school district may award a high school diploma to a pupil who successfully completes local district requirements established in accordance with state law for high school graduation, regardless of whether the pupil is eligible for any state endorsement.

(3) A district that offers a pupil the opportunity to pass a basic proficiency test described in subsection (1)(a) as 1 means to obtain a state-endorsed diploma in 1994, 1995, or 1996 may submit the district's own basic proficiency test to the department for approval to be used by the district to assess proficiency.

(4) A pupil who does not achieve at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, may be reevaluated each school year until the pupil achieves an applicable requirement for a state-endorsed diploma. In addition, the board of the district in which the pupil is enrolled shall provide that there be at least 1 meeting attended by at least the pupil and a member of the district's staff or a local or intermediate district consultant who is proficient in the measurement and evaluation of pupils. The district may provide the meeting as a group meeting for pupils in similar circumstances. If the pupil is a minor, the district shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the meeting and shall mail a notice of the meeting to the pupil's parent, legal guardian, or person in loco parentis. The purpose of this meeting and any subsequent meeting under this subsection shall be to determine an educational program for the pupil designed to have the pupil reach proficiency in each subject or skill area in which he or she was assessed by the testing as not proficient. In addition, a district may provide for subsequent meetings with the pupil conducted by a high school counselor or teacher designated by the pupil's high school principal, and shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the subsequent meetings. The board may provide special programs for the pupil or may develop a program using the educational programs regularly provided by the district. A pupil may be reevaluated at any time the district administers an applicable assessment instrument.

(5) For a state-endorsed diploma, a pupil must achieve at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, in addition to any other requirements established by law or by the board of a district for a high school diploma. If the board of a district determines that a pupil qualifies for a state-endorsed diploma, the board shall indicate on the pupil's high school diploma and transcript that the pupil achieved the proficiency necessary for receipt of a state-endorsed diploma.

(6) An individual may repeat any of the tests or assessment instruments specified in subsection (1) or subsection (2), as applicable, at any time the district or department regularly offers the test or assessment and, upon achieving at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, and completing all other applicable requirements for a high school diploma, shall be awarded a state-endorsed diploma.

(7) A district shall provide accommodations to a pupil with disabilities for the proficiency testing or assessment required under this section, as provided under section 504 of title V of the rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle A of title II of the Americans with disabilities act of 1990, Public Law 101-336, 42 U.S.C. 12131 to 12134; and the implementing regulations for those statutes. A special education pupil scheduled to graduate in 1994, 1995, or 1996 who has passed an alternative form of assessment permitted under this section as it was in effect for 1992-93 shall receive the applicable endorsement under this section.

(8) Not later than July 31, 1993, for the purposes of this section, the state board shall develop or select and approve assessment instruments to determine pupil proficiency in communications skills, mathematics, and science. The assessment instruments shall be based on the state board model core curriculum outcomes.

(9) Not later than July 31, 1995, the state board shall develop or select and approve assessment instruments for the purpose of awarding state endorsements of advanced mastery in specified subject areas.

Sec. 107b. (1) Subject to subsection (7), from the general fund/general purpose money appropriated in section 11, there is allocated for 1994-95 a sum not to exceed \$32,000,000.00 for grants to provide a JOBS grant program, which includes the education designed for gainful employment (EDGE) adult education program. An applicant may be a district, intermediate district, community college, public or private nonprofit college or university, nonprofit organization that provides school-to-work transition programs or that provides employment and training services or vocational rehabilitation programs or state licensed accredited vocational or technical education programs, proprietary school licensed by the state board, service delivery area organized under the federal job training partnership act, Public Law 97-300, 96 Stat. 1322, or a consortium consisting of any combination of districts, intermediate districts, community colleges, nonprofit organizations described in this subdivision, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subdivision.

(2) JOBS participants shall be limited to recipients of aid to families of dependent children under section 56 of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.56 of the Michigan Compiled Laws, and may include such individuals referred to a job club program by a county department of social services or a county friend of the court as long as the participation in the job club is part of an application made under this section.

(3) A grant recipient under this section shall receive funds only after signing a contract with the governor's workforce commission established by executive order 1993-3. The funding shall be disbursed by the commission. The commission may prorate the payments as necessary.

(4) Participants in the JOBS program shall not be counted in membership.

(5) A grant recipient conducting a JOBS program under this section shall allow access for the commission or the commission's designee to audit all records related to the program for all entities that receive money, either directly or indirectly through a contract, under this section. The recipient or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(6) The commission shall submit to the house and senate fiscal agencies and the department of management and budget by March 15 of each fiscal year an interim report on the JOBS program, including at least a listing of the number of JOBS participants in each program that received a grant under this section. A grant recipient under this section shall provide appropriate data on participants in a form and manner prescribed by the commission.

(7) Of the \$32,000,000.00 allocated under subsection (1), \$3,000,000.00 shall not be expended in 1994-95 but instead shall lapse to the general fund.

Sec. 107e. (1) From the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$185,000,000.00 for adult education categorical payments to districts, consortia, or cooperative programs on a per participant basis, as provided in this section, in an amount, subject to subsections (19) and (20), not to exceed \$5,500.00 or the district's foundation allowance under section 20, whichever is less, per participant. These payments are for operation of adult basic education programs, adult high school completion programs, alternative education programs operated through adult education other than those described in section 6(4)(h), and general education development test (G.E.D.) preparation programs.

(2) Except as otherwise provided in this section, the maximum number of full-time equated participants for which the district, consortium, or cooperative program may receive payments under this section is the number of adult education participants counted as participants in the district, consortium, or cooperative program in 1993-94 in an adult basic education program, an adult high school completion program, an alternative education program operated through adult education, or a G.E.D. preparation program, as counted in the final audited 1993-94 participant count, after adjustments under former section 107, as adjusted for the change in the basis for determining full-time equated participants from 480 to 900 hours. However, if a district or consortium demonstrates to the satisfaction of the department that in 1993-94 it conducted a 900-hour program of alternative education through adult education, the district's or consortium's final audited 1993-94 participant count for participants in that 900-hour program shall not be adjusted for the change from 480 to 900 hours. The maximum number of participants in a consortium or cooperative program shall be adjusted to reflect the 1993-94 participants transferred into or out of the consortium or cooperative program. In computing the maximum number of full-time equated participants for which a district, consortium, or cooperative program may receive payments under this section, any adjustment under former section 107 shall be made on a full-time equated basis only.

(3) If the department determines as of May 1 of a fiscal year that the total amount allocated under this section exceeds the amount necessary to fully fund payments for the number of participants counted under subsection (2), the department may allow districts, consortia, and cooperative programs to count additional participants on a prorated basis and may make payments under this section to districts, consortia, and cooperative programs for those additional participants.

(4) Except for an individual enrolled in the state technical institute and rehabilitation center who is less than 20 years of age on September 1 of the school year or an individual who is enrolled for a maximum of 1 year in an English as a second language program, an individual who has obtained a high school diploma shall not be counted as a participant under this section. Unless the individual is a participant in an adult high school completion program, an individual who

has obtained a general education development (G.E.D.) certificate shall not be counted as a participant under this section.

(5) A participant in a program funded under this section shall not be counted in membership in a district.

(6) Except as provided in this subsection, payments under this section shall be made as provided in section 17b. A district, consortium, or cooperative program that counts adult education participants under this section and complies with the requirements of this section shall receive regularly scheduled state aid payments for which the district, consortium, or cooperative program qualifies under this section in accordance with the following, up to maximum of 100%:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for classroom attendance.

(c) Ten percent for attainment of a high school diploma; for passage of the G.E.D. test; for completion of the adult basic education objectives by achieving an eighth grade level in reading, English, or mathematics; or for completion of the class and demonstrated proficiency in the academic or vocational skills to be learned in the class.

(7) Payment adjustments under subsection (6) shall be in addition to any adjustments used in determining the maximum number of full-time equated participants under subsection (2).

(8) A district, consortium, or cooperative program that counts adult education participants under this section shall allow access for the department or the department's designee to audit all records related to the adult education program for all entities that receive money, either directly or indirectly through a contract, from the participants counted under this section. The recipient or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(9) A district, consortium, or cooperative program receiving funds from the job training partnership act, Public Law 97-300, 96 Stat. 1322, or a district operating a training program approved by the department may amend the number of participants counted under this section to include individuals participating in the job training partnership act program or a training program approved by the department. The participant count day for these participants shall be the third Friday after the first Monday after the start of instruction for the program. Payments received under this section for these participants shall be reduced 1/900 for each hour of classroom instruction the participants are scheduled to receive under 900 hours and further reduced to ensure that the combined aid under this section and job training partnership act or other approved training program aid for the programs do not exceed the cost of the programs as verified by the intermediate school district of the district operating the programs.

(10) An individual 26 years of age or older residing in a mental health institution or a nursing home and receiving educational services on site shall not be counted as an adult education participant under this section.

(11) The participant count days for counting participants in adult education programs under this section are the first Friday in October and the second Friday in February.

(12) The prorated allocation for an adult education participant under this section shall be computed by applying a ratio that is the relation between the number of hours of student instruction received and 900 clock hours of classroom instruction. Time required to pass to and from classes, and up to 5 hours of tutorial assistance provided to a participant to make up for an equal number of hours of excused absence by the participant, as documented and reported by the district, shall be counted as classroom instruction, but meal time, study halls, or recess time shall not be counted as classroom instruction. A district that receives funding under this section shall submit to the department, not later than November 1, a resolution adopted by its board indicating that the district complies with all of the following requirements:

(a) The district uses as guidelines the adult education standards of quality approved by the state board.

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

(c) The district has implemented an adult education evaluation plan.

(13) For purposes of determining the number of participants under this section, a district, consortium, or cooperative program may count toward classroom instruction not more than the number of credits required by the district for a high school diploma, including those specified in subdivisions (a) through (e) in the following courses and number of credit hours:

(a) Except as provided in subdivision (e), a total of 10 credits of English or communication skills, mathematics, science, and social science, with not more than 3 credits each of mathematics, science, and social science and not more than 4 credits of English or communication skills.

(b) Except as provided in subdivision (e), 1 credit of health.

(c) Except as provided in subdivision (e), 4 credits of a foreign language, vocational-technical education as approved by the department, occupational skills training as approved by the department, or any combination thereof.

(d) Except as provided in subdivision (e), 1 credit of computer education, or the equivalent, as approved by the department.

(e) A total of 4 additional credits of any of the subjects specified in subdivisions (a) through (d), fine and performing arts or practical arts, or any combination thereof, as approved by the department.

Participants enrolled in fine and performing arts or practical arts classes shall also be enrolled and attend within the same semester at least 1 of the classes listed in subdivisions (a) through (d) in order to generate membership for the fine and performing arts or practical arts class.

(14) For purposes of subsection (13), a credit hour shall not exceed 120 clock hours of classroom instruction, and credit hours earned by a participant during previous school years shall be counted. Participants enrolled and making progress in adult basic education may be prorated.

(15) In order to be eligible to count adult education participants under this section, a district shall allow those participants who have more than the credits specified in subsection (13) to attend those classes needed in order to complete graduation requirements. The district shall not assess a fee or receive funding under this section for these credits.

(16) A district operating an adult education program under this section shall do all of the following:

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

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

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

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

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

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

(g) Expend at least 5% of the funds received under this section for academic, vocational, and job counseling for adult education participants.

(h) Use the funds received under this section to support actual reasonable costs of the adult education programs, except that the district may use revenue in addition to that needed to meet the costs of the adult education program to provide supplemental services within the district in the areas of early childhood education, alternative education, dropout prevention, teen parent programs for youth, or other department-approved education programs other than community education.

(17) Two or more K to 12 districts may conduct adult education programs on a cooperative basis. Cooperating districts shall enter into an annual written agreement which shall cover all of the high school completion programs and adult basic education programs offered within the participating districts. Exceptions to this provision may be made with the approval of the department. An agreement shall include the educational, administrative, management, operational, and financial matters concerning adult education programs and services offered by all the participating districts. One district shall be designated in the agreement as the administrator of the adult education cooperative program and shall operate the program as a direct extension of the district. The district serving as the administrator of the adult education program shall reimburse only direct expenses and the reasonable rental value of facilities provided directly to the program by a cooperative district. These fees shall reflect only actual costs to the cooperating district. If the cooperating district did not receive an allocation under former section 21(1) in 1993-94, the fees shall not exceed 12.5% of the amount of the payment the administering district receives that is attributable to the participation of the cooperating district. No other payments may be made to a cooperating district by the district serving as the administrator of the adult education program. The fee schedule to be paid by the administrative district of the adult education program shall be included as part of the annual written agreement between cooperating districts. The administrative district shall maintain for 5 years records of fees paid under the agreement. The funds generated by the administering district shall be used to support actual reasonable costs of the adult education programs in the cooperative program with the exception that administering districts may use revenues in addition to that needed to meet the costs of the adult education program to provide supplemental services within the consortium in the areas of early childhood education, alternative education, dropout prevention, teen parent programs for youth, or other department-approved education programs other than community education. In order to receive funds under this section for the program, not later than November 30 of the fiscal year the board of each of the cooperating districts shall adopt and submit to the department a resolution indicating compliance with this subsection.

(18) Except for a district described in subsection (20)(c), a district that did not receive an allocation under former section 21(1) in 1993-94, with the approval of the department, may enter into a cooperative arrangement with a district

that receives payment under this section for the purpose of obtaining educational services for adult education participants. These cooperative arrangements shall meet the same conditions as those listed in subsection (17). In these cooperative arrangements, the district that did not receive an allocation under former section 21(1) in 1993-94 may receive from the district that provides the educational services an amount for administrative costs not to exceed 12.5% of the amount of the payment under this section the providing district receives that is attributable to the cooperative arrangement. In order to receive funds under this section for the program, the board of each of the cooperating districts shall adopt and submit to the department a resolution indicating compliance with this subsection.

(19) If a district participates in 1994-95 in a consortium or cooperative program that operates an adult education program under this section and the district either participated in 1993-94 in a different adult education consortium or cooperative program or operated an adult education program itself in 1993-94, the number of adult education participants from that district shall be counted only in the consortium or cooperative program in which the district participates in 1994-95.

(20) The amount paid under this section per participant for adult education participants from a district that either participates in 1994-95 in a consortium or cooperative program that operates an adult education program or participated in 1993-94 in such a consortium or cooperative program shall be calculated as follows:

(a) If a district participates in 1994-95 in a consortium or cooperative program that operates an adult education program under this section and the district participated in 1993-94 in a different adult education consortium or cooperative program, the amount paid under this section per participant for adult education participants from that district shall be the lesser of the 1994-95 administering district's foundation allowance, the 1993-94 administering district's foundation allowance, or \$5,500.00.

(b) If a district participates in 1994-95 in a consortium or cooperative program that operates an adult education program under this section and the district operated an adult education program itself in 1993-94, the amount paid under this section per participant for adult education participants from that district shall be the lesser of that district's foundation allowance, the administering district's foundation allowance, or \$5,500.00.

(c) If a district participated in 1993-94 in an adult education consortium or cooperative program, and if there is written approval by the boards of all of the consortium or cooperative program members for the district to withdraw from the consortium or cooperative program, the district may operate an adult education program under this section in 1994-95, and the amount paid under this section per participant for adult education participants from that district shall be the lesser of that district's foundation allowance, the foundation allowance of the district that administered the consortium or cooperative program in 1993-94, or \$5,500.00.

(21) The department shall prorate payments under this section as necessary.

(22) As used in this section, "participant" means the average number of full-time equated individuals age 16 or older enrolled in and attending a department-approved adult basic education program, adult high school completion program, or G.E.D. preparation program, determined by the department by adding the number of those individuals counted as of the October participant count day and the number of those individuals counted as of the February participant count day, and dividing that sum by 2, and as corrected by subsequent department audit. In addition, if a person age 16 to 20 enrolled in and attending an alternative education program operated through an adult education program is not counted as a pupil under section 6(4)(h), the individual may be counted as a participant under this section.

Sec. 107f. (1) From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$185,000,000.00 for adult education categorical payments to districts, consortia, or cooperative programs on a per participant basis, as provided in this section, in an amount, subject to subsections (19) and (20), not to exceed \$5,500.00 or the district's foundation allowance under section 20, whichever is less, per participant. These payments are for operation of adult basic education programs, adult high school completion programs, alternative education programs operated through adult education, general education development test (G.E.D.) preparation programs, and job or employment related programs.

(2) Except as otherwise provided in this section, the maximum number of full-time equated participants for which the district, consortium, or cooperative program may receive payments under this section is the number of adult education participants counted as participants in the district, consortium, or cooperative program in 1993-94 in an adult basic education program, an adult high school completion program, an alternative education program operated through adult education, or a G.E.D. preparation program, as counted in the final audited 1993-94 participant count, after adjustments under former section 107, as adjusted for the change in the basis for determining full-time equated participants from 480 to 900 hours, or the number of adult education participants counted as participants in the district, consortium, or cooperative program in 1994-95 under former section 107e, as counted in the final audited 1994-95 participant count, after adjustments under former section 107e(6), whichever is greater. However, if a district or consortium demonstrates to the satisfaction of the department that in 1993-94 it conducted a 900-hour program of alternative education through adult education, the district's or consortium's final audited 1993-94 participant count for participants in that 900-hour program shall not be adjusted for the change from 480 to 900 hours. The maximum number of participants in a consortium or cooperative program shall be adjusted to reflect the participants transferred into or

out of the consortium or cooperative program. In computing the maximum number of full-time equated participants for which a district, consortium, or cooperative program may receive payments under this section, any adjustment under former section 107, or former section 107e, shall be made on a full-time equated basis only.

(3) If the department determines as of May 1 of a fiscal year that the total amount allocated under this section exceeds the amount necessary to fully fund payments for the number of participants counted under subsection (2), the department may allow districts, consortia, and cooperative programs to count additional participants on a prorated basis and may make payments under this section to districts, consortia, and cooperative programs for those additional participants.

(4) An individual who has obtained a high school diploma or a general education development (G.E.D.) certificate shall not be counted as a participant under this section, except as follows:

(a) An individual enrolled in the state technical institute and rehabilitation center who is less than 20 years of age on September 1 of the school year.

(b) An individual who is enrolled for a maximum of 1 year in an English as a second language program.

(c) An individual enrolled in a job or employment related program and not attending an institution of higher education who is less than 20 years of age on September 1 of the school year.

(d) An individual who is determined by an appropriate assessment to be below ninth grade level in reading, English, or mathematics.

(e) An individual who has obtained a general education development (G.E.D.) certificate who is enrolled as a participant under this section in a high school completion program.

(5) A participant in a program funded under this section shall not be counted in membership in a district.

(6) Except as provided in this subsection, payments under this section shall be made as provided in section 17b. A district, consortium, or cooperative program that counts adult education participants under this section and complies with the requirements of this section shall receive regularly scheduled state aid payments for which the district, consortium, or cooperative program qualifies under this section in accordance with the following, up to maximum of 100%:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for classroom attendance.

(c) Ten percent for attainment of a high school diploma; for passage of the G.E.D. test; for completion of the adult basic education objectives by achieving an eighth grade level in reading, English, or mathematics; or for completion of the class and demonstrated proficiency in the academic or vocational skills to be learned in the class.

(7) Payment adjustments under subsection (6) shall be in addition to any adjustments used in determining the maximum number of full-time equated participants under subsection (2).

(8) A district, consortium, or cooperative program that counts adult education participants under this section shall allow access for the department or the department's designee to audit all records related to the adult education program for all entities that receive money, either directly or indirectly through a contract, from the participants counted under this section. The recipient or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(9) A district, consortium, or cooperative program receiving funds from the job training partnership act, Public Law 97-300, 96 Stat. 1322, or a district operating a training program approved by the department may amend the number of participants counted under this section to include individuals participating in the job training partnership act program or a training program approved by the department. The participant count day for these participants shall be the third Friday after the first Monday after the start of instruction for the program. Payments received under this section for these participants shall be reduced 1/900 for each hour of classroom instruction the participants are scheduled to receive under 900 hours and further reduced to ensure that the combined aid under this section and job training partnership act or other approved training program aid for the programs do not exceed the cost of the programs as verified by the intermediate school district of the district operating the programs.

(10) An individual 26 years of age or older residing in a mental health institution or a nursing home and receiving educational services on site shall not be counted as an adult education participant under this section.

(11) The participant count days for counting participants in adult education programs under this section are the first Friday in October and the second Friday in February.

(12) The prorated allocation for an adult education participant under this section shall be computed by applying a ratio that is the relation between the number of hours of student instruction received and 900 clock hours of classroom instruction. Time required to pass to and from classes, and up to 5 hours of tutorial assistance provided to a participant to make up for an equal number of hours of excused absence by the participant, as documented and reported by the district, shall be counted as classroom instruction, but meal time, study halls, or recess time shall not be counted as classroom instruction. A district that receives funding under this section shall submit to the department, not later than

November 1, a resolution adopted by its board indicating that the district complies with all of the following requirements:

- (a) The district uses as guidelines the adult education standards of quality approved by the state board.
- (b) The district has implemented an adult education participant retention plan.
- (c) The district has implemented an adult education evaluation plan.

(13) For purposes of determining the number of participants under this section, a district, consortium, or cooperative program may count toward classroom instruction not more than the number of credits required by the district for a high school diploma, including those specified in subdivisions (a) through (e) in the following courses and number of credit hours:

- (a) Except as provided in subdivision (e), a total of 10 credits of English or communication skills, mathematics, science, and social science, with not more than 3 credits each of mathematics, science, and social science and not more than 4 credits of English or communication skills.
- (b) Except as provided in subdivision (e), 1 credit of health.
- (c) Except as provided in subdivision (e), 4 credits of a foreign language, vocational-technical education as approved by the department, occupational skills training as approved by the department, or any combination thereof.
- (d) Except as provided in subdivision (e), 1 credit of computer education, or the equivalent, as approved by the department.
- (e) A total of 4 additional credits of any of the subjects specified in subdivisions (a) through (d), fine and performing arts or practical arts, or any combination thereof, as approved by the department.

Participants enrolled in fine and performing arts or practical arts classes shall also be enrolled and attend within the same semester at least 1 of the classes listed in subdivisions (a) through (d) in order to generate membership for the fine and performing arts or practical arts class.

(14) For purposes of subsection (13), a credit hour shall not exceed 120 clock hours of classroom instruction, except that a credit hour may exceed 120 clock hours of classroom instruction in a class in which participants are enrolled along with pupils, and credit hours earned by a participant during previous school years shall be counted. Participants enrolled and making progress in adult basic education may be prorated.

(15) In order to be eligible to count adult education participants under this section, a district shall allow those participants who have more than the credits specified in subsection (13) to attend those classes needed in order to complete graduation requirements. The district shall not assess a fee or receive funding under this section for these credits.

(16) A district operating an adult education program under this section shall do all of the following:

- (a) Provide the program within the geographic boundaries of the district.
- (b) Develop course descriptions for all adult basic and high school completion courses approved by the local school board which shall be available for review by the department not later than October 1 of each school year.
- (c) Have on file a planned program for adult basic education or a planned program for a high school diploma, or both, for each individual enrolled in an adult basic education program or adult high school completion program, or both, comparable to planned programs maintained for a pupil in the regular program of the district.
- (d) Ensure that the adult high school completion program is comparable to the requirements and standards of other high school completion programs in that district. If modifications are made in programs or courses, or both, to accommodate adult needs, specific rationale for the modifications shall be available for review.
- (e) Maintain participant records comparable to those maintained for the regular high school program of that district.
- (f) Submit to the department not later than October 30 each year a report describing the district's activities in the fiscal year ending the immediately preceding September 30 that pertain to requirements set forth in subdivisions (a) through (e).
- (g) Expend at least 5% of the funds received under this section for academic, vocational, and job counseling for adult education participants.

(h) Use the funds received under this section to support actual reasonable costs of the adult education programs, except that the district may use revenue in addition to that needed to meet the costs of the adult education program to provide supplemental services within the district in the areas of early childhood education, alternative education, dropout prevention, teen parent programs for youth, or other department-approved education programs other than community education.

(17) Two or more K to 12 districts may conduct adult education programs on a cooperative basis. Cooperating districts shall enter into an annual written agreement which shall cover all of the high school completion programs and adult basic education programs offered within the participating districts. Exceptions to this provision may be made with the approval of the department. An agreement shall include the educational, administrative, management, operational,

and financial matters concerning adult education programs and services offered by all the participating districts. One district shall be designated in the agreement as the administrator of the adult education cooperative program and shall operate the program as a direct extension of the district. The district serving as the administrator of the adult education program shall reimburse only direct expenses and the reasonable rental value of facilities provided directly to the program by a cooperative district. These fees shall reflect only actual costs to the cooperating district. If the cooperating district did not receive an allocation under former section 21(1) in 1993-94, the fees shall not exceed 12.5% of the amount of the payment the administering district receives that is attributable to the participation of the cooperating district. No other payments may be made to a cooperating district by the district serving as the administrator of the adult education program. The fee schedule to be paid by the administrative district of the adult education program shall be included as part of the annual written agreement between cooperating districts. The administrative district shall maintain for 5 years records of fees paid under the agreement. The funds generated by the administering district shall be used to support actual reasonable costs of the adult education programs in the cooperative program with the exception that administering districts may use revenues in addition to that needed to meet the costs of the adult education program to provide supplemental services within the consortium in the areas of early childhood education, alternative education, dropout prevention, teen parent programs for youth, or other department-approved education programs other than community education. In order to receive funds under this section for the program, not later than November 30 of the fiscal year the board of each of the cooperating districts shall adopt and submit to the department a resolution indicating compliance with this subsection.

(18) Except for a district described in subsection (20)(c), a district that did not receive an allocation under former section 21(1) in 1993-94, with the approval of the department, may enter into a cooperative arrangement with a district that receives payment under this section for the purpose of obtaining educational services for adult education participants. These cooperative arrangements shall meet the same conditions as those listed in subsection (17). In these cooperative arrangements, the district that did not receive an allocation under former section 21(1) in 1993-94 may receive from the district that provides the educational services an amount for administrative costs not to exceed 12.5% of the amount of the payment under this section the providing district receives that is attributable to the cooperative arrangement. In order to receive funds under this section for the program, the board of each of the cooperating districts shall adopt and submit to the department a resolution indicating compliance with this subsection.

(19) If a district participates in 1995-96 in a consortium or cooperative program that operates an adult education program under this section and the district either participated in 1994-95 in a different adult education consortium or cooperative program or operated an adult education program itself in 1994-95, the number of adult education participants from that district shall be counted only in the consortium or cooperative program in which the district participates in 1995-96.

(20) The amount paid under this section per participant for adult education participants from a district that either participates in 1995-96 in a consortium or cooperative program that operates an adult education program or participated in 1994-95 in such a consortium or cooperative program shall be calculated as follows:

(a) If a district participates in 1995-96 in a consortium or cooperative program that operates an adult education program under this section and the district participated in 1994-95 in a different adult education consortium or cooperative program, the amount paid under this section per participant for adult education participants from that district shall be the lesser of the 1995-96 administering district's foundation allowance, the 1994-95 administering district's foundation allowance, or \$5,500.00.

(b) If a district participates in 1995-96 in a consortium or cooperative program that operates an adult education program under this section and the district operated an adult education program itself in 1994-95, the amount paid under this section per participant for adult education participants from that district shall be the lesser of that district's foundation allowance, the administering district's foundation allowance, or \$5,500.00.

(c) If a district participated in 1994-95 in an adult education consortium or cooperative program, and if there is written approval by the boards of all of the consortium or cooperative program members for the district to withdraw from the consortium or cooperative program, the district may operate an adult education program under this section in 1995-96, and the amount paid under this section per participant for adult education participants from that district shall be the lesser of that district's foundation allowance, the foundation allowance of the district that administered the consortium or cooperative program in 1994-95, or \$5,500.00.

(21) The department shall prorate payments under this section as necessary.

(22) As used in this section, "participant" means the average number of full-time equated individuals age 16 or older enrolled in and attending a department-approved adult basic education program, adult high school completion program, or G.E.D. preparation program, and individuals less than 20 years of age on September 1 of the school year who are enrolled in a job or employment related program, as determined by the department by adding the number of those individuals counted as of the October participant count day and the number of those individuals counted as of the February participant count day, and dividing that sum by 2, and as corrected by subsequent department audit. In addition, a person age 16 to 20 enrolled in and attending an alternative education program operated through an adult education program may be counted as a participant under this section.

Sec. 111. A district having tuition pupils enrolled on the pupil membership count day of each year may charge the district in which the tuition pupils reside an amount for tuition that does not exceed the tuition rate computed under section 1401 of the school code of 1976, being section 380.1401 of the Michigan Compiled Laws. The rate charged by a district for tuition shall be uniform within each category of tuition pupils enrolled in the district.

Sec. 118. (1) Subject to subsection (3), a district shall not be allotted or paid a sum under this act unless that district pays the agreed-upon amount of tuition or other payment for pupils educated outside the boundaries of the pupil's district of residence.

(2) A district that sends pupils to 1 or more districts, that is legally liable for the payment of the amount described in subsection (1), and that fails to pay that amount in full before April 1 of each year shall remit the full amount owed to the receiving district before making any other financial expenditure or commitment for the next school fiscal year.

(3) The department shall not deduct any amount from a district's state school aid pursuant to this section unless the receiving district demonstrates to the satisfaction of the department, not later than April 30 of the same fiscal year, that the liable district has not paid the required amount as described in subsection (2).

Sec. 121. (1) The valuation of a whole or fractional district shall be the total taxable value of the property contained in the whole or fractional district as last determined by the state tax commission and placed on the ad valorem tax roll. For purposes of computations made under this act, except as provided in section 26, the taxable value of a district or intermediate district shall include the value of property used to calculate the tax imposed on lessees or users of tax-exempt property under Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan Compiled Laws. Adjustments to this taxable value shall be made for all of the following:

(a) State tax tribunal decisions.

(b) Court decisions.

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

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

(e) The requirements of this act.

(2) Adjustments under subsection (1) shall not be made for more than the 6 state fiscal years immediately preceding the state fiscal year in which the adjustment is made, except that an adjustment pursuant to a state tax tribunal decision or court decision shall be made for the tax years involved in the decision and any subsequent years affected by the decision.

Sec. 124. (1) If taxes levied for operating purposes against property constituting at least 5% of the valuation of a district are paid under protest and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected.

(2) If taxes levied for operating purposes against property constituting at least 5% of the valuation of a district are not paid by a single bankrupt debtor that files for reorganization under chapter 11 of title 11 of the United States code, 11 U.S.C. 1101 to 1174, and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected. This subsection shall be implemented upon verification by the department that the district has taken proper action to attempt to secure payment of taxes by the bankrupt debtor.

(3) If taxes levied for operating purposes against property constituting at least 4% of the valuation of a district are not paid by a single bankrupt debtor that files for reorganization under chapter 11 of title 11 of the United States code, 11 U.S.C. 1101 to 1174, and, therefore, were unavailable to the district during the 1988-91 school years, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected. This subsection shall be implemented upon verification by the department that the district has taken proper action to attempt to secure payment of taxes by the bankrupt debtor.

Sec. 145. From the amount appropriated in section 11, there is allocated for 1995-96 an amount not to exceed \$3,920,000.00 to pay the state share of desegregation costs mandated by the federal court before June 1, 1983, in *Berry v school district of the city of Benton Harbor*, United States district court for the western district of Michigan, docket no. C.A. 9.

Sec. 146a. (1) From the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$20,161,000.00 to intermediate districts for intermediate district social security and medicare. The payment for 1994-95 to each intermediate district under this subsection shall be in an amount that represents the same proportion of the total allocation under this subsection as the proportion that was paid to the intermediate district in 1993-94 of the total allocation to intermediate districts under former section 146.

(2) From the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$5,086,500.00 to intermediate districts for intermediate district social security and medicare costs attributable to special education center programs, as defined in section 6, operated by a local district for the intermediate district under article 5. The 1994-95 payment to an intermediate district under this subsection shall be in an amount based on the allocation under former section 146 times the proportion of the total salaries and wages paid by the operating districts in 1993-94 that is attributable to the salaries and wages paid in 1993-94 to employees providing services for these district-operated center programs.

(3) Except as otherwise provided in this act, the state shall not assist in payment of the employer's share of federal social security and medicare obligations for the federally funded employees of an intermediate district; for individuals employed pursuant to the Michigan youth corps act, Act No. 69 of the Public Acts of 1983, being sections 409.221 to 409.229 of the Michigan Compiled Laws; or for individuals employed pursuant to the Michigan opportunity and skills training program or project self-reliance, both administered by the department of social services, or any successor of either of those 2 programs.

(4) Payments to intermediate districts for social security and medicare obligations shall be disbursed on the payment schedule set by section 17b.

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

(6) The department may prorate payments under this section as necessary.

Sec. 147. (1) The allocations for 1995-96 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate estimated for the 1995-96 state fiscal year is 14.56%. The portion of the contribution rate assigned to districts and intermediate districts for the 1995-96 state fiscal year is all of the total 14.56 percentage points. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

(2) The health benefits reserve is the account to which appropriations of the state for public school employees retirement system health benefits and reporting unit payments are credited in addition to payments from retirees and interest earnings. Benefits payable pursuant to section 91 of Act No. 300 of the Public Acts of 1980, being section 38.1391 of the Michigan Compiled Laws, shall be paid from the health benefits reserve. However, for the 1995-96 fiscal year, if the decision issued April 25, 1995 by the Michigan supreme court in Musselman v Governor (docket nos. 97322, 97915) is overturned on rehearing so that prefunding of retirement health care benefits for members of the public school employees retirement system is not required, then any payments for health benefits made on behalf of a district that are supported by payments from the balance in the health benefits reserve, not to exceed an aggregate of \$35,000,000.00, shall be credited toward the required payment of each district and shall reduce the amount otherwise due from that district. A payment from the balance in the health benefits reserve made on behalf of a district shall be considered to be payments on behalf of the district for the purposes of calculating payments made under section 20. The credit provided under this subsection for a particular district shall be determined based on the district's percentage of the total statewide nonfederal payroll for all districts for the calendar year ending September 30, 1994.

Sec. 148. From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$450,000.00 for 1995-96 for a grant to the Detroit compact for a comprehensive school, business, government, and community partnership designed to improve the economic success of Detroit public school graduates.

Sec. 149. (1) From the general fund/general purpose appropriation in section 11, there is allocated \$2,000,000.00 for 1995-96 for the final year of a grant to the Michigan partnership for new education. The payments shall be made in 2 equal installments on October 20 and December 20. During each state fiscal year, the Michigan partnership and its partner institutions shall raise or contribute matching funds totaling at least 1/2 of the amount allocated in this section for the partnership. The Michigan partnership for new education shall use resources of the state and federal government, corporations, foundations, districts, intermediate districts, community colleges, and state universities to assist in the development and operation of a coordinated statewide educational innovation system, including, but not limited to, all of the following:

(a) Professional development schools in which K-12, intermediate district, community college, and university educators collaborate.

(b) Alliances between professional development schools and community organizations, business and industrial firms, health and human service organizations, and local government.

(c) New and strengthened collaborative programs to develop educational and community leadership.

(d) Dissemination of new knowledge, skills, and strategies to local schools, universities, and communities in cooperation with the state board, intermediate districts, community colleges, and professional education organizations and associations. Dissemination activities shall use telecommunications infrastructure as available and appropriate.

(e) New research-based strategies, instruments, and standards of accountability to assess student and educator learning, school and university performance, and community contributions to student learning and development.

(f) Coalition building at the state and local levels among key partners in government, business, and education.

(g) Educational improvement policy studies.

(2) The funds allocated under this section may be expended for purposes including, but not limited to, all of the following:

(a) Released time for teachers and administrators to collaborate on educational innovation with university faculty and community partners.

(b) Compensation for university faculty, teachers, and administrators to collaborate on educational innovation activities such as course planning, materials development, professional development, research, and dissemination.

(c) Compensation for staff necessary to facilitate the participation of teachers, administrators, university faculty, and community partners.

(d) Research reports, books, and other materials related to curriculum, instruction, organization, and management of schools.

(e) Evaluation of the work of the partnership, including professional development schools, community partnerships, university professional education preparation, product development, and dissemination networks.

(f) Meeting and travel expenses.

(3) Money appropriated under this section shall not be used, directly or indirectly, for the promotion, assistance, or development of public school academies or any other purpose related to public school academies.

(4) Not later than December 30, 1995, the Michigan partnership for new education shall submit to the senate and house appropriations subcommittees responsible for the department's budget, the senate and house fiscal agencies, the governor, the department of management and budget, and the state board a report on its activities and accomplishments for the preceding fiscal year, including evaluation results, matching funds raised or contributed, and expenditures.

Sec. 151. (1) Annually, the treasurer of each county shall furnish to the department, before August 1 following the receipt of assessment rolls, a statement of the taxable value of each district and fraction of a district within the county, and shall furnish to the department on October 1 or the next business day of each year a statement of the taxable value of each class of property of each district and fraction of a district within the county, on forms furnished by the department.

(2) The tax tribunal created by the tax tribunal act, Act No. 186 of the Public Acts of 1973, being sections 205.701 to 205.779 of the Michigan Compiled Laws, shall accumulate any changes in taxable value of each district and intermediate district and report the cumulative change in taxable value before the fourth Friday of each month to the department, the department of treasury, the department of management and budget, and the house and senate fiscal agencies.

Sec. 164b. (1) The board of a district or intermediate district shall not pay an expense incurred by a member of the board unless the payment is in compliance with section 1254 of the school code of 1976, being section 380.1254 of the Michigan Compiled Laws.

(2) In addition to the requirements of section 1254 of the school code of 1976, the board of a district or intermediate district shall not approve reimbursement of an expense incurred by a board member unless 1 or both of the following conditions is met:

(a) The board, by a majority vote of its members at an open meeting, approved reimbursement of the specific expense before the expense was incurred.

(b) The expense is consistent with a policy adopted by the board, by a majority vote of its members at a regular board meeting, establishing specific categories of reimbursable expenses and the board, by a majority vote of its members at an open meeting, approved the reimbursement before it is actually paid.

(3) Records of all payments under this section shall be open to the public.

(4) A violation of this section is punishable under section 161.

Sec. 164c. A district or intermediate district shall not use funds appropriated under this act to purchase foreign goods or services if competitively priced American goods or services of comparable quality are available.

Sec. 164d. A district or intermediate district shall not expend funds received under this act to adopt or implement a policy or practice, or to make or issue any public statement or directive, that has the effect of any of the following:

(a) Denies to a student of a particular state university access to the district or intermediate district for student teaching purposes solely because the student is enrolled in that state university.

(b) Prevents the hiring of a graduate of a particular state university solely because the individual graduated from that state university.

(c) Discourages or prohibits a counselor employed by the district or intermediate district from recommending a particular state university to a pupil of the district or intermediate district for reasons other than the suitability of the state university's educational offerings for the particular pupil.

Sec. 166b. This act does not prohibit a parent or legal guardian of a minor who is enrolled in a nonpublic school or who is being home-schooled from also enrolling the minor in a district or intermediate district in any curricular offering available to pupils in the minor's grade level or age group, subject to compliance with the same requirements that apply to a full-time pupil's participation in the offering. A minor enrolled as described in this section is a part-time pupil for purposes of state school aid under this act. However, state school aid shall be provided under this act for a minor enrolled as described in this section only for curricular offerings that are offered to full-time pupils in the minor's grade level or age group.

Sec. 167. (1) The department in cooperation with the department of public health shall develop plans to assist districts and intermediate districts and local county health departments to comply with section 1177 of the school code of 1976, being section 380.1177 of the Michigan Compiled Laws, and section 9209 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.9209 of the Michigan Compiled Laws, for each school year.

(2) In 1995-96, each district or intermediate district shall report to the local health department in which it is located by November 1, 1995, in a manner prescribed by the department of public health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time between January 1, 1995 and September 30, 1995. Not later than December 31, 1995, the department of public health shall notify the department by district or intermediate district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 90% of the district's or intermediate district's entering pupils as recorded in the November 1 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 90% of its pupils.

(3) In 1995-96, each district or intermediate district shall again report to the local health department in which it is located by February 1, 1996, in a manner prescribed by the department of public health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time between January 1, 1995 and December 31, 1995. Not later than March 31, 1996, the department of public health shall notify the department by district or intermediate district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 95% of the district's or intermediate district's entering pupils as recorded in the February 1, 1996 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 95% of its pupils. If the department of public health is not able to report to the department by March 31, 1996, because a district or intermediate district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district or intermediate district is subject to subsection (4) until the report is submitted in a complete and accurate form.

(4) If a district or intermediate district does not comply with this section, the department shall withhold 5% of the total funds due to the district or intermediate district under this act after the date the department of public health reports a district's or intermediate district's noncompliance with this section to the department until the district or intermediate district complies with this section. If the district or intermediate district does not comply with this section by the end of the fiscal year, the district or intermediate district forfeits the total amount withheld.

Section 2. In accordance with the provisions of section 20 of article IX of the state constitution of 1963, total state spending in this amendatory act is \$8,233,366,000.00 for 1995-96, and state appropriations to be paid to local units of government are \$8,227,391,000.00 for 1995-96.

Section 3. (1) Sections 6b, 17c, 20a, 20e, 20f, 21e, 23d, 23e, 24a, 28a, 37a, 65, 75, 86, 96, 107a, 107b, 107e, 113, 117, 146a, 155, 158a, 158c, and 167a of Act No. 94 of the Public Acts of 1979, being sections 388.1606b, 388.1617c, 388.1620a, 388.1620e, 388.1620f, 388.1621e, 388.1623d, 388.1623e, 388.1624a, 388.1628a, 388.1637a, 388.1665, 388.1675, 388.1686, 388.1696, 388.1707a, 388.1707b, 388.1707e, 388.1713, 388.1717, 388.1746a, 388.1755, 388.1758a, 388.1758c, and 388.1767a of the Michigan Compiled Laws, are repealed effective October 1, 1995.

(2) Section 152a of Act No. 94 of the Public Acts of 1979, being section 388.1752a of the Michigan Compiled Laws, is repealed effective upon the enactment of this amendatory act.

Section 4. (1) Except as provided in subsection (2), this amendatory act shall take effect October 1, 1995.

(2) Sections 11c, 20c, 20d, 101, 107b, 107e, 124, and 146a of Act No. 94 of the Public Acts of 1979, as amended by this amendatory act, and sections 6c, 6d, 11d, 20e, 20f, and 66 of Act No. 94 of the Public Acts of 1979, as added by this amendatory act, shall take effect upon enactment of this amendatory act.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved -----

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Governor.