

No. 86
STATE OF MICHIGAN
Journal of the Senate
92nd Legislature
REGULAR SESSION OF 2004

Senate Chamber, Lansing, Wednesday, September 8, 2004.

10:00 a.m.

The Senate was called to order by the President, Lieutenant Governor John D. Cherry, Jr.

The roll was called by the Secretary of the Senate, who announced that a quorum was not present.

Allen—present
Barcia—present
Basham—present
Bernero—excused
Birkholz—present
Bishop—present
Brater—present
Brown—present
Cassis—present
Cherry—present
Clark-Coleman—excused
Clarke—present
Cropsey—present

Emerson—present
Garcia—present
George—present
Gilbert—present
Goschka—present
Hammerstrom—present
Hardiman—present
Jacobs—present
Jelinek—present
Johnson—present
Kuipers—present
Leland—present
McManus—present

Olshove—present
Patterson—present
Prusi—present
Sanborn—present
Schauer—present
Scott—excused
Sikkema—present
Stamas—present
Switalski—present
Thomas—present
Toy—present
Van Woerkom—present

Reverend Chris Schroeder of Cavalry Baptist Chapel of Richmond offered the following invocation:

Father, we come before You in the name of our Lord Jesus Christ, and we pray that You would have Your hand on this body. We pray, as Your Word tells us, that righteousness exalts a nation, but sin is a reproach of any people. We pray, Lord God, that righteousness would be felt in this Capitol; that Your hand would be here; the people would know of Your tremendous love; that You would give wisdom to these men and women; that You would just really show them exactly what to do and how to do it in leading this great state.

We thank You so much for the Lord Jesus Christ, who died on that cross, shed His blood, and rose again from the dead physically to give anyone who believes on Him eternal life. We thank You that this time that we have on this earth is so very short, so help us to make it count. Help us to number our days that we may apply our hearts unto wisdom because we are going to face You.

And we ask You, Lord, that we would do Your bidding according to Your Word, the Bible. We ask that You would just really protect this place from terrorism from any person who would like to destroy or hurt or maim. We ask that You would have Your hand of protection on each and everyone. Give the sergeant at arms real help and strength in knowing how to discern these threats. Bless them as well.

Bless this body, we pray and we ask this in Jesus' name. Amen.

The President, Lieutenant Governor Cherry, led the members of the Senate in recital of the *Pledge of Allegiance*.

Recess

Senator Sanborn moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 10:05 a.m.

11:05 a.m.

The Senate was called to order by the President, Lieutenant Governor Cherry.

During the recess, Senators Thomas, Toy, Cassis, Gilbert, Hardiman, Brown, Patterson, Van Woerkom, Jelinek, George, Johnson, Stamas, Cropsey, Allen, Hammerstrom, Sikkema, Kuipers, McManus, Bishop, Birkholz, Clarke, Goschka, Emerson and Garcia entered the Senate Chamber.

A quorum of the Senate was present.

Motions and Communications

Senator Hammerstrom moved that the Committee on Finance be discharged from further consideration of the following bills:

Senate Bill No. 1111, entitled

A bill to amend 1971 PA 140, entitled "Glenn Steil state revenue sharing act of 1971," by amending section 11 (MCL 141.911), as amended by 2003 PA 168.

Senate Bill No. 1112, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 44a (MCL 211.44a), as added by 1993 PA 313.

The motion prevailed, a majority of the members serving voting therefor, and the bills were placed on the order of General Orders.

Senator Hammerstrom moved that the rules be suspended and that the following bills, now on the order of General Orders, be placed on the General Orders calendar for consideration today:

Senate Bill No. 1111

Senate Bill No. 1112

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

The following communications were received:
Department of State

Administrative Rules
Notices of Filing

July 7, 2004

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Office of Regulatory Reform, Legal Division filed at 3:02 p.m. this date, administrative rule (04-07-01) for the Department of Labor and Economic Growth, Director's Office, entitled "*Cosmetology*," effective 7 days after filing with the Secretary of State.

July 26, 2004

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Office of Regulatory Reform, Legal Division filed at 3:13 p.m. this date, administrative rule (04-07-03) for the Department of Agriculture, Fairs, Exhibitions and Racing Division, entitled "*Regulation No. 808. Payment of Breeder's Awards*," effective 7 days after filing with the Secretary of State.

July 26, 2004

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Office of Regulatory Reform, Legal Division filed at 3:15 p.m. this date, administrative rule (04-07-04) for the Department of Agriculture, Fairs, Exhibitions and Racing Division, entitled "*Regulation No. 814. Michigan Futurity and Sire Stakes Races*," effective 7 days after filing with the Secretary of State.

July 26, 2004

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Office of Regulatory Reform, Legal Division filed at 3:17 p.m. this date, administrative rule (04-07-05) for the Department of Agriculture, Fairs, Exhibitions and Racing Division, entitled "*Regulation No. 820. Michigan-bred Pari-mutuel Races*," effective 7 days after filing with the Secretary of State.

August 10, 2004

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Office of Regulatory Reform, Legal Division filed at 1:56 p.m. this date, administrative rule (04-08-01) for the Department of Agriculture, Fairs, Exhibitions and Racing Division, entitled "*Regulation No. 817. Quarter Horse Breeders' Awards and State Supplement*," effective 7 days after filing with the Secretary of State.

August 10, 2004

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Office of Regulatory Reform, Legal Division filed at 1:58 p.m. this date, administrative rule (04-08-02) for the Department of Agriculture, Fairs, Exhibitions and Racing Division, entitled "*Regulation No. 823. American Paint Horse Breeders' Awards and State Supplement*," effective 7 days after filing with the Secretary of State.

August 17, 2004

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Office of Regulatory Reform, Legal Division filed at 1:03 p.m. this date, administrative rule (04-08-03) for the Department of Labor and Economic Growth, Office of Financial and Insurance Services, entitled "*Standards for Safeguarding Customer Financial Information*," effective 7 days after filing with the Secretary of State.

Sincerely,
Terri Lynn Land
Secretary of State
Robin Houston, Office Supervisor
Office of the Great Seal

The communications were referred to the Secretary for record.

The following communications were received:
Office of the Auditor General

August 17, 2004

Enclosed is a copy of the following audit report:
Financial audit of the Michigan Economic Development Corporation for the period October 1, 2001 through September 30, 2003.

Enclosed is a copy of the following audit report:
Financial audit of the Michigan Strategic Fund for the period October 1, 2001 through September 30, 2003.

August 25, 2004

Enclosed is a copy of the following audit report:
Performance audit of the Human Resources Management Network, Department of Civil Service.

August 26, 2004

Enclosed is a copy of the following audit report:
Performance audit of the Office of Professional Preparation Services, Department of Education.

August 31, 2004

Enclosed is a copy of the following audit report:
Performance audit of the Office of the Automated Information Systems, Department of State and Department of Information Technology.

September 1, 2004

Enclosed is a copy of the following audit report:
Performance and financial audit of the Homeowner Construction Lien Recovery Fund, the financial portion covered the period October 1, 2000 through September 30, 2003.

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

The communications were referred to the Secretary for the record.

The Secretary announced that the following House bills were received in the Senate and filed on Wednesday, August 4:
House Bill Nos. 4111 4231 4880 5415 5590 5844 6020 6036

The Secretary announced the enrollment printing and presentation to the Governor on Wednesday, August 4, for her approval the following bill:
Enrolled Senate Bill No. 1260 at 11:47 a.m.

The Secretary announced the enrollment printing and presentation to the Governor on Friday, August 13, for her approval the following bill:
Enrolled Senate Bill No. 267 at 4:32 p.m.

The Secretary announced the enrollment printing and presentation to the Governor on Tuesday, August 17, for her approval the following bills:
Enrolled Senate Bill No. 874 at 12:27 p.m.
Enrolled Senate Bill No. 927 at 12:29 p.m.
Enrolled Senate Bill No. 1001 at 12:31 p.m.
Enrolled Senate Bill No. 1003 at 12:33 p.m.
Enrolled Senate Bill No. 1051 at 12:35 p.m.

Enrolled Senate Bill No. 1228 at 12:37 p.m.
Enrolled Senate Bill No. 1261 at 12:39 p.m.
Enrolled Senate Bill No. 1262 at 12:41 p.m.
Enrolled Senate Bill No. 1263 at 12:43 p.m.
Enrolled Senate Bill No. 1274 at 12:45 p.m.
Enrolled Senate Bill No. 1297 at 12:47 p.m.
Enrolled Senate Bill No. 1302 at 12:49 p.m.
Enrolled Senate Bill No. 1303 at 12:51 p.m.
Enrolled Senate Bill No. 1304 at 12:53 p.m.
Enrolled Senate Bill No. 1305 at 12:55 p.m.

The Secretary announced that the following official bills and joint resolution were printed on Thursday, August 5, and are available at the legislative Web site:

Senate Bill Nos.	1340	1341	1342	1343	1344														
House Bill Nos.	6099	6100	6101	6102	6103	6104	6105	6106	6107	6108	6109	6110	6111	6112					
	6113	6114	6115	6116	6117	6118	6119	6120	6121	6122	6123	6124	6125	6126					
	6127																		
House Joint Resolution	AA																		

The following communications were received and read:
Office of the Senate Majority Leader

September 2, 2004

Please replace Senator Shirley Johnson on the Conference Committee on SB 1067 with Senator Ken Sikkema, effective immediately.

If you have any questions concerning the above, please do not hesitate to contact me.

September 7, 2004

Pursuant to Joint Rule 3(a), I have made conferee changes to the following Conference Committees:

SB 1065: Senator Michael Switalski will replace Senator Martha Scott.

HB 5516: Senator Hanson Clarke will replace Senator Martha Scott.

Respectfully yours,
Ken Sikkema
Senate Majority Leader

The communications were referred to the Secretary for record.

Messages from the Governor

Senator Hammerstrom moved that consideration of the following bills be postponed for today:

Senate Bill No. 195
Senate Bill No. 364
Senate Bill No. 293
Senate Bill No. 265
Senate Bill No. 288
Senate Bill No. 540
Senate Bill No. 283
Senate Bill No. 464
Senate Bill No. 466
Senate Bill No. 395
Senate Bill No. 474
Senate Bill No. 840
Senate Bill No. 785
Senate Bill No. 788
Senate Bill No. 829
Senate Bill No. 841

Senate Bill No. 1093

Senate Bill No. 863

Senate Bill No. 865

Senate Bill No. 867

Senate Bill No. 869

Senate Bill No. 872

Senate Bill No. 875

Senate Bill No. 647

Senate Bill No. 320

The motion prevailed.

The following messages from the Governor were received:

Date: August 11, 2004

Time: 8:45 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1260 (Public Act No. 304), being

An act to amend 1927 PA 175, entitled “An act to revise, consolidate, and codify the laws relating to criminal procedure and to define the jurisdiction, powers, and duties of courts, judges, and other officers of the court under the provisions of this act; to provide laws relative to the rights of persons accused of criminal offenses and ordinance violations; to provide for the arrest of persons charged with or suspected of criminal offenses and ordinance violations; to provide for bail of persons arrested for or accused of criminal offenses and ordinance violations; to provide for the examination of persons accused of criminal offenses; to regulate the procedure relative to grand juries, indictments, informations, and proceedings before trial; to provide for trials of persons complained of or indicted for criminal offenses and ordinance violations and to provide for the procedure in those trials; to provide for judgments and sentences of persons convicted of criminal offenses and ordinance violations; to establish a sentencing commission and to prescribe its powers and duties; to provide for procedure relating to new trials and appeals in criminal and ordinance violation cases; to provide a uniform system of probation throughout this state and the appointment of probation officers; to prescribe the powers, duties, and compensation of probation officers; to provide penalties for the violation of the duties of probation officers; to provide for procedure governing proceedings to prevent crime and proceedings for the discovery of crime; to provide for fees of officers, witnesses, and others in criminal and ordinance violation cases; to set forth miscellaneous provisions as to criminal procedure in certain cases; to provide penalties for the violation of certain provisions of this act; and to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act,” by amending section 14g of chapter XVII (MCL 777.14g), as added by 2002 PA 29.

(Filed with the Secretary of State on August 11, 2004, at 11:08 a.m.)

Date: August 27, 2004

Time: 11:00 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 874 (Public Act No. 310), being

An act to amend 1998 PA 492, entitled “An act to authorize the state administrative board to convey certain parcels of state owned property in Oakland county and Genesee county; to provide for certain powers and duties of the department of management and budget and certain municipalities in regard to that property; to prescribe conditions for the conveyances; and to provide for disposition of the revenue derived from the conveyances; and to alter certain use restrictions,” by amending section 3.

(Filed with the Secretary of State on August 27, 2004, at 2:58 p.m.)

Date: August 27, 2004

Time: 11:02 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 927 (Public Act No. 311), being

An act to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate

the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts," by amending section 43705 (MCL 324.43705), as added by 2001 PA 50.

(Filed with the Secretary of State on August 27, 2004, at 3:00 p.m.)

Date: August 27, 2004

Time: 11:04 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1001 (Public Act No. 312), being

An act to amend 1937 PA 94, entitled "An act to provide for the levy, assessment and collection of a specific excise tax on the storage, use or consumption in this state of tangible personal property and certain services; to appropriate the proceeds thereof; and to prescribe penalties for violations of the provisions of this act," (MCL 205.91 to 205.111) by adding section 4y.

(Filed with the Secretary of State on August 27, 2004, at 3:02 p.m.)

Date: August 27, 2004

Time: 11:06 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1003 (Public Act No. 313), being

An act to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," (MCL 206.1 to 206.532) by adding section 269.

(Filed with the Secretary of State on August 27, 2004, at 3:04 p.m.)

Date: August 27, 2004

Time: 11:08 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1051 (Public Act No. 314), being

An act to amend 1998 PA 386, entitled "An act to codify, revise, consolidate, and classify aspects of the law relating to wills and intestacy, relating to the administration and distribution of estates of certain individuals, relating to trusts, and relating to the affairs of certain individuals under legal incapacity; to provide for the powers and procedures of the court that has jurisdiction over these matters; to provide for the validity and effect of certain transfers, contracts, and deposits that relate to death; to provide procedures to facilitate enforcement of certain trusts; and to repeal acts and parts of acts," by amending sections 1105, 2114, 2301, 2714, 2902, 2910, 3715, 3803, 3917, 3920, 3923, 7303, 7307, 7406, and 7408 (MCL 700.1105, 700.2114, 700.2301, 700.2714, 700.2902, 700.2910, 700.3715, 700.3803, 700.3917, 700.3920, 700.3923, 700.7303, 700.7307, 700.7406, and 700.7408), sections 1105, 2114, 3917, and 7303 as amended by 2000 PA 54, and by adding section 7410.

(Filed with the Secretary of State on August 27, 2004, at 3:06 p.m.)

Date: August 27, 2004

Time: 11:10 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1228 (Public Act No. 315), being

An act 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 sections 5 and 9a (MCL 722.115 and 722.119a), section 5 as amended by 1998 PA 519 and section 9a as added by 1980 PA 232.

(Filed with the Secretary of State on August 27, 2004, at 3:08 p.m.)

Date: August 27, 2004

Time: 11:12 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1261 (Public Act No. 316), being

An act to amend 1956 PA 218, entitled “An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” by amending section 6111 (MCL 500.6111), as added by 1992 PA 174.

(Filed with the Secretary of State on August 27, 2004, at 3:10 p.m.)

Date: August 27, 2004

Time: 11:14 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1262 (Public Act No. 317), being

An act to amend 1974 PA 258, entitled “An act to codify, revise, consolidate, and classify the laws relating to mental health; to prescribe the powers and duties of certain state and local agencies and officials and certain private agencies and individuals; to regulate certain agencies and facilities providing mental health services; to provide for certain charges and fees; to establish civil admission procedures for individuals with mental illness or developmental disability; to establish guardianship procedures for individuals with developmental disability; to establish procedures regarding individuals with mental illness or developmental disability who are in the criminal justice system; to provide for penalties and remedies; and to repeal acts and parts of acts,” by amending section 422 (MCL 330.1422), as added by 1995 PA 290.

(Filed with the Secretary of State on August 27, 2004, at 3:12 p.m.)

Date: August 27, 2004
Time: 11:16 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1263 (Public Act No. 318), being

An act to amend 1927 PA 175, entitled “An act to revise, consolidate, and codify the laws relating to criminal procedure and to define the jurisdiction, powers, and duties of courts, judges, and other officers of the court under the provisions of this act; to provide laws relative to the rights of persons accused of criminal offenses and ordinance violations; to provide for the arrest of persons charged with or suspected of criminal offenses and ordinance violations; to provide for bail of persons arrested for or accused of criminal offenses and ordinance violations; to provide for the examination of persons accused of criminal offenses; to regulate the procedure relative to grand juries, indictments, informations, and proceedings before trial; to provide for trials of persons complained of or indicted for criminal offenses and ordinance violations and to provide for the procedure in those trials; to provide for judgments and sentences of persons convicted of criminal offenses and ordinance violations; to establish a sentencing commission and to prescribe its powers and duties; to provide for procedure relating to new trials and appeals in criminal and ordinance violation cases; to provide a uniform system of probation throughout this state and the appointment of probation officers; to prescribe the powers, duties, and compensation of probation officers; to provide penalties for the violation of the duties of probation officers; to provide for procedure governing proceedings to prevent crime and proceedings for the discovery of crime; to provide for fees of officers, witnesses, and others in criminal and ordinance violation cases; to set forth miscellaneous provisions as to criminal procedure in certain cases; to provide penalties for the violation of certain provisions of this act; and to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act,” by amending section 1 of chapter IV (MCL 764.1), as amended by 1990 PA 41.

(Filed with the Secretary of State on August 27, 2004, at 3:14 p.m.)

Date: August 27, 2004
Time: 11:18 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1274 (Public Act No. 319), being

An act to amend 1975 PA 228, entitled “An act to provide for the imposition, levy, computation, collection, assessment and enforcement, by lien or otherwise, of taxes on certain commercial, business, and financial activities; to prescribe the manner and times of making certain reports and paying taxes; to prescribe the powers and duties of public officers and state departments; to permit the inspection of records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits, and refunds; to provide penalties; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to provide an appropriation,” (MCL 208.1 to 208.145) by adding section 37f.

(Filed with the Secretary of State on August 27, 2004, at 3:16 p.m.)

Date: August 27, 2004
Time: 11:20 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1297 (Public Act No. 320), being

An act to authorize the state administrative board to convey certain parcels of state owned property in various counties; to prescribe conditions for the conveyances; to provide for the disposal of certain buildings; to provide for certain powers and duties of certain state departments in regard to the parcels of property; to provide for disposition of revenue derived from the conveyances; and to repeal acts and parts of acts.

(Filed with the Secretary of State on August 27, 2004, at 3:18 p.m.)

Date: August 27, 2004
Time: 11:22 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1302 (Public Act No. 321), being

An act to amend 1984 PA 385, entitled “An act to provide for the establishment of technology park districts in local governmental units; to provide certain facilities located in technology park districts an exemption from certain taxes;

to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain state agencies and officers and certain officers of local governmental units; and to provide remedies and penalties,” by amending section 12 (MCL 207.712), as amended by 1996 PA 445.

(Filed with the Secretary of State on August 27, 2004, at 3:20 p.m.)

Date: August 27, 2004

Time: 11:24 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1303 (Public Act No. 322), being

An act to amend 1990 PA 100, entitled “An act to permit the imposition, revival, and continued collection by cities of a population of 750,000 or more of a utility users tax; to provide the procedure for, and to require the adoption of a prescribed uniform city utility users tax ordinance by cities desiring to impose and collect such a tax; to limit the rate of such tax; to prescribe the powers and duties of the state commissioner of revenue; and to provide for appeals,” by amending section 5 of chapter 1 (MCL 141.1155), as amended by 1998 PA 241.

(Filed with the Secretary of State on August 27, 2004, at 3:22 p.m.)

Date: August 27, 2004

Time: 11:27 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1304 (Public Act No. 323), being

An act to amend 1974 PA 198, entitled “An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties,” by amending section 11 (MCL 207.561), as amended by 2001 PA 157.

(Filed with the Secretary of State on August 27, 2004, at 3:24 p.m.)

Date: August 27, 2004

Time: 11:30 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1305 (Public Act No. 324), being

An act to amend 1953 PA 189, entitled “An act to provide for the taxation of lessees and users of tax-exempt property,” (MCL 211.181 to 211.182) by adding section 1a.

(Filed with the Secretary of State on August 27, 2004, at 3:26 p.m.)

Respectfully,
Jennifer M. Granholm
Governor

The following messages from the Governor were received and read:

August 4, 2004

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointments to state office under Section 2 of 1950 (Ex Sess) PA 21, MCL 254.302:

Mackinac Bridge Authority

Mr. Prentiss M. Brown III, a Democrat, of 260 Graham Avenue, St. Ignace, Michigan 49781, county of Mackinac, succeeding Cameron Priebe, whose term has expired, appointed for a term commencing August 4, 2004 and expiring June 30, 2010.

Mr. Patrick F. Gleason, a Democrat, of 5215 North State Road, Davison, Michigan 48423, county of Genesee, succeeding Thomas Guastello, whose term has expired, appointed for a term commencing August 4, 2004 and expiring June 30, 2010.

August 6, 2004

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following renewal of appointment under Section 38 of the Local Government Fiscal Responsibility Act, 1990 PA 72, MCL 141.1238:

Inkster Public Schools Financial Manager

Mr. W. Howard Morris of 20480 Picadilly, Detroit, Michigan 48821, county of Wayne, whose appointment is renewed for a term commencing August 6, 2004 and expiring August 5, 2005.

August 9, 2004

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment to state office under Section 2 of 1950 (Ex Sess) PA 21, MCL 254.302:

Mackinac Bridge Authority

Mr. Jon G. LaSalle, a Democrat, of 1942 Neidhart Avenue, Marquette, Michigan 49781, county of Marquette, succeeding Cameron Priebe, whose term has expired, appointed for a term commencing August 9, 2004 and expiring June 30, 2010.

August 12, 2004

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment to state office under Section 29 of Article 5 of the Michigan Constitution of 1963:

Civil Rights Commission

Mr. Melvin "Butch" Hollowell, a Democrat, of 19320 Suffolk, Detroit, Michigan 48203, county of Wayne, succeeding George E. Brown, whose term has expired, appointed for a term commencing August 12, 2004 and expiring December 31, 2007.

August 24, 2004

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment and reappointment to state office under Section 26 of the Aeronautics Code of the State of Michigan, 1945 PA 327, MCL 259.26:

Michigan Aeronautics Commission

Mr. James M. Collins of 100 Shiras Pointe Drive, Marquette, Michigan 49855, county of Marquette, succeeding Dean Greenblatt, whose term has expired, representing the general public, for a term commencing August 24, 2004 and expiring May 27, 2008.

Mr. Sidney Adams Jr. of 166 Rosewood Trail, Battle Creek, Michigan 49014, county of Calhoun, reappointed to represent the general public, for a term expiring May 27, 2008.

August 24, 2004

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment to state office under Section 5 of the Michigan Strategic Fund Act, 1984 PA 270, MCL 125.2005:

Michigan Strategic Fund Board of Directors

Mr. James L. Herbert of 1704 Jerome, Lansing, Michigan 48912, county of Ingham, succeeding Margaret O'Riley, who has resigned, representing the private sector, for a term commencing August 24, 2004 and expiring at the pleasure of the Governor.

September 3, 2004

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointments and reappointments to state office under Section 2 of 1968 PA 1, MCL 10.72:

Michigan Women's Commission

Ms. Gail J. Glezen of 5279 Cedar Drive, Sault Ste. Marie, Michigan 49783, county of Chippewa, succeeding Judith Schwalbach, whose term has expired, for a term commencing September 3, 2004 and expiring July 15, 2007.

Ms. Patricia M. Lowrie of 4365 Stoneycroft, Okemos, Michigan 48864, county of Ingham, succeeding G. Kaye Grubba, whose term has expired, for a term commencing September 3, 2004 and expiring July 15, 2007.

Ms. Alexandra S. Matish of 2002 Alice, Ann Arbor, Michigan 48103, county of Washtenaw, succeeding Judi Clark, whose term has expired, for a term commencing September 3, 2004 and expiring July 15, 2007.

Ms. Emily A. Malloy of 5968 Bois Ile Drive, Apt. 2B, Haslett, Michigan 48840, county of Ingham, succeeding Karen Williams, who has resigned, for a term commencing September 3, 2004 and expiring July 15, 2006.

Ms. Sally Shaheen Joseph of 6263 Stonegate Parkway, Flint, Michigan 48532, county of Genesee, reappointed for a term expiring July 15, 2007.

Ms. Cheryl B. Sugerman of 3507 Edgewood Drive, Ann Arbor, Michigan 48104, county of Washtenaw, reappointed for a term expiring July 15, 2007.

Sincerely,
Jennifer M. Granholm
Governor

The appointments were referred to the Committee on Government Operations.

The following message from the Governor was received and read:

August 5, 2004

I am writing to withdraw from consideration by the Senate the following appointment to public office under Section 2 of 1950 (Ex Sess) PA 21, MCL 254.302:

Mackinac Bridge Authority

Mr. Prentiss M. Brown III, a Democrat, of 260 Graham Avenue, St. Ignace, Michigan 49781, county of Mackinac, succeeding Cameron Priebe, whose term has expired, appointed for a term commencing August 4, 2004 and expiring June 30, 2010.

Sincerely,
Jennifer M. Granholm
Governor

The message was referred to the Committee on Government Operations.

The following message from the Governor was received and read:

August 24, 2004

Pursuant to Article IV of the Interstate Compact for Adult Offender Supervision, MCL 3.1012, and Executive Order 2002-16, please be advised of the following appointment to office:

State Council for Interstate Adult Offender Supervision and Compact Administrator

Ms. Joan N. Yukins of 1427 Genoa, Highland, Michigan 48356, county of Oakland, succeeding Dennis S. Schrantz, who has resigned, appointed for a term commencing August 24, 2004 and expiring October 17, 2006.

The message was referred to the Secretary for record.

Sincerely,
Jennifer M. Granholm
Governor

The following message from the Governor was received and read:

APPROPRIATIONS; SUPPLEMENTAL

August 17, 2004

Today I have signed Enrolled Senate Bill 267. However, I am returning it to you because of items of which I disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific vetoes are contained in the attached copy of the bill, which has been filed with the Secretary of State.

This supplemental budget bill provides \$779.0 million (**negative \$76.2 million** general fund) for fiscal years 2004 and 2005. It represents an integral part of the efforts to balance the fiscal year 2004 budget in a cooperative manner and I applaud the Legislature for its efforts. The bill also includes debt service funding for fiscal year 2005 State Building Authority obligations.

It should be noted that Sections 203, 602, 802, and 805 are not binding since they attempt to change conditions of appropriations in prior acts without republication. Likewise, Section 806 is unenforceable because it attempts to amend PA 21 of 1950 (Ex. Sess) by reference. Section 804 expresses non-binding legislative intent.

Section 750 would allow the Department of Natural Resources to prorate payments in Lieu of Taxes (PILT) if there is insufficient funding to pay the entire assessment. While I do not disagree with the intent of the boilerplate, it is unenforceable because it attempts to amend PA 451 of 1994 by reference. However, I look forward to working with the Legislature to enact a permanent solution to the shortfall in the PILT account.

I have vetoed the fund shift of \$4.4 million in the Department of Environmental Quality from environmental response funds to the Michigan underground storage tank financial assurance fund (MUSTFA). Any action in this

regard is premature since this funding remains under active discussion with legislative leaders as part of budget negotiations.

I thank the Legislature for your work on these supplemental appropriations for fiscal year 2004.

Sincerely,
Jennifer Granholm
Governor

This bill was signed by the Governor on August 17, 2004, at 2:45 p.m. (Filed with the Secretary of State on August 17, 2004, at 4:00 p.m.) and assigned Public Act No. 309.

The question being on the passage of the vetoed line items, the objections of the Governor to the contrary notwithstanding,

Senator Hammerstrom moved that further consideration of the bill be postponed for today.

The motion prevailed.

Senator Schauer moved that Senators Bernero, Clark-Coleman and Scott be excused from today's session.

The motion prevailed.

Messages from the House

Senator Hammerstrom moved that consideration of the following bill be postponed for today:

Senate Bill No. 774

The motion prevailed.

Senate Bill No. 1067, entitled

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2004 and for the fiscal year ending September 30, 2005; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

The House of Representatives has appointed Rep. Rick Johnson to replace Rep. Farhat as conferee.

The message was referred to the Secretary for record.

Conference Reports

Senator Cropsey submitted the following:

FIRST CONFERENCE REPORT

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

Senate Bill No. 1064, 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, 2005; 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.

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 corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2005; 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 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 corrections for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF CORRECTIONS

APPROPRIATION SUMMARY:

Average population	51,503	
Full-time equated unclassified positions	16.0	
Full-time equated classified positions.....	17,753.8	
GROSS APPROPRIATION		\$ 1,786,182,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		3,364,200
ADJUSTED GROSS APPROPRIATION		\$ 1,782,818,400
Federal revenues:		
Total federal revenues		8,188,100
Special revenue funds:		
Total local revenues		393,600
Total private revenues		0
Total other state restricted revenues		66,075,600
State general fund/general purpose		\$ 1,708,161,100

Sec. 102. EXECUTIVE

Full-time equated unclassified positions	16.0	
Full-time equated classified positions	263.7	
Unclassified positions—16.0 FTE positions		\$ 1,308,800
Executive direction—41.5 FTE positions		4,315,900
Policy and strategic planning—50.0 FTE positions		5,232,100
Human resources—172.2 FTE positions		15,021,700
Human resources optimization user charges.....		1,299,200
Training		3,265,000
Worker's compensation		20,277,000
Sheriffs' coordinating and training office.....		2,000,000
GROSS APPROPRIATION		\$ 52,719,700

Appropriated from:

Interdepartmental grant revenues:		
IDG-MDSP, Michigan justice training fund		660,100
Special revenue funds:		
Local corrections officer training fund.....		2,000,000
State general fund/general purpose		\$ 50,059,600

Sec. 103. ADMINISTRATION AND PROGRAMS

Average population	480	
Full-time equated classified positions	284.9	
Administrative services—63.9 FTE positions		\$ 5,525,300
Substance abuse testing and treatment		17,646,000
Inmate legal services.....		314,900
Prison industries operations—220.0 FTE positions		17,532,400
Rent		2,095,200
Equipment and special maintenance.....		1,667,200
Compensatory buyout and union leave bank		275,000
Michigan youth correctional facility - management services.....		13,317,800
Michigan youth correctional facility - administration—1.0 FTE position		156,200
Average population	480	
Michigan youth correctional facility - lease payments		5,366,700
Prosecutorial and detainer expenses		4,051,000
GROSS APPROPRIATION		\$ 67,947,700

Appropriated from:

Federal revenues:		
DOJ, office of justice programs, Byrne grants		729,400

	For Fiscal Year Ending Sept. 30, 2005
Special revenue funds:	
Correctional industries revolving fund	\$ 17,532,400
State general fund/general purpose	\$ 49,685,900
Sec. 104. FIELD OPERATIONS ADMINISTRATION	
Average population	581
Full-time equated classified positions	2,090.9
Field operations—1,873.2 FTE positions	\$ 138,328,400
Parole board operations—29.0 FTE positions	2,304,000
Loans to parolees	294,400
Parole/probation services	2,867,300
Corrections centers—70.0 FTE positions	9,283,000
Average population	581
Electronic monitoring center—49.4 FTE positions	6,189,100
Technical rule violator program—69.3 FTE positions	8,350,700
GROSS APPROPRIATION	\$ 167,616,900
Appropriated from:	
Special revenue funds:	
Local - community tether program reimbursement.....	393,600
Parole and probation oversight fees	8,278,300
Tether program, participant contributions	6,922,200
Parole and probation oversight fees set-aside.....	2,867,300
Corrections centers, resident contributions revenue	1,486,300
Technical rule violator program, public works user fees	173,700
State general fund/general purpose	\$ 147,495,500
Sec. 105. COMMUNITY CORRECTIONS	
Full-time equated classified positions	16.0
Community corrections administration—16.0 FTE positions	\$ 1,506,800
Probation residential centers	15,828,400
Community corrections comprehensive plans and services	13,033,000
Public education and training	50,000
Regional jail program	100
Alternatives to prison jail program.....	1,619,600
Alternatives to prison treatment program	400,000
Felony drunk driver jail reduction and community treatment program.....	3,000,000
County jail reimbursement program	13,249,000
GROSS APPROPRIATION	\$ 48,686,900
Appropriated from:	
Special revenue funds:	
Telephone fees and commissions	13,192,100
Civil infraction fees	7,000,000
Parole and probation oversight fees set-aside.....	400,000
State general fund/general purpose	\$ 28,094,800
Sec. 106. CONSENT DECREES	
Average population	400
Full-time equated classified positions	471.3
Hadix consent decree—138.0 FTE positions.....	\$ 9,456,700
DOJ consent decree—106.8 FTE positions	8,562,500
DOJ psychiatric plan - MDCH mental health services	67,687,600
DOJ psychiatric plan - MDOC staff and services—226.5 FTE positions	15,006,800
GROSS APPROPRIATION	\$ 100,713,600
Appropriated from:	
State general fund/general purpose	\$ 100,713,600
Sec. 107. HEALTH CARE	
Full-time equated classified positions	923.6
Health care administration—18.0 FTE positions	\$ 2,309,000
Hospital and specialty care services.....	59,875,200

	For Fiscal Year Ending Sept. 30, 2005
Hepatitis C testing and treatment	\$ 1,150,000
Vaccination program	991,200
Northern region clinical complexes—240.4 FTE positions	26,900,500
Southeastern region clinical complexes—360.8 FTE positions	47,328,400
Southwestern region clinical complexes—304.4 FTE positions	30,248,600
GROSS APPROPRIATION	\$ 168,802,900
Appropriated from:	
Special revenue funds:	
Prisoner health care copayments	315,700
State general fund/general purpose	\$ 168,487,200
Sec. 108. CORRECTIONAL FACILITIES ADMINISTRATION	
Average population	1,382
Full-time equated classified positions	884.2
Correctional facilities administration—45.0 FTE positions	\$ 4,474,400
Housing inmates in federal institutions	552,600
Education services and federal education grants—10.0 FTE positions	5,642,700
Federal school lunch program	712,800
Leased beds and alternatives to leased beds	100
Inmate housing fund—418.7 FTE positions	37,338,700
Average population	1,382
Academic/vocational programs—410.5 FTE positions	31,905,600
Transportation efficiencies	(2,000,000)
GROSS APPROPRIATION	\$ 78,626,900
Appropriated from:	
Federal revenues:	
DOJ - BOP, federal prisoner reimbursement	372,600
DED - OESE, title 1	515,100
DED - OVAE, adult education	1,868,200
DED, adult literacy grants	304,300
DED - OSERS	99,900
DED, vocational education equipment	273,800
DED, youthful offender/Specter grant	1,272,800
DOJ - OJP, serious and violent offender reintegration initiative	1,004,800
DAG - FNS, national school lunch	712,800
SSA - SSI, incentive payment	108,200
Special revenue funds:	
Public works user fees	67,300
Resident stores	120,800
State general fund/general purpose	\$ 71,906,300
Sec. 109. NORTHERN REGION CORRECTIONAL FACILITIES	
Average population	14,805
Full-time equated classified positions	4,171.2
Alger maximum correctional facility - Munising—343.0 FTE positions	\$ 28,743,200
Average population	849
Baraga maximum correctional facility - Baraga—405.5 FTE positions	33,052,700
Average population	1,084
Chippewa correctional facility - Kincheloe—512.3 FTE positions	43,011,700
Average population	2,122
Kinross correctional facility - Kincheloe—559.7 FTE positions	49,405,400
Average population	2,423
Marquette branch prison - Marquette—386.6 FTE positions	33,930,800
Average population	1,129
Newberry correctional facility - Newberry—345.4 FTE positions	27,625,300
Average population	1,144
Oaks correctional facility - Eastlake—354.4 FTE positions	31,381,800

	For Fiscal Year Ending Sept. 30, 2005
Average population	1,312
Ojibway correctional facility - Marenisco—285.1 FTE positions.....	\$ 22,639,300
Average population	1,202
Pugsley correctional facility - Kingsley—220.4 FTE positions	17,355,700
Average population	954
Saginaw correctional facility - Freeland—356.0 FTE positions	30,577,200
Average population	1,480
Standish maximum correctional facility - Standish—402.8 FTE positions.....	<u>33,605,800</u>
Average population	1,106
GROSS APPROPRIATION	\$ 351,328,900
Appropriated from:	
Special revenue funds:	
Public works user fees	520,100
Resident stores	1,106,900
State general fund/general purpose	\$ 349,701,900
Sec. 110. SOUTHEASTERN REGION CORRECTIONAL FACILITIES	
Average population	16,157
Full-time equated classified positions	4,324.7
Cooper Street correctional facility - Jackson—267.2 FTE positions	\$ 23,613,300
Average population	1,360
G. Robert Cotton correctional facility - Jackson—429.3 FTE positions.....	35,523,600
Average population	1,734
Charles E. Egeler correctional facility - Jackson—578.6 FTE positions	50,652,600
Average population	2,071
Gus Harrison correctional facility - Adrian—494.2 FTE positions.....	41,542,500
Average population	2,102
Macomb correctional facility - New Haven—325.5 FTE positions	26,339,800
Average population	1,228
Mound correctional facility - Detroit—311.5 FTE positions	25,000,300
Average population	1,051
Parnall correctional facility - Jackson—260.4 FTE positions.....	22,237,600
Average population	1,308
Ryan correctional facility - Detroit—305.9 FTE positions.....	25,851,600
Average population	1,059
Robert Scott correctional facility - Plymouth—332.5 FTE positions	26,758,500
Average population	884
Southern Michigan correctional facility - Jackson—418.8 FTE positions	33,508,500
Average population	1,481
Thumb correctional facility - Lapeer—374.8 FTE positions	30,765,300
Average population	1,479
Special alternative incarceration program - Cassidy Lake—129.0 FTE positions.....	10,467,000
Average population	400
Jackson area support and services - Jackson—97.0 FTE positions.....	<u>17,726,800</u>
GROSS APPROPRIATION	\$ 369,987,400
Appropriated from:	
Intradepartmental transfer revenues:	
IDT, production kitchen user fees	2,704,100
Federal revenues:	
DOJ, state criminal alien assistance program.....	926,200
Special revenue funds:	
Public works user fees	479,700
Resident stores	1,336,300
State general fund/general purpose	\$ 364,541,100
Sec. 111. SOUTHWESTERN REGION CORRECTIONAL FACILITIES	
Average population	17,698
Full-time equated classified positions	4,323.3
Bellamy Creek correctional facility - Ionia—503.1 FTE positions.....	\$ 40,749,800

	For Fiscal Year Ending Sept. 30, 2005
Average population	1,830
Earnest C. Brooks correctional facility - Muskegon—475.9 FTE positions	\$ 40,638,300
Average population	2,200
Carson City correctional facility - Carson City—527.4 FTE positions.....	44,075,600
Average population	2,200
Richard A. Handlon correctional facility- Ionia—254.2 FTE positions	22,306,400
Average population	1,320
Ionia maximum correctional facility - Ionia—322.8 FTE positions	26,115,400
Average population	667
Lakeland correctional facility - Coldwater—673.1 FTE positions.....	57,513,600
Average population	2,816
Muskegon correctional facility - Muskegon—259.4 FTE positions.....	23,196,200
Average population	1,310
Pine River correctional facility - St. Louis—214.4 FTE positions	17,809,800
Average population	960
Riverside correctional facility - Ionia—498.2 FTE positions	44,411,200
Average population	2,171
St. Louis correctional facility - St. Louis—594.8 FTE positions.....	48,145,500
Average population	2,224
GROSS APPROPRIATION	\$ 364,961,800
Appropriated from:	
Special revenue funds:	
Public works user fees	226,100
Resident stores	1,540,900
State general fund/general purpose	\$ 363,194,800
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 14,789,900
GROSS APPROPRIATION	\$ 14,789,900
Appropriated from:	
Special revenue funds:	
Correctional industries revolving fund	9,500
Parole and probation oversight fees set-aside.....	500,000
State general fund/general purpose	\$ 14,280,400

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 2004-2005 is \$1,774,236,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$88,507,700.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF CORRECTIONS

Field operations - assumption of county probation staff	\$ 40,605,000
Prosecutorial and detainer expenses.....	4,051,000
Public service work projects	9,920,600
Community corrections comprehensive plans and services	13,033,000
Community corrections probation residential centers.....	15,828,400
Community corrections public education and training	50,000
Felony drunk driver jail reduction and community treatment program.....	3,000,000
Alternatives to prison jail program.....	1,619,600
Alternatives to prison treatment program	400,000
Regional jail program	100
TOTAL	\$ 88,507,700

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) "DAG" means the United States department of agriculture.
- (b) "DAG - FNS" means the DAG food and nutrition service.

- (c) "DED" means the United States department of education.
- (d) "DED - OESE" means the DED office of elementary and secondary education.
- (e) "DED - OSERS" means the DED office of special education and rehabilitative services.
- (f) "DED - OVAE" means the DED office of vocational and adult education.
- (g) "Department" or "MDOC" means the Michigan department of corrections.
- (h) "DOJ" means the United States department of justice.
- (i) "DOJ - BOP" means the DOJ bureau of prisons.
- (j) "DOJ - OJP" means the DOJ office of justice programs.
- (k) "FTE" means full-time equated.
- (l) "IDG" means interdepartmental grant.
- (m) "IDT" means intradepartmental transfer.
- (n) "MDCH" means the Michigan department of community health.
- (o) "MDSP" means the Michigan department of state police.
- (p) "OCC" means office of community corrections.
- (q) "SSA" means the United States social security administration.
- (r) "SSA - SSI" means SSA supplemental security income.

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. 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 requirement 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 comparable quality American goods or services, or both, 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 quality.

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. (1) Pursuant to the provisions of civil service rules and regulations and applicable collective bargaining agreements, individuals seeking employment with the department shall submit to a controlled substance test. The test shall be administered by the department.

(2) Individuals seeking employment with the department who refuse to take a controlled substance test or who test positive for the illicit use of a controlled substance on such a test shall be denied employment.

Sec. 212. The department may charge fees and collect revenues in excess of appropriations in part 1 not to exceed the cost of offender services and programming, employee meals, parolee loans, academic/vocational services, custody escorts, compassionate visits, union steward activities, public work programs, and emergency services provided to units of government. The revenues and fees collected shall be appropriated for all expenses associated with these services and activities.

Sec. 213. Of the state general fund/general purpose revenue appropriated in part 1, \$600,827,200.00 represents a state spending increase over the amount provided to the department for the fiscal year ending September 30, 1994, and may be used to meet state match requirements of programs contained in the violent crime control and law enforcement act of 1994, Public Law 103-322, or successor grant programs, so that any additional federal funds received shall supplement funding provided to the department in part 1.

Sec. 214. The department shall provide quarterly reports on the Michigan youth correctional facility to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. The reports shall provide information relevant to an assessment of the safety and security of the institution, including, but not limited to, information on the number of critical incidents by type occurring at the facility, the number of custody staff at the facility, staff turnover rates, staff vacancy rates, overtime reports, prisoner grievances, and number and severity of assaults occurring at the facility. The reports also shall provide information on programming available at the facility and on program enrollments, including, but not limited to, academic/vocational programs, counseling programs, mental health treatment programs, substance abuse treatment programs, and cognitive restructuring programs.

Sec. 215. The department shall require the contract monitor for the Michigan youth correctional facility to provide a manual to each prisoner at intake that details programs and services available at the facility, the processes by which prisoner complaints and grievances can be pursued, and the identity of staff available at the facility to answer questions regarding the information in the manual. The contract monitor shall obtain written verification of receipt from each prisoner receiving the manual. The contract monitor also shall answer prisoner questions regarding facility programs, services, and grievance procedures.

Sec. 216. By February 15, 2005, the department shall provide the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with a report detailing nongeneral fund/general purpose sources of revenue, including, but not limited to, federal revenues, state restricted revenues, local and private revenues, offender reimbursements and other payments, revolving funds, and 1-time sources of revenue, whether or not such revenues were appropriated. The report shall include statements detailing for each account the total amount of revenue received during fiscal year 2003-2004, the amount by which the revenue exceeded any applicable appropriated fund source, the amount spent during fiscal year 2003-2004, the account balance at the close of fiscal year 2003-2004, and the projected revenues and expenditures for fiscal year 2004-2005.

Sec. 217. 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 departments and agencies and the department of information technology.

Sec. 218. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of corrections 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. 219. By October 15, 2004, the department shall report to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies a detailed plan of how the department will implement reductions in order to compensate for employment related savings. The report shall include, but not be limited to, the department's plan for banked leave, layoffs, program changes and eliminations, prisoner release, and facility closures.

Sec. 220. (1) The negative appropriation for transportation savings in part 1 shall be satisfied by savings realized from efficiencies in prisoner transportation in addition to those proposed by the department in the executive recommended budget for the fiscal year ending September 30, 2005.

(2) Appropriation authorization adjustments required to implement negative appropriations for transportation 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. 221. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

SUBSTANCE ABUSE TESTING AND TREATMENT

Sec. 301. (1) The department shall screen and assess each prisoner for alcohol and other drug involvement to determine the need for further treatment. The assessment process shall be designed to identify the severity of alcohol and other drug addiction and determine the treatment plan, if appropriate.

(2) Subject to the availability of funding resources, the department shall provide substance abuse treatment to prisoners with priority given to those prisoners who are most in need of treatment and who can best benefit from program intervention based on the screening and assessment provided under subsection (1).

Sec. 302. (1) In expending residential substance abuse treatment services funds appropriated by this act, the department shall ensure to the maximum extent possible that residential substance abuse treatment services are available statewide.

(2) It is the intent of the legislature that the funds appropriated in part 1 for substance abuse testing and treatment be fully expended for that purpose.

(3) By April 1, 2005, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the allocation, distribution, and expenditure of all funds appropriated by the substance abuse testing and treatment line item during fiscal year 2003-2004 and projected for fiscal year 2004-2005. The report shall include, but not be limited to, an explanation of an anticipated year-end balance, the number of participants in substance abuse programs, and the number of offenders on waiting lists for residential substance abuse programs. Information required by this subsection shall, where possible, be separated by MDOC administrative region and by offender type, including, but not limited to, a distinction between prisoners, parolees, and probationers.

EXECUTIVE

Sec. 401. The department shall submit 3-year and 5-year prison population projection updates by February 1, 2005 to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director.

Sec. 402. The department shall prepare by April 1, 2005 individual reports for the technical rule violator program, the community residential program, the electronic tether program, and the special alternative to incarceration program. The reports shall be submitted to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director. The reports shall include the following:

- (a) Monthly new participants.
- (b) Monthly participant unsuccessful terminations, including cause.
- (c) Number of successful terminations.
- (d) End month population by facility/program.
- (e) Average length of placement.
- (f) Return to prison statistics.
- (g) Description of program location(s), capacity, and staffing.
- (h) Sentencing guideline scores and actual sentence statistics for participants, if applicable.
- (i) Comparison with prior year statistics.
- (j) Analysis of the impact on prison admissions and jail utilization and the cost effectiveness of the program.

Sec. 403. From the funds appropriated in part 1, the department shall continue to maintain county jail services staff sufficient to enable the department to continue to fulfill its functions of providing technical support, inspections of county jails, and maintenance of the jail reimbursement program.

Sec. 404. The department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director by April 1, 2005 on the ratio of correctional officers to prisoners for each correctional institution, the ratio of shift command staff to line custody staff, and the ratio of noncustody institutional staff to prisoners for each correctional institution.

Sec. 405. (1) The department shall review and revise as necessary policy proposals that provide alternatives to prison for offenders being sentenced to prison as a result of technical probation violations and technical parole violations. To the extent the department has insufficient policies or resources to affect the continued increase in prison commitments among these offender populations, the department shall explore other policy options to allow for program alternatives, including department or OCC-funded programs, local level programs, and programs available through private agencies that may be used as prison alternatives for these offenders.

(2) To the extent policies or programs described in subsection (1) are used, developed, or contracted for, the department may request that funds appropriated in part 1 be transferred under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, for their operation.

(3) The department shall continue to utilize parole violator processing guidelines that require parole agents to utilize all available appropriate community-based, nonincarcerative postrelease sanctions and services when appropriate. The department shall periodically evaluate such guidelines for modification, in response to emerging information from the pilot projects for substance abuse treatment provided under this act and applicable provisions of prior budget acts for the department.

(4) By March 1, 2005, the department shall report to the senate and house appropriations subcommittees on corrections, senate and house fiscal agencies, and state budget director on the effect that any recommended policy changes for technical violators of parole and technical violators of probation would have on admission to prison and jail and the impact on other program alternatives.

Sec. 406. Funds included in part 1 for the sheriffs' coordinating and training office are appropriated for and may be expended to defray costs of continuing education, certification, recertification, decertification, and training of local corrections officers, the personnel and administrative costs of the sheriffs' coordinating and training office, the local corrections officers advisory board, and the sheriffs' coordinating and training council pursuant to the local corrections officers training act, 2003 PA 125, MCL 791.531 to 791.546.

ADMINISTRATION AND PROGRAMS

Sec. 501. From the funds appropriated in part 1 for prosecutorial and detainer expenses, the department shall reimburse counties for housing and custody of parole violators and offenders being returned by the department from community placement who are available for return to institutional status and for prisoners who volunteer for placement in a county jail.

FIELD OPERATIONS ADMINISTRATION

Sec. 601. From the funds appropriated in part 1, the department shall conduct a statewide caseload audit of field agents. The audit shall address public protection issues and assess the ability of the field agents to complete their professional duties. The results of the audit shall be submitted to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies, and the state budget office by September 30, 2005.

Sec. 602. (1) Of the amount appropriated in part 1 for field operations, a sufficient amount shall be allocated for the community service work program and shall be used for salaries and wages and fringe benefit costs of community service coordinators employed by the department to supervise offenders participating in work crew assignments. Funds shall also be used to cover motor transport division rates on state vehicles used to transport offenders to community service work project sites.

(2) The community service work program shall provide offenders with community service work of tangible benefit to a community while fulfilling court-ordered community service work sanctions and other postconviction obligations.

(3) As used in this section, "community service work" means work performed by an offender in an unpaid position with a nonprofit or tax-supported or government agency for a specified number of hours of work or service within a given time period.

Sec. 603. (1) All prisoners, probationers, and parolees involved with the electronic tether program shall reimburse the department for the equipment costs and telephone charges associated with their participation in the program. The department may require community service work reimbursement as a means of payment for those able-bodied individuals unable to pay for the cost of the equipment.

(2) Program participant contributions and local community tether program reimbursement for the electronic tether program appropriated in part 1 are related to program expenditures and may be used to offset expenditures for this purpose.

(3) Included in the appropriation in part 1 is adequate funding to implement the community tether program to be administered by the department. The community tether program is intended to provide sentencing judges and county sheriffs in coordination with local community corrections advisory boards access to the state's electronic tether program to reduce prison admissions and improve local jail utilization. The department shall determine the appropriate distribution of the tether units throughout the state based upon locally developed comprehensive corrections plans pursuant to the community corrections act, 1988 PA 511, MCL 791.401 to 791.414.

(4) For a fee determined by the department, the department shall provide counties with the tether equipment, replacement parts, administrative oversight of the equipment's operation, notification of violators, and periodic reports regarding county program participants. Counties are responsible for tether equipment installation and service. For an additional fee as determined by the department, the department shall provide staff to install and service the equipment. Counties are responsible for the coordination and apprehension of program violators.

(5) Any county with tether charges outstanding over 60 days shall be considered in violation of the community tether program agreement and lose access to the program.

Sec. 604. Community-placement prisoners and parolees shall reimburse the department for the operational costs of the program. As an alternative method of payment, the department may develop a community service work schedule for those individuals unable to meet reimbursement requirements established by the department.

Sec. 605. The department shall establish a uniform rate to be paid by agencies that benefit from public work services provided by special alternative incarceration participants and prisoners.

Sec. 606. (1) It is the intent of the legislature that the department shall conduct or contract for a study of parole and probation agent workloads. The study shall analyze agent workloads, caseloads, and responsibilities and provide recommendations for changes to workload computations and offender-agent workload or caseload ratios.

(2) By April 1, 2005, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the progress of the study, including information on study timelines, objectives, and methodology.

Sec. 607. It is the intent of the legislature that the department shall implement means by which parolees and probationers may timely contact their parole or probation agents, and develop procedures that preclude any necessity for an offender to have access to an agent's home telephone number or other personal information pertaining to the agent.

COMMUNITY CORRECTIONS

Sec. 701. The office of community corrections shall provide and coordinate the delivery and implementation of services in communities to facilitate successful offender reintegration into the community. Programs and services to be offered shall include, but are not limited to, technical assistance for comprehensive corrections plan development, new program start-up funding, program funding for those programs delivering services for eligible offenders in geographic areas identified by the office of community corrections as having a shortage of available services, technical assistance, referral services for education, employment services, and substance abuse and family counseling. As used in this act:

(a) "Alternative to incarceration in a state facility or jail" means a program that involves offenders who receive a sentencing disposition which appears to be in place of incarceration in a state correctional facility or jail based on historical local sentencing patterns or which amounts to a reduction in the length of sentence in a jail.

(b) "Goal" means the intended or projected result of a comprehensive corrections plan or community corrections program to reduce prison commitment rates, to reduce the length of stay in a jail, or to improve the utilization of a jail.

(c) "Jail" means a facility operated by a local unit of government for the physical detention and correction of persons charged with or convicted of criminal offenses.

(d) "Offender eligibility criteria" means particular criminal violations, state felony sentencing guidelines descriptors, and offender characteristics developed by advisory boards and approved by local units of government that identify the offenders suitable for community corrections programs funded through the office of community corrections.

(e) "Offender target population" means felons or misdemeanants who would likely be sentenced to imprisonment in a state correctional facility or jail, who would not increase the risk to the public safety, who have not demonstrated a pattern of violent behavior, and who do not have criminal records that indicate a pattern of violent offenses.

(f) "Offender who would likely be sentenced to imprisonment" means either of the following:

(i) A felon or misdemeanant who receives a sentencing disposition that appears to be in place of incarceration in a state correctional facility or jail, according to historical local sentencing patterns.

(ii) A currently incarcerated felon or misdemeanant who is granted early release from incarceration to a community corrections program or who is granted early release from incarceration as a result of a community corrections program.

Sec. 702. (1) The funds included in part 1 for community corrections comprehensive plans and services are to encourage the development through technical assistance grants, implementation, and operation of community corrections programs that serve as an alternative to incarceration in a state facility or jail. The comprehensive corrections plans shall include an explanation of how the public safety will be maintained, the goals for the local jurisdiction, offender target populations intended to be affected, offender eligibility criteria for purposes outlined in the plan, and how the plans will meet the following objectives, consistent with section 8(4) of the community corrections act, 1988 PA 511, MCL 791.408:

(a) Reduce admissions to prison of nonviolent offenders who would have otherwise received an active sentence, including probation violators.

(b) Improve the appropriate utilization of jail facilities, the first priority of which is to open jail beds intended to house otherwise prison-bound felons, and the second priority being to appropriately utilize jail beds so that jail crowding does not occur.

(c) Open jail beds through the increase of pretrial release options.

(d) Reduce the readmission to prison of parole violators.

(e) Reduce the admission or readmission to prison of offenders, including probation violators and parole violators, for substance abuse violations.

(2) The award of community corrections comprehensive plans and probation residential centers funds shall be based on criteria that include, but are not limited to, the prison commitment rate by category of offenders, trends in prison commitment rates and jail utilization, historical trends in community corrections program capacity and program utilization, and the projected impact and outcome of annual policies and procedures of programs on prison commitment rates and jail utilization.

(3) Funds awarded for probation residential centers in part 1 shall provide for a per diem reimbursement of not more than \$43.00.

Sec. 703. The comprehensive corrections plans shall also include, where appropriate, descriptive information on the full range of sanctions and services that are available and utilized within the local jurisdiction and an explanation of how jail beds, probation residential services, the special alternative incarceration program (boot camp), probation detention centers, the electronic monitoring program for probationers, and treatment and rehabilitative services will be utilized to support the objectives and priorities of the comprehensive corrections plan and the purposes and priorities of section 8(4) of the community corrections act, 1988 PA 511, MCL 791.408. The plans shall also include, where

appropriate, provisions that detail how the local communities plan to respond to sentencing guidelines found in chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69, and the use of the county jail reimbursement program pursuant to section 706 of this act. The state community corrections board shall encourage local community corrections boards to include in their comprehensive corrections plans strategies to collaborate with local alcohol and drug treatment agencies of the department of community health for the provision of alcohol and drug screening, assessment, case management planning, and delivery of treatment to alcohol- and drug-involved offenders, including, but not limited to, probation and parole violators who are at risk of revocation.

Sec. 704. (1) As part of the March biannual report specified in section 12(2) of the community corrections act, 1988 PA 511, MCL 791.412, which requires an analysis of the impact of that act on prison admissions and jail utilization, the department shall submit to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director the following information for each county and counties consolidated for comprehensive corrections plans:

(a) Approved technical assistance grants and comprehensive corrections plans including each program and level of funding, the utilization level of each program, and profile information of enrolled offenders.

(b) If federal funds are made available, the number of participants funded, the number served, the number successfully completing the program, and a summary of the program activity.

(c) Status of the community corrections information system and the jail population information system.

(d) Data on probation residential centers, including participant data, participant sentencing guideline scores, program expenditures, average length of stay, and bed utilization data.

(e) Offender disposition data by sentencing guideline range, by disposition type, number and percent statewide and by county, current year, and comparisons to prior 3 years.

(2) The report required under subsection (1) shall include the total funding allocated, program expenditures, required program data, and year-to-date totals.

Sec. 705. (1) The department shall identify and coordinate information regarding the availability of and the demand for community corrections programs, jail-based community corrections programs, and basic state-required jail data.

(2) The department shall be responsible for the collection, analysis, and reporting of state-required jail data.

(3) As a prerequisite to participation in the programs and services offered through the department, counties shall provide basic jail data to the department.

Sec. 706. (1) The department shall administer a county jail reimbursement program from the funds appropriated in part 1 for the purpose of reimbursing counties for housing in jails felons who otherwise would have been sentenced to prison.

(2) The county jail reimbursement program shall reimburse counties for housing and custody of convicted felons if the conviction was for a crime committed on or after January 1, 1999 and 1 of the following applies:

(a) The felon's sentencing guidelines recommended range upper limit is more than 18 months, the felon's sentencing guidelines recommended range lower limit is 12 months or less, the felon's prior record variable score is 35 or more points, and the felon's sentence is not for commission of a crime in crime class G or crime class H under chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69.

(b) The felon's minimum sentencing guidelines range minimum is more than 12 months.

(3) State reimbursement under this section for prisoner housing and custody expenses per diverted offender shall be \$43.50 per diem for up to a 1-year total.

(4) From the funds appropriated in part 1 for the county jail reimbursement program, the department shall contract for an ongoing study to determine the impact of the new legislative sentencing guidelines. The study shall analyze sentencing patterns of jurisdictions as well as future patterns in order to determine and quantify the population impact on prisons and jails of the new guidelines as well as to identify and define felon or crime characteristics or sentencing guidelines scores that indicate a felon is a prison diversion. The department shall contract for a local and statewide study for this purpose and provide periodic reports regarding the status and findings of the study to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director.

(5) The department, the Michigan association of counties, and the Michigan sheriffs' association shall review the periodic findings of the study required in subsection (4) and, if appropriate, recommend modification of the criteria for reimbursement contained in subsection (2). Any recommended modification shall be forwarded to the house and senate appropriations subcommittees on corrections and the state budget office.

(6) The department shall reimburse counties for offenders in jail based upon the reimbursement eligibility criteria in place on the date the offender was originally sentenced for the reimbursable offense.

(7) County jail reimbursement program expenditures shall not exceed the amount appropriated in part 1 for this purpose. Payments to counties under the county jail reimbursement program shall be made in the order in which properly documented requests for reimbursements are received. A request shall be considered to be properly documented if it meets MDOC requirements for documentation. The department shall by October 15, 2004 distribute the documentation requirements to all counties.

Sec. 707. (1) As a condition of receipt of the funds appropriated in part 1 for community corrections plans and services and probation residential centers, the department shall only award those funds requested under a properly prepared and approved comprehensive corrections plan submitted under section 8 of the community corrections act, 1988 PA 511, MCL 791.408, or directly applied for under section 10 of the community corrections act, 1988 PA 511, MCL 791.410.

(2) The department shall only halt funding for an entity funded under section 8 of the community corrections act, 1988 PA 511, MCL 791.408, in instances of substantial noncompliance during the period covered by the plan.

Sec. 708. (1) Funds included in part 1 for the felony drunk driver jail reduction and community treatment program are appropriated for and may be expended for any of the following purposes:

(a) To increase availability of treatment options to reduce drunk driving and drunk driving-related deaths by addressing the alcohol addiction of felony drunk drivers who otherwise likely would be sentenced to jail or a combination of jail and other sanctions.

(b) To divert from jail sentences or to reduce the length of jail sentences for felony drunk drivers who otherwise would have been sentenced to jail and whose recommended minimum sentence ranges under sentencing guidelines have upper limits of 18 months or less, through funding programs that may be used in lieu of incarceration and that increase the likelihood of rehabilitation.

(c) To provide a policy and funding framework to make additional jail space available for housing convicted felons whose recommended minimum sentence ranges under sentencing guidelines have lower limits of 12 months or less and who likely otherwise would be sentenced to prison, with the aim of enabling counties to meet or exceed amounts received through the county jail reimbursement program during fiscal year 2002-2003 and reducing the numbers of felons sentenced to prison.

(2) Expenditure of funds included in part 1 for the felony drunk driver jail reduction and community treatment program shall be by grant awards consistent with standards developed by a committee of the state community corrections advisory board. The chairperson of the committee shall be the board member representing county sheriffs. Remaining members of the committee shall be appointed by the chairperson of the board.

(3) In developing annual standards, the committee shall consult with interested agencies and associations. Standards developed by the committee shall include application criteria, performance objectives and measures, funding allocations, and allowable uses of the fund, consistent with the purposes specified in this section.

(4) Allowable uses of the fund shall include reimbursing counties for transportation, treatment costs, and housing felony drunk drivers during a period of assessment for treatment and case planning. Reimbursements for housing during the assessment process shall be at the rate of \$43.50 per day per offender, up to a maximum of 5 days per offender.

(5) The standards developed by the committee shall assign each county a maximum funding allocation based on the amount the county received under the county jail reimbursement program in fiscal year 2001-2002 for housing felony drunk drivers whose sentencing guidelines recommended minimum sentence ranges had upper limits of 18 months or less.

(6) Awards of funding under this section shall be provided consistent with the local comprehensive corrections plans developed under the community corrections act, 1988 PA 511, MCL 791.401 to 791.414. Funds awarded under this section may be used in conjunction with funds awarded under grant programs established under that act. Due to the need for felony drunk drivers to be transitioned from county jails to community treatment services, it is the intent of the legislature that local units of government utilize funds received under this section to support county sheriff departments.

(7) As used in this section, "felony drunk driver" means a felon convicted of operating a motor vehicle under the influence of intoxicating liquor or a controlled substance, or both, third or subsequent offense, under section 625(9)(c) of the Michigan vehicle code, 1949 PA 300, MCL 257.625, or its predecessor statute, punishable as a felony.

CONSENT DECREES

Sec. 801. Funding appropriated in part 1 for consent decree line items is appropriated into separate control accounts created for each line item. Funding in each control account shall be distributed as necessary into separate accounts created for the purpose of separately identifying costs and expenditures associated with each consent decree.

HEALTH CARE

Sec. 901. The department shall not expend funds appropriated under part 1 for any surgery, procedure, or treatment to provide or maintain a prisoner's sex change unless it is determined medically necessary by the chief medical officer of the department.

Sec. 902. (1) As a condition of expenditure of the funds appropriated in part 1, the department shall report to the senate and house appropriations subcommittees on corrections on January 1, 2005 and July 1, 2005 the status of payments from contractors to vendors for health care services provided to prisoners, as well as the status of the contracts, and an assessment of prisoner health care quality.

(2) It is the intent of the legislature that, in the interest of providing the most efficient and cost-effective delivery of health care, local health care providers shall be considered and given the opportunity to competitively bid as vendors under future managed care contracts.

Sec. 903. There are sufficient funds and FTEs appropriated in part 1 to provide a full complement of nurses for clinical complexes working regular pay hours and it is the intent of the legislature that sufficient nurses be hired or retained to limit the use of overtime other-than-holiday pay.

Sec. 904. From the funds allocated in part 1 for health care services, the department shall conduct a 1-year cost/benefit analysis of privatizing pharmacy services and shall report the findings of this 1-year cost/benefit analysis to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies not less than 120 days before any effort to privatize pharmacy services unless a report is completed prior to October 1, 2004.

Sec. 905. It is the intent of the legislature that, with the funds appropriated in part 1 for hospital and specialty care services, the department shall ensure that local providers of ambulance services to prisoners be reimbursed within 60 days of the filing of any uncontested claim for service.

Sec. 906. (1) The department shall identify and manage prisoners who abuse the availability of medical services by obtaining transportation to off-site medical care when unnecessary or reasonably avoidable. In doing this, the department shall, when appropriate, consult with off-site medical facilities on how to accomplish this goal.

(2) By April 1, 2005, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on its activities and progress in implementing this section.

Sec. 907. The bureau of health care services shall develop information on Hepatitis C prevention and the risks associated with exposure to Hepatitis C, and the health care providers shall disseminate this information verbally and in writing to each prisoner at the health screening and full health appraisal conducted at admissions, at the annual health care screening 1 week before or after a prisoner's birthday, and prior to release to the community by parole, transfer to community residential placement, or discharge on the maximum.

Sec. 908. From the funds appropriated in part 1, the department shall offer an alanine aminotransferase (ALT) test to each prisoner who has received positive parole action. An explanation of results of the test shall be provided confidentially to the prisoner prior to release on parole, and if appropriate based on the test results, the prisoner shall also be provided a recommendation to seek follow-up medical attention in the community. The test shall be voluntary; if the prisoner refuses to be tested, that decision shall not affect parole release, conditions of parole, or parole supervision.

Sec. 909. The department shall ensure that all medications for a prisoner be transported with that prisoner when the prisoner is transferred from 1 correctional facility to another.

Sec. 910. The department shall attempt to collect reimbursement from health insurance providers for the health care of prisoners who have retirement health insurance benefits. By April 1, 2005, the department shall provide the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with a status report on its efforts and the amount of reimbursement successfully collected.

INSTITUTIONAL OPERATIONS

Sec. 1001. As a condition of expenditure of the funds appropriated in part 1, the department shall ensure that smoking areas are designated for use by prisoners and staff at each facility. At a minimum, all outdoor areas within each facility's perimeter shall be designated for smoking, except that smoking may be forbidden within 20 feet of any building designated as nonsmoking or smoke-free.

Sec. 1002. From the funds appropriated in part 1, the department shall allocate sufficient funds to develop a pilot children's visitation program. The pilot program shall teach parenting skills and arrange for day visitation at these facilities for parents and their children, except for the families of prisoners convicted of a crime involving criminal sexual conduct in which the victim was less than 18 years of age or involving child abuse.

Sec. 1003. The department shall prohibit prisoners access to or use of the Internet or any similar system.

Sec. 1004. Any department employee who, in the course of his or her job, is determined by a physician to have had a potential exposure to the Hepatitis B virus, shall receive a Hepatitis B vaccination upon request.

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

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

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

Sec. 1009. By April 1, 2005, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on academic/vocational programs for the most recently completed appropriation year. The report shall provide information relevant to an assessment of the department's academic and vocational programs, including, but not limited to, the following:

- (a) The number of prisoners enrolled in each program, the number of prisoners completing each program, and the number of prisoners on waiting lists for each program.
- (b) The steps the department has undertaken to improve programs and reduce waiting lists.
- (c) An explanation of the value and purpose of each program, e.g., to improve employability, reduce recidivism, reduce prisoner idleness, or some combination of these and other factors.
- (d) An identification of program outcomes for each academic and vocational program.
- (e) An explanation of the department’s plans for academic and vocational programs.

Sec. 1010. (1) By February 1, 2005, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director, the percent of offenders included in the prison population intake for fiscal years 2002-2003 and 2003-2004 who have a high school diploma or a general educational development (G.E.D.) certificate.

(2) By February 1, 2005, the department shall provide the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with a statistical report on the efficacy of department-provided prison vocational education programs in reducing offender recidivism rates.

Sec. 1011. The department shall maintain the Michigan Braille transcribing service at its current location at the correctional complex located in Jackson at the site of the former state prison of southern Michigan.

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 corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2005; 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.

Alan L. Cropsey
Cameron Brown
Michael Prusi
Conferees for the Senate

Mike Pumford
Jack Brandenburg
Triette Reeves
Conferees for the House

Pending the order that, under joint rule 9, the conference report be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the conference report,

The first conference report was adopted, a majority of the members serving voting therefor, as follows:

Roll Call No. 608

Yeas—33

Allen	Clarke	Jacobs	Sanborn
Barcia	Cropsey	Jelinek	Schauer
Basham	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	Gilbert	Leland	Switalski
Brater	Goschka	McManus	Thomas
Brown	Hammerstrom	Olshove	Toy
Cassis	Hardiman	Prusi	Van Woerkom
Cherry			

Nays—2

George	Patterson
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Excused—3

Bernero

Clark-Coleman

Scott

Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor.

Senator Jelinek submitted the following:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 1069, entitled**

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 166a (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1701, 388.1704a, 388.1707, 388.1747, 388.1752, 388.1758b, and 388.1766a), sections 3, 6, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 101, 104a, 107, 147, and 166a as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, sections 11, 11b, and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, sections 21b and 152 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 94a as amended by 2003 PA 180, and section 158b as added by 1994 PA 283, and by adding section 146; and to repeal acts and parts of acts.

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 amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 20j, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 37, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 163 (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1620j, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 388.1637, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1701, 388.1704a, 388.1707, 388.1747, 388.1752, 388.1758b, and 388.1763), sections 3, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 104a, 107, and 147 as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, section 6 as amended by 2004 PA 227, section 11 as amended by 2004 PA 185, sections 11b and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, section 20j as amended by 2001 PA 121, sections 21b, 152, and 163 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 37 as amended by 2002 PA 191, section 94a as amended by 2003 PA 180, section 101 as amended by 2004 PA 127, and section 158b as added by 1994 PA 283, and by adding sections 22d, 32k, and 107b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

(5) "Department", except in sections ~~67, 68, 107, and 108~~, and **107b**, means the department of education.

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

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

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

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

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

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

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

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

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

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

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

(4) "Membership", except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of ~~8~~ **.75** times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of ~~2~~ **.25** times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) Pupils to be counted in membership shall be not less than 5 years of age on December 1 and less than 20 years of age on September 1 of the school year except a special education pupil who is enrolled and receiving instruction in a special education program or service approved by the department and not having a high school diploma who is less than 26 years of age as of September 1 of the current school year shall be counted in membership.

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

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

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

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

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

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

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

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

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

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

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

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

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

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

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

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

(x) For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of ~~.8~~ **.75** times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of ~~.2~~ **.25** times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent.

(y) If a district's membership for a particular fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils and the district has 4.5 or fewer pupils per square mile, as determined by the department, **and if the district does not receive funding under section 22d**, the district's membership shall be considered to be the membership figure calculated under this subdivision. If a district educates and counts in its membership pupils in grades 9 to 12 who reside in a contiguous district that does not operate grades 9 to 12 and if 1 or both of the affected

districts request the department to use the determination allowed under this sentence, the department shall include the square mileage of both districts in determining the number of pupils per square mile for each of the districts for the purposes of this subdivision. The membership figure calculated under this subdivision is the greater of the following:

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

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

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

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

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

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

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

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

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

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

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

(f) ~~(g)~~ A pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal sexual assault or other serious assault, if the official complaint either indicates that the assault occurred at school or that the assault was committed by 1 or more other pupils enrolled in the school the pupil would otherwise attend in the district of residence or by an employee of the district of residence. A person who intentionally makes a false report of a crime to law enforcement officials for the purposes of this subdivision is subject to section 411a of the Michigan penal code, 1931 PA 328, MCL 750.411a, which provides criminal penalties for that conduct. As used in this subdivision:

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

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

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

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

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

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

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

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

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

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

(j) ~~(l)~~ A pupil who is the child of a person who is employed by the district. As used in this subdivision, "child" includes an adopted child or legal ward.

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

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) "Pupils in grades K to 12 actually enrolled and in regular daily attendance" means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. A pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. In addition, a pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. Pupils not counted as 1.0 full-time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, "class" means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction is taking place.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 11. (1) ~~For the fiscal year ending September 30, 2004, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,962,387,100.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$377,800,000.00 from the general fund. For the fiscal year ending September 30, 2005, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,008,700,000.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$165,200,000.00 from the general fund.~~ In addition, available federal funds are appropriated for each of those fiscal years.

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

(3) If the maximum amount appropriated under this section from the state school aid fund and the school aid stabilization fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, **11j**, 22a, **26a**, 31d, 51a(2), ~~and 51a(12)~~, 51c, **53a**, and **56** shall be made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive the lesser of an amount equal to the 1994-95 foundation allowance of the district in which the district beginning operations after 1994-95 is located or \$5,500.00. The amount of the payment to be made under section 22b for these qualifying districts shall be as calculated under section 22a, with the balance of the payment under section 22b being subject to the proration otherwise provided under this subsection and subsection (4). ~~For any Subject to subsection (5), if proration is necessary after 2002-2003,~~ state payments under each of the other sections of this act from all state funding sources shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, **or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year,** the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

(4) ~~For any Subject to subsection (5), if proration is necessary, after 2002-2003,~~ the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:

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

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

(b) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(i) for districts by reducing payments to districts. This reduction shall be made by calculating an equal dollar amount per pupil as necessary to recover this percentage of the proration amount and reducing each district's total state school aid from state sources, other than payments under sections 11f, 11g, **11j**, 22a, **26a**, 31d, 51a(2), 51a(12), 51c, ~~and 53a, and 56,~~ by that amount.

(c) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(ii) for intermediate districts by reducing payments to intermediate districts. This reduction shall be made by reducing the payments to each intermediate district, other than payments under sections 11f, 11g, ~~22a, 31d, 26a,~~ 51a(2), 51a(12), ~~51c,~~ 53a, and 56, on an equal percentage basis.

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

(5) **Beginning in 2004-2005, if a district has an emergency financial manager in place under the local government fiscal responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, payments to that district are not subject to proration under this section.**

(6) ~~(5)~~ Except for the allocation under section 26a, any general fund allocations under this act that are not expended by the end of the state fiscal year are transferred to the state school aid fund. **If it is determined at the May 2005 revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, that there is additional school aid fund revenue beyond that determined at the May 2004 revenue estimating conference, then it is the intent of the legislature to enact legislation to fund, to the extent that revenues are available, the same programs in the same amount that were funded under section 81 in 2003 PA 236 and the same pupil membership formula as in effect under 2003 PA 236.**

Sec. 11b. From the general fund money appropriated in section 11, there is allocated for ~~2003-2004 2004-2005~~ the sum of ~~\$67,600,000.00~~ **\$3,700,000.00** for deposit into the school aid stabilization fund created in section 11a.

Sec. 11f. (1) From the appropriations under section 11, there is allocated for the purposes of this section an amount not to exceed \$32,000,000.00 for the fiscal year ending September 30, ~~2004 2005~~ and for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These allocations are for paying the amounts described in subsection (4) to districts and intermediate districts, other than those receiving a lump sum payment under subsection (2), that were not plaintiffs in the consolidated cases known

as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. The waiver resolution shall be in form and substance as required under subsection (7). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. The amounts described in this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

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

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

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

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

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

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

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

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

in the amount specified for the district (or intermediate district) in section 11h of the state school aid act of 1979, 1979 PA 94, MCL 388.1611h.

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

Now, therefore, be it resolved as follows:

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

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

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

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

Sec. 11g. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$141,000.00 each fiscal year for the fiscal year ending September 30, 2003, for the fiscal year ending September 30, 2004, and~~ for the fiscal year ending September 30, 2005. There is allocated an amount not to exceed ~~\$34,200,000.00~~ **\$35,000,000.00** for each succeeding fiscal year through the fiscal year ending September 30, 2013. Payments under this section will cease after September 30, 2013. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

(2) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in section 11f. This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district regarding these claims or potential claims.

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

(a) 1/30 of the total amount listed in section 11h for the district or intermediate district.

(b) If the district or intermediate district borrows money and issues bonds under section 11i, an additional amount in each fiscal year calculated by the department of treasury that, when added to the amount described in subdivision (a), will cause the net present value as of November 15, 1998 of the total of the 15 annual payments made to the district or intermediate district under this section, discounted at a rate as determined by the state treasurer, to equal the amount of the bonds issued by that district or intermediate district under section 11i and that will result in the total payments made to all districts and intermediate districts in each fiscal year under this section being no more than the amount appropriated under this section in each fiscal year.

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

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

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

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

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

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

Sec. 11j. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$28,300,000.00~~ **\$41,100,000.00** for ~~2003-2004~~ **2004-2005** for payments to the school loan bond redemption fund in the department of treasury **on behalf of districts and intermediate districts. Notwithstanding section 11 or any other provision of this act, funds allocated under this section are not subject to proration and shall be paid in full.**

Sec. 13. Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership and number of teachers and other professionals approved by the superintendent employed as of the pupil membership count day of each year and on the taxable value and the operating millage of each district for the calendar year. In addition, a district maintaining school during the entire year, as provided in section 1561 of the revised school code, MCL 380.1561, shall count memberships and ~~teachers~~ **educational personnel** pursuant to rules promulgated by the superintendent **and shall report to the center as required by state and federal law.**

Sec. 15. (1) If a district or intermediate district fails to receive its proper apportionment, the department, upon satisfactory proof that the district or intermediate district was entitled justly, shall apportion the deficiency in the ~~remaining apportionments~~ **next apportionment.** Subject to subsections (2) and (3), if a district or intermediate district has received more than its proper apportionment, the department, upon satisfactory proof, shall deduct the excess in the ~~remaining apportionments~~ **next apportionment.** Notwithstanding any other provision in this act, state aid overpayments to a district, other than overpayments in payments for special education or special education transportation, may be recovered from any payment made under this act other than a special education or special education transportation payment. State aid overpayments made in special education or special education transportation payments may be recovered from subsequent special education or special education transportation payments.

(2) If the result of an audit conducted by or for the department affects the current fiscal year membership, affected payments shall be adjusted in the current fiscal year. A deduction due to an adjustment made as a result of an audit conducted by or for the department, or as a result of information obtained by the department from the district, an intermediate district, the department of treasury, or the office of auditor general, shall be deducted from the district's apportionments within the next fiscal year after the fiscal year in which the adjustment is finalized. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 4 years for the adjustment if the district would otherwise experience a significant hardship.

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

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

Sec. 18a. Grant funds awarded and allotted to a district, ~~or~~ intermediate district, **or other entity**, unless otherwise specified in this act, shall be expended by the grant recipient before the end of the school fiscal year immediately following the fiscal year in which the funds are received. If a grant recipient does not expend the funds received under this act before the end of the fiscal year in which the funds are received, the grant recipient shall submit a report to the department not later than November 1 after the fiscal year in which the funds are received indicating whether it expects to expend those funds during the fiscal year in which the report is submitted. A recipient of a grant shall return any unexpended grant funds to the department in the manner prescribed by the department not later than September 30 after the fiscal year in which the funds are received.

Sec. 19. (1) A district shall comply with any requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990" that are not also required by the no child left behind act of 2001, Public Law 107-110, ~~415 Stat. 1425~~, as determined by the department.

(2) Each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the required implementation of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990".

(3) A district or intermediate district shall comply with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner prescribed by the center, shall be aggregated and disaggregated as required by state and federal law.

(4) Each district shall furnish to the center not later than 7 weeks after the pupil membership count day, in a manner prescribed by the center, the information necessary for the preparation of the district and high school graduation report. The center shall calculate an annual graduation and pupil dropout rate for each high school, each district, and this state, in compliance with nationally recognized standards for these calculations. The center shall report all graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than June 1 of each year.

(5) A district shall furnish to the center, in a manner prescribed by the center, information related to educational personnel as necessary for reporting required by state and federal law.

(6) A district shall furnish to the center, in a manner prescribed by the center, information related to safety practices and criminal incidents as necessary for reporting required by state and federal law.

(7) ~~(6)~~ If a district or intermediate district fails to meet the requirements of subsection (2), (3), (4), ~~or (5), or (6)~~, the department shall withhold 5% of the total funds for which the district or intermediate district qualifies under this act until the district or intermediate district complies with all of those subsections. If the district or intermediate district does not comply with all of those subsections by the end of the fiscal year, the department shall place the amount withheld in an escrow account until the district or intermediate district complies with all of those subsections.

~~(7) If a school in a district is not accredited under section 1280 of the revised school code, MCL 380.1280, or is not making satisfactory progress toward meeting the standards for that accreditation, the department shall withhold 5% of the total funds for which the district qualifies under this act that are attributable to pupils attending that school. The department shall place the amount withheld from a district under this subsection in an escrow account and shall not release the funds to the district until the district submits to the department a plan for achieving accreditation for each of the district's schools that are not accredited under section 1280 of the revised school code, MCL 380.1280, or are not making satisfactory progress toward meeting the standards for that accreditation.~~

(8) Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the federal no child left behind act of 2001, Public Law 107-110, ~~115 Stat. 1425~~, the department shall allow a school or district to appeal that determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

Sec. 20. (1) For ~~2002-2003 and for 2003-2004~~ **and for 2004-2005**, the basic foundation allowance is \$6,700.00 per membership pupil.

(2) The amount of each district's foundation allowance shall be calculated as provided in this section, using a basic foundation allowance in the amount specified in subsection (1).

(3) Except as otherwise provided in this section, the amount of a district's foundation allowance shall be calculated as follows, using in all calculations the total amount of the district's foundation allowance as calculated before any proration:

(a) Except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance. However, for 2002-2003, the foundation allowance for a district under this subdivision is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus \$200.00.

(b) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of \$200.00 or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b.

(c) For a district that has a foundation allowance that is not a whole dollar amount, the district's foundation allowance shall be rounded up to the nearest whole dollar.

(d) For a district that received a payment under former section 22c for 2001-2002, the district's 2001-2002 foundation allowance shall be considered to have been an amount equal to the sum of the district's actual 2001-2002 foundation allowance as otherwise calculated under this section plus the per pupil amount of the district's equity payment for 2001-2002 under former section 22c.

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district described in subsection (3)(b), the state portion of the district's foundation allowance is an amount equal to \$6,962.00 plus the difference between the district's foundation allowance for the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. The \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

(5) The allocation calculated under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for **a pupil enrolled in a district other than the pupil's district of residence, if the foundation allowance of the pupil's district of residence has been adjusted pursuant to subsection (19), the allocation calculated under this section shall not include the adjustment described in subsection (19).** For a pupil enrolled pursuant to section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation calculated under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

(6) Subject to subsection (7) and section 22b(3) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or the sum of the basic foundation allowance under subsection (1) plus \$300.00, whichever is less. Notwithstanding section 101(2), for a public school academy that begins operations ~~in 2002-2003 or 2003-2004, as applicable,~~ after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

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

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a principal residence and qualified agricultural property are exempt and not to levy school operating taxes on a principal residence and qualified agricultural property as provided in section 1211(1) of the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is calculated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental amount in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a principal residence and qualified agricultural property at the rate authorized for the district under section 1211(1) of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. If in the calendar year ending in the fiscal year a district does not levy 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a principal residence or qualified agricultural property, the amount calculated under this subsection will be reduced by the same percentage as the millage actually levied compares to the 18 mills or the number of mills levied in 1993, whichever is less.

(10) Subject to subsection (4), for a district that is formed or reconfigured after June 1, 2002 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district who reside in the geographic area of each of the original or affected districts. **The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).**

(11) Each fraction used in making calculations under this section shall be rounded to the fourth decimal place and the dollar amount of an increase in the basic foundation allowance shall be rounded to the nearest whole dollar.

(12) State payments related to payment of the foundation allowance for a special education pupil are not calculated under this section but are instead calculated under section 51a.

(13) To assist the legislature in determining the basic foundation allowance for the subsequent state fiscal year, each revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, shall calculate a pupil membership factor, a revenue adjustment factor, and an index as follows:

(a) The pupil membership factor shall be computed by dividing the estimated membership in the school year ending in the current state fiscal year, excluding intermediate district membership, by the estimated membership for the school year ending in the subsequent state fiscal year, excluding intermediate district membership. If a consensus membership factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for ~~2003-2004 only~~ **2004-2005**, the index shall be 1.00. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(14) If the principals at the revenue estimating conference reach a consensus on the index described in subsection (13)(c), the basic foundation allowance for the subsequent state fiscal year shall be at least the amount of that consensus index multiplied by the basic foundation allowance specified in subsection (1).

(15) If at the January revenue estimating conference it is estimated that pupil membership, excluding intermediate district membership, for the subsequent state fiscal year will be greater than 101% of the pupil membership, excluding intermediate district membership, for the current state fiscal year, then it is the intent of the legislature that the executive budget proposal for the school aid budget for the subsequent state fiscal year include a general fund/general purpose allocation sufficient to support the membership in excess of 101% of the current year pupil membership.

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed \$6,500.00 as adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department.

(17) For a district in which 7.75 mills levied in 1992 for school operating purposes in the 1992-93 school year were not renewed in 1993 for school operating purposes in the 1993-94 school year, the district's combined state and local revenue per membership pupil shall be recalculated as if that millage reduction did not occur and the district's foundation allowance shall be calculated as if its 1994-95 foundation allowance had been calculated using that recalculated 1993-94 combined state and local revenue per membership pupil as a base. A district is not entitled to any retroactive payments for fiscal years before 2000-2001 due to this subsection.

(18) For a district in which an industrial facilities exemption certificate that abated taxes on property with a state equalized valuation greater than the total state equalized valuation of the district at the time the certificate was issued or \$700,000,000.00, whichever is greater, was issued under 1974 PA 198, MCL 207.551 to 207.572, before the calculation of the district's 1994-95 foundation allowance, the district's foundation allowance for 2002-2003 is an amount equal to the sum of the district's foundation allowance for 2002-2003, as otherwise calculated under this section, plus \$250.00.

(19) For a district that received a grant under former section 32e for 2001-2002, ~~the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the district's membership for 2001-2002, and~~ **the district's foundation allowance for 2003-2004 2002-2003 and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of 100% of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the number of pupils in the district's membership for 2001-2002 who were residents of and enrolled in the district.** Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes allowable under former section 32e as in effect for 2001-2002. For an individual school or schools operated by a district qualifying for a foundation allowance under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, ~~115 Stat. 1425,~~ in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(20) For a district that is a qualifying school district with a school reform board in place under part 5a of the revised school code, MCL 380.371 to 380.376, the district's foundation allowance for 2002-2003 shall be adjusted to be an

amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of \$15,000,000.00 divided by the district's membership for 2002-2003. If a district ceases to meet the requirements of this subsection, the department shall adjust the district's foundation allowance in effect at that time based on a 2002-2003 foundation allowance for the district that does not include the 2002-2003 adjustment under this subsection.

(21) Payments to districts, university schools, or public school academies shall not be made under this section. Rather, the calculations under this section shall be used to determine the amount of state payments under section 22b.

(22) If an amendment to section 2 of article VIII of the state constitution of 1963 allowing state aid to some or all nonpublic schools is approved by the voters of this state, each foundation allowance or per pupil payment calculation under this section may be reduced.

(23) As used in this section:

(a) "Combined state and local revenue" means the aggregate of the district's state school aid received by or paid on behalf of the district under this section and the district's local school operating revenue.

(b) "Combined state and local revenue per membership pupil" means the district's combined state and local revenue divided by the district's membership excluding special education pupils.

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

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

(e) "Local school operating revenue" means school operating taxes levied under section 1211 of the revised school code, MCL 380.1211.

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

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

(h) "Principal residence" and "qualified agricultural property" mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd.

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

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

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

Sec. 20j. (1) Foundation allowance supplemental payments **for 2004-2005** to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

(2) The per pupil allocation to each district under this section shall be the difference between the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year in the basic foundation allowance minus the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year in the district's foundation allowance.

(3) If a district's local revenue per pupil does not exceed the sum of its foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the per pupil allocation under subsection (2) multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the foundation allowance under section 20 but does not exceed the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the difference between the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2) minus the local revenue per pupil multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made and used to determine the amount of state payments under section 22b.

Sec. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under ~~section 20 or, beginning in 2000-2001, under~~ section 22a or 22b to support the attendance of a district pupil at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913.**

(2) To the extent required under subsection (3), a district shall pay tuition and mandatory course fees, material fees, and registration fees required by an eligible postsecondary institution for enrollment in an eligible course. A district also shall pay any late fees charged by an eligible postsecondary institution due to the district's failure to make a required payment according to the timetable prescribed by the postsecondary enrollment options act, 1996 PA 160,

MCL 388.511 to 388.524, or the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**. A district is not required to pay transportation costs, parking costs, or activity fees.

(3) A district shall pay to the eligible postsecondary institution on behalf of an eligible student an amount equal to the lesser of the amount of the eligible charges described in subsection (2) or the prorated percentage of the state portion of the foundation allowance paid or calculated, as applicable, on behalf of that eligible student under section 20, with the proration based on the proportion of the school year that the eligible student attends the postsecondary institution. A district may pay more money to an eligible postsecondary institution on behalf of an eligible student than required under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**, and may use local school operating revenue for that purpose. An eligible student is responsible for payment of the remainder of the costs associated with his or her postsecondary enrollment that exceed the amount the district is required to pay under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**, and that are not paid by the district. As used in this subsection, "local school operating revenue" means that term as defined in section 20.

(4) As used in this section, "eligible course", "eligible student", and "eligible postsecondary institution" mean those terms as defined in section 3 of the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3 of the career and technical preparation act, **2000 PA 258, MCL 388.1903**, as applicable.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$6,816,000,000.00~~ **\$6,765,300,000.00** for 2003-2004 **and an amount not to exceed \$6,678,977,800.00 for 2004-2005** for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

(2) To ensure that a district receives an amount equal to the district's 1994-95 total state and local per pupil revenue for school operating purposes, there is allocated to each district a state portion of the district's 1994-95 foundation allowance in an amount calculated as follows:

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

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

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

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

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

(6) As used in this section:

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

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

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

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

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

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

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

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

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

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

(k) "Taxable value per membership pupil" means each of the following divided by the district's membership:

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

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

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$2,881,000,000.00 for 2003-2004~~ **\$2,910,300,000.00 for 2004-2005** for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

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

(4) From the allocation in subsection (1), the department shall ~~expend funds to pay for necessary costs associated with resolving matters pending in federal court impacting payments to districts, including, but not limited to, expert witness fees. Beginning in 2001-2002, from the allocation in subsection (1), the department shall also~~ pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

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

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

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

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

(9) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state during 2001-2002, 2002-2003, or 2003-2004, 50% of the amount allocated in subsection (1) not previously paid out for 2002-2003, 2003-2004, and each succeeding fiscal year is a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the social security act, ~~chapter 531, 49 Stat. 620, 42 U.S.C. USC 1396 to 1396r-6 and 1396r-8 to 1396v.~~

Sec. 22d. (1) From the amount allocated under section 22b, an amount not to exceed \$750,000.00 is allocated for additional payments to small, geographically isolated districts under this section.

(2) To be eligible for a payment under this section, a district shall meet all of the following:

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

(c) Each school building operated by the district meets at least 1 of the following:

(i) Is located in the Upper Peninsula at least 30 miles from any other public school building.

(ii) Is located on an island that is not accessible by bridge.

(3) The amount of the additional funding to each eligible district under this section shall be determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan shall be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each eligible district, and develop and agree on a spending plan that distributes the available funding under this section to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under this section and shall be paid to the eligible districts in the same manner as payments under section 22b.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated ~~each fiscal year for 2002-2003, and for 2003-2004 for 2004-2005~~ to the educating district or intermediate district an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency ~~or the department of consumer and industry services~~ and approved by the department to provide an on-grounds education program. The total amount to be paid under this section for added cost shall not exceed ~~\$8,900,000.00 for 2002-2003 and~~ \$8,000,000.00 ~~for 2003-2004~~ **2004-2005. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child**

caring institution. Costs reimbursed by federal funds are not included. For ~~2003-2004 only~~ **a particular fiscal year**, for an on-grounds education program or a program located on property adjacent to a juvenile detention facility or child caring institution that was not in existence at the time the allocations under this section were approved, the department shall give approval for only that portion of the educating district's or intermediate district's total costs that will not prevent the allocated amounts under this section from first being applied to 100% of the added cost of the programs that were in existence at the time the preliminary allocations under this section were approved **for that fiscal year**.

(2) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.

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

~~(4) The department shall appoint a committee to study and make recommendations concerning issues related to the education of pupils under this section, including, but not limited to, pupil counts, cost controls, and the number and type of eligible programs under this section. The committee may include, but is not limited to, appointees from 1 or more adjudicated youth educators associations, the house fiscal agency, the senate fiscal agency, the department of management and budget, the family independence agency, the department of corrections, the court system, and the department. Not later than May 15, 2004, the committee shall submit its recommendations to the house and senate appropriations subcommittees responsible for this act and to the department of management and budget.~~

Sec. 26. A district or intermediate district receiving money pursuant to 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, shall have its funds received under section ~~20~~ **22b**, 56, or 62 reduced by an amount equal to the added local money.

Sec. 26a. From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$29,960,000.00 for 2003-2004~~ **\$36,200,000.00 for 2004-2005** to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2003~~ **2004** or for payments to districts as reimbursement for interest paid as a result of property tax refunds. ~~This reimbursement shall be made by adjusting payments under section 22a to eligible districts, adjusting payments under section 56, 62, or 81 to eligible intermediate districts, and adjusting the state school aid fund. The adjustments allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.~~

Sec. 31a. (1) From the ~~state school aid fund~~ money appropriated in section 11, there is allocated for ~~2003-2004~~ **2004-2005** an amount not to exceed \$314,200,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (12), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, ~~chapter 281, 60 Stat. 230, 42 U.S.C. USC 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769e, and 1769f to 1769h~~, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

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

(a) The sum of the district's or public school academy's combined state and local revenue per membership pupil in the current state fiscal year, as calculated under section 20, plus the amount of the district's per pupil allocation under section 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, minus \$200.00.

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

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later

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

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

(5) Except as otherwise provided in subsection (11), a district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the revised school code, MCL 380.1272a, shall use from the funds received under this section an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school breakfast program.

(6) From the funds allocated under subsection (1), there is allocated ~~beginning with 2003-2004~~ **for 2004-2005** an amount not to exceed \$3,743,000.00 to support teen health centers. These grants shall be awarded for 3 consecutive years beginning with 2003-2004 in a form and manner approved jointly by the department and the department of community health. Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 3-year period after the noncompliance. **Beginning in 2004-2005, to continue to receive funding for a teen health center under this section a grant recipient shall ensure that the teen health center has an advisory committee and that at least one-third of the members of the advisory committee are parents or legal guardians of school-aged children. A teen health center program shall recognize the role of a child's parents or legal guardian in the physical and emotional well-being of the child.** If any funds allocated under this subsection are not used for the purposes of this subsection for the fiscal year in which they are allocated, those unused funds shall be used that fiscal year to avoid or minimize any proration that would otherwise be required under subsection (12) for that fiscal year.

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

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

(9) Subject to subsections (5), (6), and (11), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsections (5), (6), and (11), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 30% of the total number of pupils enrolled in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

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

(11) For an individual school or schools operated by a district or public school academy receiving funds under this section that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, ~~115 Stat. 1425~~, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or public school academy may submit to the department an application for flexibility in using the funds received under this section that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to benefit at-risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to benefit at-risk pupils in the school. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

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

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

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

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

~~the pupil have been received.~~ For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language ~~, communication skills, arts~~ or mathematics.

Sec. 31d. (1) From the appropriations in section 11, there is allocated an amount not to exceed ~~\$18,315,000.00 for 2002-2003 and an amount not to exceed \$21,300,000.00 for 2003-2004~~ **\$21,095,100.00 for 2004-2005** for the purpose of making payments to districts and other eligible entities under this section.

(2) The amounts allocated from state sources under this section shall be used to pay the amount necessary to reimburse districts for 6.0127% of the necessary costs of the state mandated portion of the school lunch programs provided by those districts. The amount due to each district under this section shall be computed by the department using the methods of calculation adopted by the Michigan supreme court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

(3) The payments made under this section include all state payments made to districts so that each district receives at least 6.0127% of the necessary costs of operating the state mandated portion of the school lunch program in a fiscal year.

(4) The payments made under this section to districts and other eligible entities that are not required under section 1272a of the revised school code, MCL 380.1272a, to provide a school lunch program shall be in an amount not to exceed \$10.00 per **eligible** pupil plus 5 cents for each free lunch and 2 cents for each reduced price lunch provided, as determined by the department.

(5) From the federal funds appropriated in section 11, there is allocated for ~~2003-2004~~ **2004-2005** all available federal funding, estimated at ~~\$272,125,000.00~~ **\$286,494,000.00**, for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

(6) Notwithstanding section 17b, payments to eligible entities other than districts under this section shall be paid on a schedule determined by the department.

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$250,000.00 for ~~2003-2004~~ **2004-2005** to the department for grants for community-based collaborative prevention services designed to **promote marriage and** foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

(2) The funds allocated under subsection (1) shall be distributed through a joint request for proposals process established by the department in conjunction with the children's trust fund and the state's interagency systems reform workgroup. Projects funded with grants awarded under this section shall meet all of the following:

(a) Be secondary prevention initiatives and voluntary to consumers. This appropriation is not intended to serve the needs of children for whom and families in which neglect or abuse has been substantiated.

(b) Demonstrate that the planned services are part of a community's integrated comprehensive family support strategy endorsed by the local multi-purpose collaborative body.

(c) Provide a 25% local match, of which not more than 10% may be in-kind services, unless this requirement is waived by the interagency systems reform workgroup.

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

(4) Not later than January 30 of the next fiscal year, the department shall prepare and submit to the governor and the legislature an annual report of outcomes achieved by the providers of the community-based collaborative prevention services funded under this section for a fiscal year.

Sec. 32d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed \$72,600,000.00 for ~~2003-2004~~ **2004-2005** for school readiness or preschool and parenting program grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, ~~Public Law 89-10, 108 Stat. 3519, 20 U.S.C. 20 USC 6301 to 6304, 6311 to 6339, 6361 to 6368, 6371 to 6376, 6381 to 6383, 6391 to 6399, 6421 to 6472, 6491 to 6494, 6511 to 6518, 6531 to 6537, 6551 to 6561, and 6571 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 89-10, 102 Stat. 140 100-297, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 42 USC 9831 to 9835, 9836 to 9844, 9846, and 9848 to 9852~~ **9852a**, comprehensive compensatory programs designed to do 1 or both of the following:

(a) Improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988.

(b) Provide preschool and parenting education programs similar to those under former section 32b as in effect for 2001-2002.

(2) A comprehensive compensatory program funded under this section may include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

(3) In addition to the allocation under subsection (1), from the general fund money allocated under section 11, there is allocated an amount not to exceed \$200,000.00 for 2003-2004 for the purposes of subsection (4). ~~(4) From the general fund allocation in subsection (3), there is allocated for 2003-2004 an amount not to exceed \$200,000.00~~ **2004-2005** for a competitive grant to continue a longitudinal evaluation of children who have participated in the Michigan school readiness program.

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

(5) ~~(6)~~ A grant recipient receiving funds under this section shall report to the department no later than October 15 of each year the number of children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g) and the total number of children participating in the program. For children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g), grant recipients shall also report whether or not a parent is available to provide care based on employment status. For the purposes of this subsection, "employment status" shall be defined by the family independence agency in a manner consistent with maximizing the amount of spending that may be claimed for temporary assistance for needy families maintenance of effort purposes.

Sec. 32f. (1) ~~From the state school aid fund allocation under section 32a(1), there is allocated for 2001-2002 an amount not to exceed \$45,000,000.00 and for 2002-2003 and 2003-2004 \$0.00, for grants under this section. From the general fund allocation under section 32a(1), there is allocated each fiscal year for 2001-2002, 2002-2003, and 2003-2004 \$0.00 for the purposes of subsection (3).~~

(2) ~~From the allocation in subsection (1), there is allocated for 2001-2002 an amount not to exceed \$2,000,000.00 and for 2002-2003 and 2003-2004 \$0.00, for providing grants to the 8 regional literacy centers for the purposes of expanding training programs for trainers and teachers in the use of strategies for reading instruction and assessment, including the Michigan literacy progress profile.~~

(3) ~~From the general fund allocation in subsection (1), there is allocated to the department \$0.00 each fiscal year for 2001-2002, 2002-2003, and 2003-2004 for the development and dissemination of~~ **In collaboration with central Michigan university, the department shall develop and disseminate** read, educate, and develop youth (**READY**) (**R.E.A.D.Y.**) kits to parents of preschool and kindergarten children to provide these parents with information about how they can prepare their children for reading success.

(4) ~~From the general fund allocation in subsection (1), there is allocated to the department each fiscal year for 2001-2002, 2002-2003, and 2003-2004 \$0.00 for the grant review process and grant administration under this section.~~

(5) ~~Except as otherwise provided in subsection (17), to be eligible for a grant under this section, a district must have had at least 1,500 pupils in membership in 1998-99, and the number of pupils in the district that have been determined to have a specific learning disability according to R 340.1713 of the Michigan administrative code, as determined in the December 1, 1998 head count required under the individuals with disabilities education act, title VI of Public Law 91-230, must equal or exceed 5% of the district's membership. In addition, a district is eligible for a grant under this section if the district had at least 1,500 pupils in membership in 1998-99 and if not more than 41% of the district's pupils who took the spring 1999 fourth grade MEAP reading test achieved a score of at least satisfactory. Except as otherwise provided in subsection (17), for a public school academy to be eligible for a grant under this section, the public school academy must be located in a district that is eligible under this subsection.~~

(6) ~~From the allocation in subsection (1), there is allocated for 2001-2002 an amount not to exceed \$43,000,000.00 and for 2002-2003 and 2003-2004 \$0.00, for competitive grants to eligible districts, to intermediate districts, and to public school academies located within eligible districts for reading improvements programs for pupils in grades K to 4, reading disorders and reading methods programs, mentoring programs, language and literacy outreach programs, or cognitive development programs. For 2001-2002, grants under this subsection shall be paid to grant recipients in the same proportion of the total allocation under this subsection as for 2000-2001. If the legislature enacts legislation authorizing the appropriation of federal funds for reading improvement programs for 2001-2002, for 2002-2003, or for 2003-2004, then it is the intent of the legislature that these funds be used to the extent possible for the purposes of this subsection. Federal funds received for reading improvement programs that can be used for substantially similar purposes as described under this section shall be first expended for the purposes of this subsection before funds appropriated from the state school aid fund allocated under this subsection, and the expenditure of funds under this subsection from the state school aid fund shall be reduced by an amount equal to the amount of the expenditure of federal funds under this subsection. If any conflict exists between federal reading program guidelines and this section, federal law will control.~~

(7) ~~Except as otherwise provided in subsection (17), to qualify for funding under this section, a proposed reading improvement program must meet all of the following:~~

(a) ~~The program shall include assessment of reading skills of pupils in grades K to 4 to identify those pupils who are reading below grade level and must provide special reading assistance for these pupils.~~

~~(b) The program shall be a research-based, validated, structured reading program.~~

~~(c) The program shall include continuous assessment of pupils and individualized education plans for pupils.~~

~~(d) The program shall align learning resources to state standards.~~

~~(e) For each school building receiving funding under this section for a reading improvement program, the program shall serve at least 25% of pupils who are identified as at risk, as determined by the Michigan literacy progress profile, of reading failure, and the amount of the grant shall not exceed \$85,000.00 per school building annually.~~

~~(8) Funds allocated for programs described in subsection (7) may be used to reimburse grant recipients for funds paid by districts for up to 1/2 of the salaries and benefits for each teacher trained and certified to provide a reading improvement program.~~

~~(9) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed mentoring program must be a research-based, validated program or a statewide 1 to 1 mentoring program to enhance the independence and life quality of pupils who are mentally impaired by providing opportunities for mentoring and integrated employment.~~

~~(10) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed cognitive development program must be a research-based, validated educational service program, focused on assessing and building essential cognitive and perceptual learning abilities to strengthen pupil concentration and learning.~~

~~(11) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed structured mentoring tutorial reading program for preschool to grade 4 pupils must be a research based, validated program that develops individualized instructional plans based on each pupil's age, assessed needs, reading level, interests, and learning style.~~

~~(12) A program receiving funding under this section may be conducted outside of regular school hours or outside the regular school calendar.~~

~~(13) To compete for a grant under this section, an applicant shall apply to the superintendent in the form and manner prescribed by the superintendent. The department shall make applications available for this purpose. An applicant shall include in its application a projected budget for the programs. The grant recipient shall provide at least a 20% local match from local public or private resources for the funds received under this section. Not more than 1/2 of this matching requirement, up to a total of 10% of the total project budget, may be satisfied through in kind services provided by participating providers of programs or services. In addition, not more than 10% of the grant may be used for program administration.~~

~~(14) The superintendent shall approve or disapprove applications and notify the applicant of that decision. Priority in awarding grants shall be given to programs that focus on accelerating student achievement on a cost-effective basis, reducing the number of pupils requiring special education programs and services, and improving pupil scores on standardized tests and assessments.~~

~~(15) A grant recipient receiving funds under this section shall report to the department, in the form and manner prescribed by the department, on the results achieved by the program. At a minimum, the grant recipient shall report to the department by October 15 regarding the program's impact on reducing the number of pupils requiring special education programs and services and on improving pupil scores on standardized tests and assessments, and information on the costs and benefits per unit of pupil improvement. In addition, the report shall state the number of pupils eligible for free or reduced price school lunch who received services under the program and the total number of pupils who received services under the program. Not later than November 15 of each fiscal year, the department shall submit a report to the legislature, the state budget director, and the senate and house fiscal agencies detailing the results of the programs. It is the intent of the legislature that further funding for the programs under this section will reflect the results achieved in these programs.~~

~~(16) Notwithstanding section 17b, payments under this section shall be paid on a schedule determined by the department.~~

~~(17) For a district or public school academy awarded a grant under former section 32, the determination of whether the district or public school academy is eligible for a grant under this section may be made according to the eligibility standards in effect under former section 32. Further, the district or public school academy may continue to use the grant proceeds for any use permissible under this section or former section 32 as in effect at the time the district or public school academy was awarded the grant.~~

~~(18) If the maximum amount appropriated under this section exceeds the amount necessary to fully fund allocations under this section, that excess amount shall not be expended in that state fiscal year but shall instead be carried forward to the succeeding fiscal year and added to any funds appropriated for that fiscal year for expenditure in that fiscal year.~~

~~(19) A district that received funding for 1999-2000 under former section 32 shall receive funding under this section for 2001-2002.~~

~~(20) A district or intermediate district receiving funds under this section may carry over any unexpended funds received under this section to subsequent fiscal years and may expend those unused funds in subsequent fiscal years.~~

Sec. 32j. (1) From the ~~appropriation allocation~~ in section ~~11~~ **81**, there is allocated an amount not to exceed \$3,326,000.00 for ~~2003-2004~~ **2004-2005** for **great parents, great start** grants to intermediate districts to provide programs for parents with preschool children. The purpose of these programs is to **encourage early literacy**, improve school readiness, **reduce the need for special education services**, and foster the maintenance of stable families by encouraging positive parenting skills.

(2) To qualify for funding under this section, a program shall provide services to all families with children age 5 or younger residing within the intermediate district who choose to participate, including at least all of the following services:

- (a) Providing parents with information on child development from birth to age 5.
- (b) Providing parents with methods to enhance parent-child interaction; including, but not limited to, encouraging parents to read to their preschool children at least 1/2 hour per day.
- (c) Providing parents with examples of learning opportunities to promote intellectual, physical, and social growth of preschoolers.
- (d) Promoting access to needed community services through a community-school-home partnership.

(e) Promoting marriage.

(3) To ~~compete for~~ **receive** a grant under this section, an intermediate district shall **apply submit a plan** to the department not later than October 1, ~~2003~~ **2004** in the form and manner prescribed by the department. ~~To be considered for a grant under this section, a grant application~~ **The plan** shall do all of the following in a manner prescribed by the department:

(a) Provide a plan for the delivery of the program components described in subsection (2) **that provides for educators trained in child development to help parents understand their role in their child's developmental process, thereby promoting school readiness and mitigating the need for special education services.**

(b) Demonstrate an adequate collaboration of local entities involved in providing programs and services for preschool children and their parents.

(c) Provide a projected budget for the program to be funded. The intermediate district shall provide at least a 20% local match from local public or private resources for the funds received under this section. Not more than 1/2 of this matching requirement, up to a total of 10% of the total project budget, may be satisfied through in-kind services provided by participating providers of programs or services. In addition, not more than 10% of the grant may be used for program administration.

(4) Each ~~successful grant recipient~~ **intermediate district receiving a grant under this section** shall agree to include a data collection system ~~and an evaluation tool~~ approved by the department. ~~to measure the impact of the program on improving school readiness and fostering the maintenance of stable families.~~ The data collection system shall provide a report by October 15 of each year on the number of children in families with income below 200% of the federal poverty level that received services under this program and the total number of children who received services under this program.

(5) The department **or superintendent, as applicable**, shall do all of the following:

~~(a) The department shall make applications available for the purposes of this section not later than August 15, 2003.~~
(a) (b) The superintendent shall approve or disapprove ~~applications~~ **the plans** and notify the ~~applying~~ intermediate district of that decision not later than November 15, ~~2003~~ **2004**. The amount ~~of each approved grant shall not exceed~~ **allocated by each intermediate district shall be at least an amount equal to** 3.5% of the intermediate district's 2002-2003 payment under section 81.

~~(b) (c)~~ The department shall ensure that all programs funded under this section utilize the most current validated research-based methods and curriculum for providing the program components described in subsection (2).

~~(c) (d)~~ The department shall submit a report to the state budget director and the senate and house fiscal agencies ~~detailing the evaluations~~ **summarizing the data collection reports** described in subsection (4) by December 1 of each year.

(6) An intermediate district receiving funds under this section shall use the funds only for the program funded under this section. An intermediate district receiving funds under this section may carry over any unexpended funds received under this section to subsequent fiscal years and may expend those unused funds in subsequent fiscal years.

Sec. 32k. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed \$0.00 for a statewide before- or after-school program to provide youth with a safe, engaging environment to motivate and inspire learning outside the traditional classroom setting. Before-school programs are limited to elementary school-aged children. Effective before- or after-school programs combine academic, enrichment, and recreation activities to guide learning and inspire children and youth in various activities. The before- or after-school programs can meet the needs of the communities served by the programs.

(2) The department shall work in collaboration with the family independence agency under this section.

(3) The department shall, through a competitive bid process, provide grants or contracts up to \$0.00 in state school aid funds for the program based on community needs. A county shall receive no more than 20% of the funds allocated under this section for this program. The use of funds under this section should not be considered an ongoing commitment of funding.

(4) The before- or after-school programs funded under this section shall include, at a minimum, at least 3 of the following topics:

- (a) Abstinence-based pregnancy prevention.
- (b) Chemical abuse and dependency including nonmedical services.
- (c) Gang violence prevention.
- (d) Academic assistance, including assistance with reading and writing.
- (e) Preparation toward future self-sufficiency.
- (f) Leadership development.
- (g) Case management or mentoring.
- (h) Parental involvement.
- (i) Anger management.

(5) The department may enter into grants or contracts with independent contractors including, but not limited to, faith-based organizations, boys or girls clubs, schools, or nonprofit organizations. The department shall grant priority in funding independent contractors who secure at least 25% in matching funds. The matching funds may either be fulfilled through local, state, or federal funds, or through in-kind or other donations.

(6) A referral to a program may be made by, but is not limited to, any of the following: a teacher, counselor, parent, police officer, judge, or social worker.

(7) By August 30, 2005, the department before- or after-school program expenditures shall be audited and the department shall work in collaboration with independent contractors to provide a report on the before- or after-school program to the senate and house standing committees dealing with human services and education, the senate and house appropriations subcommittees for this act, the senate and house fiscal agencies, and the senate and house policy offices. The report shall include the number of participants and the average cost per participant, as well as changes noted in program participants in any of the following categories:

- (a) Juvenile crime.
- (b) Aggressive behavior.
- (c) Academic achievement.
- (d) Development of new skills and interests.
- (e) School attendance and dropout rates.
- (f) Behavioral changes in school.

(8) Private foundations may contribute funding to this program, as determined by the department.

Sec. 37. (1) A district is eligible for an allocation under section 32d if the district meets all of the requirements in subsections (2), (3), and (4).

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

(a) The estimated total number of children in the community who meet the criteria of section 32d and how that calculation was made.

(b) The estimated number of children in the community who meet the criteria of section 32d and are being served by other early childhood development programs operating in the community, and how that calculation was made.

(c) The number of children the district will be able to serve who meet the criteria of section 32d including a verification of physical facility and staff resources capacity.

(d) The estimated number of children who meet the criteria of section 32d who will remain unserved after the district and community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

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

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

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

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

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

(ii) If a district determines that it is unable to fully comply with subparagraph (i) after making reasonable efforts to comply, teachers who have proper training in early childhood development equivalent to 4 years of

formal training in early childhood/preschool education or child development. This may include 1 or more of the following:

(A) A valid Michigan teaching certificate with an early childhood (ZA) endorsement or a child development associate credential (CDA).

(B) A bachelor's degree in child care or child development.

(C) A child development associate credential (CDA) combined with an associate of arts (AA) degree in early childhood/preschool education or child development.

~~(iii)~~ ~~(ii)~~ Paraprofessionals possessing proper training in early childhood development or who have completed at least 1 course in an appropriate training program, including, but not limited to, a child development associate credential (CDA) or associate degree in child development or other similar program, as approved by the department.

(d) The district has submitted for approval a program budget that includes only those costs not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the early childhood readiness program, and that would not be incurred if the program were not being offered. If children other than those determined to be educationally disadvantaged participate in the program, state reimbursement under section 32d shall be limited to the portion of approved costs attributable to educationally disadvantaged children.

(e) The district has established a school readiness advisory committee consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade; parents or guardians of program participants; representatives from appropriate community agencies and organizations; the district curriculum director or equivalent administrator; and, if feasible, a school psychologist, school social worker, or school counselor. In addition, 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) Ensure the ongoing articulation of the early childhood, kindergarten, and first grade programs offered by the district.

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

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

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

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

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

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

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

(g) More than 50% of the children participating in the program meet the income eligibility criteria for free or reduced price lunch, as determined under the Richard B. Russell national school lunch act, ~~chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f~~ **42 USC 1751 to 1769h**, or meet the income and all other eligibility criteria for the family independence agency unified child day care program.

(4) A consortium of 2 or more districts shall be eligible for an allocation under section 32d if the districts designate a single fiscal agent for the allocation. A district or intermediate district may administer a consortium described in this subsection. A consortium shall submit a single preapplication and application for the children to be served, regardless of the number of districts participating in the consortium.

(5) With the final application, an applicant district shall submit to the department a resolution adopted by its board certifying the number of 4-year-old children who show evidence of risk factors as described in section 32d who meet the income eligibility criteria for free or reduced price lunch or the income and all other eligibility criteria for the family independence agency unified child day care program, and who will participate in a school readiness program funded under section 32d.

Sec. 39a. (1) From the ~~appropriation~~ **federal funds appropriated** in section 11, there is allocated for ~~2003-2004~~ **2004-2005** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$665,458,500.00~~ **\$637,809,700.00**, for the federal programs under the no child left behind act of 2001, Public Law 107-110, ~~115 Stat. 1425~~. These funds are allocated for each fiscal year as follows:

~~(a) An amount estimated at \$1,666,300.00 for community service state grants, funded from DED-OESE, community service state grant funds.~~

(a) ~~(b)~~ An amount estimated at ~~\$15,946,200.00~~ **\$12,095,000.00** to provide students with drug- and violence-prevention programs and to implement strategies to improve school safety, funded from DED-OESE, drug-free schools and communities funds.

(b) ~~(e)~~ An amount estimated at ~~\$14,546,300.00~~ **\$9,520,500.00** for the purpose of improving teaching and learning through a more effective use of technology, funded from DED-OESE, educational technology state grant funds.

(c) ~~(d)~~ An amount estimated at ~~\$105,570,600.00~~ **\$105,565,700.00** for the purpose of preparing, training, and recruiting high-quality teachers and class size reduction, funded from DED-OESE, improving teacher quality funds.

(d) ~~(e)~~ An amount estimated at ~~\$4,647,700.00~~ **\$5,713,700.00** for programs to teach English to limited English proficient (LEP) children, funded from DED-OESE, language acquisition state grant funds.

(e) ~~(f)~~ An amount estimated at \$8,550,000.00 for the Michigan charter school subgrant program, funded from DED-OESE, charter school funds.

(f) ~~(g)~~ An amount estimated at ~~\$247,600.00~~ **\$332,700.00** for Michigan model partnership for character education programs, funded from DED-OESE, title X, fund for improvement of education funds.

(g) ~~(h)~~ An amount estimated at ~~\$2,010,100.00~~ **\$469,900.00** for rural and low income schools, funded from DED-OESE, rural and low income school funds.

(h) ~~(i)~~ An amount estimated at ~~\$11,123,700.00~~ **\$9,563,000.00** to help schools develop and implement comprehensive school reform programs, funded from DED-OESE, title I and title X, comprehensive school reform funds.

(i) ~~(j)~~ An amount estimated at ~~\$427,000,000.00~~ **\$411,090,000.00** to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED-OESE, title I, disadvantaged children funds.

(j) ~~(k)~~ An amount estimated at ~~\$8,246,600.00~~ **\$6,622,900.00** for the purpose of providing unified family literacy programs, funded from DED-OESE, title I, even start funds.

(k) ~~(l)~~ An amount estimated at ~~\$8,953,100.00~~ **\$8,175,200.00** for the purpose of identifying and serving migrant children, funded from DED-OESE, title I, migrant education funds.

(l) ~~(m)~~ An amount estimated at ~~\$22,779,000.00~~ **\$21,936,600.00** to promote high-quality school reading instruction for grades K-3, funded from DED-OESE, title I, reading first state grant funds.

(m) ~~(n)~~ An amount estimated at ~~\$13,475,000.00~~ **\$8,582,300.00** for the purpose of implementing innovative strategies for improving student achievement, funded from DED-OESE, title VI, innovative strategies funds.

(n) ~~(o)~~ An amount estimated at ~~\$20,696,300.00~~ **\$29,592,200.00** for the purpose of providing high-quality extended learning opportunities, after school and during the summer, for children in low-performing schools, funded from DED-OESE, twenty-first century community learning center funds. **Of these funds, \$25,000.00 may be used to support the Michigan after-school partnership. All of the following apply to the Michigan after-school partnership:**

(i) **The department shall collaborate with the Michigan family independence agency to extend the duration of the Michigan after-school initiative, to be renamed the Michigan after-school partnership and oversee its efforts to implement the policy recommendations and strategic next steps identified in the Michigan after-school initiative's report of December 15, 2003.**

(ii) **Funds shall be used to leverage other private and public funding to engage the public and private sectors in building and sustaining high-quality out-of-school-time programs and resources. The co-chairs, representing the department and the Michigan family independence agency, shall name a fiduciary agent and may authorize the fiduciary to expend funds and hire people to accomplish the work of the Michigan after-school partnership.**

(iii) **Participation in the Michigan after-school partnership shall be expanded beyond the membership of the initial Michigan after-school initiative to increase the representation of parents, youth, foundations, employers, and others with experience in education, child care, after-school and youth development services, and crime and violence prevention, and to include representation from the Michigan department of community health. Each year, on or before December 31, the Michigan after-school partnership shall report its progress in reaching the recommendations set forth in the Michigan after-school initiative's report to the legislature and the governor.**

(2) From the federal funds ~~appropriation~~ **appropriated** in section 11, there is allocated for ~~2003-2004~~ **2004-2005** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$5,421,800.00 each fiscal year~~ **\$5,427,500.00**, for the following programs that are funded by federal grants:

(a) An amount estimated at \$600,000.00 for acquired immunodeficiency syndrome education grants, funded from HHS-center for disease control, AIDS funding.

(b) An amount estimated at ~~\$1,553,500.00~~ **\$953,500.00** for emergency services to immigrants, funded from DED-OEMLA, emergency immigrant education assistance funds.

(c) An amount estimated at ~~\$1,468,300.00~~ **\$1,428,400.00** to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

(d) An amount estimated at \$1,000,000.00 for refugee children school impact grants, funded from HHS-ACF, refugee children school impact funds.

(e) An amount estimated at ~~\$800,000.00~~ **\$1,445,600.00** for serve America grants, funded from the corporation for national and community service funds.

(3) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility provisions outlined in Public Law 107-116, ~~115 Stat. 2177~~ and in the education flexibility partnership act of 1999, Public Law 106-25, ~~113 Stat. 41~~. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(4) As used in this section:

- (a) "DED" means the United States department of education.
- (b) "DED-OBEMLA" means the DED office of bilingual education and minority languages affairs.
- (c) "DED-OESE" means the DED office of elementary and secondary education.
- (d) "DED-OVAE" means the DED office of vocational and adult education.
- (e) "HHS" means the United States department of health and human services.
- (f) "HHS-ACF" means the HHS administration for children and families.

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$2,800,000.00 for ~~2003-2004~~ **2004-2005** to applicant districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for instruction in speaking, reading, writing, or comprehension of English. A pupil shall not be counted under this section or instructed in a program under this section for more than 3 years.

Sec. 41a. From the federal funds appropriated in section 11, there is allocated an amount estimated at \$1,232,100.00 **for 2004-2005** from the United States department of education - office of elementary and secondary education, language acquisition state grant funds, to districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability.

Sec. 51a. (1) From the appropriation in section 11, there is allocated for ~~2003-2004~~ **2004-2005** an amount not to exceed ~~\$882,683,000.00~~ **\$905,683,000.00** from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, ~~title VI of Public Law 91-230, 20 U.S.C. 20 USC 1411 to 1419, estimated at \$285,000,000.00~~ **\$329,850,000.00** plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and special education programs and services for pupils who are eligible for special education programs and services according to statute or rule. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. All federal funds allocated under this section in excess of those allocated under this section for 2002-2003 may be distributed in accordance with the flexible funding provisions of the individuals with disabilities education act, title VI of Public Law 91-230, including, but not limited to, 34 ~~C.F.R.~~ **CFR** 300.234 and 300.235. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$160,500,000.00~~ **\$168,900,000.00** for 2003-2004, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

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

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

(3) From the funds allocated under subsection (1), there is allocated for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$2,600,000.00~~ **\$2,400,000.00**, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there

is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations shall be made in a manner determined by the department and shall include adjustments for program shifts.

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

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,500,000.00 may be allocated by the department for ~~2003-2004~~ **2004-2005** to districts or intermediate districts on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$2,200,000.00 for ~~2003-2004~~ **2004-2005** to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

(a) "Total approved costs of special education" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53a programs. The total approved costs include salary and other compensation for all approved special education personnel for the program, including payments for social security and medicare and public school employee retirement system contributions. The total approved costs do not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6 of the revised school code, MCL 380.6. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, are not included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

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

(8) From the allocation in subsection (1), there is allocated for ~~2003-2004~~ **2004-2005** an amount not to exceed \$15,313,900.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under subsection (6) of this section as in effect for 1996-97.

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

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

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

(12) From the funds allocated in subsection (1), there is allocated for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$6,300,000.00~~ **\$6,100,000.00**, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus \$200.00, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus \$200.00, and that district's per pupil allocation under section 20j(2). This subsection applies to all of the following pupils:

- (a) Pupils described in section 53a.
- (b) Pupils counted in membership in an intermediate district who are not special education pupils and are served by the intermediate district in a juvenile detention or child caring facility.
- (c) Emotionally impaired pupils counted in membership by an intermediate district and provided educational services by the department of community health.

(13) After payments under subsections (2) and (12) and section 51c, the remaining expenditures from the allocation in subsection (1) shall be made in the following order:

- (a) 100% of the reimbursement required under section 53a.
- (b) 100% of the reimbursement required under subsection (6).
- (c) 100% of the payment required under section 54.
- (d) 100% of the payment required under subsection (3).
- (e) 100% of the payment required under subsection (8).
- (f) 100% of the payments under section 56.

(14) The allocations under subsection (2), subsection (3), and subsection (12) shall be allocations to intermediate districts only and shall not be allocations to districts, but instead shall be calculations used only to determine the state payments under section 22b.

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$644,400,000.00~~ **\$659,400,000.00**, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

Sec. 51d. (1) From the federal funds appropriated in section 11, there is allocated for ~~2003-2004~~ **2004-2005** all available federal funding, estimated at ~~\$60,500,000.00~~ **\$65,000,000.00**, for special education programs that are funded by federal grants. All federal funds allocated under this section shall be distributed in accordance with federal law. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the federal funds allocated under subsection (1), the following amounts are allocated for ~~2003-2004~~ **2004-2005**:

- (a) An amount estimated at ~~\$16,000,000.00~~ **\$15,000,000.00** for handicapped infants and toddlers, funded from DED-OSERS, handicapped infants and toddlers funds.
- (b) An amount estimated at ~~\$13,500,000.00~~ **\$14,000,000.00** for preschool grants (Public Law 94-142), funded from DED-OSERS, handicapped preschool incentive funds.
- (c) An amount estimated at ~~\$31,000,000.00~~ **\$36,000,000.00** for special education programs funded by DED-OSERS, handicapped program, individuals with disabilities act funds.

(3) As used in this section, "DED-OSERS" means the United States department of education office of special education and rehabilitative services.

Sec. 53a. (1) For districts, reimbursement for pupils described in subsection (2) ~~reimbursement~~ shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766, minus the district's foundation allowance calculated under section 20, and minus the amount calculated for the district under section 20j. For intermediate districts, reimbursement for pupils described in section (2) shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00, minus \$200.00, and under section 20j.

(2) Reimbursement under subsection (1) is for the following special education pupils:

- (a) Pupils assigned to a district or intermediate district through the community placement program of the courts or

a state agency, if the pupil was a resident of another intermediate district at the time the pupil came under the jurisdiction of the court or a state agency.

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

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

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

(e) Pupils placed in a district by a parent for the purpose of seeking a suitable home, if the parent does not reside in the same intermediate district as the district in which the pupil is placed.

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

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

(5) Not more than \$12,800,000.00 of the allocation for ~~2003-2004~~ **2004-2005** in section 51a(1) shall be allocated under this section.

Sec. 54. In addition to the aid received under section 52, each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan schools for the deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 of the allocation for ~~2003-2004~~ **2004-2005** in section 51a(1) shall be allocated under this section.

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743, including a levy for debt service obligations.

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district, except that if a district has elected not to come under part 30 of the revised school code, MCL 380.1711 to 380.1743, membership and taxable value of the district shall not be included in the membership and taxable value of the intermediate district.

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed \$36,881,100.00 for ~~2003-2004~~ **2004-2005** to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) Reimbursement for those millages levied in ~~2002-2003~~ **2003-2004** shall be made in ~~2003-2004~~ **2004-2005** at an amount per ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting from ~~\$132,275.00~~ ~~the 2002-2003~~ **\$133,400.00** ~~the 2003-2004~~ taxable value behind each membership pupil and multiplying the resulting difference by the ~~2002-2003~~ **2003-2004** millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$50,000.00 for ~~2003-2004~~ **2004-2005** to applicant intermediate districts that provide support services for the education of advanced and accelerated pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$0.00 for ~~2003-2004~~ **2004-2005** to support part of the cost of summer institutes for advanced and accelerated students. This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.

(3) From the appropriation in section 11, there is allocated an amount not to exceed \$200,000.00 for ~~2003-2004~~ **2004-2005** for the development and operation of comprehensive programs for advanced and accelerated pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$100.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership for the immediately preceding fiscal year with a minimum total grant of \$6,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$6,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for advanced and accelerated pupils and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established

by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$30,000,000.00 for ~~2003-2004~~ **2004-2005** to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to rules approved by the superintendent. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the superintendent.

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

(3) From the allocation in subsection (1), there is allocated an amount not to exceed \$388,700.00 for ~~2003-2004~~ **2004-2005** to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district or the total membership for the immediately preceding fiscal year of the area vocational-technical program.

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

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, the membership and taxable value of that district shall not be included in the membership and taxable value of the intermediate district. However, the membership and taxable value of a district that has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, shall be included in the membership and taxable value of the intermediate district if the district meets both of the following:

(i) The district operates the area vocational-technical education program pursuant to a contract with the intermediate district.

(ii) The district contributes an annual amount to the operation of the program that is commensurate with the revenue that would have been raised for operation of the program if millage were levied in the district for the program under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$9,000,000.00 for ~~2003-2004~~ **2004-2005** to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, MCL 380.690, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in ~~2002-2003~~ **2003-2004** shall be made in ~~2003-2004~~ **2004-2005** at an amount per ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting from ~~\$137,700.00~~ ~~the 2002-2003~~ **\$142,200.00** ~~the 2003-2004~~ taxable value behind each membership pupil and multiplying the resulting difference by the ~~2002-2003~~ **2003-2004** millage levied.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,625,000.00 for ~~2003-2004~~ **2004-2005** for the purposes of subsections (2) and (3).

(2) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or

driver skills road tests pursuant to sections 51 and 52 of the pupil transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or driver skills road tests shall be made by the department to the college or university or intermediate district providing the course of instruction.

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for ~~2003-2004~~ **2004-2005** to the intermediate districts the sum necessary, but not to exceed ~~\$91,702,100.00~~ **\$81,028,100.00**, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for ~~2003-2004~~ **2004-2005** an amount equal to ~~96.5%~~ **85.2%** of the amount appropriated under this subsection for 2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3). Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board. **In order to receive funding under this section for 2004-2005, an intermediate district shall allocate for 2004-2005 at least an amount equal to 3.5% of its total funding received under this section for 2002-2003 toward providing the great parents, great start program under section 32j.**

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

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

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

Sec. 94a. (1) There is created within the office of the state budget director in the department of management and budget the center for educational performance and information. The center shall do all of the following:

(a) Coordinate the collection of all data required by state and federal law from all entities receiving funds under this act.

(b) Collect data in the most efficient manner possible in order to reduce the administrative burden on reporting entities.

(c) Establish procedures to ensure the validity and reliability of the data and the collection process.

(d) Develop state and model local data collection policies, including, but not limited to, policies that ensure the privacy of individual student data. State privacy policies shall ensure that student social security numbers are not released to the public for any purpose.

(e) Provide data in a useful manner to allow state and local policymakers to make informed policy decisions.

(f) Provide reports to the citizens of this state to allow them to assess allocation of resources and the return on their investment in the education system of this state.

(g) Assist all entities receiving funds under this act in complying with audits performed according to generally accepted accounting procedures.

(h) Other functions as assigned by the state budget director.

(2) Not later than August 15, 2004, each state department, officer, or agency that collects information from districts or intermediate districts as required under state or federal law shall make arrangements with the center, and with the districts or intermediate districts, to have the center collect the information and to provide it to the department, officer, or agency as necessary. To the extent that it does not cause financial hardship, the center shall arrange to collect the information in a manner that allows electronic submission of the information to the center. Each affected state department, officer, or agency shall provide the center with any details necessary for the center to collect information as provided under this subsection. This subsection does not apply to information collected by the department of treasury under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal

finance act, 2001 PA 34, MCL 141.2101 to 141.2821; 1961 PA 108, MCL 388.951 to 388.963; or section 1351a of the revised school code, MCL 380.1351a.

(3) The state budget director shall appoint a CEPI advisory committee, consisting of the following members:

- (a) One representative from the house fiscal agency.
- (b) One representative from the senate fiscal agency.
- (c) One representative from the office of the state budget director.
- (d) One representative from the state education agency.
- (e) One representative each from the department of ~~career development~~ **labor and economic growth** and the department of treasury.
- (f) Three representatives from intermediate school districts.
- (g) One representative from each of the following educational organizations:
 - (i) Michigan association of school boards.
 - (ii) Michigan association of school administrators.
 - (iii) Michigan school business officials.
- (h) One representative representing private sector firms responsible for auditing school records.
- (i) Other representatives as the state budget director determines are necessary.

(4) The CEPI advisory committee appointed under subsection (3) shall provide advice to the director of the center regarding the management of the center's data collection activities, including, but not limited to:

- (a) Determining what data is necessary to collect and maintain in order to perform the center's functions in the most efficient manner possible.
- (b) Defining the roles of all stakeholders in the data collection system.
- (c) Recommending timelines for the implementation and ongoing collection of data.
- (d) Establishing and maintaining data definitions, data transmission protocols, and system specifications and procedures for the efficient and accurate transmission and collection of data.
- (e) Establishing and maintaining a process for ensuring the accuracy of the data.
- (f) Establishing and maintaining state and model local policies related to data collection, including, but not limited to, privacy policies related to individual student data.
- (g) Ensuring the data is made available to state and local policymakers and citizens of this state in the most useful format possible.
- (h) Other matters as determined by the state budget director or the director of the center.

(5) The center may enter into any interlocal agreements necessary to fulfill its functions.

(6) From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$4,500,000.00 each fiscal year for 2002-2003 and for 2003-2004~~ **\$1,500,000.00 for 2004-2005** to the department of management and budget to support the operations of the center. The center shall cooperate with the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state. In addition, from the federal funds appropriated in section 11 for ~~2002-2003 and for 2003-2004~~ **2004-2005**, there is allocated the following amounts ~~each fiscal year~~ **for 2004-2005** in order to fulfill federal reporting requirements:

- (a) An amount ~~estimated at \$1,000,000.00~~ **not to exceed \$835,000.00** funded from DED-OESE, title I, disadvantaged children funds.
- (b) An amount ~~estimated at \$284,700.00~~ **not to exceed \$63,000.00** funded from DED-OESE, title I, reading first state grant funds.
- (c) An amount ~~estimated at \$46,750.00~~ **not to exceed \$46,800.00** funded from DED-OESE, title I, migrant education funds.
- (d) An amount ~~estimated at \$500,000.00~~ **not to exceed \$285,000.00** funded from DED-OESE, improving teacher quality funds.
- (e) An amount ~~estimated at \$526,100.00~~ **not to exceed \$73,000.00** funded from DED-OESE, drug-free schools and communities funds.
- (f) **An amount not to exceed \$150,000.00 funded under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 USC 1411 to 1419.**
- (g) **An amount not to exceed \$13,500.00 for data collection systems, funded from DED-NCES, common core data funds.**

(h) **An amount not to exceed \$400,000.00 for the collection and dissemination of state assessment data, funded from DED-OESE, title VI, state assessments funds.**

(7) In addition, from the federal funds appropriated in section 11 for the 2003-2004 and 2004-2005 fiscal years, there is allocated the following amounts each fiscal year in order to fulfill federal reporting requirements:

- (a) **An amount not to exceed \$80,000.00 for data collection systems, funded from DED-NCES, task award funds.**
- (b) **An amount not to exceed \$100,000.00 for data collection systems development funded from DED-NCES, performance based data management initiative.**

~~(8) (7) Funds allocated under this section that are not expended in the fiscal year in which they were allocated may be carried forward to a subsequent fiscal year. From the funds allocated for 1999-2000 that were carried forward under this section and from the general funds appropriated under this section for 2002-2003, the center shall make grants to intermediate districts for the purpose of assisting the intermediate districts and their constituent districts in data collection required by state and federal law or necessary for audits according to generally accepted accounting procedures. Grants to each intermediate district shall be made at the rate of \$2.00 per each full-time equated membership pupil times the total number of 2000-2001 pupils in membership in the intermediate district and its constituent districts. An intermediate district shall develop a plan in cooperation with its constituent districts to distribute the grants between the intermediate district and its constituent districts. These grants shall be paid to intermediate districts no later than the next regularly scheduled school aid payment after the effective date of this section.~~

~~(8) If the applicable intermediate district determines that the pupil counts submitted by a district for the February 2002 supplemental pupil count using the single record student database cannot be audited by the intermediate district pursuant to section 101, all of the following apply:~~

~~(a) The district may submit its pupil count data for the February 2002 supplemental pupil count using the education data network system.~~

~~(b) If the applicable intermediate district determines that the pupil counts submitted by the district for the 2002-2003 pupil membership count day using the single record student database cannot be audited by the intermediate district pursuant to section 101, the district may submit its pupil count data for the 2002-2003 pupil membership count day using the education data network system.~~

~~(9) At least 30 days before implementing a proposed electronic data collection, submission, or collation process, or a proposed change to 1 or more of those processes, the center shall submit the proposal and an analysis of the proposal to the senate and house of representatives appropriations subcommittees responsible for this act. The analysis shall include at least a determination of the cost of the proposal for districts and intermediate districts and of available funding for districts and intermediate districts.~~

~~(9) (40) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law.~~

~~(10) (44) As used in this section:~~

~~(a) "Center" means the center for educational performance and information created under this section.~~

~~(a) "DED-NCES" means the United States department of education national center for education statistics.~~

~~(b) "DED-OESE" means the United States department of education office of elementary and secondary education.~~

~~(c) "State education agency" means the department.~~

Sec. 98. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed \$750,000.00 for ~~2003-2004~~ **2004-2005** to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2003-2004~~ **2004-2005** an amount estimated at \$2,250,000.00 from DED-OESE, title II, improving teacher quality funds. **If the Michigan virtual university ceases to operate the Michigan virtual high school or fails to perform another of its functions described in this section, the department may operate the Michigan virtual high school or perform another function of the Michigan virtual university described in this section using the funds allocated under this section.**

(2) The Michigan virtual high school shall have the following goals:

(a) Significantly expand curricular offerings for high schools across this state through agreements with districts or licenses from other recognized providers. The Michigan virtual university shall explore options for providing rigorous civics curricula online.

(b) Create statewide instructional models using interactive multimedia tools delivered by electronic means, including, but not limited to, the internet, digital broadcast, or satellite network, for distributed learning at the high school level.

(c) Provide pupils with opportunities to develop skills and competencies through on-line learning.

(d) Offer teachers opportunities to learn new skills and strategies for developing and delivering instructional services.

(e) Accelerate this state's ability to respond to current and emerging educational demands.

(f) Grant high school diplomas through a dual enrollment method with districts.

(g) Act as a broker for college level equivalent courses, as defined in section 1471 of the revised school code, MCL 380.1471, and dual enrollment courses from postsecondary education institutions.

(3) The Michigan virtual high school course offerings shall include, but are not limited to, all of the following:

(a) Information technology courses.

(b) College level equivalent courses, as defined in section 1471 of the revised school code, MCL 380.1471.

(c) Courses and dual enrollment opportunities.

(d) Programs and services for at-risk pupils.

(e) General education development test preparation courses for adjudicated youth.

(f) Special interest courses.

(g) Professional development programs and services for teachers.

(4) The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding the DED-OESE, title II, improving teacher quality funds as provided under this subsection. The memorandum of understanding under this subsection shall require that the Michigan virtual university coordinate the following activities related to DED-OESE, title II, improving teacher quality funds in accordance with federal law:

(a) Develop, and assist districts in the development and use of, proven, innovative strategies to deliver intensive professional development programs that are both cost-effective and easily accessible, such as strategies that involve delivery through the use of technology, peer networks, and distance learning.

(b) Encourage and support the training of teachers and administrators to effectively integrate technology into curricula and instruction.

(c) Coordinate the activities of eligible partnerships that include higher education institutions for the purposes of providing professional development activities for teachers, paraprofessionals, and principals as defined in federal law.

(5) If a home-schooled or nonpublic school student is a resident of a district that subscribes to services provided by the Michigan virtual university, the student may use the services provided by the Michigan virtual university to the district without charge to the student beyond what is charged to a district pupil using the same services.

(6) From the allocations in subsection (1), the amount necessary, not to exceed \$1,250,000.00, shall be used to provide online professional development for classroom teachers. This allocation is intended to be for the ~~first~~ **second** of 3 years. These funds may be used for designing and building courses, marketing and outreach, workshops and evaluation, content acquisition, technical assistance, project management, and customer support. The Michigan virtual university shall offer at least 5 hours of online professional development for classroom teachers under this section in ~~2003-2004~~ **2004-2005** without charge to the teachers or to districts or intermediate districts.

(7) A district or intermediate district may require a full-time teacher to participate in at least 5 hours of online professional development provided by the Michigan virtual university under subsection (6). Five hours of this professional development shall be considered to be part of the 51 hours allowed to be counted as hours of pupil instruction under section 101(10).

(8) As used in this section:

- (a) "DED-OESE" means the United States department of education office of elementary and secondary education.
- (b) "State education agency" means the department.

Sec. 98b. (1) From the school aid stabilization fund created in section 11a, there is appropriated and allocated for ~~2003-2004~~ **2004-2005** an amount not to exceed ~~\$22,000,000.00~~ **\$3,700,000.00** for the freedom to learn program described in this section. In addition, **from the federal funds appropriated in section 11** there is allocated for ~~2003-2004~~ **the following federal funds:**

~~(a) From the federal funds appropriated in section 11, an amount estimated at \$10,343,200.00 from the competitive grants of DED-OESE, title II, educational technology grants funds.~~

~~(b) An amount estimated at \$7,000,000.00 from funds carried forward from 2002-2003 from unexpended DED-OESE, title II, educational technology grants funds~~ **2004-2005 an amount not to exceed \$10,343,200.00 from the competitive grants of DED-OESE, title II, educational technology grants funds, and an amount not to exceed \$7,000,000.00 from funds carried forward from 2003-2004 from unexpended DED-OESE, title II, educational technology grants funds.**

(2) The allocations in subsection (1) shall be used to develop, implement, and operate the freedom to learn program and make program grants. The goal of the program is to achieve one-to-one access to wireless technology for K-12 pupils through statewide and local public-private partnerships. To implement the program, the state education agency shall sign a memorandum of understanding with the Michigan virtual university that provides for joint administration of program grants under this subsection. ~~By December 1, 2003, the~~ **If the Michigan virtual university ceases to operate, or fails to perform its functions described in this section, then Ferris state university shall perform the functions of the Michigan virtual university under this section and the funds allocated to the Michigan virtual university under this section are instead allocated to Ferris state university.** The Michigan virtual university and the state education agency shall make grants to districts as described in this section. In awarding the grants, the Michigan virtual university and the state education agency shall give priority to applications that demonstrate that the district's program will meet all of the following:

(a) Will be ready for **immediate** implementation ~~by January 1, 2004~~ and will have begun professional development on technology integration in the classroom. ~~before January 1, 2004.~~

(b) Will utilize state structure and resources for professional development, as coordinated by the Michigan virtual university.

(c) Will opt to participate in the statewide partnership described in subsection ~~(6)~~ **(9)**.

(3) The amount of program grants to districts is estimated at \$250.00 per pupil in membership in grade 6 in ~~2003-2004~~ **2004-2005**, or in another grade allowed in this section, **or per grade 6 teacher if the funding is awarded in a ratio of at least 20 pupils funded for each teacher funded.** The state education agency and the Michigan virtual university shall establish grant criteria that maximize the distribution of federal funds to achieve the \$250.00 per pupil **or teacher**

in districts that qualify for federal funds. To qualify for a grant under this section, a district shall submit an application to the state education agency and the Michigan virtual university and complete the application process established by the state education agency and the Michigan virtual university. The application shall include at least all of the following:

(a) If the district is applying for federal funds, how the district will meet the requirements of the competitive grants under DED-OESE, title II, part D.

(b) How the district will provide the opportunity for each pupil in membership in grade 6 to receive a wireless computing device. If the district has already achieved one-to-one wireless access in grade 6 or if the district's school building grade configuration makes implementation of the program for grade 6 impractical, the district may apply for a grant for the next highest grade. If the district does not have a grade 6 or higher, the district may apply for funding for the next lowest grade level. If the district operates 1 or more schools that are not meeting adequate yearly progress, as determined by the department, and that contain grade 6, the district may apply for funding for a school building-wide program for 1 or more of those schools. A public school academy that does not offer a grade higher than grade 5 may apply to receive a grant under this section for pupils in the highest grade offered by the public school academy.

(c) The district shall submit a plan describing the uses of the grant funds. The plan shall describe a plan for professional development on technology integration, content and curriculum, and local partnerships with the other districts and representatives from businesses, industry, and higher education. The plan shall include at least the following:

(i) The academic achievement goals, which may include, but are not limited to, goals related to mathematics, science, and language arts.

(ii) The engagement goals, which may include, but are not limited to, goals related to retention rates, dropout rates, detentions, and suspensions.

(iii) A commitment that at least 25% of the total local budget for the program will be used on professional development on technology integration in the classroom.

(d) A 3- to 5-year plan or funding model for increasing the share that is borne locally of the expenditures for one-to-one wireless access. The Michigan virtual university shall provide districts with sample local plans and funding models for the purposes of this subdivision and with information on available federal and private resources.

(e) How the district will amend its local technology plan as required under state and federal law to reflect the program under this section.

(4) A district that receives a grant under this section shall provide at least a \$25.00 per pupil match for grant money received under this section from local public or private resources.

(5) The amount of a grant under this section to a single district for a fiscal year shall not exceed 25% of the total amount available for grants under this section for that fiscal year.

(6) ~~(5)~~ A district that received money under section 98 in 2002-2003 for a wireless technology grant is eligible to receive a grant under this section.

(7) The federal funding under subsection ~~(1)(b)~~ (1) shall be used first to provide the grants under this subsection. A district described in this subsection shall apply to the Michigan virtual university and the state education agency for a grant in the form and manner prescribed by the department. An application under this section is not subject to the requirements of subsection (3) if the application demonstrates that the program will meet all of the following:

(a) Will continue as a demonstration program.

(b) Will provide regional assistance to schools that are not meeting adequate yearly progress, as determined by the department, and to new grant recipients, as directed by the state education agency and the Michigan virtual university.

(c) Will seek to expand its existing wireless technology initiatives.

(8) The state funding under subsection (1) shall be used first to provide grants to districts that received money under section 98 in 2002-2003 and were designated as program application sites.

(9) ~~(6)~~ By October 15, 2003, the The department of management and budget shall establish a statewide public-private partnership to implement the program. The department of management and budget shall select a program partner through a request for proposals process for a total learning technology package that includes, but is not limited to, a wireless laptop, software, professional development, service, and support, and for management by a single point of contact individual responsible for the overall implementation. The proposal selected shall achieve significant efficiencies and economies of scale and be interoperable with existing technologies. The private partner selected in the request for proposals process to partner with the state must possess all of the following:

(a) Experience in the development and successful implementation of large-scale, school-based wireless technology projects.

(b) Proven technical ability to deliver a total solutions package of learning technology for elementary and secondary students and teachers.

(c) Results-based education solutions to increase student achievement and advance professional development for teachers.

(d) Ability to coordinate, utilize, and expand existing technology infrastructures and professional development delivery systems within school districts and regions.

(e) Ability to provide a wireless computing device that is able to be connected to the wireless network and is able to access a school's preexisting local network and the internet both wirelessly in the school and through dial-up or other remote connection from the home or elsewhere outside school.

(10) ~~(7)~~ A district may elect to purchase or lease wireless computing devices from a vendor other than the statewide partnership described in subsection ~~(6)~~ (9) if the Michigan virtual university determines that the vendor meets the requirements of subdivisions (a) to (d) of subsection ~~(6)~~ (9) and the vendor is identified in the district's grant application.

(11) ~~(8)~~ The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding DED-OESE, title II, educational technology grants, as provided under this subsection. The Michigan virtual university shall coordinate activities described in this subsection with the freedom to learn grants described under this section. The memorandum of understanding shall require that the Michigan virtual university coordinate the following state activities related to DED-OESE, title II, educational technology grants in accordance with federal law:

(a) Assist in the development of innovative strategies for the delivery of specialized or rigorous academic courses and curricula through the use of technology, including distance learning technologies.

(b) Establish and support public-private initiatives for the acquisition of educational technology for students in high-need districts.

(12) ~~(9)~~ Funds allocated under this section that are not expended in the state fiscal year for which they were allocated may be carried forward to a subsequent state fiscal year.

(13) ~~(10)~~ The state education agency and the Michigan virtual university shall complete the memoranda of understanding required under this section within 60 days after the effective date of the amendatory act that added this subsection. It is the intent of the legislature that all plans or applications submitted by the state education agency to the United States department of education relating to the distribution of federal funds under this section are for the purposes described in this section.

(14) ~~(11)~~ The state education agency shall ensure that the program goals and plans for the freedom to learn program are contained in the state technology plan required by federal law.

(15) ~~(12)~~ From the funds allocated under this section, an amount not to exceed ~~\$4,000,000.00~~ **\$2,750,000.00** is allocated to the Michigan virtual university to be used for statewide activities, as follows:

(a) An amount estimated at ~~\$2,700,000.00~~ **\$1,700,000.00** to develop a professional development network in partnership with other statewide entities for professional development on technology integration in the classroom.

(b) An amount estimated at \$250,000.00 for development of a content resource package that will include on-line coursework content.

(c) An amount estimated at ~~\$250,000.00~~ **\$300,000.00** to **Ferris state university** to develop or purchase an on-line assessment system to supplement the Michigan education assessment program tests and provide immediate feedback on pupil achievement. The assessment system shall include high-quality tests aligned to the state curriculum framework and tests that can be customized by teachers and integrated with on-line instructional resources. The Michigan virtual university and the state education agency shall work in partnership ~~with the department of treasury~~ to implement the assessment program. The state education agency shall give first priority in implementing the assessment systems to districts not meeting adequately yearly progress requirements as established by the federal no child left behind act of **2001, Public Law 107-110**, and to schools participating in grant programs under this section.

(d) An amount not to exceed ~~\$800,000.00~~ **\$500,000.00** for comprehensive statewide evaluation of current and future projects under this section and for statewide administration of the freedom to learn program.

(16) ~~(13)~~ The Michigan virtual university is encouraged to work in partnership with Ferris state university in performing the functions under subsection ~~(12)~~ (15).

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

(18) ~~(15)~~ It is the intent of the legislature that this state will seek to raise private funds for the current and future funding of the freedom to learn program under this section and all of the program components.

(19) ~~(16)~~ As used in this section:

(a) "DED-OESE" means the United States department of education office of elementary and secondary education.

(b) "State education agency" means the department.

Sec. 99. (1) From the ~~appropriations~~ **state school aid fund money appropriated** in section 11, there is allocated an amount not to exceed ~~\$2,500,000.00 for 2003-2004~~ **\$2,416,000.00 for 2004-2005 and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$84,000.00 for 2004-2005** for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board on August 8, 2002. In addition, from the federal funds appropriated in section 11, there is allocated an amount estimated at ~~\$2,487,700.00~~ **\$3,581,300.00** from DED-OESE, title II, mathematics and science partnership grants.

(2) Within a service area designated locally, approved by the department, and consistent with the master plan described in subsection (1), an established mathematics and science center shall address **4 2** or more of the following 6 basic

services, as described in the master plan, to constituent districts and communities: leadership, pupil services, curriculum support, community involvement, professional development, and resource clearinghouse services.

(3) The department shall not award a state grant under this section to more than 1 mathematics and science center located in a designated region as prescribed in the 2002 master plan unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the designated region.

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 33 established mathematics and science centers. Each established mathematics and science center that was funded in ~~2002-2003~~ **2003-2004** shall receive state funding in an amount equal to ~~24.43%~~ of the amount it received under this section for ~~2002-2003~~ **in 2002 PA 521, before any reduction made for 2002-2003** ~~under section 11(3)~~ **2003-2004. If a center declines state funding or a center closes, the remaining money available under this section shall be distributed on a pro rata basis to the remaining centers, as determined by the department.**

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

(7) Not later than September 30, 2007, the department shall reevaluate and update the comprehensive master plan described in subsection (1). ~~, including any recommendations for upgrading satellite extensions to full centers.~~

(8) The department shall give preference in awarding the federal grants allocated in subsection (1) to eligible existing mathematics and science centers.

(9) In order to receive state funds under this section, a grant recipient shall provide at least a 10% local match from local public or private resources for the funds received under this section.

(10) As used in this section:

(a) "DED" means the United States department of education.

(b) "DED-OESE" means the DED office of elementary and secondary education.

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

(2) To be eligible to receive state aid under this act, not later than the twenty-fourth Wednesday after the pupil membership count day and not later than the twenty-fourth Wednesday after the supplemental count day, an intermediate district shall submit to the center, in a form and manner prescribed by the center, the audited enrollment and attendance data for the pupils of its constituent districts and of the intermediate district. If an intermediate district fails to transmit the audited data as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If an intermediate district does not comply with this subsection by the end of the fiscal year, the intermediate district forfeits the amount withheld.

(3) Except as otherwise provided in this section, each district shall provide at least 1,098 hours of pupil instruction. Except as otherwise provided in this act, a district failing to comply with the required minimum hours of pupil

instruction under this subsection shall forfeit from its total state aid allocation an amount determined by applying a ratio of the number of hours the district was in noncompliance in relation to the required minimum number of hours under this subsection. Not later than August 1, the board of each district shall certify to the department the number of hours of pupil instruction in the previous school year. If the district did not provide at least the required minimum number of hours of pupil instruction under this subsection, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (6). Hours lost because of strikes or teachers' conferences shall not be counted as days or hours of pupil instruction. A district not having at least 75% of the district's membership in attendance on any day of pupil instruction shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to the specified percentage. The superintendent shall promulgate rules for the implementation of this subsection.

(4) Except as otherwise provided in this subsection, the first 30 hours for which pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, **utility power unavailability, water or sewer failure**, or health conditions as defined by the city, county, or state health authorities, shall be counted as hours of pupil instruction. In addition, for 2003-2004 only, the department shall count as hours of pupil instruction not more than 20 additional hours for which pupil instruction was not provided in a school in a district due to structural roof and truss damage that required the school to be closed. Beginning in ~~2004-2005~~ **2003-2004, with the approval of the superintendent of public instruction**, the department shall count as hours of pupil instruction for a fiscal year not more than 30 additional hours for which pupil instruction is not provided in a district after April 1 of the applicable school year due to unusual and extenuating occurrences resulting from conditions not within the control of school authorities such as those conditions described in this subsection. Subsequent such hours shall not be counted as hours of pupil instruction.

(5) A district shall not forfeit part of its state aid appropriation because it adopts or has in existence an alternative scheduling program for pupils in kindergarten if the program provides at least the number of hours required under subsection (3) for a full-time equated membership for a pupil in kindergarten as provided under section 6(4).

(6) Not later than April 15 of each fiscal year, the board of each district shall certify to the department the planned number of hours of pupil instruction in the district for the school year ending in the fiscal year. In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this act that is equal to the proportion below the required minimum number of hours of pupil instruction under subsection (3), as specified in the following:

(a) The district fails to operate its schools for at least the required minimum number of hours of pupil instruction under subsection (3) in a school year, including hours counted under subsection (4).

(b) The board of the district takes formal action not to operate its schools for at least the required minimum number of hours of pupil instruction under subsection (3) in a school year, including hours counted under subsection (4).

(7) In providing the minimum number of hours of pupil instruction required under subsection (3), a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for at least the required minimum number of hours of instruction, excluding study halls, or at least the sum of 90 hours plus the required minimum number of hours of instruction, including up to 2 study halls.

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

(c) ~~A~~ **Except as otherwise provided in this subdivision, a pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the individual pupil's best educational interest must be scheduled for a number of hours equal to at least 80% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil. A pupil in grades 9 to 12 who is scheduled in a 4-block schedule may receive a reduced schedule under this subsection if the pupil is scheduled for a number of hours equal to at least 75% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil.**

(d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a special education pupil cannot receive the required minimum number of hours of pupil instruction solely because of travel time between instructional sites during the school day, that travel time, up to a maximum of 3 hours per school week, shall be considered to be pupil instruction time for the purpose of determining whether the pupil is receiving the required minimum number of hours of pupil instruction. However, if a district demonstrates to the satisfaction of the department that the travel time limitation under this subdivision would create undue costs or hardship to the district, the department may consider more travel time to be pupil instruction time for this purpose.

(8) The department shall apply the guidelines under subsection (7) in calculating the full-time equivalency of pupils.

(9) Upon application by the district for a particular fiscal year, the superintendent may waive for a district the minimum number of hours of pupil instruction requirement of subsection (3) for a department-approved alternative

education program. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section for the specific program covered by the waiver.

(10) A district may count up to 51 hours of **qualifying** professional development for teachers, including the 5 hours of online professional development provided by the Michigan virtual university under section 98, as hours of pupil instruction. A district that elects to use this exception shall notify the department of its election. **As used in this subsection, “qualifying professional development” means professional development that is focused on 1 or more of the following:**

(a) Achieving or improving adequate yearly progress as defined under the no child left behind act of 2001, Public Law 107-110.

(b) Achieving accreditation or improving a school’s accreditation status under section 1280 of the revised school code, MCL 380.1280.

(c) Achieving highly qualified teacher status as defined under the no child left behind act of 2001, Public Law 107-110.

(d) Maintaining teacher certification.

Sec. 104a. (1) In order to receive state aid under this act, a district shall comply with this section and shall administer state assessments to high school pupils in the subject areas of ~~communications skills~~ **English language arts**, mathematics, science, and social studies. If the department ~~of treasury or the Michigan assessment governing board, as applicable,~~ determines that it would be consistent with the purposes of this section, the department ~~of treasury or the Michigan assessment governing board, as applicable,~~ may designate the grade 11 Michigan education assessment program tests or the ACT/ACT work keys tests as the assessments to be used for the purposes of this section. The district shall include on the pupil’s high school transcript all of the following:

(a) For each high school graduate who has completed a subject area assessment under this section, the pupil’s scaled score on the assessment.

(b) If the pupil’s scaled score on a subject area assessment falls within the range required under subsection (2) for a category established under subsection (2), an indication that the pupil has achieved state endorsement for that subject area.

(c) The number of school days the pupil was in attendance at school each school year during high school and the total number of school days in session for each of those school years.

(2) The department ~~of treasury~~ shall develop scaled scores for reporting subject area assessment results for each of the subject areas under this section. The department ~~of treasury~~ shall establish 3 categories for each subject area indicating basic competency, above average, and outstanding, and shall establish the scaled score range required for each category. The department ~~of treasury~~ shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that describes these categories in each subject area and indicates the scaled score ranges for each category in each subject area. A district may award a high school diploma to a pupil who successfully completes local district requirements established in accordance with state law for high school graduation, regardless of whether the pupil is eligible for any state endorsement.

(3) The assessments administered for the purposes of this section shall be administered to pupils during the last 30 school days of grade 11. The department ~~of treasury~~ shall ensure that the assessments are scored and the scores are returned to pupils, their parents or legal guardians, and districts not later than the beginning of the pupil’s first semester of grade 12. The department ~~of treasury~~ shall arrange for those portions of a pupil’s assessment that cannot be scored mechanically to be scored in Michigan by persons who are Michigan teachers, retired Michigan teachers, or Michigan school administrators and who have been trained in scoring the assessments. The returned scores shall indicate the pupil’s scaled score for each subject area assessment, the range of scaled scores for each subject area, and the range of scaled scores required for each category established under subsection (2). In reporting the scores to pupils, parents, and schools, the department ~~of treasury~~ shall provide specific, meaningful, and timely feedback on the pupil’s performance on the assessment.

(4) For each pupil who does not achieve state endorsement in 1 or more subject areas, the board of the district in which the pupil is enrolled shall provide that there be at least 1 meeting attended by at least the pupil and a member of the district’s staff or a local or intermediate district consultant who is proficient in the measurement and evaluation of pupils. The district may provide the meeting as a group meeting for pupils in similar circumstances. If the pupil is a minor, the district shall invite and encourage the pupil’s parent, legal guardian, or person in loco parentis to attend the meeting and shall mail a notice of the meeting to the pupil’s parent, legal guardian, or person in loco parentis. The purpose of this meeting and any subsequent meeting under this subsection shall be to determine an educational program for the pupil designed to have the pupil achieve state endorsement in each subject area in which he or she did not achieve state endorsement. In addition, a district may provide for subsequent meetings with the pupil conducted by a high school counselor or teacher designated by the pupil’s high school principal, and shall invite and encourage the pupil’s parent, legal guardian, or person in loco parentis to attend the subsequent meetings. The district shall provide special programs for the pupil or develop a program using the educational programs regularly provided by the district unless the board of the district decides otherwise and publishes and explains its decision in a public justification report.

(5) A pupil who wants to repeat an assessment administered under this section may repeat the assessment, without charge to the pupil, in the next school year or after graduation. An individual may repeat an assessment at any time the district administers an applicable assessment instrument or during a retesting period under subsection (7).

(6) The department ~~of treasury~~ shall ensure that the length of the assessments used for the purposes of this section and the combined total time necessary to administer all of the assessments are the shortest possible that will still maintain the degree of reliability and validity of the assessment results determined necessary by the department. ~~of treasury.~~ The department ~~of treasury~~ shall ensure that the maximum total combined length of time that schools are required to set aside for administration of all of the assessments used for the purposes of this section does not exceed 8 hours. However, this subsection does not limit the amount of time that individuals may have to complete the assessments.

(7) The department ~~of treasury~~ shall establish, schedule, and arrange periodic retesting periods throughout the year for individuals who desire to repeat an assessment under this section. The department ~~of treasury~~ shall coordinate the arrangements for administering the repeat assessments and shall ensure that the retesting is made available at least within each intermediate district and, to the extent possible, within each district.

(8) A district shall provide accommodations to a pupil with disabilities for the assessments required under this section, as provided under section 504 of title V of the rehabilitation act of 1973, ~~Public Law 93-112, 29 U.S.C. USC 794;~~ subtitle A of title II of the Americans with disabilities act of 1990, ~~Public Law 101-336, 42 U.S.C. USC 12131 to 12134;~~ and the implementing regulations for those statutes.

(9) For the purposes of this section, the department ~~of treasury~~ shall develop or select and approve assessment instruments to measure pupil performance in ~~communications skills~~ **English language arts**, mathematics, social studies, and science. Unless the department ~~of treasury~~ selects and approves the ACT/ACT work keys tests, the assessment instruments shall be based on the model core academic content standards objectives under section 1278 of the revised school code, MCL 380.1278.

(10) Upon written request by the pupil's parent or legal guardian stating that the request is being made for the purpose of providing the pupil with an opportunity to qualify to take 1 or more postsecondary courses as an eligible student under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, the board of a district shall allow a pupil who is in at least grade 10 to take an assessment administered under this section without charge at any time the district regularly administers the assessment or during a retesting period established under subsection (7). A district is not required to include in an annual education report, or in any other report submitted to the department ~~of treasury~~ for accreditation purposes, results of assessments taken under this subsection by a pupil in grade 11 or lower until the results of that pupil's graduating class are otherwise reported.

(11) All assessment instruments developed or selected and approved by the state under any statute or rule for a purpose related to K to 12 education shall be objective-oriented and consistent with the model core academic content standards objectives under section 1278 of the revised school code, MCL 380.1278.

(12) A person who has graduated from high school after 1996 and who has not previously taken an assessment under this section may take an assessment used for the purposes of this section, without charge to the person, at the district from which he or she graduated from high school at any time that district administers the assessment or during a retesting period scheduled under subsection (7) and have his or her scaled score on the assessment included on his or her high school transcript. If the person's scaled score on a subject area assessment falls within the range required under subsection (2) for a category established under subsection (2), the district shall also indicate on the person's high school transcript that the person has achieved state endorsement for that subject area.

(13) A child who is a student in a nonpublic school or home school may take an assessment under this section. To take an assessment, a child who is a student in a home school shall contact the district in which the child resides, and that district shall administer the assessment, or the child may take the assessment at a nonpublic school if allowed by the nonpublic school. Upon request from a nonpublic school, the department ~~of treasury~~ shall supply assessments and the nonpublic school may administer the assessment.

(14) The purpose of the assessment under this section is to assess pupil performance in mathematics, ~~science, social studies, and communication~~ **English language arts** for the purpose of improving academic achievement and establishing a statewide standard of competency. The assessment under this section provides a common measure of data that will contribute to the improvement of Michigan schools' curriculum and instruction by encouraging alignment with Michigan's curriculum framework standards. These standards are based upon the expectations of what pupils should know and be able to do by the end of grade 11.

~~(15) If the Michigan assessment governing board is established by law, the Michigan assessment governing board shall administer this section and shall have all of the powers and duties as otherwise provided under this section for the department of treasury.~~

(15) (16) As used in this section, :

(a) ~~“Communications skills” means reading and writing.~~

(b) ~~“Social~~ **“social studies”** means geography, history, economics, and American government.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for ~~2003-2004~~ **2004-2005** for adult education programs authorized under this section.

(2) To be eligible to be a participant funded under this section, a person shall be enrolled in an adult basic education program, an adult English as a second language program, a general ~~education~~ **educational** development (G.E.D.) test preparation program, a job or employment related program, or a high school completion program, that meets the requirements of this section, and shall meet either of the following, as applicable:

(a) If the individual has obtained a high school diploma or a general ~~education~~ **educational** development (G.E.D.) certificate, the individual meets 1 of the following:

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

(ii) Is less than 20 years of age on September 1 of the school year, is not attending an institution of higher education, and is enrolled in a job or employment-related program through a referral by an employer.

(iii) Is enrolled in an English as a second language program.

(iv) Is enrolled in a high school completion program.

(b) If the individual has not obtained a high school diploma or G.E.D. certificate, the individual meets 1 of the following:

(i) Is at least 20 years of age on September 1 of the school year.

(ii) Is at least 16 years of age on September 1 of the school year, has been permanently expelled from school under section 1311(2) or 1311a of the revised school code, MCL 380.1311 and 380.1311a, and has no appropriate alternative education program available through his or her district of residence.

(3) Except as otherwise provided in subsection (4), the amount allocated under subsection (1) shall be distributed as follows:

(a) For districts and consortia that received payments for ~~2001-2002~~ **2003-2004** under this section, the amount allocated to each for ~~2003-2004~~ **2004-2005** shall be based on the number of participants served by the district or consortium for ~~2003-2004~~ **2004-2005**, using the amount allocated per full-time equated participant under subsection (5), up to a maximum total allocation under this section in an amount equal to ~~26.67%~~ of the amount the district or consortium received for ~~2001-2002~~ **2003-2004** under this section before any reallocations made for ~~2001-2002~~ **2003-2004** under subsection (4).

(b) A district or consortium that received funding in ~~2002-2003~~ **2003-2004** under this section may operate independently of a consortium or join or form a consortium for ~~2003-2004~~ **2004-2005**. The allocation for ~~2003-2004~~ **2004-2005** to the district or the newly formed consortium under this subsection shall be determined by the department of ~~career development~~ **labor and economic growth** and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in ~~2002-2003~~ **2003-2004**. A district or consortium described in this subdivision shall notify the department of career development of its intention with regard to ~~2003-2004~~ **2004-2005** by October 1, ~~2003~~ **2004**.

(4) A district that operated an adult education program in ~~2002-2003~~ **2003-2004** and does not intend to operate a program in ~~2003-2004~~ **2004-2005** shall notify the department of ~~career development~~ **labor and economic growth** by October 1, ~~2003~~ **2004** of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2003-2004~~ **2004-2005** and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in ~~2003-2004~~ **2004-2005** under this section.

(5) The amount allocated under this section per full-time equated participant is \$2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.

(6) An adult basic education program or an adult English as a second language program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who are determined by an appropriate assessment to be below ninth grade level in reading or mathematics, or both, or to lack basic English proficiency.

(b) The program tests individuals for eligibility under subdivision (a) before enrollment and tests participants to determine progress after every 90 hours of attendance, using assessment instruments approved by the department of ~~career development~~ **labor and economic growth**.

(c) A participant in an adult basic education program is eligible for reimbursement until 1 of the following occurs:

(i) The participant's reading and mathematics proficiency are assessed at or above the ninth grade level.

(ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (10) until the participant meets 1 of the following:

(i) The participant is assessed as having attained basic English proficiency.

(ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of

instruction. The department of ~~career development~~ **labor and economic growth** shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(7) A general ~~education~~ **educational** development (G.E.D.) test preparation program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(b) The program shall administer a G.E.D. pre-test approved by the department of ~~career development~~ **labor and economic growth** before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall administer other tests after every 90 hours of attendance to determine a participant's readiness to take the G.E.D. test.

(c) A funding recipient shall receive funding according to subsection (10) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

(i) The participant passes the G.E.D. test.

(ii) The participant fails to show progress on 2 successive tests used to determine readiness to take the G.E.D. test after having completed at least 450 hours of instruction.

(8) A high school completion program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(b) A funding recipient shall receive funding according to subsection (10) for a participant in a course offered under this subsection until 1 of the following occurs:

(i) The participant passes the course and earns a high school diploma.

(ii) The participant fails to earn credit in 2 successive semesters or terms in which the participant is enrolled after having completed at least 900 hours of instruction.

(9) A job or employment-related adult education program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults referred by their employer who are less than 20 years of age, have a high school diploma, are determined to be in need of remedial mathematics or communication arts skills and are not attending an institution of higher education.

(b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (10) until 1 of the following occurs:

(i) The individual achieves the requisite skills as determined by appropriate assessment instruments administered at least after every 90 hours of attendance.

(ii) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department of ~~career development~~ **labor and economic growth** shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(10) A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency; for passage of the G.E.D. test; for passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(11) As used in this section, "participant" means the sum of the number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).

(12) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (6), (7), (8), or (9) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

(13) An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section.

(14) A district shall not commingle money received under this section or from another source for adult education purposes with any other funds of the district. A district receiving adult education funds shall establish a separate ledger account for those funds. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(15) A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if

the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.

Sec. 107b. (1) The department may begin the development of a pilot project for an adult learning system in 2 Michigan works! regions as described under this section. If the department begins development of the pilot project, the pilot project shall be developed and administered as provided under this section.

(2) Not later than February 28, 2005, the department, based on the recommendations of the advisory committee established under subsection (5), shall review funding requirements under subsection (7) and make funding recommendations for the pilot project for 2005-2006. The recommended funding shall not exceed the amount of the funds that were allocated for 2004-2005 under section 107 to the adult education providers located within the Michigan works! regions chosen for the pilot project. In the pilot project regions, these funds shall instead be distributed to the agencies selected by the advisory committee to participate as providers in the pilot adult learning system. These agencies shall be selected on a competitive basis.

(3) To be eligible to be enrolled as a participant in a pilot project adult learning system, an individual shall be at least 16 years of age as of September 1 of the immediately preceding state fiscal year and shall meet the following, as applicable:

(a) If the individual has obtained a high school diploma or a general educational development (G.E.D.) certificate, the individual is determined to have English language proficiency, reading, writing, or math skills below employment trainability skills standards as determined by tests approved by the department and is not enrolled in a postsecondary institution. An individual who has obtained a high school diploma is not eligible for enrollment in a G.E.D. test preparation program.

(b) If the individual has not obtained a high school diploma or a G.E.D. certificate, the individual has not attended a secondary institution for at least 6 months before enrollment in a pilot project adult learning system and is not enrolled in a postsecondary institution.

(4) Subject to subsection (7), the advisory committee established under subsection (5) shall determine the amount of the funding under this section that may be used for program administration, including contracting for the provision of career and educational information, counseling services, and assessment services.

(5) The department shall establish an adult learning system advisory committee for the purposes of this section. All of the following apply to this advisory committee:

(a) The advisory committee shall consist of the following 7 members:

(i) A representative of the department, appointed by the director of the department.

(ii) The department's director of adult education.

(iii) A representative of the Michigan works! agency, appointed by the director of the department.

(iv) The executive director of the Michigan association of community and adult education.

(v) A person who is currently serving as an adult education educator, appointed by the director of the department.

(vi) A person who is currently serving as an administrator of a school district adult education program, appointed by the director of the department.

(vii) A representative of a community-based organization, appointed by the director of the department.

(b) The advisory committee shall develop and review proposals for delivery of adult learning services under the pilot project, shall select agencies to participate as providers in the pilot project, and shall do all of the following:

(i) Develop a strategic plan to identify adult learning providers and document the need for an adult learning system in a specific region.

(ii) Provide guidance to a pilot project adult learning system on referring, enrolling, promoting, and recruiting for the pilot project.

(iii) Ensure coordination of a pilot project adult learning system with other available resources in the region, such as schools, postsecondary institutions, job training programs, and social service agencies.

(c) A member of the advisory committee shall serve without compensation. However, a member may be reimbursed for the member's actual and necessary expenses incurred in the performance of the member's duties as a member of the advisory committee.

(d) A majority of the members of the advisory committee constitute a quorum for the transaction of business at a meeting of the advisory committee. A majority of the members present and serving are required for official action of the advisory committee.

(e) The business that the advisory committee may perform shall be conducted at a public meeting of the advisory committee held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(f) A writing prepared, owned, used, in the possession of, or retained by the advisory committee in the performance of an official function is subject to the freedom of information act, 1976 PA 443, MCL 15.231 to 15.246.

(6) To be eligible for funding under this section, a pilot project adult learning system shall do all of the following:

(a) Provide services in compliance with the guidelines established by the advisory committee under subsection (5).

(b) Report outcomes and other measurements of program performance into the Michigan adult education reporting system administered by the department.

(7) The department shall ensure that at least 80% of the funding under this section is used for adult basic education, high school completion, G.E.D. test preparation, or English as a second language proficiency, and shall ensure that these services are provided by a certified teacher. The remainder of the services may include training in employment trainability skills. The department shall reimburse eligible adult learning providers participating in a pilot project adult learning system under this section as follows:

(a) The contract amount shall be allocated to eligible adult learning providers based upon the following performance standards as measured in a manner approved by the department:

(i) The percentage of participants taking both a pretest and a posttest in English language proficiency, reading, writing, and math.

(ii) The percentage of participants showing improvement toward goals identified in their individual adult learner plan.

(iii) The percentage of participants achieving their terminal goals as identified in their individual adult learner plan.

(b) A provider is eligible for reimbursement for a participant in an adult learning program until the participant's reading, writing, or math proficiency, as applicable, is assessed at employment trainability skills standards or the participant fails to show progress on 2 successive assessments as determined by the department.

(c) A provider is eligible for reimbursement for a participant in an English as a second language program until the participant is assessed as having attained basic English proficiency or the participant fails to show progress on 2 successive assessments as determined by the department.

(d) A provider is eligible for reimbursement for a participant in a G.E.D. test preparation program until the participant passes the G.E.D. test or the participant fails to show progress on 2 successive assessments as determined by the department.

(e) A provider is eligible for reimbursement for a participant in a high school completion program until the participant earns a high school diploma or the participant fails to show progress as determined by the department.

(8) An individual who is not eligible to be a participant funded under this section may receive adult learning services in a pilot project adult learning system upon the payment of tuition or fees for service. The tuition or fee level shall be determined by the adult learning provider and approved by the department's director of adult education.

(9) A provider shall not be reimbursed under this section for an individual who is an inmate in a state correctional facility.

(10) A provider shall allow access for the department or its designee to audit all records related to the pilot project adult learning system for which it receives funds. The provider shall reimburse this state for all disallowances found in the audit.

(11) As used in this section:

(a) "Adult learning system" means a system approved by the department that improves reading, writing, and math skills to employment trainability skills standards; an English as a second language program; a G.E.D. preparation program; a high school completion program; or a workforce readiness program that enhances employment opportunities.

(b) "Department" means the department of labor and economic growth.

(c) "Eligible adult learning provider" means a district, public school academy, intermediate district, community college, university, community-based organization, or other organization approved by the department that provides adult learning systems under a contract with the Michigan works! agency that is part of the pilot project adult learning system.

(d) "Employment trainability skills standard" means a proficiency level approved by the department in English language, reading, writing, or mathematics, or any and all of these, as determined by results from assessments approved for use by the department.

(e) "Michigan works! agency" means the agency designated by the chief elected official and approved by the governor to administer the portion of the Michigan works! system for that local workforce investment area.

(f) "Participant" means an individual enrolled in an adult learning program and receiving services from an eligible adult learning provider.

(g) "Pilot project" means a temporary project established to deliver a new adult learning system.

Sec. 147. (1) The allocation for ~~2003-2004~~ 2004-2005 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate is estimated ~~14.37%~~ 14.87% for the ~~2003-2004~~ 2004-2005 state fiscal year. ~~However, if all eligible districts participating in the school bond loan authority assist the state treasurer in the refinancing of school bond loan authority debt, the~~

~~annual level percentage of payroll contribution rate for all districts is estimated to be 12.99% for the 2003-2004 fiscal year. If an eligible district does not assist in the refinancing, that district's payroll contribution rate is estimated to be 14.37% for the 2003-2004 fiscal year.~~ The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~33~~ 32 years for ~~2003-2004~~ 2004-2005. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

(2) It is the intent of the legislature that the amortization period described in section 41(2) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to 30 years by the end of the 2005-2006 state fiscal year by reducing the amortization period by not more than 1 year each fiscal year.

Sec. 152. Except for reports due on other dates specified in this act, each district and intermediate district shall furnish to **the center or the department, as applicable**, before the first Monday in November of each year those reports the department considers necessary for the determination of the allocation of funds under this act. In order to receive funds under this act, each district and intermediate district shall also furnish to **the center or the department, as applicable**, the information the department considers necessary for the administration of this act, including information necessary to determine compliance with article 16, and for the provision of reports of educational progress to the senate and house committees responsible for education, the senate and house appropriations subcommittees responsible for appropriations to school districts, the senate and house fiscal agencies, and the state budget director, as appropriate. **This section does not require a district or intermediate district to submit any information to both the center and the department.**

Sec. 158b. Each district that receives federal impact aid ~~under section 3(c)(1) of title 1 of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238,~~ annually shall report to the ~~department~~ **center**, in the form and manner prescribed by the department, the amount of that aid the district received.

Sec. 163. (1) Except as provided in the revised school code or in section ~~408~~ **107b**, the board of a district or intermediate district shall not permit any of the following:

(a) A noncertificated teacher to teach in an elementary or secondary school or in an adult basic education or high school completion program.

(b) A noncertificated counselor to provide counseling services to pupils in an elementary or secondary school or in an adult basic education or high school completion program.

(2) Except as provided in the revised school code or in section ~~408~~ **107b**, a district or intermediate district employing teachers or counselors not legally certificated shall have deducted the sum equal to the amount paid the teachers or counselors for the period of noncertificated or illegal employment. Each intermediate superintendent shall notify the department of the name of the noncertificated teacher or counselor, and the district employing that individual and the amount of salary the noncertificated teacher or counselor was paid within a constituent district.

(3) If a school official is notified by the department that he or she is employing a nonapproved noncertificated teacher or counselor in violation of this section and knowingly continues to employ that teacher or counselor, the school official is guilty of a misdemeanor, punishable by a fine of \$1,500.00 for each incidence.

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00.

Enacting section 2. Sections 11c, 31e, 32b, 68, 107a, and 108 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611c, 388.1631e, 388.1632b, 388.1668, 388.1707a, and 388.1708, are repealed effective October 1, 2004.

Enacting section 3. (1) Except as otherwise provided in subsection (2), this amendatory act takes effect October 1, 2004.

(2) Sections 11j, 20, 22a, 94a, and 101 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611j, 388.1620, 388.1622a, 388.1694a, and 388.1701, as amended by this amendatory act, take effect upon enactment of this amendatory act.

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

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 20j, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 37, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 163 (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1620j, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 388.1637, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1701, 388.1704a, 388.1707,

Senator Jelinek submitted the following:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 1065, 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, 2005; 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, 2005; 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, 2005, 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	407.0	
GROSS APPROPRIATION		\$ 113,549,000
Interdepartmental grant revenues:		
Interdepartmental grant from corrections academy lease.....		1,072,100
Total interdepartmental grants and intradepartmental transfers		1,072,100
ADJUSTED GROSS APPROPRIATION		\$ 112,476,900
Federal revenues:		
Total federal revenues		60,796,800
Special revenue funds:		
Local cost sharing (schools for blind/deaf)		4,928,800
Local school district service fees		280,000
Total local revenues		5,208,800
Gifts, bequests, and donations.....		504,200
Private foundations		102,400
Total private revenues		606,600
Total local and private revenues		5,815,400
Certification fees.....		4,369,100
Commodity distribution fees		72,300
Lansing, Michigan school for the blind rent		739,000
Michigan merit award trust fund		13,685,200
Student insurance revenue.....		205,100
Teacher testing fees		299,300
Training and orientation workshop fees		100,000
Total other state restricted revenues		19,470,000
State general fund/general purpose		\$ 26,394,700
Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT		
Full-time equated unclassified positions	6.0	
Full-time equated classified positions	16.0	
State board of education, per diem payments.....		\$ 24,400
Unclassified positions—6.0 FTE positions.....		515,600
State board/superintendent operations—16.0 FTE positions		2,561,700
Travel.....		84,400
GROSS APPROPRIATION		\$ 3,186,100

For Fiscal Year
Ending Sept. 30,
2005

Appropriated from:	
Federal revenues:	
Federal revenues	\$ 1,715,800
Special revenue funds:	
Certification fees.....	174,400
Private foundations	23,000
State general fund/general purpose	\$ 1,272,900
Sec. 103. CENTRAL SUPPORT	
Full-time equated classified positions27.0	
Central support—27.0 FTE positions	\$ 3,404,500
Travel.....	9,200
Worker's compensation	42,000
Building occupancy charges - property management services	1,342,700
Human resources optimization user charges.....	29,500
Training and orientation workshops	100,000
Terminal leave payments.....	620,400
GROSS APPROPRIATION	\$ 5,548,300
Appropriated from:	
Federal revenues:	
Federal revenues	3,427,600
Special revenue funds:	
Certification fees.....	260,800
Commodity distribution fees	7,000
Local cost sharing (schools for blind/deaf)	93,400
Teacher testing fees	12,200
Training and orientation workshop fees	100,000
State general fund/general purpose	\$ 1,647,300
Sec. 104. INFORMATION TECHNOLOGY SERVICES	
Information technology operations.....	\$ 2,521,800
GROSS APPROPRIATION	\$ 2,521,800
Appropriated from:	
Federal revenues:	
Federal revenues	1,482,800
Special revenue funds:	
Certification fees.....	175,400
Local cost sharing (schools for blind/deaf)	47,700
State general fund/general purpose	\$ 815,900
Sec. 105. SPECIAL EDUCATION SERVICES	
Full-time equated classified positions52.0	
Special education operations—52.0 FTE positions	\$ 10,824,300
Travel.....	105,800
GROSS APPROPRIATION	\$ 10,930,100
Appropriated from:	
Federal revenues:	
Federal revenues	10,682,100
Special revenue funds:	
Certification fees.....	36,700
State general fund/general purpose	\$ 211,300
Sec. 106. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE	
General services.....	\$ 1,821,100
GROSS APPROPRIATION	\$ 1,821,100
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from corrections academy lease.....	1,072,100
Special revenue funds:	
Gifts, bequests, and donations.....	10,000

	For Fiscal Year Ending Sept. 30, 2005
Lansing, Michigan school for the blind rent	\$ 739,000
State general fund/general purpose	\$ 0
Sec. 107. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND	
Full-time equated classified positions	76.0
Michigan schools for the deaf and blind operations—75.0 FTE positions	\$ 10,144,000
Travel.....	28,500
Summer institute.....	90,000
Camp Tuhsmeheeta—1.0 FTE position.....	250,100
Private gifts - blind.....	90,000
Private gifts - deaf.....	50,000
GROSS APPROPRIATION	\$ 10,652,600
Appropriated from:	
Federal revenues:	
Federal revenues	4,895,600
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	4,787,700
Local school district service fees	270,000
Gifts, bequests, and donations.....	494,200
Student insurance revenue.....	205,100
State general fund/general purpose	\$ 0
Sec. 108. PROFESSIONAL PREPARATION SERVICES	
Full-time equated classified positions	31.0
Professional preparation operations—31.0 FTE positions	\$ 5,343,900
Travel.....	39,000
Department of attorney general.....	50,000
GROSS APPROPRIATION	\$ 5,432,900
Appropriated from:	
Federal revenues:	
Federal revenues	2,547,100
Special revenue funds:	
Certification fees.....	2,598,700
Teacher testing fees	287,100
State general fund/general purpose	\$ 0
Sec. 109. EARLY CHILDHOOD EDUCATION AND FAMILY SERVICES	
Full-time equated classified positions	23.0
Early childhood education and family services operations—23.0 FTE positions.....	\$ 3,616,100
Travel.....	64,500
GROSS APPROPRIATION	\$ 3,680,600
Appropriated from:	
Federal revenues:	
Federal revenues	2,689,800
Special revenue funds:	
Certification fees.....	53,600
State general fund/general purpose	\$ 937,200
Sec. 110. SCHOOL IMPROVEMENT SERVICES	
Full-time equated classified positions	76.0
School improvement operations—76.0 FTE positions.....	\$ 13,649,200
Travel.....	270,600
GROSS APPROPRIATION	\$ 13,919,800
Appropriated from:	
Federal revenues:	
Federal revenues	13,265,000
Special revenue funds:	
Certification fees.....	502,300
Private foundations	79,400
State general fund/general purpose	\$ 73,100

For Fiscal Year
Ending Sept. 30,
2005

Sec. 111. SCHOOL FINANCE AND SCHOOL LAW SERVICES

Full-time equated classified positions	21.0	
School finance and school law operations—21.0 FTE positions		\$ 2,464,400
Travel.....		9,300
GROSS APPROPRIATION		\$ 2,473,700

Appropriated from:

Federal revenues:

Federal revenues		1,241,300
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Special revenue funds:

Certification fees.....		467,200
State general fund/general purpose		\$ 765,200

Sec. 112. EDUCATIONAL ASSESSMENT AND ACCOUNTABILITY

Full-time equated classified positions	27.0	
Educational assessment operations—27.0 FTE positions		\$ 25,090,300
Travel.....		40,300
GROSS APPROPRIATION		\$ 25,130,600

Appropriated from:

Federal revenues:

Federal revenues		11,445,400
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Special revenue funds:

Merit award trust fund		13,685,200
State general fund/general purpose		\$ 0

Sec. 113. GRANTS ADMINISTRATION AND SCHOOL SUPPORT SERVICES

Full-time equated classified positions	58.0	
Grants administration and school support services operations—58.0 FTE positions		\$ 6,709,500
Travel.....		166,900
GROSS APPROPRIATION		\$ 6,876,400

Appropriated from:

Federal revenues:

Federal revenues		6,404,300
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Special revenue funds:

Commodity distribution fees		65,300
Local school district service fees		10,000
State general fund/general purpose		\$ 396,800

Sec. 114. GRANTS AND DISTRIBUTIONS

FEDERAL PROGRAMS:

Urgent school renovation		\$ 1,000,000
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STATE PROGRAMS:

National board certification		\$ 100,000
School breakfast programs		8,025,000
School readiness grants.....		12,250,000
GROSS APPROPRIATION		\$ 21,375,000

Appropriated from:

Federal revenues:

DED-OESE, urgent school renovation		1,000,000
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Special revenue funds:

Certification fees.....		100,000
State general fund/general purpose		\$ 20,275,000

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 2004-2005 is \$45,864,700.00 and state spending from state resources to be paid

to local units of government for fiscal year 2004-2005 is estimated at \$9,015,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

GRANTS AND DISTRIBUTIONS

STATE PROGRAMS:

School readiness grants.....	\$ 990,100
School lunch and breakfast	8,025,000
TOTAL.....	\$ 9,015,100

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 local act school district or 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 the department 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. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement 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. 206. 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. 207. 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. 208. (1) Upon receipt of the federal drug-free grant, the department shall allocate \$225,000.00 of the grant to the safe school program within the department. The safe school program shall work with local school boards, parents of enrolled students, law enforcement agencies, community leaders, and the office of drug control policy for the prevention of school violence. The safe school program 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 safe school program 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) Advance, promote, and encourage the awareness and use of the state police anti-violence hotline.

Sec. 209. 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. 210. 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. 211. 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. 212. Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the federal no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, the department shall allow a school or district to appeal that determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

Sec. 213. 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. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality.

Sec. 214. (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 \$10,000.00 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.

(5) The department shall not award personal service contracts valued at more than \$10,000.00 without competitive bidding, pricing, or rate setting.

Sec. 215. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

- (a) The travel is required by legal mandate or court order or for law enforcement purposes.
- (b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.
- (c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.
- (d) The travel is necessary to comply with federal requirements.
- (e) The travel is necessary to secure specialized training for staff that is not available within this state.
- (f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

- (a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.
- (b) The destination of each travel occurrence.
- (c) The dates of each travel occurrence.
- (d) A brief statement of the reason for each travel occurrence.
- (e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.
- (f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Sec. 216. 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. 218. The department shall pay within 60 days of submission the full amount of any bills submitted by the auditor general for all costs incurred by the auditor general while conducting audits of federally funded programs. The department shall expend federal funds allowable under federal law to satisfy any charges billed by the auditor general.

STATE BOARD/OFFICE OF THE SUPERINTENDENT

Sec. 301. (1) The appropriations in part 1 may be used for per diem payments to the state board for meetings at which a quorum is present or for performing official business authorized by the state board. 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.

(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 in-state travel. No funds from the amount appropriated in part 1 shall be expended for out-of-state 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 designated in the tenant's lease agreement.

(3) Security guards or other patrols at the Michigan school for the blind's former site shall not be funded through part 1 funds appropriated for the Michigan schools for the deaf and blind.

(4) 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.

(5) The department shall not lease real property for less than fair market value.

(6) From the unexpended balances of appropriations and any surplus restricted revenue for the former school for the blind site in Lansing, up to \$100,000.00 of any unexpended and unencumbered funds remaining on September 30, 2005 may be carried forward as a work project 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, 2006.

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) From the unexpended balances of appropriations for the schools for the deaf and blind operations, and from proceeds of the sale of surplus property and facilities at the Michigan schools for the deaf and blind, up to \$250,000.00 of any unexpended and unencumbered funds remaining on September 30, 2005 may be carried forward as a work project 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, 2006.

Sec. 407. 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. 408. (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) Parents should continue to have a choice regarding the educational placement of their deaf or hard of hearing children.

Sec. 409. In addition to those funds appropriated in part 1, the department may receive and expend funds from the mid-Michigan leadership academy for capital improvements. The department shall report to the house and senate fiscal agencies and the state budget office on an annual 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. 410. The department shall report annually to the house and senate appropriations subcommittees on education detailed information on the expenditures made from the amount authorized in part 1 for general services for the Michigan school for the blind's former site.

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. Of the funds appropriated in part 1 for professional preparation operations, not more than \$75,000.00 shall be allocated to Wayne State University for the limited license to instruct program, and not more than \$75,000.00 shall be allocated to Central Michigan University for the alternative route to certification program.

OFFICE OF SCHOOL IMPROVEMENT

Sec. 601. From the amount appropriated in part 1 for the office of school improvement, 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.

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 CFR 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 superintendent of public instruction 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 USC 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 2004-2005 grant under this section shall also receive priority for fiscal years 2005-2006 and 2006-2007 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 considered 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.

INFORMATION TECHNOLOGY

Sec. 801. 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. 802. 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.

EDUCATIONAL ASSESSMENT

Sec. 901. (1) From the funds appropriated in part 1 for the educational assessment operations, the department shall provide tests to nonpublic schools and home-schooled students upon request. The department shall notify nonpublic schools that they are eligible to receive the tests.

(2) The department shall release test results at the same time to all private schools and public school districts taking the tests.

(3) The results of each test administered as part of the Michigan educational assessment program, including tests administered to high school students, shall include an item analysis that lists all items that are counted for individual student scores and the percentage of students choosing each possible response.

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, 2005; 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.

Ron Jelinek
Alan L. Cropsey
Michael Switalski
Conferees for the Senate

John Moolenaar
Mike Pumford
Jim Plakas
Conferees for the House

Pending the order that, under joint rule 9, the conference report be laid over one day,
Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the conference report,

The first conference report was adopted, a majority of the members serving voting therefor, as follows:

Roll Call No. 610**Yeas—35**

Allen	Clarke	Jacobs	Sanborn
Barcia	Cropsey	Jelinek	Schauer
Basham	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry	Hardiman	Prusi	

Nays—0**Excused—3**

Bernero	Clark-Coleman	Scott
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Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect,
The recommendation was concurred in, 2/3 of the members serving voting therefor.

Recess

Senator Hammerstrom moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 11:29 a.m.

11:46 a.m.

The Senate was called to order by the Associate President pro tempore, Senator Barcia.

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

House Bill No. 5517, entitled

A bill to make, supplement, and adjust appropriations for the departments of attorney general, civil rights, civil service, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2005; to provide for the expenditure of these appropriations; to provide for the funding of certain work projects; to provide for the imposition of certain fees; to establish or continue certain funds, programs, and categories; to transfer certain funds; to prescribe certain requirements for bidding on state contracts; to provide for disposition of year-end balances; to prescribe the powers and duties of certain principal executive departments and state agencies, officials, and employees; and to provide for the disposition of fees and other income received by the various principal executive departments and state agencies.

The House of Representatives has rejected the report of the Committee of Conference and has appointed Reps. Taub, Moolenaar and Williams as second conferees.

The message was referred to the Secretary for record.

By unanimous consent the Senate returned to the order of
Motions and Communications

The following communication was received and read:
Office of the Senate Majority Leader

September 8, 2004

Pursuant to Joint Rule 5, I have made the following conferee appointments to the Second Conference Committee on House Bill 5517:

Senator Garcia, Senator McManus and Senator Switalski

Respectfully yours,
Ken Sikkema
Senate Majority Leader

The communication was referred to the Secretary for record.

Recess

Senator Sikkema moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 11:47 a.m.

1:41 p.m.

The Senate was called to order by the President, Lieutenant Governor Cherry.

By unanimous consent the Senate returned to the order of
Conference Reports

Senator Stamas submitted the following:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning
Senate Bill No. 1063, 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, 2005; 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 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 community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2005; 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

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, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	5,112.6	
Average population	1,102.0	
GROSS APPROPRIATION		\$ 10,173,609,800
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		70,037,000
ADJUSTED GROSS APPROPRIATION		\$ 10,103,572,800
Federal revenues:		
Total federal revenues		5,502,732,900
Special revenue funds:		
Total local revenues		523,452,400
Total private revenues		55,476,400
Merit award trust fund		110,675,000
Tobacco settlement trust fund		66,125,000
Total other state restricted revenues		1,287,044,700
State general fund/general purpose		\$ 2,558,066,400

Sec. 102. DEPARTMENTWIDE ADMINISTRATION

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	250.1	
Director and other unclassified—6.0 FTE positions		\$ 581,500
Community health advisory council		8,000
Departmental administration and management—228.7 FTE positions		22,498,700
Certificate of need program administration—10.0 FTE positions		1,007,600
Worker’s compensation program		8,558,700
Rent and building occupancy		8,259,300
Developmental disabilities council and projects—10.0 FTE positions		2,809,100
Rural health services		1,377,900
Michigan essential health care provider program		1,391,700

	For Fiscal Year Ending Sept. 30, 2005
Primary care services—1.4 FTE positions	\$ 3,048,900
GROSS APPROPRIATION	\$ 49,541,400
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of treasury, Michigan state hospital finance authority	107,400
Federal revenues:	
Total federal revenues	15,242,900
Special revenue funds:	
Total private revenues	185,900
Total other state restricted revenues	3,947,900
State general fund/general purpose	\$ 30,057,300
Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
ADMINISTRATION AND SPECIAL PROJECTS	
Full-time equated classified positions	103.5
Mental health/substance abuse program administration—103.5 FTE positions	\$ 11,429,700
Consumer involvement program.....	189,100
Gambling addiction.....	3,500,000
Protection and advocacy services support	777,400
Mental health initiatives for older persons	1,349,200
Community residential and support services	3,311,800
Highway safety projects.....	1,837,200
Federal and other special projects.....	2,746,000
Family support subsidy	16,680,700
Housing and support services.....	5,923,000
GROSS APPROPRIATION	\$ 47,744,100
Federal revenues:	
Total federal revenues	29,686,400
Special revenue funds:	
Total private revenues	190,000
Total other state restricted revenues	3,682,300
State general fund/general purpose	\$ 14,185,400
Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
PROGRAMS	
Full-time equated classified positions	9.5
Medicaid mental health services	\$ 1,414,985,200
Community mental health non-Medicaid services	313,352,400
Medicaid adult benefits waiver	40,000,000
Multicultural services	4,963,800
Medicaid substance abuse services	28,732,300
Respite services	1,000,000
CMHSP, purchase of state services contracts	120,746,800
Civil service charges.....	1,765,500
Federal mental health block grant—2.5 FTE positions	15,326,600
State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs	82,770,600
Children’s waiver home care program.....	19,549,800
Omnibus reconciliation act implementation—7.0 FTE positions.....	12,807,300
GROSS APPROPRIATION	\$ 2,058,510,100
Appropriated from:	
Federal revenues:	
Total federal revenues	946,153,500
Special revenue funds:	
Total local revenues	26,000,000
Total other state restricted revenues	6,542,400
State general fund/general purpose	\$ 1,079,814,200

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

Total average population	1,102.0	
Full-time equated classified positions	3,457.1	
Caro regional mental health center - psychiatric hospital - adult—529.7 FTE positions		\$ 39,681,300
Average population	192.0	
Kalamazoo psychiatric hospital - adult—500.4 FTE positions		35,953,000
Average population	184.0	
Walter P. Reuther psychiatric hospital - adult—477.9 FTE positions		40,877,900
Average population	242.0	
Hawthorn center - psychiatric hospital - children and adolescents—226.2 FTE positions.....		19,014,400
Average population	67.0	
Mount Pleasant center - developmental disabilities—514.3 FTE positions		35,146,100
Average population	192.0	
Center for forensic psychiatry—493.0 FTE positions		44,709,200
Average population	225.0	
Forensic mental health services provided to the department of corrections—		
704.6 FTE positions		68,687,700
Revenue recapture.....		750,000
IDEA, federal special education.....		120,000
Special maintenance and equipment.....		335,300
Purchase of medical services for residents of hospitals and centers.....		1,358,200
Closed site, transition, and related costs—11.0 FTE positions		601,000
Severance pay		216,900
Gifts and bequests for patient living and treatment environment.....		1,000,000
GROSS APPROPRIATION		\$ 288,451,000
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from the department of corrections.....		68,687,700
Federal revenues:		
Total federal revenues		32,213,900
Special revenue funds:		
CMHSP, purchase of state services contracts		120,746,800
Other local revenues		13,853,500
Total private revenues		1,000,000
Total other state restricted revenues		8,426,600
State general fund/general purpose		\$ 43,522,500

Sec. 106. PUBLIC HEALTH ADMINISTRATION

Full-time equated classified positions	83.4	
Executive administration—11.0 FTE positions		\$ 1,667,900
Minority health grants and contracts		1,550,000
Vital records and health statistics—72.4 FTE positions		6,959,300
GROSS APPROPRIATION		\$ 10,177,200
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from family independence agency		689,100
Federal revenues:		
Total federal revenues		2,479,400
Special revenue funds:		
Total other state restricted revenues		5,622,300
State general fund/general purpose		\$ 1,386,400

Sec. 107. HEALTH REGULATORY SYSTEMS

Full-time equated classified positions	339.0	
Health systems administration—184.0 FTE positions		\$ 18,266,900
Emergency medical services program state staff—5.0 FTE positions		940,600

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Radiological health administration—25.0 FTE positions	\$ 2,191,400
Substance abuse program administration—4.0 FTE positions	414,100
Emergency medical services grants and services	1,046,200
Health professions—121.0 FTE positions	15,095,500
GROSS APPROPRIATION	\$ 37,954,700
Appropriated from:	
Federal revenues:	
Total federal revenues	13,481,800
Special revenue funds:	
Total other state restricted revenues	19,082,100
State general fund/general purpose	\$ 5,390,800
Sec. 108. INFECTIOUS DISEASE CONTROL	
Full-time equated classified positions	49.0
AIDS prevention, testing, and care programs—12.0 FTE positions	\$ 30,222,900
Immunization local agreements.....	14,010,300
Immunization program management and field support—14.0 FTE positions	1,670,400
Sexually transmitted disease control local agreements	3,494,900
Sexually transmitted disease control management and field support—23.0 FTE positions.....	3,482,600
GROSS APPROPRIATION	\$ 52,881,100
Appropriated from:	
Federal revenues:	
Total federal revenues	37,839,500
Special revenue funds:	
Total private revenues	2,655,700
Total other state restricted revenues	7,728,600
State general fund/general purpose	\$ 4,657,300
Sec. 109. LABORATORY SERVICES	
Full-time equated classified positions	121.0
Bovine tuberculosis—2.0 FTE positions	\$ 500,000
Laboratory services—119.0 FTE positions	14,380,400
GROSS APPROPRIATION	\$ 14,880,400
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from environmental quality	406,000
Federal revenues:	
Total federal revenues	2,819,900
Special revenue funds:	
Total other state restricted revenues	4,785,800
State general fund/general purpose	\$ 6,868,700
Sec. 110. EPIDEMIOLOGY	
Full-time equated classified positions	107.9
AIDS surveillance and prevention program.....	\$ 1,887,800
Asthma prevention and control—2.3 FTE positions	1,036,800
Bioterrorism preparedness—59.5 FTE positions	51,902,200
Epidemiology administration—41.1 FTE positions	6,233,600
Newborn screening follow-up and treatment services—5.0 FTE positions.....	3,712,500
Tuberculosis control and recalcitrant AIDS program.....	867,000
GROSS APPROPRIATION	\$ 65,639,900
Appropriated from:	
Federal revenues:	
Total federal revenues	59,642,500
Special revenue funds:	
Total private revenues	77,500
Total other state restricted revenues	3,893,500
State general fund/general purpose	\$ 2,026,400

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Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS

Full-time equated classified positions	7.0	
Implementation of 1993 PA 133, MCL 333.17015		\$ 100,000
Lead abatement program—7.0 FTE positions		1,728,400
Local health services.....		220,000
Local public health operations		40,618,400
Medical services cost reimbursement to local health departments.....		1,800,000
GROSS APPROPRIATION		\$ 44,466,800
Appropriated from:		
Federal revenues:		
Total federal revenues		3,291,000
Special revenue funds:		
Total other state restricted revenues		480,900
State general fund/general purpose		\$ 40,694,900

Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH

PROMOTION

Full-time equated classified positions	49.8	
African-American male health initiative		\$ 106,700
AIDS and risk reduction clearinghouse and media campaign.....		1,576,000
Alzheimer's information network.....		550,000
Cancer prevention and control program—14.3 FTE positions		14,743,800
Chronic disease prevention—1.0 FTE position		5,334,300
Diabetes and kidney program—9.1 FTE positions		3,571,900
Health education, promotion, and research programs—9.3 FTE positions		1,018,100
Injury control intervention project—1.0 FTE position		520,100
Michigan Parkinson's foundation.....		200,000
Morris Hood Wayne State University diabetes outreach.....		400,000
Physical fitness, nutrition, and health		1,000,000
Public health traffic safety coordination.....		564,500
Smoking prevention program—13.1 FTE positions.....		6,414,600
Tobacco tax collection and enforcement		810,000
Violence prevention—2.0 FTE positions.....		1,779,600
GROSS APPROPRIATION		\$ 38,589,600
Appropriated from:		
Federal revenues:		
Total federal revenues		18,440,700
Special revenue funds:		
Total other state restricted revenues		18,168,700
State general fund/general purpose		\$ 1,980,200

Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Full-time equated classified positions	45.4	
Childhood lead program—5.8 FTE positions		\$ 2,492,600
Dental programs.....		485,400
Dental program for persons with developmental disabilities		151,000
Early childhood collaborative secondary prevention		524,000
Family, maternal, and children's health services administration—39.6 FTE positions		4,581,200
Family planning local agreements.....		12,270,300
Local MCH services		7,264,200
Migrant health care		612,200
Pediatric AIDS prevention and control.....		1,176,800
Pregnancy prevention program.....		5,846,100
Prenatal care outreach and service delivery support.....		3,049,300
School health and education programs		1,000,000
Special projects.....		6,213,400
Sudden infant death syndrome program		321,300
GROSS APPROPRIATION		\$ 45,987,800

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Appropriated from:	
Federal revenues:	
Total federal revenues	\$ 31,572,400
Special revenue funds:	
Total other state restricted revenues	8,904,000
State general fund/general purpose	\$ 5,511,400
Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION	
PROGRAM	
Full-time equated classified positions	41.0
Women, infants, and children program administration and special projects—	
41.0 FTE positions	\$ 5,702,700
Women, infants, and children program local agreements and food costs	181,392,100
GROSS APPROPRIATION	\$ 187,094,800
Appropriated from:	
Federal revenues:	
Total federal revenues	136,747,500
Special revenue funds:	
Total private revenues	50,347,300
State general fund/general purpose	\$ 0
Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
Full-time equated classified positions	47.7
Children's special health care services administration—47.7 FTE positions	\$ 4,319,700
Amputee program	184,600
Bequests for care and services	1,754,600
Case management services	3,773,500
Conveyor contract	513,500
Medical care and treatment	172,774,200
GROSS APPROPRIATION	\$ 183,320,100
Appropriated from:	
Federal revenues:	
Total federal revenues	88,284,700
Special revenue funds:	
Total private revenues	1,000,000
Total other state restricted revenues	650,000
State general fund/general purpose	\$ 93,385,400
Sec. 116. OFFICE OF DRUG CONTROL POLICY	
Full-time equated classified positions	16.0
Drug control policy—16.0 FTE positions	\$ 2,040,800
Anti-drug abuse grants	26,859,200
Interdepartmental grant to judiciary for drug treatment courts	1,800,000
GROSS APPROPRIATION	\$ 30,700,000
Appropriated from:	
Federal revenues:	
Total federal revenues	30,334,200
State general fund/general purpose	\$ 365,800
Sec. 117. CRIME VICTIM SERVICES COMMISSION	
Full-time equated classified positions	9.0
Grants administration services—9.0 FTE positions	\$ 1,137,300
Justice assistance grants	13,000,000
Crime victim rights services grants	8,985,300
GROSS APPROPRIATION	\$ 23,122,600
Appropriated from:	
Federal revenues:	
Total federal revenues	13,954,700
Special revenue funds:	
Total other state restricted revenues	9,167,900
State general fund/general purpose	\$ 0

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Sec. 118. OFFICE OF SERVICES TO THE AGING

Full-time equated classified positions	36.5	
Commission (per diem \$50.00)		\$ 10,500
Office of services to aging administration—36.5 FTE positions		4,952,400
Community services.....		35,404,200
Nutrition services.....		37,290,500
Senior volunteer services		5,645,900
Senior citizen centers staffing and equipment		1,068,700
Employment assistance		2,818,300
Respite care program		7,600,000
GROSS APPROPRIATION		\$ 94,790,500
Appropriated from:		
Federal revenues:		
Total federal revenues		52,038,500
Special revenue funds:		
Total private revenues		20,000
Tobacco settlement trust fund		5,000,000
Total other state restricted revenues		2,767,000
State general fund/general purpose		\$ 34,965,000

Sec. 119. MEDICAL SERVICES ADMINISTRATION

Full-time equated classified positions	339.7	
Medical services administration—339.7 FTE positions.....		\$ 47,398,100
Facility inspection contract - state police.....		132,800
MICchild administration.....		4,327,800
GROSS APPROPRIATION		\$ 51,858,700
Appropriated from:		
Federal revenues:		
Total federal revenues		35,377,400
Special revenue funds:		
State general fund/general purpose		\$ 16,481,300

Sec. 120. MEDICAL SERVICES

Hospital services and therapy		\$ 1,186,087,500
Hospital disproportionate share payments.....		50,000,000
Physician services		239,908,200
Medicare premium payments		233,705,600
Pharmaceutical services		732,084,000
Home health services		47,158,200
Transportation.....		8,538,300
Auxiliary medical services.....		101,301,900
Ambulance services		11,000,000
Long-term care services		1,689,989,700
Elder prescription insurance coverage.....		19,500,000
Health plan services.....		1,748,749,000
MICchild program		36,875,600
Medicaid adult benefits waiver		138,991,900
Maternal and child health		9,234,500
Social services to the physically disabled		1,344,900
Medical expenses recoupment.....		(23,113,000)
Subtotal basic medical services program.....		6,231,356,300
School-based services		63,609,100
Special adjustor payments.....		522,451,700
Subtotal special medical services payments		586,060,800
GROSS APPROPRIATION		\$ 6,817,417,100
Appropriated from:		
Federal revenues:		
Total federal revenues		3,935,316,000

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Special revenue funds:	
Total local revenues	\$ 362,852,100
Merit award trust fund	110,675,000
Tobacco settlement trust fund	61,125,000
Total other state restricted revenues	1,180,624,400
State general fund/general purpose	\$ 1,166,824,600
Sec. 121. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 30,481,900
GROSS APPROPRIATION	\$ 30,481,900
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	146,800
Federal revenues:	
Total federal revenues	17,816,000
Special revenue funds:	
Total other state restricted revenues	2,570,300
State general fund/general purpose	\$ 9,948,800

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 2004-2005 is \$4,021,911,100.00 and state spending from state resources to be paid to units of local government for fiscal year 2004-2005 is \$1,054,030,900.00. 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.....	\$ 11,087,100
Rural health services.....	35,000

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Mental health initiatives for older persons	1,049,200
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COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs.....	18,590,500
Medicaid mental health services	586,547,000
Community mental health non-Medicaid services	313,352,400
Medicaid adult benefits waiver	12,120,000
Multicultural services	4,963,800
Medicaid substance abuse services	12,438,200
Respite services	1,000,000
Omnibus budget reconciliation act implementation.....	3,859,500

INFECTIOUS DISEASE CONTROL

AIDS prevention, testing and care programs.....	2,031,100
Immunization local agreements.....	2,973,900
Sexually transmitted disease control local agreements.....	406,100

LOCAL HEALTH ADMINISTRATION AND GRANTS

Local public health operations	40,618,400
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CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Smoking prevention program	1,960,300
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FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Childhood lead program.....	106,900
Family planning local agreements.....	2,094,400
Local MCH services	246,100
Prenatal care outreach and service delivery support.....	610,000
School health and education programs	500,000

CHILDREN’S SPECIAL HEALTH CARE SERVICES

Case management services.....	\$ 3,169,900
CRIME VICTIM SERVICES COMMISSION	
Crime victim rights services grants.....	6,381,300
OFFICE OF SERVICES TO THE AGING	
Community services.....	12,148,400
Nutrition services.....	11,538,800
Senior volunteer services	517,500
MEDICAL SERVICES	
Transportation.....	1,175,300
TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT	\$ 1,054,030,900

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) “AIDS” means acquired immunodeficiency syndrome.
- (b) “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.
- (c) “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.
- (d) “Department” means the Michigan department of community health.
- (e) “DSH” means disproportionate share hospital.
- (f) “EPIC” means elder prescription insurance coverage program.
- (g) “EPSDT” means early and periodic screening, diagnosis, and treatment.
- (h) “FTE” means full-time equated.
- (i) “GME” means graduate medical education.
- (j) “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.
- (k) “HIV/AIDS” means human immunodeficiency virus/acquired immune deficiency syndrome.
- (l) “HMO” means health maintenance organization.
- (m) “IDEA” means individual disability education act.
- (n) “IDG” means interdepartmental grant.
- (o) “MCH” means maternal and child health.
- (p) “MICHild” means the program described in section 1670.
- (q) “MSS/ISS” means maternal and infant support services.
- (r) “Specialty prepaid health plan” means a program described in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.

(s) “Title XVIII” means title XVIII of the social security act, 42 USC 1395 to 1395hhh.

(t) “Title XIX” means title XIX of the social security act, 42 USC 1396 to 1396v.

(u) “Title XX” means title XX of the social security act, 49 USC 1397 to 1397f.

(v) “WIC” means women, infants, and children supplemental nutrition program.

Sec. 204. The department of civil service shall bill the department 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 shall be imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes 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 quarter and the reasons to justify the exception.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement 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.

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. 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	\$ 21,714,000
(b) Preventive health and health services block grant	5,081,300
(c) Substance abuse block grant	60,269,400
(d) Healthy Michigan fund.....	43,400,000
(e) Michigan health initiative	9,834,100

(2) On or before February 1, 2005, 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 2005-2006 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 2005-2006 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, 2005, 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, and shall not be used in attempting to influence the decisions of the legislature, the governor, or any state agency.

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 2004-2005, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2005 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 8 conditions listed in section 5431(1)(a) through (h) 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, 2004 and May 1, 2005 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, 2005, 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. Such 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. 264. Upon submission of a Medicaid waiver, a Medicaid state plan amendment, or a similar proposal to the centers for Medicare and Medicaid services, the department shall notify the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies of the submission.

Sec. 265. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Sec. 266. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

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. 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 \$3,048,900.00 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. 308. From the funds appropriated in part 1 for primary care services, \$250,000.00 shall be allocated to a pilot project to support operation of a health center that serves the uninsured, underinsured, and Medicaid population of Barry County who are not currently being served. Physicians shall provide services to the health center on a voluntary basis.

Sec. 313. By November 1, 2004, 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.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. 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 or specialty prepaid health plans. The department shall ensure that each CMHSP or specialty prepaid health plan 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 or specialty prepaid health plan'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.

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs or specialty prepaid health plans shall be made upon the execution of contracts between the department and CMHSPs or specialty prepaid health plans. 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 or specialty prepaid health plan 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 or specialty prepaid health plans entered into under this subsection for fiscal year 2004-2005 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 or specialty prepaid health plans that would affect rates or expenditures are enacted.

(b) Any amendments to contracts with CMHSPs or specialty prepaid health plans 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 or specialty prepaid health plans 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 or specialty prepaid health plan 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 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 specialty prepaid health plans or contracted with directly by the CMHSPs or specialty prepaid health plans as of September 30, 2004 and an estimate of the number of FTEs employed through contracts with provider organizations as of September 30, 2004.

(j) Lapses and carryforwards during fiscal year 2003-2004 for CMHSPs or specialty prepaid health plans.

(k) Contracts for mental health services entered into by CMHSPs or specialty prepaid health plans 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 or specialty prepaid health plan 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 or specialty prepaid health plans.

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

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

Sec. 405. It is the intent of the legislature that the employee wage pass-through funded in previous years 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 or specialty prepaid health plans 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, 2005, the department shall report the following data from fiscal year 2003-2004 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 or specialty prepaid health plan requires the CMHSP or specialty prepaid health plan 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 or specialty prepaid health plan 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 to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2003-2004.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected CMHSPs or specialty prepaid health plans 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 or specialty prepaid health plans 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 or specialty prepaid health plans shall be responsible for the reimbursement of claims for specialized substance abuse services. The CMHSPs or specialty prepaid health plans 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. 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 or specialty prepaid health plans to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each CMHSP or specialty prepaid health plan, per capita rate paid for each eligibility group for each CMHSP or specialty prepaid health plan, and number of cases in each eligibility group for each CMHSP or specialty prepaid health plan, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

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, 2005 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 or specialty prepaid health plan 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 or specialty prepaid health plan. 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 or specialty prepaid health plan 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 or specialty prepaid health plan shall pay the claim within 30 days after the defect is corrected.

Sec. 425. By April 1, 2005, the department, in conjunction with the department of corrections, shall report the following data from fiscal year 2003-2004 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 of 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 of 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. 428. (1) 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.

(2) 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.

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, 2004.

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 semiannual 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 for pilot projects implemented 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 support the Medicaid adult benefits waiver program be used to provide state match for increases in federal funding for primary care and specialty services provided to Medicaid adult benefits waiver enrollees and for economic increases for the Medicaid specialty services and supports program.

(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 or specialty prepaid health plans for persons who become enrolled in the Medicaid adult benefits waiver program shall be made using the same rate methodology as payments for the current Medicaid beneficiaries.

(4) If enrollment in the Medicaid adult benefits waiver program does not achieve expectations and the funding appropriated for the Medicaid adult benefits waiver program for specialty services is not expended, the general fund balance shall be transferred back to the community mental health non-Medicaid services line. The department shall report quarterly to the senate and house of representatives appropriations subcommittees on community health a summary of eligible expenditures for the Medicaid adult benefits waiver program by CMHSPs or specialty prepaid health plans.

(5) In the waiver renewal application the department submits to the centers for Medicare and Medicaid services for continuation of the state's 1915(b) specialty services waiver, the department will request that the amount of savings that may be retained by a specialty prepaid health plan be changed from 5% to 7.5% of aggregate capitation payments. If the department is unable to secure centers for Medicare and Medicaid services approval for this change, the department shall allow specialty prepaid health plans and their affiliate CMHSP members to retain 50% of the unspent general fund/general purpose portion of the funds allocated to the specialty prepaid health plan for services to be provided under the Medicaid specialty services waiver. Any such general fund/general purpose portion retained by the specialty prepaid health plan and its CMHSP affiliates under this section shall be considered as state revenues for purposes of determining the amount of state funds that the CMHSP may carry forward under section 226(2)(c) of the mental health code, 1974 PA 258, MCL 330.1226.

Sec. 450. The department shall continue a work group comprised of CMHSPs or specialty prepaid health plans and departmental staff to recommend strategies to streamline audit and reporting requirements for CMHSPs or specialty prepaid health plans. The department shall report on the recommendations of the work group by March 31, 2005 to the house of representatives and senate appropriations subcommittees on community health, the house fiscal agency, the senate fiscal agency, and the state budget director.

Sec. 452. Unless otherwise authorized by law, the department shall not implement retroactively any policy that would lead to a negative financial impact on community mental health services programs or prepaid inpatient health plans.

Sec. 453. By December 1, 2004, the department shall share with the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies the findings of their federal substance abuse block grant work group.

Sec. 454. (1) From the funds appropriated in part 1 for mental health/substance abuse program administration, \$50,000.00 shall be used to conduct a study of the feasibility for increased coordination and collaboration among community health and human services agencies, including, but not limited to, any of the following:

- (a) Community mental health services programs.
- (b) Local public health departments.
- (c) Community health centers.
- (d) Other local community agencies that may be relevant to a study on the advantages of the collaborative endeavor.

(2) The department shall report the results and recommendations from the feasibility study by September 20, 2005 to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

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.

Sec. 602. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$1,000,000.00 remaining on September 30, 2005 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 or specialty prepaid health plans 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 or specialty prepaid health plans 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 or specialty prepaid health plans 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.

PUBLIC HEALTH ADMINISTRATION

Sec. 650. The department shall communicate the annual public health consumption advisory for sportfish for calendar years 2004 and 2005. The department shall, at a minimum, post the advisory for each calendar year on the Internet and make the information in the advisory available to the clients of the women, infants, and children special supplemental nutrition program.

HEALTH REGULATORY SYSTEMS

Sec. 701. The department shall provide electronic notification to the state budget office, the fiscal agencies, and the subcommittees on April 30 and October 31 on the initial and follow-up surveys conducted on all nursing homes in this state. The notification shall contain the location of the Internet site where the report is posted. The report shall include all of the following information:

(a) The number of surveys conducted.

(b) The number requiring follow-up surveys.

(c) The number referred to the Michigan public health institute for remediation.

(d) The number of citations per home.

(e) The number of night and weekend complaints filed.

(f) The number of night and weekend responses to complaints conducted by the department.

(g) The average length of time for the department to respond to a complaint filed against a nursing home.

(h) The number and percentage of citations appealed.

(i) The number and percentage of citations overturned and/or modified.

Sec. 703. As a condition for receiving the general fund/general purpose appropriations in part 1 for health systems administration, the department shall provide assistance to any person making an oral request for a nursing home investigation in putting his or her request into writing, shall initiate investigations on all written nursing home complaints filed with the department within 15 days of receipt of the complaint, and shall provide a written response to the complainant within 30 days of receipt of the written complaint.

Sec. 704. The department shall continue to work with grantees supported through the appropriation in part 1 for emergency medical services grants and contracts to ensure that a sufficient number of qualified emergency medical services personnel exist to serve rural areas of the state.

Sec. 705. The department shall post on the Internet the executive summary of the latest inspection for each licensed nursing home.

Sec. 706. When hiring any new nursing home inspectors funded through appropriations in part 1, the department shall make every effort to hire individuals with past experience in the long-term care industry.

Sec. 707. It is the intent of the legislature that the funds appropriated in part 1 for the nurse scholarship program, established in section 16315 of the public health code, 1978 PA 368, MCL 333.16315, are used to increase the number of nurses practicing in Michigan. The board of nursing is encouraged to structure scholarships funded under this act in a manner that rewards recipients who intend to practice nursing in Michigan. In addition, it is the intent of the legislature that the department and the board of nursing work cooperatively with the Michigan higher education assistance authority to coordinate scholarship assistance with scholarships provided pursuant to the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

Sec. 708. Nursing facilities shall report in the quarterly staff report to the department, the total patient care hours provided each month, by state licensure and certification classification, and the percentage of pool staff, by state licensure and certification classification, used each month during the preceding quarter. The department shall make available to the public, the quarterly staff report compiled for all facilities including the total patient care hours and the percentage of pool staff used, by classification.

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. 804. The department shall require that the tetanus and diphtheria immunization be offered annually at the same time that the influenza immunization is offered to patients 65 years of age or older who are residents of long-term care facilities.

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(18) 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, 2004, 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 2004-2005 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2005, 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.

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. 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. 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. 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. From the funds appropriated in part 1 for chronic disease prevention, \$400,000.00 shall be allocated for osteoporosis prevention and treatment education.

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, \$906,100.00 shall be allocated for a childhood and adult arthritis program.

Sec. 1028. Contingent on the availability of state restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds shall be appropriated for the African-American male health initiative.

Sec. 1029. From the funds appropriated in part 1 for the Michigan Parkinson's foundation, \$200,000.00 shall be appropriated for programs related to Parkinson's disease.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

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; 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. 1104. Before April 1, 2005, 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 2003-2004.

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 December 1 of the current fiscal year, 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, 2004.
- 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 in part 1 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. 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 2005-2006 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 from information available to the department. The report shall provide the information by county, shall include the level of blood lead reported, and shall indicate the sources of the information.
- 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. 1135. (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. 1136. Contingent on the availability of state funds, funds shall be allocated for child advocacy centers.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

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, 2005 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.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula grant program funding the department provides to local drug treatment courts, the department shall provide \$1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

CRIME VICTIM SERVICES COMMISSION

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. 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. 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-based services waiver program.

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 USC 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. 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. The applicant who is qualified as described in this subsection shall be allowed to select or remain with the Medicaid participating obstetrician of her choice.

(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. All qualifying applicants shall be entitled to receive all medically necessary obstetrical and prenatal care without preauthorization from a health plan. All claims submitted for payment for obstetrical and prenatal care shall be paid at the Medicaid fee-for-service rate in the event a contract does not exist between the Medicaid participating obstetrical or prenatal care provider and the managed care plan. The applicant shall receive a listing of Medicaid physicians and managed care plans in the immediate vicinity of the applicant's residence.

(3) 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.

(4) 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.

(5) The department shall develop an enrollment process for pregnant women covered under this section that facilitates the selection of a managed care plan at the time of application.

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. 1615. Unless prohibited by federal or state law or regulation, the department shall require enrolled Medicaid providers to submit their billings for services electronically.

Sec. 1620. (1) For fee-for-service recipients who do not reside in nursing homes, the pharmaceutical dispensing fee shall be \$2.50 or the pharmacy's usual or customary cash charge, whichever is less. For nursing home residents, the pharmaceutical dispensing fee shall be \$2.75 or the pharmacy's usual or customary cash charge, whichever is less.

(2) The department shall require a prescription copayment for Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a brand-name drug where a generic equivalent is available, except as prohibited by federal or state law or regulation.

(3) For fee-for-service recipients, an optional mail order pharmacy program shall be implemented.

(4) If a pharmaceutical quality assurance assessment program is established by September 30, 2004 that allows the state to retain \$18,900,000.00 of the assessment, the dispensing fee shall remain at fiscal year 2003-2004 levels and the mail order pharmacy program shall not be implemented.

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. 1621a. (1) The department, in conjunction with pharmaceutical manufacturers or their agents, may establish pilot projects to test the efficacy of disease management and health management programs.

(2) The department may negotiate a plan that uses the savings resulting from the services rendered from these programs, in lieu of requiring a supplemental rebate for the inclusion of those participating parties' products on the department's preferred drug list.

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 continue to implement a program that allows providers to file prior authorization and appeal requests electronically.

(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) By May 15, 2005, 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. 1622a. (1) It is the intent of the legislature that the pharmacy and therapeutics committee shall consist of the following 11 members:

(a) Five members of the committee shall be Michigan licensed retail pharmacists who are in active clinical practice residing in the state. All member pharmacists shall have a representative portion of fee-for-service Medicaid clients in their practice.

(b) Six members of the committee shall be Michigan licensed physicians who are in active clinical practice residing in the state. All member physicians shall have a representative portion of fee-for-service Medicaid clients in their practice.

(2) It is also the intent of the legislature that the membership on the committee shall be developed by appointing:

(a) Physicians, recommended by the Michigan medical society and the Michigan osteopathic association, and may include at least 1 physician with expertise in mental health.

(b) Retail pharmacists, recommended by the Michigan pharmacists association and the Michigan retailers association, and may include at least 1 pharmacist with expertise with mental health drugs.

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. 1625. The department shall continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Sec. 1626. Prior to implementing a multistate drug purchasing compact, the department shall provide the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies with a benefit-cost analysis to document that the savings from the compact exceed the savings from the current preferred drug list (PDL) supplemental rebate drug programs.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 USC 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in the MICHild program, maternal outpatient medical services program, 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. 1629. The department shall utilize maximum allowable cost pricing for generic drugs that is based on wholesaler pricing to providers that is available from at least 2 wholesalers who deliver in the state of Michigan.

Sec. 1630. (1) Medicaid coverage for podiatric services and chiropractic services shall be restored at not less than the level in effect on October 1, 2002, 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.

(2) The department shall restore Medicaid coverage for hearing aid services, but may implement the bulk purchase of hearing aids, impose limitations on binaural hearing aid benefits, and limit the replacement of hearing aids to once every 3 years.

Sec. 1630a. From the funds appropriated in part 1 for auxiliary medical services, the department shall increase payment rates for dental services provided at local public health departments.

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, \$10,359,000.00 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. 1647. From the funds appropriated in part 1 for medical services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2004.

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 CFR part 418.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs shall be 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 2004-2005.

(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. 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.

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 of 1956, 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, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 402, 404, 414, 418, 424, 428, 442, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, and 1699.

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. 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 \$15.00 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 in previous years through the Medicaid nursing home wage pass-through program be continued in fiscal year 2004-2005.

(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 in fiscal year 2003-2004 through the Medicaid nursing home wage pass-through program implemented in previous years.

(3) The department shall not implement any increase or decrease in the Medicaid nursing home wage pass-through program in fiscal year 2004-2005.

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 USC 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. 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. (1) From the funds appropriated in part 1 for long-term care services, the department shall contract with a stand-alone psychiatric facility that provides at least 20% of its total care to Medicaid recipients to provide access to Medicaid recipients who require specialized Alzheimer's disease or dementia care.

(2) The department shall report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the effectiveness of the contract required under subsection (1) to improve the quality of services to Medicaid recipients.

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) 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. If there is a net decrease in the number of Medicaid nursing home days of care during the most recent quarter in comparison with the previous quarter and a net cost savings attributable to moving individuals from a nursing home to the home and community-based services waiver program, the department shall transfer the net cost savings to the home and community-based services waiver program. If a transfer is required, it shall be done on a quarterly basis.

(2) 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. The report shall include information regarding the net cost savings from moving individuals from a nursing home to the home and community-based services waiver program and the amount of funds transferred.

(3) The department shall utilize a competitive bid process to award funds for the implementation of the new screening process to be applied to home and community-based services and nursing facility services provided by Medicaid.

Sec. 1690. (1) Contingent on the availability of funds and the approval of the centers for Medicaid and Medicare services, the department shall encourage and assist in the establishment of a program of all inclusive care for the elderly (PACE), in at least parts of 3 west Michigan counties, being Kent, Barry, and Ionia.

(2) This program shall provide a capitated, managed care benefit for the frail elderly, provided by a not-for-profit agency, that will feature a comprehensive medical and social service delivery system. In addition, the program shall use a multidisciplinary team approach in an adult day health center supplemented by in-home and referral service in accordance with participants' needs. The PACE program may be funded by a combination of Medicaid, Medicare, or other fund sources.

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. 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. (1) 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.

(2) The department shall make GME payments directly to qualifying hospitals. The department shall not make GME payments to qualifying hospitals through HMOs.

Sec. 1700. (1) The department shall request a waiver of 42 CFR 438.6(c)(1)(i) from the centers for Medicare and Medicaid services to obtain approval to implement actuarially sound capitation rates for managed care organizations over 2 years. If the waiver is denied by the centers for Medicare and Medicaid services, Medicaid providers shall receive a reduction in rates to finance the increase necessary to pay actuarially sound rates to Medicaid HMOs.

(2) The department shall study alternative approaches to providing Medicaid physical health services to clients currently served by Medicaid managed care organizations. This study shall examine the estimated cost of each alternative, the potential changes in the relationships of providers to the Medicaid program, and the potential effects of each alternative on the Medicaid clientele. Results of this study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by January 1, 2005. This study shall consider at least the following alternative approaches:

(a) A continuation of the current managed care program.

(b) A return to coverage on a fee-for-service basis.

(c) Implementation of a primary care case management approach.

(d) Contracting with a single managed care organization that would provide statewide coverage for Medicaid clients.

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 prior to implementation of the proposed changes.

Sec. 1711. (1) The department shall maintain the 2-tier reimbursement methodology for Medicaid emergency physicians professional services that was in effect on September 30, 2002, subject to the following conditions:

(a) Payments by case and in the aggregate shall not exceed 70% of Medicare payment rates.

(b) Total expenditures for these services shall not exceed the level of total payments made during fiscal year 2001-2002, after adjusting for Medicare copayments and deductibles and for changes in utilization.

(2) To ensure that total expenditures stay within the spending constraints of subsection (1)(b), the department shall develop a utilization adjustor for the basic 2-tier payment methodology. The adjustor shall be based on a good faith estimate by the department as to what the expected utilization of emergency room services will be during fiscal year 2004-2005, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

(3) If federal law, regulation, or judicial ruling finds that this 2-tier reimbursement methodology is not health insurance portability and accountability act (HIPAA) compliant prior to the end of fiscal year 2003-2004, the department shall immediately provide the chairpersons of the senate and house appropriations subcommittees on community health and their respective fiscal agencies with the proposed modifications necessary to bring this methodology into compliance.

(4) The proposal specified in subsection (3) should be as consistent as possible with the intent of the methodology specified in this section and must be provided to the subcommittee chairpersons and respective fiscal agencies no less than 30 days before the effective date of the proposal.

Sec. 1712. (1) Subject to the availability of funds, the department shall implement a rural health initiative. Available funds shall first be allocated as an outpatient adjustor payment to be paid directly to hospitals in rural counties in

proportion to each hospital's Medicaid and indigent patient population. Additional funds, if available, shall be allocated for defibrillator grants, EMT training and support, or other similar programs.

(2) Except as otherwise specified in this section, "rural" means a county, city, village, or township with a population of not more than 30,000, including those entities if located within a metropolitan statistical area.

Sec. 1713. (1) The department, in conjunction with the Michigan dental association, shall undertake a study to determine the level of participation by Michigan licensed dentists in the state's Medicaid program. The study shall identify the distribution of dentists throughout the state, the volume of Medicaid recipients served by each participating dentist, and areas in the state underserved for dental services.

(2) The study described in subsection (1) shall also include an assessment of what factors may be related to the apparent low participation by dentists in the Medicaid program, and the study shall make recommendations as to how these barriers to participation may be reduced or eliminated.

(3) This study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies no later than April 1, 2005.

Sec. 1716. In implementing the hospital case rate under the Medicaid adult benefits waiver, the department shall set the hospital case rate at a level that ensures that the gross savings from the hospital case rate does not exceed \$108,592,200.00.

Sec. 1717. (1) The department shall create 2 pools for distribution of disproportionate share hospital funding. The first pool, totaling \$45,000,000.00, shall be distributed using the distribution methodology used in fiscal year 2003-2004. The second pool, totaling \$5,000,000.00, shall be distributed to unaffiliated hospitals and hospital systems that received less than \$900,000.00 in disproportionate share hospital payments in fiscal year 2003-2004 based on a formula that is weighted proportional to the product of each eligible system's Medicaid revenue and each eligible system's Medicaid utilization.

(2) By November 1, 2004, the department shall report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the new distribution of funding to each eligible hospital from the 2 pools.

Sec. 1718. The department shall provide each Medicaid adult home help beneficiary or applicant with the right to a fair hearing when the department or its agent reduces, suspends, terminates, or denies adult home help services. If the department takes action to reduce, suspend, terminate, or deny adult home help services, it shall provide the beneficiary or applicant with a written notice that states what action the department proposes to take, the reasons for the intended action, the specific regulations that support the action, and an explanation of the beneficiary's or applicant's right to an evidentiary hearing and the circumstances under which those services will be continued if a hearing is requested.

Sec. 1720. The department shall enhance its Medicare recovery program by January 1, 2005.

Sec. 1721. The department shall conduct a review of Medicaid eligibility pertaining to funds prepaid to a nursing home or other health care facility that are subsequently returned to an individual who becomes Medicaid eligible and shall report its findings to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies not later than May 15, 2005. Included in its report shall be recommendations for policy and procedure changes regarding whether any funds prepaid to a nursing home or other health care facility that are subsequently returned to an individual, after the date of Medicaid eligibility and patient pay amount determination, shall be considered as a countable asset and recommendations for a mechanism for departmental monitoring of those funds.

Sec. 1722. The department is authorized to make a disproportionate share payment to a hospital above the appropriation in part 1 if the necessary Medicaid matching funds are provided by, or on behalf of, the hospital as allowable state match.

Sec. 1723. Contingent on the availability of state and federal Medicaid funds, \$20,000,000.00 shall be allocated for the following purposes:

(a) \$15,000,000.00 shall be distributed for a Michigan first alert response program to hospitals in this state that are verified by the American college of surgeons as level I trauma centers. Of this amount, \$10,000,000.00 shall be distributed in proportion to each hospital's share of annual uncompensated care costs, and \$5,000,000.00 shall be distributed in proportion to each hospital's share of annual emergency room visits.

(b) The remaining \$5,000,000.00 of the amount described in this section shall be distributed to hospitals in this state that are located beyond 50 miles from a level I trauma center and have over 14,000 emergency room visits annually. Of this amount, \$3,300,000.00 shall be distributed in proportion to each hospital's share of annual uncompensated care costs, and \$1,700,000.00 shall be distributed in proportion to each hospital's share of annual emergency room visits.

Sec. 1724. The department shall allow licensed pharmacies to purchase injectable drugs for the treatment of respiratory syncytial virus for shipment to physicians' offices to be administered to specific patients. If the affected patients are Medicaid eligible, the department shall reimburse pharmacies for the dispensing of the injectable drugs and reimburse physicians for the administration of the injectable drugs.

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 community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2005; 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.

Tony Stamas
Thomas M. George
Deborah Cherry
Conferees for the Senate

Gary Newell
Rick Shaffer
Gretchen Whitmer
Conferees for the House

Pending the order that, under joint rule 9, the conference report be laid over one day,
Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the conference report,

The first conference report was adopted, a majority of the members serving voting therefor, as follows:

Roll Call No. 611

Yeas—29

Allen	Cropsey	Jacobs	Sanborn
Barcia	Emerson	Jelinek	Schauer
Basham	Garcia	Johnson	Sikkema
Birkholz	George	Kuipers	Stamas
Brater	Gilbert	McManus	Switalski
Brown	Goschka	Olshove	Toy
Cherry	Hardiman	Prusi	Van Woerkom
Clarke			

Nays—4

Bishop	Cassis	Hammerstrom	Patterson
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Excused—3

Bernero	Clark-Coleman	Scott
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Not Voting—2

Leland	Thomas
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In The Chair: President

Senator Schauer moved that Senators Leland and Thomas be temporarily excused from the balance of today's session.

The motion prevailed.

The question being on concurring in the committee recommendation to give the bill immediate effect,
The recommendation was concurred in, 2/3 of the members serving voting therefor.

Senator Thomas entered the Senate Chamber.

By unanimous consent the Senate proceeded to the order of
General Orders

Senator Hammerstrom moved that the Senate resolve itself into the Committee of the Whole for consideration of the General Orders calendar.

The motion prevailed, and the President, Lieutenant Governor Cherry, designated Senator Bishop as Chairperson.

After some time spent therein, the Committee arose; and, the President, Lieutenant Governor Cherry, having resumed the Chair, the Committee reported back to the Senate, favorably and with a substitute therefor, the following bill:

Senate Bill No. 1111, entitled

A bill to amend 1971 PA 140, entitled "Glenn Steil state revenue sharing act of 1971," by amending section 11 (MCL 141.911), as amended by 2003 PA 168.

Substitute (S-2).

The following is the amendment to the substitute recommended by the Committee of the Whole:

1. Amend page 4, line 27, after "counties." by inserting "**Upon the exhaustion of each county's revenue sharing reserve fund, state revenue sharing within that county will be fully and permanently restored in an amount equal to the total payments made to that county under this act in the state fiscal year ending September 30, 2004, adjusted annually through the date of restoration by the inflation rate, without regard to an executive order issued after May 17, 2004, and prorated based on the amount of the reserve fund used by the county in the fiscal year during which payments are required to resume under this subsection. As used in this subsection, "inflation rate" means that term as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.**"

The Senate agreed to the substitute, as amended, recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

The Committee of the Whole reported back to the Senate, favorably and with a substitute therefor, the following bill:

Senate Bill No. 1112, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 44a (MCL 211.44a), as added by 1993 PA 313.

Substitute (S-1).

The Senate agreed to the substitute recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

By unanimous consent the Senate returned to the order of
Third Reading of Bills

Senator Hammerstrom moved that the rules be suspended and that the following bills, now on the order of Third Reading of Bills, be placed on their immediate passage at the head of the Third Reading of Bills calendar:

Senate Bill No. 1111

Senate Bill No. 1112

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

Senator Leland entered the Senate Chamber.

The following bill was read a third time:

Senate Bill No. 1111, entitled

A bill to amend 1971 PA 140, entitled "Glenn Steil state revenue sharing act of 1971," by amending section 11 (MCL 141.911), as amended by 2004 PA 77.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 612

Yeas—23

Allen
 Basham

Garcia
 George

Johnson
 Kuipers

Sikkema
 Stamas

Birkholz
Brater
Clarke
Emerson

Hammerstrom
Hardiman
Jacobs
Jelinek

Leland
Olshove
Prusi
Schauer

Switalski
Thomas
Van Woerkom

Nays—12

Barcia
Bishop
Brown

Cassis
Cherry
Cropsey

Gilbert
Goschka
McManus

Patterson
Sanborn
Toy

Excused—3

Bernero

Clark-Coleman

Scott

Not Voting—0

In The Chair: President

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.
The Senate agreed to the title of the bill.

The following bill was read a third time:

Senate Bill No. 1112, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 44a (MCL 211.44a), as added by 1993 PA 313.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 613**Yeas—23**

Allen
Basham
Birkholz
Brater
Clarke
Emerson

Garcia
George
Hammerstrom
Hardiman
Jacobs
Jelinek

Johnson
Kuipers
Leland
Olshove
Prusi
Schauer

Sikkema
Stamas
Switalski
Thomas
Van Woerkom

Nays—12

Barcia
Bishop
Brown

Cassis
Cherry
Cropsey

Gilbert
Goschka
McManus

Patterson
Sanborn
Toy

Excused—3

Bernero

Clark-Coleman

Scott

Not Voting—0

In The Chair: President

Senator Hammerstrom moved that the bill be given immediate effect. The motion prevailed, 2/3 of the members serving voting therefor. The Senate agreed to the title of the bill.

Protest

Senator Cassis, under her constitutional right of protest (Art. 4, Sec. 18), protested against the passage of Senate Bill Nos. 1111 and 1112.

Senator Cassis' statement is as follows:

My "no" vote explanation on Senate Bills 1111 and 1112 are these. What do gimmick shifts, tax increases, and slippery slopes have in common? Well, they are all a proud part of Michigan's 2004-05 budget-balancing act. Specifically, they also relate to the Governor's county revenue sharing suspension proposal which passed this body.

Results? First and foremost, the accelerated tax collection, bluntly put, is a broad-based tax increase to all who pay property taxes. Secondly, this is the first big conceptual tweak to Proposal A. It circumvents the goals of Proposal A by reflecting a legislative property tax increase. Thirdly, this tax shift represents a restructuring of the tax code statutory revenue sharing responsibility, without going through the normal legislative process of hearings, debates, discussions, amendments, etc.

In effect, the legislative process is bypassed and taxpayer voices are unheard. This also looks a lot like a slippery slope. Once the precedent is established, it can be extended to rationalize removing cities, townships, and villages from statutory revenue sharing.

At a time of a fledgling economic recovery, any out-of-pocket tax increase has a dampening effect.

Finally, the gimmick, shift, and tax increase do nothing to resolve Michigan's much-mentioned budgetary structural deficit. In fact, it increases and adds to it.

For all these reasons, I voted an overwhelming "no." It is not good public policy today, tomorrow, or 3, 5, 10 years from now.

The previous administration SET acceleration was a one-time and one-time only event. It was also accompanied by a 1.0 mill tax cut, a benefit to the taxpayer. No such benefits result with shifting county revenue sharing responsibility wholly to the taxpayer.

Senator Garcia asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Garcia's statement is as follows:

I would be remiss in passing up an opportunity to say that I will be voting for these bills, but I don't like these bills. I don't think it is the right thing to do to the taxpayer, but faced with the budget problem that we have, I feel like we have no other choice. But I just wanted to go on record as saying that I would prefer not to do this, but I guess we have no choice.

By unanimous consent the Senate proceeded to the order of

Introduction and Referral of Bills

Senator Kuipers introduced

Senate Joint Resolution I, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 11 of article IX, to dedicate state lottery revenues to the funding of education.

The joint resolution was read a first and second time by title and referred to the Committee on Appropriations.

Senator Birkholz introduced

Senate Bill No. 1345, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending sections 87c and 87d (MCL 211.87c and 211.87d), section 87c as amended by 2002 PA 165 and section 87d as amended by 1982 PA 503.

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

Senator Birkholz introduced

Senate Bill No. 1346, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 5204 (MCL 324.5204), as added by 2002 PA 397, and by adding part 50.

The bill was read a first and second time by title and referred to the Committee on Natural Resources and Environmental Affairs.

Senator Schauer introduced

Senate Bill No. 1347, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," by amending sections 115f, 115g, and 115h (MCL 400.115f, 400.115g, and 400.115h), sections 115f and 115g as amended by 2002 PA 648 and section 115h as added by 1994 PA 238.

The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

Senator Schauer introduced

Senate Bill No. 1348, entitled

A bill to regulate certain motorcycle races and racetracks; to provide for the establishing of certain standards; to provide certain powers and duties for state agencies; to provide for rule-making authority; and to provide for remedies and penalties.

The bill was read a first and second time by title and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

Senators Barcia, Goschka, Allen and Jelinek introduced

Senate Bill No. 1349, entitled

A bill to amend 1855 PA 105, entitled "An act to regulate the disposition of the surplus funds in the state treasury; to provide for the deposit of surplus funds in certain financial institutions; to lend surplus funds pursuant to loan agreements secured by certain commercial, agricultural, or industrial real and personal property; to authorize the loan of surplus funds to certain municipalities; to authorize the participation in certain loan programs; to authorize an appropriation; and to prescribe the duties of certain state agencies," (MCL 21.142 to 21.147) by adding section 2g.

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

Senators Bernero, Clarke, Prusi, Clark-Coleman, Jacobs, Olshove and Brater introduced

Senate Bill No. 1350, entitled

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending section 19 (MCL 38.19), as amended by 2002 PA 93.

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

Senators Prusi, Clarke, Bernero, Clark-Coleman, Jacobs, Olshove and Brater introduced

Senate Bill No. 1351, entitled

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending section 20 (MCL 38.20), as amended by 2002 PA 93.

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

Senators Bernero, Clarke, Prusi, Clark-Coleman, Jacobs, Olshove and Brater introduced

Senate Bill No. 1352, entitled

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending section 20g (MCL 38.20g), as amended by 1987 PA 241.

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

Senators Clarke, Bernero, Clark-Coleman, Jacobs, Olshove and Brater introduced

Senate Bill No. 1353, entitled

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending section 63 (MCL 38.63), as added by 1996 PA 487.

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

Senators George and McManus introduced

Senate Bill No. 1354, entitled

A bill to amend 1984 PA 431, entitled "The management and budget act," (MCL 18.1101 to 18.1594) by adding section 274.

The bill was read a first and second time by title and referred to the Committee on Local, Urban and State Affairs.

Senators Brater, Birkholz, Schauer, Toy, Patterson, McManus, Van Woerkom, Johnson, Jelinek, Brown, George, Gilbert, Basham, Scott, Cherry, Barcia, Olshove, Jacobs, Leland, Switalski, Clarke, Prusi, Bernero, Clark-Coleman, Hardiman, Allen and Kuipers introduced

Senate Bill No. 1355, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 1901, 1903, and 1907 (MCL 324.1901, 324.1903, and 324.1907), sections 1901 and 1907 as added by 1995 PA 60 and section 1903 as amended by 2002 PA 52, and by adding sections 1921, 1922, 1923, 1924, and 1925.

The bill was read a first and second time by title and referred to the Committee on Natural Resources and Environmental Affairs.

Senators Birkholz, Brater, Schauer, Toy, Patterson, McManus, Van Woerkom, Johnson, Jelinek, Brown, George, Gilbert, Basham, Scott, Cherry, Barcia, Olshove, Jacobs, Leland, Switalski, Clarke, Prusi, Bernero, Clark-Coleman, Allen, Hardiman and Kuipers introduced

Senate Bill No. 1356, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," (MCL 324.101 to 324.90106) by adding sections 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, and 1934.

The bill was read a first and second time by title and referred to the Committee on Natural Resources and Environmental Affairs.

Senators Jelinek, Garcia, McManus, Cassis and Basham introduced

Senate Bill No. 1357, entitled

A bill to amend 1927 PA 372, entitled "An act to regulate and license the selling, purchasing, possessing, and carrying of certain firearms and gas ejecting devices; to prohibit the buying, selling, or carrying of certain firearms and gas ejecting devices without a license or other authorization; to provide for the forfeiture of firearms under certain circumstances; to provide for penalties and remedies; to provide immunity from civil liability under certain circumstances; to prescribe the powers and duties of certain state and local agencies; to prohibit certain conduct against individuals who apply for or receive a license to carry a concealed pistol; to make appropriations; to prescribe certain conditions for the appropriations; and to repeal all acts and parts of acts inconsistent with this act," by amending section 12 (MCL 28.432), as amended by 2004 PA 99.

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

Senators Brown, Birkholz and Switalski introduced

Senate Bill No. 1358, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending section 31a (MCL 388.1631a), as amended by 2003 PA 158.

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

Senators Brown, Van Woerkom, Hardiman and Birkholz introduced

Senate Bill No. 1359, entitled

A bill to regulate the sale of certain farm vehicles; to provide for powers and duties of certain state departments; and to provide remedies.

The bill was read a first and second time by title and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

Senators Brown and Jelinek introduced

Senate Bill No. 1360, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 205 (MCL 257.205), as amended by 1980 PA 398.

The bill was read a first and second time by title and referred to the Committee on Local, Urban and State Affairs.

Senators Brown, Bishop, Toy and Birkholz introduced

Senate Bill No. 1361, entitled

A bill to prohibit certain conduct relating to computer spyware and the unauthorized collection and use of information from computers; to prescribe the powers and duties of certain state agencies and officers; and to provide remedies.

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

Senators Van Woerkom, Johnson, Goschka, Brown, Hammerstrom, Basham, Birkholz, Kuipers, Toy, Cherry and Allen introduced

Senate Bill No. 1362, entitled

A bill to amend 1974 PA 369, entitled "Driver education and training schools act," (MCL 256.601 to 256.612) by adding section 10a.

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

Senators Van Woerkom and Switalski introduced

Senate Bill No. 1363, entitled

A bill to amend 1999 PA 94, entitled "Michigan merit award scholarship act," by amending section 7 (MCL 390.1457), as amended by 2002 PA 736.

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

Senator Garcia introduced

Senate Bill No. 1364, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," (MCL 257.1 to 257.923) by adding section 708c.

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

Senator Van Woerkom introduced

Senate Bill No. 1365, 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 2004 PA 127.

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

Senator Cropsey introduced

Senate Bill No. 1366, entitled

A bill to amend 1961 PA 236, entitled "Revised judicature act of 1961," by amending section 934 (MCL 600.934), as amended by 2000 PA 112.

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

House Bill No. 4111, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 2a (MCL 211.2a), as amended by 1982 PA 539.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

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

House Bill No. 4231, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 252a, 252b, 252d, 252e, 252f, and 252g (MCL 257.252a, 257.252b, 257.252d, 257.252e, 257.252f, and 257.252g), section 252a as amended by 2002

PA 649, section 252b as amended and sections 252e, 252f, and 252g as added by 1981 PA 104, and section 252d as amended by 2000 PA 76, and by adding section 252h; and to repeal acts and parts of acts.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

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

House Bill No. 4880, entitled

A bill to provide for the exemption of certain manufactured housing property from certain taxes; to levy and collect a state specific tax upon certain manufactured housing property; to provide for the disposition of the state specific tax; to prescribe the powers and duties of certain local government officials; to provide penalties; and to repeal acts and parts of acts.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

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

House Bill No. 5415, entitled

A bill to amend 1974 PA 198, entitled "An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties," by amending section 4 (MCL 207.554), as amended by 1999 PA 140.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

House Bill No. 5590, entitled

A bill to establish the foster care independence program; to provide certain services for certain youth in foster care due to child abuse or child neglect; and to prescribe the duties of certain state departments.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 5844, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 508 (MCL 206.508), as amended by 1990 PA 283.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

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

House Bill No. 6020, entitled

A bill to designate Police Officers Memorial Day in the state of Michigan.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Local, Urban and State Affairs.

House Bill No. 6036, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 7o (MCL 211.7o), as amended by 2000 PA 309.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

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

By unanimous consent the Senate returned to the order of

Resolutions

Senator Hammerstrom moved that consideration of the following resolutions be postponed for today:

Senate Resolution No. 175

Senate Resolution No. 139

Senate Resolution No. 241
Senate Concurrent Resolution No. 40
The motion prevailed.

The question was placed on the adoption of the following resolution consent calendar:

Senate Resolution No. 291
Senate Resolution No. 292

The resolution consent calendar was adopted.

Senators George, Sikkema, Hammerstrom, Patterson, Jacobs, Bernero, Birkholz, McManus, Thomas, Goschka, Sanborn, Bishop, Brown, Van Woerkom, Gilbert, Cassis, Allen, Hardiman, Jelinek, Toy, Stamas, Johnson, Kuipers and Cropsey offered the following resolution:

Senate Resolution No. 291.

A resolution recognizing September 2004 as Prostate Cancer Awareness Month.

Whereas, Prostate cancer is diagnosed every 2³/₄ minutes and is the most commonly diagnosed cancer among men in America. An estimated 29,900 American men lose their lives to prostate cancer each year, one death every twenty minutes; and

Whereas, Prostate cancer accounts for over 32 percent of all male cancer cases in the United States, yet, on average, only about 7 percent of federal cancer research dollars have been devoted to beat this disease; and

Whereas, This year, more cases of prostate cancer in men under the age of 65 are expected than the combined number of men of all ages who are victims of leukemia, Hodgkin's disease, and brain tumors; and

Whereas, Prostate cancer is the second-leading cause of cancer death among African-American men; and

Whereas, Research suggests that men can reduce their risk of prostate cancer mortality if awareness is increased and recommended prostate cancer screening guidelines are followed; now, therefore, be it

Resolved by the Senate, That we hereby declare the month of September 2004 as Prostate Cancer Awareness Month; and be it further

Resolved, That we encourage all men over the age of 50, minority men over the age of 40, and all men who have a history of prostate cancer in their family to be screened for prostate cancer during this month of September and every year thereafter.

Senators Basham, Brater, Cherry, Clarke, Garcia, Olshove and Schauer were named co-sponsors of the resolution.

Senator Scott offered the following resolution:

Senate Resolution No. 292.

A resolution observing September 2004 as National Alcohol and Drug Addiction Recovery Month, "Join the Voices for Recovery...Now!"

Whereas, Barriers to accessing treatment facilities are a significant problem for people with alcohol or drug use disorders; and

Whereas, Such barriers include a failure to identify affected people and direct them to appropriate treatment, inadequate public and private insurance coverage for treatment services, and shrinking state budgets that limit funding for treatment programs; and

Whereas, Saluting people who are in recovery from alcohol and drug use disorders, as well as the many dedicated and hardworking individuals who have helped them obtain treatment, helps to overcome such barriers by educating the community about the benefits of treatment and affirming the goal that all people with alcohol and drug use disorders should have access to treatment services; and

Whereas, To help achieve this goal, the U.S. Department of Health and Human Services, the Substance Abuse and Mental Health Services Administration, the Office of National Drug Control Policy, the National Council on Alcoholism and Drug Dependence, and the numerous treatment organizations throughout this state invite and encourage all residents of Michigan to participate in National Alcohol and Drug Addiction Recovery Month; now, therefore, be it

Resolved by the Senate, That we hereby observe September 2004 as National Alcohol and Drug Addiction Recovery Month in Michigan. We call upon the citizens of this state to observe this month with appropriate programs, activities, and ceremonies supporting this year's theme, "Join the Voices for Recovery...Now!"; and be it further

Resolved, That a copy of this resolution be transmitted to the National Council on Alcoholism and Drug Dependence, Greater Detroit Area, as evidence of our esteem for its leadership and service in assisting and supporting people with alcohol or drug use disorders in the state of Michigan.

Senators Barcia, Basham, Birkholz, Brater, Cherry, Clarke, Garcia, Hardiman, Jacobs, Olshove, Schauer, Thomas, Toy and Van Woerkom were named co-sponsors of the resolution.

Senators Johnson and Hammerstrom offered the following resolution:

Senate Resolution No. 290.

A resolution to memorialize the Royal Oak Zoning Board of Appeals to approve the Dreams Unlimited Clubhouse zoning variance.

Whereas, The Dreams Unlimited Clubhouse is a mental health program under contract with the Oakland County Community Mental Health Authority through Easter Seals. The clubhouse provides a safe and friendly environment to county adults who are afflicted with severe and persistent mental illness. The Dreams Unlimited Clubhouse also teaches its residents socialization and basic employment skills necessary to become productive members of society. Acquisition of these skills fosters a growing sense of self reliance and self esteem, which are crucial components of the healing process; and

Whereas, Currently, the Dreams Unlimited Clubhouse is located in an old convent in Oak Park. In order to provide its residents with a higher quality of care, it is imperative that the Dreams Unlimited Clubhouse relocate to a larger and better equipped facility in Royal Oak. Moreover, Royal Oak is centrally located for clubhouse residents and provides easier access to mass transit; and

Whereas, Clearly, the approval of this zoning variance would benefit not only clubhouse residents, but the community at-large; now, therefore, be it

Resolved by the Senate, That we memorialize the Royal Oak Zoning Board of Appeals to approve the Dreams Unlimited Clubhouse zoning variance; and be it further

Resolved, That copies of this resolution be transmitted to the Royal Oak Zoning Board of Appeals.

Pending the order that, under rule 3.204, the resolution be referred to the Committee on Government Operations, Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the resolution,

Senator Hammerstrom moved that the resolution be referred to the Committee on Health Policy.

The motion prevailed.

Senators Hardiman, Jacobs and Kuipers were named co-sponsors of the resolution.

Senator Sanborn offered the following resolution:

Senate Resolution No. 293.

A resolution promoting policies to reduce the incidence of abortion.

Whereas, Promoting and ensuring the health and well-being of its citizens is the primary function and responsibility of government at all levels; and

Whereas, Unintended pregnancy and abortion can have a significant and detrimental impact not only on those persons directly involved in such situations, but upon society as a whole; and

Whereas, A broad consensus exists that reducing the incidence of abortion is a laudable and necessary goal in promoting the health and well-being of our citizenry; and

Whereas, Some local units of government have taken pro-active steps to make the reduction of abortions an expressly stated policy goal, as the Macomb County Board of Commissioners has done; and

Whereas, The goal of reducing abortions can be accomplished through educational, civically responsible and individually respectful means, as well as through government programs that increase incentives for an individual's responsible behavior; now therefore be it

Resolved by the Senate, That we commend the Macomb County Board of Commissioners for its initiative in adopting a formal policy dedicated to reducing the incidence of abortion in their county; and be it further

Resolved, That the Michigan Senate urges all local governments to adopt a similar policy and make commitments of their resources to advance the policy; and be it further

Resolved, That we urge the Michigan Department of Community Health to conduct a review of the public policies and programs in states that have a rate of abortion significantly lower than Michigan's abortion rate; and be it further

Resolved, That the State of Michigan shall pursue and implement with all due diligence policies that will reduce the incidence of abortion; and be it further

Resolved, That copies of this resolution be transmitted to the Governor of Michigan, the director of the Michigan Department of Community Health, the Michigan Surgeon General, and all county board of commissioners.

Pending the order that, under rule 3.204, the resolution be referred to the Committee on Government Operations, Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the resolution,

Senator Hammerstrom moved that the resolution be referred to the Committee on Health Policy.

The motion prevailed.

Statements

Senators Garcia and Toy asked and were granted unanimous consent to make statements and moved that the statements be printed in the Journal.

The motion prevailed.

Senator Garcia's statement is as follows:

The reason I rise today is, as many of you know, I happen to serve in the Michigan Army National Guard. This summer, I was privileged to watch some of the training that some of our troops conducted this summer. In fact, I was part of the training for the 507th Engineer Battalion at Camp Grayling this summer, and they are getting ready to deploy to Iraq later this year or early next year. They actually are scheduled to leave for their mobilization station in November. But I also had an opportunity to go to Texas and see some of Michigan's troops, many soldiers, obviously, whom you represent. I just wanted to report to the body for those who care to listen that our soldiers are doing a magnificent job. I went down to Fort Hood, Texas, and Corpus Christi, Texas, and spoke with a number of the soldiers who are there to move vehicles onto the railhead and then onto ships that are then being deployed overseas. They in turn are taking vehicles off those ships and then re-deploying them to Fort Hood, Texas. The deputy commanding general of Fort Hood, Texas, Major General Simmons, wanted me to tell the Adjutant General and the state of Michigan that those troops are doing an outstanding job, and they could not be doing the mission without them. I wanted to pass that along. I am expecting a list of those soldiers so that for those members who are interested can write them a line and thank them for the service that they are doing.

Senator Toy's statement is as follows:

I rise today to give some special, warm greetings and an announcement about a bitter-sweet ending to our World Olympics. It seems that from my town, in Livonia, we produce a lot of young athletes who become world competitors. I had such three athletes compete in Athens, Greece, just a few short weeks ago.

First of all, I would like to share with my members that I've never tried this, of course—swimming, running, and biking all at the same time—but Sheila Tormina who is ranked No. 2 in the world is from Stevenson High School. She came in 23rd, but she came in five seconds under the first place person in that event. So Sheila had already won a gold in Atlanta, Georgia, for swimming some four years prior to that, and we are very proud of her efforts. I hope to bring her and Paul Tariq, who graduated from Franklin High School, who did the decathlon—you know, the throwing of the javelin, going over the tall pole in the sky, and leaped tall buildings. Paul did a super job. While he didn't place, he was there and we are proud of him.

We also have a young man, also a graduate of Stevenson High School, as Sheila was, and for the men's light weight was a rower there. His name is Steve Warner. Steve did a fine job as well. While he didn't receive a gold, silver, or bronze, he certainly received much recognition.

I am proud of all three of these young athletes. I hope to bring them here on the floor so that you, too, can greet them and congratulate them for even being considered a world athlete on that level. I look forward to all of our training so that we can go perhaps in another four years.

Committee Reports

COMMITTEE ATTENDANCE REPORT

The Committee on Finance submitted the following:

Meeting held on Wednesday, August 4, 2004, at 1:50 p.m., Room 110, Farnum Building
Present: Senators Cassis (C), Garcia, McManus, Thomas and Brater

COMMITTEE ATTENDANCE REPORT

The Second Conference Committee on Casino Tax (HB 4612) submitted the following:

Meeting held on Wednesday, August 4, 2004, at 4:05 p.m., Room 252, Capitol Building
Present: Senators Sikkema, Stamas and Emerson

COMMITTEE ATTENDANCE REPORT

The Committee on Technology and Energy submitted the following:

Meeting held on Wednesday, August 25, 2004, at 3:00 p.m., Room 210, Farnum Building
Present: Senators Patterson (C), Toy, Birkholz, Brown, Olshove and Bernero
Excused: Senators Cassis and Leland

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Corrections (SB 1064) submitted the following:
Meeting held on Tuesday, September 7, 2004, at 1:30 p.m., Room 405, Capitol Building
Present: Senators Cropsy (C), Brown and Prusi

COMMITTEE ATTENDANCE REPORT

The Committee on Natural Resources and Environmental Affairs submitted the following:
Meeting held on Tuesday, September 7, 2004, at 3:00 p.m., Room 110, Farnum Building
Present: Senators Birkholz (C), Van Woerkom, Brater and Basham
Excused: Senator Patterson

COMMITTEE ATTENDANCE REPORT

The Conference Committee on History, Arts, and Libraries (HB 5519) submitted the following:
Meeting held on Wednesday, September 8, 2004, at 8:30 a.m., Room 426, Capitol Building
Present: Senators George, McManus and Clarke

COMMITTEE ATTENDANCE REPORT

The Conference Committee on General Government (HB 5517) submitted the following:
Meeting held on Wednesday, September 8, 2004, at 9:00 a.m., Room 424, Capitol Building
Present: Senators Garcia, McManus and Switalski

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Labor and Economic Growth (HB 5521) submitted the following:
Meeting held on Wednesday, September 8, 2004, at 9:30 a.m., Room 428, Capitol Building
Present: Senators Garcia, George and Prusi

COMMITTEE ATTENDANCE REPORT

The Second Conference Committee on General Government (HB 5517) submitted the following:
Meeting held on Wednesday, September 8, 2004, at 1:00 p.m., Room 424, Capitol Building
Present: Senators Garcia, McManus and Switalski

Scheduled Meetings

Agriculture, Forestry and Tourism - Thursday, September 9, 9:00 a.m., Room 110, Farnum Building (373-1635)
(CANCELED)

Conference Committees -

Agriculture (HB 5509) - Thursday, September 9, 8:30 a.m., Room 426, Capitol Building (373-7317)

Environmental Quality (SB 1066) - Thursday, September 9, 9:00 a.m., Senate Appropriations Room, 3rd Floor,
Capitol Building (373-1725)

Natural Resources (SB 1068) - Thursday, September 9, 9:15 a.m., Senate Appropriations Room, 3rd Floor, Capitol Building (373-1725)

Health Policy - Wednesday, September 15, 1:00 p.m., Senate Hearing Room, Ground Floor, Boji Tower (373-3543)

Michigan Capitol Committee - Wednesday, September 15, 8:30 a.m., Room 426, Capitol Building (373-0289)

Senator Hammerstrom moved that the Senate adjourn.
The motion prevailed, the time being 2:34 p.m.

The President, Lieutenant Governor Cherry, declared the Senate adjourned until Thursday, September 9, 2004, at 10:00 a.m.

CAROL MOREY VIVENTI
Secretary of the Senate