

**No. 56**  
**STATE OF MICHIGAN**  
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**OF THE**  
**House of Representatives**  
**91st Legislature**  
**REGULAR SESSION OF 2002**

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House Chamber, Lansing, Tuesday, June 18, 2002.

2:00 p.m.

The House was called to order by Associate Speaker Pro Tempore Julian.

The roll was called by the Clerk of the House of Representatives, who announced that a quorum was present.

Adamini—present	Garza—present	Lockwood—present	Schauer—present
Allen—present	George—present	Mans—present	Schermesser—excused
Anderson—present	Gielegem—present	McConico—present	Scranton—present
Basham—present	Gilbert—present	Mead—present	Shackleton—present
Bernero—present	Godchaux—present	Meyer—present	Sheltrown—present
Birkholz—present	Gosselin—present	Middaugh—present	Shulman—present
Bisbee—present	Hager—present	Minore—present	Spade—present
Bishop—present	Hale—present	Mortimer—present	Stallworth—present
Bogardus—present	Hansen—present	Murphy—present	Stamas—present
Bovin—present	Hardman—present	Neumann—present	Stewart—present
Bradstreet—present	Hart—present	Newell—present	Switalski—present
Brown, Bob—present	Howell—present	O’Neil—present	Tabor—present
Brown, Cameron—present	Hummel—present	Palmer—present	Thomas—present
Brown, Rich—present	Jacobs—present	Pappageorge—present	Toy—present
Callahan—e/d/s/	Jamnack—present	Patterson—present	Van Woerkom—present
Cassis—present	Jansen—excused	Pestka—present	Vander Roest—present
Caul—present	Jelinek—present	Phillips—present	Vander Veen—present
Clark—present	Johnson, Rick—present	Plakas—present	Vear—present
Clarke—present	Johnson, Ruth—present	Pumford—present	Voorhees—present
Daniels—present	Julian—present	Quarles—present	Waters—present
Dennis—present	Koetje—present	Raczkowski—present	Whitmer—present
DeRossett—present	Kolb—present	Reeves—present	Williams—present
DeVuyst—present	Kooiman—present	Richardville—present	Wojno—present
DeWeese—present	Kowall—present	Richner—e/d/s	Woodward—present
Drolet—present	Kuipers—present	Rison—excused	Woronchak—excused
Ehardt—present	LaSata—present	Rivet—present	Zelenko—excused
Fauce—present	Lemmons—present	Rocca—present	
Frank—present	Lipsey—present		

e/d/s = entered during session

Rep. Mary Ann Middaugh, from the 80th District, offered the following invocation:

“We pause a moment today, Lord, to seek Your divine wisdom and guidance. May the decisions made by each of us today be in accordance with Your wishes. Instill each of us with Your presence as we begin our deliberations today. In Your Name we pray. Amen.”

Rep. Jacobs moved that Reps. Rison, Schermesser and Zelenko be excused from today’s session.  
The motion prevailed.

Rep. Vander Roest moved that Reps. Jansen and Woronchak be excused from today’s session.  
The motion prevailed.

### Messages from the Senate

The Speaker laid before the House  
**House Bill No. 5467, entitled**

A bill to create the Detroit area regional transportation authority and to transfer certain powers of authorities to continue the suburban mobility authority for regional transportation; to prescribe certain powers and duties of the authorities; to provide for the addition and withdrawal of certain local entities from the authority; to provide for the powers and duties of certain state agencies with respect to the authority; to provide for the issuance of bonds and notes; to provide for the state to guarantee payment of certain claims against the authority and give the state a lien in satisfaction of payment; to protect the rights of employees of existing public transportation systems; to provide for the pledge of taxes, revenues, assessments, tax levies, and other funds for bond and note payments; to authorize certain local entities to levy property taxes and make special assessments to fulfill their obligations under certain contracts with the authority; and to repeal acts and parts of acts.

(The bill was received from the Senate on June 13, with substitute (S-5) and title amendment, consideration of which, under the rules, was postponed until today, see House Journal No. 55, p. 1933.)

The question being on concurring in the substitute (S-5) made to the bill by the Senate,

The substitute (S-5) was not concurred in, a majority of the members serving not voting therefor, by yeas and nays, as follows:

**Roll Call No. 928**

**Yeas—0**

**Nays—100**

Adamini	Faunce	LaSata	Rivet
Allen	Frank	Lemmons	Rocca
Anderson	George	Lipsey	Schauer
Basham	Gielegem	Lockwood	Scranton
Bernero	Gilbert	Mans	Shackleton
Birkholz	Godchaux	Mead	Sheltrown
Bisbee	Gosselin	Meyer	Shulman
Bishop	Hager	Middaugh	Spade
Bogardus	Hale	Minore	Stallworth
Bovin	Hansen	Mortimer	Stamas
Bradstreet	Hardman	Murphy	Stewart
Brown, B.	Hart	Neumann	Switalski
Brown, C.	Howell	Newell	Tabor
Brown, R.	Hummel	O’Neil	Thomas
Cassis	Jacobs	Palmer	Toy

Caul	Jamnick	Pappageorge	Van Woerkom
Clark, I.	Jelinek	Patterson	Vander Roest
Clarke, H.	Johnson, Rick	Pestka	Vander Veen
Daniels	Johnson, Ruth	Phillips	Vear
Dennis	Julian	Plakas	Voorhees
DeRossett	Koetje	Pumford	Waters
DeVuyst	Kolb	Quarles	Whitmer
DeWeese	Kooiman	Rackowski	Williams
Drolet	Kowall	Reeves	Wojno
Ehardt	Kuipers	Richardville	Woodward

In The Chair: Julian

### Second Reading of Bills

#### Senate Bill No. 1016, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 33, 657, 658, 660, 661, and 662 (MCL 257.33, 257.657, 257.658, 257.660, 257.661, and 257.662), section 33 as amended by 1997 PA 56, sections 657 and 660 as amended by 2000 PA 82, section 658 as amended by 1984 PA 328, and section 662 as amended by 2000 PA 131, and by adding section 13c.

Was read a second time, and the question being on the adoption of the proposed substitute (H-3) previously recommended by the Committee on Transportation,

The substitute (H-3) was adopted, a majority of the members serving voting therefor.

Rep. George moved to amend the bill as follows:

1. Amend page 5, following line 21, by inserting:

"(12) OPERATION OF AN ELECTRIC PERSONAL ASSISTIVE MOBILITY DEVICE MAY BE PROHIBITED IN A HISTORIC DISTRICT."

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

Rep. Cassis moved to amend the bill as follows:

1. Amend page 5, line 15, after "TRAILWAY" by inserting "OR IN A DOWNTOWN OR CENTRAL BUSINESS DISTRICT".

The motion did not prevail and the amendment was not adopted, a majority of the members serving not voting therefor.

Rep. Patterson moved to reconsider the vote by which the House did not adopt the amendment.

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

The question being on the adoption of the amendment offered by Rep. Cassis,

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

Rep. Patterson moved to amend the bill as follows:

1. Amend page 3, line 22, after "bicycle," by inserting "ELECTRIC PERSONAL ASSISTIVE MOBILITY DEVICE,".

2. Amend page 5, line 15, after "TRAILWAY." by striking out the balance of the subsection.

Rep. Patterson moved that the amendments be considered separately.

The motion prevailed.

The question being on the adoption of amendment No. 1 offered by Rep. Patterson,

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

The question being on the adoption of amendment No. 2 offered by Rep. Patterson,

Rep. Patterson withdrew the amendment.

Rep. Kolb moved to amend the bill as follows:

1. Amend page 1, line 2, after "A" by striking out "SELF-BALANCING NONTANDEM 2-WHEELED DEVICE" and inserting "2-WHEELED OR 3-WHEELED DEVICE WITH NO WHEEL EXCEEDING 14 INCHES IN DIAMETER".

2. Amend page 5, following line 21, by inserting:

“(12) A PERSON LESS THAN 14 YEARS OF AGE SHALL NOT OPERATE AN ELECTRIC PERSONAL ASSISTIVE MOBILITY DEVICE ON A PUBLIC ROADWAY OR A PUBLIC SIDEWALK.”.

The motion did not prevail and the amendments were not adopted, a majority of the members serving not voting therefor.

Rep. Kolb moved to amend the bill as follows:

1. Amend page 1, following “THE PEOPLE OF THE STATE OF MICHIGAN ENACT:” by inserting:

“Sec. 4. “Bicycle” means a device propelled by human OR ELECTRIC power upon which a person may ride, having either 2 or 3 wheels in a tandem or tricycle arrangement, all of which are over 14 inches in diameter. BICYCLE DOES NOT INCLUDE A DEVICE HAVING AN ELECTRIC PROPULSION SYSTEM WITH AVERAGE POWER OF MORE THAN 750 WATTS OR THAT, WHEN PROPELLED EXCLUSIVELY WITH ELECTRIC POWER, IS CAPABLE OF TRAVELING MORE THAN 20 MILES PER HOUR ON A PAVED LEVEL SURFACE.”.

2. Amend page 3, following line 12, by inserting:

“(6) A PERSON LESS THAN 15 YEARS OF AGE SHALL NOT OPERATE A BICYCLE POWERED BY AN ELECTRIC PROPULSION SYSTEM ON A PUBLIC ROADWAY OR PUBLIC SIDEWALK.”.

3. Amend page 5, line 19, after “DEVICE” by inserting “OR BICYCLE POWERED BY AN ELECTRIC PROPULSION SYSTEM”.

The motion did not prevail and the amendments were not adopted, a majority of the members serving not voting therefor.

Rep. Ruth Johnson moved to amend the bill as follows:

1. Amend page 5, line 7, after “VILLAGE,” by inserting “AN ENTITY CREATED UNDER THE URBAN COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO 124.512,”.

2. Amend page 5, line 12, after “VILLAGE,” by inserting “AN ENTITY CREATED UNDER THE URBAN COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO 124.512,”.

3. Amend page 5, line 15, after “A” by striking out “TRAILWAY” and inserting “TRAIL UNDER THEIR JURISDICTION”.

4. Amend page 5, following line 21, following subsection (11), by inserting:

“(13) THE DEPARTMENT OF NATURAL RESOURCES MAY BY ORDER REGULATE THE USE OF ELECTRIC PERSONAL ASSISTIVE MOBILITY DEVICES ON ALL LANDS UNDER ITS CONTROL.”.

The motion prevailed and the amendments were adopted, a majority of the members serving voting therefor.

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

The motion prevailed.

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

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

By unanimous consent the House returned to the order of

### Third Reading of Bills

#### Senate Bill No. 1016, entitled

A bill to amend 1949 PA 300, entitled “Michigan vehicle code,” by amending sections 33, 657, 658, 660, 661, and 662 (MCL 257.33, 257.657, 257.658, 257.660, 257.661, and 257.662), section 33 as amended by 1997 PA 56, sections 657 and 660 as amended by 2000 PA 82, section 658 as amended by 1984 PA 328, and section 662 as amended by 2000 PA 131, and by adding section 13c.

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

#### Roll Call No. 929

#### Yeas—90

Basham	Gielegem	Mans	Schauer
Bernero	Gilbert	Mead	Shackleton
Birkholz	Godchaux	Meyer	Sheltrown
Bisbee	Gosselin	Middaugh	Shulman
Bishop	Hager	Minore	Spade
Bovin	Hansen	Mortimer	Stallworth
Bradstreet	Hardman	Murphy	Stamas

Brown, B.	Hart	Neumann	Stewart
Brown, C.	Howell	Newell	Switalski
Brown, R.	Hummel	O'Neil	Tabor
Cassis	Jacobs	Palmer	Thomas
Caul	Jamnick	Pappageorge	Toy
Clark, I.	Johnson, Rick	Patterson	Van Woerkom
Clarke, H.	Johnson, Ruth	Pestka	Vander Roest
Daniels	Julian	Phillips	Vander Veen
Dennis	Koetje	Plakas	Vear
DeRossett	Kolb	Quarles	Voorhees
DeVuyst	Kooiman	Rackowski	Waters
DeWeese	Kowall	Reeves	Whitmer
Drolet	Kuipers	Richardville	Williams
Faunce	LaSata	Rivet	Wojno
Frank	Lemmons	Rocca	Woodward
George	Lockwood		

### Nays—9

Adamini	Bogardus	Hale	Lipsey
Allen	Ehardt	Jelinek	Pumford
Anderson			

In The Chair: Julian

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

“An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date.”.

The House agreed to the full title.

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

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

### Communications from State Officers

The following communications from the Auditor General were received and read:

June 11, 2002

Enclosed is a copy of the following audit report and/or executive digest:  
 Financial Audit, Including the Provisions  
 of the Single Audit Act, of the  
 Department of Military and Veterans Affairs  
 October 1, 1999 through September 30, 2001

June 13, 2002

Enclosed is a copy of the following audit report and/or executive digest:  
 Financial Audit, Including the Provisions  
 of the Single Audit Act, of the  
 Department of Corrections  
 October 1, 1999 through September 30, 2001

June 14, 2002

Enclosed is a copy of the following audit report and/or executive digest:  
 Financial Audit, Including the Provisions  
 Of the Single Audit Act, of the  
 Department of Natural Resources  
 October 1, 1999 through September 30, 2001

June 14, 2002

Enclosed is a copy of the following audit report and/or executive digest:  
 Performance Audit of the  
 Office of Education Options  
 Department of Education  
 June 2002

Sincerely,  
 Thomas H. McTavish, C.P.A.  
 Auditor General

The communications were referred to the Clerk and the accompanying reports referred to the Committee on House Oversight and Operations.

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Rep. Richner entered the House Chambers.

By unanimous consent the House returned to the order of  
**Notices**

June 17, 2002

I hereby replace Rep. Jansen with Rep. LaSata on the conference committee for **Senate Bill No. 1104**.

Sincerely,  
 Rick Johnson  
 Speaker of the House

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

Reps. Rich Brown, Woodward, Scranton, Bernero, Hansen, Switalski, Thomas, Quarles, Anderson, Gielegem, Wojno, Waters, Lockwood, Dennis, Raczkowski, Julian, Schauer, Lemmons, Jamnick, Plakas, Bogardus, Phillips, Daniels, Lipsey, Bishop, Rivet, Kolb, Minore, Sheltroun, Spade, McConico, Neumann, Murphy, Hale, Whitmer, Ehardt, Shulman, Rocca, Howell, DeVuyst, Hardman, Faunce, George, Gosselin, Bradstreet, Drolet, Mead, DeWeese, Basham, Clark, DeRossett, Richardville, Jelinek, Voorhees, Koetje, Adamini, Bovin, Cassis, Vander Roest, Vear, Pappageorge, Kowall, Van Woerkom, Meyer, Birkholz, Hager, Frank and Clarke offered the following resolution:

**House Resolution No. 497.**

A resolution commemorating the 70th reunion of the Pelkie Agricultural School and the original one-room country school houses of the Pelkie area, and expressing appreciation for their valuable contribution to Michigan.

Whereas, We are proud to join with the students, teachers, alumni, former teachers and employees, interested parties, and friends of the Pelkie Agricultural School as they gather to celebrate the occasion of their 70th anniversary as a continuously operating school. It was originally established as an agricultural school by resolution of the Baraga Township Board of Education on May 20, 1932; and

Whereas, Pelkie Agricultural School can trace its origins back to the original consolidation of a number of one-room country school houses in the Baraga Township School District, which included Heusa, Kokko, Kostamo, Pelto, Pine Creek, Wallant, and Pelkie. In the years that have followed the consolidation, Pelkie Agricultural School has continued its mission to provide an outstanding education to all those who have attended it; and

Whereas, Pelkie Agricultural School has served, and continues to serve, as a valuable resource to their community. It does so by hosting 4-H events, the Baraga County Fair, athletic events, and numerous family-oriented community-based activities; now, therefore be it

Resolved by the House of Representatives, That members of this legislative body commemorate the 70th Reunion of the Pelkie Agricultural School and the original one-room country school houses of the Pelkie area, and express appreciation for their valuable contribution to Michigan; and be it further

Resolved, That a copy of this resolution be transmitted to the Pelkie Agricultural School as evidence of our esteem for the school's invaluable contribution to the state of Michigan.

Pending the reference of the resolution to a committee,

Rep. Patterson moved that Rule 77 be suspended and the resolution be considered at this time.

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

The question being on the adoption of the resolution,

The resolution was adopted.

Reps. DeWeese, Woodward, Bernero, Hansen, Switalski, Thomas, Anderson, Gielegem, Rich Brown, Wojno, Waters, Raczkowski, Julian, Schauer, Lemmons, Jamnick, Bogardus, Phillips, Daniels, Bishop, Kolb, Minore, Sheltrown, Spade, McConico, Neumann, Murphy, Hale, Whitmer, Ehardt, Shulman, Rocca, Howell, Toy, DeVuyst, Hardman, Faunce, George, Gosselin, Bradstreet, Mead, Stewart, DeRossett, Richardville, Jelinek, Voorhees, Kuipers, Koetje, Adamini, Bovin, Cassis, Kooiman, Vander Roest, Vear, Pappageorge, Kowall, Tabor, Van Woerkom, Meyer, Birkholz, Hager and Clarke offered the following resolution:

**House Resolution No. 498.**

A resolution honoring Michigan State University Director of Athletics, Dr. Clarence Underwood, upon the occasion of his retirement.

Whereas, It is with sincere appreciation for the hard work, dedication, and professionalism that Dr. Clarence Underwood has put forth on behalf of Michigan State University that we offer this expression of our thanks and best wishes in retirement. As the people of Michigan State University recognize the loyalty and devotion to public service of this conscientious individual, we add our sentiments of gratitude for a job well-done; and

Whereas, Dr. Underwood received his Bachelor of Arts degree in Physical Education from Michigan State University in 1961. He went on to earn his master's and doctorate degrees from Michigan State University also. In 1994, he began his service as Assistant Director of Athletics for Michigan State University and was named the University's Director of Athletics in 1999; and

Whereas, In his many years of service to Michigan State University, Dr. Underwood has demonstrated his dedication to athletics, the University, student athletes, and the people of Michigan on a daily basis, performing his duties in an exceptional manner and far surpassing all expectations. His service has been deeply appreciated by the people of Michigan State University and the entire state of Michigan; and

Whereas, In addition to his years of service at Michigan State University, Dr. Underwood has shared his talents with Northern Michigan University, University of Wisconsin, and the Michigan Department of Education; and

Whereas, Dr. Underwood completed two years of service in the U.S. Army 82nd Airborne Division. He also worked for Dr. Martin Luther King's Southern Christian Leadership Conference in Chicago, served as the deputy commissioner of the Big 10 Conference, and initiated the Big 10 SCORE Program (Success Comes Out of Reading Everyday) for inner-city children. His devotion to so many important causes will continue to bear fruit for years to come; and

Whereas, There can be little doubt that Dr. Underwood's record in his responsibilities as Athletic Director over the past years will continue to reap rewards for the University. May Dr. Underwood enjoy his retirement with his family and all the friends he has made over the years. We offer our thanks on this personal milestone; now, therefore, be it

Resolved by the House of Representatives, That members of this legislative body honor Michigan State University Director of Athletics, Dr. Clarence Underwood, upon the occasion of his retirement. May he enjoy the happiest of retirements; and be it further

Resolved, That a copy of this resolution be transmitted to Dr. Underwood as a token of our esteem.

Pending the reference of the resolution to a committee,

Rep. Patterson moved that Rule 77 be suspended and the resolution be considered at this time.

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

The question being on the adoption of the resolution,

The resolution was adopted.

Reps. Van Woerkom, Voorhees, Meyer, Tabor, Kooiman, George, Gilbert, Hager, Faunce, Woodward, Scranton, Hansen, Switalski, Thomas, Rich Brown, Waters, Raczkowski, Julian, Lemmons, Phillips, Daniels, Bishop, Sheltroun, Murphy, Ruth Johnson, Ehardt, Shulman, Rocca, Howell, DeVuyst, Hardman, Bradstreet, Mead, DeWeese, DeRossett, Richardville, Jelinek, Kuipers, Koetje, Adamini, Bovin, Cassis, Middaugh, Vander Roest, Vear, Pappageorge, Kowall, Birkholz and Clarke offered the following resolution:

**House Resolution No. 499.**

A resolution to urge the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services to grant Michigan a waiver to implement our partnership for long-term care program.

Whereas, The challenge of financing long-term care is difficult for individuals, families, and our society to meet. With current nursing home costs ranging from \$30,000 to \$60,000 a year, few people, especially those without insurance, can absorb this expense for very long without becoming impoverished. Many observers worry about the potential impact of the baby boom generation on our Medicaid system; and

Whereas, Following the example of a few states that have established such initiatives, Michigan enacted a statute to provide for partnership policies for long-term care. Under this concept, which is outlined in M.C.L. § 400.112c, long-term care insurance is provided in a partnership arrangement involving private insurers and the state through Medicaid. A person is able to purchase private long-term care insurance and utilize the partnership policy coverage fully, after which period the person would be eligible for Medicaid. The ability of a person to hold and use this asset and still be covered under Medicaid will encourage the purchase of private insurance for long-term care; and

Whereas, Such strong and innovative measures are needed to encourage people to purchase private long-term care coverage. If more people purchase this insurance, overall Medicaid costs will be lower; and

Whereas, Michigan's partnership for long-term care program is predicated on receiving a federal waiver of Medicaid requirements. The waiver, which has yet to be granted, is a key component of an effort that holds great promise for our state; now, therefore, be it

Resolved by the House of Representatives, That we urge the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services to grant Michigan a waiver to implement our partnership for long-term care program; and be it further

Resolved, That copies of this resolution be transmitted to the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services.

The resolution was referred to the Committee on Senior Health, Security and Retirement.

Reps. Lemmons, Woodward, Bernero, Hansen, Switalski, Thomas, Quarles, Rich Brown, Wojno, Waters, Lockwood, Dennis, Raczkowski, Jamnick, Phillips, Daniels, Lipsey, Rivet, Kolb, Minore, Sheltroun, Spade, McConico, Neumann, Murphy, Hale, Whitmer, Ehardt, Shulman, Toy, DeVuyst, Hardman, Faunce, DeWeese, Clark, DeRossett, Bovin, Kowall, Birkholz, Hager and Clarke offered the following resolution:

**House Resolution No. 500.**

A resolution honoring Joseph Castelli, Jr., for his outstanding years in public service.

Whereas, It is with deep appreciation for the hard work, dedication, and professionalism that Joseph Castelli, Jr., has put forth on behalf of the people of the city of Detroit, that we offer this expression of our thanks and best wishes. As the people of the city of Detroit recognize the loyalty and devotion to public service of this conscientious individual, we add our sentiments of gratitude for a job well-done; and

Whereas, Joseph Castelli, Jr., has continually resided in the city of Detroit since his birth on November 1, 1922. After he was honorably discharged at the end of the war, he returned home and married Angelina Scolaro on March 9, 1946. They lived happily together until his beloved wife suddenly passed away on August 14, 1997. They raised three sons and enjoyed six grandchildren. He retired from the city of Detroit Department of Public Lighting after 52 years of service; and

Whereas, A veteran of World War II with service in the 820th Tank Destroyers, Joseph Castelli, Jr., never stopped serving his country when his formal military duties were at a close. Deeply appreciative of both the opportunities and the responsibilities of citizenship in our system of self-government, Joseph Castelli, Jr., has carried forth the same ideals as a civilian. This has been apparent through many aspects of his life; and

Whereas, In years of service to the people of the city of Detroit, Joseph Castelli, Jr., has been working in the public arena during an era of great change. As Joseph Castelli, Jr., well knows, financial pressures and changing expectations have combined to make the recent past a challenging time to work for the good of the public. With the personal sense of duty that Joseph Castelli, Jr., brings to everything he does each day, he has been able to meet this challenge with enthusiasm and a genuine interest in efficiency in public service. This has been deeply appreciated, both by the citizens and organizations in the city of Detroit that have benefited directly from Joseph Castelli, Jr.'s work, as well, as other public servants who have witnessed this fine example; and

Whereas, Joseph Castelli, Jr. now spends his time in civic programs. He mentors seniors in computer technology and the Internet at the Hannan House in Detroit. He is part of the Senior Voice, which is a radio program on the Internet



for seniors. Joseph Castelli, Jr., also participates in research programs at Wayne State University's Institute of Gerontology and won a web site design award in 1999 from ESTHER ( Empowering Seniors Through Electronic Resources). He has been a member of the DARE CAPITOL BUILDING Radio Patrol for the last 6 years and a board member of the Detroit Area Residents East for the past four years. Mr. Castelli, Jr., also served on the committee to organize the Annual Family Fun Day at Chandler Park and has helped set-up the park; and

Whereas, There can be little doubt that the record of Joseph Castelli, Jr., over the past years will continue to reap rewards for the people of the city of Detroit. He is an outstanding example of the kind of person who doesn't hesitate to take action to better his community. Through his work, he has made it clear that we have opportunities each and every day to put our love of country and community to good use in helping out our fellow citizens. We all benefit from his patriotism and dedication; now, therefore, be it

Resolved by the House of Representatives, That members of this legislative body honor Joseph Castelli, Jr., for his outstanding years in public service. May he enjoy the happiness his good works have earned him; and be it further

Resolved, That a copy of this resolution be transmitted to Joseph Castelli, Jr., as a token of our esteem.

Pending the reference of the resolution to a committee,

Rep. Patterson moved that Rule 77 be suspended and the resolution be considered at this time.

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

The question being on the adoption of the resolution,

The resolution was adopted.

Reps. Murphy, Woodward, Scranton, Bernero, Hansen, Switalski, Thomas, Quarles, Anderson, Gielegem, Rich Brown, Waters, Lockwood, Dennis, Raczkowski, Schauer, Lemmons, Jamnick, Plakas, Bogardus, Phillips, Daniels, Lipsey, Bishop, Rivet, Kolb, Minore, Sheltrown, Spade, McConico, Neumann, Hale, Whitmer, Ehardt, Shulman, Howell, Toy, DeVuyst, Hardman, Faunce, Drolet, Mead, DeWeese, Basham, Clark, DeRossett, Richardville, Voorhees, Adamini, Bovin, Cassis, Kooiman, Vander Roest, Vear, Pappageorge, Van Woerkom, Birkholz, Hager, Frank and Clarke offered the following resolution:

**House Resolution No. 501.**

A resolution commemorating June 19, 2002, as Juneteenth Day in recognition of the annual holiday celebrating the end of slavery in the United States.

Whereas, We are proud to join with the members, officers, and friends of the Mask Memorial C.M.E. Church of Lansing as they commemorate Juneteenth Day with their 9th Annual Freedom Festival 2002 Celebration on Saturday, June 22, 2002; and

Whereas, Juneteenth Day can trace its origins to June 19, 1865, and the aspirations of its founders. On that day, Union General Gordon Granger, along with 2,000 troops landed at Galveston, Texas. He presented and read General Order No. 3 and the notion of "liberty for all" became a reality as the Emancipation Proclamation went into effect across the entire United States ending slavery; and

Whereas, Juneteenth symbolizes the end of slavery and has come to symbolize for many African-Americans what the fourth of July symbolizes for all Americans, freedom. It serves as a historical milestone reminding Americans of the triumph of the human spirit over the cruelty of slavery. It honors those African-American ancestors who survived the inhumane institution of bondage, as well as demonstrating the pride in the marvelous legacy of resistance and perseverance they left us; and

Whereas, With ceremonies to celebrate this historic event, the members and officers responsible for the 9th Annual Freedom Festival 2002 Celebration for Juneteenth Day will remember the vision of many people and their hours and years of commitment that have brought the group to this point. Fittingly, as we look to the past, we will also be casting an eye to the future and to the many ways in which Juneteenth Day will continue to reach out in our state; now, therefore, be it

Resolved by the House of Representatives, That the members of this legislative body commemorate June 19, 2002 as Juneteenth Day in recognition of the annual holiday celebrating the end of slavery in the United States. We encourage American citizens everywhere to take a moment to reflect upon the millions of African-Americans who were enslaved in this country. This day truly symbolizes a tenet upon which this country was founded, the freedom and equality for all Americans; and be it further

Resolved, That a copy of this resolution be transmitted to the Mask Memorial C.M.E. Church as evidence of our esteem.

Pending the reference of the resolution to a committee,

Rep. Patterson moved that Rule 77 be suspended and the resolution be considered at this time.

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

The question being on the adoption of the resolution,

The resolution was adopted.

Reps. Adamini, Rich Brown, Bovin, Woodward, Bernero, Hansen, Switalski, Thomas, Quarles, Anderson, Gielegem, Wojno, Waters, Lockwood, Dennis, Raczkowski, Schauer, Lemmons, Jamnick, Plakas, Bogardus, Phillips, Daniels, Lipsey, Bishop, Rivet, Kolb, Minore, Sheltroun, Spade, McConico, Neumann, Murphy, Hale, Whitmer, Ehardt, Shulman, Rocca, Howell, Toy, DeVuyst, Hardman, Faunce, Drolet, Mead, DeWeese, Basham, Clark, DeRossett, Voorhees, Koetje, Cassis, Vander Roest, Vear, Pappageorge, Van Woerkom, Birkholz, Hager and Clarke offered the following resolution:

**House Resolution No. 502.**

A resolution honoring Marilyn J. Hult and Sharon M. Petrella of the Marquette County Treasurer's Office, upon the occasion of their retirement.

Whereas, It is with great respect and admiration for their outstanding contributions to the county of Marquette that we are pleased to honor Marilyn J. Hult and Sharon M. Petrella on the occasion of their retirement. After a quarter of a century of service to Marquette County, these two remarkable ladies, known as the dynamic duo, bring to a close careers of exemplary service, commitment, and excellence. We commend and thank them; and

Whereas, Marilyn Hult was hired on January 23, 1974, as a clerk in the Marquette County Treasurer's Office and appointed Chief Deputy County Treasurer on January 1, 1976. Sharon Petrella was hired on September 9, 1976, as a part-time account clerk in the Marquette County Treasurer's Office and appointed Deputy County Treasurer on September 18, 1982. In each of their positions, they served with authority and handled responsibilities that helped to successfully carry out the goals of the Treasurer's Office. We all truly benefit from the dedication, leadership, and tenacity of women like Sharon Petrella and Marilyn Hult; and

Whereas, There are many factors that determine the quality of a community and its government. One of the most important is an exemplary corps of public servants. Marilyn and Sharon have demonstrated that they know the people of the area, have the courage necessary to make tough decisions, and understand the important role they play in making Marquette County a wonderful place to live, work, and raise a family. Clearly, many people of our state have benefited a great deal from their dedication and professionalism. They deserve our highest praise; and

Whereas, Sharon and Marilyn's retirement dates are expected on June 28, 2002. Their experience, knowledge, and sense of humor will be missed. We extend our very best wishes to them for a happy and healthy retirement; now, therefore, be it

Resolved by the House of Representatives, That the members of this legislative body honor Marilyn J. Hult and Sharon M. Petrella of the Marquette County Treasurer's Office, upon the occasion of their retirement. May their families and friends know of our gratitude for their contributions to Marquette County and the entire Great Lakes State; and be it further

Resolved, That a copy of this resolution be transmitted to Marilyn Hult and Sharon Petrella as a token of our esteem.

Pending the reference of the resolution to a committee,

Rep. Patterson moved that Rule 77 be suspended and the resolution be considered at this time.

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

The question being on the adoption of the resolution,

The resolution was adopted.

Reps. Neumann, Woodward, Bernero, Hansen, Switalski, Thomas, Anderson, Gielegem, Rich Brown, Wojno, Waters, Lockwood, Dennis, Raczkowski, Julian, Schauer, Lemmons, Jamnick, Plakas, Bogardus, Phillips, Daniels, Lipsey, Rivet, Kolb, Minore, Sheltroun, Spade, McConico, Murphy, Hale, Whitmer, Ehardt, Rocca, Howell, Toy, DeVuyst, Hardman, Faunce, George, Bradstreet, Drolet, Mead, DeWeese, Basham, Clark, DeRossett, Richardville, Voorhees, Koetje, Adamini, Bovin, Cassis, Vander Roest, Vear, Pappageorge, Tabor, Van Woerkom, Birkholz, Hager, Frank and Clarke offered the following resolution:

**House Resolution No. 503.**

A resolution commemorating the vision and innovation of Jack "Doc" Watson, creator of the Hurst Tool, also known as the "Jaws of Life" and proclaiming June 18, 2002 as Hurst Tool Day.

Whereas, Jack "Doc" Watson's innovation was designed for auto racing and has saved countless lives over the past 30 years. The lives saved by Jack "Doc" Watson's invention of the Hurst Tool or "Jaws of Life" have not been limited to professional auto racers; and

Whereas, The Jaws of Life has aided numerous emergency medical services personnel in providing timely heroic lifesaving measures for victims of automobile accidents across America's highways. These lifesaving measures have saved countless lives of men, women, and children; and

Whereas, The Jaws of Life has become a standard lifesaving tool for all emergency medical services teams. It is appropriate to recognize the accomplishment of Jack "Doc" Watson and his invention, the Jaws of Life and his contribution towards protecting American car owners; now, therefore, be it

Resolved by the House of Representatives, That the members of this legislative body commemorate the vision and innovation of Jack "Doc" Watson, creator of the Hurst Tool, also known as the "Jaws of Life" and to proclaim June 18, 2002 as Hurst Tool Day.

Pending the reference of the resolution to a committee,  
Rep. Patterson moved that Rule 77 be suspended and the resolution be considered at this time.  
The motion prevailed, 3/5 of the members present voting therefor.  
The question being on the adoption of the resolution,  
The resolution was adopted.

### Reports of Standing Committees

The Committee on Appropriations, by Rep. Shulman, Chair, reported

**House Bill No. 6054, entitled**

A bill to amend 1999 PA 94, entitled "Michigan merit award scholarship act," by amending section 5 (MCL 390.1455).

With the recommendation that the substitute (H-2) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

#### Favorable Roll Call

**HB 6054** To Report Out:

Yeas: Reps. Shulman, LaSata, Cameron Brown, Caul, Godchaux, Jelinek, Kooiman, Mead, Mortimer, Newell, Pappageorge, Pumford, Shackleton, Stamas, Stewart, Toy, Vander Roest, Frank, Rich Brown, Clarke, Murphy, Pestka, Phillips, Plakas, Stallworth, Switalski,

Nays: None.

The Committee on Appropriations, by Rep. Shulman, Chair, reported

**Senate Bill No. 793, entitled**

A bill to establish an educational scholarship program for eligible resident students enrolled in certain nursing programs; to prescribe conditions for repayment of the scholarships; to provide for the administration of the Michigan nursing scholarship program; and to prescribe certain powers and duties of certain state officers, agencies, and departments.

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

#### Favorable Roll Call

**SB 793** To Report Out:

Yeas: Reps. Shulman, LaSata, Cameron Brown, Caul, Godchaux, Jelinek, Kooiman, Mead, Mortimer, Newell, Pumford, Shackleton, Stamas, Stewart, Toy, Vander Roest, Frank, Rich Brown, Clarke, Murphy, Pestka, Phillips, Plakas, Stallworth,

Nays: None.

The Committee on Appropriations, by Rep. Shulman, Chair, reported

**Senate Bill No. 1359, entitled**

A bill to amend 1953 PA 232, entitled "Corrections code of 1953," by amending sections 25a and 36a (MCL 791.225a and 791.236a), section 25a as added by 1993 PA 184 and section 36a as amended by 1993 PA 346.

Without amendment and with the recommendation that the bill pass.

The bill was referred to the order of Second Reading of Bills.

#### Favorable Roll Call

**SB 1359** To Report Out:

Yeas: Reps. Shulman, LaSata, Cameron Brown, Caul, Godchaux, Jelinek, Kooiman, Mead, Mortimer, Newell, Pappageorge, Pumford, Stamas, Stewart, Toy, Vander Roest, Frank, Rich Brown, Clarke, Lockwood, Murphy, Pestka, Phillips, Plakas, Reeves, Switalski,

Nays: None.

## COMMITTEE ATTENDANCE REPORT

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

Meeting held on: Tuesday, June 18, 2002, at 11:00 a.m.,

Present: Reps. Shulman, LaSata, Cameron Brown, Caul, Godchaux, Jelinek, Kooiman, Mead, Mortimer, Newell, Pappageorge, Pumford, Shackleton, Stamas, Stewart, Toy, Vander Roest, Frank, Rich Brown, Clarke, Lockwood, Murphy, Pestka, Phillips, Plakas, Reeves, Stallworth, Switalski,

Absent: Rep. Jansen,

Excused: Rep. Jansen.

The Committee on Conservation and Outdoor Recreation, by Rep. DeVuyst, Chair, reported

**Senate Concurrent Resolution No. 53.**

A concurrent resolution to memorialize the Congress of the United States to turn over the management of federal forest lands to the states through a block grant program along with all appropriate accompanying federal funds. (For text of resolution, see House Journal No. 27, p. 782.)

With the recommendation that the concurrent resolution be adopted.

The Speaker announced that under Rule 77 the concurrent resolution would lie over one day.

Favorable Roll Call

**SCR 53** To Report Out:

Yeas: Reps. DeVuyst, Tabor, Bradstreet, Drolet, Kowall, Rocca, Voorhees, Sheltroun,

Nays: Reps. Basham, Garza.

## COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. DeVuyst, Chair of the Committee on Conservation and Outdoor Recreation, was received and read:

Meeting held on: Tuesday, June 18, 2002, at 12:00 Noon,

Present: Reps. DeVuyst, Tabor, Bradstreet, Drolet, Kowall, Rocca, Voorhees, Basham, Garza, Sheltroun,

Absent: Rep. Callahan,

Excused: Rep. Callahan.

The Committee on Transportation, by Rep. Gilbert, Chair, reported

**Senate Bill No. 1094, entitled**

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 720 (MCL 257.720), as amended by 1996 PA 136.

With the recommendation that the following amendment be adopted and that the bill then pass.

1. Amend page 6, line 5, after "COMMODITIES" by inserting "OR TO A VEHICLE ENGAGED IN CONSTRUCTION ACTIVITY".

The bill and amendment were referred to the order of Second Reading of Bills.

Favorable Roll Call

**SB 1094** To Report Out:

Yeas: Reps. Gilbert, George, DeRossett, Drolet, Hummel, Ruth Johnson, Julian, Palmer, Scranton, Anderson, Bovin, Jamnick, Neumann,

Nays: None.

## COMMITTEE ATTENDANCE REPORT

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

Meeting held on: Tuesday, June 18, 2002, at 11:00 a.m.,

Present: Reps. Gilbert, George, DeRossett, Drolet, Hummel, Ruth Johnson, Julian, Palmer, Scranton, Anderson, Bovin, Jamnick, Neumann,

Absent: Reps. Hart, Daniels, Murphy, Schermesser,

Excused: Reps. Hart, Daniels, Murphy, Schermesser.

The Committee on Criminal Justice, by Rep. Faunce, Chair, reported

**House Bill No. 6208, entitled**

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 16b of chapter XVII (MCL 777.16b), as amended by 2000 PA 279.

With the recommendation that the following amendment be adopted and that the bill then pass.

1. Amend page 2, following line 36, by inserting:

"Enacting section 2. This amendatory act takes effect November 1, 2002."

The bill and amendment were referred to the order of Second Reading of Bills.

Favorable Roll Call

**HB 6208** To Report Out:

Yeas: Reps. Faunce, Kowall, Bishop, DeWeese, George, Raczkowski, McConico,

Nays: None.

The Committee on Criminal Justice, by Rep. Faunce, Chair, reported

**Senate Bill No. 809, entitled**

A bill to amend 1931 PA 328, entitled "The Michigan penal code," by amending section 231 (MCL 750.231), as amended by 1998 PA 510.

With the recommendation that the following amendments be adopted and that the bill then pass.

1. Amend page 2, following line 27, subsection (2), after the first "SECTION" by striking out "224A" and inserting "224A(1)".

2. Amend page 2, following line 27, subsection (2), after the second "SECTION" by striking out "224A" and inserting "224A(1)".

The bill and amendments were referred to the order of Second Reading of Bills.

Favorable Roll Call

**SB 809** To Report Out:

Yeas: Reps. Faunce, Kowall, Bishop, DeWeese, George, McConico,

Nays: None.

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Faunce, Chair of the Committee on Criminal Justice, was received and read:

Meeting held on: Tuesday, June 18, 2002, at 9:15 a.m.,

Present: Reps. Faunce, Kowall, Bishop, DeWeese, George, Raczkowski, McConico,

Absent: Reps. Gosselin, Callahan, O'Neil, Rison,

Excused: Reps. Gosselin, Callahan, O'Neil, Rison.

The Committee on Energy and Technology, by Rep. Bradstreet, Chair, reported

**Senate Bill No. 1316, entitled**

A bill to create and provide for the operation of the Michigan next energy authority; to provide for the creation and appointment of a board to govern the authority and to prescribe its powers and duties; to provide for the powers and duties of the authority; to extend protections against certain liabilities to the authority; to authorize the conveyance of state land and to confer authority and jurisdiction over state land to the authority; to provide for the issuance of certain bonds, notes, and other obligations; to facilitate the use and development of authority property; to promote alternative energy technology and economic growth; to authorize the acquisition, maintenance, and disposal of interests in real and personal property; to provide for the conveyance of land transferred to the authority; to allow for the creation of a center to manage the authority's land; to convey state land; and to exempt property, income, and operations of an authority from tax.

With the recommendation that the substitute (H-2) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

## Favorable Roll Call

**SB 1316** To Report Out:

Yeas: Reps. Bradstreet, Middaugh, Birkholz, Bisbee, Bishop, Howell, Kowall, Vander Veen, Bob Brown, Bovin, Rivet, Schauer, Woodward,  
Nays: None.

## COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Bradstreet, Chair of the Committee on Energy and Technology, was received and read:

Meeting held on: Tuesday, June 18, 2002, at 10:30 a.m.,

Present: Reps. Bradstreet, Middaugh, Birkholz, Bisbee, Bishop, Howell, Kowall, Vander Veen, Bob Brown, Bovin, Rivet, Schauer, Woodward,

Absent: Reps. Cassis, Richardville, Daniels, Lemmons,

Excused: Reps. Cassis, Richardville, Daniels, Lemmons.

The Committee on Family and Children Services, by Rep. Hart, Chair, reported

**House Bill No. 6202, entitled**

A bill to amend 1973 PA 116, entitled "An act to provide for the protection of children through the licensing and regulation of child care organizations; to provide for the establishment of standards of care for child care organizations; to prescribe powers and duties of certain departments of this state and adoption facilitators; to provide penalties; and to repeal acts and parts of acts," (MCL 722.111 to 722.128) by adding section 9.

With the recommendation that the substitute (H-2) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

## Favorable Roll Call

**HB 6202** To Report Out:

Yeas: Reps. Hart, Vander Veen, DeWeese, Hager, Tabor, Garza,

Nays: None.

The Committee on Family and Children Services, by Rep. Hart, Chair, reported

**House Bill No. 6203, entitled**

A bill to amend 1973 PA 116, entitled "An act to provide for the protection of children through the licensing and regulation of child care organizations; to provide for the establishment of standards of care for child care organizations; to prescribe powers and duties of certain departments of this state and adoption facilitators; to provide penalties; and to repeal acts and parts of acts," by amending section 1 (MCL 722.111), as amended by 1994 PA 205.

With the recommendation that the substitute (H-2) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

## Favorable Roll Call

**HB 6203** To Report Out:

Yeas: Reps. Hart, Vander Veen, DeWeese, Hager, Tabor, Garza,

Nays: None.

The Committee on Family and Children Services, by Rep. Hart, Chair, reported

**House Bill No. 6204, entitled**

A bill to amend 1975 PA 238, entitled "Child protection law," (MCL 722.621 to 722.638) by adding section 7j.

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

## Favorable Roll Call

**HB 6204** To Report Out:

Yeas: Reps. Hart, Vander Veen, DeWeese, Hager, Tabor, Garza,

Nays: None.

The Committee on Family and Children Services, by Rep. Hart, Chair, reported  
**House Bill No. 6205, entitled**

A bill to amend 1973 PA 116, entitled "An act to provide for the protection of children through the licensing and regulation of child care organizations; to provide for the establishment of standards of care for child care organizations; to prescribe powers and duties of certain departments of this state and adoption facilitators; to provide penalties; and to repeal acts and parts of acts," (MCL 722.111 to 722.128) by adding section 3e.

Without amendment and with the recommendation that the bill pass.

The bill was referred to the order of Second Reading of Bills.

#### Favorable Roll Call

**HB 6205** To Report Out:

Yeas: Reps. Vander Veen, DeWeese, Hager, Tabor, Garza,

Nays: None.

#### COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Hart, Chair of the Committee on Family and Children Services, was received and read:

Meeting held on: Tuesday, June 18, 2002, at 12 Noon,

Present: Reps. Hart, Vander Veen, DeWeese, Hager, Tabor, Garza,

Absent: Reps. Murphy, Bernero, Rison,

Excused: Reps. Murphy, Bernero, Rison.

#### Messages from the Senate

**House Bill No. 5645, entitled**

A bill to make appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

Pursuant to Joint Rule 10, the Senate has ruled out of order section 261 of the first conference report, which is an amendment by reference to the social welfare act, and appointed Senators Goschka, Gougeon and Murphy as second conferees.

The message was referred to the Clerk for record.

#### Notices

The Speaker appointed as conferees, on the part of the House of Representatives for **House Bill No. 5645**, Reps. Toy, Shulman and Switalski.

The bill was referred to the Second Conference Committee on June 18, 2002.

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Rep. Callahan entered the House Chambers.

By unanimous consent the House returned to the order of

#### Reports of Select Committees

#### First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

**House Bill No. 5642, entitled**

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require

reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

Reports that the conferees agree to disagree.

Mike Pumford  
Jerry Vander Roest  
Clarence Phillips  
Conferees for the House

George A. McManus, Jr.  
Harry Gast  
Don W. Koivisto  
Conferees for the Senate

### Notices

The Speaker appointed as second conferees, on the part of the House of Representatives for **House Bill No. 5642**, Reps. Pumford, Vander Roest and Phillips.

By unanimous consent the House returned to the order of  
**Messages from the Senate**

The Speaker laid before the House  
**House Bill No. 5103, entitled**

A bill to amend 1978 PA 368, entitled "Public health code," by amending sections 16105, 16106, 16108, 16128, 16163, 16174, 16186, 16261, 16323, and 16608 (MCL 333.16105, 333.16106, 333.16108, 333.16128, 333.16163, 333.16174, 333.16186, 333.16261, 333.16323, and 333.16608), section 16106 as amended by 1997 PA 153, sections 16108 and 16186 as amended and section 16323 as added by 1993 PA 80, section 16174 as amended by 1998 PA 227, and section 16608 as amended by 1990 PA 216.

(The bill was received from the Senate on June 13, with substitute (S-1), title amendment and immediate effect given by the Senate, consideration of which, under the rules, was postponed until today, see House Journal No. 55, p. 1932.)  
The question being on concurring in the substitute (S-1) made to the bill by the Senate,

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

1. Amend page 19, line 26, after "ASSURANCE" by inserting "DEDICATION IS AN EARMARKED".  
The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor.

Reps. Caul and Birkholz moved to amend the Senate substitute (S-1) as follows:

1. Amend page 21, line 20, after "HOSPITAL" by striking out the balance of the line.
2. Amend page 22, following line 9, following subdivision (J), by striking out all of subdivision (K).

The question being on the adoption of the amendments offered by Reps. Caul and Birkholz,

Rep. Godchaux demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments offered by Reps. Caul and Birkholz,

The amendments were not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

### Roll Call No. 930

### Yeas—28

Birkholz	Gilbert	Kooiman	Scranton
Bisbee	Hager	Kuipers	Shackleton
Bishop	Hart	LaSata	Stamas
Bradstreet	Hummel	Meyer	Van Woerkom
Brown, C.	Jelinek	Middaugh	Vander Veen
Caul	Johnson, Ruth	Newell	Vear
DeVuyst	Julian	Pumford	Voorhees



**Nays—72**

Adamini	Ehardt	Mans	Rivet
Allen	Faunce	McConico	Rocca
Anderson	Frank	Mead	Schauer
Basham	George	Minore	Sheltrown
Bernero	Gielegem	Mortimer	Shulman
Bogardus	Godchaux	Murphy	Spade
Bovin	Gosselin	Neumann	Stallworth
Brown, B.	Hale	O'Neil	Stewart
Brown, R.	Hansen	Palmer	Switalski
Callahan	Hardman	Pappageorge	Tabor
Cassis	Howell	Patterson	Thomas
Clark, I.	Jamnick	Pestka	Toy
Clarke, H.	Johnson, Rick	Phillips	Vander Roest
Daniels	Kolb	Plakas	Waters
Dennis	Kowall	Rackowski	Whitmer
DeRossett	Lemmons	Reeves	Williams
DeWeese	Lipsey	Richardville	Wojno
Drolet	Lockwood	Richner	Woodward

In The Chair: Julian

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

1. Amend page 14, line 25, after “HOSPITALS” by striking out the balance of the line through line 27 and inserting “AT A RATE THAT GENERATES FUNDS NOT MORE THAN THE MAXIMUM ALLOWABLE UNDER THE FEDERAL MATCHING REQUIREMENTS, AFTER CONSIDERATION FOR THE AMOUNTS IN SUBSECTION (14) (A) AND (K).”.

2. Amend page 20, line 20, after “ASSESSED.” by inserting “AS USED IN THIS SUBDIVISION, “MEDICARE NET REVENUE” INCLUDES MEDICARE PAYMENTS AND AMOUNTS COLLECTED FOR COINSURANCE AND DEDUCTIBLES.”.

3. Amend page 22, following line 9, subdivision (J), after “IS” by striking out the balance of the sentence and inserting “NOT ELIGIBLE FOR FEDERAL MATCHING FUNDS. ANY PORTION OF AN ASSESSMENT COLLECTED FROM A HOSPITAL THAT IS NOT ELIGIBLE FOR FEDERAL MATCHING FUNDS SHALL BE RETURNED TO THE HOSPITAL.”.

The motion prevailed and the amendments were adopted, a majority of the members serving voting therefor.

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

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

**Roll Call No. 931****Yeas—84**

Adamini	Frank	Mans	Rocca
Allen	George	McConico	Schauer
Anderson	Gielegem	Mead	Scranton
Basham	Gilbert	Meyer	Shackleton
Bernero	Godchaux	Minore	Sheltrown
Bisbee	Hager	Mortimer	Shulman
Bogardus	Hale	Murphy	Spade
Bovin	Hardman	Neumann	Stallworth
Brown, B.	Howell	O'Neil	Stamas
Brown, R.	Jacobs	Palmer	Stewart
Callahan	Jelinek	Pappageorge	Switalski
Cassis	Johnson, Rick	Patterson	Tabor
Clark, I.	Johnson, Ruth	Pestka	Thomas
Clarke, H.	Julian	Phillips	Toy

Daniels	Kolb	Plakas	Van Woerkom
Dennis	Kooiman	Pumford	Voorhees
DeRossett	Kowall	Quarles	Waters
DeVuyst	LaSata	Raczkowski	Whitmer
DeWeese	Lemmons	Richardville	Williams
Ehardt	Lipsey	Richner	Wojno
Faunce	Lockwood	Rivet	Woodward

### Nays—18

Birkholz	Drolet	Jamnick	Reeves
Bishop	Gosselin	Kuipers	Vander Roest
Bradstreet	Hansen	Middaugh	Vander Veen
Brown, C.	Hart	Newell	Vear
Caul	Hummel		

In The Chair: Julian

The House agreed to the title as amended.

Reps. Basham, Kolb, Meyer, Mortimer, Raczkowski, Schauer, Shackleton and Stewart were named co-sponsors of the bill.

Rep. Birkholz moved that her name be removed as sponsor of the bill.

By unanimous consent the House returned to the order of

### Reports of Select Committees

#### First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

#### **Senate Bill No. 1104, entitled**

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

Reports that the conferees agree to disagree.

Loren Bennett  
Harry Gast  
Kenneth DeBeaussaert  
Conferees for the Senate

David Mead  
Charles LaSata  
Rich Brown  
Conferees for the House

### Messages from the Senate

#### **Senate Bill No. 1104, entitled**

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

The Senate has appointed Senators Bennett, Hoffman and Young as second conferees.

The message was referred to the Clerk for record.

**Notices**

The Speaker appointed as second conferees, on the part of the House of Representatives for **Senate Bill No. 1104**, Reps. Mead, LaSata and Rich Brown.

By unanimous consent the House returned to the order of  
**Messages from the Senate**

The Speaker laid before the House  
**House Bill No. 4373, entitled**

A bill to make, supplement, and adjust appropriations for capital outlay and certain state departments and agencies for the fiscal year ending September 30, 2002; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

(The bill was received from the Senate on June 5, with substitute (S-1), title amendment and immediate effect given by the Senate, consideration of which, under the rules, was postponed until June 13, see House Journal No. 54, p. 1920.)

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

Rep. Shulman moved to substitute (H-4) the Senate substitute (S-1).

The motion prevailed and the substitute (H-4) was adopted, a majority of the members serving voting therefor.

Reps. Woronchak and Toy moved to amend the bill as follows:

1. Amend page 19, following line 14, by inserting:

“State emergency relief ..... 356,000”

and adjusting the subtotals, totals, and section 201 accordingly.

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

Rep. Vander Roest moved to amend the bill as follows:

1. Amend page 41, following line 2, by inserting:

“Sec. 412. By September 30, 2002, Michigan State University, in collaboration with the state departments of agriculture and natural resources, shall provide to the house and senate appropriations subcommittees on agriculture an operational cost analysis of the new animal health diagnostics laboratory.”

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

Rep. Mead moved to amend the bill as follows:

1. Amend page 50, following line 23, by inserting:

**DEPARTMENT OF NATURAL RESOURCES**

Sec. 545. Pursuant to generally accepted accounting principles and state accounting policies, the appropriation in section 116 to grant to counties—marine safety, is to provide 1-time funding to correct estimated accrued liabilities for grants earned by but not yet billed by or paid to local units of government.”

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

Rep. Shackleton moved to amend the bill as follows:

1. Amend page 29, line 23, by striking out “3,247,300” and inserting “4,247,300”.

2. Amend page 29, following line 23, by inserting “Bus capital ..... 764,000”.

3. Amend page 30, line 1, by striking out “3,247,300” and inserting “5,011,300”.

4. Amend page 30, line 4, by striking out “4,132,300” and inserting “5,432,300”.

5. Amend page 30, line 8, by striking out “4,132,300” and inserting “5,432,300” and adjusting the subtotals, totals, and section 201 accordingly.

The motion prevailed and the amendments were adopted, a majority of the members serving voting therefor.

Rep. Jacobs moved that Rep. Whitmer be excused temporarily from today’s session.

The motion prevailed.

Rep. Stallworth moved to amend the bill as follows:

1. Amend page 29, line 10, by striking out all of line 10 through line 11.
2. Amend page 29, line 13, by striking out "18,000,000" and inserting "24,000,000" and adjusting the subtotals, totals, and section 201 accordingly.

The question being on the adoption of the amendments offered by Rep. Stallworth,  
Rep. Stallworth demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments offered by Rep. Stallworth,

The amendments were not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

**Roll Call No. 932**

**Yeas—47**

Adamini	Dennis	Lipsey	Reeves
Anderson	Drolet	Lockwood	Rivet
Basham	Frank	Mans	Schauer
Bernero	Gielegem	McConico	Sheltrown
Bogardus	Hale	Minore	Spade
Bovin	Hansen	Murphy	Stallworth
Brown, B.	Hardman	Neumann	Switalski
Brown, R.	Howell	O'Neil	Thomas
Callahan	Jacobs	Pestka	Williams
Clark, I.	Jamnick	Phillips	Wojno
Clarke, H.	Kolb	Plakas	Woodward
Daniels	Lemmons	Rackowski	

**Nays—52**

Allen	George	Kuipers	Rocca
Birkholz	Gilbert	LaSata	Scranton
Bisbee	Godchaux	Mead	Shackleton
Bishop	Gosselin	Meyer	Shulman
Bradstreet	Hager	Middaugh	Stamas
Brown, C.	Hart	Mortimer	Stewart
Cassis	Hummel	Newell	Tabor
Caul	Jelinek	Palmer	Toy
DeRossett	Johnson, Rick	Pappageorge	Van Woerkom
DeVuyst	Johnson, Ruth	Patterson	Vander Roest
DeWeese	Julian	Pumford	Vander Veen
Ehardt	Kooiman	Richardville	Vear
Faunce	Kowall	Richner	Voorhees

In The Chair: Julian

Rep. Hale moved that Rep. Bogardus be excused temporarily from today's session.  
The motion prevailed.

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

The substitute (S-1), as substituted (H-4), was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

**Roll Call No. 933****Yeas—63**

Allen	Faunce	LaSata	Schauer
Birkholz	George	Mead	Scranton
Bisbee	Gilbert	Meyer	Shackleton
Bishop	Godchaux	Middaugh	Sheltrown
Bovin	Gosselin	Mortimer	Shulman
Bradstreet	Hager	Neumann	Spade
Brown, B.	Hart	Newell	Stamas
Brown, C.	Howell	Palmer	Stewart
Brown, R.	Hummel	Pappageorge	Tabor
Cassis	Jelinek	Patterson	Toy
Caul	Johnson, Rick	Pestka	Van Woerkom
DeRossett	Johnson, Ruth	Pumford	Vander Roest
DeVuyst	Julian	Raczkowski	Vander Veen
DeWeese	Kooiman	Richardville	Vear
Drolet	Kowall	Richner	Voorhees
Ehardt	Kuipers	Rocca	

**Nays—38**

Adamini	Garza	Lockwood	Reeves
Anderson	Gielegem	Mans	Rivet
Basham	Hale	McConico	Stallworth
Bernero	Hansen	Minore	Switalski
Callahan	Hardman	Murphy	Waters
Clark, I.	Jacobs	O'Neil	Whitmer
Clarke, H.	Jamnick	Phillips	Williams
Daniels	Kolb	Plakas	Wojno
Dennis	Lemmons	Quarles	Woodward
Frank	Lipsey		

In The Chair: Julian

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

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

A bill to make, supplement, and adjust appropriations for capital outlay and certain state departments and agencies for the fiscal year ending September 30, 2002 and fiscal year ending September 30, 2003; to implement the appropriations within the budgetary process; to authorize certain land transfers; to provide for the expenditure of appropriations; and to repeal acts and parts of acts.

The motion prevailed.

The House agreed to the title as amended.

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

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

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Reps. Kolb, Dennis, Woodward, Callahan, Wojno, Jamnick, Clarke and Basham, having reserved the right to explain their nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 4373 (H-4) because it expends in excess of \$1 billion.

The Governor and Republican Legislative leadership still cannot recommend a plan to deal with the state’s structural deficit for this current fiscal year and next fiscal year.

The state is facing a General Fund \$480 million deficit for the current fiscal year 2002 and over \$350 million for the fiscal year 2003. As it stands right now, certain revenue collections which contribute substantially to the state's General Fund are down a full ten percent from where they were one year ago. Yet the Legislature, under Republican leadership continues to focus only on speeding up the elimination of the Single Business Tax.

Acknowledging that this bill contains funding for airport security which I strongly support, it must be pointed out that state borrowing has increased from \$8.6 billion in 1991 to \$14.6 billion in 1999 and has increased 22.6% from the last fiscal year 2001 to the present, significantly contributing to the state's structural deficit. In addition, this bill contains in excess of \$290 million in federal unemployment assistance funds that are being used to supplant other federal and state restricted funds.

Until we receive a clearer indication from the Governor and Legislative leadership that our budget focus will consist of more than just one-time fixes we should not be making future financial commitments, but tightening our belts just as every working family in this state is doing."

Rep. Adamini, having reserved the right to explain his nay vote, made the following statement:

"Mr. Speaker and members of the House:

I voted no on House Bill 4373 (H-4) because it expends in excess of \$1 billion.

The Governor and Republican Legislative leadership still cannot recommend a plan to deal with the state's structural deficit for this current fiscal year and next fiscal year.

The state is facing a General Fund \$480 million deficit for the current fiscal year 2002 and over \$350 million for the fiscal year 2003. As it stands right now, certain revenue collections which contribute substantially to the state's General Fund are down a full ten percent from where they were one year ago. Yet the Legislature, under Republican leadership continues to focus only on speeding up the elimination of the Single Business Tax.

Acknowledging that this bill contains funding for airport security and declining enrollment and veterans which I strongly support, it must be pointed out that state borrowing has increased from \$8.6 billion in 1991 to \$14.6 billion in 1999 and has increased 22.6% from the last fiscal year 2001 to the present, significantly contributing to the state's structural deficit. In addition, this bill contains in excess of \$290 million in federal unemployment assistance funds that are being used to supplant other federal and state restricted funds.

Until we receive a clearer indication from the Governor and Legislative leadership that our budget focus will consist of more than just one-time fixes we should not be making future financial commitments, but tightening our belts just as every working family in this state is doing."

Rep. Frank, having reserved the right to explain his nay vote, made the following statement:

"Mr. Speaker and members of the House:

The Governor and the Republican leadership still cannot recommend a plan to address the state's structural deficit. While I support some issues within this budget, including our veterans, airport security, and declining enrollment, this supplemental leaves our bridges without critical bridge money and also takes federal revenues for unemployed workers and spends them in areas not authorized by the Reed Act. In addition, this strips the infant mortality dollars and other vital services which our communities desperately need to address the serious health issues facing them."

Rep. Minore, having reserved the right to explain his nay vote, made the following statement:

"Mr. Speaker and members of the House:

There are several reasons to oppose this bill, and I wish to clearly identify only one of them: the use of Federal Unemployment supplementatl dollars for what are largely unrelated expenditures. The Federal government, mindful of the needs of unemployed workers across this state and nation, provided \$291 million to extend unemployment benefits. This legislature, in passing a barely adequate unemployment bill, argued that the benefits must be kept to a minimum so as not to exhaust the Unemployment Trust Fund. Now, in a startling and troubling turn-about, we find that of that \$291 will be used to 'plug the holes' in the General Fund expenditures. This is an insult to workers, a betrayal of members of the Legislature, and a questionable—at best—use of the Federal funds. Moreover, the fund which was supposed to be in trouble according to Republican and business analysts, would be at near record level if the \$291 were added to the Trust. We should use those dollars to alleviate the serious needs of Michigan's unemployed workers—and/or to provide even further relief to businesses that pay into the fund—and/or to provide health coverage for unemployed workers and their families. In addition, I concur with comments contained in other NO vote explanations submitted by members of my caucus."

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

### Announcement by the Clerk of Printing and Enrollment

The Clerk announced that the following bills and joint resolution had been printed and placed upon the files of the members, Friday, June 14:

**House Bill Nos. 6181 6182 6183 6184 6185 6186 6187 6188 6189 6190 6191 6192 6193 6194  
6195 6196 6197 6198 6199 6200 6201 6206 6207**  
**House Joint Resolution Z**

The Clerk announced the enrollment printing and presentation to the Governor on Monday, June 17, for his approval of the following bill:

**House Bill No. 5361 at 11:10 a.m.**  
**House Bill No. 5587 at 11:12 a.m.**  
**House Bill No. 5807 at 11:14 a.m.**  
**House Bill No. 5889 at 11:16 a.m.**  
**House Bill No. 5991 at 11:18 a.m.**  
**House Bill No. 5993 at 11:20 a.m.**  
**House Bill No. 6062 at 11:22 a.m.**

The Clerk announced that the following Senate bills had been received on Tuesday, June 18:  
**Senate Bill Nos. 1320 1322**

### Introduction of Bills

Reps. Mead, Bradstreet, Allen, Shackleton, Pumford and Jelinek introduced

**House Bill No. 6209, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," (MCL 324.101 to 324.90106) by adding section 44520a.

The bill was read a first time by its title and referred to the Committee on Conservation and Outdoor Recreation.

Reps. Meyer, Voorhees, Vander Veen, Rocca, Callahan, Tabor, Shackleton and DeVuyst introduced

**House Bill No. 6210, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 3101 (MCL 324.3101), as amended by 2001 PA 114, and by adding section 3101c.

The bill was read a first time by its title and referred to the Committee on Conservation and Outdoor Recreation.

Reps. Kooiman, Pappageorge, Newell, Meyer, Voorhees, Vander Veen, Kowall, Bishop, Hart, Pestka, Stewart, Kolb and DeWeese introduced

**House Bill No. 6211, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 11525 (MCL 324.11525), as amended by 1996 PA 506, and by adding sections 11532a and 11532b; and to repeal acts and parts of acts.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Kolb, McConico, Lipsey, George and Lemmons introduced

**House Bill No. 6212, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," (MCL 324.101 to 324.90106) by adding part 173.

The bill was read a first time by its title and referred to the Committee on Health Policy.

Reps. Kolb, McConico, Jacobs and Lipsey introduced

**House Bill No. 6213, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," (MCL 324.101 to 324.90106) by adding section 3111a; and to repeal acts and parts of acts.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Kolb, McConico, Jacobs and Lemmons introduced

**House Bill No. 6214, entitled**

A bill to amend 1936 (Ex Sess) PA 1, entitled "Michigan employment security act," (MCL 421.1 to 421.75) by adding section 28b.

The bill was read a first time by its title and referred to the Committee on Employment Relations, Training and Safety.

Reps. Kolb, McConico, Lipsey and Lemmons introduced

**House Bill No. 6215, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," (MCL 324.101 to 324.90106) by adding sections 1301 and 1302.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Kolb, McConico, Jacobs, Lipsey and Lemmons introduced

**House Bill No. 6216, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 8316 (MCL 324.8316).

The bill was read a first time by its title and referred to the Committee on Agriculture and Resource Management.

Reps. Kolb, McConico, Jacobs, Ruth Johnson and Lemmons introduced

**House Bill No. 6217, entitled**

A bill to amend 2001 PA 266, entitled "Grade A milk law of 2001," by amending section 68 (MCL 288.538).

The bill was read a first time by its title and referred to the Committee on Agriculture and Resource Management.

Reps. Kolb, McConico, Jacobs, Ruth Johnson and Lemmons introduced

**House Bill No. 6218, entitled**

A bill to amend 2001 PA 267, entitled "Manufacturing milk law of 2001," by amending section 136 (MCL 288.696).

The bill was read a first time by its title and referred to the Committee on Agriculture and Resource Management.

Reps. Basham and Phillips introduced

**House Bill No. 6219, entitled**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 80166 (MCL 324.80166), as added by 1995 PA 58, and by adding section 80166a.

The bill was read a first time by its title and referred to the Committee on Transportation.

Reps. Basham and Phillips introduced

**House Bill No. 6220, entitled**

A bill to amend 1991 PA 46, entitled "Eligible domestic relations order act," by amending section 2 (MCL 38.1702).

The bill was read a first time by its title and referred to the Committee on Civil Law and the Judiciary.

Rep. Rivet introduced

**House Bill No. 6221, entitled**

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to



provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending section 10 (MCL 247.660), as amended by 2000 PA 188.

The bill was read a first time by its title and referred to the Committee on Appropriations.

Rep. Scranton introduced

**House Bill No. 6222, entitled**

A bill to amend 1967 PA 288, entitled "Land division act," by amending section 102 (MCL 560.102), as amended by 1996 PA 591.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Richner and O'Neil introduced

**House Bill No. 6223, entitled**

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 3109a and 3114 (MCL 500.3109a and 500.3114), section 3114 as amended by 2002 PA 38.

The bill was read a first time by its title and referred to the Committee on Insurance and Financial Services.

Reps. Richner and O'Neil introduced

**House Bill No. 6224, entitled**

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 3104 (MCL 500.3104), as amended by 2001 PA 3.

The bill was read a first time by its title and referred to the Committee on Insurance and Financial Services.

Reps. Richner, Drolet, Richardville, DeVuyst, O'Neil and Faunce introduced

**House Bill No. 6225, entitled**

A bill to regulate the electronic commerce services by governmental agencies; and to prescribe the powers and duties of certain governmental agencies and officials relating to electronic commerce services.

The bill was read a first time by its title and referred to the Committee on Commerce.

Rep. Palmer introduced

**House Bill No. 6226, entitled**

A bill to amend 1947 PA 336, entitled "An act to prohibit strikes by certain public employees; to provide review from disciplinary action with respect thereto; to provide for the mediation of grievances and the holding of elections; to declare and protect the rights and privileges of public employees; and to prescribe means of enforcement and penalties for the violation of the provisions of this act," by amending sections 10 and 16 (MCL 423.210 and 423.216).

The bill was read a first time by its title and referred to the Committee on Employment Relations, Training and Safety.

By unanimous consent the House returned to the order of

**Reports of Select Committees**

**First Conference Report**

The Committee of Conference on the matters of difference between the two Houses concerning

**House Bill No. 5648, entitled**

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2003; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

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

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2003; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**PART 1**

**LINE-ITEM APPROPRIATIONS**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the judicial branch for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**JUDICIARY**

**APPROPRIATION SUMMARY:**

Full-time equated exempted positions .....	582.5		
<b>GROSS APPROPRIATION</b> .....		\$	245,245,800
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers .....			2,833,500
<b>ADJUSTED GROSS APPROPRIATION</b> .....		\$	242,412,300
Federal revenues:			
Total federal revenues .....			3,901,000
Special revenue funds:			
Total local revenues .....			2,941,800
Total private revenues .....			842,500
Total other state restricted revenues .....			57,727,700
State general fund/general purpose .....		\$	176,999,300

**Sec. 102. SUPREME COURT**

Full-time equated exempted positions .....	284.0		
Supreme court administration—114.0 FTE positions .....		\$	10,846,300
Judicial institute—20.0 FTE positions .....			3,107,000
State court administrative office—80.0 FTE positions .....			9,987,700
Judicial information systems—21.0 FTE positions .....			4,772,500
Direct trial court automation support—33.0 FTE positions .....			2,900,500
Foster care review board—12.0 FTE positions .....			1,253,200
Community dispute resolution—4.0 FTE positions .....			2,511,300
Drug treatment courts .....			1,293,700
<b>GROSS APPROPRIATION</b> .....		\$	36,672,200

Appropriated from:

Interdepartmental grant revenues:			
IDG from department of career development .....			95,000
IDG from state police - criminal justice improvement .....			2,015,000
IDG from state police - Michigan justice training fund.....			300,000
Federal revenues:			
USDA, agriculture mediation grant.....			125,000
DOE, special education grant.....			150,000
DOJ, enforcing underage drinking law.....			50,000
DOJ, victims assistance programs.....			50,000
DOT, national highway safety traffic administration.....			215,300
HHS, access and visitation grant.....			387,000
HHS, court improvement project.....			1,160,000
HHS, title IV-D child support program .....			907,700
HHS, title IV-E foster care program.....			500,000
HHS, TANF .....			50,000
HHS, domestic violence prevention .....			269,500
Special revenue funds:			
Local - user fees .....			2,941,800
Private.....			169,000

	For Fiscal Year Ending Sept. 30, 2003
Private - interest on lawyers trust accounts .....	232,700
Private - state justice institute .....	370,800
Community dispute resolution fees .....	1,665,600
Law exam fees .....	482,100
Miscellaneous revenue .....	227,900
State court fund.....	319,000
State general fund/general purpose .....	\$ 23,988,800
<b>Sec. 103. COURT OF APPEALS</b>	
Full-time equated exempted positions .....	230.5
Court of appeals operations—230.5 FTE positions .....	\$ 17,914,100
<b>GROSS APPROPRIATION</b> .....	\$ 17,914,100
Appropriated from:	
Special revenue funds:	
Court filing/motion fees .....	1,571,000
Miscellaneous revenue .....	77,800
State general fund/general purpose .....	\$ 16,265,300
<b>Sec. 104. BRANCHWIDE APPROPRIATIONS</b>	
Full-time equated exempted positions .....	3.0
Branchwide appropriations.....	\$ 9,458,100
<b>GROSS APPROPRIATION</b> .....	\$ 9,458,100
Appropriated from:	
Special revenue funds:	
State general fund/general purpose .....	\$ 9,458,100
<b>Sec. 105. JUSTICES' AND JUDGES' COMPENSATION</b>	
Full-time judges positions .....	615.0
Supreme court justices' salaries—7.0 judges .....	\$ 1,169,600
Court of appeals judges' salaries—28.0 judges .....	4,304,000
District court judges' state base salaries—258.0 judges .....	24,412,400
District court judicial salary standardization .....	11,796,800
Probate court judges' state base salaries—106.0 judges .....	9,254,500
Probate court judicial salary standardization .....	4,347,100
Circuit court judges' state base salaries—216.0 judges .....	20,658,100
Circuit court judicial salary standardization .....	9,807,800
Judges' retirement system defined contributions .....	2,570,000
OASI, social security .....	4,637,600
<b>GROSS APPROPRIATION</b> .....	\$ 92,957,900
Appropriated from:	
Special revenue funds:	
Court fee fund.....	7,090,200
State general fund/general purpose .....	\$ 85,867,700
<b>Sec. 106. JUDICIAL AGENCIES</b>	
Full-time equated exempted positions .....	10.0
Judicial tenure commission—10.0 FTE positions.....	\$ 1,014,100
<b>GROSS APPROPRIATION</b> .....	\$ 1,014,100
Appropriated from:	
State general fund/general purpose .....	\$ 1,014,100
<b>Sec. 107. INDIGENT DEFENSE - CRIMINAL</b>	
Full-time equated exempted positions .....	55.0
Appellate public defender program—47.0 FTE positions .....	\$ 4,891,400
Appellate assigned counsel administration—8.0 FTE positions .....	920,400
<b>GROSS APPROPRIATION</b> .....	\$ 5,811,800
Appropriated from:	
Interdepartmental grant revenues:	
IDG from state police - Michigan justice training fund.....	423,500
Federal revenues:	
DOJ, assigned criminal defense .....	36,500

For Fiscal Year  
Ending Sept. 30,  
2003

Special revenue funds:	
Private - interest on lawyers trust accounts .....	70,000
Miscellaneous revenue .....	113,100
State general fund/general purpose .....	\$ 5,168,700
<b>Sec. 108. INDIGENT CIVIL LEGAL ASSISTANCE</b>	
Indigent civil legal assistance .....	\$ 7,587,000
<b>GROSS APPROPRIATION</b> .....	\$ 7,587,000
Appropriated from:	
Special revenue funds:	
State services fee fund .....	250,000
State court fund.....	7,337,000
State general fund/general purpose .....	\$ 0
<b>Sec. 109. TRIAL COURT OPERATIONS</b>	
Court equity fund reimbursements .....	\$ 71,005,700
Judicial technology improvement fund.....	1,943,700
Court boundary realignment costs.....	150,000
<b>GROSS APPROPRIATION</b> .....	\$ 73,099,400
Appropriated from:	
Special revenue funds:	
Court equity fund.....	36,044,000
State general fund/general purpose .....	\$ 37,055,400
<b>Sec. 110. GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT</b>	
Drunk driving case-flow program .....	\$ 2,300,000
Drug case-flow program .....	250,000
<b>GROSS APPROPRIATION</b> .....	\$ 2,550,000
Appropriated from:	
Special revenue funds:	
Drug fund .....	250,000
Drunk driving fund .....	2,300,000
State general fund/general purpose .....	\$ 0
<b>Sec. 113. EARLY RETIREMENT AND BUDGETARY SAVINGS</b>	
Early retirement savings.....	\$ (891,200)
Budgetary savings.....	(927,600)
<b>GROSS APPROPRIATION</b> .....	\$ (1,818,800)
Appropriated from:	
State general fund/general purpose .....	\$ (1,818,800)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$234,727,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$113,428,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

**SUPREME COURT**

State court administrative office - administration.....	\$ 511,900
Drug treatment courts .....	1,293,700

**TRIAL COURT OPERATIONS**

Court equity fund reimbursements .....	\$ 71,005,700
Judicial technology improvement fund.....	1,943,700
Court boundary realignment costs.....	150,000

**JUSTICES' AND JUDGES' COMPENSATION**

District court judicial salary standardization .....	\$ 11,796,800
Probate court judges' state base salaries .....	9,254,500
Probate court judicial salary standardization.....	4,347,100
Circuit court judicial salary standardization.....	9,807,800
Grant to OASI contribution fund, employers share, social security.....	766,900

GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drunk driving case-flow program .....	\$	2,300,000
Drug case-flow program .....		250,000
TOTAL .....	\$	<u>113,428,100</u>

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

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

Sec. 203. As used in this act:

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

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$500,000.00 for federal contingency funds.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$500,000.00 for state restricted contingency funds.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for private contingency funds.

(5) A transfer of contingency funds within the judicial branch shall not be made by the authorized agent of the judicial entity unless approved by both appropriations committees. If the state budget director does not approve contingency fund transfers adopted by both appropriations committees under this section, the state budget director shall notify the appropriations committees of his or her action within 15 days.

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

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

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

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

Sec. 210. (1) The chief justice of the supreme court shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both, for the judicial branch. The chief justice shall strongly encourage firms with which the courts of this state contract to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

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

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

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

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

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

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

Sec. 213. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2000 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed on the state classified civil service for the fiscal year ending September 30, 2003, efficiencies, and other savings identified by the director and approved by the state budget director.

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

#### **JUDICIAL BRANCH**

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

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

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

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

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

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

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

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

Sec. 310. (1) State general fund appropriation for community dispute resolution contained in part 1 shall be used to supplement funding for community dispute resolution centers. The supplemental funding shall be disbursed by formula to achieve a base level of \$30,000.00 for centers funded through the community dispute resolution act, 1988 PA 260, MCL 691.1551 to 691.1564, with the remainder disbursed based upon performance measures as determined by the state court administrative office.

(2) From the funds in part 1, the chief justice is strongly encouraged to distribute pamphlets of information on the community dispute resolution program, especially to those entities known to be points of referrals, including, but not limited to, all statewide judicial conferences, all courts, local units of government, legal organizations, prosecutors, attorneys, police departments, colleges and universities, and state departments.

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

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

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

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

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

Sec. 313. A county shall not be penalized due to the failure to comply with federal child support enforcement system requirements if the family independence agency determines that all of the following conditions are met:

(a) The county, friend of the court, and the department have a written agreement that outlines the county's commitment to participate in the system.

(b) The county and the friend of the court are fully and timely cooperating with the work plan outlined in the child support enforcement memorandum of understanding between the department and the county.

(c) The county and the friend of the court are implementing the child support enforcement system required for federal certification.

(d) The friend of the court and county prosecuting attorney's office use the statewide system upon availability to monitor and process title IV-D cases.

Sec. 316. (1) The appropriation in part 1 for the judicial technology improvement fund shall be allocated for the development of a statewide judicial information system. The supreme court, working with the department of state police, department of corrections, secretary of state, prosecuting attorneys association of Michigan, and the department of information technology, will develop a statewide telecommunications infrastructure to integrate criminal justice information systems. The judicial technology improvement fund shall also provide grants to local trial court funding units to encourage technology innovations by local trial courts that will result in enhanced public service. These innovations will include, but not be limited to, electronic filing, on-line payments of fines and fees, and web-based instructions for completion of court documents.

(2) Funds in part 1 may be used to develop, operate, and maintain a cyber court system.

(3) There is hereby appropriated to the judiciary for deposit into the judicial technology improvement fund \$6,000,000.00 contingent upon the receipt of a refund from the federal government related to penalties previously imposed for the child support enforcement system of which up to \$1,000,000.00 may be utilized towards development and operation of a cyber court system as identified in subsection (2). The appropriation to the judiciary of refund money related to the child support enforcement system shall precede any other appropriations of such resources. Notwithstanding the provision in subsection (2), any child support enforcement system penalty refund resources deposited into the judicial technology improvement fund shall be expended in the manner as prescribed in subsection (1). The child support enforcement system refund revenue when certified as available in the judicial technology improvement fund by the judiciary shall remain unallotted until such time as the state budget director has reviewed and approved an allotment schedule submitted by the judiciary. Unexpended resources remaining in the fund at the end of the fiscal year may be carried forward for expenditure in the following year for the same purposes as described in this section.

Sec. 317. If funds become available from the federal government for mental health courts, the state court administrative office shall assist those local trial courts who are interested in starting a mental health court in writing grants and any other assistance that may help them receive such funds.

Sec. 318. The supreme court shall assist local trial courts with feasibility studies to create child care for parents who must appear in civil or criminal courts in order to improve the administration of justice in at least the following ways:

(a) Reducing child related disruptions and delays.

(b) Protecting safety of young children brought to courthouses.

(c) Assisting with court-involved families.

(d) Reducing the incidence of failure to appear caused by the inability of witnesses to find child care.

Sec. 319. (1) From the funds appropriated for indigent civil legal assistance in part 1, a debt management loan program is created for attorneys who are employed by legal services organizations and whose total law school debt is greater than 25% of their total family income at the time of application to this program. The total law school debt shall not exceed the total amount of law school tuition, books, fees, and other costs directly related to the law school education of the applicant.

(2) To qualify for a loan, an applicant must be employed by or present a letter with a promise of employment with a legal services organization.

(3) For each dollar in state funds received by the attorney, the attorney must produce a dollar-for-dollar match, to be paid toward reduction of the total law school debt, from any other source, including funds from the attorney.

(4) An attorney may receive funds under this program for not more than the total law school debt outstanding on the date of application.

(5) The debt management loan program shall be administered by Wayne State University at no cost to the state.

(6) A legal services organization that employs an attorney who receives funds under this program shall certify the amounts of annual salary, total law school debt as of the date of initial application for the loan, and match to Wayne State University.

(7) The legislature encourages the state bar of Michigan or any other interested partners to seek additional funds for deposit into the debt management loan program fund.

(8) Unexpended funds from the debt management loan program shall not lapse but shall be carried forward for the same purpose in the subsequent year.

(9) The state court administrative office shall provide to the house and senate judiciary subcommittees on appropriations a report on this fund in accordance with section 208 of this act.

(10) As used in this section:

(a) "Legal services organization" means an organization that is eligible to receive filing fees from the state bar foundation and provides legal services to the poor in this state as its primary mission.

(b) "Total family income" means the greater of either of the following:

(i) The attorney's adjusted gross income as reported on his or her most recent federal income tax form or, if applicable, the combined adjusted gross income of the attorney and the spouse of the attorney as reported in his or her most recent federal income tax form.

(ii) The amount of annual salary commitment from the legal services organization and, if applicable, the adjusted gross income of the spouse of the attorney as reported in his or her most recent federal income tax form.

Sec. 320. The judicial branch shall work cooperatively with the family independence agency and the departments of community health and career development to coordinate and improve the delivery of mental health and substance abuse treatment and education and training services to individuals leaving the juvenile justice system, especially those who leave the juvenile justice system because of their age, who are identified as continuing to pose a serious risk to themselves or others. The judicial branch shall provide information from this collaborative effort as requested.

Sec. 321. The judicial branch shall communicate regarding information technology activities with the department of information technology.

Sec. 322. The amount appropriated in part 1 for court boundary realignment costs shall be allocated to local units of government by the state court administrative office. Local jurisdictions shall submit requests for reimbursement to the state court administrative office for programs, technology, and other costs related to the implementation of 2002 PA 92.

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

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2003; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

Patricia Godchaux  
Jerry Kooiman  
Conferees for the House

Walter North  
Mike Goschka  
Conferees for the Senate

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

### First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning  
**House Bill No. 5649, entitled**

A bill to make, supplement, and adjust appropriations for the department of military and veterans affairs for the fiscal years ending September 30, 2002 and September 30, 2003; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.



Recommends:

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

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**PART 1**

**LINE-ITEM APPROPRIATIONS**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

**APPROPRIATION SUMMARY:**

Full-time equated unclassified positions .....	7.0	
Full-time equated classified positions .....	1,072.0	
<b>GROSS APPROPRIATION</b> .....		\$ 103,364,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers .....		200,000
<b>ADJUSTED GROSS APPROPRIATION</b> .....		\$ 103,164,700
Federal revenues:		
Total federal revenues .....		39,114,500
Special revenue funds:		
Total local revenues .....		0
Total private revenues .....		530,000
Total other state restricted revenues .....		23,437,600
State general fund/general purpose .....		\$ 40,082,600

**Sec. 102. HEADQUARTERS AND ARMORIES**

Full-time equated unclassified positions .....	7.0	
Full-time equated classified positions .....	140.0	
Headquarters and armories—99.5 FTE positions .....		\$ 9,706,600
Unclassified military personnel .....		660,300
Military appeals tribunal .....		900
Michigan emergency volunteers .....		5,000
State active duty .....		70,100
Challenge program—40.5 FTE positions .....		3,296,900
<b>GROSS APPROPRIATION</b> .....		\$ 13,739,800

Appropriated from:

Interdepartmental grant revenues:		
IDG, challenge grant .....		200,000
Federal revenues:		
DOD-DOA-NGB .....		3,564,500
Special revenue funds:		
Rental fees .....		350,000
Mackinac Bridge authority .....		40,000
Private donations .....		105,000
State general fund/general purpose .....		\$ 9,480,300

**Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES**

Full-time equated classified positions .....	229.0	
Military training sites and support facilities—229.0 FTE positions .....		\$ 14,930,200
Military training sites and support facilities test projects .....		100,000
<b>GROSS APPROPRIATION</b> .....		\$ 15,030,200

Appropriated from:

Federal revenues:		
DOD-DOA-NGB .....		12,140,400
Special revenue funds:		
Test project fees .....		100,000
State general fund/general purpose .....		\$ 2,789,800

	For Fiscal Year Ending Sept. 30, 2003
<b>Sec. 104. DEPARTMENTWIDE APPROPRIATIONS</b>	
Departmentwide accounts .....	\$ 1,830,000
Special maintenance - state .....	401,200
Special maintenance - federal .....	4,300,000
Military retirement .....	2,500,000
Counternarcotic operations.....	50,000
Starbase grant .....	600,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 9,681,200</b>
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	6,171,800
Federal counternarcotic revenues .....	50,000
State general fund/general purpose .....	\$ 3,459,400
<b>Sec. 105. VETERANS SERVICE ORGANIZATIONS</b>	
American legion.....	\$ 886,000
Disabled American veterans.....	732,400
Marine corps league.....	336,300
American veterans of World War II and Korea .....	464,800
Veterans of foreign wars .....	886,000
Michigan paralyzed veterans of America .....	165,700
Purple heart.....	157,900
Veterans of World War I.....	100
Polish legion of American veterans.....	41,200
Jewish veterans of America .....	41,200
State of Michigan council - Vietnam veterans of America .....	159,500
Catholic war veterans.....	41,200
<b>GROSS APPROPRIATION</b> .....	<b>\$ 3,912,300</b>
Appropriated from:	
State general fund/general purpose .....	\$ 3,912,300
<b>Sec. 106. GRAND RAPIDS VETERANS' HOME</b>	
Full-time equated classified positions .....	536.0
Grand Rapids veterans' home—536.0 FTE positions .....	\$ 42,264,700
Board of managers .....	300,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 42,564,700</b>
Appropriated from:	
Federal revenues:	
DVA-VHA .....	11,910,000
HHS-HCFA, title XIX, Medicaid .....	500,000
HHS-HCFA, Medicare, hospital insurance .....	692,900
Special revenue funds:	
Private - veterans' home post and posthumous funds.....	300,000
Income and assessments.....	13,925,700
Lease revenue .....	35,000
State general fund/general purpose .....	\$ 15,201,100
<b>Sec. 107. D.J. JACOBETTI VETERANS' HOME</b>	
Full-time equated classified positions .....	151.0
D.J. Jacobetti veterans' home—151.0 FTE positions .....	\$ 12,832,800
Board of managers .....	125,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 12,957,800</b>
Appropriated from:	
Federal revenues:	
DVA-VHA .....	3,356,100
HHS-HCFA, Medicare, hospital insurance .....	208,700
Special revenue funds:	
Private - veterans' home post and posthumous funds.....	125,000
Income and assessments.....	4,068,800
State general fund/general purpose .....	\$ 5,199,200

For Fiscal Year  
Ending Sept. 30,  
2003

**Sec. 108. MICHIGAN VETERANS' TRUST FUND**

Full-time equated classified positions .....	16.0	
Veterans' affairs directorate administration—3.0 FTE positions .....		\$ 344,200
Administration—13.0 FTE positions .....		1,030,000
Veterans' trust fund grants .....		3,746,500
<b>GROSS APPROPRIATION</b> .....		<u>\$ 5,120,700</u>

Appropriated from:

Special revenue funds:

Michigan veterans' trust fund .....		4,776,500
State general fund/general purpose .....		\$ 344,200

**Sec. 109. INFORMATION TECHNOLOGY**

Information technology services and projects .....		\$ 1,230,800
<b>GROSS APPROPRIATION</b> .....		<u>\$ 1,230,800</u>

Appropriated from:

Federal revenues:

DOD-DOA-NGB .....		394,900
DVA-VHA .....		125,200

Special revenue funds:

Income and assessments .....		141,600
State general fund/general purpose .....		\$ 569,100

**Sec. 110. EARLY RETIREMENT AND BUDGETARY SAVINGS**

Early retirement savings .....		\$ (463,200)
Budgetary savings .....		(409,600)
<b>GROSS APPROPRIATION</b> .....		<u>\$ (872,800)</u>

Appropriated from:

State general fund/general purpose .....		\$ (872,800)
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**PART 2**

**PROVISIONS CONCERNING APPROPRIATIONS**

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$63,520,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

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

Payments in lieu of taxes .....		\$ 70,000
<b>MICHIGAN VETERANS' TRUST FUND</b>		
County counselor travel expenses .....		\$ 50,000
<b>TOTAL</b> .....		<u>\$ 120,000</u>

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

Sec. 203. As used in this act:

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

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

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

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

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$5,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

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

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

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

Sec. 211. The department shall create and retain reports for all money appropriated under part 1.

Sec. 212. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$2,000,000.00 without legislative approval. Under the program, a member of the national guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

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

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

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

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

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

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

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

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

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

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

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 261. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

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

#### **HEADQUARTERS AND ARMORIES**

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

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

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

Sec. 303. (1) The department shall obtain a new appraisal to determine the fair market value of the Oak Park armory property. The results of that appraisal shall be forwarded to the city of Oak Park. For a period of 60 days following receipt of the appraisal by the city, the city of Oak Park shall have the right to purchase the armory property at a price equal to the appraised value under the appraisal obtained pursuant to this section. Any agreement regarding the sale of the property to the city of Oak Park shall comply with the provisions of section 382 of the Michigan military act, 1967 PA 150, MCL 32.782, and shall include a restriction that the city not receive any remuneration from the subsequent resale of the property to an outside party beyond the purchase price paid by the city and any reasonable expenses incurred by the city in developing the property. If the city has not formally notified the department within 60 days of its decision to purchase the property, the department shall proceed with the sale of the property under the provisions of the Michigan military act, 1967 PA 150, MCL 32.501 to 32.851. Proceeds from the sale of the property shall be deposited in the Michigan national guard armory construction fund, as provided in section 382a of the Michigan military act, 1967 PA 150, MCL 32.782a.

(2) This section is a special regulation adopted by the legislature as authorized by section 356 of the Michigan military act, 1967 PA 150, MCL 32.756 and does not amend the Michigan military act, 1967 PA 150, MCL 32.501 to 32.851.

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

**VETERANS SERVICE ORGANIZATIONS**

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

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

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

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

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

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

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

(3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department an accounting of its expenditures, audited and certified by a certified public accountant, within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2004, to the department by November 15, 2002, within the format as prescribed by the department to be used in the development of the budget for the fiscal year ending September 30, 2004. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 2002, to the department by January 31, 2003. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2002. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office.

**VETERANS' HOMES**

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

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house of representatives appropriations subcommittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house of representatives appropriations subcommittees on military affairs no later than February 1, 2003.

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

**VETERANS' TRUST FUND**

Sec. 703. (1) By April 1, 2003, the department shall submit to the senate and house of representatives appropriations subcommittees on military affairs and the state budget office a detailed annual report of the Michigan veterans' trust fund for fiscal year 2001-2002. The report shall include information on grants provided from the emergency grant program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

(2) The annual report required under subsection (1) shall provide detailed information on the number of emergency grant applications denied during fiscal year 2001-2002, including an accounting of the reasons for denial. This information also shall include the number of persons denied an emergency grant because of individual ineligibility, because of insufficient funds, and because the applicant's request did not meet minimum program criteria.

(3) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 2001-2002.

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

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

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

Cameron Brown  
John Pappageorge  
Gretchen Whitmer  
Conferees for the House

Philip E. Hoffman  
Walter North  
Conferees for the Senate

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

#### **Senate Bill No. 1101, entitled**

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

#### **First Conference Report**

The Committee of Conference on the matters of difference between the two Houses concerning

#### **Senate Bill No. 1101, entitled**

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

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

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

#### **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

##### **PART 1**

##### **LINE-ITEM APPROPRIATIONS - FISCAL YEAR 2002-2003**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

For Fiscal Year  
Ending Sept. 30,  
2003

**DEPARTMENT OF COMMUNITY HEALTH**

Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	5,666.3	
Average population .....	1,438.0	
<b>GROSS APPROPRIATION</b> .....		\$ 9,799,182,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers .....		\$ 69,172,900
<b>ADJUSTED GROSS APPROPRIATION</b> .....		\$ 9,730,009,400
Federal revenues:		
Total federal revenues .....		5,177,291,200
Special revenue funds:		
Total local revenues .....		1,065,265,900
Total private revenues .....		64,736,600
Tobacco settlement revenue .....		70,768,200
Total other state restricted revenues .....		874,240,600
State general fund/general purpose .....		\$ 2,477,706,900

**Sec. 102. DEPARTMENTWIDE ADMINISTRATION**

Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	343.5	
Director and other unclassified—6.0 FTE positions .....		\$ 581,500
Community health advisory council .....		28,900
Departmental administration and management—319.7 FTE positions .....		26,969,200
Certificate of need program administration—13.0 FTE positions .....		944,800
Worker’s compensation program .....		10,506,800
Rent and building occupancy .....		9,020,100
Developmental disabilities council and projects—9.0 FTE positions .....		2,743,600
Rural health services .....		726,000
Michigan essential health care provider program .....		954,100
Palliative and hospice care .....		316,200
Primary care services—1.8 FTE positions .....		2,890,500
<b>GROSS APPROPRIATION</b> .....		\$ 55,681,700

Appropriated from:

Interdepartmental grant revenues:		
Interdepartmental grant from the department of treasury, Michigan state hospital finance authority .....		101,600
Federal revenues:		
Total federal revenues .....		14,786,000
Special revenue funds:		
Total private revenues .....		185,900
Total other state restricted revenues .....		2,357,100
State general fund/general purpose .....		\$ 38,251,100

**Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**

**ADMINISTRATION AND SPECIAL PROJECTS**

Full-time equated classified positions .....	101.0	
Mental health/substance abuse program administration—101.0 FTE positions .....		\$ 10,172,600
Gambling addiction .....		3,500,000
Protection and advocacy services support .....		818,300
Mental health initiatives for older persons .....		1,165,800
Community residential and support services .....		4,473,600
Highway safety projects .....		1,837,200
Federal and other special projects .....		1,977,200
<b>GROSS APPROPRIATION</b> .....		\$ 23,944,700
Federal revenues:		
Total federal revenues .....		5,813,100
Special revenue funds:		
Total private revenues .....		190,000
Total other state restricted revenues .....		3,682,300
State general fund/general purpose .....		\$ 14,259,300



For Fiscal Year  
Ending Sept. 30,  
2003

**Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

Full-time equated classified positions .....	2.0	
Medicaid mental health services .....		\$ 1,521,686,200
Community mental health non-medicaid services .....		276,930,200
Multicultural services.....		5,663,800
Medicaid substance abuse services.....		26,127,500
Respite services .....		3,318,600
CMHSP, purchase of state services contracts .....		174,651,000
Civil service charges.....		2,606,400
Federal mental health block grant—2.0 FTE positions.....		15,317,400
State disability assistance program substance abuse services .....		6,600,000
Community substance abuse prevention, education and treatment programs.....		79,740,400
<b>GROSS APPROPRIATION.....</b>		<b>\$ 2,112,641,500</b>
Appropriated from:		
Federal revenues:		
Total federal revenues .....		951,551,600
Special revenue funds:		
Total other state restricted revenues .....		134,542,400
State general fund/general purpose .....		\$ 1,026,547,500

**Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

Total average population .....	1,438.0	
Full-time equated classified positions .....	4,289.0	
Caro regional mental health center-psychiatric hospital-adult—498.0 FTE positions.....		\$ 39,828,900
Average population .....	184.0	
Kalamazoo psychiatric hospital-adult—402.0 FTE positions .....		29,559,400
Average population .....	136.0	
Northville psychiatric hospital-adult—844.0 FTE positions.....		65,451,800
Average population .....	377.0	
Walter P. Reuther psychiatric hospital-adult—440.0 FTE positions .....		35,332,500
Average population .....	232.0	
Hawthorn center-psychiatric hospital-children and adolescents—333.0 FTE positions .....		24,627,200
Average population .....	118.0	
Mount Pleasant center-developmental disabilities—498.0 FTE positions.....		36,883,300
Average population .....	181.0	
Center for forensic psychiatry—522.0 FTE positions.....		41,835,500
Average population .....	210.0	
Forensic mental health services provided to the department of corrections— 741.0 FTE positions .....		68,088,700
Revenue recapture.....		750,000
IDEA, federal special education.....		120,000
Special maintenance and equipment.....		947,800
Purchase of medical services for residents of hospitals and centers .....		1,358,200
Closed site, transition, and related costs—11.0 FTE positions .....		1,066,900
Severance pay .....		216,900
Gifts and bequests for patient living and treatment environment .....		500,000
<b>GROSS APPROPRIATION.....</b>		<b>\$ 346,567,100</b>
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from the department of corrections.....		68,088,700
Federal revenues:		
Total federal revenues .....		33,145,700
Special revenue funds:		
CMHSP, purchase of state services contracts .....		174,651,000

	For Fiscal Year Ending Sept. 30, 2003
Other local revenues .....	17,121,200
Total private revenues .....	500,000
Total other state restricted revenues .....	10,396,000
State general fund/general purpose .....	\$ 42,664,500
<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
Full-time equated classified positions .....	81.3
Executive administration—12.0 FTE positions .....	\$ 1,129,200
Minority health grants and contracts .....	650,000
Vital records and health statistics—69.3 FTE positions .....	5,610,500
<b>GROSS APPROPRIATION</b> .....	\$ 7,389,700
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from family independence agency .....	447,800
Federal revenues:	
Total federal revenues .....	2,045,100
Special revenue funds:	
Total other state restricted revenues .....	2,432,200
State general fund/general purpose .....	\$ 2,464,600
<b>Sec. 107. INFECTIOUS DISEASE CONTROL</b>	
Full-time equated classified positions .....	44.3
AIDS prevention, testing, and care programs—9.8 FTE positions .....	\$ 27,608,300
Immunization local agreements .....	14,324,400
Immunization program management and field support—7.7 FTE positions .....	1,699,600
Sexually transmitted disease control local agreements .....	3,541,700
Sexually transmitted disease control management and field support—26.8 FTE positions.....	3,503,500
<b>GROSS APPROPRIATION</b> .....	\$ 50,677,500
Appropriated from:	
Federal revenues:	
Total federal revenues .....	36,057,700
Special revenue funds:	
Total private revenues .....	1,847,000
Total other state restricted revenues .....	7,684,100
State general fund/general purpose .....	\$ 5,088,700
<b>Sec. 108. LABORATORY SERVICES</b>	
Full-time equated classified positions .....	113.2
Laboratory services—113.2 FTE positions.....	\$ 13,326,700
<b>GROSS APPROPRIATION</b> .....	\$ 13,326,700
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from environmental quality .....	392,100
Federal revenues:	
Total federal revenues .....	3,411,100
Special revenue funds:	
Total other state restricted revenues .....	3,131,300
State general fund/general purpose .....	\$ 6,392,200
<b>Sec. 109. EPIDEMIOLOGY</b>	
Full-time equated classified positions .....	64.5
AIDS surveillance and prevention program—7.0 FTE positions .....	\$ 1,772,800
Asthma prevention and control .....	675,000
Bioterrorism preparedness—33.0 FTE positions .....	9,503,400
Epidemiology administration—24.5 FTE positions .....	5,624,000
Tuberculosis control and recalcitrant AIDS program .....	867,000
<b>GROSS APPROPRIATION</b> .....	\$ 18,442,200
Appropriated from:	
Federal revenues:	
Total federal revenues .....	15,936,100

	For Fiscal Year Ending Sept. 30, 2003
Special revenue funds:	
Total other state restricted revenues .....	179,000
State general fund/general purpose .....	\$ 2,327,100
<b>Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
Full-time equated classified positions .....	3.0
Implementation of 1993 PA 133, MCL 333.17015 .....	\$ 100,000
Lead abatement program—3.0 FTE positions .....	1,550,200
Local health services.....	223,800
Local public health operations .....	41,070,200
Medical services cost reimbursement to local health departments.....	1,500,000
GROSS APPROPRIATION.....	\$ 44,444,200
Appropriated from:	
Federal revenues:	
Total federal revenues .....	2,949,100
Special revenue funds:	
Total other state restricted revenues .....	101,100
State general fund/general purpose .....	\$ 41,394,000
<b>Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION</b>	
Full-time equated classified positions .....	30.7
African-American male health initiative .....	\$ 5,000
AIDS and risk reduction clearinghouse and media campaign.....	1,576,000
Alzheimer’s information network.....	440,000
Cancer prevention and control program—13.6 FTE positions.....	12,081,400
Chronic disease prevention .....	1,527,400
Diabetes and kidney program—8.0 FTE positions .....	1,388,500
Health education, promotion, and research programs—2.9 FTE positions .....	1,352,800
Injury control intervention project .....	430,000
Morris Hood Wayne State University diabetes outreach .....	500,000
Obesity program .....	255,000
Physical fitness, nutrition, and health .....	755,000
Public health traffic safety coordination.....	650,000
Smoking prevention program—6.2 FTE positions.....	3,644,700
Tobacco tax collection and enforcement .....	810,000
Violence prevention .....	1,446,900
GROSS APPROPRIATION.....	\$ 26,862,700
Appropriated from:	
Federal revenues:	
Total federal revenues .....	15,203,200
Special revenue funds:	
Total other state restricted revenues .....	7,625,800
State general fund/general purpose .....	\$ 4,033,700
<b>Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES</b>	
Full-time equated classified positions .....	84.0
Childhood lead program—5.0 FTE positions .....	\$ 1,412,200
Children’s waiver home care program.....	22,828,400
Community living, children, and families administration—68.5 FTE positions .....	7,285,100
Dental programs.....	510,400
Dental program for persons with developmental disabilities .....	151,000
Family planning local agreements.....	8,393,900
Family support subsidy .....	14,737,100
Housing and support services—1.0 FTE positions .....	5,579,300
Local MCH services.....	13,050,200
Medicaid outreach and service delivery support .....	6,488,600
Migrant health care .....	200,000
Newborn screening follow-up and treatment services .....	2,428,000

	For Fiscal Year Ending Sept. 30, 2003
Omnibus budget reconciliation act implementation—9.0 FTE positions .....	12,770,500
Pediatric AIDS prevention and control .....	1,026,300
Pregnancy prevention program.....	2,851,100
Prenatal care outreach and service delivery support.....	4,299,300
Southwest community partnership.....	1,547,300
Special projects—0.5 FTE positions .....	6,337,500
Sudden infant death syndrome program .....	321,300
<b>GROSS APPROPRIATION</b> .....	<b>\$ 112,217,500</b>
Appropriated from:	
Federal revenues:	
Total federal revenues .....	73,009,800
Special revenue funds:	
Private funds.....	261,100
Total other state restricted revenues .....	8,490,000
State general fund/general purpose .....	<b>\$ 30,456,600</b>
<b>Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAMS</b>	
Full-time equated classified positions .....	42.0
Women, infants, and children program administration and special projects— 42.0 FTE positions .....	<b>\$ 4,951,300</b>
Women, infants, and children program local agreements and food costs.....	164,311,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 169,262,300</b>
Appropriated from:	
Federal revenues:	
Total federal revenues .....	121,386,400
Special revenue funds:	
Total private revenues .....	47,875,900
State general fund/general purpose .....	<b>\$ 0</b>
<b>Sec. 114. CHILDREN’S SPECIAL HEALTH CARE SERVICES</b>	
Full-time equated classified positions .....	66.6
Children’s special health care services administration—66.6 FTE positions .....	<b>\$ 5,058,500</b>
Amputee program .....	184,600
Bequests for care and services .....	1,579,600
Case management services .....	3,923,500
Conveyor contract.....	559,100
Medical care and treatment.....	151,600,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 162,905,300</b>
Appropriated from:	
Federal revenues:	
Total federal revenues .....	77,985,400
Special revenue funds:	
Private-bequests .....	750,000
Total other state restricted revenues .....	650,000
State general fund/general purpose .....	<b>\$ 83,519,900</b>
<b>Sec. 115. OFFICE OF DRUG CONTROL POLICY</b>	
Full-time equated classified positions .....	17.0
Drug control policy—17.0 FTE positions .....	<b>\$ 1,973,400</b>
Anti-drug abuse grants.....	28,659,200
<b>GROSS APPROPRIATION</b> .....	<b>\$ 30,632,600</b>
Appropriated from:	
Federal revenues:	
Total federal revenues .....	30,246,600
State general fund/general purpose .....	<b>\$ 386,000</b>
<b>Sec. 116. CRIME VICTIM SERVICES COMMISSION</b>	
Full-time equated classified positions .....	9.0
Grants administration services—9.0 FTE positions.....	<b>\$ 1,040,500</b>

	For Fiscal Year Ending Sept. 30, 2003
Justice assistance grants .....	15,000,000
Crime victim rights services grants .....	7,655,300
<b>GROSS APPROPRIATION</b> .....	<b>\$ 23,695,800</b>
Appropriated from:	
Federal revenues:	
Total federal revenues .....	15,939,900
Special revenue funds:	
Total other state restricted revenues .....	7,240,900
State general fund/general purpose .....	\$ 515,000
<b>Sec. 117. OFFICE OF SERVICES TO THE AGING</b>	
Full-time equated classified positions .....41.5	
Commission (per diem \$50.00) .....	\$ 10,500
Long-term care advisor—3.0 FTE positions.....	761,000
Office of services to aging administration—38.5 FTE positions .....	4,201,200
Community services.....	34,589,900
Nutrition services.....	37,289,300
Senior volunteer services .....	5,970,000
Senior citizen centers staffing and equipment .....	1,130,000
Employment assistance .....	2,818,300
Respite care program .....	7,100,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 93,870,200</b>
Appropriated from:	
Federal revenues:	
Total federal revenues .....	48,813,400
Special revenue funds:	
Tobacco settlement revenue .....	5,761,000
Total other state restricted revenues .....	2,600,000
State general fund/general purpose .....	\$ 36,695,800
<b>Sec. 118. MEDICAL SERVICES ADMINISTRATION</b>	
Full-time equated classified positions .....333.7	
Medical services administration—333.7 FTE positions.....	\$ 42,419,700
Facility inspection contract - state police .....	132,800
MICHild administration .....	4,527,800
<b>GROSS APPROPRIATION</b> .....	<b>\$ 47,080,300</b>
Appropriated from:	
Federal revenues:	
Total federal revenues .....	30,839,700
Special revenue funds:	
State general fund/general purpose .....	\$ 16,240,600
<b>Sec. 119. MEDICAL SERVICES</b>	
Hospital services and therapy.....	\$ 781,065,800
Hospital disproportionate share payments .....	45,000,000
Physician services .....	176,587,900
Medicare premium payments .....	153,600,000
Pharmaceutical services .....	543,923,100
Home health services .....	26,800,000
Transportation .....	8,300,000
Auxiliary medical services .....	90,300,000
Ambulance services .....	5,000,000
Long-term care services .....	1,225,927,400
Home and community based waiver program.....	126,000,000
Elder prescription insurance coverage.....	145,000,000
Health maintenance organizations .....	1,581,188,600
MICHild program .....	57,067,100
MIFamily plan .....	191,091,900
Personal care services .....	20,816,200

	For Fiscal Year Ending Sept. 30, 2003
Maternal and child health.....	9,234,500
Adult home help .....	187,387,800
Social services to the physically disabled .....	1,344,900
Subtotal basic medical services program.....	5,375,635,200
School-based services .....	65,094,200
Special adjustor payments.....	1,014,000,900
Subtotal special medical services payments .....	1,079,095,100
GROSS APPROPRIATION.....	\$ 6,454,730,300
Appropriated from:	
Federal revenues:	
Total federal revenues .....	3,679,486,100
Special revenue funds:	
Total local revenues .....	873,493,700
Total private revenues .....	13,126,700
Tobacco settlement revenue .....	65,007,200
Total other state restricted revenues .....	681,334,600
State general fund/general purpose .....	\$ 1,142,282,000
<b>Sec. 120. INFORMATION TECHNOLOGY</b>	
Information technology services and projects .....	\$ 35,834,300
GROSS APPROPRIATION.....	\$ 35,834,300
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	142,700
Federal revenues:	
Total federal revenues .....	18,685,200
Special revenue funds:	
Total other state restricted revenues .....	1,793,800
State general fund/general purpose .....	\$ 15,212,600
<b>Sec. 121. BUDGETARY SAVINGS</b>	
Budgetary savings.....	\$ (25,630,600)
GROSS APPROPRIATION.....	\$ (25,630,600)
Appropriated from:	
Special revenue funds:	
State general fund/general purpose .....	\$ (25,630,600)
<b>Sec. 122. EARLY RETIREMENT SAVINGS</b>	
Early retirement savings.....	\$ (5,393,700)
GROSS APPROPRIATION.....	\$ (5,393,700)
Appropriated from:	
State general fund/general purpose .....	\$ (5,393,700)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-2003

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$3,422,715,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$1,089,306,700.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF COMMUNITY HEALTH

DEPARTMENTWIDE ADMINISTRATION

Departmental administration and management .....	\$ 15,656,500
Rural health services .....	35,000

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Mental health initiatives for older persons .....	1,165,800
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COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

State disability assistance program substance abuse services .....	6,600,000
Community substance abuse prevention, education, and treatment programs.....	19,133,500

Medicaid mental health services .....	660,538,700
Community mental health non-Medicaid services .....	276,930,200
Multicultural services.....	5,663,800
Medicaid substance abuse services.....	11,647,600
Respite services .....	3,318,600
<b>INFECTIOUS DISEASE CONTROL</b>	
AIDS prevention, testing and care programs.....	1,466,800
Immunization local agreements.....	2,973,900
Sexually transmitted disease control local agreements.....	452,900
<b>LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
Local public health operations .....	41,070,200
<b>CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION</b>	
Cancer prevention and control program .....	722,400
Smoking prevention program.....	690,400
<b>COMMUNITY LIVING, CHILDREN, AND FAMILIES</b>	
Childhood lead program.....	85,000
Family planning local agreements.....	1,301,400
Local MCH services.....	246,100
Omnibus budget reconciliation act implementation.....	2,152,700
Prenatal care outreach and service delivery support.....	1,235,000
<b>CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>	
Case management services .....	3,319,900
<b>MEDICAL SERVICES</b>	
Transportation .....	866,200
<b>OFFICE OF SERVICES TO THE AGING</b>	
Community services.....	13,292,900
Nutrition services.....	12,848,500
Senior volunteer services .....	841,400
<b>CRIME VICTIM SERVICES COMMISSION</b>	
Crime victim rights services grants.....	5,051,300
<b>TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT.....</b>	<b>\$ 1,089,306,700</b>

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

(2) Funds for which the state is acting as the custodian or agent are not subject to annual appropriation.

Sec. 203. As used in this act:

- (a) "ACCESS" means Arab community center for economic and social services.
- (b) "AIDS" means acquired immunodeficiency syndrome.
- (c) "CMHSP" means a community mental health services program as that term is defined in section 100a of the mental health code, 1974 PA 258, MCL 330.1100a.
- (d) "DAG" means the United States department of agriculture.
- (e) "Disease management" means a comprehensive system that incorporates the patient, physician, and health plan into 1 system with the common goal of achieving desired outcomes for patients.
- (f) "Department" means the Michigan department of community health.
- (g) "DSH" means disproportionate share hospital.
- (h) "EPIC" means elder prescription insurance coverage program.
- (i) "EPSDT" means early and periodic screening, diagnosis, and treatment.
- (j) "FTE" means full-time equated.
- (k) "GME" means graduate medical education.
- (l) "Health plan" means, at a minimum, an organization that meets the criteria for delivering the comprehensive package of services under the department's comprehensive health plan.
- (m) "HIV" means human immunodeficiency virus.
- (n) "HMO" means health maintenance organization.
- (o) "IDEA" means individual disability education act.
- (p) "MCH" means maternal and child health.
- (q) "MSS/ISS" means maternal and infant support services.
- (r) "Title XVIII" means title XVIII of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and 1395bbb to 1395ggg.
- (s) "Title XIX" means title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6, and 1396r-8 to 1396v.

- (t) "Title XX" means title XX of the social security act, chapter 531, 49 U.S.C. 1397 to 1397f.
- (u) "WIC" means women, infants, and children supplemental nutrition program.

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

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

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

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$20,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$20,000,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$10,000,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 207. At least 120 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

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

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

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

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

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

Sec. 211. If the revenue collected by the department from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 212. (1) From the amounts appropriated in part 1, no greater than the following amounts are supported with federal maternal and child health block grant, preventive health and health services block grant, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

(a) Maternal and child health block grant .....	\$ 20,627,000
(b) Preventive health and health services block grant .....	6,115,300
(c) Substance abuse block grant .....	61,371,200
(d) Healthy Michigan fund .....	35,200,000
(e) Michigan health initiative .....	9,060,200



(2) On or before February 1, 2003, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this act.

(3) Upon the release of the fiscal year 2003-2004 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total funds appropriated in each of the line items in part 1 of the fiscal year 2002-2003 executive budget proposal.

(4) The department shall provide to the same parties in subsection (2) all revenue source detail for consolidated revenue line item detail upon request to the department.

Sec. 213. The state departments, agencies, and commissions receiving tobacco tax funds from part 1 shall report by January 1, 2003, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

- (a) Detailed spending plan by appropriation line item including description of programs.
- (b) Description of allocations or bid processes including need or demand indicators used to determine allocations.
- (c) Eligibility criteria for program participation and maximum benefit levels where applicable.
- (d) Outcome measures to be used to evaluate programs.
- (e) Any other information considered necessary by the house of representatives or senate appropriations committees or the state budget director.

Sec. 214. The use of state restricted tobacco tax revenue received for the purpose of tobacco prevention, education, and reduction efforts and deposited in the healthy Michigan fund shall not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431.

Sec. 216. (1) In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

(2) The department's ability to satisfy appropriation deductions in part 1 shall not be limited to collections and accruals pertaining to services provided in fiscal year 2002-2003, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2003 and September 15, 2003 to the house of representatives and senate appropriations subcommittees on community health on all reimbursements, refunds, adjustments, and settlements from prior years.

Sec. 218. Basic health services for the purpose of part 23 of the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immunizations, communicable disease control, sexually transmitted disease control, tuberculosis control, prevention of gonorrhea eye infection in newborns, screening newborns for the 7 conditions listed in section 5431(1)(a) through (g) of the public health code, 1978 PA 368, MCL 333.5431, community health annex of the Michigan emergency management plan, and prenatal care.

Sec. 219. (1) The department may contract with the Michigan public health institute for the design and implementation of projects and for other public health related activities prescribed in section 2611 of the public health code, 1978 PA 368, MCL 333.2611. The department may develop a master agreement with the institute to carry out these purposes for up to a 3-year period. The department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before November 1, 2002 and May 1, 2003 all of the following:

- (a) A detailed description of each funded project.
- (b) The amount allocated for each project, the appropriation line item from which the allocation is funded, and the source of financing for each project.
- (c) The expected project duration.
- (d) A detailed spending plan for each project, including a list of all subgrantees and the amount allocated to each subgrantee.

(2) If a report required under subsection (1) is not received by the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before the date specified for that report, the disbursement of funds to the Michigan public health institute under this section shall stop. The disbursement of those funds shall recommence when the overdue report is received.

(3) On or before September 30, 2003, the department shall provide to the same parties listed in subsection (1) a copy of all reports, studies, and publications produced by the Michigan public health institute, its subcontractors, or the department with the funds appropriated in part 1 and allocated to the Michigan public health institute.

Sec. 220. All contracts with the Michigan public health institute funded with appropriations in part 1 shall include a requirement that the Michigan public health institute submit to financial and performance audits by the state auditor general of projects funded with state appropriations.

Sec. 223. The department of community health may establish and collect fees for publications, videos and related materials, conferences, and workshops. Collected fees shall be used to offset expenditures to pay for printing and mailing costs of the publications, videos and related materials, and costs of the workshops and conferences. The costs shall not exceed fees collected.

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. The user fees are subject to provisions of any interagency agreement between the department and the department of information technology.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 261. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

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

Sec. 262. (1) As a condition of expending funds appropriated in part 1, the department shall provide the members of the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies with a written explanation of the reason or reasons why the department did not fully expend appropriated funds each time any of the following occurs:

(a) A legislative transfer is proposed that would remove 10% or more of the funding in a line item.

(b) A legislative transfer is proposed that would bring the total of year-to-date transfers out of that line item to 10% or more of the originally appropriated amount.

(c) A legislative transfer is proposed that would remove funding in a line item that is the subject of boilerplate language expressing a legislative intent for program implementation.

(d) When it appears that 10% or more of a line item will lapse to the general fund at the close of the fiscal year.

(e) When it appears that 10% or more of a line item will be proposed to be included in a work project, or when the amount that may be included in a work project plus the sum of legislative transfers out of the line item will total 10% or more of the amount originally appropriated.

(2) A written explanation required by subsection (1)(a), (b), or (c) shall be provided on the same day that the department of management and budget requests approval of the legislative transfer. A written explanation required by subsection (1)(d) or (e) shall be provided by September 15, 2003.

(3) In addition, a written explanation that is provided with regard to an appropriation that is the subject of boilerplate language described in subsection (1)(c), whether or not the explanation is provided to comply with subsection (1)(c) or another subdivision of subsection (1), shall include a copy of the applicable boilerplate language.

Sec. 263. (1) Subject to subsection (2), in addition to the amount appropriated under part 1, the following amounts are appropriated for the fiscal year ending September 30, 2003:

(a) \$189,100.00 is appropriated to the consumer involvement program.

(b) \$339,100.00 is appropriated to minority health grants and contracts.

(c) \$315,000.00 is appropriated to the African-American male health initiative.

(d) \$1,500,000.00 is appropriated to cancer prevention and control to be allocated pursuant to section 1008.

(e) \$45,000.00 is appropriated to chronic disease prevention for child and adult arthritis.

(f) \$2,647,200.00 is appropriated to the diabetes and kidney program.

(g) \$495,000.00 is appropriated to the injury control intervention project for safe kids program.

(h) \$165,900.00 is appropriated to immunization local agreements for the meningitis initiative.

(i) \$495,000.00 is appropriated to the Michigan essential health provider program.

(j) \$195,000.00 is appropriated to the obesity program.

(k) \$490,000.00 is appropriated to physical fitness, nutrition, and health.

(l) \$3,495,000.00 is appropriated to the pregnancy prevention program.

(m) \$1,900,000.00 is appropriated for smoking prevention.

(n) \$195,000.00 is appropriated for special projects for fetal alcohol syndrome.

(o) \$238,500.00 is appropriated for local health services for training and evaluation.

(2) The appropriation in subsection (1) shall become effective only if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002.

**DEPARTMENTWIDE ADMINISTRATION**

Sec. 301. From funds appropriated for worker's compensation, the department may make payments in lieu of worker's compensation payments for wage and salary and related fringe benefits for employees who return to work under limited duty assignments.

Sec. 302. Funds appropriated in part 1 for the community health advisory council may be used for member per diems of \$50.00 and other council expenditures.

Sec. 303. The department is prohibited from requiring first-party payment from individuals or families with a taxable income of \$10,000.00 or less for mental health services for determinations made in accordance with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

Sec. 304. The funds appropriated in part 1 for the Michigan essential health care provider program may also provide loan repayment for dentists that fit the criteria established by part 27 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

Sec. 305. The department is directed to continue support of multicultural agencies that provide primary care services from the funds appropriated in part 1.

Sec. 307. From the funds appropriated in part 1 for primary care services, an amount not to exceed \$2,890,500.00 is appropriated to enhance the service capacity of the federally qualified health centers and other health centers which are similar to federally qualified health centers.

Sec. 309. The Breton health center shall be designated as a state sponsored health center for the purpose of qualifying certified health care providers for loan repayments under the Michigan essential health care provider program.

Sec. 310. (1) The department shall identify all primary care clinics located in federally designated health professional shortage areas.

(2) The department shall provide assistance, at the request of any primary care clinic identified in subsection (1), in attaining designation as a state sponsored health center for the purpose of qualifying certified health care providers for loan repayments under the Michigan essential health care provider program.

(3) The department shall provide bimonthly reports to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the names and locations of all clinics located in federally designated health professional shortage areas and those clinics that have been designated as Michigan essential health care provider sites.

Sec. 311. From the amounts appropriated in part 1 for palliative and end of life care, \$166,200.00 shall be allocated for education programs on and promotion of palliative care, hospice, and end of life care. The department shall provide a report on the interim results of the hospice pilot project to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies by October 1, 2002.

Sec. 312. From the funds appropriated in part 1 for palliative and hospice care, the department shall allocate \$150,000.00 to the Michigan partnership for the advancement of end-of-life care. The funds shall be used for the continued development and implementation of the strategic plan to improve end-of-life care in Michigan. It is the intent of the legislature that the amount of this grant shall decrease by \$50,000.00 in each of the next 3 fiscal years.

Sec. 313. By November 1, 2002, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on activities undertaken by the department to address compulsive gambling.

**MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS**

Sec. 350. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, 1974 PA 258, MCL 330.1931, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a community living arrangement which is under lease or contract with the department or a community mental health services program to provide services to persons with mental illness or developmental disability.

Sec. 352. From the funds appropriated, the department shall conduct a statewide survey of adolescent suicide and assessment of available preventative resources.

**COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

Sec. 401. (1) Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs. The department shall ensure that each CMHSP provides all of the following:

(a) A system of single entry and single exit.

(b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-hour inpatient care in a structured, secure environment.

(c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the state, and privately-owned hospitals, units, and centers licensed by the state pursuant to sections 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

(d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the CMHSP's program or through assistance with locating and obtaining services to meet these needs.

(e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.

(f) A system of continuous quality improvement.

(g) A system to monitor and evaluate the mental health services provided.

(h) A system that serves at-risk and delinquent youth as required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

(2) In partnership with CMHSPs, the department shall continue the process to ensure the long-term viability of a single entry and exit and locally controlled community mental health system.

(3) A contract between a CMHSP and the department and any other state department or agency shall not be altered or modified without a prior written agreement of the parties to the contract.

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs shall be made upon the execution of contracts between the department and CMHSPs. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts. Each contract with a CMHSP that the department is authorized to enter into under this subsection shall include a provision that the contract is not valid unless the total dollar obligation for all of the contracts between the department and the CMHSPs entered into under this subsection for fiscal year 2002-2003 does not exceed the amount of money appropriated in part 1 for the contracts authorized under this subsection.

(2) The department shall immediately report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director if either of the following occurs:

(a) Any new contracts with CMHSPs that would affect rates or expenditures are enacted.

(b) Any amendments to contracts with CMHSPs that would affect rates or expenditures are enacted.

(3) The report required by subsection (2) shall include information about the changes and their effects on rates and expenditures.

Sec. 403. From the funds appropriated in part 1 for multicultural services, the department shall ensure that CMHSPs continue contracts with multicultural services providers.

Sec. 404. (1) Not later than May 31 of each fiscal year, the department shall provide a report on the community mental health services programs to the members of the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director that includes the information required by this section.

(2) The report shall contain information for each CMHSP and a statewide summary, each of which shall include at least the following information:

(a) A demographic description of service recipients which, minimally, shall include reimbursement eligibility, client population, age, ethnicity, housing arrangements, and diagnosis.

(b) When the encounter data is available, a breakdown of clients served, by diagnosis. As used in this subdivision, "diagnosis" means a recipient's primary diagnosis, stated as a specifically named mental illness, emotional disorder, or developmental disability corresponding to terminology employed in the latest edition of the American psychiatric association's diagnostic and statistical manual.

(c) Per capita expenditures by client population group.

(d) Financial information which, minimally, shall include a description of funding authorized; expenditures by client group and fund source; and cost information by service category, including administration. Service category shall include all department approved services.

(e) Data describing service outcomes which shall include, but not be limited to, an evaluation of consumer satisfaction, consumer choice, and quality of life concerns including, but not limited to, housing and employment.

(f) Information about access to community mental health services programs which shall include, but not be limited to, the following:

(i) The number of people receiving requested services.

(ii) The number of people who requested services but did not receive services.

(iii) The number of people requesting services who are on waiting lists for services.

(iv) The average length of time that people remained on waiting lists for services.

(g) The number of second opinions requested under the code and the determination of any appeals.

(h) An analysis of information provided by community mental health service programs in response to the needs assessment requirements of the mental health code, including information about the number of persons in the service delivery system who have requested and are clinically appropriate for different services.

(i) An estimate of the number of FTEs employed by the CMHSPs or contracted with directly by the CMHSPs as of September 30, 2002 and an estimate of the number of FTEs employed through contracts with provider organizations as of September 30, 2002.

(j) Lapses and carryforwards during fiscal year 2001-2002 for CMHSPs.

(k) Contracts for mental health services entered into by CMHSPs with providers, including amount and rates, organized by type of service provided.

(l) Information on the community mental health Medicaid managed care program, including, but not limited to, both of the following:

(i) Expenditures by each CMHSP organized by Medicaid eligibility group, including per eligible individual expenditure averages.

(ii) Performance indicator information required to be submitted to the department in the contracts with CMHSPs.

(3) The department shall include data reporting requirements listed in subsection (2) in the annual contract with each individual CMHSP.

(4) The department shall take all reasonable actions to ensure that the data required are complete and consistent among all CMHSPs.

Sec. 405. It is the intent of the legislature that the employee wage pass-through funded to the community mental health services programs for direct care workers in local residential settings and for paraprofessional and other nonprofessional direct care workers in day programs, supported employment, and other vocational programs shall continue to be paid to direct care workers.

Sec. 406. (1) The funds appropriated in part 1 for the state disability assistance substance abuse services program shall be used to support per diem room and board payments in substance abuse residential facilities. Eligibility of clients for the state disability assistance substance abuse services program shall include needy persons 18 years of age or older, or emancipated minors, who reside in a substance abuse treatment center.

(2) The department shall reimburse all licensed substance abuse programs eligible to participate in the program at a rate equivalent to that paid by the family independence agency to adult foster care providers. Programs accredited by department-approved accrediting organizations shall be reimbursed at the personal care rate, while all other eligible programs shall be reimbursed at the domiciliary care rate.

Sec. 407. (1) The amount appropriated in part 1 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies or designated service providers. It is the intent of the legislature that the coordinating agencies and designated service providers work with the CMHSPs to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses.

(2) The department shall establish a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay. Any changes in the fee schedule shall be developed by the department with input from substance abuse coordinating agencies.

Sec. 408. (1) By April 15, 2003, the department shall report the following data from fiscal year 2001-2002 on substance abuse prevention, education, and treatment programs to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget office:

(a) Expenditures stratified by coordinating agency, by central diagnosis and referral agency, by fund source, by subcontractor, by population served, and by service type. Additionally, data on administrative expenditures by coordinating agency and by subcontractor shall be reported.

(b) Expenditures per state client, with data on the distribution of expenditures reported using a histogram approach.

(c) Number of services provided by central diagnosis and referral agency, by subcontractor, and by service type. Additionally, data on length of stay, referral source, and participation in other state programs.

(d) Collections from other first- or third-party payers, private donations, or other state or local programs, by coordinating agency, by subcontractor, by population served, and by service type.

(2) The department shall take all reasonable actions to ensure that the required data reported are complete and consistent among all coordinating agencies.

Sec. 409. The funding in part 1 for substance abuse services shall be distributed in a manner that provides priority to service providers that furnish child care services to clients with children.

Sec. 410. The department shall assure that substance abuse treatment is provided to applicants and recipients of public assistance through the family independence agency who are required to obtain substance abuse treatment as a condition of eligibility for public assistance.

Sec. 411. (1) The department shall ensure that each contract with a CMHSP requires the CMHSP to implement programs to encourage diversion of persons with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration when appropriate.

(2) Each CMHSP shall have jail diversion services and shall work toward establishing working relationships with representative staff of local law enforcement agencies, including county prosecutors' offices, county sheriffs' offices, county jails, municipal police agencies, municipal detention facilities, and the courts. Written interagency agreements describing what services each participating agency is prepared to commit to the local jail diversion effort and the procedures to be used by local law enforcement agencies to access mental health jail diversion services are strongly encouraged.

Sec. 412. The department shall contract directly with the Salvation Army harbor light program and Salvation Army turning point of west Michigan to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2001-2002. To fund the contracts described in this section, the department shall make an administrative allocation from its existing appropriation of not less than 10% of the amount contracted for in fiscal year 2001-2002 for these programs of the Salvation Army.

Sec. 413. By October 10, 2002, the department shall report to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies on the methodology utilized and the adjustments made in recalculating the capitation rates payable to CMHSPs and other managing entities under the federal waiver for Michigan managed specialty services and supports program.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected CMHSPs pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected CMHSPs shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected CMHSPs shall be responsible for the reimbursement of claims for specialized substance abuse services. The CMHSPs that are not coordinating agencies may continue to contract with a coordinating agency. Any alternative arrangement must be based on client service needs and have prior approval from the department.

Sec. 416. (1) Of the funds appropriated in part 1 for pharmaceutical services, community mental health boards shall not be held liable for the cost of prescribed psychotropic medications during fiscal year 2002-2003.

(2) In calculating the available amount of lapses for use in offsetting overexpenditures resulting from the implementation of this section, those lapses credited to community mental health line items shall only include appropriation lapses in excess of the amount calculated for the 5% carryforward defined in state statute.

(3) The department shall provide quarterly reports to the senate and house of representatives appropriations subcommittees on community health, their respective fiscal agencies, and community mental health boards that include data on psychotropic medications regarding the type, number, cost and prescribing patterns of Medicaid providers.

(4) Should expenditures for Medicaid mental health services and Medicaid substance abuse services exceed the appropriations contemplated in part 1 due to an increase in the number or mix of Medicaid eligibles, the department shall request the transfer of appropriation lapses or supplemental funding as may be necessary to offset such expenditures.

Sec. 417. (1) It is the intent of the legislature that the department support projects by community mental health boards to establish regional partnerships. Community mental health boards located in counties within a 45-mile radius of each other shall be allowed to collaborate for the purpose of forming regional partnerships.

(2) The purpose of the regional partnerships should be to expand consumer choice, promote service integration, and produce system efficiencies through the coordination of efforts, or other outcomes, as may be determined by participating community mental health boards.

(3) The projects described in this section shall be completely voluntary and be based on projects proposed by the community mental health boards. Each proposed project shall be consistent with the scope, duration, risks, and inducements contained in the plan for competitive procurement that the department submits to the centers for Medicare and Medicaid services as part of the renewal request for the section 1915(b) managed specialty services waiver.

(4) As an additional incentive for community mental health boards to engage in the projects described in this section, the department shall allow any regional partnership formed under this section to retain 100% of any net lapses generated by the regional partnership.

Sec. 418. On or before the tenth of each month, the department shall report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the amount of funding paid to the CMHSPs to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each CMHSP, per capita rate paid for each eligibility group for each CMHSP, and number of cases in each eligibility group for each CMHSP, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

Sec. 419. From the funds appropriated in part 1 for community substance abuse prevention, education, and treatment programs, the department and a CMHSP that contract with a substance abuse coordinating agency shall include a provision in the contract that allows the agency to carry forward up to 5% of its federal block grant revenue.

Sec. 422. (1) It is the intent of the legislature that the department support pilot projects by CMHSPs to control and manage psychotropic drug costs associated with the managed specialty services and supports program.

(2) The purpose of the pilot projects is to allow CMHSPs to develop the necessary management and financial tools to assume risk for the responsibility of managing psychotropic drug costs.

(3) The pilot projects described in this section shall be completely voluntary and based on projects proposed by the CMHSPs.

(4) The department shall provide quarterly reports to the house of representatives and senate appropriations subcommittees on community health, the state budget office, and the house and senate fiscal agencies as to any activities by CMHSPs to pilot projects under this section.

Sec. 423. The department shall work cooperatively with the family independence agency and the departments of corrections, education, state police, and military and veterans affairs to coordinate and improve the delivery of substance abuse prevention, education, and treatment programs within existing appropriations. The department shall report by March 15, 2003 on the outcomes of this cooperative effort to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 424. Each community mental health services program that contracts with the department to provide services to the Medicaid population shall adhere to the following timely claims processing and payment procedure for claims submitted by health professionals and facilities:

(a) A "clean claim" as described in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after receipt of the claim by the community mental health services program. A clean claim that is not paid within this time frame shall bear simple interest at a rate of 12% per annum.

(b) A community mental health services program must state in writing to the health professional or facility any defect in the claim within 30 days after receipt of the claim.

(c) A health professional and a health facility have 30 days after receipt of a notice that a claim or a portion of a claim is defective within which to correct the defect. The community mental health services program shall pay the claim within 30 days after the defect is corrected.

Sec. 425. By April 1, 2003, the department, in conjunction with the department of corrections, shall report the following data from fiscal year 2001-2002 on mental health and substance abuse services to the house of representatives and senate appropriations subcommittees on community health and corrections, the house and senate fiscal agencies, and the state budget office:

(a) The number of prisoners receiving substance abuse services which shall include a description and breakdown on the type of substance abuse services provided to prisoners.

(b) The number of prisoners receiving mental health services which shall include a description and breakdown on the type of mental health services provided to prisoners.

(c) Data indicating if prisoners receiving mental health services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

Sec. 426. (1) By May 31, 2003, the department shall assist the family independence agency in providing the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director with a report on mental health services to minors assigned or referred by the courts and found to meet CMHSP clinical and financial eligibility determination requirements for fiscal year 2001-2002.

(2) The report described in subsection (1) shall contain information for each CMHSP calculated by the department from fiscal year 2001-2002 data reporting requirements and a statewide summary, each of which shall contain at least the following information:

(a) The number of minors meeting the criteria in subsection (1) and evaluated as a result of court assignment or referral.

(b) The number of minors meeting the criteria in subsection (1) and receiving treatment after the court assignment or referral.

(c) A breakdown of minors meeting the criteria in subsection (1) receiving treatment, by the following categories:

(i) Age.

(ii) Primary diagnosis, stated as a specifically named condition corresponding to the terminology employed in the latest version of the diagnostic and statistical manual of the American psychiatric association.

(iii) Whether or not the score on the state designated outcome instrument indicated marked or severe functional impairment.

(iv) Average length of stay in CMHSP treatment.

(v) Unduplicated count of the number receiving residential service and average length of stay in residential service.

(vi) Number of recipients served under each categorical children's service heading maintained by the department for standard reporting purposes.

Sec. 427. (1) Unless required by federal law, the department shall not enact any contract changes concerning capitation payments to CMHSPs for Medicaid eligibles unless agreed to by contract with CMHSPs.

(2) In the event that the federal government mandates that the department make any changes in eligibility or payment rates for CMHSP Medicaid capitation payments, the department shall inform the members of the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director within 2 weeks of the estimated change in CMH Medicaid expenditures due to the federally mandated policy change.

(3) The department may not alter CMH Medicaid capitation rates in order to offset any increases in costs due to increases in Medicaid caseload or case mixture.

(4) Before submitting any state plan amendment to the federal waiver for the managed specialty services and supports program to the centers for Medicare and Medicaid services, the department shall submit a copy of the amendment to the legislature.

Sec. 428. (1) The department of community health shall establish a separate contingency appropriations account, in an amount not to exceed \$100,000,000.00. The sole purpose of this account shall be to provide funding for an increase in Medicaid capitation rates, payable to CMHSPs, for Medicaid mental health services.

(2) Each CMHSP and affiliation of CMHSPs shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for CMHSPs and affiliations of CMHSPs. These funds shall not include either state funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a CMHSP or an affiliation of CMHSPs.

(3) The distribution of the aforementioned increases in the capitation payment rates, if any, shall be based on a formula developed by a committee established by the department, including representatives from CMHSPs or affiliations of CMHSPs and department staff.

(4) The Medicaid capitation rate increase distribution formula, developed by the committee specified in subsection (3), shall be based upon an analysis of recipient characteristics, comparative needs, actuarial trends, equitable adjustments among funding sources, and other relevant considerations. The committee may also recommend changes in community mental health non-Medicaid (funding formula) payments to CMHSPs in conjunction with establishing the formula noted above in order to maximize funding for all CMHSPs. The committee shall report its findings by February 1, 2003 to the senate and house of representatives appropriations subcommittees on community health.

(5) The enactment of this section shall not result in any increase in the local match or county match obligation above the level of funding provided for mental health services in fiscal year 2001-2002. This section shall further confirm that the Medicaid program for specialty services and supports is part of the county-based community mental health services program system.

(6) This section shall not be implemented if it is found not to be in compliance with federal laws or regulations governing these types of transactions.

Sec. 430. From the funds appropriated in part 1 for community mental health non-Medicaid services, CMHSPs that contract with local providers of mental health services and services for persons with developmental disabilities, under a capitated reimbursement system, may include a provision in the contract that allows the providers to carry forward up to 5% of unobligated capitation payments.

Sec. 431. From the funds appropriated in part 1 for Medicaid mental health services, CMHSPs that contract with local providers of mental health services and services for persons with developmental disabilities, under a capitated reimbursement system, may include a provision in the contract that allows the providers to carry forward up to 5% of unobligated capitation payments.

Sec. 432. It is the intent of the legislature that all community mental health services programs establish regular ongoing discussions with local providers of mental health services, substance abuse services, and services to persons with developmental disabilities in preparation for competitive procurement of these services as described in the plan approved by the centers for Medicare and Medicaid services. These discussions shall include representatives of the county or counties included in the service area of the community mental health services program and should take into account maintaining continuity of care for patients and service recipients in the transition to competitive procurement of services.

Sec. 433. The department shall apply for a "system of change" grant from the centers for Medicare and Medicaid services. This grant is intended to support self-determination initiatives, including a consumer cooperative proposal, for persons with developmental disabilities and persons with mental illness.

Sec. 435. A county required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching funds to a CMHSP for mental health services rendered to residents in its jurisdiction shall pay the matching funds in equal installments on not less than a quarterly basis throughout the fiscal year, with the first payment being made by October 1, 2002.

Sec. 436. CMHSPs, regional partnerships, and other entities who are chosen to provide public mental health services through the 1915(b) specialty services and support waiver bidding process shall endeavor to minimize disruptions in services to their clientele due to potential changes in their contracts with providers.

Sec. 439. (1) It is the intent of the legislature that the department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings.

(2) The purpose of the pilot projects is to encourage the placement of persons with mental illness in community residential settings who may require any of the following:

- (a) A secured and supervised living environment.
- (b) Assistance in taking prescribed medications.
- (c) Intensive case management services.
- (d) Assertive community treatment team services.
- (e) Alcohol or substance abuse treatment and counseling.
- (f) Individual or group therapy.
- (g) Day or partial day programming activities.



(h) Vocational, educational, or self-help training or activities.

(i) Other services prescribed to treat a person's mental illness to prevent the need for hospitalization.

(3) The pilot projects described in this section shall be completely voluntary.

(4) The department shall provide quarterly reports to the house of representatives and senate appropriations subcommittees on community health, the state budget office, and the house and senate fiscal agencies as to any activities undertaken by the department and CMHSPs to pilot projects under this section.

Sec. 442. (1) It is the intent of the legislature that the \$40,000,000.00 in funding transferred from the community mental health non-Medicaid services line to the Medicaid mental health services line be used to provide state match for increases in Medicaid funding for mental health services provided to MI-Family enrollees and for economic increases for the Medicaid specialty services and supports program. Such redirection may only occur for these 2 purposes.

(2) The department shall assure that persons eligible for mental health services under the priority population sections of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive mandated services under this plan.

(3) Capitation payments to CMHSPs for persons that become enrolled in Medicaid under the MI-Family program shall be made at the same rates as payments for current Medicaid beneficiaries.

(4) If payments made to CMHSPs for MI-Family services are less than the revenue included in the Medicaid mental health services line for services to MI-Family enrollees, the general fund match for those unused federal dollars shall be transferred back to the community mental health non-Medicaid services line. The department is authorized to transfer up to \$18,000,000.00 from the community mental health non-Medicaid services line to provide state match for increases in Medicaid funding for MI-Family services to the extent that persons are enrolled in the program. The department shall report quarterly to the senate and house of representatives appropriations subcommittees on community health the number of persons enrolled in the MI-Family program, the amount of funding transferred from the community mental health non-Medicaid services line per this subsection, the amount of Medicaid federal funds drawn down as a result of each transfer, and the services provided to MI-Family enrollees with these funds.

(5) The department shall establish a committee comprised of representatives of the department and the CMHSPs to establish a formula for distribution of payments for economic increases for the Medicaid specialty services and supports program referenced under subsection (1). The committee may recommend changes in community mental health non-Medicaid (funding formula) payments to CMHSPs in conjunction with establishing the formula noted above in order to maximize funding for all CMHSPs. The committee shall determine the level and cost of mental health services provided as a result of the MI-Family program and determine the amount of general fund dollars available to serve priority populations required by the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106. The committee shall report its findings by February 1, 2003 to the senate and house of representatives appropriations subcommittees on community health.

Sec. 444. The department shall ensure that appropriate continuum of mental and behavioral health services are available to meet the needs of children which include inpatient services, outpatient services, in-home visits, and family respite care. The department shall also promote mental health preventive measures for children which include school-based risk assessments of children and collaborative efforts between the state, communities, schools, and families.

Sec. 447. The department shall provide to the CMHSPs a fixed net cost rate for services provided by the state. This rate shall be equal to the operating cost of providing services minus that part of operating cost paid by federal and private funds, less the amount received by the state as reimbursement from those persons and insurers who are financially liable for the cost of such service. These rates shall be developed by October 1, 2002, and shall be included in the contract between the department and the CMHSPs. The department shall use these rates for CMHSP authorizations as well as for the rates which the department bills CMHSPs for state services.

Sec. 448. As required under section 1903(w)(7)(A)(viii) of title XIX, 42 U.S.C. 1396b, a CMHSP or affiliate of a CMHSP that receives funds under this act for participating in the Medicaid managed specialty mental health and substance abuse program administered by the department shall comply with the provisions of section 224b of the insurance code of 1956, 1956 PA 218, MCL 500.224b, as if it were a health maintenance organization. The quality assurance assessment fee charged to the CMHSP or affiliate shall not exceed 6%.

Sec. 449. From the funds appropriated in part 1 for multicultural services, \$2,500,000.00 shall be allocated for persons with severe mental, developmental, physical, or emotional disabilities who are not currently served under this program.

#### **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

Sec. 601. (1) In funding of staff in the financial support division, reimbursement, and billing and collection sections, priority shall be given to obtaining third-party payments for services. Collection from individual recipients of services and their families shall be handled in a sensitive and nonharassing manner.

(2) The department shall continue a revenue recapture project to generate additional revenues from third parties related to cases that have been closed or are inactive. Revenues collected through project efforts are appropriated to the department for departmental costs and contractual fees associated with these retroactive collections and to improve ongoing departmental reimbursement management functions so that the need for retroactive collections will be reduced or eliminated.

Sec. 602. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$500,000.00 remaining on September 30, 2003 from pay telephone revenues and the amounts appropriated in part 1 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year. The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state-operated facilities. Use of the gifts and bequests shall be consistent with the stipulation of the donor. The expected completion date for the use of gifts and bequests donations is within 3 years unless otherwise stipulated by the donor.

Sec. 603. The funds appropriated in part 1 for forensic mental health services provided to the department of corrections are in accordance with the interdepartmental plan developed in cooperation with the department of corrections. The department is authorized to receive and expend funds from the department of corrections in addition to the appropriations in part 1 to fulfill the obligations outlined in the interdepartmental agreements.

Sec. 604. (1) The CMHSPs shall provide semiannual reports to the department on the following information:

- (a) The number of days of care purchased from state hospitals and centers.
  - (b) The number of days of care purchased from private hospitals in lieu of purchasing days of care from state hospitals and centers.
  - (c) The number and type of alternative placements to state hospitals and centers other than private hospitals.
  - (d) Waiting lists for placements in state hospitals and centers.
- (2) The department shall semiannually report the information in subsection (1) to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 605. (1) The department shall not implement any closures or consolidations of state hospitals, centers, or agencies until CMHSPs have programs and services in place for those persons currently in those facilities and a plan for service provision for those persons who would have been admitted to those facilities.

(2) All closures or consolidations are dependent upon adequate department-approved CMHSP plans that include a discharge and aftercare plan for each person currently in the facility. A discharge and aftercare plan shall address the person's housing needs. A homeless shelter or similar temporary shelter arrangements are inadequate to meet the person's housing needs.

(3) Four months after the certification of closure required in section 19(6) of the state employees' retirement act, 1943 PA 240, MCL 38.19, the department shall provide a closure plan to the house of representatives and senate appropriations subcommittees on community health.

(4) Upon the closure of state-run operations and after transitional costs have been paid, the remaining balances of funds appropriated for that operation shall be transferred to CMHSPs responsible for providing services for persons previously served by the operations.

Sec. 606. The department may collect revenue for patient reimbursement from first- and third-party payers, including Medicaid, to cover the cost of placement in state hospitals and centers. The department is authorized to adjust financing sources for patient reimbursement based on actual revenues earned. If the revenue collected exceeds current year expenditures, the revenue may be carried forward with approval of the state budget director. The revenue carried forward shall be used as a first source of funds in the subsequent year.

### **INFECTIOUS DISEASE CONTROL**

Sec. 801. In the expenditure of funds appropriated in part 1 for AIDS programs, the department and its subcontractors shall ensure that adolescents receive priority for prevention, education, and outreach services.

Sec. 802. In developing and implementing AIDS provider education activities, the department may provide funding to the Michigan state medical society to serve as lead agency to convene a consortium of health care providers, to design needed educational efforts, to fund other statewide provider groups, and to assure implementation of these efforts, in accordance with a plan approved by the department.

Sec. 803. The department shall continue the AIDS drug assistance program maintaining the prior year eligibility criteria and drug formulary. This section is not intended to prohibit the department from providing assistance for improved AIDS treatment medications.

Sec. 805. (1) From the funds appropriated in part 1 for immunization local agreements, the department shall establish a Natalia Horak and Matthew Knueppel meningitis prevention initiative fund in the amount of \$334,100.00, unless otherwise adjusted pursuant to section 263. The department shall ensure that the fund may accept private and local contributions.

(2) The purpose of this fund shall be to provide grants to qualified organizations that will develop education modules targeted towards groups at increased risk of becoming infected with meningitis. The education modules shall provide information on the benefits and risks of vaccination as well as on early detection and treatment for all forms of the disease. Education pertaining to early detection, isolation, and treatment may also be developed for primary medical care providers and local health officers.

(3) The department shall establish the qualification criteria for organizations and shall provide quarterly reports on this initiative to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies.

**EPIDEMIOLOGY**

Sec. 851. From the funds appropriated in part 1 for asthma prevention and control, \$300,000.00 shall be allocated for an asthma intervention program, including surveillance, community-based programs, and awareness and education. The department shall seek federal funds as they are made available for asthma programs.

Sec. 852. From the funds appropriated in part 1 for bioterrorism preparedness from federal bioterrorism hospital preparedness funding and consistent with federal requirements, the department shall make the following allocations: \$300,000.00 to Sault Ste. Marie War Memorial Hospital, \$300,000.00 to Traverse City Munson Healthcare, \$300,000.00 to Battle Creek Health System, \$500,000.00 to Grand Rapids Metropolitan Medical Response System, \$1,000,000.00 to Sparrow Health System, and \$1,000,000.00 to Detroit Medical Center.

Sec. 853. From the funds appropriated in part 1 for epidemiology administration, \$100.00 shall be allocated to allow and support a collaborative and ongoing research initiative between the department, Michigan State University, and the Michigan farm bureau to be proactive in human health concerns regarding the mutation and transmission of traditionally animal-borne diseases to the human population.

**LOCAL HEALTH ADMINISTRATION AND GRANTS**

Sec. 901. The amount appropriated in part 1 for implementation of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local health departments for costs incurred related to implementation of section 17015(15) of the public health code, 1978 PA 368, MCL 333.17015.

Sec. 902. If a county that has participated in a district health department or an associated arrangement with other local health departments takes action to cease to participate in such an arrangement after October 1, 2002, the department shall have the authority to assess a penalty from the local health department's operational accounts in an amount equal to no more than 5% of the local health department's local public health operations funding. This penalty shall only be assessed to the local county that requests the dissolution of the health department.

Sec. 903. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the expenditures and activities undertaken by the lead abatement program. The report shall include, but is not limited to, a funding allocation schedule, expenditures by category of expenditure and by subcontractor, revenues received, description of program elements, and description of program accomplishments and progress.

Sec. 904. (1) Funds appropriated in part 1 for local public health operations shall be prospectively allocated to local health departments to support immunizations, infectious disease control, sexually transmitted disease control and prevention, hearing screening, vision services, food protection, public water supply, private groundwater supply, and on-site sewage management. Food protection shall be provided in consultation with the Michigan department of agriculture. Public water supply, private groundwater supply, and on-site sewage management shall be provided in consultation with the Michigan department of environmental quality.

(2) Local public health departments will be held to contractual standards for the services in subsection (1).

(3) Distributions in subsection (1) shall be made only to counties that maintain local spending in fiscal year 2002-2003 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2003, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health, the senate or house fiscal agency, or the state budget director on the planned allocation of the funds appropriated for local public health operations.

Sec. 905. In implementing the new funding distribution methodology developed by the local public health operations funding formula workgroup, the department shall allocate to local health departments in fiscal year 2002-2003 no less than 100% of their fiscal year 2001-2002 allocation.

**CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

Sec. 1001. From the state funds appropriated in part 1, the department shall allocate funds to promote awareness, education, and early detection of breast, cervical, prostate, and colorectal cancer, and provide for other health promotion media activities.

Sec. 1002. (1) Provision of the school health education curriculum, such as the Michigan model or another comprehensive school health education curriculum, shall be in accordance with the health education goals established by the Michigan model for the comprehensive school health education state steering committee. The state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department of education.
- (b) The department of community health.
- (c) The health administration in the department of community health.
- (d) The bureau of mental health and substance abuse services in the department of community health.
- (e) The family independence agency.
- (f) The department of state police.

(2) Upon written or oral request, a pupil not less than 18 years of age or a parent or legal guardian of a pupil less than 18 years of age, within a reasonable period of time after the request is made, shall be informed of the content of a course in the health education curriculum and may examine textbooks and other classroom materials that are

provided to the pupil or materials that are presented to the pupil in the classroom. This subsection does not require a school board to permit pupil or parental examination of test questions and answers, scoring keys, or other examination instruments or data used to administer an academic examination.

Sec. 1003. Funds appropriated in part 1 for the Alzheimer's information network shall be used to provide information and referral services through regional networks for persons with Alzheimer's disease or related disorders, their families, and health care providers.

Sec. 1005. From the funds appropriated in part 1 for physical fitness, nutrition, and health, up to \$755,000.00, unless otherwise adjusted pursuant to section 263, may be allocated to the Michigan physical fitness and sports foundation. The allocation to the Michigan physical fitness and sports foundation is contingent upon the foundation providing at least a 20% cash match.

Sec. 1006. In spending the funds appropriated in part 1 for the smoking prevention program, priority shall be given to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents.

Sec. 1007. (1) The funds appropriated in part 1 for violence prevention shall be used for, but not be limited to, the following:

(a) Programs aimed at the prevention of spouse, partner, or child abuse and rape.

(b) Programs aimed at the prevention of workplace violence.

(2) In awarding grants from the amounts appropriated in part 1 for violence prevention, the department shall give equal consideration to public and private nonprofit applicants.

(3) From the funds appropriated in part 1 for violence prevention, the department may include local school districts as recipients of the funds for family violence prevention programs.

Sec. 1008. Contingent on the availability of additional funds appropriated for the cancer prevention and control program, including funds appropriated pursuant to section 263, \$1,500,000.00 shall be allocated to the Karmanos Cancer Institute/Wayne State University, to the University of Michigan comprehensive cancer center, and to Michigan State University for cancer and cancer prevention services and activities, consistent with the current priorities of the Michigan cancer consortium.

Sec. 1009. From the funds appropriated in part 1 for the diabetes and kidney program, a portion of the funds may be allocated to the National Kidney Foundation of Michigan for kidney disease prevention programming including early identification and education programs and kidney disease prevention demonstration projects.

Sec. 1010. Of the funds appropriated in part 1 for the health education, promotion, and research programs, the department shall allocate not less than \$400,000.00 to implement the osteoporosis prevention and treatment education program targeting women and school health education. As part of the program, the department shall design and implement strategies for raising public awareness on the causes and nature of osteoporosis, personal risk factors, value of prevention and early detection, and options for diagnosing and treating osteoporosis.

Sec. 1011. Contingent on the availability of additional funds appropriated for the African-American male health initiative, the department may provide funding to support a pilot project for cancer prevention and early detection for high-risk African-American low-income men. The pilot project may be conducted by a group composed of the department, the Barbara Ann Karmanos Cancer Institute, and federally qualified health centers. Services that the pilot project may make available to uninsured or underinsured high-risk men, subject to informed consent, include screening for prostate cancer and colorectal cancer. Funds may be used for diagnostic services if screening results are abnormal and for treatment services if cancer is diagnosed.

Sec. 1013. Contingent on the availability of additional funds appropriated for the Michigan Parkinson's Foundation, funds may be used for implementation of the Michigan Parkinson's Initiative which supports and educates persons with Parkinson's disease and their families. Members of the Michigan Parkinson's Initiative include the University of Michigan, Michigan State University, Wayne State University, Beaumont Hospital, St. John Hospital and Health Center, Henry Ford Health System, and other organizations as appropriate.

Sec. 1019. From the funds appropriated in part 1 for chronic disease prevention, \$50,000.00 shall be allocated for stroke prevention, education, and outreach. The objectives of the program shall include education to assist persons in identifying risk factors, and education to assist persons in the early identification of the occurrence of a stroke in order to minimize stroke damage.

Sec. 1020. From the funds appropriated in part 1 for chronic disease prevention, \$55,000.00, unless otherwise adjusted pursuant to section 263, shall be allocated for a childhood and adult arthritis program.

Sec. 1024. Funds may be allocated for spinal cord injury programs if federal funding becomes available.

Sec. 1025. From the funds appropriated in part 1 for the diabetes and kidney program, up to \$50,000.00 shall be allocated to a Battle Creek diabetes and kidney prevention program.

Sec. 1026. Contingent on the availability of funds appropriated in part 1 for chronic disease prevention, funds may be provided for the David S. Holmes sickle cell anemia program and allocated to the Barbara Ann Karmanos Cancer Institute/Wayne State University and the Children's Hospital of Michigan.

Sec. 1027. Contingent on the availability of funds appropriated in part 1 for the African-American male health initiative, funds may be provided for the David S. Holmes sickle cell anemia program and allocated to the Barbara Ann Karmanos Cancer Institute/Wayne State University and the Children's Hospital of Michigan.

Sec. 1028. Contingent on the availability of funds appropriated in part 1 for the African-American male health initiative, funds may be allocated to the African-American male health initiative program at Henry Ford health system.

**COMMUNITY LIVING, CHILDREN, AND FAMILIES**

Sec. 1101. The department shall review the basis for the distribution of funds to local health departments and other public and private agencies for the women, infants, and children food supplement program; family planning; early and periodic screening, diagnosis, and treatment program; and prenatal care outreach and service delivery support program and indicate the basis upon which any projected underexpenditures by local public and private agencies shall be reallocated to other local agencies that demonstrate need.

Sec. 1102. (1) Agencies receiving funds for adolescent health care services shall do all of the following:

(a) Require each adolescent health clinic funded by the agency to report to the department on an annual basis all of the following information:

(i) Funding sources of the adolescent health clinic.

(ii) Demographic information of populations served including sex, age, and race. Reporting and presentation of demographic data by age shall include the range of ages of 0-17 years and the range of ages of 18-23 years.

(iii) Utilization data that reflects the number of visits and repeat visits and types of services provided per visit.

(iv) Types and number of referrals to other health care agencies.

(v) Total number of claims submitted by payer type, cost and number of services represented by the claims, and the payment rate by payer type.

(b) As a condition of the contract, a contract shall include the establishment of a local advisory committee before the planning phase of an adolescent health clinic intended to provide services within that school district. The advisory committee shall be comprised of not less than 50% residents of the local school district, and shall not be comprised of more than 50% health care providers. A person who is employed by the sponsoring agency shall not have voting privileges as a member of the advisory committee.

(c) Not allow an adolescent health clinic funded by the agency, as part of the services offered, to provide abortion counseling or services or make referrals for abortion services.

(d) Require each adolescent health clinic funded by the agency to have a written policy on parental consent, developed by the local advisory committee and submitted to the local school board for approval if the services are provided in a public school building where instruction is provided in grades kindergarten through 12.

(e) Establish and implement a process for billing Medicaid, Medicaid HMOs, and other third party payers. The billing and fee collection processes shall not breach the confidentiality of the client.

(2) A local advisory committee established under subsection (1)(b), in cooperation with the sponsoring agency, shall submit written recommendations regarding the implementation and types of services rendered by an adolescent health clinic to the local school board for approval of adolescent health services rendered in a public school building where instruction is provided in grades kindergarten through 12.

(3) The department shall submit a report to the members of the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director based on the information provided under subsection (1)(a). The report is due 90 days after the end of the calendar year.

Sec. 1104. Before April 1, 2003, the department shall submit a report to the house and senate fiscal agencies and the state budget director on planned allocations from the amounts appropriated in part 1 for local MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs. Using applicable federal definitions, the report shall include information on all of the following:

(a) Funding allocations.

(b) Actual number of women, children, and/or adolescents served and amounts expended for each group for the fiscal year 2001-2002.

Sec. 1105. For all programs for which an appropriation is made in part 1, the department shall contract with those local agencies best able to serve clients. Factors to be used by the department in evaluating agencies under this section shall include ability to serve high-risk population groups; ability to serve low-income clients, where applicable; availability of, and access to, service sites; management efficiency; and ability to meet federal standards, when applicable.

Sec. 1106. Each family planning program receiving federal title X family planning funds shall be in compliance with all performance and quality assurance indicators that the United States bureau of community health services specifies in the family planning annual report. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

Sec. 1106a. (1) Federal abstinence money expended in part 1 for the purpose of promoting abstinence education shall provide abstinence education to teenagers most likely to engage in high-risk behavior as their primary focus, and may include programs that include 9- to 17-year-olds. Programs funded must meet all of the following guidelines:

(a) Teaches the gains to be realized by abstaining from sexual activity.

(b) Teaches abstinence from sexual activity outside of marriage as the expected standard for all school age children.

(c) Teaches that abstinence is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other health problems.

(d) Teaches that a monogamous relationship in the context of marriage is the expected standard of human sexual activity.

(e) Teaches that sexual activity outside of marriage is likely to have harmful effects.

(f) Teaches that bearing children out of wedlock is likely to have harmful consequences.

(g) Teaches young people how to avoid sexual advances and how alcohol and drug use increases vulnerability to sexual advances.

(h) Teaches the importance of attaining self-sufficiency before engaging in sexual activity.

(2) Coalitions, organizations, and programs that do not provide contraceptives to minors and demonstrate efforts to include parental involvement as a means of reducing the risk of teens becoming pregnant shall be given priority in the allocations of funds.

(3) Programs and organizations that meet the guidelines of subsection (1) and criteria of subsection (2) shall have the option of receiving all or part of their funds directly from the department of community health.

Sec. 1107. Of the amount appropriated in part 1 for prenatal care outreach and service delivery support, not more than 10% shall be expended for local administration, data processing, and evaluation.

Sec. 1108. The funds appropriated in part 1 for pregnancy prevention programs shall not be used to provide abortion counseling, referrals, or services.

Sec. 1109. (1) From the amounts appropriated in part 1 for dental programs, funds shall be allocated to the Michigan dental association for the administration of a volunteer dental program that would provide dental services to the uninsured in an amount that is no less than the amount allocated to that program in fiscal year 1996-1997.

(2) Not later than November 1, 2002, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health or the senate or house of representatives standing committee on health policy the number of individual patients treated, number of procedures performed, and approximate total market value of those procedures through September 30, 2002.

Sec. 1110. Agencies that currently receive pregnancy prevention funds and either receive or are eligible for other family planning funds shall have the option of receiving all of their family planning funds directly from the department of community health and be designated as delegate agencies.

Sec. 1111. The department shall allocate no less than 87% of the funds appropriated in part 1 for family planning local agreements and the pregnancy prevention program for the direct provision of family planning/pregnancy prevention services.

Sec. 1112. From the funds appropriated for prenatal care outreach and service delivery support, the department shall allocate at least \$1,000,000.00 to communities with high infant mortality rates.

Sec. 1113. Contingent on the availability of additional funds appropriated for special projects, including funds appropriated pursuant to section 263, the department shall allocate no less than \$200,000.00 to provide education and outreach to targeted populations on the dangers of drug use during pregnancy, neonatal addiction, and fetal alcohol syndrome and further develop its infant support services to target families with infants with fetal alcohol syndrome or suffering from drug addiction.

Sec. 1115. From the funds appropriated in part 1 for special projects, the department may allocate \$200,000.00 for pilot grants to institutions of higher education to make available a network of resources and support services for students enrolled in the participating institution of higher education who are in need of pregnancy and parenting services. The funds may also be utilized for administration of the grants and assessment of need. This appropriation may be established as a 3-year work project. For purposes of this section, "institution of higher education" means a university, college, or community college located in the state of Michigan.

Sec. 1120. The department shall allocate appropriate funds to local public health departments for the purpose of providing EPSDT, maternal and infant support services outreach, and other Medicaid outreach and support services.

Sec. 1121. Contingent on the availability of funds appropriated in part 1 for special projects, \$150,000.00 may be allocated for the continuation of children's respite services that were funded in fiscal year 2000-2001.

Sec. 1124. (1) From the funds appropriated in part 1 from the federal maternal and child health block grant, \$450,000.00 shall be allocated if additional block grant funds are available for the statewide fetal infant mortality review network.

(2) It is the intent of the legislature that this project shall be funded with a like amount in fiscal year 2003-2004 should federal funds become available.

Sec. 1128. The department shall make every effort to maximize the receipt of federal Medicaid funds to support the activities of the migrant health care line item.

Sec. 1129. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the number of children with elevated blood lead levels. The report shall provide the information by county and shall include the level of blood lead reported.

Sec. 1133. The department shall release infant mortality rate data to all local public health departments no later than 48 hours prior to releasing infant mortality rate data to the public.

Sec. 1134. On the condition that there are unallocated funds remaining in the special projects line item, following the allotment of funds from this line item to existing programs that are required to be funded under this act, the department may provide \$100,000.00 to the yellow ribbon suicide prevention program for an adolescent suicide and assessment pilot project.

Sec. 1135. (1) Pursuant to applicable federal law, the department shall implement a sponsor-to-alien deeming policy for all nonqualified or qualified aliens seeking services under any means-tested state-funded program.

(2) Prior to the effective date of the specified policy in subsection (1) but no sooner than October 1, 2002, the department shall seek reimbursement from the sponsors of record of any nonqualified or qualified alien who has received services under any means-tested state-funded program, unless the reimbursement is prohibited by federal law.

Sec. 1136. From the funds appropriated in part 1 for special projects, the department shall allocate a total of \$1,100,000.00 to the child advocacy centers in this state, with \$100,000.00 being allocated to each child advocacy center.

#### **WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**

Sec. 1150. In administering the federal summer food service program for children, the department shall work to effectively utilize when possible resources and infrastructure that are in place for existing food programs administered by the department and other state agencies including the department of education.

Sec. 1151. The department may work with local participating agencies to define local annual contributions for the farmer's market nutrition program, project FRESH, to enable the department to request federal matching funds by April 1, 2003 based on local commitment of funds.

#### **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Sec. 1202. The department may do 1 or more of the following:

- (a) Provide special formula for eligible clients with specified metabolic and allergic disorders.
- (b) Provide medical care and treatment to eligible patients with cystic fibrosis who are 21 years of age or older.
- (c) Provide genetic diagnostic and counseling services for eligible families.
- (d) Provide medical care and treatment to eligible patients with hereditary coagulation defects, commonly known as hemophilia, who are 21 years of age or older.

Sec. 1203. All children who are determined medically eligible for the children's special health care services program shall be referred to the appropriate locally-based services program in their community.

#### **CRIME VICTIM SERVICES COMMISSION**

Sec. 1301. The per diem amount authorized for the crime victim services commission is \$50.00.

Sec. 1302. From the funds appropriated in part 1 for justice assistance grants, up to \$50,000.00 shall be allocated for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. The funds shall be used for program coordination, training, and counseling. Unexpended funds shall be carried forward.

Sec. 1303. (1) From the funds appropriated in part 1 for crime victim rights services grants, victims of criminal sexual assault shall be eligible to obtain reimbursement for the costs of any medically necessary services that may be needed for the collection of evidence used to identify, apprehend, and prosecute the offender or offenders, and that would otherwise be the financial responsibility of the victim.

(2) This section does not take effect unless Senate Bill No. 552 of the 91st Legislature is enacted into law, its effective date is a date in fiscal year 2002-2003, and it authorizes the reimbursements described in subsection (1).

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

#### **OFFICE OF SERVICES TO THE AGING**

Sec. 1401. The appropriation in part 1 to the office of services to the aging, for community and nutrition services and home services, shall be restricted to eligible individuals at least 60 years of age who fail to qualify for home care services under title XVIII, XIX, or XX.

Sec. 1403. The office of services to the aging shall require each region to report to the office of services to the aging home delivered meals waiting lists based upon standard criteria. Determining criteria shall include all of the following:

- (a) The recipient's degree of frailty.
- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

Sec. 1404. The area agencies and local providers may receive and expend fees for the provision of day care, care management, respite care, and certain eligible home and community-based services. The fees shall be based on a sliding scale, taking client income into consideration. The fees shall be used to expand services.

Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement funds to the office of services to the aging for the respite care program shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan. The use of the funds shall be for direct respite care or adult respite care center services. Not more than 10% of the amount allocated under this section shall be expended for administration and administrative purposes.

Sec. 1407. (1) The appropriation of \$761,000.00 of tobacco settlement funds to the office of services to the aging for the long-term care advisor shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan.

(2) Activities of the long-term care advisor shall support awareness for a continuum of care for older adults including assisted living arrangements, and shall promote and support family involvement.

Sec. 1408. The office of services to the aging shall provide that funds appropriated under this act shall be awarded on a local level in accordance with locally determined needs.

Sec. 1413. The legislature affirms the commitment to locally-based services. The legislature supports the role of local county board of commissioners in the approval of area agency on aging plans. The legislature supports choice and the right of local counties to change membership in the area agencies on aging if the change is to an area agency on aging that is contiguous to that county. The legislature supports the office of services to the aging working with others to provide training to commissions to better understand and advocate for aging issues. It is the intent of the legislature to prohibit area agencies on aging from providing direct services, including home and community-based waiver services, unless they receive a waiver from the department. The legislature's intent in this section is conditioned on compliance with federal and state laws, rules, and policies.

Sec. 1416. The legislature affirms the commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community services waiver program.

#### **MEDICAL SERVICES ADMINISTRATION**

Sec. 1505. The department shall work with the department of career development to explore options available under the ticket to work and work incentives improvement act of 1999, Public Law 106-170, 113 Stat. 1860. The department shall provide a report on the options to extend health care coverage for working disabled persons under federal law by October 1, 2002.

Sec. 1507. Of the amount appropriated to medical services administration for the "Ticket to Work" initiative in 2000 PA 296, \$50,000.00 shall be considered a work project. Those funds shall not lapse on September 30, 2002 and shall be carried forward for the purpose of supporting expenditures for the "Ticket to Work" initiative in fiscal year 2002-2003.

Sec. 1508. From funds appropriated in part 1 for MICHild administration, up to \$200,000.00 shall be allocated to school district health center training and assistance in MICHild enrollment, delivery system coordination, and service reimbursement procedures.

#### **MEDICAL SERVICES**

Sec. 1601. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1602. Medical services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty line, pursuant to the state's option to elect such coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX, 42 U.S.C. 1396a.

Sec. 1603. (1) The department may establish a program for persons to purchase medical coverage at a rate determined by the department.

(2) The department may receive and expend premiums for the buy-in of medical coverage in addition to the amounts appropriated in part 1.

(3) The premiums described in this section shall be classified as private funds.

Sec. 1604. (1) The department shall ascertain the steps required for federal approval to utilize the social security substantial gainful activity level as the state's Medicaid spend-down protected income level for nonelderly individuals receiving social security disability income.

(2) The department, after appropriate consultation with the federal government, shall project an annual cost to the department's budget if federal approval for the protected income level change referenced in subsection (1) were granted.

(3) Not later than March 1, 2003, the department shall report its findings regarding subsections (1) and (2) to the members of the house and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 1605. (1) The protected income level for Medicaid coverage determined pursuant to section 106(1)(b)(iii) of the social welfare act, 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance standard.

(2) The department shall notify the senate and house of representatives appropriations subcommittees on community health and the state budget director of any proposed revisions to the protected income level for Medicaid coverage related to the public assistance standard 90 days prior to implementation.

Sec. 1606. For the purpose of guardian and conservator charges, the department of community health may deduct up to \$60.00 per month as an allowable expense against a recipient's income when determining medical services eligibility and patient pay amounts.



Sec. 1607. (1) An applicant for Medicaid, whose qualifying condition is pregnancy, shall immediately be presumed to be eligible for Medicaid coverage unless the preponderance of evidence in her application indicates otherwise.

(2) An applicant qualified as described in subsection (1) shall be given a letter of authorization to receive Medicaid covered services related to her pregnancy. In addition, the applicant shall receive a listing of Medicaid physicians and managed care plans in the immediate vicinity of the applicant's residence.

(3) An applicant that selects a Medicaid provider, other than a managed care plan, from which to receive pregnancy services, shall not be required to enroll in a managed care plan until the end of the second month postpartum.

(4) In the event that an applicant, presumed to be eligible pursuant to subsection (1), is subsequently found to be ineligible, a Medicaid physician or managed care plan that has been providing pregnancy services to an applicant under this section is entitled to reimbursement for those services until such time as they are notified by the department that the applicant was found to be ineligible for Medicaid.

(5) If the preponderance of evidence in an application indicates that the applicant is not eligible for Medicaid, the department shall refer that applicant to the nearest public health clinic or similar entity as a potential source for receiving pregnancy related services.

Sec. 1608. The department shall update by October 1, 2002 and distribute by November 1, 2002 to health care providers the pamphlet identifying patient rights and responsibilities described in section 20201 of the public health code, 1978 PA 368, MCL 333.20201.

Sec. 1610. The department of community health shall provide an administrative procedure for the review of cost report grievances by medical services providers with regard to reimbursement under the medical services program. Settlements of properly submitted cost reports shall be paid not later than 9 months from receipt of the final report.

Sec. 1611. (1) For care provided to medical services recipients with other third-party sources of payment, medical services reimbursement shall not exceed, in combination with such other resources, including Medicare, those amounts established for medical services-only patients. The medical services payment rate shall be accepted as payment in full. Other than an approved medical services copayment, no portion of a provider's charge shall be billed to the recipient or any person acting on behalf of the recipient. Nothing in this section shall be considered to affect the level of payment from a third-party source other than the medical services program. The department shall require a nonenrolled provider to accept medical services payments as payment in full.

(2) Notwithstanding subsection (1), medical services reimbursement for hospital services provided to dual Medicare/medical services recipients with Medicare Part B coverage only shall equal, when combined with payments for Medicare and other third-party resources, if any, those amounts established for medical services-only patients, including capital payments.

Sec. 1612. (1) It is the intent of the legislature that a uniform Medicaid and school-based services billing form be developed by the department in consultation with affected Medicaid providers. Every 2 months, the department shall provide reports to members of the senate and house of representatives appropriations subcommittees on community health and the senate and house fiscal agencies on the progress of this initiative.

(2) HMOs that contract with the department to provide services to the Medicaid population shall adhere to the time frames for payment of clean claims as defined in section 111i(2)(a) of the social welfare act, 1939 PA 280, MCL 400.111i, submitted by health professionals and facilities and provide notice of any defect in claims submitted as specified in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i.

Sec. 1615. Unless prohibited by federal or state law or regulation, the department may require enrolled Medicaid providers to submit their billings for services electronically. The department shall also develop and implement a program that provides a mechanism for Medicaid providers to submit their billings for services over the Internet by April 1, 2003.

Sec. 1620. (1) For fee-for-service recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge, whichever is less.

(2) When carved-out of the capitation rate for managed care recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge or the usual charge allowed by the recipient's Medicaid HMO, whichever is less.

(3) The department shall require a prescription copayment for Medicaid recipients except as prohibited by federal or state law or regulation.

Sec. 1621. (1) The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this subsection shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists' association, Michigan health and hospital association, and Michigan nurses' association.

(2) This section does not authorize or allow therapeutic substitution.

Sec. 1622. The department shall implement a pharmaceutical best practice initiative. All of the following apply to that initiative:

(a) A physician that calls the department's agent for prior authorization of drugs that are not on the department's preferred drug list shall be informed of the option to speak to the agent's physician on duty concerning the prior authorization request if the agent's pharmacist denies the prior authorization request. If immediate contact with the agent's physician on duty is requested, but cannot be arranged, the physician placing the call shall be immediately informed of the right to request a 72-hour supply of the nonauthorized drug.

(b) The department's prior authorization and appeal process shall be available on the department's website. The department shall also develop and implement a program that allows providers to file prior authorization and appeal requests electronically by October 1, 2002.

(c) The department shall provide authorization for prescribed drugs that are not on its preferred drug list if the prescribing physician verifies that the drugs are necessary for the continued stabilization of the patient's medical condition following documented previous failures on earlier prescription regimens. Documentation of previous failures may be provided by telephone, facsimile, or electronic transmission.

(d) Meetings of the department's pharmacy and therapeutics committee shall be open to the public with advance notice of the meeting date, time, place, and agenda posted on the department's website 14 days in advance of each meeting date. By January 31 of each year, the department shall publish the committee's regular meeting schedule for the year on the department's website. The pharmacy and therapeutics committee meetings shall be subject to the requirements of the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The committee shall provide an opportunity for interested parties to comment at each meeting following written notice to the committee's chairperson of the intent to provide comment.

(e) The pharmacy and therapeutics committee shall make recommendations for the inclusion of medications on the preferred drug list based on sound clinical evidence found in labeling, drug compendia, and peer-reviewed literature pertaining to use of the drug in the relevant population. The committee shall develop a method to receive notification and clinical information about new drugs. The department shall post this process and the necessary forms on the department's website.

(f) The department shall assure compliance with the published Medicaid bulletin implementing the Michigan pharmaceutical best practices initiative program. The department shall also include this information on its website.

(g) The department shall by March 15, 2003 provide to the members of the house and senate subcommittees on community health a report on the impact of the pharmaceutical best practice initiative on the Medicaid community. The report shall include, but not be limited to, the number of appeals used in the prior authorization process and any reports of patients who are hospitalized because of authorization denial.

(h) By May 15, 2003, the department shall provide a report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies identifying the prescribed drugs that are grandfathered in as preferred drugs and available without prior authorization and the population groups to which they apply. The report shall assess strategies to improve the drug prior authorization process.

Sec. 1623. (1) The department shall continue the Medicaid policy that allows for the dispensing of a 100-day supply for maintenance drugs.

(2) The department shall notify all HMOs, physicians, pharmacies, and other medical providers that are enrolled in the Medicaid program that Medicaid policy allows for the dispensing of a 100-day supply for maintenance drugs.

(3) The notice in subsection (2) shall also clarify that a pharmacy shall fill a prescription written for maintenance drugs in the quantity specified by the physician, but not more than the maximum allowed under Medicaid, unless subsequent consultation with the prescribing physician indicates otherwise.

Sec. 1624. (1) An additional \$20,000,000.00 from the tobacco settlement trust fund is appropriated to the elder prescription insurance coverage program for fiscal year 2002-2003 if the state budget director certifies that the federal funds appropriated to that program are unavailable and that sufficient tobacco settlement revenue is available to finance this appropriation. As used in this section, "tobacco settlement revenue" and "tobacco settlement trust fund" mean those terms as defined in section 2 of the Michigan trust fund act, 2000 PA 489, MCL 12.252.

(2) None of the tobacco settlement or other state restricted revenue appropriated by the department to the EPIC program in fiscal year 2001-2002 shall lapse.

(3) The department shall place any funds that would have lapsed in a reserve account for the sole purpose of providing revenue to fund the EPIC program during fiscal year 2002-2003, in the event the proposed federal revenue to enhance EPIC program funding is not available.

(4) If the proposed federal funds become available, the reserved tobacco settlement funds may either be lapsed to the tobacco settlement trust fund or the Medicaid trust fund.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 U.S.C. 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in state medical program, children's special health care services, and EPIC.

(2) For products distributed by pharmaceutical manufacturers not providing quarterly rebates as listed in subsection (1), the department may require preauthorization.

Sec. 1628. It is the intent of the legislature that if the savings for Medicaid pharmacy rebates exceed the amount budgeted in this act, the savings shall first be used to offset any increase in pharmacy costs above that budgeted in this act and then to support and expand coverage under the EPIC program.

Sec. 1630. Medicaid adult dental services, podiatric services, and chiropractic services shall continue at not less than the level in effect on October 1, 1996, except that reasonable utilization limitations may be adopted in order to prevent excess utilization. The department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within 1 year.

Sec. 1631. The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to Medicaid recipients, except as prohibited by federal or state law or regulation.

Sec. 1633. From the funds appropriated in part 1 for auxiliary medical services, the department shall expand the healthy kids dental program statewide if funds become available specifically for expansion of the program.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in fiscal year 2000-2001.

Sec. 1641. An institutional provider that is required to submit a cost report under the medical services program shall submit cost reports completed in full within 5 months after the end of its fiscal year.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line item appropriation, \$3,635,100.00 shall be allocated for the psychiatric residency training program that establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University if the necessary Medicaid matching funds are provided by the universities as allowable state match.

Sec. 1645. (1) No later than October 31, 2002, the department shall implement a hospital adjustor formula. The adjustor shall be paid to eligible hospitals as a 27% increase in Medicaid inpatient, outpatient, and rehabilitation hospital rates. The adjustor shall be paid to nonaffiliated hospitals that meet any of the following conditions:

(a) The hospital is located in a county with a population under 250,000.

(b) The hospital is located in a municipality with a population under 10,000.

(c) As of July 1, 2002, the hospital had fewer than 75 beds. It is the intent of the legislature that disbursement of funds to hospitals affected by this adjustor commence on November 1, 2002 subject to the conditions set forth in subsection (2).

(2) Funding for this adjustor is contingent upon the passage of an amendment to the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, that increases the tax by at least 30 cents per pack and that the net revenue from this increase exceeds the amount currently allocated to balance the fiscal year 2001-2002 and fiscal year 2002-2003 state budgets. In no event shall the funding for the adjustor specified in subsection (1) exceed \$6,000,000.00.

Sec. 1646. From the funds appropriated in part 1 for hospital services and therapy, the department shall allocate \$1,000,000.00 to establish a hospital transitional services fund and make payments from the fund to hospitals to offset costs associated with closure of the facility, transition of the facility to an urgent care center, or transition of the facility to a federally qualified health center. Up to \$250,000.00 from the hospital transitional services fund shall be allocated to the regional consortium that includes the Battle Creek Health System, Oaklawn Hospital, and the Albion Health Alliance.

Sec. 1647. From the funds appropriated in part 1 for hospital services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2002.

Sec. 1648. The department shall maintain an automated toll-free phone line to enable medical providers to verify the eligibility status of Medicaid recipients. There shall be no charge to providers for the use of the toll-free phone line.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall continue breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. This coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the breast and cervical cancer prevention and treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

Sec. 1650. (1) The department may require medical services recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference may be assigned to a managed care provider.

(2) Persons to be assigned a managed care provider shall be informed in writing of the criteria for exceptions to capitated managed care enrollment, their right to change HMOs for any reason within the initial 90 days of enrollment, the toll-free telephone number for problems and complaints, and information regarding grievance and appeals rights.

(3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(2) The department shall not amend the medical services hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 C.F.R. part 418.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs are subject to the following conditions:

(a) Continuity of care is assured by allowing enrollees to continue receiving required medically necessary services from their current providers for a period not to exceed 1 year if enrollees meet the managed care medical exception criteria.

(b) The department shall require contracted HMOs to submit data determined necessary for evaluation on a timely basis.

(c) A health plans advisory council is functioning that meets all applicable federal and state requirements for a medical care advisory committee. The council shall review at least quarterly the implementation of the department's managed care plans.

(d) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area, is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

(e) Enrollment of recipients of children's special health care services in HMOs shall be voluntary during fiscal year 2002-2003.

(f) The department shall develop a case adjustment to its rate methodology that considers the costs of persons with HIV/AIDS, end stage renal disease, organ transplants, epilepsy, and other high-cost diseases or conditions and shall implement the case adjustment when it is proven to be actuarially and fiscally sound. Implementation of the case adjustment must be budget neutral.

Sec. 1654. (1) Medicaid HMOs shall establish an ongoing internal quality assurance program for health care services provided to Medicaid recipients which includes all of the following:

(a) An emphasis on health outcomes.

(b) Establishment of written protocols for utilization review based on current standards of medical practice.

(c) Review by physicians and other health care professionals of the process followed in the provision of the health care services.

(d) Evaluation of the continuity and coordination of care that enrollees receive.

(e) Mechanisms to detect overutilization and underutilization of services.

(f) Actions to improve quality and assess the effectiveness of the action through systematic follow-up.

(g) Provision of information on quality and outcome measures to facilitate enrollee comparison and choice of health coverage options.

(h) Ongoing evaluation of the plans' effectiveness.

(i) Consumer involvement in the development of the quality assurance program and consideration of enrollee complaints and satisfaction survey results.

(2) Medicaid HMOs shall apply for accreditation by an appropriate external independent accrediting organization requiring standards recognized by the department once those HMOs have met the application requirements. The state shall accept accreditation of an HMO by an approved accrediting organization as proof that the HMO meets some or all of the state's requirements, if the state determines that the accrediting organization's standards meet or exceed the state's requirements.

(3) Medicaid HMOs shall report encounter data, including data on inpatient and outpatient hospital care, physician visits, pharmaceutical services, and other services specified by the department.

(4) Medicaid HMOs shall assure that all covered services are available and accessible to enrollees with reasonable promptness and in a manner that assures continuity. Medically necessary services shall be available and accessible 24 hours a day and 7 days a week. HMOs shall continue to develop procedures for determining medical necessity which may include a prior authorization process.

(5) Medicaid HMOs shall provide for reimbursement of HMO covered services delivered other than through the HMO's providers if medically necessary and approved by the HMO, immediately required, and that could not be reasonably obtained through the HMO's providers on a timely basis. Such services shall be considered approved if the HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

(6) Medicaid HMOs shall provide access to appropriate providers, including qualified specialists for all medically necessary services.

(7) Medicaid HMOs shall provide the department with a demonstration of the plan's capacity to adequately serve the HMO's expected enrollment of Medicaid enrollees.

(8) Medicaid HMOs shall provide assurances to the department that it will not deny enrollment to, expel, or refuse to reenroll any individual because of the individual's health status or need for services, and that it will notify all eligible persons of those assurances at the time of enrollment.

(9) Medicaid HMOs shall provide procedures for hearing and resolving grievances between the HMO and members enrolled in the HMO on a timely basis.

(10) Medicaid HMOs shall meet other standards and requirements contained in state laws, administrative rules, and policies promulgated by the department.

(11) Medicaid HMOs shall develop written plans for providing nonemergency medical transportation services funded through supplemental payments made to the plans by the department, and shall include information about transportation in their member handbook.

Sec. 1655. (1) The department may require a 12-month lock-in to the HMO selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

(2) Medicaid recipients shall be allowed to change HMOs for any reason within the initial 90 days of enrollment.

Sec. 1656. (1) The department shall provide an expedited complaint review procedure for Medicaid eligible persons enrolled in HMOs for situations in which failure to receive any health care service would result in significant harm to the enrollee.

(2) The department shall provide for a toll-free telephone number for Medicaid recipients enrolled in managed care to assist with resolving problems and complaints. If warranted, the department shall immediately disenroll persons from managed care and approve fee-for-service coverage.

(3) Annual reports summarizing the problems and complaints reported and their resolution shall be provided to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, the state budget office, and the department's health plans advisory council.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

(2) If the treating hospital determines that the recipient will require further medical service or hospitalization beyond the point of stabilization, that hospital must receive authorization from the recipient's HMO prior to admitting the recipient.

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1658. (1) It is the intent of the legislature that HMOs shall have contracts with hospitals within a reasonable distance from their enrollees. If a hospital does not contract with the HMO, in its service area, that hospital shall enter into a hospital access agreement as specified in the MSA bulletin Hospital 01-19.

(2) A hospital access agreement specified in subsection (1) shall be considered an affiliated provider contract pursuant to the requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1659. The following sections are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MI Choice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 402, 404, 414, 418, 424, 427, 428, 431, 436, 442, 448, 1612, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, 1699, 1704, and 1712.

Sec. 1660. (1) The department shall assure that all Medicaid children have timely access to EPSDT services as required by federal law. Medicaid HMOs shall provide EPSDT services to their child members in accordance with Medicaid EPSDT policy.

(2) The primary responsibility of assuring a child's hearing and vision screening is with the child's primary care provider. The primary care provider shall provide age appropriate screening or arrange for these tests through referrals to local health departments. Local health departments shall provide preschool hearing and vision screening services and accept referrals for these tests from physicians or from Head Start programs in order to assure all preschool children have appropriate access to hearing and vision screening. Local health departments shall be reimbursed for the cost of providing these tests for Medicaid eligible children by the Medicaid program.

(3) The department shall require Medicaid HMOs to provide EPSDT utilization data through the encounter data system, and health employer data and information set well child health measures in accordance with the National Committee on Quality Assurance prescribed methodology.

(4) The department shall require HMOs to be responsible for well child visits and maternal and infant support services as described in Medicaid policy. These responsibilities shall be specified in the information distributed by the HMOs to their members.

(5) The department shall provide, on an annual basis, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of children and pregnant women.

Sec. 1661. (1) The department shall assure that all Medicaid eligible children and pregnant women have timely access to MSS/ISS services. Medicaid HMOs shall assure that maternal support service screening is available to their pregnant members and that those women found to meet the maternal support service high-risk criteria are offered

maternal support services. Local health departments shall assure that maternal support service screening is available for Medicaid pregnant women not enrolled in an HMO and that those women found to meet the maternal support service high-risk criteria are offered maternal support services or are referred to a certified maternal support service provider.

(2) The department shall prohibit HMOs from requiring prior authorization of their contracted providers for any EPSDT screening and diagnosis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS service visits.

(3) The department shall assure the coordination of MSS/ISS services with the WIC program, state-supported substance abuse, smoking prevention, and violence prevention programs, the family independence agency, and any other state or local program with a focus on preventing adverse birth outcomes and child abuse and neglect.

Sec. 1662. (1) The department shall require the external quality review contractor to conduct a review of all EPSDT components provided to children from a statistically valid sample of health plan medical records.

(2) The department shall provide a copy of the analysis of the Medicaid HMO annual audited health employer data and information set reports and the annual external quality review report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director, within 30 days of the department's receipt of the final reports from the contractors.

(3) The department shall work with the Michigan association of health plans and the Michigan association for local public health to improve service delivery and coordination in the MSS/ISS and EPSDT programs.

(4) The department shall provide training and technical assistance workshops on EPSDT and MSS/ISS for Medicaid health plans, local health departments, and MSS/ISS contractors.

Sec. 1663. (1) Local health departments and HMOs shall work with interested hospitals in their area on training and coordination to identify and make MSS/ISS referrals.

(2) Local health departments shall work with interested hospitals, school-based health centers, clinics, other community organizations, and local family independence agency offices in their area on training and coordination to distribute and facilitate the completion of MICHild and Healthy Kids application forms for persons who are potentially eligible for the program.

Sec. 1670. (1) The appropriation in part 1 for the MICHild program is to be used to provide comprehensive health care to all children under age 19 who reside in families with income at or below 200% of the federal poverty level, who are uninsured and have not had coverage by other comprehensive health insurance within 6 months of making application for MICHild benefits, and who are residents of this state. The department shall develop detailed eligibility criteria through the medical services administration public concurrence process, consistent with the provisions of this act. Health care coverage for children in families below 150% of the federal poverty level shall be provided through expanded eligibility under the state's Medicaid program. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

(2) The department shall enter into a contract to obtain MICHild services from any HMO, dental care corporation, or any other entity that offers to provide the managed health care benefits for MICHild services at the MICHild capitated rate. As used in this subsection:

(a) "Dental care corporation", "health care corporation", "insurer", and "prudent purchaser agreement" mean those terms as defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

(b) "Entity" means a health care corporation or insurer operating in accordance with a prudent purchaser agreement.

(3) The department may enter into contracts to obtain certain MICHild services from community mental health service programs.

(4) The department may make payments on behalf of children enrolled in the MICHild program from the line-item appropriation associated with the program as described in the MICHild state plan approved by the United States department of health and human services, or from other medical services line-item appropriations providing for specific health care services.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MICHild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

Sec. 1672. The department may provide up to 1 year of continuous eligibility to children eligible for the MICHild program unless the family fails to pay the monthly premium, a child reaches age 19, or the status of the children's family changes and its members no longer meet the eligibility criteria as specified in the federally approved MICHild state plan.

Sec. 1673. The department may establish premiums for MICHild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not exceed \$5.00 for a family.

Sec. 1674. The department shall not require copayments under the MICHild program.

Sec. 1675. Children whose category of eligibility changes between the Medicaid and MICHild programs shall be assured of keeping their current health care providers through the current prescribed course of treatment for up to 1 year, subject to periodic reviews by the department if the beneficiary has a serious medical condition and is undergoing active treatment for that condition.

Sec. 1676. To be eligible for the MICHild program, a child must be residing in a family with an adjusted gross income of less than or equal to 200% of the federal poverty level. The department's verification policy shall be used to determine eligibility.

Sec. 1677. The MICHild program shall provide all benefits available under the state employee insurance plan that are delivered through contracted providers and consistent with federal law, including, but not limited to, the following medically necessary services:

(a) Inpatient mental health services, other than substance abuse treatment services, including services furnished in a state-operated mental hospital and residential or other 24-hour therapeutically planned structured services.

(b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.

(c) Durable medical equipment and prosthetic and orthotic devices.

(d) Dental services as outlined in the approved MICHild state plan.

(e) Substance abuse treatment services that may include inpatient, outpatient, and residential substance abuse treatment services.

(f) Care management services for mental health diagnoses.

(g) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.

(h) Emergency ambulance services.

Sec. 1680. (1) It is the intent of the legislature that payment increases for enhanced wages and new or enhanced employee benefits provided through the Medicaid nursing home wage pass-through program in previous years be continued in fiscal year 2002-2003.

(2) The department shall provide a report to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies regarding the amount of nursing home employee wage and benefit increases provided through the nursing home wage pass-through program in fiscal year 2001-2002.

Sec. 1681. From the funds appropriated in part 1 for home- and community-based services, the department and local waiver agents shall encourage the use of family members, friends, and neighbors of home- and community-based services participants, where appropriate, to provide homemaker services, meal preparation, transportation, chore services, and other nonmedical covered services to participants in the Medicaid home- and community-based services program. This section shall not be construed as allowing for the payment of family members, friends, or neighbors for these services unless explicitly provided for in federal or state law.

Sec. 1682. (1) The department shall implement enforcement actions as specified in the nursing facility enforcement provisions of section 1919 of title XIX, 42 U.S.C. 1396r.

(2) The department is authorized to receive and spend penalty money received as the result of noncompliance with medical services certification regulations. Penalty money, characterized as private funds, received by the department shall increase authorizations and allotments in the long-term care accounts.

(3) Any unexpended penalty money, at the end of the year, shall carry forward to the following year.

Sec. 1683. The department shall promote activities that preserve the dignity and rights of terminally ill and chronically ill individuals. Priority shall be given to programs, such as hospice, that focus on individual dignity and quality of care provided persons with terminal illness and programs serving persons with chronic illnesses that reduce the rate of suicide through the advancement of the knowledge and use of improved, appropriate pain management for these persons; and initiatives that train health care practitioners and faculty in managing pain, providing palliative care, and suicide prevention.

Sec. 1684. From the funds appropriated in part 1 for long-term care services, the department shall make available up to 1/2 of the economic increase for a wage pass-through for nursing facilities solely for payment increases for enhanced wages and new or enhanced employee benefits. This funding shall be provided to those facilities that make application for it to fund the Medicaid program share of wage and employee benefit increases of up to the equivalent of 50 cents per employee hour. Employee benefits shall include, but are not limited to, health benefits, retirement benefits, and quality of life benefits such as day care services. Nursing facilities shall be required to document that these wage and benefit increases were actually provided. If a nursing home that makes application for and receives the additional funding for the wage pass-through cannot document that these wage and benefit increases were actually provided, its reimbursement rate shall be reduced by 2.5%.

Sec. 1684a. The wage pass-through in section 1684 shall only be effective if all the funding goes to worker wages and benefits, with none of the funding going to union fees or other fees.

Sec. 1685. All nursing home rates, class I and class III, must have their respective fiscal year rate set 30 days prior to the beginning of their rate year. Rates may take into account the most recent cost report prepared and certified by the preparer, provider corporate owner or representative as being true and accurate, and filed timely, within 5 months of the fiscal year end in accordance with Medicaid policy. If the audited version of the last report is available, it shall be used. Any rate factors based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Sec. 1687. The long-term care working group established in section 1657 of 1998 PA 336 shall continue to exist to review the allocation of the long-term care innovations grant funding and to monitor the implementation of the demonstration projects being funded. The department shall not implement a long-term care plan until the expiration of 24 days during which at least 1 house of the legislature convenes after the long-term care working group has submitted the written long-term care plan to the senate majority leader, the speaker of the house, the senate and house appropriations subcommittees on community health, and the state budget director.

Sec. 1688. The department shall not impose a limit on per unit reimbursements to service providers that provide personal care or other services under the Medicaid home and community-based waiver program for the elderly and disabled. The department's per day per client reimbursement cap calculated in the aggregate for all services provided under the Medicaid home and community-based waiver is not a violation of this section.

Sec. 1689. (1) From the funds appropriated in part 1 for the home and community based services program, the department shall develop an allocation formula that will allow for coverage of no fewer than 15,000 individuals, or a smaller number of individuals if required under federal law.

(2) At the end of each fiscal quarter, the department shall compare actual usage to that predicted by the allocation formula. Based on that evaluation, the department may redistribute home and community based waiver program resources among the regional service providers.

(3) Priority in enrolling additional persons in the Medicaid home- and community-based services program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home- and community-based services. The department shall implement screening and assessment procedures to assure that no additional Medicaid-eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home- and community-based services program. In each case where the program is successful in removing an individual from a nursing home, or prevents an individual from entering a nursing home who currently meets explicit medical criteria for admission to a nursing home, the department shall transfer the estimated amount of cost savings from the long-term care services line item to the home- and community-based waiver program line item. The department shall make these transfers on a quarterly basis.

(4) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home and community based waiver program by regions as well as the associated expenditures.

Sec. 1690. (1) From the funds appropriated in part 1 for long-term care services, the department shall allocate \$1,000,000.00 to a provider engaged in the continuum of care for long-term care services.

(2) The provider shall use the funds described in subsection (1) to establish a pilot project to assess whether a managed care approach to the full spectrum of long-term care services can provide an appropriate level of care at a lower cost than achieved through purchasing those services on an individual basis.

(3) The department in conjunction with the service providers shall develop criteria to assess the ability of this provider to maintain the individuals at the most appropriate level of care, to improve the total quality of care, to increase compliance with *Olmstead v. L.C.*, 527 U.S. 581 (1999), and to reduce costs for the state's Medicaid program.

(4) The department shall provide bimonthly reports that detail the progress of this pilot project to the senate and house appropriations subcommittees on community health and to the senate and house fiscal agencies.

Sec. 1691. (1) From the funds appropriated in part 1, the department, subject to the requirements and limitations in this section, shall establish a funding pool of up to \$44,012,800.00 for the purpose of enhancing the aggregate payment for medical services hospital services.

(2) For a county with a population of more than 2,000,000 people, the department shall distribute \$44,012,800.00 to hospitals if \$15,026,700.00 is received by the state from such a county, which meets the criteria of an allowable state matching share as determined by applicable federal laws and regulations. If the state receives a lesser sum of an allowable state matching share from such a county, the amount distributed shall be reduced accordingly.

(3) The department may establish county-based, indigent health care programs that are at least equal in eligibility and coverage to the fiscal year 1996 state medical program.

(4) The department is authorized to establish and expand programs in counties that include rural, underserved areas if the expenditures for the programs do not increase state general fund/general purpose costs and local funds are provided.

Sec. 1692. (1) The department of community health is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department and the state budget director are authorized to negotiate and enter into agreements, together with the department of education, with local and intermediate school districts regarding the sharing of federal Medicaid services funds received for these services. The department is authorized to receive and disburse funds to participating school districts pursuant to such agreements and state and federal law.

(2) From the funds appropriated in part 1 for medical services school services payments, the department is authorized to do all of the following:

(a) Finance activities within the medical services administration related to this project.



(b) Reimburse participating school districts pursuant to the fund sharing ratios negotiated in the state-local agreements authorized in subsection (1).

(c) Offset general fund costs associated with the medical services program.

Sec. 1693. The special adjustor payments appropriation in part 1 may be increased if the department submits a medical services state plan amendment pertaining to this line item at a level higher than the appropriation. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Sec. 1694. The department of community health shall distribute \$695,000.00 to children's hospitals that have a high indigent care volume. The amount to be distributed to any given hospital shall be based on a formula determined by the department of community health.

Sec. 1696. The department shall by October 1, 2002 complete a study calculating the benefits of a single magnetic card identification system that has the capability to interface with various state benefit programs, including, but not limited to, food stamps, WIC, cash assistance, and Medicaid, and to assist in the eligibility verification process.

Sec. 1697. (1) As may be allowed by federal law or regulation, the department may use funds provided by a local or intermediate school district, which have been obtained from a qualifying health system, as the state match required for receiving federal Medicaid or children health insurance program funds. Any such funds received shall be used only to support new school-based or school-linked health services.

(2) A qualifying health system is defined as any health care entity licensed to provide health care services in the state of Michigan, that has entered into a contractual relationship with a local or intermediate school district to provide or manage school-based or school-linked health services.

Sec. 1699. The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients, and to hospitals providing graduate medical education training programs. If direct payment for GME and DSH is made to qualifying hospitals for services to Medicaid clients, hospitals will not include GME costs or DSH payments in their contracts with HMOs.

Sec. 1700. The department shall not submit a Medicaid waiver or similar proposal to the federal centers for Medicare and Medicaid unless the proposal has been submitted to the house of representatives and senate appropriations subcommittees on community health at least 30 days before the submission to the federal government.

Sec. 1701. In addition to the funds appropriated in part 1, there is appropriated up to \$6,600,000.00 to reestablish a nursing home quality care incentive program to provide financial incentives for nursing homes to develop high-quality care services. Grants under this section shall be awarded by the department to nursing homes that demonstrate an existing commitment to providing high-quality care. This appropriation is contingent upon the receipt of additional funds as a result of an increase in the federal Medicaid match rate above the fiscal year 2002-2003 rate of 55.42% and upon certification from the state budget director that the funds are available for expenditure.

Sec. 1702. From the funds appropriated in part 1 for long-term care services, the department shall work with local waiver agents to implement a pilot project that coordinates Medicaid home- and community-based services with section 8 rental assistance subsidies available through the Michigan state housing development authority. The purpose of the pilot project shall be to provide rent and supportive services to 100 persons in assisted living housing arrangements who otherwise would be eligible to receive nursing home care through the Medicaid program. The home- and community-based services days of care utilized for the pilot project shall be allocated from the existing allocation to local waiver agents for the current fiscal year.

Sec. 1703. From the funds appropriated in part 1 for long-term care services, the department shall allocate up to \$200,000.00 to the Michigan association of centers for independent living for the accessing community-based support project, if additional funds become available for this purpose.

Sec. 1704. MSA bulletin Hospital 01-03 shall have all references to per diem payment deleted.

Sec. 1706. The department shall develop and implement a public information campaign regarding the pharmaceutical best practice initiative program.

Sec. 1709. From the funds appropriated in part 1 for medical services, the department shall allocate sufficient funds to each qualified county, as that term is defined in section 2 of the airport parking tax act, 1987 PA 248, MCL 207.372, to reimburse that county for the entire reduction in the amount of its distribution for indigent health care in fiscal year 2002-2003 from the amount of its distribution for indigent health care in fiscal year 2000-2001 resulting directly from any amendments to section 7 of the airport parking tax act, 1987 PA 248, MCL 207.377, in calendar year 2002 if House Bill No. 4454 of the 91st Legislature is enacted into law in fiscal year 2001-2002.

Sec. 1710. Any proposed changes by the department to the MIChoice home and community based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health at least 30 days prior to implementation of the proposed changes.

Sec. 1711. The department shall provide an annual program report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies on the hospitalization utilization of Medicaid recipients by diagnostic related group.

Sec. 1712. Notwithstanding section 20161(13)(l) of the public health code, 1978 PA 368, MCL 333.20161, as added by 2002 PA 303, section 224b(2)(j) of the insurance code of 1956, 1956 PA 218, as added by 2002 PA 304, and section

20161(14)(i) of the public health code, 1978 PA 368, MCL 333.20161, if added by enactment of House Bill No. 5103 of the 91st Legislature, the fiscal year 2002-2003 appropriations for long-term care services, health maintenance organizations, hospital services and therapy, and Medicaid mental health services are as specified in this act.

Sec. 1713. A school, local school district, intermediate school district, or group or consortium of school districts that is entitled to receive any payments for any Medicaid school-based services, either administrative services or fees for service, shall receive reimbursement from the department if it certifies to the department that it has paid in full the amounts billed by any vendor that provided Medicaid billing services on that district's behalf during the period 1998 to 2002, inclusive, that would have been paid had the school district been reimbursed in full, irrespective of the settlement agreement in Michigan Department of Community Health v Centers for Medicare and Medicaid Services, departmental appeals board, United States department of health and human services, docket no. A-01-01 and A-02-01. A vendor may object to and challenge a district's certification of payment if the vendor believes that it has not received payment in full for all amounts it has billed to the district. In that event, the department shall withhold all reimbursements to the district until the vendor's objection is resolved to the satisfaction of the department.

Sec. 1714. The funding for hospital services and therapy in part 1 is predicated on the enactment into law of House Bill No. 5103 of the 91st Legislature. If House Bill No. 5103 is not enacted into law, gross appropriations for the Medicaid hospital services and therapy line item are reduced by \$149,200,300.00.

Sec. 1715. Any additional funds that are available as a result of an increase in the federal Medicaid match rate above the fiscal year 2002-2003 rate of 55.42% that are not appropriated in section 449 or section 1701 shall be deposited in the Medicaid benefits trust fund established in the Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.256.

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

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Joel Gougeon  
Dan L. DeGrow  
Conferees for the Senate

Mickey Mortimer  
Rick Johnson  
Conferees for the House

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

### **Senate Bill No. 1103, entitled**

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

### **First Conference Report**

The Committee of Conference on the matters of difference between the two Houses concerning

### **Senate Bill No. 1103, entitled**

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

Recommends:

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

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**  
**PART 1**  
**LINE-ITEM APPROPRIATIONS**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of education for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION SUMMARY:**

Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	436.1	
GROSS APPROPRIATION .....		\$ 214,393,000
Interdepartmental grant revenues:		
Interdepartmental grant from corrections academy lease.....		1,000,000
Total interdepartmental grants and intradepartmental transfers .....		1,000,000
ADJUSTED GROSS APPROPRIATION .....		\$ 213,393,000
Federal revenues:		
Total federal revenues .....		165,731,500
Special revenue funds:		
Local cost sharing (schools for blind/deaf) .....		4,641,600
Local school district service fees .....		102,600
Total local revenues .....		4,744,200
Gifts, bequests, and donations.....		504,200
Private foundations .....		197,200
Total private revenues .....		701,400
Total local and private revenues.....		5,445,600
Certification fees.....		2,782,600
Commodity distribution fees .....		71,400
Driver fees .....		8,124,600
Lansing, Michigan school for the blind rent .....		739,000
Motorcycle license fees.....		1,543,800
Safety education fund .....		414,700
School loan exception fees.....		67,300
Student insurance revenue.....		205,100
Teacher testing fees.....		280,800
Training and orientation workshop fees .....		100,000
Total other state restricted revenues .....		14,329,300
State general fund/general purpose .....		\$ 27,886,600
<b>Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT</b>		
Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	14.0	
State board of education, per diem payments.....		\$ 24,400
Unclassified positions—6.0 FTE positions.....		515,600
State board/superintendent operations—14.0 FTE positions.....		1,984,400
GROSS APPROPRIATION .....		\$ 2,524,400
Appropriated from:		
Federal revenues:		
Federal revenues .....		577,200
Special revenue funds:		
Private foundations .....		23,000
State general fund/general purpose .....		\$ 1,924,200
<b>Sec. 103. CENTRAL SUPPORT</b>		
Full-time equated classified positions .....	45.3	
Central support—45.3 FTE positions .....		\$ 5,414,600
Worker's compensation .....		101,000
Education commission of the states .....		99,300
Building occupancy charges - property management services .....		1,439,600
Training and orientation workshops .....		100,000
Terminal leave payments.....		260,500
GROSS APPROPRIATION .....		\$ 7,415,000

For Fiscal Year  
Ending Sept. 30,  
2003

Appropriated from:	
Federal revenues:	
Federal revenues .....	4,066,400
Special revenue funds:	
Certification fees .....	172,000
Commodity distribution fees .....	6,100
Driver fees .....	24,700
Local cost sharing .....	48,900
Motorcycle license fees .....	4,600
Safety education fund .....	2,600
School loan exception fees .....	67,300
Teacher testing fees .....	11,000
Training and orientation workshop fees .....	100,000
State general fund/general purpose .....	\$ 2,911,400
<b>Sec. 104. SCHOOL SUPPORT SERVICES</b>	
Full-time equated classified positions .....	41.4
School support operations—41.4 FTE positions .....	\$ 5,260,800
GROSS APPROPRIATION .....	\$ 5,260,800
Appropriated from:	
Federal revenues:	
Federal revenues .....	4,010,500
Special revenue funds:	
Commodity distribution fees .....	65,300
Driver fees .....	499,900
Motorcycle license fees .....	339,200
Safety education fund .....	117,800
State general fund/general purpose .....	\$ 228,100
<b>Sec. 105. INFORMATION TECHNOLOGY SERVICES</b>	
Information technology operations .....	\$ 3,288,100
GROSS APPROPRIATION .....	\$ 3,288,100
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
Federal revenues .....	1,063,800
Special revenue funds:	
Certification fees .....	168,200
State general fund/general purpose .....	\$ 2,056,100
<b>Sec. 106. SPECIAL EDUCATION SERVICES</b>	
Full-time equated classified positions .....	69.6
Special education operations—69.6 FTE positions .....	\$ 11,477,300
GROSS APPROPRIATION .....	\$ 11,477,300
Appropriated from:	
Federal revenues:	
Federal revenues .....	11,139,700
Special revenue funds:	
Certification fees .....	35,200
State general fund/general purpose .....	\$ 302,400
<b>Sec. 107. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE</b>	
General services .....	\$ 1,749,000
GROSS APPROPRIATION .....	\$ 1,749,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from corrections academy lease .....	1,000,000
Special revenue funds:	
Gifts, bequests, and donations .....	10,000
Lansing, Michigan school for the blind rent .....	739,000
State general fund/general purpose .....	\$ 0

For Fiscal Year  
Ending Sept. 30,  
2003

**Sec. 108. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND**

Full-time equated classified positions .....	96.0	
Michigan schools for the deaf and blind operations—95.0 FTE positions.....		\$ 9,422,000
Summer institute .....		90,000
Camp Tuhsmeheeta—1.0 FTE position.....		250,100
Private gifts - blind.....		90,000
Private gifts - deaf .....		50,000
<b>GROSS APPROPRIATION</b> .....		\$ <u>9,902,100</u>
Appropriated from:		
Federal revenues:		
Federal revenues .....		4,507,500
Special revenue funds:		
Local cost sharing (schools for blind/deaf) .....		4,592,700
Local school district service fees .....		102,600
Gifts, bequests, and donations.....		494,200
Student insurance revenue.....		205,100
State general fund/general purpose .....		\$ 0

**Sec. 109. PROFESSIONAL PREPARATION SERVICES**

Full-time equated classified positions .....	31.0	
Professional preparation operations—31.0 FTE positions .....		\$ 4,503,100
Department of attorney general.....		50,000
<b>GROSS APPROPRIATION</b> .....		\$ <u>4,553,100</u>
Appropriated from:		
Federal revenues:		
Federal revenues .....		1,976,100
Special revenue funds:		
Certification fees.....		2,307,200
Teacher testing fees.....		269,800
State general fund/general purpose .....		\$ 0

**Sec. 110. FIELD SERVICES**

Full-time equated classified positions .....	44.0	
Field services operations—44.0 FTE positions .....		\$ 5,279,200
<b>GROSS APPROPRIATION</b> .....		\$ <u>5,279,200</u>
Appropriated from:		
Federal revenues:		
Federal revenues .....		4,873,500
State general fund/general purpose .....		\$ 405,700

**Sec. 111. OFFICE OF SCHOOL EXCELLENCE**

Full-time equated classified positions .....	61.5	
School excellence operations—61.5 FTE positions.....		\$ 12,389,100
<b>GROSS APPROPRIATION</b> .....		\$ <u>12,389,100</u>

Appropriated from:

Federal revenues:		
Federal revenues .....		10,235,100
Private foundations .....		79,400
State general fund/general purpose .....		\$ 2,074,600

**Sec. 112. GOVERNMENT SERVICES**

Full-time equated classified positions .....	13.0	
Government services operations—13.0 FTE positions .....		\$ 1,284,800
<b>GROSS APPROPRIATION</b> .....		\$ <u>1,284,800</u>

Appropriated from:

Federal revenues:		
Federal revenues .....		828,900
State general fund/general purpose .....		\$ 455,900

**Sec. 113. SAFE SCHOOLS AND ADMINISTRATIVE LAW**

Full-time equated classified positions .....	11.5	
Safe schools operations—2.5 FTE positions .....		\$ 498,600

	For Fiscal Year Ending Sept. 30, 2003
Administrative law operations—9.0 FTE positions .....	852,700
State tenure commission per diem.....	11,100
<b>GROSS APPROPRIATION</b> .....	<b>\$ 1,362,400</b>
Appropriated from:	
Federal revenues:	
Federal revenues .....	562,100
Special revenue funds:	
State general fund/general purpose .....	\$ 800,300
<b>Sec. 114. EDUCATION OPTIONS, CHARTERS, AND CHOICE</b>	
Full-time equated classified positions .....8.8	
Education options operations—8.8 FTE positions.....	\$ 1,412,700
<b>GROSS APPROPRIATION</b> .....	<b>\$ 1,412,700</b>
Appropriated from:	
Federal revenues:	
Federal revenues .....	986,600
State general fund/general purpose .....	\$ 426,100
<b>Sec. 115. GRANTS AND DISTRIBUTIONS</b>	
<b>FEDERAL PROGRAMS:</b>	
Class size reduction grants.....	\$ 50,275,700
Eisenhower mathematics and science grants .....	12,940,000
Goals 2000 grants .....	6,000,000
Technology literacy challenge grants .....	6,000,000
Urgent school renovation .....	45,688,400
<b>STATE PROGRAMS:</b>	
Christa McAuliffe grants.....	\$ 94,800
Driver education .....	7,600,000
Motorcycle safety education .....	1,200,000
National board certification.....	100,000
Off-road vehicle safety training grant .....	294,300
School breakfast programs .....	6,274,900
School readiness grants.....	11,050,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 147,518,100</b>
Appropriated from:	
Federal revenues:	
DED-OESE, class size reduction.....	50,275,700
DED-OESE, goals 2000 .....	6,000,000
DED-OESE, Eisenhower mathematics and science administration.....	12,940,000
DED-OESE, technology literacy challenge fund .....	6,000,000
DED-OESE, urgent school renovation .....	45,688,400
Special revenue funds:	
Certification fees.....	100,000
Driver fees .....	7,600,000
Motorcycle license fees.....	1,200,000
Safety education fund .....	294,300
Private foundations .....	94,800
State general fund/general purpose .....	\$ 17,324,900
<b>Sec. 116. EARLY RETIREMENT AND BUDGETARY SAVINGS</b>	
Early retirement savings.....	\$ (721,900)
Budgetary savings.....	(301,200)
<b>GROSS APPROPRIATION</b> .....	<b>\$ (1,023,100)</b>
Appropriated from:	
State general fund/general purpose .....	\$ (1,023,100)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$42,215,900.00 and state spending from state resources to be paid

to local units of government for fiscal year 2002-2003 is \$16,436,800.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

**GRANTS AND DISTRIBUTIONS**

**STATE PROGRAMS:**

Driver education .....	\$ 7,600,000
School readiness grants .....	1,626,900
Motorcycle safety education .....	890,000
Off-road vehicle safety training grant .....	45,000
School lunch and breakfast .....	6,274,900
<b>TOTAL .....</b>	<b>\$ 16,436,800</b>

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

Sec. 203. As used in this act:

- (a) "DED-OESE" means the United States department of education office of elementary and secondary education.
- (b) "Department" means the Michigan department of education.
- (c) "District" means a local school district as defined in section 6 of the revised school code, 1976 PA 451, MCL 380.6, or a public school academy as defined in section 5 of the revised school code, 1976 PA 451, MCL 380.5.
- (d) "FTE" means full-time equated.

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

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The department shall transmit all required reports by electronic mail to the chairpersons of the senate and house appropriations subcommittees on education and the house and senate fiscal agencies, including the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exceptions.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$20,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$700,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$250,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$3,000,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 207. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. The department shall place reports on the Internet or Intranet site and shall transmit all required reports by electronic mail to the senate and house appropriations subcommittees on education, the house and senate fiscal agencies, and the state budget office.

Sec. 208. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

Sec. 209. The department shall provide the state budget director and the senate and house fiscal agencies with copies of the state board of education agenda and all supporting documents at the time the agenda and supporting documents are provided to state board of education members.

Sec. 210. Money in the school loan exception fee fund that is unexpended at the end of the fiscal year shall not revert to the general fund but shall be carried over to the succeeding fiscal year.

Sec. 211. (1) Upon receipt of the federal drug free grant, the department shall allocate \$225,000.00 of the grant to the office for safe schools within the department. The office for safe schools shall work with local school boards, law

enforcement agencies, community leaders, and the office of drug control policy for the prevention of school violence. The office for safe schools shall develop and implement, and serve as coordinator of, a statewide clearinghouse for information, program development, model programs and policies, and technical assistance on school violence prevention.

(2) To accomplish its functions under this section, the office for safe schools shall do all of the following:

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

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

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

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

(e) From the funds appropriated in part 1 for safe schools operations, the department shall expend not more than \$50,000.00 to advertise the toll-free antiviolence school hotline.

Sec. 212. The department shall require all public school districts to maintain complete records within the personnel file of a teacher or school employee of any disciplinary actions taken by the local school board against the teacher or employee for sexual misconduct. The records shall not be destroyed or removed from the teacher's or employee's personnel file except as required by a court order.

Sec. 213. From the general funds appropriated in part 1 for special education services, the department shall provide funding for 2.0 special education auditors to audit school districts.

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

Sec. 215. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 216. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. The departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

Sec. 217. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 218. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. Preference should be given to goods and services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 219. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 220. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate-setting. The notification shall include all of the following:

(a) The total dollar amount of the contract.

(b) The duration of the contract.

(c) The name of the vendor.

(d) The type of service to be provided.

(2) For personal service contracts of \$100,000.00 or more, the department of management and budget shall provide a monthly report including all of the following:



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

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

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

Sec. 221. From the funds appropriated in part 1, the department may establish a position of school health services consultant, to be filled by a certified school nurse or an individual with comparable education and experience.

Sec. 222. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69. Any position funded with 100% of federal or restricted funds is exempt from the early retirement replacement policy.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

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

Sec. 223. (1) Subject to subsection (2), in addition to the amounts appropriated under part 1, \$1,200,000.00 is appropriated to school readiness grants from the state general fund.

(2) The appropriation in subsection (1) shall become effective only if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002.

**STATE BOARD/OFFICE OF THE SUPERINTENDENT**

Sec. 301. (1) The appropriations in part 1 may be used for per diem payments to members of boards, committees, and commissions for each day's board, committee, or commission work at which a quorum is present; for attending a hearing as authorized by the respective board, committee, or commission; or for performing official business as authorized by the respective board, committee, or commission. The per diem payments shall be at a rate as follows:

- (a) State board of education - president ..... \$ 110.00 per day
- (b) State board of education - member other than president..... \$ 100.00 per day
- (c) State tenure commission - member ..... \$ 50.00 per day

(2) A state board of education member shall not be paid a per diem for more than 30 days per year.

(3) The administrative secretary of the state board of education shall report to the public, the senate and house fiscal agencies, and the state budget director the previous quarter's expenses by fund source for members of the state board of education related to the performance of their responsibilities.

Sec. 302. From the amount appropriated in part 1 to the state board of education, not more than \$35,000.00 shall be expended for travel.

**MICHIGAN SCHOOLS FOR THE DEAF AND BLIND**

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

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

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

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

(3) The department shall not rent, lease, or declare as surplus property the superintendent's house on the Michigan school for the blind's former site without prior consent from the house and senate appropriations subcommittees on education. Amounts received under section 107 for general services may be expended by the department for operation, maintenance, and renovation expenses associated with the superintendent's house.

(4) Security guards or other patrols at the Michigan school for the blind's former site shall not be funded through section 108 funds appropriated for the Michigan schools for the deaf and blind.

(5) If the department leases real property to a person or organization that is not a department of state government, the department shall not expend funds in excess of the lease revenue received to replace, renovate, or repair that real property. This section shall not apply to emergency repairs or costs associated with technological renovations.

(6) The department shall not lease real property for less than fair market value.

(7) The unexpended balances of appropriations and any surplus restricted revenue for the former school for the blind site in Lansing shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2003 shall be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the former Michigan school for the blind site in Lansing. The work project shall be performed by state employees or by contract when necessary at an estimated cost of \$100,000.00. The estimated completion date of the work project is September 30, 2004.

Sec. 404. (1) The department may assess rent or lease excess property located on the campus of the Michigan schools for the deaf and blind in Flint to private or publicly funded organizations.

(2) In addition to those funds appropriated in part 1, the department may receive and expend additional funds from lease agreements at the Michigan schools for the deaf and blind Flint campus that have been negotiated with the approval of the department of management and budget. These funds are appropriated to the department for the operation, maintenance, and renovation expenses associated with the leased space.

(3) Proceeds from the sale of surplus property and facilities at the Michigan schools for the deaf and blind are appropriated for the purposes of repairs, renovations, and maintenance of the Flint campus.

(4) The unexpended balances of appropriations for school for deaf and blind operations, and from proceeds of the sale of surplus property and facilities at the Michigan schools for the deaf and blind shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2003, shall be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the campus of the Michigan schools for the deaf and blind in Flint. The work shall be carried out by state employees, or by contract as necessary, at an estimated cost of \$250,000.00. The estimated completion date of the work is September 30, 2004.

(5) The department shall request the department of civil service to conduct a review of all positions within the Michigan schools for the deaf and blind and consider any appropriate reclassifications.

Sec. 405. The department may assist the department of community health, other departments, and local school districts to secure reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department may submit reports of direct expenses related to this effort to the department of community health for reimbursement.

Sec. 406. (1) The Michigan schools for the deaf and blind may promote its residential program as a possible appropriate option for children who are deaf or hard of hearing or who are blind or visually impaired. The Michigan schools for the deaf and blind shall distribute information detailing its services to all intermediate school districts in the state.

(2) Upon knowledge of or recognition by an intermediate school district that a child in the district is deaf or hard of hearing or blind or visually impaired, the intermediate school district shall provide to the parents of the child the literature distributed by the Michigan schools for the deaf and blind to intermediate school districts under subsection (1).

(3) It is the intent of the legislature that parents continue to have a choice regarding the educational placement of their deaf or hard of hearing children.

Sec. 407. In addition to those funds appropriated in part 1, the department may receive and expend funds from the mid-Michigan academy for capital improvements. The department shall report to the house and senate fiscal agencies on a quarterly basis any expenditures made under this section. These additional funds are appropriated specifically for capital improvements authorized by the department of management and budget and shall be negotiated as part of the lease agreement.

Sec. 408. The department shall report to the house and senate appropriations subcommittees on education detailed information on the expenditures made from the amount authorized in part 1 quarterly for general services for the Michigan school for the blind's former site.

Sec. 409. The department shall ensure that rental payments made by each tenant for space at the Michigan school for the blind former site are used for operation, maintenance, and renovation expenses associated with the leased space designated in the tenant's lease agreement.

#### **PROFESSIONAL PREPARATION SERVICES**

Sec. 501. From the funds appropriated in part 1 for professional preparation services, the department shall maintain the professional personnel register and certificate revocation/felony conviction files.

Sec. 502. The department shall authorize teacher preparation institutions to provide an alternative program by which up to 1/2 of the required student internship or student teaching credits may be earned through substitute teaching. The department shall require that teacher preparation institutions collaborate with school districts to ensure that the quality of instruction provided to student teachers is comparable to that required in a traditional student teaching program.

Sec. 503. (1) By February 15, 2003, the department shall provide the state budget director, house and senate appropriations subcommittees on education, and the senate and house fiscal agencies with an annual report on restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2002 and September 30, 2003.

(2) It is the intent of the legislature that the department annually review the teacher certification and the teacher testing fund balances and explore ways to minimize the costs to teachers and other educational professionals for services rendered by the department.

#### **EDUCATION OPTIONS, CHARTERS, AND CHOICE**

Sec. 601. (1) From the amount appropriated in part 1 for education options, charters, and choice, there is allocated \$350,000.00 and 3.5 FTE positions to operate a charter school office to administer charter school legislation and associated regulations, and to coordinate the activities of the department relating to charter schools.

(2) If an audit finds that a public school district has significantly misrepresented its enrollment membership or financial data to the department, its funding shall be withheld and the public school district shall be required to reimburse the state any appropriations made as a result of the misrepresentations.

#### **GRANTS AND DISTRIBUTIONS**

Sec. 701. The department shall disburse the funds to a general fund grantee in accordance with the same standards of timing and amount that apply to disbursements made by the department to a federal fund grantee. The disbursement shall be restricted to the minimum amount needed for immediate disbursement by the grantee. The department may waive this section if extenuating circumstances warrant and are substantiated in the grantee's application or other appropriate documentation. A waiver granted pursuant to this section shall not be effective until 15 days after written notice of the proposed waiver is given to the state budget director and the chairpersons of the senate and house appropriations subcommittees having jurisdiction over the department budget.

Sec. 702. The funds appropriated in part 1 for school breakfast programs shall be made available to all eligible applicant public school districts as follows:

(a) The public school district participates in the federal school breakfast program and meets all standards as prescribed by 7 C.F.R. parts 220 and 245.

(b) Payment is made for each breakfast served meeting standards prescribed in subdivision (a).

(c) The payment for a public school district is at a per meal rate equal to the lesser of the district's actual cost, or 100% of the cost of a breakfast served by an efficiently operated breakfast program as determined by the department, less federal reimbursement, participant payments, and other state reimbursement. Determination of efficient cost by the department shall be determined by using a statistical sampling of statewide and regional cost as reported in a manner approved by the department for the preceding school year.

(d) The payment determined under subdivision (c) is prorated if the appropriation in part 1 is not sufficient to fund all payments determined under this section.

Sec. 703. (1) The funds appropriated in part 1 for school readiness programs shall be made available through a competitive application process as follows:

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

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

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

(d) Priority in the recommendation for awarding of grants by the state board of education to applicants shall be based upon the following criteria:

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

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

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

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

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

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

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

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

(i) Review the mechanisms and criteria used to determine referrals for participation in the school readiness program.  
 (ii) Review the health screening program for all participants.  
 (iii) Review the nutritional services provided to all participants.  
 (iv) Review the mechanisms in place for the referral of families to community social service agencies, as appropriate.

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

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

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

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

(3) Except as otherwise provided, an applicant that receives a 2002-2003 grant under this section shall also receive priority for fiscal years 2003-2004 and 2004-2005 funding. However, after 3 fiscal years of continuous funding, an applicant will be required to compete openly with new programs and other programs completing their third year. All grant awards are contingent on the availability of funds and documented evidence of grantee compliance with standards for early childhood development consistent with programs for 4-year-olds, as approved by the state board of education, and with all operational, fiscal, administrative, and other program requirements. A program which offers supplementary day care and thereby offers full-day programs as part of its early childhood development program shall receive priority in the allocation of competitive funds.

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

Sec. 706. The innovative program demonstration (IPD) grants established under 2000 PA 263 awarded grants to programs in areas of school safety, parental involvement, and curriculum development. No later than September 30, 2002, a district that received funding under the IPD program shall report to the department results achieved by each program. No later than November 29, 2002, the department shall compile the information from each grant recipient and forward a comprehensive report to the house and senate standing committees on education, the house and senate fiscal agencies, the state budget director, and the state board of education. This report shall be compiled in accordance with the requirements of 2000 PA 263. The reports shall be posted on the department's website.

Sec. 708. Before expending funds for DED-OESE, title IV, part A, community service grants and DED-OESE, title IV, part B, 21st century community learning centers, the department shall provide an assurance to the United States department of education that the application was developed in consultation and coordination with appropriate state officials, including the chief state school officer, and other state agencies administering before and after school programs, the heads of the state health and mental health agencies or their designees, and representatives of teachers, parents, students, the business community, and community-based organizations.

### **INFORMATION TECHNOLOGY**

Sec. 901. The department shall work in collaboration with the center for educational performance and information to support the comprehensive educational information system and all data collection efforts of the department.

Sec. 902. The department and the Michigan virtual university shall work collaboratively to implement section 98 of the state school aid act of 1979, 1979 PA 94, MCL 388.1698, in accordance with all applicable federal laws and regulations.

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

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

Leon Stille  
 Loren Bennett  
 Conferees for the Senate

Ron Jelinek  
 Patricia Godchaux  
 Michael Switalski  
 Conferees for the House

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

**Senate Bill No. 1106, entitled**

A bill to make appropriations for the department of natural resources for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

**First Conference Report**

The Committee of Conference on the matters of difference between the two Houses concerning

**Senate Bill No. 1106, entitled**

A bill to make appropriations for the department of natural resources for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

Recommends:

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

A bill to make appropriations for the department of natural resources for the fiscal years ending September 30, 2002 and September 30, 2003; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**PART 1**

**LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-03**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of natural resources for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF NATURAL RESOURCES**

Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	2,075.5	
<b>GROSS APPROPRIATION.....</b>		<b>\$ 257,719,600</b>
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers .....		\$ 3,437,900
<b>ADJUSTED GROSS APPROPRIATION .....</b>		<b>\$ 254,281,700</b>
Federal revenues:		
Total federal revenues .....		30,427,300
Special revenue funds:		
Total local revenues .....		0
Total private revenues .....		1,793,700
Total other state restricted revenues .....		178,236,400
State general fund/general purpose .....		\$ 43,824,300
<b>FUND SOURCE SUMMARY</b>		
<b>GROSS APPROPRIATION.....</b>		<b>\$ 257,719,600</b>
Interdepartmental grant revenues:		
IDG, engineering services to work orders .....		\$ 1,286,700
IDG, MacMullan conference center revenue .....		1,300,600
IDG, land acquisition services to work orders .....		664,500
IDT, interdivisional charges .....		186,100
Total interdepartmental grants and intradepartmental transfers .....		3,437,900
<b>ADJUSTED GROSS APPROPRIATION .....</b>		<b>\$ 254,281,700</b>
Federal revenues:		
DAG, federal .....		2,681,800
DOC, federal.....		45,900

	For Fiscal Year Ending Sept. 30, 2003
DOD, federal .....	31,000
DOE, federal .....	1,000
DOI, federal .....	20,165,700
DOI-MMS, federal oil and gas royalty revenue .....	150,000
DOI-MMS, federal timber revenue .....	3,300,000
DOT, federal .....	3,801,200
EPA, federal .....	248,700
Federal, corporation for national and community service.....	1,000
Federal, homeland defense .....	1,000
Total federal revenues .....	30,427,300
Special revenue funds:	
Private funds .....	1,271,400
Private-gift revenues .....	500,000
Private, IGLFC .....	22,300
Total private revenues .....	1,793,700
Aircraft fees .....	219,900
Air photo - geographic information system.....	135,000
Automated license system revenue.....	429,300
Clean Michigan initiative fund.....	277,800
Commercial fishing fee revenue.....	200
Delinquent property tax administration fund.....	1,065,900
Environmental protection fund.....	1,897,600
Forest recreation fund .....	1,120,700
Forest resource revenue .....	24,341,500
Game and fish protection fund .....	60,079,300
Game and fish protection fund - deer habitat reserve.....	2,262,100
Game and fish protection fund - turkey permit fees .....	1,457,000
Game and fish protection fund - waterfowl fees .....	90,500
Game and fish - wildlife resource protection fund .....	1,344,100
Harbor development fund.....	245,900
Land exchange facilitation fund .....	5,503,100
Land sale revenue .....	2,639,300
Marine safety fund.....	5,011,400
Michigan civilian conservation corps endowment fund.....	1,311,000
Michigan state waterways fund .....	14,834,500
Michigan natural resources trust fund .....	3,847,600
Michigan state parks endowment fund .....	5,248,500
Nongame wildlife fund .....	592,500
Off-road vehicle trail improvement fund.....	2,759,200
Park improvement fund.....	30,859,800
Publications revenue .....	58,700
Recreation improvement fund .....	1,414,400
Shop fees .....	56,300
Snowmobile registration fee revenue .....	1,779,600
Snowmobile trail improvement fund .....	7,353,700
Total other state restricted revenues .....	178,236,400
State general fund/general purpose .....	\$ 43,824,300
<b>Sec. 102. EXECUTIVE</b>	
Full-time equated unclassified positions .....	6.0
Full-time equated classified positions .....	10.0
Commission (including travel expense—per diem) .....	\$ 90,000
Unclassified salaries—6.0 FTE positions .....	438,600
Executive direction—10.0 FTE positions .....	1,757,400
<b>GROSS APPROPRIATION</b> .....	\$ 2,286,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MacMullan conference center revenue.....	15,800

For Fiscal Year  
Ending Sept. 30,  
2003

Special revenue funds:	
Air photo - geographic information system.....	1,000
Delinquent property tax administration fund.....	5,400
Forest resource revenue .....	223,800
Game and fish protection fund.....	669,000
Harbor development fund.....	600
Land exchange facilitation fund.....	10,600
Land sale revenue .....	40,300
Marine safety fund.....	23,600
Michigan civilian conservation corps endowment fund.....	500
Michigan natural resources trust fund.....	2,300
Michigan state parks endowment fund.....	1,900
Michigan state waterways fund.....	242,100
Nongame wildlife fund .....	900
Off-road vehicle trail improvement fund.....	2,700
Park improvement fund.....	421,700
Recreation improvement fund .....	1,700
Snowmobile registration fee revenue .....	2,700
Snowmobile trail improvement fund.....	5,100
State general fund/general purpose .....	\$ 614,300
<b>Sec. 103. ADMINISTRATIVE SERVICES</b>	
Full-time equated classified positions .....	243.2
Finance and operations services—126.7 FTE positions.....	\$ 7,275,200
Internal audit—12.0 FTE positions .....	744,900
Office of information and education—15.0 FTE positions.....	2,810,800
Human resources—22.0 FTE positions .....	1,975,100
Office of property management—67.5 FTE positions .....	12,270,500
<b>GROSS APPROPRIATION.....</b>	<b>\$ 25,076,500</b>
Appropriated from:	
Interdepartmental grant revenues:	
IDT, interdivisional charges .....	186,100
IDG, engineering to work orders.....	1,286,700
IDG, land acquisition services to work orders .....	664,500
IDG, MacMullan conference center revenue .....	18,600
Federal revenues:	
DOI, federal.....	120,300
Special revenue funds:	
Aircraft fees.....	113,400
Air photo - geographic information system.....	10,200
Automated license system revenue.....	3,000
Clean Michigan initiative fund.....	277,800
Delinquent property tax administration .....	1,024,400
Forest resource revenue .....	1,704,100
Game and fish protection fund.....	4,704,800
Land exchange facilitation fund.....	5,450,900
Land sale revenue .....	1,839,300
Marine safety fund.....	386,300
Michigan civilian conservation corps endowment fund.....	5,900
Michigan natural resources trust fund.....	761,800
Michigan state parks endowment fund.....	72,900
Michigan state waterways fund.....	943,200
Nongame wildlife fund .....	7,600
Off-road vehicle trail improvement fund.....	6,700
Park improvement fund.....	1,730,500
Publications revenue .....	58,700
Recreation improvement fund .....	8,800

	For Fiscal Year Ending Sept. 30, 2003
Snowmobile registration fee revenue .....	67,100
Snowmobile trail improvement fund .....	46,600
State general fund/general purpose .....	\$ 3,576,300
<b>Sec. 104. DEPARTMENTAL OPERATION SUPPORT</b>	
Building occupancy charges .....	\$ 2,139,100
Rent - privately owned property .....	335,700
Gifts and bequests .....	500,000
GROSS APPROPRIATION .....	\$ 2,974,800
Appropriated from:	
Special revenue funds:	
Private - gift revenues .....	500,000
Forest resource revenue .....	139,400
Game and fish protection fund .....	613,300
Land sale revenue .....	50,500
Marine safety fund .....	43,900
Michigan state waterways fund .....	201,300
Michigan natural resources trust fund .....	12,500
Park improvement fund .....	57,100
Snowmobile trail improvement fund .....	20,400
State general fund/general purpose .....	\$ 1,336,400
<b>Sec. 105. WILDLIFE MANAGEMENT</b>	
Full-time equated classified positions .....	183.0
Wildlife administration—14.5 FTE positions .....	\$ 1,448,200
Wildlife management—159.5 FTE positions .....	20,509,300
Natural resources heritage—9.0 FTE positions .....	1,541,300
State game and wildlife area maintenance .....	200,000
GROSS APPROPRIATION .....	\$ 23,698,800
Appropriated from:	
Federal revenues:	
DOD, federal .....	31,000
DOI, federal .....	8,162,100
EPA, federal .....	1,000
Special revenue funds:	
Private funds .....	100,000
Game and fish protection fund .....	8,881,200
Game and fish protection fund - deer habitat reserve .....	2,019,100
Game and fish protection fund - turkey permit fees .....	1,457,000
Game and fish protection fund - waterfowl fees .....	90,500
Nongame wildlife fund .....	563,600
State general fund/general purpose .....	\$ 2,393,300
<b>Sec. 106. FISHERIES MANAGEMENT</b>	
Full-time equated classified positions .....	225.0
Fisheries administration—8.5 FTE positions .....	\$ 954,400
Commercial fisheries—2.7 FTE positions .....	202,500
Recreational fisheries—14.0 FTE positions .....	1,703,900
Fish production—57.4 FTE positions .....	6,872,400
Fisheries resource management—142.4 FTE positions .....	13,166,200
Treaty waters management fund work project .....	138,200
Stream habitat improvement .....	1,284,800
GROSS APPROPRIATION .....	\$ 24,322,400
Appropriated from:	
Federal revenues:	
DOE, federal .....	1,000
DOC, federal .....	45,900
DOI, federal .....	6,510,400
EPA, federal .....	142,100



For Fiscal Year  
Ending Sept. 30,  
2003

Special revenue funds:	
Private, IGLFC .....	22,300
Commercial fishing fee revenue.....	200
Game and fish protection fund.....	17,396,500
State general fund/general purpose .....	\$ 204,000

**Sec. 107. PARKS AND RECREATION**

Full-time equated classified positions .....	830.8	
State parks—600.8 FTE positions .....		\$ 39,635,300
MacMullan conference center—7.0 FTE positions.....		1,266,200
Recreational boating—201.5 FTE positions.....		12,306,700
Michigan civilian conservation corps—3.0 FTE positions .....		1,306,600
State parks improvement revenue bonds - debt service.....		1,200,000
Trails—18.5 FTE positions .....		2,392,600
GROSS APPROPRIATION.....		\$ <u>58,107,400</u>

Appropriated from:

Interdepartmental grant revenues:	
IDG, MacMullan conference center revenue .....	1,266,200
Federal revenues:	
EPA, federal .....	104,600
Federal, corporation for national and community service.....	1,000
Federal, homeland defense .....	1,000

Special revenue funds:

Private funds .....	316,600
Harbor development fund.....	245,300
Michigan civilian conservation corps endowment fund.....	1,304,600
Michigan state parks endowment fund .....	4,661,700
Michigan state waterways fund .....	12,061,400
Off-road vehicle trail improvement fund.....	575,400
Park improvement fund.....	26,497,500
Recreation improvement fund .....	284,900
Snowmobile trail improvement fund .....	1,744,000
State general fund/general purpose .....	\$ 9,043,200

**Sec. 108. FOREST, MINERAL, AND FIRE MANAGEMENT**

Full-time equated classified positions .....	311.0	
Timber harvest—86.0 FTE positions.....		\$ 6,781,800
Forest cultivation and reforestation—23.0 FTE positions .....		3,996,900
Forest resource planning and land use—15.0 FTE positions .....		4,727,700
Private forest development—10.5 FTE positions .....		879,600
Forest finance authority—9.0 FTE positions.....		1,680,400
Adopt-a-forest program.....		50,000
Forest fire protection—137.5 FTE positions .....		10,219,000
Forest recreation—14.5 FTE positions .....		2,025,700
Forest management initiative .....		126,400
Minerals management—15.3 FTE positions.....		1,813,700
Resource mapping and aerial photography—0.2 FTE positions .....		307,600
National forest management.....		1,000
Forest fire equipment .....		1,700,000
Cooperative resource programs .....		1,650,000
GROSS APPROPRIATION.....		\$ <u>35,959,800</u>

Appropriated from:

Federal revenues:	
DAG, federal .....	1,556,800
DOI, federal.....	2,000
EPA, federal.....	1,000
Special revenue funds:	
Private funds .....	804,800
Aircraft fees.....	106,500

	For Fiscal Year Ending Sept. 30, 2003
Air photo - geographic information system.....	103,000
Forest recreation fund .....	1,120,700
Forest resource revenue .....	20,738,100
Game and fish protection fund.....	1,741,600
Michigan natural resources trust fund .....	1,081,400
Michigan state parks endowment fund .....	471,800
Michigan state waterways fund .....	340,500
Shop fees .....	56,300
State general fund/general purpose .....	\$ 7,835,300
<b>Sec. 109. LAW ENFORCEMENT</b>	
Full-time equated classified positions .....	272.5
Wildlife resource protection—10.0 FTE positions .....	\$ 1,332,500
General law enforcement—262.5 FTE positions .....	25,437,800
<b>GROSS APPROPRIATION.....</b>	<b>\$ 26,770,300</b>
Appropriated from:	
Federal revenues:	
DOI, federal .....	1,061,900
DOT, federal .....	2,001,200
Special revenue funds:	
Game and fish - wildlife resource protection fund .....	1,332,500
Game and fish protection fund .....	15,606,200
Marine safety fund .....	1,303,700
Off-road vehicle trail improvement fund.....	743,400
Snowmobile registration fee revenue .....	564,100
State general fund/general purpose .....	\$ 4,157,300
<b>Sec. 110. PAYMENTS IN LIEU OF TAXES</b>	
Swamp and tax reverted lands.....	7,071,500
Purchased lands taxes .....	11,614,800
Commercial forest reserve .....	2,691,700
<b>GROSS APPROPRIATION.....</b>	<b>\$ 21,378,000</b>
Appropriated from:	
Special revenue funds:	
Environmental protection fund.....	1,897,600
Game and fish protection fund.....	4,455,800
Michigan natural resources trust fund .....	1,002,700
Michigan state waterways fund .....	283,700
State general fund/general purpose .....	\$ 13,738,200
<b>Sec. 111. GRANTS</b>	
Grant to counties—marine safety.....	\$ 3,230,000
Federal - land and water conservation fund payments.....	4,134,000
Federal - forest stewardship grants .....	625,000
Federal - urban forestry grants .....	400,000
Federal - clean vessel act grants .....	175,000
Federal - rural community fire protection .....	100,000
Grants to communities - federal oil, gas, and timber payments.....	3,450,000
Recreation improvement fund grants.....	1,100,000
Snowmobile local grants program .....	5,480,000
Snowmobile law enforcement grants.....	1,142,000
Off-road vehicle trail improvement grants .....	1,374,500
National recreational trails .....	1,850,000
Game and nongame wildlife fund grants.....	10,000
Inland fisheries resources grants .....	200,000
<b>GROSS APPROPRIATION.....</b>	<b>\$ 23,270,500</b>
Appropriated from:	
Federal revenues:	
DAG, federal .....	1,125,000

	For Fiscal Year Ending Sept. 30, 2003
DOI, federal.....	4,309,000
DOI, oil and gas royalty revenue .....	150,000
DOI-MMS, federal timber revenue .....	3,300,000
DOT, federal .....	1,800,000
Special revenue funds:	
Private funds.....	50,000
Game and fish protection fund.....	200,000
Marine safety fund.....	3,230,000
Nongame wildlife fund .....	10,000
Off-road vehicle trail improvement fund.....	1,374,500
Recreation improvement fund .....	1,100,000
Snowmobile registration fees .....	1,142,000
Snowmobile trail improvement fund.....	5,480,000
State general fund/general purpose .....	\$ 0
<b>Sec. 112. INFORMATION TECHNOLOGY</b>	
Information technology services and projects .....	\$ 15,599,900
<b>GROSS APPROPRIATION.....</b>	<b>\$ 15,599,900</b>
Appropriated from:	
Special revenue funds:	
Air photo - geographic information system.....	20,800
Automated license system revenue.....	426,300
Delinquent property tax administration fund.....	36,100
Forest resource revenue .....	1,536,100
Game and fish protection fund.....	5,810,900
Game and fish protection fund - deer habitat reserve.....	243,000
Game and fish - wildlife resource protection fund .....	11,600
Land exchange facilitation fund .....	41,600
Land sale revenue .....	709,200
Marine safety fund.....	23,900
Michigan natural resources trust fund .....	986,900
Michigan state parks endowment fund .....	40,200
Michigan state waterways fund .....	762,300
Nongame wildlife fund .....	10,400
Off-road vehicle trail improvement fund.....	56,500
Park improvement fund.....	2,153,000
Recreation improvement fund .....	19,000
Snowmobile registration fees .....	3,700
Snowmobile trail improvement fund.....	57,600
State general fund/general purpose .....	\$ 2,650,800
<b>Sec. 113. EARLY RETIREMENT AND BUDGETARY SAVINGS</b>	
Early retirement savings.....	\$ (1,269,300)
Budgetary savings.....	(455,500)
<b>GROSS APPROPRIATION.....</b>	<b>\$ (1,724,800)</b>
Appropriated from:	
State general fund/general purpose .....	\$ (1,724,800)

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2001-02

Sec. 151. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of natural resources for the fiscal year ending September 30, 2002, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF NATURAL RESOURCES**

**APPROPRIATION SUMMARY:**

GROSS APPROPRIATION.....	\$ 836,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers .....	0
ADJUSTED GROSS APPROPRIATION .....	\$ 836,000

	For Fiscal Year Ending Sept. 30, 2002
Federal revenues:	
Total federal revenues .....	0
Special revenue funds:	
Total local revenues .....	0
Total private revenues .....	0
Total other state restricted revenues .....	836,000
State general fund/general purpose .....	\$ 0
<b>Sec. 152. PAYMENTS IN LIEU OF TAXES</b>	
Purchased lands taxes .....	\$ 801,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 801,000</b>
Appropriated from:	
Special revenue funds:	
Environmental protection fund .....	598,700
Game and fish protection fund .....	30,000
Michigan natural resources trust fund .....	148,000
Michigan state waterways fund .....	24,300
State general fund/general purpose .....	\$ 0
<b>Sec. 153. GRANTS</b>	
Grant to counties—marine safety .....	\$ 35,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 35,000</b>
Appropriated from:	
Special revenue funds:	
Marine safety fund .....	35,000
State general fund/general purpose .....	\$ 0

**PART 2  
PROVISIONS CONCERNING APPROPRIATIONS**

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$222,060,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$25,750,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

**DEPARTMENT OF NATURAL RESOURCES**

**PAYMENTS IN LIEU OF TAXES**

Swamp and tax reverted lands .....	\$ 7,071,500
Purchased lands taxes .....	11,614,800
Commercial forest reserve .....	2,691,700

**GRANTS**

Grants to counties - marine safety .....	\$ 3,230,000
Snowmobile law enforcement .....	1,142,000
<b>TOTAL</b> .....	<b>\$ 25,750,000</b>

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

Sec. 203. As used in this act:

- (a) "Commission" means the commission of natural resources.
- (b) "DAG" means the United States department of agriculture.
- (c) "Department" means the department of natural resources.
- (d) "DOC" means the United States department of commerce.
- (e) "DOD" means the United States department of defense.
- (f) "DOE" means the United States department of energy.
- (g) "DOI" means the United States department of interior.
- (h) "DOI-MMS" means DOI minerals management service.
- (i) "DOT" means the United States department of transportation.
- (j) "EPA" means the United States environmental protection agency.
- (k) "FTE" means full-time equated.
- (l) "IDG" means interdepartmental grant.
- (m) "IDT" means intradepartmental transfer.

(n) "IGLFC" means the international Great Lakes fish commission.

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

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

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

(3) It is the intent of the legislature that vacancies resulting from an early retirement program offered to the state civil service after January 1, 2002 are exempt from the hiring freeze imposed by subsection (1). Early retirement vacancies shall be filled at a rate necessary to ensure that the department's mission of conservation, protection, management, use, and enjoyment of the state's natural resources for current and future generations is not impaired.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$3,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$5,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$500,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 207. At least 120 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

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

Sec. 209. Funds appropriated in part 1 should not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 210. (1) From funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant, loan, or grant and loan programs administered by the department for the fiscal year ending on September 30, 2003:

(a) The name of each program.

(b) The goals, criteria, filing fees, nominating procedures, eligibility requirements, processes, and deadlines for each program.

(c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.

(d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.

(e) Information pertaining to the application process, timeline for each program, and the contact people within the department.

(f) The source of funds for each program, including the citation of pertinent authorizing acts.

(g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.

(h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan during the fiscal year ending September 30, 2002.

(2) The reports required under this section shall be submitted to the state budget director, the senate and house appropriations committees and the senate and house fiscal agencies by January 1, 2003.

Sec. 211. Appropriations of state restricted game and fish protection funds have been made to the following departments and agencies in their respective appropriation bills. The amounts appropriated to these departments and agencies are limited to the amounts listed below:

Department of civil service.....	\$ 293,200
Legislative auditor general.....	21,400
Attorney general .....	640,800
Department of management and budget .....	233,200
Department of treasury.....	4,200

Sec. 212. By February 15, 2003, the department shall provide the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies with an annual report on estimated restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2002 and September 30, 2003.

Sec. 213. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports. The requirements of this section are satisfied if the reports funded from appropriations in part 1 are retained in electronic format.

Sec. 214. (1) Before January 16, 2003, the department, in cooperation with the Michigan state waterways commission, shall report to the executive budget office, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources detailing operations of the Michigan state waterways commission for the preceding 1-year period.

(2) The department, in cooperation with the Michigan state waterways commission, shall determine which projects should be acquired or developed with money from the state waterways fund or harbor development fund and shall submit to the executive budget office, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources in January 2003 a list of those projects, compiled in order of priority. The list shall be accompanied by estimates of total costs for the proposed projects.

(3) The department, in cooperation with the Michigan state waterways commission, shall supply with each list under subsection (2) a statement of the guidelines used in listing and assigning the priority of these projects.

Sec. 215. The department shall develop a plan for allocating restricted funds among department administrative support and regulatory activities. This plan shall be submitted to the house and senate appropriations subcommittees on natural resources by January 30, 2003. This plan shall include a cost allocation plan for financial services support, office space rent and building occupancy charges, support division service for information systems and technology, and a methodology to use information generated through activity reports that identifies the percentage of employee time spent on restricted fund activities.

Sec. 219. Pursuant to section 43703(3) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.43703, there is appropriated from the game and fish protection trust fund to the game and fish protection fund, \$6,000,000.00 for the fiscal year ending September 30, 2003.

**EXECUTIVE**

Sec. 301. The appropriations in part 1 for the commission may be used for per diem payments to the members of the commission or of committees of the commission for a full day of commission or committee work at which a quorum is present, for attending a hearing as authorized by the commission or committee, or for performing official business as authorized by the commission or committee. The per diem payment for members of the commission shall be \$75.00.

Sec. 302. On June 15, 2003, the department shall submit to the house and senate appropriations subcommittees on natural resources and the house and senate fiscal agencies a report on fish, game, and nongame habitat improvement and treatment projects completed or planned during the fiscal year ending September 30, 2002 and the fiscal year ending September 30, 2003. This report shall include a list of all habitat treatment and improvement projects by management unit. This list shall be accompanied by all of the following information:

- (a) The target species of wildlife or fish to benefit from unit projects.
- (b) The number of acres or, for an inland lake, river, or stream, the number of feet treated or improved, the county in which the project is located, and the methods of treatment or improvement.
- (c) The division with lead responsibility for the projects and all organizations involved in the projects, including, but not limited to, department personnel, contractors, or subcontractors.
- (d) The total cost per acre and the funding sources supporting management unit projects. The report shall identify the program line item supporting project expenditures.
- (e) A separate summary, by fund or subfund, of all projects completed in the fiscal year ending September 30, 2002 or the fiscal year ending September 30, 2003.

**ADMINISTRATIVE SERVICES**

Sec. 401. The department may charge the appropriations contained in part 1, including all special maintenance and capital projects appropriated for the fiscal year ending September 30, 2003, for engineering services provided, a standard percentage fee to recover actual costs. The department may use the revenue derived to support the engineering services charges provided for in part 1.

Sec. 402. The department shall prominently display in a prominent place in the fishing guide provided to each licensed fisher, the website for the department of community health. In addition, the fishing guide shall include information on alternative sources where interested parties without Internet access may find information on fish advisories issued by the department of community health.

Sec. 403. The department may charge land acquisition projects appropriated for the fiscal year ending September 30, 2003, and for prior fiscal years, a standard percentage fee to recover actual costs, and may use the revenue derived to support the land acquisition service charges provided for in part 1.

Sec. 404. The land sale fund is created. An amount equal to the cost of personal services, printing, postage, advertising, contractual services, and facility rental associated with tax reverted lands shall be deducted from the sales and credited to the land sale fund.

#### **WILDLIFE MANAGEMENT**

Sec. 601. Of the funds appropriated in section 105, the department shall reimburse the department of agriculture for costs incurred for indemnification payments for livestock losses caused by wolves under the animal industry act of 1987, 1988 PA 466, MCL 287.701 to 287.745.

Sec. 602. By April 1, 2003 and September 30, 2003, the department shall report to the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies on spending from the amounts appropriated in part 1 for bovine tuberculosis control efforts. The report shall include, but not be limited to, information on activities at the animal diagnostic laboratory at Michigan State University that are funded with appropriations in part 1.

Sec. 604. Of the amount appropriated in section 105 for wildlife management, \$10,000.00 is appropriated to study available options and develop a strategic plan for the treatment and mitigation of chronic wasting disease in Michigan wildlife populations. This plan shall be provided to the house and senate appropriations subcommittees on natural resources and environmental quality and the house and senate fiscal agencies not later than September 30, 2003.

#### **FISHERIES MANAGEMENT**

Sec. 701. The department shall not impede the certification process for water control structures on Michigan waterways. The department shall fund from funds appropriated in part 1 all non-water-quality studies or requirements that the department requests of either of the following:

(a) The department of environmental quality as a condition for issuance of a certification under section 401 of the federal water pollution control act, title IV of chapter 758, 86 Stat. 877, 33 U.S.C. 1341.

(b) The federal energy regulatory commission as a condition of licensing under the federal power act, chapter 285, 41 Stat. 1063, 16 U.S.C. 791a to 793, 796 to 797, 798 to 818, 820 to 824a, and 824b to 825r.

Sec. 702. (1) From the appropriation in section 106 for stream habitat improvement, not more than \$758,000.00 shall be allocated for grants to watershed councils, resource development councils, soil conservation districts, local governmental units, and other nonprofit organizations for stream habitat stabilization and soil erosion control.

(2) The fisheries division of the department shall develop priority and cost estimates for all recommended projects.

#### **PARKS AND RECREATION**

Sec. 801. Pursuant to section 1902(2) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.1902, there is appropriated from the Michigan natural resources trust fund to the Michigan state parks endowment fund an amount not to exceed \$10,000,000.00 for the fiscal year ending September 30, 2003.

Sec. 802. Federal corporation for national and community service (AmeriCorps) or office of homeland security funding that is available to the state may be provided to increase appropriations for the Michigan civilian conservation corps, pursuant to section 206.

Sec. 803. (1) The department shall prepare detailed reports for construction projects in state parks that will involve campsite or campground closures. These reports shall include expected costs, impacts on recreation opportunities, impacts on state park revenues, and the expected impact on state park users. The department shall also prepare reports on average monthly campground occupancy rates for every state park during the 2002 summer season. The department shall provide reports described in this subsection to the house and senate appropriations subcommittees on natural resources and environmental quality and the house and senate fiscal agencies not later than April 1, 2003.

(2) The department shall notify the house and senate appropriations subcommittees on natural resources and environmental quality and the house and senate fiscal agencies if it intends to reduce operations or reduce recreation opportunities at any state park or recreation area.

#### **FOREST, MINERAL, AND FIRE MANAGEMENT**

Sec. 901. Of the funds appropriated in part 1, the department shall prescribe appropriate treatment on 63,000 acres, plus or minus 10%, at the current average rate of 12.5 to 13 cords per acre provided that the department shall take into consideration the impact of timber harvesting on wildlife habitat and recreation uses. In addition, the department shall take into consideration silvicultural analysis and report annually to the legislature on plans and efforts to address factors limiting management of timber.

Sec. 902. The department is encouraged to continue workgroup efforts to develop an old growth forest stewardship strategy. It is the intent of the legislature that "old growth" means forest stands that are of pre-1880 origin.

Sec. 903. The department shall spend amounts appropriated in part 1 for forest-related activities to employ or contract for additional foresters to mark timber, pursuant to section 901.

Sec. 904. The appropriation in part 1 for federal forest management is contingent upon the delegation of timber management responsibilities by the U.S. department of agriculture. Additional funding may be provided for this purpose, pursuant to section 206.

Sec. 905. The appropriation for the adopt-a-forest program in part 1 shall be used to cover the cost of disposing of waste material collected from state forest lands.

Sec. 906. Forest camping fees shall not be assessed for dispersed camping in Michigan state forests.

Sec. 907. In addition to the funds appropriated in section 108, \$350,000.00 is appropriated to cover costs related to any declared emergency involving the collapse of any abandoned mine shaft located on state land. This appropriation shall not be expended unless the state budget director recommends the expenditure and the department notifies the house and senate committees on appropriations.

#### **LAW ENFORCEMENT**

Sec. 1001. The appropriation in section 113 for snowmobile law enforcement grants shall be used to provide grants to county law enforcement agencies in counties with state snowmobile trails to enforce part 821 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.82101 to 324.82160, including rules promulgated under that part and ordinances enacted pursuant to that part. The department shall consider the number of enforcement hours and the number of miles of trails in each county in allocating these grants. Any funds not distributed to counties revert back to the local law enforcement fund. Counties shall provide semiannual and annual reports to the department.

#### **PAYMENTS IN LIEU OF TAXES**

Sec. 1051. Of the amounts appropriated in part 1 for purchased land taxes, \$1,897,600.00 is appropriated from the environmental protection fund created in section 503a of the natural resources and environmental protection act, 1994 PA 451, MCL 324.503a.

#### **GRANTS**

Sec. 1101. The amount appropriated in part 1 for federal-rural community fire protection shall be awarded as grants to local fire protection departments. To be eligible, local fire protection departments shall be located in governmental units or fire protection districts with permanent populations of less than 10,000 and with publicly owned forested land.

Sec. 1102. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 for grants to communities - federal oil, gas, and timber payments and that do not require additional state matching funds are appropriated for the purposes intended. The department shall report to the senate and house appropriations subcommittees on natural resources, the senate and house fiscal agencies, and the state budget office on all amounts appropriated under this section.

Sec. 1103. (1) The use of federal funding received by the state from the land and water conservation fund and appropriated in part 1 shall be coordinated with state grants to local units of government from the Michigan natural resources trust fund. The coordination of the two funding sources shall be conducted in a manner that minimizes the total matching funds required from local units of government for local land acquisition or recreational development projects.

(2) The board of the Michigan natural resources trust fund shall report on the final disposition of federal funding from the land and water conservation fund in the board's annual report to the legislature.

Sec. 1104. Of the amount appropriated in section 113 for off-road vehicle trail improvement grants, not less than \$25,000.00 shall be available for a county that contains a state park off-road vehicle area and applies for law enforcement assistance to regulate off-road vehicle use.

#### **INFORMATION TECHNOLOGY**

Sec. 1201. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house and senate committees on appropriations before October 1, 2002.

Sec. 1202. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

#### **EARLY RETIREMENT AND BUDGETARY SAVINGS**

Sec. 1301. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

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



PART 2A  
PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2001-02

**GENERAL SECTIONS**

Sec. 1401. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1a for fiscal year 2001-02 is \$836,000.00, and state spending from state resources to be paid to local units of government for fiscal year 2001-02 is \$801,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF NATURAL RESOURCES  
PAYMENTS IN LIEU OF TAXES

Purchased lands taxes .....	\$	801,000
TOTAL .....	\$	801,000

**PAYMENTS IN LIEU OF TAXES**

Sec. 1451. Of the amounts appropriated in part 1A for purchased lands taxes, \$598,700.00 is appropriated from the environmental protection fund created in section 503a of the natural resources and environmental protection act, 1994 PA 451, MCL 324.503a.

**GRANTS**

Sec. 1501. The money appropriated in section 153 shall be used by Michigan State University to develop equipment and procedures that will accurately measure and record distance to and sound levels of watercraft engines if matching funds are provided by lake property associations.

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

A bill to make appropriations for the department of natural resources for the fiscal years ending September 30, 2002 and September 30, 2003; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

George A. McManus, Jr.  
Harry Gast  
Conferees for the Senate

David Mead  
Mark Jansen  
Conferees for the House

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

**Notices**

June 18, 2002

Mr. Gary L. Randall, Clerk  
Michigan House of Representatives  
State Capitol Building  
Lansing, Michigan 48913

Dear Mr. Clerk:

This letter is to inform you that I am removing Representative Michael Murphy from the Committee on Appropriations and replacing him with Representative Gretchen Whitmer. Accordingly, I hereby make the following changes in the Appropriations subcommittee assignments:

Representative Gretchen Whitmer replaces Representative Michael Murphy as Minority Vice-Chair of the Subcommittees on General Government and State Police/Military and Veterans Affairs. Representative Gretchen Whitmer also replaces Representative Michael Murphy as a member of the Subcommittee on Community Health.

Representative Gretchen Whitmer replaces Representative Rich Brown on the Subcommittee on Higher Education.

Thank you for your attention to this matter.

Sincerely,  
Rick Johnson  
Speaker of the House

By unanimous consent the House returned to the order of  
**Messages from the Senate**

**House Bill No. 4462, entitled**

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending section 101 (MCL 388.1701), as amended by 2002 PA 191.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

**House Bill No. 5805, entitled**

A bill to amend 1996 PA 376, entitled "Michigan renaissance zone act," by amending section 4 (MCL 125.2684), as amended by 2000 PA 259.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

**House Bill No. 5806, entitled**

A bill to amend 1996 PA 376, entitled "Michigan renaissance zone act," by amending section 6 (MCL 125.2686), as amended by 2000 PA 259.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

**House Bill No. 5365, entitled**

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 217 and 234 (MCL 257.217 and 257.234), section 217 as amended by 2000 PA 397 and section 234 as amended by 2000 PA 151.

The Senate has substituted (S-2) the bill.

The Senate has passed the bill as substituted (S-2), ordered that it be given immediate effect and amended the title to read as follows:

A bill to amend 1949 PA 300, entitled "An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," by amending sections 217, 234, and 717 (MCL 257.217, 257.234, and 257.717), section 217 as amended by 2000 PA 397, section 234 as amended by 2000 PA 151, and section 717 as amended by 2000 PA 7.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

**House Bill No. 5383, entitled**

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain

standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending sections 1b, 10c, 10h, 11, 11c, 12, 18e, and 20a (MCL 247.651b, 247.660c, 247.660h, 247.661, 247.661c, 247.662, 247.668e, and 247.670a), section 1b as amended by 1989 PA 188, section 10c as amended by 1990 PA 73, section 10h as amended by 1982 PA 438, section 11 as amended by 2000 PA 188, sections 11c and 12 as amended by 1997 PA 79, and section 18e as amended by 1985 PA 201, and by adding section 10p.

The Senate has substituted (S-2) the bill.

The Senate has passed the bill as substituted (S-2), ordered that it be given immediate effect and amended the title to read as follows:

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending sections 1b, 10c, 10h, 11, 11c, 12, 18b, 18e, and 20a (MCL 247.651b, 247.660c, 247.660h, 247.661, 247.661c, 247.662, 247.668b, 247.668e, and 247.670a), section 1b as amended by 1989 PA 188, section 10c as amended by 1990 PA 73, section 10h as amended by 1982 PA 438, section 11 as amended by 2000 PA 188, sections 11c and 12 as amended by 1997 PA 79, and sections 18b and 18e as amended by 1985 PA 201.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

#### **House Bill No. 5396, entitled**

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain

standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending section 9a (MCL 247.659a), as amended by 1998 PA 308.

The Senate has substituted (S-1) the bill.

The Senate has passed the bill as substituted (S-1) and ordered that it be given immediate effect.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

#### **House Bill No. 5804, entitled**

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 217, 222, and 251 (MCL 257.217, 257.222, and 257.251), as amended by 2000 PA 397, and by adding section 17c.

The Senate has substituted (S-1) the bill.

The Senate has passed the bill as substituted (S-1), ordered that it be given immediate effect and amended the title to read as follows:

A bill to amend 1949 PA 300, entitled "An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," by amending sections 222 and 244 (MCL 257.222 and 257.244), section 222 as amended by 2000 PA 397 and section 244 as amended by 2000 PA 369, and by adding section 17c.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

#### **House Bill No. 5642, entitled**

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

The Senate has appointed Senators McManus, Hoffman and Koivisto as second conferees to join with Reps. Pumford, Vander Roest and Phillips.

The bill was referred to the second Conference Committee on June 18, 2002.

#### **Senate Bill No. 1102, entitled**

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

The Senate has amended the House substitute (H-1) as follows:

1. Amend page 2, line 13, by striking out "1,713,462,400" and inserting "1,704,350,600".
2. Amend page 2, line 17, by striking out "1,710,143,900" and inserting "1,701,032,100".
3. Amend page 2, line 24, by striking out "1,627,858,800" and inserting "1,618,747,000".
4. Amend page 5, line 14, by striking out "18,500,000" and inserting "17,700,000".
5. Amend page 5, line 15, by striking out "47,908,400" and inserting "47,108,400".
6. Amend page 5, line 19, by striking out "28,716,300" and inserting "27,916,300".
7. Amend page 6, line 8, by striking out "1,491,300" and inserting "991,200".
8. Amend page 6, line 10, by striking out "24,447,600" and inserting "24,432,600".
9. Amend page 6, line 12, by striking out "46,989,400" and inserting "46,969,400".
10. Amend page 6, line 14, by striking out "29,953,800" and inserting "29,938,800".
11. Amend page 6, line 15, by striking out "158,150,200" and inserting "157,600,100".
12. Amend page 6, line 21, by striking out "157,963,200" and inserting "157,413,100".
13. Amend page 7, line 9, by striking out "37,304,900" and inserting "37,134,900".
14. Amend page 7, line 10, by striking out "57,233,500" and inserting "57,063,500".
15. Amend page 7, line 16, by striking out "51,632,400" and inserting "51,462,400".
16. Amend page 13, line 4, by striking out "(100)" and inserting "(7,591,800)".
17. Amend page 13, line 5, by striking out "(100)" and inserting "(7,591,800)".
18. Amend page 13, line 7, by striking out "(100)" and inserting "(7,591,800)".
19. Amend page 13, line 15, by striking out "\$1,683,349,400.00" by inserting "\$1,674,237,600.00".
20. Amend page 17, line 20, by striking out "\$574,896,000.00" by inserting "\$565,784,200.00".
21. Amend page 19, line 13, by striking out all of section 220.
22. Amend page 21, line 3, after "Sec. 261" by striking out the balance of the section and inserting "(1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees retirement act, 1943 PA 240, MCL 38.1 to 38.69.  
(2) Appropriation authorization adjustments required due to negative appropriations for early retirement savings shall be made only after the approval of transfers by the legislature pursuant to section 393 (2) of the management and budget act, 1984 PA 431, MCL 18.1393.".
23. Amend page 21, following line 9, by inserting:  
"Sec. 262. (1) Subject to subsection (2), in addition to the amounts appropriated under part 1, the following amounts are appropriated for the fiscal year ending September 30, 2003:  
(a) \$800,000.00 appropriated to the county jail reimbursement program from the state general fund.  
(b) \$500,000.00 appropriated to the vaccination program from the state general fund.  
(c) \$170,000.00 appropriated to academic/vocational programs from the state general fund.  
(d) \$15,000.00 appropriated to Northern region clinical complexes from the state general fund.  
(e) \$20,000.00 appropriated to Southeastern region clinical complexes from the state general fund.  
(f) \$15,000.00 appropriated to Southwestern region clinical complexes from the state general fund.  
(2) The appropriations in subsection (1) shall become effective only if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002.".
24. Amend page 34, line 6, after "be" by striking out "\$43.50" and inserting "\$42.00".
25. Amend page 34, line 7, after "total." by inserting "However, if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002, state reimbursement for prisoner housing and custody expenses per diverted offender under the county jail reimbursement program under this section shall be \$43.50 per diem for up to a 1-year total.".

The Senate has concurred in the House substitute (H-1) as amended.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

**Senate Bill No. 1320, entitled**

A bill to amend 1893 PA 206, entitled "The general property tax act," (MCL 211.1 to 211.157) by adding section 9i. The Senate has passed the bill.

The bill was read a first time by its title and referred to the Committee on Energy and Technology.

**Senate Bill No. 1322, entitled**

A bill to amend 1975 PA 228, entitled "Single business tax act," (MCL 208.1 to 208.145) by adding section 39e. The Senate has passed the bill.

The bill was read a first time by its title and referred to the Committee on Energy and Technology.

**Messages from the Governor**

The following message from the Governor, approving and signing the following bill at the time designated below, was received and read:

Date: June 12, 2002

Time: 10:20 p.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

**Enrolled House Bill No. 4994 (Public Act No. 441, I.E.), being**

An act to amend 1978 PA 368, entitled “An act to protect and promote the public health; to codify, revise, consolidate, classify, and add to the laws relating to public health; to provide for the prevention and control of diseases and disabilities; to provide for the classification, administration, regulation, financing, and maintenance of personal, environmental, and other health services and activities; to create or continue, and prescribe the powers and duties of, departments, boards, commissions, councils, committees, task forces, and other agencies; to prescribe the powers and duties of governmental entities and officials; to regulate occupations, facilities, and agencies affecting the public health; to regulate health maintenance organizations and certain third party administrators and insurers; to provide for the imposition of a regulatory fee; to promote the efficient and economical delivery of health care services, to provide for the appropriate utilization of health care facilities and services, and to provide for the closure of hospitals or consolidation of hospitals or services; to provide for the collection and use of data and information; to provide for the transfer of property; to provide certain immunity from liability; to regulate and prohibit the sale and offering for sale of drug paraphernalia under certain circumstances; to provide for the implementation of federal law; to provide for penalties and remedies; to provide for sanctions for violations of this act and local ordinances; to provide for an appropriation and supplements; to repeal certain acts and parts of acts; to repeal certain parts of this act; and to repeal certain parts of this act on specific dates,” by amending section 16186 (MCL 333.16186), as amended by 1993 PA 80.

(Filed with the Secretary of State June 13, 2002, at 2:24 p.m.)

**Notices**

I hereby give notice that on the next legislative session day I will move to discharge the Committee on Tax Policy from further consideration of **House Bill No. 5248**.

Rep. Shulman

Rep. Lipsey moved that the House adjourn.  
The motion prevailed, the time being 6:05 p.m.

Associate Speaker Pro Tempore Julian declared the House adjourned until Wednesday, June 19, at 2:00 p.m.

GARY L. RANDALL  
Clerk of the House of Representatives.