

No. 68
STATE OF MICHIGAN
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House of Representatives
94th Legislature
REGULAR SESSION OF 2008

House Chamber, Lansing, Wednesday, July 23, 2008.

10:00 a.m.

The House was called to order by the Speaker Pro Tempore.

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

Accavitti—present	Dillon—present	Lahti—present	Pearce—present
Acciavatti—present	Donigan—present	LaJoy—present	Polidori—present
Agema—present	Ebli—present	Law, David—e/d/s	Proos—present
Amos—present	Elsenheimer—present	Law, Kathleen—present	Robertson—present
Angerer—present	Emmons—excused	LeBlanc—present	Rocca—present
Ball—present	Espinoza—present	Leland—present	Sak—present
Bauer—present	Farrah—present	Lemmons—excused	Schuitmaker—present
Bennett—present	Gaffney—present	Lindberg—present	Scott—present
Bieda—present	Garfield—present	Marleau—present	Shaffer—present
Booher—present	Gillard—present	Mayes—present	Sheen—present
Brandenburg—excused	Gonzales—present	McDowell—present	Sheltrown—present
Brown—present	Green—present	Meadows—present	Simpson—present
Byrnes—present	Griffin—present	Meekhof—present	Smith, Alma—present
Byrum—present	Hammel—present	Meisner—present	Smith, Virgil—present
Calley—e/d/s	Hammon—present	Melton—present	Spade—present
Casperson—present	Hansen—present	Meltzer—present	Stahl—present
Caswell—present	Hildenbrand—present	Miller—present	Stakoe—present
Caul—present	Hood—present	Moolenaar—present	Steil—present
Cheeks—present	Hoogendyk—present	Moore—present	Tobocman—present
Clack—e/d/s	Hopgood—present	Moss—present	Vagnozzi—present
Clemente—present	Horn—present	Nitz—present	Valentine—present
Condino—present	Huizenga—present	Nofs—present	Walker—present
Constan—present	Hune—present	Opsommer—present	Ward—present
Corriveau—present	Jackson—present	Palmer—present	Warren—present
Coulouris—present	Johnson—present	Palsrok—present	Wenke—present
Cushingberry—present	Jones, Rick—present	Pastor—present	Wojno—present
Dean—present	Jones, Robert—present	Pavlov—present	Young—present
DeRoche—present	Knollenberg—present		

e/d/s = entered during session

Rep. David Agema, from the 74th District, offered the following invocation:

“God Almighty, Lord of Heaven and Earth, Your name is Holy. Thank You for dealing with us according to Your grace, and not giving us what we deserve.

You are the One who gives authority. May the authority You have given us be used to bring those we serve goodness and blessing according to Your plans and purposes for those of the state of Michigan. Amen.”

Rep. Tobocman moved that Rep. Lemmons be excused from today’s session.
The motion prevailed.

Rep. Booher moved that Reps. Brandenburg and Emmons be excused from today’s session.
The motion prevailed.

Motions and Resolutions

Rep. Tobocman moved that a respectful message be sent to the Senate requesting the return of **Senate Bill No. 852**.
The motion prevailed.

Rep. Tobocman moved that a respectful message be sent to the Senate requesting the return of **Senate Bill No. 1270**.
The motion prevailed.

Announcement by the Clerk of Printing and Enrollment

The Clerk announced that the following bills and joint resolution had been printed and placed upon the files of the members on Thursday, July 17:

House Bill Nos. 6306 6307 6308 6309 6310 6311 6312 6313 6314

House Joint Resolution EEE

The Clerk announced that the following bills had been printed and placed upon the files of the members on Friday, July 18:

Senate Bill Nos. 1441 1442

Reports of Standing Committees

The Committee on Commerce, by Rep. Meisner, Chair, reported

Senate Bill No. 1367, entitled

A bill to amend 1995 PA 24, entitled “Michigan economic growth authority act,” by amending sections 3 and 8 (MCL 207.803 and 207.808), section 3 as amended by 2008 PA 108 and section 8 as amended by 2008 PA 110.

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

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

Favorable Roll Call

To Report Out:

Yeas: Reps. Meisner, Robert Jones, Accavitti, Byrum, Coulouris, Griffin, Johnson, Sheltroun, Simpson, Valentine, Huizenga, Rick Jones, Knollenberg and Meltzer

Nays: None

COMMITTEE ATTENDANCE REPORT

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

Meeting held on: Wednesday, July 23, 2008

Present: Reps. Meisner, Robert Jones, Accavitti, Byrum, Coulouris, Griffin, Johnson, Sheltroun, Simpson, Valentine, Huizenga, Rick Jones, Knollenberg and Meltzer

Absent: Reps. Clemente, Dean, Hildenbrand, Palsrok and Stakoe
 Excused: Reps. Clemente, Dean, Hildenbrand, Palsrok and Stakoe

The Committee on Judiciary, by Rep. Condino, Chair, reported

House Bill No. 5953, entitled

A bill to amend 1931 PA 328, entitled "The Michigan penal code," by amending section 159g (MCL 750.159g), as amended by 2002 PA 124.

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

1. Amend page 4, line 23, after "A" by inserting "**FELONY**".

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

Favorable Roll Call

To Report Out:

Yeas: Reps. Condino, Coulouris, Bieda, Corriveau, Meadows, Meisner, Virgil Smith, Warren, Schuitmaker, Stakoe and Rocca

Nays: None

The Committee on Judiciary, by Rep. Condino, Chair, reported

House Bill No. 5954, entitled

A bill to amend 2004 PA 452, entitled "Identity theft protection act," (MCL 445.61 to 445.77) by adding sections 74, 74a, 74b, 74c, and 74d.

With the recommendation that the substitute (H-3) be adopted and that the bill then pass.

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

Favorable Roll Call

To Report Out:

Yeas: Reps. Condino, Coulouris, Bieda, Corriveau, Meadows, Meisner, Virgil Smith, Warren and Rocca

Nays: Rep. Stakoe

COMMITTEE ATTENDANCE REPORT

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

Meeting held on: Wednesday, July 23, 2008

Present: Reps. Condino, Coulouris, Bieda, Corriveau, Meadows, Meisner, Virgil Smith, Warren, Schuitmaker, Elsenheimer, Stakoe, Rick Jones and Rocca

Absent: Reps. Scott and David Law

Excused: Reps. Scott and David Law

Messages from the Governor

The following message from the Governor was received July 17, 2008 and read:

EXECUTIVE ORDER

No. 2008 – 18

DEPARTMENT OF CORRECTIONS

MICHIGAN PRISONER REENTRY ADVISORY COUNCIL

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, nearly 12,000 former prisoners are released into Michigan communities each year, affecting public safety, public health, economic and community well-being, and family networks;

WHEREAS, reliable research shows that the successful transition of offenders to communities saves taxpayer money, reduces crime, and enhances public safety;

WHEREAS, recognizing the importance of the successful transition of offenders to communities, this administration has encouraged the development of an effective strategy for offender rehabilitation to help families and communities build support systems for offenders upon release;

WHEREAS, the Michigan Prisoner ReEntry Initiative was implemented in 8 counties by the Department of Corrections in 2006, expanded to all 83 counties in 2007, and will be fully implemented by 2009;

WHEREAS, the mission of the Michigan Prisoner ReEntry Initiative is to reduce crime by implementing a seamless plan of services and supervision developed with each offender through state, local, public, and private collaboration;

WHEREAS, despite research showing that released offenders without stable housing are more likely to return to prison, the scarcity of affordable and available housing, legal barriers and regulations, and eligibility requirements for federally subsidized housing can complicate the process of securing stable housing;

WHEREAS, a majority of offenders have a history of substance abuse and, although prison-based substance abuse treatment has shown success in reducing drug use and crime, especially when coupled with aftercare treatment in the community, only a small fraction of offenders receive treatment during and after incarceration;

WHEREAS, educational and training programs that address fundamental abilities and teach skills directly applicable to employment readiness contribute to the successful transition of offenders into society and reduce recidivism;

WHEREAS, formal establishment of an advisory council among state departments and agencies dedicated to addressing successful offender transition is necessary and appropriate to facilitate the development and implementation of policies to improve reentry services;

NOW, THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. DEFINITIONS

As used in this Order:

A. "Department of Community Health" means the principal department of state government created as the Department of Mental Health under Section 400 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.500, and renamed the Department of Community Health under Executive Order 1996-1, MCL 330.3101.

B. "Department of Corrections" or "Department" means the principal department of state government created under Section 1 of the Corrections Code of 1953, 1953 PA 232, MCL 791.201, Section 275 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.375, and Executive Order 1991-12, MCL 791.302.

C. "Department of Education" means the principal department of state government required by Section 3 of Article VII of the Michigan Constitution of 1963 and created under Section 300 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.400.

D. "Department of Human Services" means the principal department of state government created as the Department of Social Services by Section 450 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.550, renamed the Family Independence Agency by 1995 PA 223, MCL 400.1, and renamed the Department of Human Services by Executive Order 2004-38.

E. "Department of Labor and Economic Growth" means the principal department of state government created as the Department of Commerce by Section 225 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.325, renamed the Department of Consumer and Industry Services by Executive Order 1996-2, MCL 445.2001, and renamed the Department of Labor and Economic Growth by Executive Order 2003-18, MCL 445.2011.

F. "Michigan State Housing Development Authority" or "Authority" means the public body corporate and politic created under Section 21 of the State Housing Development Authority Act of 1966, 1966 PA 346, MCL 125.1421.

G. "Governor's Office of Community and Faith-Based Initiatives" means that office established within the Department of Human Services by Executive Order 2005-6.

H. "Michigan Prisoner ReEntry Advisory Council" or "Council" means the Michigan Prisoner ReEntry Advisory Council created within the Department of Corrections under this Order.

II. CREATION OF THE MICHIGAN PRISONER REENTRY ADVISORY COUNCIL

A. The Michigan Prisoner ReEntry Advisory Council is created as an advisory body within the Department of Corrections.

B. The Council shall consist of the following 7 members:

1. The Director of the Department of Corrections.

2. The Director of the Department of Community Health or his or her designee from within the Department of Community Health.

3. The Director of the Department of Labor and Economic Growth or his or her designee from within the Department of Labor and Economic Growth.

4. The Director of the Department of Human Services or his or her designee from within the Department of Human Services.

5. The Executive Director of the Michigan State Housing Development Authority or his or her designee from within the Michigan State Housing Development Authority.

6. The Superintendent of Public Instruction or his or her designee from within the Department of Education.

7. The Director of the Governor's Office of Community and Faith-Based Initiatives.

C. The Director of the Department of Corrections shall serve as Chairperson of the Michigan Prisoner ReEntry Advisory Council.

III. CHARGE TO THE COUNCIL

A. The Council shall do all of the following:

1. Identify barriers in each Council member's department or agency that may hinder the successful transition of offenders returning to communities, and develop and implement policies, procedures, and programs to overcome such barriers.

2. Identify methods to improve collaboration and coordination of offender transition services, including cross-training, information-sharing systems, and policies, procedures, and programs that measure offender reentry management with well-defined, performance-based outcomes.

3. Consult with state and local agencies, organizations, and community leaders with expertise in the areas of prison facilities, parole decision-making, reentry, and community supervision to collaborate on offender transition issues and ways of improving operations.

4. Consult with representatives from professional associations, volunteer and faith-based organizations, and local treatment and rehabilitation agencies to collaborate on offender transition issues and ways of improving operations.

5. Provide recommendations to the Governor as to how the Governor and other state departments and agencies may assist the Council in overcoming the barriers it has identified to the successful transition and reintegration of offenders returning to communities.

6. Provide recommendations to the Governor on how state laws and sentencing guidelines may be improved in order to contribute to the successful transition and reintegration of offenders into society and reduce recidivism.

B. The Council shall issue a report to the Governor on December 1 of each year, which shall detail the accomplishments of the Council and the effectiveness of agency coordination and communications, identify any administrative or legal barriers that might be impeding the more effective operation of the Council, and make recommendations for executive or legislative measures to improve offender transition and reintegration services.

IV. OPERATIONS OF THE COUNCIL

A. The Council shall be staffed and assisted by personnel from the Department, subject to available funding. Any budgeting, procurement, or related management functions of the Council shall be performed under the direction and supervision of the Director of the Department.

B. The Council shall adopt procedures consistent with Michigan law and this Order governing its organization and operations.

C. A majority of the members of the Council serving constitutes a quorum for the transaction of the Council's business. The Council shall act by a majority vote of its serving members.

D. The Council shall meet at the call of the Chairperson and as may be provided in procedures adopted by the Council.

E. The Council may, as appropriate, make inquiries, studies, investigations, hold hearings, and receive comments from the public. The Council may also consult with outside experts in order to perform its duties, including, but not limited to, experts in the private sector, organized labor, government agencies, and at institutions of higher education.

F. Members of the Council shall serve without compensation. Members of the Council may receive reimbursement for necessary travel and expenses consistent with relevant statutes and the rules and procedures of the Civil Service Commission and the Department of Management and Budget, subject to available funding.

G. The Council may hire or retain contractors, sub-contractors, advisors, consultants, and agents, and may make and enter into contracts necessary or incidental to the exercise of the powers of the Council and the performance of its duties as the Director of the Department deems advisable and necessary, in accordance with this Order, and the relevant statutes, rules, and procedures of the Civil Service Commission and the Department of Management and Budget.

H. The Council may accept donations of labor, services, or other things of value from any public or private agency or person.

I. All state departments and agencies shall cooperate with the Council in the performance of its duties and responsibilities under this Order. The Council may request, and state departments and agencies shall provide, information and assistance as the Council requires in the performance of its duties and responsibilities under this Order.

J. Members of the Council shall refer all legal, legislative, and media contacts to the Department.

V. MISCELLANEOUS

A. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected by this Order shall not abate by reason of the taking effect of this Order.

B. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order.

This Order is effective upon filing.

[SEAL]

Given under my hand and the Great Seal of the State of Michigan this 17th day of July in the year of our Lord, two thousand and eight.

Jennifer M. Granholm
Governor

By the Governor:
Terri L. Land
Secretary of State

The message was referred to the Clerk.

Date: July 15, 2008

Time: 4:12 p.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

Enrolled House Bill No. 4903 (Public Act No. 232, I.E.), being

An act to amend 1965 PA 314, entitled “An act to authorize the investment of assets of public employee retirement systems or plans created and established by the state or any political subdivision; to provide for the payment of certain costs and investment expenses; to authorize investment in variable rate interest loans; to define and limit the investments which may be made by an investment fiduciary with the assets of a public employee retirement system; and to prescribe the powers and duties of investment fiduciaries and certain state departments and officers,” (MCL 38.1132 to 38.1140m) by adding section 13d.

(Filed with the Secretary of State July 17, 2008, at 9:51 a.m.)

Date: July 15, 2008

Time: 4:14 p.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

Enrolled House Bill No. 4854 (Public Act No. 233, I.E.), being

An act to amend 1965 PA 314, entitled “An act to authorize the investment of assets of public employee retirement systems or plans created and established by the state or any political subdivision; to provide for the payment of certain costs and investment expenses; to authorize investment in variable rate interest loans; to define and limit the investments which may be made by an investment fiduciary with the assets of a public employee retirement system; and to prescribe the powers and duties of investment fiduciaries and certain state departments and officers,” (MCL 38.1132 to 38.1140m) by adding section 13c.

(Filed with the Secretary of State July 17, 2008, at 9:53 a.m.)

Date: July 17, 2008

Time: 10:11 a.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

Enrolled House Bill No. 4323 (Public Act No. 240, I.E.), 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, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide

remedies; and to repeal acts and parts of acts,” by amending sections 81115, 81129, 81131, 81133, and 81147 (MCL 324.81115, 324.81129, 324.81131, 324.81133, and 324.81147), section 81115 as amended by 2003 PA 111, section 81129 as amended by 2008 PA 164, section 81131 as added by 1995 PA 58, section 81133 as amended by 1998 PA 86, and section 81147 as amended by 2004 PA 587.

(Filed with the Secretary of State July 17, 2008, at 10:25 a.m.)

Date: July 17, 2008

Time: 10:09 a.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

Enrolled House Bill No. 5559 (Public Act No. 241, I.E.), 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 sections 2418, 2618, and 3101 (MCL 500.2418, 500.2618, and 500.3101), section 2418 as amended by 1993 PA 200 and section 3101 as amended by 1988 PA 126.

(Filed with the Secretary of State July 17, 2008, at 10:27 a.m.)

Date: July 17, 2008

Time: 4:42 p.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

Enrolled House Bill No. 5811 (Public Act No. 249, I.E.), being

An act to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2009; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

(Filed with the Secretary of State July 18, 2008, at 3:05 p.m.)

Communications from State Officers

The following communication from the Department of Labor and Economic Growth was received and read:

July 17, 2008

Enclosed are copies of the State of Michigan Unemployment Insurance Agency Single Audits for the fiscal years ended September 30, 2006 and 2007.

Inquiries regarding this information may be addressed to Mr. Rodger M. Palm, Director, Trust Fund, Tax and Employer Compliance at (313) 456-2405 or me at (313) 456-2507.

Sincerely,
Debbie Ciccone, Manager
Trust Fund Accounting

The communication was referred to the Clerk.

By unanimous consent the House returned to the order of

Messages from the Governor

The following line items veto message from the Governor was received and read:

Executive Office, Lansing, July 17, 2008

Michigan House of Representatives
State Capitol
Lansing, Michigan 48909-7514

Ladies and Gentlemen:

Today I have signed **Enrolled House Bill 5804**, the appropriations bill for the Department of History, Arts, and Libraries for the fiscal year ending September 30, 2009. However, I have disapproved two items pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item vetoes are contained in the attached copy of the bill, which has been filed with the Secretary of State.

This bill provides \$53 million (\$40 million general fund) to preserve Michigan's history and historic treasures, provide library technology and services, promote the arts, and provide a variety of cultural experiences.

I have disapproved the appropriation for Michigan History Day as this item was funded by reducing general fund support for the arts and cultural grants line included in the bill. I have also disapproved the appropriation for local historical society grant programs as the Michigan Council for Arts and Cultural Affairs already has the authority to issue grants in this category.

I appreciate the Legislature's efforts in the development of this budget.

Respectfully,
Jennifer M. Granholm
Governor

This bill was signed by the Governor July 17, 2008, at 4:20 p.m.

This bill was filed with the Secretary of State July 18, 2008, at 3:15 p.m. and assigned Public Act No. 254, I.E.

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

Rep. Tobocman moved that the bill be re-referred to the Committee on Appropriations.

The motion prevailed.

The following line items veto message from the Governor was received and read:

Executive Office, Lansing, July 17, 2008

Michigan House of Representatives
State Capitol
Lansing, Michigan 48909-7514

Dear Legislators:

Today I have signed **Enrolled House Bill 5807**, the appropriations bill for the Department of Agriculture for the fiscal year ending September 30, 2009. However, I have disapproved particular items pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item vetoes are contained in the attached copy of this bill, which has been filed with the Secretary of State.

This bill provides \$107.8 million for programs that protect the health and safety of Michigan residents, provide consumer protection, ensure animal health, and promote agriculture.

I have disapproved the proposed appropriation for a cooperative resources management initiative program. I believe that the money intended for the program would be better used by funding the timber program rather than this discretionary program. This action is consistent with my disapproval of a similar item included by the Legislature in the appropriations bill for the Department of Natural Resources.

I also have disapproved various horse racing line items because the items were increased by reducing funding for the Bovine Tuberculosis program. Michigan has been steadfast in its battle to eradicate Bovine Tuberculosis from cervid populations for approximately 14 years, investing over \$97.0 million of taxpayer resources. A disinvestment at this time would jeopardize public health and compromise our eradication efforts to date. Therefore, I support restoration of funding for the Bovine Tuberculosis program and associated horse racing grants at the levels in the budget I originally submitted for fiscal year 2009.

In addition, I believe that Section 902 is legally unenforceable, as it represents an attempt to amend existing Michigan law by implication in contravention of Section 25 of Article IV of the Michigan Constitution of 1963.

This bill supports the essential operations of the Department of Agriculture. I commend the Legislature for its work on this budget.

Respectfully,
Jennifer M. Granholm
Governor

This bill was signed by the Governor July 17, 2008, at 4:30 p.m.

This bill was filed with the Secretary of State July 18, 2008, at 3:13 p.m. and assigned Public Act No. 253, I.E.

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

Rep. Tobocman moved that the bill be re-referred to the Committee on Appropriations.

The motion prevailed.

The following line item veto message from the Governor was received and read:

Executive Office, Lansing, July 17, 2008

Michigan House of Representatives
State Capitol
Lansing, Michigan 48909-7514

Ladies and Gentlemen:

Today I have signed **Enrolled House Bill 5809** providing over \$1.3 billion in appropriations for the Department of Labor and Economic Growth for the fiscal year ending September 30, 2009. This budget will provide funding for the department to continue to revitalize Michigan's economy through workforce training initiatives, and protect citizens through regulatory oversight and workplace safety programs. I am especially pleased that the budget increases funding for the No Worker Left Behind and Michigan Nursing Corps initiatives, which are vital to helping thousands of Michigan workers get trained for new careers in critical areas of need.

However, I have disapproved one item pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item veto is contained in the attached copy of the bill which has been filed with the Secretary of State. I disapproved of Section 442(1)(a), which would undermine the prioritization of potential TANF Contingency Funds needed to accelerate the transition of low-income citizens into stable careers through the Jobs, Education, and Training (JET) Plus program.

Furthermore, the Legislature reinstated two boilerplate sections that remain unenforceable. Section 337 attempts to amend by implication powers and duties vested in the Commissioner of the Office of Financial and Insurance Regulation under Michigan law in contravention of Section 25 of Article IV of the Michigan Constitution of 1963. Similarly, Section 355 improperly attempts to amend by implication provisions of the Michigan Occupational Safety and Health Act, 1974 PA 154, MCL 408.1101 to 408.1094.

I thank the Legislature for its work on completing the budget for the Department of Labor and Economic Growth.

Respectfully,
Jennifer M. Granholm
Governor

This bill was signed by the Governor July 17, 2008, at 4:36 p.m.

This bill was filed with the Secretary of State July 18, 2008, at 3:09 p.m. and assigned Public Act No. 251, I.E.

The question being on the passage of the disapproved item, the objections of the Governor to the contrary notwithstanding,

Rep. Tobocman moved that the bill be re-referred to the Committee on Appropriations.

The motion prevailed.

The following line item veto message from the Governor was received and read:

Executive Office, Lansing, July 17, 2008

Michigan House of Representatives
State Capitol
Lansing, MI 48909-78514

Ladies and Gentlemen:

Today I have signed **Enrolled House Bill 5810**, appropriations bill for the Judicial Branch for the fiscal year ending September 30, 2009. I have, however disapproved one item pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item veto is contained in the attached copy of the bill, which has been filed with the Secretary of State.

I am especially pleased that this bill includes \$550,000 to provide adult offenders, needing mental health services, with treatment and other mental health services aimed at improving their ability to function in the community and link them to employment, housing, treatment, and support services. Additionally, by providing an alternative to incarceration, mental health courts can help ease local jail and state prison crowding.

This bill provides \$5.2 million for drug treatment courts that hold offenders accountable for their behavior while providing treatment for substance abuse problems. Successful substance abuse treatment can reduce long, costly incarcerations and recidivism at both the local and state level.

I have disapproved Section 318, which was intended to appropriate funding for a probation pilot program through an interdepartmental grant from the Department of Corrections. I cannot support this program as contemplated because it would give officials in the Judicial Branch supervisory authority over Executive Branch employees in contravention of the Separation of Powers Clause.

I thank the Legislature for its work on this budget.

Respectfully,
Jennifer M. Granholm
Governor

This bill was signed by the Governor July 17, 2008, at 4:40 p.m.

This bill was filed with the Secretary of State July 18, 2008, at 3:07 p.m. and assigned Public Act No. 250, I.E.

The question being on the passage of the disapproved item, the objections of the Governor to the contrary notwithstanding,

Rep. Tobocman moved that the bill be re-referred to the Committee on Appropriations.

The motion prevailed.

The following line items veto message from the Governor was received and read:

Executive Office, Lansing, July 17, 2008

Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Ladies and Gentlemen:

Today I have signed **Enrolled House Bill 5814**, which makes appropriations for the Department of Human Services (DHS) for the fiscal year ending September 30, 2009. However, I have disapproved items in the bill pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item vetoes are contained within the attached copy of the bill, which has been filed with the Secretary of State.

This bill appropriates nearly \$4.6 billion, an amount that represents a significant commitment to the safety, well-being, independence, and permanency of Michigan's families and children. Highlights of the bill include:

- ◆ Full funding of projected caseloads and costs for critical financial support programs.
- ◆ An increase in the Family Independence Program cash assistance and clothing allowance grants in recognition of continued economic pressures on low-income families in Michigan.
- ◆ Continued support of improvements in the child welfare system, placing the highest priority on the health and safety of children, including the appropriation of over \$670 million for the Foster Care, Child Care Fund, and Adoption Subsidies programs to provide children with caring families and safe homes.

I have disapproved Sections 908 and 1104(3), which are unnecessary because they duplicate initiatives already underway within the department.

I have also disapproved the \$100 appropriation for a child care fund in-home care incentive program, and related language included in Section 583 because the moneys appropriated would be inadequate to accomplish the requirements of Section 583.

I have also disapproved Section 310, which would earmark funds for a local referral project. This project should compete with other projects for funds that are available through the Early Childhood Investment Corporation for the same purpose.

In addition, I have disapproved Section 531, which would allocate \$5 million in federal revenues to local units of government. I continue to support the existing policy, which splits the revenue equally between the state and the counties.

Lastly, I have disapproved a \$500,000 capital outlay appropriation, because I believe in the established process to deal with surplus property and that the process should be followed.

While I have found it necessary to disapprove items included in the bill you sent me, I am pleased that the Legislature met targeted funding levels while protecting key human services programs and initiatives. I appreciate the Legislature's cooperation in the development of this budget and your effort to preserve services for vulnerable children and families.

Respectfully,
Jennifer M. Granholm
Governor

This bill was signed by the Governor July 17, 2008, at 4:50 p.m.

This bill was filed with the Secretary of State July 18, 2008, at 3:03 p.m. and assigned Public Act No. 248, I.E.

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

Rep. Tobocman moved that the bill be re-referred to the Committee on Appropriations.

The motion prevailed.

By unanimous consent the House returned to the order of

Second Reading of Bills

Senate Bill No. 1367, entitled

A bill to amend 1995 PA 24, entitled "Michigan economic growth authority act," by amending sections 3 and 8 (MCL 207.803 and 207.808), section 3 as amended by 2008 PA 108 and section 8 as amended by 2008 PA 110.

Was read a second time, and the question being on the adoption of the proposed substitute (H-1) previously recommended by the Committee on Commerce,

The substitute (H-1) was adopted, a majority of the members serving voting therefor.

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

The motion prevailed.

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

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

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 1367, entitled

A bill to amend 1995 PA 24, entitled "Michigan economic growth authority act," by amending sections 3 and 8 (MCL 207.803 and 207.808), section 3 as amended by 2008 PA 108 and section 8 as amended by 2008 PA 110.

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

Roll Call No. 699

Yeas—104

Accavitti	Donigan	Lahti	Polidori
Acciavatti	Ebli	LaJoy	Proos
Agema	Elsenheimer	Law, Kathleen	Robertson
Amos	Espinoza	LeBlanc	Rocca
Angerer	Farrah	Leland	Sak
Ball	Gaffney	Lindberg	Schuitmaker
Bauer	Garfield	Marleau	Scott
Bennett	Gillard	Mayer	Shaffer
Bieda	Gonzales	McDowell	Sheen
Booher	Green	Meadows	Sheltrown

Brown	Griffin	Meekhof	Simpson
Byrnes	Hammel	Meisner	Smith, Alma
Byrum	Hammon	Melton	Smith, Virgil
Casperson	Hansen	Meltzer	Spade
Caswell	Hildenbrand	Miller	Stahl
Caul	Hood	Moolenaar	Stakoe
Cheeks	Hoogendyk	Moore	Steil
Clemente	Hopgood	Moss	Tobocman
Condino	Horn	Nitz	Vagnozzi
Constan	Huizenga	Nofs	Valentine
Corriveau	Hune	Opsommer	Walker
Coulouris	Jackson	Palmer	Ward
Cushingberry	Johnson	Palsrok	Warren
Dean	Jones, Rick	Pastor	Wenke
DeRoche	Jones, Robert	Pavlov	Wojno
Dillon	Knollenberg	Pearce	Young

Nays—0

In The Chair: Sak

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

“An act to promote economic growth and job creation within this state; to create and regulate the Michigan economic growth authority; to prescribe the powers and duties of the authority and of state and local officials; to assess and collect a fee; to approve certain plans and the use of certain funds; and to provide qualifications for and determine eligibility for tax credits and other incentives for authorized businesses and for qualified taxpayers,”

The House agreed to the full title.

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

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

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that Rule 42 be suspended.

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

Rep. Tobocman moved that the Committee on Families and Children’s Services be discharged from further consideration of **Senate Bill No. 170**.

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

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 170, entitled

A bill to provide for subsidy payments to certain guardians of minors; and to provide for duties and responsibilities of certain state departments and agencies.

The bill was read a second time.

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

The motion prevailed.

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

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

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 170, entitled

A bill to provide for subsidy payments to certain guardians of minors; and to provide for duties and responsibilities of certain state departments and agencies.

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

Roll Call No. 700

Yeas—104

Accavitti	Donigan	Lahti	Polidori
Acciavatti	Ebli	LaJoy	Proos
Agema	Elsenheimer	Law, Kathleen	Robertson
Amos	Espinoza	LeBlanc	Rocca
Angerer	Farrah	Leland	Sak
Ball	Gaffney	Lindberg	Schuitmaker
Bauer	Garfield	Marleau	Scott
Bennett	Gillard	Mayer	Shaffer
Bieda	Gonzales	McDowell	Sheen
Booher	Green	Meadows	Sheltrown
Brown	Griffin	Meekhof	Simpson
Byrnes	Hammel	Meisner	Smith, Alma
Byrum	Hammon	Melton	Smith, Virgil
Casperson	Hansen	Meltzer	Spade
Caswell	Hildenbrand	Miller	Stahl
Caul	Hood	Moolenaar	Stakoe
Cheeks	Hoogendyk	Moore	Steil
Clemente	Hopgood	Moss	Tobocman
Condino	Horn	Nitz	Vagnozzi
Constan	Huizenga	Nofs	Valentine
Corriveau	Hune	Opsommer	Walker
Coulouris	Jackson	Palmer	Ward
Cushingberry	Johnson	Palsrok	Warren
Dean	Jones, Rick	Pastor	Wenke
DeRoche	Jones, Robert	Pavlov	Wojno
Dillon	Knollenberg	Pearce	Young

Nays—0

In The Chair: Sak

The House agreed to the title of the bill.

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

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

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that Rule 42 be suspended.

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

Rep. Tobocman moved that the Committee on Regulatory Reform be discharged from further consideration of **Senate Bill No. 1351**.

The motion prevailed, a majority of the members serving voting therefor.
The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 1351, entitled

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," (MCL 436.1101 to 436.2303) by adding section 526.

The bill was read a second time.

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

The motion prevailed.

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

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

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 1351, entitled

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," (MCL 436.1101 to 436.2303) by adding section 526.

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

Roll Call No. 701

Yeas—104

Accavitti	Donigan	Lahti	Polidori
Acciavatti	Ebli	LaJoy	Proos
Agema	Elsenheimer	Law, Kathleen	Robertson
Amos	Espinoza	LeBlanc	Rocca
Angerer	Farrah	Leland	Sak
Ball	Gaffney	Lindberg	Schuitmaker
Bauer	Garfield	Marleau	Scott
Bennett	Gillard	Mayes	Shaffer
Bieda	Gonzales	McDowell	Sheen
Booher	Green	Meadows	Sheltrown
Brown	Griffin	Meekhof	Simpson
Byrnes	Hammel	Meisner	Smith, Alma
Byrum	Hammon	Melton	Smith, Virgil
Casperson	Hansen	Meltzer	Spade
Caswell	Hildenbrand	Miller	Stahl
Caul	Hood	Moolenaar	Stakoe
Cheeks	Hoogendyk	Moore	Steil
Clemente	Hopgood	Moss	Tobocman
Condino	Horn	Nitz	Vagnozzi
Constan	Huizenga	Nofs	Valentine
Corriveau	Hune	Opsommer	Walker
Coulouris	Jackson	Palmer	Ward
Cushingberry	Johnson	Palsrok	Warren
Dean	Jones, Rick	Pastor	Wenke
DeRoche	Jones, Robert	Pavlov	Wojno
Dillon	Knollenberg	Pearce	Young

Nays—0

In The Chair: Sak

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

“An act to create a commission for the control of the alcoholic beverage traffic within this state, and to prescribe its powers, duties, and limitations; to provide for powers and duties for certain state departments and agencies; to impose certain taxes for certain purposes; to provide for the control of the alcoholic liquor traffic within this state and to provide for the power to establish state liquor stores; to prohibit the use of certain devices for the dispensing of alcoholic vapor; to provide for the care and treatment of alcoholics; to provide for the incorporation of farmer cooperative wineries and the granting of certain rights and privileges to those cooperatives; to provide for the licensing and taxation of activities regulated under this act and the disposition of the money received under this act; to prescribe liability for retail licensees under certain circumstances and to require security for that liability; to provide procedures, defenses, and remedies regarding violations of this act; to provide for the enforcement and to prescribe penalties for violations of this act; to provide for allocation of certain funds for certain purposes; to provide for the confiscation and disposition of property seized under this act; to provide referenda under certain circumstances; and to repeal acts and parts of acts,”

The House agreed to the full title.

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

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

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that Rule 42 be suspended.

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

Rep. Tobocman moved that the Committee on Regulatory Reform be discharged from further consideration of **Senate Bill No. 1352**.

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

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills**Senate Bill No. 1352, entitled**

A bill to amend 1998 PA 58, entitled “Michigan liquor control code of 1998,” (MCL 436.1101 to 436.2303) by adding section 413.

The bill was read a second time.

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

The motion prevailed.

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

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

Rep. Tobocman moved that Rep. Condino be excused temporarily from today’s session.

The motion prevailed.

Rep. Meekhof moved that Rep. Wenke be excused temporarily from today’s session.

The motion prevailed.

By unanimous consent the House returned to the order of
Third Reading of Bills

Senate Bill No. 1352, entitled

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," (MCL 436.1101 to 436.2303) by adding section 413.

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

Roll Call No. 702

Yeas—102

Accavitti	Ebli	LaJoy	Polidori
Acciavatti	Elsenheimer	Law, Kathleen	Proos
Agema	Espinoza	LeBlanc	Robertson
Amos	Farrah	Leland	Rocca
Angerer	Gaffney	Lindberg	Sak
Ball	Garfield	Marleau	Schuitmaker
Bauer	Gillard	Mayes	Scott
Bennett	Gonzales	McDowell	Shaffer
Bieda	Green	Meadows	Sheen
Booher	Griffin	Meekhof	Sheltrown
Brown	Hammel	Meisner	Simpson
Byrnes	Hammon	Melton	Smith, Alma
Byrum	Hansen	Meltzer	Smith, Virgil
Casperson	Hildenbrand	Miller	Spade
Caswell	Hood	Moolenaar	Stahl
Caul	Hoogendyk	Moore	Stakoe
Cheeks	Hopgood	Moss	Steil
Clemente	Horn	Nitz	Tobocman
Constan	Huizenga	Nofs	Vagnozzi
Corriveau	Hune	Opsommer	Valentine
Coulouris	Jackson	Palmer	Walker
Cushingberry	Johnson	Palsrok	Ward
Dean	Jones, Rick	Pastor	Warren
DeRoche	Jones, Robert	Pavlov	Wojno
Dillon	Knollenberg	Pearce	Young
Donigan	Lahti		

Nays—0

In The Chair: Sak

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

"An act to create a commission for the control of the alcoholic beverage traffic within this state, and to prescribe its powers, duties, and limitations; to provide for powers and duties for certain state departments and agencies; to impose certain taxes for certain purposes; to provide for the control of the alcoholic liquor traffic within this state and to provide for the power to establish state liquor stores; to prohibit the use of certain devices for the dispensing of alcoholic vapor; to provide for the care and treatment of alcoholics; to provide for the incorporation of farmer cooperative wineries and the granting of certain rights and privileges to those cooperatives; to provide for the licensing and taxation of activities regulated under this act and the disposition of the money received under this act; to prescribe liability for retail licensees under certain circumstances and to require security for that liability; to provide procedures, defenses, and remedies regarding violations of this act; to provide for the enforcement and to prescribe penalties for violations of this act; to provide for allocation of certain funds for certain purposes; to provide for the confiscation and disposition of property seized under this act; to provide referenda under certain circumstances; and to repeal acts and parts of acts,"

The House agreed to the full title.
Rep. Tobocman moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

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

Rep. Tobocman moved that Rule 42 be suspended.
The motion prevailed, 3/5 of the members present voting therefor.

Rep. Tobocman moved that the Committee on Great Lakes and Environment be discharged from further consideration of **House Concurrent Resolution No. 94**.
The motion prevailed, a majority of the members serving voting therefor.

The Speaker laid before the House
House Concurrent Resolution No. 94.
A concurrent resolution to memorialize the Congress of the United States to enact the Great Lakes-St. Lawrence River Basin Water Resources Compact.
(For text of concurrent resolution, see House Journal No. 67, p. 1940.)
(The concurrent resolution was discharged from the Committee on Great Lakes and Environment on July 23.)
The question being on the adoption of the concurrent resolution,
The concurrent resolution was adopted.

Rep. Clack entered the House Chambers.

Rep. Tobocman moved that Rule 42 be suspended.
The motion prevailed, 3/5 of the members present voting therefor.

Rep. Tobocman moved that the Committee on Great Lakes and Environment be discharged from further consideration of **House Resolution No. 406**.
The motion prevailed, a majority of the members serving voting therefor.

The Speaker laid before the House
House Resolution No. 406.
A resolution to memorialize the Congress of the United States to enact the Great Lakes-St. Lawrence River Basin Water Resources Compact.
(For text of resolution, see House Journal No. 67, p. 1939.)
(The resolution was discharged from the Committee on Great Lakes and Environment on July 23.)
The question being on the adoption of the resolution,
The resolution was adopted.

Messages from the Senate

The Senate returned, in accordance with the request of the House
Senate Bill No. 852, entitled
A bill to amend 2000 PA 489, entitled "An act to create certain funds; to provide for the allocation of certain revenues among certain funds and for the operation, investment, and expenditure of certain funds; and to impose certain duties and requirements on certain state officials," by amending section 7 (MCL 12.257), as amended by 2007 PA 50.
(The bill was passed on June 27, see House Journal No. 65, p. 1792.)

Rep. Tobocman moved that Rule 63 be suspended.
The motion prevailed, 3/5 of the members present voting therefor.

Rep. Tobocman moved to reconsider the vote by which the House passed the bill.
The motion prevailed, a majority of the members serving voting therefor.

Rep. Accavitti moved that Rep. Robert Jones be excused temporarily from today's session.
The motion prevailed.

Rep. David Law entered the House Chambers.

Third Reading of Bills

Senate Bill No. 852, entitled

A bill to amend 2000 PA 489, entitled "Michigan trust fund act," by amending section 7 (MCL 12.257), as amended by 2007 PA 50.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-1) the bill.

The motion was seconded and the substitute (H-1) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 703

Yeas—102

Accavitti	Ebli	Law, David	Polidori
Acciavatti	Elsenheimer	Law, Kathleen	Proos
Agema	Espinoza	LeBlanc	Robertson
Amos	Farrah	Leland	Rocca
Angerer	Gaffney	Lindberg	Sak
Ball	Garfield	Marleau	Schuitmaker
Bauer	Gillard	Mayes	Scott
Bennett	Gonzales	McDowell	Shaffer
Bieda	Green	Meadows	Sheen
Booher	Griffin	Meekhof	Sheltrown
Brown	Hammel	Meisner	Simpson
Byrnes	Hammon	Melton	Smith, Alma
Byrum	Hansen	Meltzer	Smith, Virgil
Casperson	Hildenbrand	Miller	Spade
Caswell	Hood	Moolenaar	Stahl
Caul	Hoogendyk	Moore	Stakoe
Cheeks	Hopgood	Moss	Steil
Clemente	Horn	Nitz	Tobocman
Constan	Huizenga	Nofs	Vagnozzi
Corriveau	Hune	Opsommer	Valentine
Coulouris	Jackson	Palmer	Walker
Cushingberry	Johnson	Palsrok	Ward
Dean	Jones, Rick	Pastor	Warren
DeRoche	Knollenberg	Pavlov	Wojno
Dillon	Lahti	Pearce	Young
Donigan	LaJoy		

Nays—0

In The Chair: Sak

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

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

A bill to amend 2000 PA 489, entitled “An act to create certain funds; to provide for the allocation of certain revenues among certain funds and for the operation, investment, and expenditure of certain funds; and to impose certain duties and requirements on certain state officials,” by amending section 7 (MCL 12.257), as amended by 2008 PA 99.

The motion prevailed.

The House agreed to the title as amended.

By unanimous consent the House returned to the order of

Messages from the Senate

The Senate returned, in accordance with the request of the House

Senate Bill No. 1270, entitled

A bill to amend 1995 PA 24, entitled “An act to promote economic growth and job creation within this state; to create and regulate the Michigan economic growth authority; to prescribe the powers and duties of the authority and of state and local officials; to assess and collect a fee; to approve certain plans and the use of certain funds; and to provide qualifications for and determine eligibility for tax credits and other incentives for authorized businesses and for qualified taxpayers,” by amending section 6 (MCL 207.806), as amended by 2007 PA 150.

(The bill was passed on June 28, see House Journal No. 66, p. 1919.)

Rep. Tobocman moved that Rule 63 be suspended.

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

Rep. Tobocman moved to reconsider the vote by which the House passed the bill.

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

Third Reading of Bills**Senate Bill No. 1270, entitled**

A bill to amend 1995 PA 24, entitled “Michigan economic growth authority act,” by amending section 6 (MCL 207.806), as amended by 2007 PA 150.

The question being on the passage of the bill,

Rep. Coulouris moved to substitute (H-1) the bill.

The motion was seconded and the substitute (H-1) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 704**Yeas—102**

Accavitti	Ebli	Law, David	Polidori
Acciavatti	Elsenheimer	Law, Kathleen	Proos
Agema	Espinoza	LeBlanc	Robertson
Amos	Farrah	Leland	Rocca
Angerer	Gaffney	Lindberg	Sak
Ball	Garfield	Marleau	Schuitmaker
Bauer	Gillard	Mayes	Scott
Bennett	Gonzales	McDowell	Shaffer

Bieda	Green	Meadows	Sheen
Booher	Griffin	Meekhof	Sheltrown
Brown	Hammel	Meisner	Simpson
Byrnes	Hammon	Melton	Smith, Alma
Byrum	Hansen	Meltzer	Smith, Virgil
Casperson	Hildenbrand	Miller	Spade
Caswell	Hood	Moolenaar	Stahl
Caul	Hoogendyk	Moore	Stakoe
Cheeks	Hopgood	Moss	Steil
Clemente	Horn	Nitz	Tobocman
Constan	Huizenga	Nofs	Vagnozzi
Corriveau	Hune	Opsommer	Valentine
Coulouris	Jackson	Palmer	Walker
Cushingberry	Johnson	Palsrok	Ward
Dean	Jones, Rick	Pastor	Warren
DeRoche	Knollenberg	Pavlov	Wojno
Dillon	Lahti	Pearce	Young
Donigan	LaJoy		

Nays—0

In The Chair: Sak

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

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

A bill to amend 1995 PA 24, entitled “An act to promote economic growth and job creation within this state; to create and regulate the Michigan economic growth authority; to prescribe the powers and duties of the authority and of state and local officials; to assess and collect a fee; to approve certain plans and the use of certain funds; and to provide qualifications for and determine eligibility for tax credits and other incentives for authorized businesses and for qualified taxpayers,” by amending section 6 (MCL 207.806), as amended by 2008 PA 110.

The motion prevailed.

The House agreed to the title as amended.

By unanimous consent the House returned to the order of

Reports of Select Committees

First Conference Report

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

House Bill No. 5816, 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, 2009; 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.

Recommends:

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

A bill to make, supplement, and adjust appropriations for the departments of attorney general, civil rights, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2009; 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 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 departments of attorney general, civil rights, civil service, information technology, management and budget, state, and treasury, the executive office, the legislative branch, and certain other state purposes, for the fiscal year ending September 30, 2009, from the funds indicated in this part. The following is a summary of the appropriations in this part:

TOTAL GENERAL GOVERNMENT

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	46.0	
Full-time equated classified positions	7,465.7	
GROSS APPROPRIATION	\$	3,158,209,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		657,135,600
ADJUSTED GROSS APPROPRIATION	\$	2,501,074,000
Federal revenues:		
Total federal revenues.....		118,833,200
Special revenue funds:		
Total local revenues.....		3,098,000
Total private revenues.....		1,265,700
Total other state restricted revenues		1,709,716,700
State general fund/general purpose	\$	668,160,400

Sec. 102. DEPARTMENT OF ATTORNEY GENERAL

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions.....	6.0	
Full-time equated classified positions	537.0	
GROSS APPROPRIATION	\$	76,409,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		24,301,000
ADJUSTED GROSS APPROPRIATION	\$	52,108,700
Federal revenues:		
Total federal revenues.....		8,050,800
Special revenue funds:		
Total local revenues.....		0
Total private revenues.....		0
Total other state restricted revenues		11,927,600
State general fund/general purpose	\$	32,130,300

(2) ATTORNEY GENERAL OPERATIONS

Full-time equated unclassified positions.....	6.0	
Full-time equated classified positions	537.0	
Attorney general.....	\$	124,900
Unclassified positions—5.0 FTE positions		476,300
Attorney general operations—500.0 FTE positions		70,036,500
Child support enforcement—25.0 FTE positions		2,955,200
Prosecuting attorneys coordinating council—12.0 FTE positions		1,996,900
Internal audit services.....		47,900
GROSS APPROPRIATION	\$	75,637,700

Appropriated from:

Interdepartmental grant revenues:		
IDG from MDCH, health services		1,875,600
IDG from MDCH, WIC		70,300
IDG from MDE		289,400
IDG from MDEQ		1,748,200
IDG from MDHS.....		3,345,100

	For Fiscal Year Ending Sept. 30, 2009
IDG from MDLEG, career education services.....	187,000
IDG from MDLEG, children’s protection registry.....	36,400
IDG from MDLEG, financial and insurance services.....	1,107,300
IDG from MDLEG, homeowners construction lien recovery.....	557,000
IDG from MDLEG, licensing and regulation fees.....	176,500
IDG from MDLEG, Michigan occupational safety and health.....	99,200
IDG from MDLEG, Michigan state housing development authority.....	521,000
IDG from MDLEG, remonumentation fees.....	77,900
IDG from MDLEG, unemployment insurance agency.....	1,720,200
IDG from MDMB, risk management revolving fund.....	1,362,800
IDG from MDMVA.....	119,500
IDG from MDOC.....	479,100
IDG from MDOT, comprehensive transportation fund.....	159,800
IDG from MDOT, state aeronautics fund.....	157,700
IDG from MDOT, state trunkline fund.....	2,821,100
IDG from MDSP.....	708,400
IDG from MDSP, Michigan justice training fund.....	325,000
IDG from Michigan gaming control board.....	1,090,400
IDG from treasury.....	4,646,500
IDG from treasury, strategic fund.....	129,800
IDG from civil service commission.....	301,400
IDG from MDIT.....	188,400
Federal revenues:	
DAG, state administrative match grant/food stamps.....	389,500
Federal funds.....	2,495,400
HHS, medical assistance, medigrant.....	652,300
HHS-OS, state Medicaid fraud control units.....	4,513,600
Special revenue funds:	
Antitrust enforcement collections.....	653,100
Assigned claims assessments.....	120,600
Attorney general’s operations fund.....	883,900
Auto repair facilities fees.....	234,700
Franchise fees.....	300,600
Game and fish protection fund.....	917,800
Liquor purchase revolving fund.....	1,064,600
Manufactured housing fees.....	197,200
Merit award trust fund.....	408,600
Prisoner reimbursement.....	463,000
Prosecuting attorneys training fees.....	375,000
Public utility assessments.....	1,839,300
Real estate enforcement fund.....	552,600
Reinstatement fees.....	160,800
Retirement funds.....	758,200
Second injury fund.....	1,004,500
Self-insurers security fund.....	175,200
Silicosis and dust disease fund.....	536,200
State building authority revenue.....	98,700
State lottery fund.....	249,900
Utility consumers fund.....	562,400
Waterways fund.....	100,700
Worker’s compensation administrative revolving fund.....	270,000
State general fund/general purpose.....	\$ 31,358,300
(3) INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 772,000
GROSS APPROPRIATION.....	\$ 772,000

	For Fiscal Year Ending Sept. 30, 2009
Appropriated from:	
State general fund/general purpose	\$ 772,000
Sec. 103. DEPARTMENT OF CIVIL RIGHTS	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions.....	5.0
Full-time equated classified positions	127.0
GROSS APPROPRIATION	\$ 14,475,300
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 14,475,300
Federal revenues:	
Total federal revenues.....	2,057,300
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 12,418,000
(2) CIVIL RIGHTS OPERATIONS	
Full-time equated unclassified positions.....	5.0
Full-time equated classified positions	127.0
Unclassified positions—5.0 FTE positions	\$ 264,700
Civil rights operations—127.0 FTE positions	13,281,700
Internal audit services.....	68,700
GROSS APPROPRIATION	\$ 13,615,100
Appropriated from:	
Federal revenues:	
EEOC, state and local antidiscrimination agency contracts	1,271,700
HUD, grant	770,600
State general fund/general purpose	\$ 11,572,800
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 860,200
GROSS APPROPRIATION	\$ 860,200
Appropriated from:	
Federal revenues:	
EEOC, state and local antidiscrimination agency contracts	15,000
State general fund/general purpose	\$ 845,200
Sec. 104. EXECUTIVE OFFICE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions.....	10.0
Full-time equated classified positions	74.2
GROSS APPROPRIATION	\$ 5,317,300
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 5,317,300
Federal revenues:	
Total federal revenues.....	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 5,317,300
(2) EXECUTIVE OFFICE OPERATIONS	
Full-time equated unclassified positions.....	10.0
Full-time equated classified positions	74.2
Governor.....	\$ 177,000
Lieutenant governor.....	123,900

	For Fiscal Year Ending Sept. 30, 2009
Executive office—74.2 FTE positions.....	4,166,600
Unclassified positions—8.0 FTE positions	849,800
GROSS APPROPRIATION	\$ 5,317,300
Appropriated from:	
State general fund/general purpose	\$ 5,317,300
Sec. 105. DEPARTMENT OF INFORMATION TECHNOLOGY	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions.....	3.0
Full-time equated classified positions	1,657.0
GROSS APPROPRIATION	\$ 432,534,600
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	432,534,600
ADJUSTED GROSS APPROPRIATION	0
Federal revenues:	
Total federal revenues.....	0
Special revenue funds:	
Total local revenues.....	0
Total private revenues.....	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 0
(2) ADMINISTRATION	
Full-time equated unclassified positions.....	3.0
Full-time equated classified positions	1,657.0
Unclassified positions—3.0 FTE positions	\$ 300,000
Enterprisewide services—69.0 FTE positions	22,710,200
Health and human services—720.5 FTE positions	246,521,700
Education services—36.0 FTE positions.....	3,756,700
Public protection—284.0 FTE positions	52,438,900
Resources services—160.0 FTE positions.....	17,373,900
Transportation services—99.5 FTE positions.....	28,174,000
General services—288.0 FTE positions	61,259,200
GROSS APPROPRIATION	\$ 432,534,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of agriculture	1,525,000
IDG from department of attorney general.....	772,000
IDG from department of civil rights	860,200
IDG from civil service commission	4,289,200
IDG from department of community health.....	52,394,800
IDG from department of corrections	19,089,400
IDG from department of education	2,820,900
IDG from department of environmental quality.....	7,478,800
IDG from Michigan gaming control board	1,324,000
IDG from department of history, arts, and libraries.....	1,274,800
IDG from department of human services.....	152,592,200
IDG from department of labor and economic growth.....	42,853,200
IDG from bureau of state lottery.....	4,550,500
IDG from department of management and budget.....	28,471,700
IDG from department of military and veterans affairs.....	1,183,800
IDG from department of natural resources	8,872,100
IDG from department of state	24,541,000
IDG from department of state police	30,944,500
IDG from department of transportation.....	28,496,200
IDG from department of treasury.....	18,200,300
State general fund/general purpose	\$ 0

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Sec. 106. LEGISLATURE

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	114,504,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	114,504,000
Federal revenues:		
Total federal revenues.....		0
Special revenue funds:		
Total local revenues.....		0
Total private revenues.....		400,000
Total other state restricted revenues.....		1,109,800
State general fund/general purpose	\$	112,994,200

(2) LEGISLATURE

Senate	\$	29,126,400
Senate automated data processing		2,549,600
Senate fiscal agency		3,219,200
House of representatives.....		45,515,800
House automated data processing		2,024,900
House fiscal agency.....		3,219,200
GROSS APPROPRIATION.....	\$	85,655,100
Appropriated from:		
State general fund/general purpose	\$	85,655,100

(3) LEGISLATIVE COUNCIL

Legislative council.....	\$	10,110,200
Legislative service bureau automated data processing		1,374,800
Worker's compensation.....		133,000
National association dues		148,900
Legislative corrections ombudsman.....		369,700
GROSS APPROPRIATION.....	\$	12,136,600
Appropriated from:		
Special revenue funds:		
Private - gifts and bequests revenues		400,000
State general fund/general purpose	\$	11,736,600

(4) LEGISLATIVE RETIREMENT SYSTEM

General nonretirement expenses.....	\$	4,533,900
GROSS APPROPRIATION.....	\$	4,533,900
Appropriated from:		
Special revenue funds:		
Court fees		1,109,800
State general fund/general purpose	\$	3,424,100

(5) PROPERTY MANAGEMENT

Capitol building	\$	2,552,800
Cora Anderson building		7,734,200
Farnum building and other properties		1,891,400
GROSS APPROPRIATION.....	\$	12,178,400
Appropriated from:		
State general fund/general purpose	\$	12,178,400

Sec. 107. LEGISLATIVE AUDITOR GENERAL

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$	15,891,200
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		1,801,500
ADJUSTED GROSS APPROPRIATION	\$	14,089,700
Federal revenues:		
Total federal revenues.....		0

	For Fiscal Year Ending Sept. 30, 2009
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	1,539,900
State general fund/general purpose	\$ 12,549,800
(2) LEGISLATIVE AUDITOR GENERAL	
Unclassified positions	\$ 313,500
Field operations	15,577,700
GROSS APPROPRIATION	\$ 15,891,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDMB, civil service commission	107,900
IDG from MDLEG, liquor purchase revolving fund	11,300
IDG from MDOT, comprehensive transportation fund	25,200
IDG from MDOT, Michigan transportation fund	204,300
IDG from MDOT, state aeronautics fund	19,600
IDG from MDOT, state trunkline fund	474,600
IDG, single audit act	958,600
Special revenue funds:	
Cadillac local development finance authority	12,000
Clean Michigan initiative implementation bond fund	37,500
Commercial mobile radio system emergency telephone fund	37,500
Construction lien fund	7,200
Contract audit administration fees	52,700
Correctional industries revolving fund	31,300
Fee adequacy, air quality delegated authority	9,400
Game and fish protection fund	21,400
Legislative retirement system	18,700
Marine safety fund	1,900
Michigan economic development corporation	41,200
Michigan education trust fund	30,000
Michigan justice training commission fund	28,100
Michigan state fair revolving fund	33,000
Michigan state housing development authority fees	22,100
Michigan strategic fund	87,500
Michigan tobacco settlement authority	75,000
Michigan veterans' trust fund	24,400
Motor transport revolving fund	4,700
Office services revolving fund	6,800
State disbursement unit, office of child support	25,000
State services fee fund	926,900
Waterways fund	5,600
State general fund/general purpose	\$ 12,549,800
Sec. 108. DEPARTMENT OF MANAGEMENT AND BUDGET	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	7.0
Full-time equated classified positions	1,424.0
GROSS APPROPRIATION	\$ 551,059,700
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	167,603,800
ADJUSTED GROSS APPROPRIATION	\$ 383,455,900
Federal revenues:	
Total federal revenues	10,743,700
Special revenue funds:	
Total local revenues	1,992,900
Total private revenues	150,000
Total other state restricted revenues	77,694,100
State general fund/general purpose	\$ 292,875,200

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(2) MANAGEMENT AND BUDGET SERVICES

Full-time equated unclassified positions.....	6.0	
Full-time equated classified positions	674.5	
Unclassified positions—6.0 FTE positions		\$ 636,500
Executive operations—10.5 FTE positions		1,489,600
Administrative services—56.5 FTE positions		5,293,700
Budget and financial management—164.5 FTE positions		16,786,400
Office of the state employer—23.0 FTE positions.....		2,793,300
Design and construction services—40.0 FTE positions		5,357,400
Business support services—84.0 FTE positions.....		8,429,700
Building operation services—250.0 FTE positions.....		89,004,600
Building occupancy charges, rent, and utilities.....		4,262,000
Internal audit services.....		989,100
Motor vehicle fleet—46.0 FTE positions		56,920,400
GROSS APPROPRIATION		\$ 191,962,700

Appropriated from:

Interdepartmental grant revenues:

IDG from building occupancy and parking charges.....		91,244,100
IDG from department of labor and economic growth.....		100,000
IDG from internal audit services.....		6,006,200
IDG from MDCH		434,300
IDG from MDHS.....		171,400
IDG from MDOT, comprehensive transportation fund.....		49,200
IDG from MDOT, state aeronautics fund.....		31,200
IDG from MDOT, state trunkline fund		1,397,800
IDG from motor transport fund.....		56,920,400
IDG from user fees.....		5,325,200

Special revenue funds:

Game and fish protection fund.....		225,500
Health management funds		1,735,600
Marine safety fund		21,300
Special revenue, internal service, and pension trust funds.....		9,424,700
State building authority revenue.....		620,600
State lottery fund.....		137,500
State services fee fund.....		89,400
Waterways fund		51,800
State general fund/general purpose		\$ 17,976,500

(3) STATEWIDE APPROPRIATIONS

Professional development fund - AFSCME		\$ 25,000
Professional development fund - MPE, SEIU, scientific, and engineering unit		125,000
Professional development fund - MPE, SEIU, technical unit		50,000
Professional development fund - MSC.....		150,000
Professional development fund - NERE.....		50,000
GROSS APPROPRIATION		\$ 400,000

Appropriated from:

Interdepartmental grant revenues:

IDG from employer contributions		400,000
State general fund/general purpose		\$ 0

(4) SPECIAL PROGRAMS

Full-time equated classified positions	176.0	
Building occupancy charges - property management services for executive/legislative building occupancy.....		\$ 1,275,500
Retirement services—164.0 FTE positions		16,969,100
Office of children’s ombudsman—12.0 FTE positions		1,485,000
GROSS APPROPRIATION		\$ 19,729,600

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Appropriated from:	
Special revenue funds:	
Deferred compensation.....	1,542,400
Pension trust funds	15,426,700
State general fund/general purpose	\$ 2,760,500
(5) STATE FAIR	
Full-time equated unclassified positions.....	1.0
Full-time equated classified positions	9.0
Unclassified positions—1.0 FTE positions	\$ 101,000
Michigan state fair operations—9.0 FTE positions.....	6,415,500
Michigan state fair information technology	88,800
GROSS APPROPRIATION	\$ 6,605,300
Appropriated from:	
Special revenue funds:	
State exposition and fairgrounds fund.....	6,605,300
State general fund/general purpose	\$ 0
(6) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 28,382,900
GROSS APPROPRIATION	\$ 28,382,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG from building occupancy and parking charges.....	651,600
IDG from MDOT, comprehensive transportation fund.....	2,100
IDG from MDOT, state aeronautics fund.....	1,100
IDG from MDOT, state trunkline fund	47,500
IDG from user fees.....	186,800
Special revenue funds:	
Deferred compensation.....	2,600
Game and fish protection fund.....	9,800
Health management funds	41,700
Marine safety fund	900
MAIN user charges	4,345,600
Pension trust funds	6,679,000
Special revenue, internal service, and pension trust funds.....	2,635,000
State building authority revenue.....	9,700
State lottery fund.....	4,600
Waterways fund	2,000
State general fund/general purpose	\$ 13,762,900
(7) STATE BUILDING AUTHORITY RENT	
State building authority rent - state agencies	\$ 58,616,700
State building authority rent - department of corrections	46,867,700
State building authority rent - universities	106,280,900
State building authority rent - community colleges	20,056,800
GROSS APPROPRIATION	\$ 231,822,100
Appropriated from:	
Special revenue funds:	
State lottery fund.....	1,520,000
State general fund/general purpose	\$ 230,302,100
(8) CIVIL SERVICE COMMISSION	
Full-time equated classified positions	564.5
Agency services—118.5 FTE positions.....	\$ 13,264,400
Executive direction—25.0 FTE positions.....	7,937,700
Employee benefits—31.0 FTE positions	5,885,700
Audit and compliance—15.0 FTE positions	2,044,000
Internal audit services.....	121,500
Training	1,300,000

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Human resources operations—375.0 FTE positions	35,313,700
Information technology services and projects	4,290,100
GROSS APPROPRIATION	\$ 70,157,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG, training charges	1,300,000
IDG, special funds	1,334,900
Federal revenues:	
Federal funds	6,000,900
Federal indirect funds	4,742,800
Special revenue funds:	
Local funds	1,992,900
Private funds	150,000
Freedom of information fees	1,100
State restricted funds	17,885,200
State sponsored group insurance	2,650,000
State sponsored group insurance, flexible spending accounts, and COBRA	6,026,100
State general fund/general purpose	\$ 28,073,200
(9) CAPITAL OUTLAY	
Major special maintenance, remodeling and addition for state agencies	\$ 2,000,000
GROSS APPROPRIATION	\$ 2,000,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG, building occupancy charges	2,000,000
Special revenue funds:	
State general fund/general purpose	\$ 0
Sec. 109. DEPARTMENT OF STATE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,809.0
GROSS APPROPRIATION	\$ 214,876,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	20,000,000
ADJUSTED GROSS APPROPRIATION	\$ 194,876,400
Federal revenues:	
Total federal revenues	5,673,700
Special revenue funds:	
Total local revenues	0
Total private revenues	100
Total other state restricted revenues	162,673,800
State general fund/general purpose	\$ 26,528,800
(2) EXECUTIVE DIRECTION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	30.0
Secretary of state	\$ 124,900
Unclassified positions—5.0 FTE positions	453,200
Operations—30.0 FTE positions	2,966,800
GROSS APPROPRIATION	\$ 3,544,900
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees	60,500
Driver fees	137,600
Expedient service fees	57,100
Parking ticket court fines	8,300
Personal identification card fees	13,400
Reinstatement fees - operator licenses	146,600

	For Fiscal Year Ending Sept. 30, 2009
Transportation administration collection fund.....	2,069,100
Vehicle theft prevention fees	35,600
State general fund/general purpose	\$ 1,016,700
(3) DEPARTMENT SERVICES	
Full-time equated classified positions	157.0
Operations—150.0 FTE positions	\$ 23,480,800
Assigned claims assessments—7.0 FTE positions	893,700
GROSS APPROPRIATION	\$ 24,374,500
Appropriated from:	
Special revenue funds:	
Abandoned vehicle fees.....	468,600
Assigned claims assessments.....	893,700
Auto repair facilities fees	415,000
Child support clearance fees	34,300
Driver fees	430,100
Expedient service fees.....	253,600
Marine safety fund	76,200
Off-road vehicle title fees.....	7,800
Parking ticket court fines.....	52,700
Personal identification card fees.....	84,800
Reinstatement fees - operator licenses	549,200
Scrap tire fund.....	70,000
Snowmobile registration fee revenue	18,100
Transportation administration collection fund.....	19,138,400
Vehicle theft prevention fees	243,400
State general fund/general purpose	\$ 1,638,600
(4) REGULATORY SERVICES	
Full-time equated classified positions	211.0
Operations—209.0 FTE positions	\$ 21,872,900
County clerk education and training	100,000
Motorcycle safety education administration—2.0 FTE positions	362,400
Motorcycle safety education grants.....	1,430,000
Internal audit services.....	148,600
GROSS APPROPRIATION	\$ 23,913,900
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees	4,144,800
Driver education provider and instructor fund.....	72,900
Driver fees	1,988,500
Expedient service fees.....	34,500
Motorcycle safety fund.....	1,792,400
Notary education and training fund.....	100,000
Notary fee fund	314,000
Parking ticket court fines.....	20,700
Personal identification card fees.....	49,500
Reinstatement fees - operator licenses	1,771,200
Transportation administration collection fund.....	11,024,300
Vehicle theft prevention fees	1,330,900
State general fund/general purpose	\$ 1,270,200
(5) CUSTOMER DELIVERY SERVICES	
Full-time equated classified positions	1,375.0
Branch operations—931.0 FTE positions.....	\$ 75,217,000
Central operations—417.0 FTE positions	39,152,100
Commemorative license plates—24.0 FTE positions.....	2,147,300
Specialty license plates—3.0 FTE positions	1,922,000
Olympic center plate	75,700

	For Fiscal Year Ending Sept. 30, 2009
Organ donor program	104,100
GROSS APPROPRIATION	\$ 118,618,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund	20,000,000
Federal revenues:	
Federal funds	1,460,000
Special revenue funds:	
Private funds	100
Abandoned vehicle fees	197,600
Auto repair facilities fees	93,100
Child support clearance fees	295,500
Driver fees	15,771,700
Expedient service fees	2,423,800
Marine safety fund	1,188,700
Michigan state police auto theft fund	118,900
Mobile home commission fees	476,000
Off-road vehicle title fees	127,500
Parking ticket court fines	1,490,500
Personal identification card fees	1,585,400
Reinstatement fees - operator licenses	1,188,300
Snowmobile registration fee revenue	348,100
Transportation administration collection fund	57,848,200
Vehicle theft prevention fees	209,500
Enhanced driver license and enhanced official state personal identification card fund	4,150,000
State general fund/general purpose	\$ 9,645,300
(6) ELECTION REGULATION	
Full-time equated classified positions	36.0
Election administration and services—36.0 FTE positions	\$ 4,732,400
Fees to local units	109,800
Help America vote act	4,417,000
GROSS APPROPRIATION	\$ 9,259,200
Appropriated from:	
Federal revenues:	
Federal funds - HAVA HHS	350,000
Federal funds - title II	3,863,700
State general fund/general purpose	\$ 5,045,500
(7) DEPARTMENTWIDE APPROPRIATIONS	
Building occupancy charges/rent	\$ 10,242,700
Worker's compensation	382,000
GROSS APPROPRIATION	\$ 10,624,700
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees	137,700
Driver fees	454,600
Expedient service fees	26,300
Parking ticket court fines	455,100
Transportation administration collection fund	5,978,200
State general fund/general purpose	\$ 3,572,800
(8) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 24,541,000
GROSS APPROPRIATION	\$ 24,541,000
Appropriated from:	
Special revenue funds:	
Administrative order processing fee	11,100
Auto repair facilities fees	179,300

	For Fiscal Year Ending Sept. 30, 2009
Child support clearance fees	16,200
Driver fees	1,348,900
Expedient service fees	960,800
Parking ticket court fines.....	82,600
Personal identification card fees.....	882,400
Reinstatement fees - operator licenses	472,500
Transportation administration collection fund.....	16,076,700
Vehicle theft prevention fees	170,800
State general fund/general purpose	\$ 4,339,700
Sec. 110. DEPARTMENT OF TREASURY	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions.....	9.0
Full-time equated classified positions	1,837.5
GROSS APPROPRIATION	\$ 1,733,141,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	10,894,700
ADJUSTED GROSS APPROPRIATION	\$ 1,722,246,700
Federal revenues:	
Total federal revenues.....	92,307,700
Special revenue funds:	
Total local revenues	1,105,100
Total private revenues.....	715,600
Total other state restricted revenues	1,454,771,500
State general fund/general purpose	\$ 173,346,800
(2) EXECUTIVE DIRECTION	
Full-time equated unclassified positions.....	9.0
Full-time equated classified positions	5.0
Unclassified positions—9.0 FTE positions	\$ 829,600
Office of the director—5.0 FTE positions.....	819,300
GROSS APPROPRIATION	\$ 1,648,900
Appropriated from:	
Special revenue funds:	
State lottery fund.....	185,300
State services fee fund.....	210,500
State general fund/general purpose	\$ 1,253,100
(3) DEPARTMENTWIDE APPROPRIATIONS	
Travel.....	\$ 1,415,900
Rent and building occupancy charges - property management services	5,233,300
Worker's compensation insurance premium	287,000
GROSS APPROPRIATION	\$ 6,936,200
Appropriated from:	
Special revenue funds:	
Delinquent tax collection revenue	3,559,900
State general fund/general purpose	\$ 3,376,300
(4) LOCAL GOVERNMENT PROGRAMS	
Full-time equated classified positions	81.0
Supervision of the general property tax law—54.0 FTE positions	\$ 10,969,200
Property tax assessor training—4.0 FTE positions	424,100
Local finance—23.0 FTE positions.....	2,444,300
Blackstone settlement.....	2,000,000
GROSS APPROPRIATION	\$ 15,837,600
Appropriated from:	
Special revenue funds:	
Local - assessor training fees	424,100
Local - audit charges.....	591,000
Local - equalization study charge-backs	40,000

	For Fiscal Year Ending Sept. 30, 2009
Local - revenue from local government	50,000
Land reutilization fund	3,985,800
Municipal finance fees	480,200
State education tax collections	50,000
Delinquent tax collection revenue	400,200
State general fund/general purpose	\$ 9,816,300
(5) TAX PROGRAMS	
Full-time equated classified positions	756.0
Customer contact—137.0 FTE positions.....	\$ 11,508,700
Tax compliance—318.0 FTE positions	32,303,500
Tax and economic policy—78.0 FTE positions	8,377,600
Tax processing—151.0 FTE positions.....	13,928,000
Revenue enhancement program—34.0 FTE positions.....	4,749,200
Home heating assistance	2,559,800
Bottle bill implementation.....	250,000
Tobacco tax collection—10.0 FTE positions.....	349,700
Michigan business tax implementation—28.0 FTE positions	11,813,800
Property tax appeal program	500,000
GROSS APPROPRIATION	\$ 86,340,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG, data/collection services fees	50,900
IDG from MDOT, Michigan transportation fund	6,795,900
IDG from MDOT, state aeronautics fund.....	68,000
Federal revenues:	
HHS-SSA, low-income energy assistance.....	2,559,800
Special revenue funds:	
Bottle deposit fund	250,000
Delinquent tax collection revenue	57,242,800
Tobacco tax collection and enforcement	349,700
Tobacco tax revenue	391,000
Waterways fund	79,700
State general fund/general purpose	\$ 18,552,500
(6) BANKING AND MANAGEMENT SERVICES	
Full-time equated classified positions	334.0
Program management—15.0 FTE positions.....	\$ 1,620,300
Department services—13.0 FTE positions	1,198,000
Mail operations—28.0 FTE positions	1,999,300
Unclaimed property—21.0 FTE positions.....	3,501,900
Collections—200.0 FTE positions.....	19,888,800
Finance and accounting—17.0 FTE positions.....	1,100,700
Receipts processing—40.0 FTE positions.....	3,103,600
GROSS APPROPRIATION	\$ 32,412,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG, levy/warrant cost assessment fees	1,857,800
IDG, state agency collection fees.....	591,200
IDG from MDHS, title IV-D	619,800
IDG data/collection service fees.....	206,400
Special revenue funds:	
Delinquent tax collection revenue	19,691,400
Escheats revenue.....	3,501,900
Justice system fund.....	644,500
Garnishment fees	535,900
Treasury fees	43,100
State general fund/general purpose	\$ 4,720,600

For Fiscal Year
Ending Sept. 30,
2009

(7) FINANCIAL PROGRAMS

Full-time equated classified positions	223.5	
Investments—80.0 FTE positions.....		\$ 16,151,300
Michigan merit award administration—6.0 FTE positions		1,453,000
Michigan education savings program.....		800,000
Common cash and debt management—22.5 FTE positions.....		1,242,000
Student financial assistance programs—113.0 FTE positions.....		35,742,200
Public-private partnership investment—2.0 FTE positions		1,450,000
GROSS APPROPRIATION		\$ 56,838,500

Appropriated from:

Interdepartmental grant revenues:

IDG, fiscal agent service fees		169,400
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Federal revenues:

DED-OPSE, federal lenders allowance		10,460,100
DED-OPSE, higher education act of 1965, insured loans.....		23,304,100

Special revenue funds:

Defined contribution administrative fee revenue.....		100,000
College work-study.....		46,700
Michigan merit award trust fund.....		2,679,700
Public-private partnership investment fund		1,450,000
Retirement funds		15,176,100
School bond fees		613,800
Treasury fees		1,038,600
State general fund/general purpose		\$ 1,800,000

(8) DEBT SERVICE

Water pollution control bond and interest redemption.....		\$ 2,323,000
Quality of life bond.....		38,000,000
Clean Michigan initiative		26,400,000
Great Lakes water quality bond		16,400,000
GROSS APPROPRIATION		\$ 83,123,000

Appropriated from:

Special revenue funds:

Refined petroleum fund.....		15,514,500
State general fund/general purpose		\$ 67,608,500

(9) GRANTS

Grants to counties in lieu of taxes		\$ 5,000
Convention facility development distribution.....		58,850,000
Senior citizen cooperative housing tax exemption program.....		16,816,500
Commercial mobile radio service payments		11,100,000
Health and safety fund grants.....		25,000,000
Renaissance zone reimbursement		3,800,000
GROSS APPROPRIATION		\$ 115,571,500

Appropriated from:

Special revenue funds:

Commercial mobile radio service fees		11,100,000
Convention facility development fund.....		58,850,000
Health and safety fund		25,000,000
State general fund/general purpose		\$ 20,621,500

(10) BUREAU OF STATE LOTTERY

Full-time equated classified positions	171.0	
Lottery operations—171.0 FTE positions		\$ 19,819,400
Promotion and advertising.....		18,622,000
Lottery information technology services and projects		4,550,500
Internal audit services.....		132,700
GROSS APPROPRIATION		\$ 43,124,600

	For Fiscal Year Ending Sept. 30, 2009
Appropriated from:	
Special revenue funds:	
State lottery fund.....	43,124,600
State general fund/general purpose	\$ 0
(11) CASINO GAMING	
Full-time equated classified positions 114.0	
Michigan gaming control board	\$ 50,000
Casino gaming control administration—114.0 FTE positions	19,369,500
Casino gaming information technology services and projects	1,324,000
GROSS APPROPRIATION	\$ 20,743,500
Appropriated from:	
Special revenue funds:	
Casino gambling agreements.....	451,100
State services fee fund.....	20,292,400
State general fund/general purpose	0
(12) PAYMENTS IN LIEU OF TAXES	
Commercial forest reserve.....	\$ 2,662,600
Purchased lands	4,450,000
Swamp and tax reverted lands.....	7,076,500
Administration	100
GROSS APPROPRIATION	\$ 14,189,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of natural resources	100
Special revenue funds:	
Game and fish protection fund.....	1,715,000
Michigan natural resources trust fund.....	500,000
Michigan state waterways fund.....	135,000
State general fund/general purpose	\$ 11,839,100
(13) MICHIGAN STRATEGIC FUND	
Full-time equated classified positions 153.0	
Administration—22.0 FTE positions.....	\$ 2,555,100
Job creation services—125.0 FTE positions	17,069,000
Jobs for Michigan investment program - 21st century jobs fund.....	65,000,000
Michigan promotion program.....	5,717,500
Economic development job training program	7,320,500
Community development block grants	53,000,000
Michigan film office—6.0 FTE positions	731,600
Business incubator program	1,250,000
GROSS APPROPRIATION	\$ 152,643,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDEQ, air quality fees.....	80,300
Federal revenues:	
HUD-CPD, community development block grants	55,438,800
Special revenue funds:	
Private - special project advances	715,600
Industry support fees	5,200
Jobs for Michigan investment fund - returns to fund.....	1,250,000
21st century jobs trust fund.....	65,000,000
Michigan film promotion fund	550,000
State general fund/general purpose	\$ 29,603,800
(14) REVENUE SHARING	
Constitutional state general revenue sharing grants	\$ 675,992,000
Statutory state general revenue sharing grants.....	406,933,000
County revenue sharing payments.....	2,394,500

	For Fiscal Year Ending Sept. 30, 2009
Special grants	212,000
GROSS APPROPRIATION	\$ 1,085,531,500
Appropriated from:	
Special revenue funds:	
Sales tax	1,085,319,500
State general fund/general purpose	\$ 212,000
(15) INFORMATION TECHNOLOGY	
Treasury operations information technology services and projects.....	\$ 18,200,300
GROSS APPROPRIATION	\$ 18,200,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund	454,900
Federal revenues:	
DED-OPSE, federal lender allowance.....	544,900
Special revenue funds:	
Delinquent tax collection revenue	12,081,300
Michigan merit award trust fund.....	415,900
Retirement funds	660,200
Tobacco tax revenue	100,000
State general fund/general purpose	\$ 3,943,100

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. (1) 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 2008-2009 is \$2,377,877,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2008-2009 is \$1,236,499,900.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF STATE

Fees to local units	\$ 109,800
Motorcycle safety grants	1,144,000
Subtotal.....	\$ 1,253,800

DEPARTMENT OF TREASURY

Senior citizen cooperative housing tax exemption	\$ 16,816,500
Grants to counties in lieu of taxes	5,000
Health and safety fund grants.....	25,000,000
Property tax appeal program	500,000
Constitutional state general revenue sharing grants	675,992,000
Statutory state general revenue sharing grants.....	406,933,000
Convention facility development fund distribution	58,850,000
Commercial mobile radio service payments	10,100,000
Renaissance zone reimbursements.....	3,800,000
Special grants	212,000
County revenue sharing payment	2,394,500
Airport parking distribution pursuant to section 909	18,654,000
Economic development job training grants	1,800,000
Payments in lieu of taxes	14,189,100
Subtotal.....	\$ 1,235,246,100
TOTAL GENERAL GOVERNMENT	\$ 1,236,499,900

(2) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 2008-2009 is estimated at \$28,760,438,000.00 in the 2008-2009 appropriations acts and total state spending from state sources paid to local units of government for fiscal year 2008-2009 is estimated at \$16,262,672,800.00. The state-local proportion is estimated at 56.5% of total state spending from state resources.

(3) If payments to local units of government and state spending from state sources for fiscal year 2008-2009 are different than the amounts estimated in subsection (2), the state budget director shall report the payments to local units of government and state spending from state sources that were made for fiscal year 2008-2009 to the senate and house of representatives standing committees on appropriations within 30 days after the final book-closing for fiscal year 2008-2009.

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) "AFSCME" means American federation of state, county, and municipal employees.
- (b) "CDBG" means community development block grants.
- (c) "COBRA" means the consolidated omnibus budget reconciliation act of 1985, Public Law 99-272, 100 Stat. 82.
- (d) "CPI" means consumer price index.
- (e) "DAG" means the United States department of agriculture.
- (f) "DED-OPSE" means the United States department of education, office of postsecondary education.
- (g) "DOL-ETA" means the United States department of labor, employment and training administration.
- (h) "DOL-OSHA" means the United States department of labor, occupational safety and health administration.
- (i) "EEOC" means the United States equal employment opportunity commission.
- (j) "EPA" means the United States environmental protection agency.
- (k) "FTE" means full-time equated.
- (l) "Fund" means the Michigan strategic fund.
- (m) "GF/GP" means general fund/general purpose.
- (n) "HHS" means the United States department of health and human services.
- (o) "HHS-OS" means the HHS office of the secretary.
- (p) "HHS-SSA" means the HHS social security administration.
- (q) "HUD" means the United States department of housing and urban development.
- (r) "HUD-CPD" means the United States department of housing and urban development – community planning and development.
- (s) "IDG" means interdepartmental grant.
- (t) "JCOS" means the joint capital outlay subcommittee.
- (u) "MAIN" means the Michigan administrative information network.
- (v) "MCL" means the Michigan Compiled Laws.
- (w) "MDCH" means the Michigan department of community health.
- (x) "MDEQ" means the Michigan department of environmental quality.
- (y) "MDHS" means the Michigan department of human services.
- (z) "MDLEG" means the Michigan department of labor and economic growth.
- (aa) "MDMB" means the Michigan department of management and budget.
- (bb) "MDOT" means the Michigan department of transportation.
- (cc) "MDSP" means the Michigan department of state police.
- (dd) "MEDC" means the Michigan economic development corporation, which is the public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by contractual interlocal agreement effective April 5, 1999, between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.
- (ee) "MPE" means the Michigan public employees.
- (ff) "MSC" means managerial, supervisory and confidential.
- (gg) "NERE" means nonexclusively represented employees.
- (hh) "PA" means public act.
- (ii) "PACC" means the prosecuting attorneys coordinating council.
- (jj) "SEIU" means service employees international union.

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

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

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

Sec. 208. The departments and agencies receiving appropriations in part 1 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 of comparable quality American goods or services, or both, are available. Preference shall be given to goods or services, or both, manufactured or provided by Michigan businesses, if they are competitively priced and of comparable quality. In addition, preference should be given to goods or services, or both, that are manufactured or provided by Michigan businesses owned and operated by veterans, 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. Pursuant to section 352 of the management and budget act, 1984 PA 431, MCL 18.1352, which provides for a transfer of state general funds into the countercyclical budget and economic stabilization fund, there is appropriated into the countercyclical budget and economic stabilization fund the sum of \$0.00. The calculation required by section 352 of the management and budget act, 1984 PA 431, MCL 18.1352, is determined as follows:

	2007	2008
Michigan personal income (millions)	\$352,376	\$358,324
less: transfer payments	<u>59,619</u>	<u>62,958</u>
Subtotal.....	\$292,757	\$295,366
Divided by: Detroit CPI for 12 months ending June 30	1.986	2.030
Equals: Real adjusted Michigan personal income	\$147,914	\$145,523
Percentage change		-1.6%
Percentage change in excess of 2%.....		0.0%
Multiplied by: estimated GF/GP revenue in FY 2007-2008 (millions).....		9,164.1
Equals: countercyclical budget and economic stabilization fund calculation for the fiscal year ending September 30, 2009.....		-\$146.6

Sec. 212. 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. 213. Funds appropriated in part 1 shall not be used by this state, a department, an agency, or an authority of this state to purchase an ownership interest in a casino enterprise or a gambling operation as those terms are defined in the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

Sec. 214. From the funds appropriated in part 1 for information technology, departments and agencies 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. 215. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 216. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2008 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 senate and house of representatives standing committees on appropriations.

(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 senate and house of representatives standing committees on appropriations, the senate and house 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. 217. General fund appropriations in this act shall not be expended for items in cases where federal funding is available for the same expenditures.

Sec. 221. (1) Each department shall report no later than April 1, 2009 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year to the house and senate appropriations subcommittees on the budget for the department, the joint committee on administrative rules, and the senate and house fiscal agencies.

(2) Funds appropriated in part 1 shall not be used by a department to adopt a rule that will apply to a small business and that will have a disproportionate economic impact on small businesses because of the size of those businesses if the department fails to reduce the disproportionate economic impact of the rule on small businesses as provided under section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(3) As used in this section:

(a) "Rule" means that term as defined under section 7 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

(b) "Small business" means that term as defined under section 7a of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207a.

Sec. 224. The department shall not approve the travel of more than 1 departmental employee to a specific professional development conference or training seminar that is located outside of this state unless a professional development conference or training seminar is funded by a federal or private funding source and requires more than 1 person from a department to attend, or the conference or training seminar includes multiple issues in which 1 employee from the department does not have expertise.

Sec. 226. Funds appropriated in part 1 shall not be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes.

DEPARTMENT OF ATTORNEY GENERAL

Sec. 301. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,500,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,500,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

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

Sec. 302. (1) The attorney general shall perform all legal services, including representation before courts and administrative agencies rendering legal opinions and providing legal advice to a principal executive department or state agency. A principal executive department or state agency shall not employ or enter into a contract with any other person for services described in this section.

(2) The attorney general shall defend judges of all state courts if a claim is made or a civil action is commenced for injuries to persons or property caused by the judge through the performance of the judge's duties while acting within the scope of his or her authority as a judge.

(3) The attorney general shall perform the duties specified in 1846 RS 12, MCL 14.28 to 14.35, and 1919 PA 232, MCL 14.101 to 14.102, and as otherwise provided by law.

Sec. 303. The attorney general may sell copies of the biennial report in excess of the 350 copies that the attorney general may distribute on a gratis basis. Gratis copies shall not be provided to members of the legislature. Electronic copies of biennial reports shall be made available on the department of attorney general's website. The attorney general shall sell copies of the report at not less than the actual cost of the report and shall deposit the money received into the general fund.

Sec. 304. The department of attorney general is responsible for the legal representation for state of Michigan state employee worker's disability compensation cases. The risk management revolving fund revenue appropriation in part 1 is

to be satisfied by billings from the department of attorney general for the actual costs of legal representation, including salaries and support costs.

Sec. 305. In addition to the funds appropriated in part 1, not more than \$400,000.00 shall be reimbursed per fiscal year for food stamp fraud cases heard by the third circuit court of Wayne County that were initiated by the department of attorney general pursuant to the existing contract between the department of human services, the prosecuting attorneys association of Michigan, and the department of attorney general. The source of this funding is money earned by the department of attorney general under the agreement after the allowance for reimbursement to the department of attorney general for costs associated with the prosecution of food stamp fraud cases. It is recognized that the federal funds are earned by the department of attorney general for its documented progress on the prosecution of food stamp fraud cases according to the United States department of agriculture regulations and that, once earned by this state, the funds become state funds.

Sec. 306. Any proceeds from a lawsuit initiated by or settlement agreement entered into on behalf of this state against a manufacturer of tobacco products by the attorney general are state funds and are subject to appropriation as provided by law.

Sec. 307. In addition to the antitrust revenues in part 1, antitrust, securities fraud, consumer protection or class action enforcement revenues, or attorney fees recovered by the department, not to exceed \$250,000.00, are appropriated to the department for antitrust, securities fraud, and consumer protection or class action enforcement cases. Any unexpended funds from antitrust, securities fraud, or consumer protection or class action enforcement revenues at the end of the fiscal year, including antitrust funds in part 1, shall be carried forward for expenditure in the following fiscal year up to the maximum authorization of \$250,000.00.

Sec. 308. (1) In addition to the funds appropriated in part 1, there is appropriated up to \$500,000.00 from litigation expense reimbursements awarded to the state.

(2) The funds may be expended for the payment of court judgments or settlements, attorney fees, and litigation expenses not including salaries and support costs, assessed against the office of the governor, the department of the attorney general, the governor, or the attorney general when acting in an official capacity as the named party in litigation against the state. The funds may also be expended for the payment of state costs incurred under section 16 of chapter X of the code of criminal procedure, 1927 PA 175, MCL 770.16.

(3) Unexpended funds at the end of the fiscal year may be carried forward for expenditure in the following year, up to a maximum authorization of \$500,000.00.

Sec. 309. From the prisoner reimbursement funds appropriated in part 1, the department may spend up to \$463,000.00 on activities related to the state correctional facilities reimbursement act, 1935 PA 253, MCL 800.401 to 800.406. In addition to the funds appropriated in part 1, if the department collects in excess of \$1,131,000.00 in gross annual prisoner reimbursement receipts provided to the general fund, the excess, up to a maximum of \$1,000,000.00, is appropriated to the department of attorney general and may be spent on the representation of the department of corrections and its officers, employees, and agents, including, but not limited to, the defense of litigation against the state, its departments, officers, employees, or agents in civil actions filed by prisoners.

Sec. 310. (1) For the purposes of providing title IV-D child support enforcement funding, the department of human services, as the state IV-D agency, shall maintain a cooperative agreement with the attorney general for federal IV-D funding to support the child support enforcement activities within the office of the attorney general.

(2) The attorney general or his or her designee shall, to the extent allowable under federal law, have access to any information used by the state to locate parents who fail to pay court-ordered child support.

Sec. 311. Funds collected by the department of attorney general under section 10b of the medicaid false claim act, 1977 PA 72, MCL 400.610b, are appropriated to the department of attorney general for the purpose for which they were received. Any unexpended funds at the end of the fiscal year shall be carried forward for expenditure in subsequent fiscal years.

Sec. 312. The department of attorney general shall not receive and expend funds in addition to those authorized in part 1 for legal services provided specifically to other state departments or agencies except for costs for expert witnesses, court costs, or other nonsalary litigation expenses associated with a pending legal action.

DEPARTMENT OF CIVIL RIGHTS

Sec. 401. In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 402. (1) In addition to the appropriations contained in part 1, the department of civil rights may receive and expend funds from local or private sources for all of the following purposes:

- (a) Developing and presenting training for employers on equal employment opportunity law and procedures.
- (b) The publication and sale of civil rights related informational material.
- (c) The provision of copy material made available under freedom of information requests.
- (d) Other copy fees, subpoena fees, and witness fees.
- (e) Developing, presenting, and participating in mediation processes for certain civil rights cases.

(f) Workshops, seminars, and recognition or award programs consistent with the programmatic mission of the individual unit sponsoring or coordinating the programs.

(2) The department of civil rights shall annually report to the state budget director, the senate and house of representatives standing committees on appropriations, and the senate and house fiscal agencies the amount of funds received and expended for purposes authorized under this section.

Sec. 403. The department of civil rights may contract with local units of government to review equal employment opportunity compliance of potential contractors and may charge for and expend amounts received from local units of government for the purpose of developing and providing these contractual services.

INFORMATION TECHNOLOGY

Sec. 573. (1) The department of information technology may sell and accept paid advertising for placement on any state website under its jurisdiction. The department shall review and approve the content of each advertisement. The department may refuse to accept advertising from any person or organization or require modification to advertisements based upon criteria determined by the department. Revenue received under this subsection shall be used for operating costs of the department and for future technology enhancements to state of Michigan e-government initiatives. Funds received under this subsection shall be limited to \$250,000.00. Any funds in excess of \$250,000.00 shall be deposited in the state general fund.

(2) The department of information technology may accept gifts, donations, contributions, bequests, and grants of money from any public or private source to assist with the underwriting or sponsorship of state web pages or services offered on those web pages. A private or public funding source may receive recognition in the web page. The department of information technology may reject any gift, donation, contribution, bequest, or grant.

(3) Funds accepted by the department of information technology under subsection (1) are appropriated and allotted when received and may be expended upon approval of the state budget director. The state budget office shall notify the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies within 10 days after the approval is given.

(4) By April 1, the department of information technology shall report to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies that a statement of the total revenue received from the sale of paid advertising accepted under this section and a statement of the total number of advertising transactions are available on the department's website.

Sec. 574. The department of information technology may enter into agreements to supply spatial information and technical services to other principal executive departments, state agencies, local units of government, and other organizations. The department of information technology may receive and expend funds in addition to those authorized in part 1 for providing information and technical services, publications, maps, and other products. The department of information technology may expend amounts received for salaries, supplies, and equipment necessary to provide informational products and technical services. Prior to December 1 of each year, the department shall provide a report to the senate and house of representatives standing committees on appropriations subcommittees on general government, detailing the sources of funding and expenditures made under this section.

Sec. 575. The legislature shall have access to all historical and current data contained within MAIN pertaining to state departments. State departments shall have access to all historical and current data contained within MAIN.

Sec. 576. When used in this act, "information technology services" means services involving all aspects of managing and processing information including, but not limited to, all of the following:

- (a) Application development and maintenance.
- (b) Desktop computer support and management.
- (c) Mainframe computer support and management.
- (d) Server support and management.
- (e) Local area network support and management.
- (f) Information technology contract, project, and procurement management.
- (g) Information technology planning and budget management.
- (h) Telecommunication services, security, infrastructure, and support.
- (i) Software and software licensing.

Sec. 577. (1) Funds appropriated in part 1 for the Michigan public safety communications system shall be expended upon approval of an expenditure plan by the state budget director.

(2) The department of information technology shall assess all subscribers of the Michigan public safety communications system reasonable access and maintenance fees.

(3) All money received by the department of information technology under this section shall be expended for the support and maintenance of the Michigan public safety communications system.

(4) The department of information technology shall provide a report to the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director on April 15 and on October 15, indicating the amount of revenue collected under this section and expended for support and maintenance of the Michigan public safety communications system for the immediately preceding 6-month period. Any deposits made

under this section and unencumbered funds are restricted revenues and may be carried forward into succeeding fiscal years.

Sec. 578. The department of information technology shall submit a report for the immediately preceding fiscal year ending September 30 to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies by March 1. The report shall include the following:

(a) The total amount of funding appropriated for information technology services and projects, by funding source, for all principal executive departments and agencies.

(b) A listing of the expenditures made from the amounts received by the department of information technology, as reported in subdivision (a).

Sec. 579. The department of information technology shall provide a report that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The report shall be submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies by March 1.

Sec. 580. (1) From the funds appropriated in part 1 to general services, for the department of state, there is appropriated \$4,550,000.00 for the business application modernization project. Funds shall only be used for the development, implementation, and maintenance of the business application modernization project.

(2) The unexpended funds appropriated in part 1 for the business application modernization project are designated as work project appropriations and shall not lapse at the end of the fiscal year. Any unencumbered or unallotted funds shall be carried over into the succeeding fiscal year and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$30,000,000.00, and the tentative completion date is September 30, 2010.

Sec. 581. From the funds appropriated in part 1, the department of information technology shall assess the state's information technology assets, including hardware, software, and networks to determine any benefits and economies that can be achieved through, but not limited to, hardware and software consolidation and standardization, process improvements, project management improvements, and increased standards-based information sharing between agencies.

Sec. 582. The department shall provide a report by December 1 of each fiscal year to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies detailing the improvements made to Michigan.gov.

Sec. 583. By December 31, the department shall provide a report that lists all change orders and follow-on contracts, greater than \$25,000.00, whether they are bid, exercise options or no-bid, and the amount of each change order or contract extension contract entered into by the department to the senate and house of representatives standing committees on appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget director.

Sec. 584. The department of information technology shall determine how existing 2-1-1 capacities will be utilized by each state department with community resource information and referral service, including, but not limited to, toll-free help and information lines and comprehensive human service databases. The department of information technology shall report its findings in writing to the senate and house of representatives standing committees on appropriations by July 1, 2009. The report shall include a statement of how each state department has utilized 2-1-1 in its coordination efforts, including any efficiencies, cost savings, and improved service provided to Michigan residents. The report shall also contain recommendations for maintaining a statewide 2-1-1 system.

Sec. 585. The department shall provide a report that calculates the total amount of funds expended for the child support enforcement system to date from the inception of the program. The report shall contain information on the original start and completion dates for the project, the original cost to complete the project, and a listing of all revisions to project completion dates and costs. The report shall include the total amount of funds paid to the federal government for penalties. The report shall be submitted to the senate and house of representatives standing committees on government operations, the senate and house of representatives standing committees on appropriations subcommittees on general government, and the senate and house fiscal agencies by January 1.

Sec. 586. (1) The state budget director, upon notification to the house and senate appropriations committees, may adjust spending authorization and user fees in the department of information technology budget in order to ensure that the appropriations for information technology in the department budget equal the appropriations for information technology in the budgets for all executive branch agencies.

(2) If during the course of the fiscal year a transfer or supplemental to or from the information technology line item within an agency budget is made under section 393 of the management and budget act, 1984 PA 431, MCL 18.1393, there is appropriated an equal amount of user fees in the department of information technology budget to accommodate an increase or decrease in spending authorization.

Sec. 587. (1) Revenue collected from licenses issued under the antenna site management project shall be deposited into the antenna site management revolving fund created for this purpose in the department of information technology. The department may receive and expend money from the fund for costs associated with the antenna site management project, including the cost of a third-party site manager. Any excess revenue remaining in the fund at the close of the fiscal year shall be proportionately transferred to the appropriate state restricted funds as designated in statute or by constitution.

(2) An antenna shall not be placed on any site pursuant to this section without complying with the respective local zoning codes and local unit of government processes.

LEGISLATURE

Sec. 600. The senate, the house of representatives, or an agency within the legislative branch may receive, expend, and transfer funds in addition to those authorized in part 1.

Sec. 601. (1) Funds appropriated in part 1 to an entity within the legislative branch shall not be expended or transferred to another account without written approval of the authorized agent of the legislative entity. If the authorized agent of the legislative entity notifies the state budget director of its approval of an expenditure or transfer before the year-end book-closing date for that legislative entity, the state budget director shall immediately make the expenditure or transfer. The authorized legislative entity agency shall be designated by the speaker of the house of representatives for house entities, the senate majority leader for senate entities, and the legislative council for legislative council entities.

(2) Funds appropriated within the legislative branch, to a legislative council component, shall not be expended by any agency or other subgroup included in that component without the approval of the legislative council.

Sec. 602. The senate may charge rent and assess charges for utility costs. The amounts received for rent charges and utility assessments are appropriated to the senate for the renovation, operation, and maintenance of the Farnum building and other properties.

Sec. 603. The appropriation contained in part 1 for national association dues is to be distributed by the legislative council. From the funding appropriated, \$51,000.00 shall be paid as annual dues to the national conference of commissioners on uniform state laws.

Sec. 604. (1) The appropriation in part 1 to the legislative council includes funds to operate the legislative parking facilities in the capitol area. The legislative council shall establish rules regarding the operation of the legislative parking facilities.

(2) The legislative council shall collect a fee from state employees and the general public using certain legislative parking facilities. The revenues received from the parking fees shall be allocated by the legislative council.

Sec. 605. The appropriation in part 1 to the legislative council for publication of the Michigan manual is a work project account. The unexpended portion remaining on September 30 shall not lapse and shall be carried forward into the subsequent fiscal year for use in paying the associated biennial costs of publication of the Michigan manual.

Sec. 606. The appropriations in part 1 to the legislative branch, for property management, shall be used to purchase equipment and services for building maintenance in order to ensure a safe and productive work environment. These funds are designated as work project appropriations and shall not lapse at the end of the fiscal year, and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$500,000.00, and the tentative completion date is September 30, 2011.

Sec. 607. The appropriations in part 1 to the legislative branch, for automated data processing, shall be used to purchase equipment, software, and services in order to support and implement data processing requirements and technology improvements. These funds are designated as work project appropriations and shall not lapse at the end of the fiscal year, and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$500,000.00, and the tentative completion date is September 30, 2011.

Sec. 608. In addition to funds appropriated in part 1, the Michigan capitol committee publications save the flags fund account may accept contributions, gifts, bequests, devises, grants, and donations. Those funds that are not expended in the fiscal year ending September 30 shall not lapse at the close of the fiscal year, and shall be carried forward for expenditure in the following fiscal years.

Sec. 610. The funds appropriated in part 1 shall not be used to pay for health insurance benefits for unmarried domestic partners of legislators or legislative employees.

LEGISLATIVE AUDITOR GENERAL

Sec. 620. Pursuant to section 53 of article IV of the state constitution of 1963, the auditor general shall conduct audits of the judicial branch. The audits may include the supreme court and its administrative units, the court of appeals, and trial courts.

Sec. 621. (1) The auditor general shall take all reasonable steps to ensure that certified minority- and women-owned and operated accounting firms, and accounting firms owned and operated by persons with disabilities participate in the audits of the books, accounts, and financial affairs of each principal executive department, branch, institution, agency, and office of this state.

(2) The auditor general shall strongly encourage firms with which the auditor general contracts to perform audits of the principal executive departments and state agencies to subcontract with certified minority- and women-owned and operated accounting firms, and accounting firms owned and operated by persons with disabilities.

(3) The auditor general shall compile an annual report regarding the number of contracts entered into with certified minority- and women-owned and operated accounting firms, and accounting firms owned and operated by persons with disabilities. The auditor general shall deliver the report to the state budget director and the senate and house of representatives standing committees on appropriations subcommittees on general government by November 1 of each year.

Sec. 622. From the funds appropriated in part 1 to the legislative auditor general, the auditor general's salary and the salaries of the remaining 2.0 FTE unclassified positions shall be set by the speaker of the house of representatives, the senate majority leader, the house of representatives minority leader, and the senate minority leader.

Sec. 623. Any audits, reviews, or investigations requested of the auditor general by the legislature or by legislative leadership, legislative committees, or individual legislators shall include an estimate of the additional costs involved and, when those costs exceed \$50,000.00, should provide supplemental funding. The auditor general shall determine whether to perform those activities in keeping with Audit Directive No. 29, which describes the office of the auditor general's policy on responding to legislative requests.

Sec. 624. From the funds appropriated in part 1, \$63,000.00 is appropriated to transition the office of the auditor general's information technology network from the executive branch network to the legislative branch network.

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 701. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$50,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 702. Proceeds in excess of necessary costs incurred in the conduct of transfers or auctions of state surplus, salvage, or scrap property made pursuant to section 267 of the management and budget act, 1984 PA 431, MCL 18.1267, are appropriated to the department of management and budget to offset costs incurred in the acquisition and distribution of federal surplus property.

Sec. 704. (1) The department of management and budget may receive and expend funds in addition to those authorized by part 1 for maintenance and operation services provided specifically to other principal executive departments or state agencies, the legislative branch, the judicial branch, or private tenants, or provided in connection with facilities transferred to the operational jurisdiction of the department of management and budget.

(2) The department of management and budget may receive and expend funds in addition to those authorized by part 1 for real estate, architectural, design, and engineering services provided specifically to other principal executive departments or state agencies, the legislative branch, or the judicial branch.

(3) The department of management and budget may receive and expend funds in addition to those authorized in part 1 for mail pickup and delivery services provided specifically to other principal executive departments and state agencies, the legislative branch, or the judicial branch.

(4) The department of management and budget may receive and expend funds in addition to those authorized in part 1 for purchasing services provided specifically to other principal executive departments and state agencies, the legislative branch, or the judicial branch.

Sec. 705. (1) The source of financing in part 1 for statewide appropriations shall be funded by assessments against longevity and insurance appropriations throughout state government in a manner prescribed by the department of management and budget. Funds shall be used as specified in joint labor/management agreements or through the coordinated compensation hearings process. Any deposits made under this subsection and any unencumbered funds are restricted revenues, may be carried over into the succeeding fiscal years, and are appropriated.

(2) In addition to the funds appropriated in part 1 for statewide appropriations, the department of management and budget may receive and expend funds in such additional amounts as may be specified in joint labor/management agreements or through the coordinated compensation hearings process in the same manner and subject to the same conditions as prescribed in subsection (1).

Sec. 706. To the extent a specific appropriation is required for a detailed source of financing included in part 1 for the department of management and budget appropriations financed from special revenue and internal service and pension trust funds, or MAIN user charges, the specific amounts are appropriated within the special revenue internal service and pension trust funds in portions not to exceed the aggregate amount appropriated in part 1.

Sec. 707. In addition to the funds appropriated in part 1 to the department of management and budget, the department may receive and expend funds from other principal executive departments and state agencies to implement donated annual leave and administrative leave bank transfer provisions as may be specified in joint labor/management agreements. The amounts may also be transferred to other principal executive departments and state agencies under the joint agreement and any amounts transferred under the joint agreement are authorized for receipt and expenditure by the receiving principal executive department or state agency. Any amounts received by the department of management and budget under this section and intended, under the joint labor/management agreements, to be available for use beyond the close of the fiscal year and any unencumbered funds may be carried over into the succeeding fiscal year.

Sec. 708. The source of financing in part 1 for the Michigan administrative information network shall be funded by proportionate charges assessed against the respective state funds benefiting from this project in the amounts determined by the department.

Sec. 709. (1) Deposits against the interdepartmental grant from building occupancy and parking charges appropriated in part 1 shall be collected, in part, from state agencies, the legislative branch, and the judicial branch based on estimated costs associated with maintenance and operation of buildings managed by the department of management and budget. To the extent excess revenues are collected due to estimates of building occupancy charges exceeding actual costs, the excess revenues may be carried forward into succeeding fiscal years for the purpose of returning funds to state agencies.

(2) Appropriations in part 1 to the department of management and budget, for management and budget services from building occupancy charges and parking charges, may be increased to return excess revenue collected to state agencies.

Sec. 710. The department of management and budget shall notify the chairpersons of the senate and house of representatives standing committees on appropriations and the chairpersons of the senate and house of representatives standing committees on appropriations subcommittees on general government on any revisions that increase or decrease current contracts by more than \$500,000.00 for computer software development, hardware acquisition, or quality assurance at least 14 days before the department of management and budget finalizes the revisions.

Sec. 711. The department of management and budget shall maintain an Internet website that contains notice of all invitations for bids and requests for proposals over \$50,000.00 issued by the department or by any state agency operating under delegated authority. The department shall not accept an invitation for bid or request for proposal in less than 14 days after the notice is made available on the Internet website, except in situations where it would be in the best interest of the state and documented by the department. In addition to the requirements of this section, the department may advertise the invitations for bids and requests for proposals in any manner the department determines appropriate, in order to give the greatest number of individuals and businesses the opportunity to make bids or requests for proposals.

Sec. 712. The department of management and budget may receive and expend funds from the Vietnam veterans memorial monument fund as provided in the Michigan Vietnam veterans memorial act, 1988 PA 234, MCL 35.1051 to 35.1057. Funds are appropriated and allocated when received and may be expended upon receipt.

Sec. 713. The Michigan veterans' memorial park commission may receive and expend money from any source, public or private, including, but not limited to, gifts, grants, donations of money, and government appropriations, for the purposes described in Executive Order No. 2001-10. Funds are appropriated and allocated when received and may be expended upon receipt. Any deposits made under this section and unencumbered funds are restricted revenues and may be carried over into succeeding fiscal years.

Sec. 715. (1) Funds in part 1 for motor vehicle fleet are appropriated to the department of management and budget for administration and for the acquisition, lease, operation, maintenance, repair, replacement, and disposal of state motor vehicles.

(2) The appropriation in part 1 for motor vehicle fleet shall be funded by revenue from rates charged to principal executive departments and agencies for utilizing vehicle travel services provided by the department. Revenue in excess of the amount appropriated in part 1 from the motor transport fund and any unencumbered funds are restricted revenues and may be carried over into the succeeding fiscal year.

(3) It is the intent of the legislature that the department of management and budget have the authority to determine the appropriateness of vehicle assignment, to include year, make, model, size, and price of vehicle. The department may assign motor vehicles, permanently or temporarily, to state agencies and to institutions of higher education.

(4) Pursuant to the department of management and budget's authority under sections 213 and 215 of the management and budget act, 1984 PA 431, MCL 18.1213 and 18.1215, the department shall maintain a plan regarding the operation of the motor vehicle fleet. The plan shall include the number of vehicles assigned to, or authorized for use by, state departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall include a calculation of the amount of state motor vehicle fuel taxes that would have been incurred by fleet vehicles if fleet vehicles were required by law to pay motor fuel taxes. The plan shall include a description of fleet garage operations, the goods sold and services provided by the fleet garage, the cost to operate the fleet garage, the number of fleet garage locations, and the number of employees assigned to each fleet garage. The plan may be adjusted during the fiscal year based on needs and cost savings to achieve the maximum value and efficiency from the state motor fleet. Within 60 days after the close of the fiscal year, the department shall provide a report to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies detailing the current plan and changes made to the plan during the fiscal year.

(5) The department of management and budget may charge state agencies for fuel cost increases that exceed \$2.27 per gallon of unleaded gasoline. The department shall notify state agencies, in writing or by electronic mail, at least 30 days before implementing additional charges for fuel cost increases. Revenues received from these charges are appropriated upon receipt.

Sec. 716. The department of management and budget shall adopt policies and procedures necessary for compliance by the department, other state departments and agencies, and state vendors and subcontractors, with the requirement under

subsection (1) of section 261 of the management and budget act, 1984 PA 431, MCL 18.1261, to provide a purchasing preference for products manufactured or services offered by Michigan-based firms.

Sec. 716a. (1) From the funds appropriated in part 1 to the department of management and budget business support services line, there is appropriated \$400,000.00 for the supplier diversity program. Funding is to be used for up to 4.0 full-time equated positions within the department of management and budget or to contract with 1 or more private companies to implement a supplier diversity program that includes staff training, supplier identification, and supplier marketing intended to increase the number and types of vendors competing for state contracts.

(2) From the funds appropriated in part 1 to the department of management and budget business support services line, the department may expend an additional \$100,000.00 for other costs associated with the supplier diversity program.

Sec. 717. In determining whether the purchase, contracting for, providing of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and other items needed by state departments or agencies is in the best interests of this state, and in making all discretionary decisions concerning the solicitation, award, amendment, cancellation, or appeal of state contracts, the department of management and budget shall consider all of the following:

(a) Whether a proposal by a vendor to provide services to this state using employees, contractors, subcontractors, or other individuals who are not citizens of the United States, legal resident aliens, or individuals with a valid visa would be detrimental to the state of Michigan, its residents, or the state's economy.

(b) Whether a proposal by a vendor to provide services to this state from a location outside of this state or the United States would be detrimental to the state of Michigan, its residents, or the state's economy.

(c) Whether a proposal by a vendor to provide goods to this state produced outside of this state or the United States would be detrimental to the state of Michigan, its residents, or the state's economy.

(d) Whether the acquisition of goods or services from a vendor that is an expatriated business entity located in a tax haven country or an affiliate of an expatriated business entity located in a tax haven country would be detrimental to the state of Michigan, its residents, or the state's economy. As used in this section, "expatriated business entity" means a corporation or an affiliate of the corporation incorporated in a tax haven country after September 11, 2001, but with the United States as the principal market for the public trading of the corporation's stock, as determined by the director of the department of management and budget. "Tax haven country" means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco, and the Republic of the Seychelles.

(e) Whether the provision of services to this state at a location outside of this state or the United States would be detrimental to the privacy interests of Michigan residents, or risk the disclosure of personal information of Michigan residents, such as social security, financial, or medical data.

(f) Whether a proposal by a vendor to provide services to this state from a location outside of this state or the United States would constitute undue risk under a risk management policy, practice, or procedure adopted by the department of management and budget under section 204 of the management and budget act, 1984 PA 431, MCL 18.1204.

(g) Whether a proposal by a vendor to provide goods to this state produced outside of this state or the United States would constitute undue risk under a risk management policy, practice, or procedure adopted by the department of management and budget under section 204 of the management and budget act, 1984 PA 431, MCL 18.1204.

Sec. 718. The department of management and budget shall collect from vendors information necessary to comply with the requirements of this act, as determined by the department. The department of management and budget may require vendors to provide any of the following:

(a) Information relating to the location of work performed under a state contract by the vendor and any subcontractors, employees, or other persons performing a state contract.

(b) Information regarding the corporate structure and location of corporate employees and activities of the vendor, its affiliates, or any subcontractors.

(c) Notice of the relocation of the vendor, employees of the vendor, subcontractors of the vendor, or other persons performing services under a state contract outside of the state of Michigan.

Sec. 719. The department of management and budget may require that any vendor or subcontractor providing call or contact center services to the state of Michigan disclose to inbound callers the location from which the call or contact center services are being provided.

Sec. 720. The source of financing in part 1 for internal audit charges shall fund internal audit services provided by the office of the state budget within the department of management and budget. Internal audit charges shall be funded by assessments against state agencies in a manner prescribed by the department.

Sec. 721. In addition to the funds appropriated in part 1, the department of management and budget may receive and expend money from the Michigan law enforcement officers memorial monument fund as provided in the Michigan law enforcement officers memorial act, 2004 PA 177, MCL 28.781 to 28.787.

Sec. 722. In addition to the funds appropriated in part 1, the department of management and budget may receive and expend money from the Ronald Wilson Reagan memorial monument fund as provided in the Ronald Wilson Reagan memorial monument fund commission act, 2004 PA 489, MCL 399.261 to 399.266.

Sec. 723. The department shall make available to the public a list of all parcels of real property owned by the state that are available for purchase. The list shall be posted on the Internet through the department's website.

Sec. 724a. The department of management and budget shall assist the department of information technology in determining how existing 2-1-1 capacities will be utilized by each state department with community resource information and referral service, including, but not limited to, toll-free help and information lines and comprehensive human service databases.

STATE BUILDING AUTHORITY

Sec. 725. (1) Subject to section 242 of the management and budget act, 1984 PA 431, MCL 18.1242, and upon the approval of the state building authority, the department may expend from the general fund of the state during the fiscal year ending September 30, 2009 an amount to meet the cash flow requirements of those state building authority projects solely for lease to a state agency identified in both part 1 and this section, and for which state building authority bonds or notes have not been issued, and for the sole acquisition by the state building authority of equipment and furnishings for lease to a state agency as permitted by 1964 PA 183, MCL 830.411 to 830.425, for which the issuance of bonds or notes is authorized by a legislative concurrent resolution that is effective for the fiscal year ending September 30, 2009. Any general fund advances for which state building authority bonds have not been issued shall bear an interest cost to the state building authority at a rate not to exceed that earned by the state treasurer's common cash fund during the period in which the advances are outstanding and are repaid to the general fund of the state.

(2) Upon sale of bonds or notes for the projects identified in part 1 or for equipment as authorized by legislative concurrent resolution and in this section, the state building authority shall credit the general fund of the state an amount equal to that expended from the general fund plus interest, if any, as defined in this section.

(3) For state building authority projects for which bonds or notes have been issued and upon the request of the state building authority, the state treasurer shall make advances without interest from the general fund as necessary to meet cash flow requirements for the projects, which advances shall be reimbursed by the state building authority when the investments earmarked for the financing of the projects mature.

(4) In the event that a project identified in part 1 is terminated after final design is complete, advances made on behalf of the state building authority for the costs of final design shall be repaid to the general fund in a manner recommended by the director and approved by the JCOS.

Sec. 726. (1) State building authority funding to finance construction or renovation of a facility that collects revenue in excess of money required for the operation of that facility shall not be released to a university or community college unless the institution agrees to reimburse that excess revenue to the state building authority. The excess revenue shall be credited to the general fund to offset rent obligations associated with the retirement of bonds issued for that facility. The auditor general shall annually identify and present an audit of those facilities that are subject to this section. Costs associated with the administration of the audit shall be charged against money recovered pursuant to this section.

(2) As used in this section, "revenue" includes state appropriations, facility opening money, other state aid, indirect cost reimbursement, and other revenue generated by the activities of the facility.

Sec. 727. (1) The state building authority rent appropriations in part 1 may also be expended for the payment of required premiums for insurance on facilities owned by the state building authority or payment of costs that may be incurred as the result of any deductible provisions in such insurance policies.

(2) If the amount appropriated in part 1 for state building authority rent is not sufficient to pay the rent obligations and insurance premiums and deductibles identified in subsection (1) for state building authority projects, there is appropriated from the general fund of the state the amount necessary to pay such obligations.

Sec. 728. The department of management and budget shall provide the JCOS and the senate and house fiscal agencies a report relative to the status of construction projects associated with state building authority bonds as of September 30 of each year, on or before October 15, or not more than 30 days after a refinancing or restructuring bond issue is sold. The report shall include, but is not limited to, the following:

(a) A list of all completed construction projects for which state building authority bonds have been sold, and which bonds are currently active.

(b) A list of all projects under construction for which sale of state building authority bonds is pending.

(c) A list of all projects authorized for construction or identified in an appropriations act for which approval of schematic/preliminary plans or total authorized cost is pending that have state building authority bonds identified as a source of financing.

Sec. 730. (1) Except as otherwise provided in subsection (3) or (4), a university shall not enter into a contract for new construction of a self-funded project estimated to cost at least \$3,000,000.00 unless the project is authorized by JCOS through approval of a use and finance statement defined by a policy adopted by JCOS. The request for authorization shall be initially submitted for review to JCOS, the senate and house fiscal agencies, and the department. The use and finance statement for a non-state-funded project shall contain the estimated total construction cost and all associated estimated operating costs, including a statement of anticipated project revenues. As used in this subsection, "new construction" includes land or property acquisition, remodeling and additions, maintenance projects, roads, landscaping, equipment, telecommunications, utilities, and parking lots and structures. Certificate of need forms may be submitted in lieu of a use and finance form where applicable.

(2) Except as otherwise provided in subsection (4), a community college shall not enter into a contract for new construction of a self-funded project estimated to cost at least \$2,000,000.00 unless the project is authorized by JCOS through approval of a use and finance statement defined by a policy adopted by JCOS. The request for legislative authorization shall be initially submitted for review to JCOS, the senate and house fiscal agencies, and the department. The use and finance statement for a non-state-funded project shall contain the estimated total construction cost and all associated estimated operating costs, including a statement of anticipated project revenues. As used in this subsection, "new construction" includes land or property acquisition, remodeling and additions, maintenance projects, roads, landscaping, equipment, telecommunications, utilities, and parking lots and structures. Certificate of need forms may be submitted in lieu of a use and finance form where applicable.

(3) The University of Michigan hospital and health center is not required to obtain JCOS authorization through approval of a use and finance statement defined by a policy adopted by JCOS.

(4) If health or safety concerns warrant, a project may be completed without prior approval of a use and finance statement defined by a policy adopted by JCOS. However, a university or community college shall submit a use and finance statement as soon as possible after the project is completed and the health or safety concerns have abated.

(5) A project that is constructed in violation of this section shall not receive state appropriations for purposes of operating the project or for support for future infrastructure enhancements that are necessitated, in whole or in part, by construction of the project. In addition, a project constructed in violation of this section shall result in the loss of any state capital outlay funding for the institution for 2 years and a prohibition of doing self-funded projects of any kind, except for emergencies where health or safety concerns warrant, for 1 year.

(6) A state agency, including the department of military affairs, shall not enter into a contract, including those for a direct federally funded capital outlay construction or major maintenance or remodeling project if the total project is estimated to cost more than \$1,000,000.00 and is to be constructed on state-owned lands unless the project is approved by the department and JCOS through approval of a use and finance statement defined by a policy adopted by JCOS, unless the project is otherwise appropriated in a capital outlay appropriations act. For projects not appropriated in a capital outlay appropriations act that are over \$1,000,000.00, the state agency shall submit a use and finance statement defined by a policy adopted by JCOS. As used in this subsection, "direct federally funded" refers to a project for which federal payments are made directly to the construction vendor and not to the state of Michigan.

(7) A public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal agreement between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund shall not enter into a contract for new construction estimated to cost more than \$1,000,000.00 unless the project is authorized by JCOS through the approval of a use and finance statement defined by a policy adopted by JCOS. For purposes of this subsection, the use and finance statement for a project shall contain the estimated total construction cost and all associated estimated operating costs. As used in this subsection, "new construction" means land or property acquisition, remodeling or additions, lease or lease purchase, and maintenance projects for the corporate office of the public body corporate described in this subsection.

(8) By not later than April 1 and October 1, each university shall report to the JCOS chairpersons, the senate and house fiscal agencies, and the department all self-funded capital projects commenced for the immediately preceding 6-month period that cost less than \$3,000,000.00 but at least \$1,000,000.00. Community colleges shall also submit these reports for self-funded capital projects that cost less than \$2,000,000.00 but at least \$1,000,000.00.

CIVIL SERVICE

Sec. 750. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

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

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

Sec. 751. (1) All restricted funds shall be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing the civil service commission on the basis of actual 1% restricted sources total aggregate payroll of the classified service for fiscal year 2008 in accordance with section 5 of article XI of the state constitution of 1963. This includes, but is not limited to, restricted funds appropriated in part 1 of any appropriations act. Unexpended 1% appropriated funds shall be returned to each 1% fund source at the end of the fiscal year.

(2) The appropriations in part 1 are estimates of actual charges based on payroll appropriations. With the approval of the state budget director, the commission is authorized to adjust financing sources for civil service charges based on actual payroll expenditures, provided that such adjustments do not increase the total appropriation for the civil service commission.

(3) The financing from restricted sources shall be credited to the civil service commission by the end of the second fiscal quarter.

Sec. 752. Except where specifically appropriated for this purpose, financing from restricted sources shall be credited to the civil service commission. For restricted sources of funding within the general fund that have the legislative authority for carryover, if current spending authorization or revenues are insufficient to accept the charge, the shortage shall be taken from carryforward balances of that funding source. Restricted revenue sources that do not have carryforward authority shall be utilized to satisfy commission operating deducts first and civil service obligations second. General fund dollars are appropriated for any shortfall, pursuant to approval by the state budget director.

Sec. 753. The appropriation in part 1 to the civil service commission, for state-sponsored group insurance, flexible spending accounts, and COBRA, represents amounts, in part, included within the various appropriations throughout state government for the current fiscal year to fund the flexible spending account program included within the civil service commission. Deposits against state-sponsored group insurance, flexible spending accounts, and COBRA for the flexible spending account program shall be made from assessments levied during the current fiscal year in a manner prescribed by the civil service commission. Unspent employee contributions to the flexible spending accounts may be used to offset administrative costs for the flexible spending account program, with any remaining balance of unspent employee contributions to be lapsed to the general fund.

CAPITAL OUTLAY

Sec. 760. As used in sections 761 through 768:

- (a) "Board" means the state administrative board.
- (b) "Community college" does not include a state agency or university.
- (c) "Department" means the department of management and budget.
- (d) "Director" means the director of the department of management and budget.
- (e) "Fiscal agencies" means the senate fiscal agency and the house fiscal agency.
- (f) "State agency" means an agency of state government. State agency does not include a community college or university.
- (g) "State building authority" means the authority created under 1964 PA 183, MCL 830.411 to 830.425.
- (h) "University" means a 4-year university supported by the state. University does not include a community college or a state agency.

Sec. 761. Each capital outlay project authorized in this act or any previous capital outlay act shall comply with the procedures required by the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 762. A statement of a proposed facility's operating cost shall be included with the facility's program statement and planning documents when the plans are presented to JCOS for approval.

Sec. 763. (1) Before proceeding with final planning and construction for projects at community colleges and universities included in an appropriations act, the community college or university shall sign an agreement with the department that includes the following provisions:

(a) The university or community college agrees to construct the project within the total authorized cost established by the legislature pursuant to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, and an appropriations act.

(b) The design and program scope of the project shall not deviate from the design and program scope represented in the program statement and preliminary planning documents approved by the department.

(c) Any other items as identified by the department that are necessary to complete the project.

(2) The department retains the authority and responsibility normally associated with the prudent maintenance of the public's financial and policy interests relative to the state-financed construction projects managed by a community college or university.

Sec. 764. (1) The department shall provide the JCOS, state budget director, and the senate and house fiscal agencies with reports as considered necessary relative to the status of each planning or construction project financed by the state building authority, by this act, or by previous acts.

(2) Before the end of each fiscal year, the department shall report to the JCOS, state budget director, and the senate and house fiscal agencies for each capital outlay project other than lump sums all of the following:

- (a) The account number and name of each construction project.
- (b) The balance remaining in each account.
- (c) The date of the last expenditure from the account.
- (d) The anticipated date of occupancy if the project is under construction.
- (e) The appropriations history for the project.
- (f) The professional service contractor.

- (g) The amount of the project financed with federal funds.
- (h) The amount of the project financed through the state building authority.
- (i) The total authorized cost for the project and the state authorized share if different than the total.
- (3) Before the end of each fiscal year, the department shall report the following for each project by a state agency, university, or community college that is authorized for planning but is not yet authorized for construction:
 - (a) The name of the project and account number.
 - (b) Whether a program statement is approved.
 - (c) Whether schematics are approved by the department.
 - (d) Whether preliminary plans are approved by the department.
 - (e) The name of the professional service contractor.
- (4) As used in this section, "project" includes appropriation line items made for purchase of real estate.

Sec. 765. A state agency, college, or university shall take steps necessary to make available federal and other money indicated in this act, to make available federal or other money that may become available for the purposes for which appropriations are made in this act, and to use any part or all of the appropriations to meet matching requirements that are considered to be in the best interest of this state. However, the purpose, scope, and total estimated cost of a project shall not be altered to meet the matching requirements.

Sec. 766. (1) The director shall allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Lump-sum allocations shall address priority program or facility needs and may include, but are not limited to, design, construction, remodeling and addition, special maintenance, major special maintenance, energy conservation, and demolition.

(2) The state budget director may authorize that funds appropriated for lump-sum appropriations shall be available for no more than 3 fiscal years following the fiscal year in which the original appropriation was made. Any remaining balance from allocations made in this section shall lapse to the fund from which it was appropriated pursuant to the lapsing of funds as provided in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 767. The appropriations in part 1 for capital outlay shall be carried forward at the end of the fiscal year consistent with the provisions of section 248 of the management and budget act, 1984 PA 431, MCL 18.1248.

Sec. 768. (1) A site preparation economic development fund is created in the department of management and budget. As used in this section, "economic development sites" means those state-owned sites declared as surplus property pursuant to section 251 of the management and budget act, 1984 PA 431, MCL 18.1251, that would provide economic benefit to the area or to the state. The Michigan economic development corporation board and the state budget director shall determine whether or not a specific state-owned site qualifies for inclusion in the fund created under this subsection.

(2) Proceeds from the sale of any sites designated in subsection (1) shall be deposited into the fund created in subsection (1) and shall be available for site preparation expenditures, unless otherwise provided by law. The economic development sites authorized in subsection (1) are authorized for sale consistent with state law. Expenditures from the fund are authorized for site preparation activities that enhance the marketable sale value of the sites. Site preparation activities include, but are not limited to, demolition, environmental studies and abatement, utility enhancement, and site excavation.

(3) A cash advance in an amount of not more than \$25,000,000.00 is authorized from the general fund to the site preparation economic development fund.

(4) An annual report shall be transmitted to the senate and house of representatives standing committees on appropriations not later than December 31 of each year. This report shall detail both of the following:

- (a) The revenue and expenditure activity in the fund for the preceding fiscal year.
- (b) The sites identified as economic development sites under subsection (1).

DEPARTMENT OF STATE

Sec. 801. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$7,500,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$50,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

Sec. 802. All funds made available by section 3171 of the insurance code of 1956, 1956 PA 218, MCL 500.3171, are appropriated and made available to the department of state to be expended only for the uses and purposes for which the

funds are received as provided by sections 3171 to 3177 of the insurance code of 1956, 1956 PA 218, MCL 500.3171 to 500.3177.

Sec. 803. From the funds appropriated in part 1, the department of state shall sell copies of records including, but not limited to, records of motor vehicles, off-road vehicles, snowmobiles, watercraft, mobile homes, personal identification cardholders, drivers, and boat operators and shall charge \$7.00 per record sold only as authorized in section 208b of the Michigan vehicle code, 1949 PA 300, MCL 257.208b, section 7 of 1972 PA 222, MCL 28.297, and sections 80130, 80315, 81114, and 82156 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.80130, 324.80315, 324.81114, and 324.82156. The revenue received from the sale of records shall be credited to the transportation administration collection fund created under section 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.

Sec. 803a. (1) In accordance with section 9 of article IX of the state constitution of 1963 and sections 814 and 815 of the Michigan vehicle code, 1949 PA 300, MCL 257.814 and 257.815, if the alternative transportation funding task force does not specifically address the costs described in this section, the secretary of state shall conduct a cost study that identifies the actual cost of the work performed for the administration and collection of transportation fees and taxes pursuant to sections 801 through 810 of the Michigan vehicle code and, when the actual cost cannot be identified, allocates combined costs that cannot be separately identified for the purpose of determining the necessary costs to collect all of the following:

- (a) Vehicle title and registration fees.
- (b) The costs of collecting all taxes on fuels used to propel vehicles upon state highways.
- (c) The department of state's costs for collecting sales and use taxes.
- (d) Any other specific taxes on motor vehicles driven upon state highways and on all registered motor vehicles.

(2) If a study is required under subsection (1), the study under subsection (1) shall be performed by an independent consulting firm with experience in cost allocation. Upon commencement of the study, the study components and methodology may be reviewed by the following:

- (a) The department of transportation or its representative.
- (b) The department of management and budget or its representative.
- (c) The department of treasury or its representative.
- (d) County road commissions or their representatives.
- (e) Municipalities or their representatives.

(3) If a study is required under subsection (1), the final cost study shall be submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government and transportation, the senate and house fiscal agencies, and the state budget director by April 1, 2009.

(4) Effective April 1, 2009, the study shall be used in determining the annual appropriation from restricted transportation funds. The cost study will be updated annually to reflect changes in efficiency and technology.

Sec. 804. From the funds appropriated in part 1, the secretary of state may enter into agreements with the department of corrections for the manufacture of vehicle registration plates 15 months before the registration year in which the registration plates will be used.

Sec. 805. (1) The department of state may accept gifts, donations, contributions, and grants of money and other property from any private or public source to underwrite, in whole or in part, the cost of a departmental publication that is prepared and disseminated under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923. A private or public funding source may receive written recognition in the publication and may furnish a traffic safety message, subject to departmental approval, for inclusion in the publication. The department may reject a gift, donation, contribution, or grant. The department may furnish copies of a publication underwritten, in whole or in part, by a private source to the underwriter at no charge.

(2) The department of state may sell and accept paid advertising for placement in a departmental publication that is prepared and disseminated under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923. The department may charge and receive a fee for any advertisement appearing in a departmental publication and shall review and approve the content of each advertisement. The department may refuse to accept advertising from any person or organization. The department may furnish a reasonable number of copies of a publication to an advertiser at no charge.

(3) Pending expenditure, the funds received under this section shall be deposited in the Michigan department of state publications fund created by section 211 of the Michigan vehicle code, 1949 PA 300, MCL 257.211. Funds given, donated, or contributed to the department from a private source are appropriated and allocated for the purpose for which the revenue is furnished. Funds granted to the department from a public source are allocated and may be expended upon receipt. The department shall not accept a gift, donation, contribution, or grant if receipt is conditioned upon a commitment of state funding at a future date. Revenue received from the sale of advertising is appropriated and may be expended upon receipt.

(4) Any unexpended revenues received under this section shall be carried over into subsequent fiscal years and shall be available for appropriation for the purposes described in this section.

(5) On March 1 of each year, the department of state shall file a report with the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director. The report shall include all of the following information:

(a) The amount of gifts, contributions, donations, and grants of money received by the department under this section for the prior fiscal year.

(b) A listing of the expenditures made from the amounts received by the department as reported in subdivision (a).

(c) A listing of any gift, donation, contribution, or grant of property other than funding received by the department under this section for the prior year.

(d) The total revenue received from the sale of paid advertising accepted under this section and a statement of the total number of advertising transactions.

(6) In addition to copies delivered without charge as the secretary of state considers necessary, the department of state may sell copies of manuals and other publications regarding the sale, ownership, or operation or regulation of motor vehicles, with amendments, at prices to be established by the secretary of state. As used in this subsection, the term "manuals and other publications" includes videos and proprietary electronic publications. All funds received from sales of these manuals and other publications shall be credited to the Michigan department of state publications fund.

Sec. 806. Funds collected by the department of state under section 211 of the Michigan vehicle code, 1949 PA 300, MCL 257.211, are appropriated for all expenses necessary to provide for the costs of the publication. Funds are allotted for expenditure when they are received by the department of treasury and shall not lapse to the general fund at the end of the fiscal year.

Sec. 807. From the funds appropriated in part 1, the department of state shall use available balances at the end of the state fiscal year to provide payment to the department of state police in the amount of \$332,000.00 for the services provided by the traffic accident records program as first appropriated in 1990 PA 196 and 1990 PA 208.

Sec. 808. From the funds appropriated in part 1, the department of state may restrict funds from miscellaneous revenue to cover cash shortages created from normal branch office operations. This amount shall not exceed \$50,000.00 of the total funds available in miscellaneous revenue.

Sec. 809. (1) Commemorative and specialty license plate fee revenue collected by the department of state and deposited into the transportation administration collection fund is authorized for expenditure up to the amount of revenue collected but not to exceed the amount appropriated to the department of state in part 1 to administer commemorative and specialty license plate programs.

(2) Commemorative and specialty license plate fee revenue collected by the department of state and deposited in the transportation administration collection fund, in addition to the amount appropriated in part 1 to the department of state, shall remain in the transportation administration collection fund and be available for future appropriation.

Sec. 810. (1) Collector plate and fund-raising registration plate revenues collected by the department of state are appropriated and allotted for distribution to the recipient university or public or private agency overseeing a state-sponsored goal when received. Distributions shall occur on a quarterly basis or as otherwise authorized by law. Any revenues remaining at the end of the fiscal year shall not lapse to the general fund but shall remain available for distribution to the university or agency in the next fiscal year.

(2) Funds or revenues in the Olympic education training center fund are appropriated for distribution to the Olympic education training center at Northern Michigan University. Distributions shall occur on a quarterly basis. Any undistributed revenue remaining at the end of the fiscal year shall be carried over into the next fiscal year.

Sec. 811. The department of state may produce and sell copies of a training video designed to inform registered automotive repair facilities of their obligations under Michigan law. The price shall not exceed the cost of production and distribution. The money received from the sale of training videos shall revert to the department of state and be placed in the auto repair facility account.

Sec. 812. (1) The department of state, in collaboration with the gift of life transplantation society or its successor federally designated organ procurement organization, may develop and administer a public information campaign concerning the Michigan organ donor program.

(2) The department may solicit funds from any private or public source to underwrite, in whole or in part, the public information campaign authorized by this section. The department may accept gifts, donations, contributions, and grants of money and other property from private and public sources for this purpose. A private or public funding source underwriting the public information campaign, in whole or in substantial part, shall receive sponsorship credit for its financial backing.

(3) Funds received under this section, including grants from state and federal agencies, shall not lapse to the general fund at the end of the fiscal year but shall remain available for expenditure for the purposes described in this section.

(4) Funding appropriated in part 1 for the organ donor program shall be used for producing a pamphlet to be distributed with driver licenses and personal identification cards regarding organ donations. The funds shall be used to update and print a pamphlet that will explain the organ donor program and encourage people to become donors by marking a checkoff on driver license and personal identification card applications.

(5) The pamphlet shall include a return reply form addressed to the gift of life organization. Funding appropriated in part 1 for the organ donor program shall be used to pay for return postage costs.

(6) In addition to the appropriations in part 1, the department of state may receive and expend funds from the organ and tissue donation education fund for administrative expenses.

Sec. 815. At least 180 days before closing or consolidating a branch office and at least 60 days before relocating a branch office, the department of state shall inform members of the senate and house of representatives standing committees on appropriations and legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analyses done regarding criteria for changes in the location of branch offices, including, but not limited to, branch transactions, revenue, and the impact on citizens of the affected area. The impact on citizens shall include information regarding additional distance to branch office locations resulting from the plan. The written notice provided by the department of state shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure and the same level of detail regarding costs for new leased facilities and expansions of current leased space.

Sec. 815a. By December 15, the department of state shall report to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies the number of branch office transactions completed online by Michigan residents in the immediately preceding fiscal year.

Sec. 816. (1) Any service assessment collected by the department of state from the user of a credit or debit card under section 3 of 1995 PA 144, MCL 11.23, is appropriated to the department for necessary expenses related to that service and may be remitted to a credit or debit card company, bank, or other financial institution. Funds are allocated for expenditure when they are received by the department of treasury.

(2) The service assessment imposed by the department of state for credit and debit card services may be based either on a percentage of each individual credit or debit card transaction, or on a flat rate per transaction, or both scaled to the amount of the transaction. However, the department shall not charge any amount for a service assessment which exceeds the costs billable to the department for service assessments.

(3) If there is a balance of service assessments received from credit and debit card services remaining on September 30, the balance may be carried forward to the following fiscal year and appropriated for the same purpose.

(4) As used in this section, "service assessment" means and includes costs associated with service fees imposed by credit and debit card companies and processing fees imposed by banks and other financial institutions.

Sec. 818. (1) Funds in part 1 for motorcycle safety education grants and administration are appropriated to the department of state for operation of the motorcycle safety education program previously operated by the department of education under section 811a of the Michigan vehicle code, 1949 PA 300, MCL 257.811a.

(2) Funds in part 1 for motorcycle safety education grants and administration shall be derived from original and renewal motorcycle license endorsements, annual motorcycle registration fees, and motorcycle operator driving test fees.

(3) Funds in part 1 for motorcycle safety education grants and administration shall be used to provide grants to colleges, universities, intermediate school districts, local school districts, law enforcement agencies, or other governmental agencies located in the state, to help subsidize safety training courses for individuals interested in operating motorcycles.

(4) Funds in part 1 for motorcycle safety education grants and administration may be used by the department of state for administration costs of the motorcycle safety education program, to include, but not be limited to, review and approval or disapproval of grant applications, monitoring eligibility of motorcycle safety instructors, conducting program evaluation, certifying third-party testers, and inspecting training sites.

Sec. 819. (1) From the funds appropriated in part 1 to the department of state for information technology services and projects, there is appropriated \$4,550,000.00 for the business application modernization project. Funds shall only be used for the development, implementation, and maintenance of the business application modernization project.

(2) The unexpended funds appropriated in part 1 for the business application modernization project are designated as work project appropriations and shall not lapse at the end of the fiscal year. Any unencumbered or unallotted funds shall be carried over into the succeeding fiscal year and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$30,000,000.00, and the tentative completion date is September 30, 2010.

Sec. 821. (1) The department of state may accept nonmonetary gifts, donations, or contributions of property from any private or public source to support, in whole or in part, the operation of a departmental function relating to licensing, regulation, or safety. The department may recognize a private or public contributor for making the contribution. The department may reject a gift, donation, or contribution.

(2) The department of state shall not accept a gift, donation, or contribution under subsection (1) if receipt of the gift, donation, or contribution is conditioned upon a commitment of future state funding.

(3) On March 1 of each year, the department of state shall file a report with the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director. The report shall list any gift, donation, or contribution received by the department under subsection (1) for the prior calendar year.

Sec. 824. From the funds appropriated in part 1 to the department of state, branch operations, the department shall maintain a full service secretary of state branch office in Buena Vista Township.

Sec. 827. The funds appropriated in part 1 for department of state, branch operations, are contingent upon the department complying with the following guidelines for branch office placement:

(a) The department of state shall, whenever possible, avoid leasing space for branch offices on greenfield sites or other noncentral locations that require the construction of new infrastructure to service the office or facility, except in limited circumstances when the constituency served or programs supported require the use of a noncentral or open space location.

(b) The department shall encourage public investment in this state's urban areas by locating branch offices and facilities in urban areas. As used in this section, "urban areas" means a downtown area, town centers, or central business districts.

(c) The department shall, whenever possible, locate branch offices at locations consistent with local planning and zoning and compatible with existing land uses.

(d) In selecting a site for a branch office, the department shall give priority to locations in urban areas, whenever reasonably possible and consistent with state law. In making location decisions, the department shall also give consideration to the following:

(i) Use of existing space in state-owned facilities in urban areas.

(ii) Adaptive use or rehabilitation of historic buildings or reuse of other buildings within an urban area.

(iii) Use of vacant buildings in an urban area.

(iv) Use of vacant land in an urban area.

(v) Use and rehabilitation of brownfield areas.

DEPARTMENT OF TREASURY

OPERATIONS

Sec. 901. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$200,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$40,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 902. (1) Amounts needed to pay for interest, fees, principal, mandatory and optional redemptions, arbitrage rebates as required by federal law, and costs associated with the payment, registration, trustee services, credit enhancements, and issuing costs in excess of the amount appropriated to the department of treasury in part 1 for debt service on notes and bonds that are issued by the state under sections 14, 15, and 16 of article IX of the state constitution of 1963 as implemented by 1967 PA 266, MCL 17.451 to 17.455, are appropriated.

(2) In addition to the amount appropriated to the department of treasury for debt service in part 1, there is appropriated an amount for fiscal year cash-flow borrowing costs to pay for interest on interfund borrowing made under 1967 PA 55, MCL 12.51 to 12.53.

(3) In addition to the amount appropriated to the department of treasury for debt service in part 1, there is appropriated all repayments received by the state on loans made from the school bond loan fund not required to be deposited in the school loan revolving fund by or pursuant to MCL 388.984, to the extent determined by the state treasurer, for the payment of debt service, including without limitation, optional and mandatory redemptions, on bonds, notes or commercial paper issued by the state pursuant to 1961 PA 112.

Sec. 903. (1) From the funds appropriated in part 1, the department of treasury may contract with private collection agencies and law firms to collect taxes and other accounts due this state. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund collection costs and fees not to exceed 25% of the collections or 2.5% plus operating costs, whichever amount is prescribed by each contract. The appropriation to fund collection costs and fees for the collection of taxes or other accounts due this state are from the fund or account to which the revenues being collected are recorded or dedicated. However, if the taxes collected are constitutionally dedicated for a specific purpose, the appropriation of collection costs and fees are from the general purpose account of the general fund.

(2) From the funds appropriated in part 1, the department of treasury may contract with private collections agencies and law firms to collect defaulted student loans and other accounts due the Michigan guaranty agency. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund collection costs and fees not to exceed 22% of the collection or a lesser amount as prescribed by the contract. The appropriation to fund collection costs and fees for the auditing and collection of defaulted student loans due the Michigan guaranty agency is from the fund or account to which the revenues being collected are recorded or dedicated.

(3) The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the state budget director and the senate and house of representatives standing committees on appropriations not later than November 30 stating the agencies or law firms employed, the amount of collections for each, the costs of collection, and other pertinent information relating to determining whether this authority should be continued.

Sec. 904. (1) The department of treasury, through its bureau of investments, may charge an investment service fee against the applicable retirement funds. The fees may be expended for necessary salaries, wages, contractual services, supplies, materials, equipment, travel, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement funds. Service fees shall not exceed the aggregate amount appropriated in part 1. The department of treasury shall maintain accounting records in sufficient detail to enable the retirement funds to be reimbursed periodically for fee revenue that is determined by the department of treasury to be surplus.

(2) In addition to the funds appropriated in part 1 from the retirement funds to the department of treasury, there is appropriated from retirement funds an amount sufficient to pay for the services of money managers, investment advisors, investment consultants, custodians, and other outside professionals, the state treasurer considers necessary to prudently manage the retirement funds' investment portfolios. The state treasurer shall report annually to the senate and house of representatives standing committees on appropriations and the state budget office concerning the performance of each portfolio by investment advisor.

Sec. 904a. (1) There is appropriated an amount sufficient to recognize and pay expenditures for financial services provided by financial institutions as provided under section 1 of 1861 PA 111, MCL 21.181.

(2) The appropriations under subsection (1) shall be funded by restricting revenues from common cash interest earnings and investment earnings in an amount sufficient to record these expenditures.

Sec. 905. (1) The department of treasury shall provide copies of the state tax manual via the department's web site or provide for sale copies of the tax manuals on a compact disc or an electronically transmitted format. The revenue received from the sale of preparation and local government assistance manuals shall revert to the department of treasury and be placed in the local government assistance manual revolving fund.

(2) In addition to the funds appropriated in part 1, revenue received from the sale of those manuals is appropriated.

Sec. 906. (1) The department of treasury shall charge for audits as permitted by state or federal law or under contractual arrangements with local units of government, other principal executive departments, or state agencies. A report detailing audits performed and audit charges for the immediately preceding fiscal year shall be submitted to the state budget director and the senate and house fiscal agencies not later than November 30.

(2) The appropriation in part 1 to the department of treasury, for state compliance audits, shall be used to cover the cost of the state audits performed by independent certified public accountants or department of treasury auditors. The scope of the state audit shall be defined by the state treasurer. The state audits shall be performed by independent certified public accountants contracted with by the state treasurer or by department of treasury auditors, if the county has agreed to contract with and pay the department for their financial single audit.

(3) The state audits shall be performed for the most current county fiscal year in conjunction with the financial single audit. The state audit may be performed either by certified public accountants contracted by the state treasurer or department of treasury staff, independent of the financial single audit, if a state audit has not been performed within the last 3 years.

Sec. 907. A revolving fund known as the assessor certification and training fund is created in the department of treasury. The assessor certification and training fund shall be used to organize and operate a property assessor certification and training program. Each participant certified and trained shall pay to the department of treasury an examination fee of \$50.00, an initial certification fee of \$50.00, an annual renewal fee of \$75.00 for levels 1 and 2, and \$125.00 for levels 3 and 4 to offset the cost of administering the certification and training program. Training courses shall be offered in assessment administration. Each participant shall pay a fee to cover the expenses incurred in offering the optional programs to certified assessing personnel and other individuals interested in an assessment career opportunity. The fees collected shall be credited to the assessor certification and training fund.

Sec. 908. The amount appropriated in part 1 to the department of treasury, home heating assistance program, is to cover the costs, including data processing, of administering federal home heating credits to eligible claimants and to administer the supplemental fuel cost payment program for eligible tax credit and welfare recipients.

Sec. 909. Revenue from the airport parking tax act, 1987 PA 248, MCL 207.371 to 207.383, is appropriated and shall be distributed under section 7a of the airport parking tax act, 1987 PA 248, MCL 207.377a.

Sec. 910. The disbursement by the department of treasury from the bottle deposit fund to dealers as required by section 3c(2) of the Initiated Law of 1976, MCL 445.573c, is appropriated.

Sec. 911. (1) There is appropriated an amount sufficient to recognize and pay refundable income tax credits as provided by the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) The appropriations under subsection (1) shall be funded by restricting income tax revenue in an amount sufficient to record these expenditures.

Sec. 912. A plaintiff in a garnishment action involving this state shall pay to the state treasurer 1 of the following:

(a) A fee of \$6.00 at the time a writ of garnishment of periodic payments is served upon the state treasurer, as provided in section 4012 of the revised judicature act of 1961, 1961 PA 236, MCL 600.4012.

(b) A fee of \$6.00 at the time any other writ of garnishment is served upon the state treasurer, except that the fee shall be reduced to \$5.00 for each writ of garnishment for individual income tax refunds or credits filed by magnetic media.

Sec. 913. (1) The department of treasury may contract with private firms to appraise and, if necessary, appeal the assessments of senior citizen cooperative housing units. Payment for this service shall be from savings resulting from the appraisal or appeal process.

(2) Of the funds appropriated in part 1 to the department of treasury for the senior citizens' cooperative housing tax exemption program, a portion is to be utilized for a program audit of the program. The department of treasury shall forward copies of the audit report to the senate and house of representatives standing committees on appropriations subcommittees on general government and to the state budget office. The department of treasury may utilize up to 1% of the funds for program administration and auditing.

Sec. 914. The department of treasury may provide a \$200.00 annual prize from the Ehlers internship award account in the gifts, bequests, and deposit fund to the runner-up of the Rosenthal prize for interns. The Ehlers internship award account is interest bearing.

Sec. 915. Pursuant to section 61 of the Michigan campaign finance act, 1976 PA 388, MCL 169.261, there is appropriated from the general fund to the state campaign fund an amount equal to the amounts designated for tax year 2007. Except as otherwise provided in this section, the amount appropriated shall not revert to the general fund and shall remain in the state campaign fund. Any amounts remaining in the state campaign fund in excess of \$10,000,000.00 on December 31, 2008 shall revert to the general fund.

Sec. 916. The department of treasury may make available to interested entities otherwise unavailable customized unclaimed property listings of nonconfidential information in its possession. The charge for this information is as follows: 1 to 100,000 records at 2.5 cents per record and 100,001 or more records at .5 cents per record. The revenue received from this service shall be deposited to the appropriate revenue account or fund. The department shall submit an annual report on or before June 1 to the state budget director and the senate and house of representatives standing committees on appropriations that states the amount of revenue received from the sale of information.

Sec. 917. (1) There is appropriated for write-offs and advances an amount equal to total write-offs and advances for departmental programs, but not to exceed current year authorizations that would otherwise lapse to the general fund.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than November 30, stating the amounts appropriated for write-offs and advances under subsection (1).

Sec. 918. In addition to funds appropriated in part 1, the department of treasury may receive and expend funds for conducting tax orientation workshops and seminars. Funds received may not exceed costs incurred in conducting the workshops and seminars.

Sec. 919. (1) From funds appropriated in part 1, the department of treasury may contract with private auditing firms to audit for and collect unclaimed property due this state in accordance with the Michigan uniform unclaimed property act. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund auditing and collection costs and fees not to exceed 12% of the collections, or a lesser amount as prescribed by the contract. The appropriation to fund collection costs and fees for the auditing and collection of unclaimed property due this state is from the fund or account to which the revenues being collected are recorded or dedicated.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the state budget director and the senate and house of representatives standing committees on appropriations not later than November 30 stating the auditing firms employed, the amount of collections for each, the costs of collection, and other pertinent information relating to determining whether this authority should be continued.

Sec. 920. Payments from the appropriation in part 1 to the department of treasury for grants to counties in lieu of taxes for lands transferred to the federal government include a payment for Sleeping Bear Dunes national lakeshore under 1974 PA 359, MCL 3.901 to 3.910.

Sec. 921. The state general fund/general purpose appropriation in part 1 for renaissance zone reimbursement is allocated to reimburse public libraries as provided by section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2008. Reimbursements shall be made in amounts to each eligible recipient not later than 60 days after the department of treasury has received all necessary information to properly determine the amounts due each eligible recipient under section 12(4) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general fund.

Sec. 922. The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the senate and house of representatives standing committees on appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget director by November 30 stating the amount of Michigan transportation fund revenue collected and the cost of collection.

Sec. 924. (1) In addition to the funds appropriated in part 1, the department of treasury may receive and expend principal residence audit fund revenue for administration of principal residence audits under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than December 31, stating the amount of revenue appropriated for principal residence audits under subsection (1).

Sec. 925. (1) A public-private partnership investment fund is created in the department of treasury. Public-private partnership investments shall include, but are not limited to, all of the following:

- (a) Capital asset improvements including buildings, land, or structures.
- (b) Energy resource exploration, extraction, generation, and sales.
- (c) Financial and investment incentive opportunities.
- (d) Infrastructure construction, maintenance, and operation.
- (e) Public-private sector joint ventures that provide economic benefit to an area or to the state.

(2) The state treasurer and the state budget director shall determine whether or not a specific public-private partnership investment opportunity qualifies for funding from the fund created under subsection (1).

(3) Investment development revenue, including a portion of the proceeds from the sale of any public-private partnership investment designated in subsection (1) shall be deposited into the fund created in subsection (1) and shall be available for administration, development, financing, marketing, and operating expenditures associated with public-private partnerships, unless otherwise provided by law. Public-private partnership investments authorized in subsection (1) are authorized for public or private operation or sale consistent with state law. Expenditures from the fund are authorized for investment purposes as designated in subsection (1) to enhance the marketable value of each investment.

(4) An annual report shall be transmitted to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget office not later than December 31 of each year. This report shall detail both of the following:

- (a) The revenue and expenditure activity in the fund for the preceding fiscal year.
- (b) Public-private partnership investments as identified under subsection (1).

Sec. 927. It is the intent of the legislature that telephone/telegraph reappraisals be funded at \$1,500,000.00 through supplemental appropriations in fiscal year 2008-2009.

Sec. 928. The department of treasury may provide receipt, warrant and cash processing, data, collection, investment, fiscal agent, levy and warrant cost assessment, writ of garnishment, and other user services on a contractual basis for other principal executive departments and state agencies. Funds for the services provided are appropriated and shall be expended for salaries and wages, fees, supplies, and equipment necessary to provide the services. Any unobligated balance of the funds received shall revert to the general fund of this state as of September 30.

Sec. 929. The department of treasury may enter into agreements to supply data or collection services to other executive principal departments or state agencies, the United States department of treasury, or local units of government within this state. The department of treasury shall charge for this tax data service and amounts received are appropriated and shall be expended for salaries and wages, fees, supplies, and equipment necessary to provide the service. Any unobligated balance of the fund shall revert to the general fund of this state as of September 30.

Sec. 930. (1) The department of treasury shall provide accounts receivable collections services to other principal executive departments and state agencies under 1927 PA 375, MCL 14.131 to 14.134. The department of treasury shall deduct a fee equal to the cost of collections from all receipts except unrestricted general fund collections. Fees shall be credited to a restricted revenue account and appropriated to the department of treasury to pay for the cost of collections. The department of treasury shall maintain accounting records in sufficient detail to enable the respective accounts to be reimbursed periodically for fees deducted that are determined by the department of treasury to be surplus to the actual cost of collections.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than November 30, stating the principal executive departments and state agencies served, funds collected, and costs of collection under subsection (1).

Sec. 930a. The department shall select a private collection agency to perform secondary collection activities in an effort to benchmark primary agency performance for all individual tax, discontinued business tax, and state agency accounts, and all active business tax accounts older than 36 months. Consistent with sound collection practices and to maximize the effectiveness of those collection activities, the department shall not select a collection agency, or related entity, that has already attempted to collect the debt in question. The department shall report its progress on second placement collection activities on a quarterly basis during the fiscal year.

Sec. 931. (1) The appropriation in part 1 to the department of treasury for treasury fees shall be assessed against all restricted funds that receive common cash earnings or other investment income. Treasury fees include all costs, including administrative overhead, relating to the investment of each restricted fund. The fee assessed against each restricted fund will be based on the size of the restricted fund (the absolute value of the average daily cash balance plus the market value of investments in the prior fiscal year) and the level of effort necessary to maintain the restricted fund as required by each

department. The department of treasury shall provide a report to the state budget director, the senate and house of representatives standing committees on appropriations subcommittees on general government, and the senate and house fiscal agencies by November 30 of each year identifying the fees assessed against each restricted fund and the methodology used for assessment.

(2) In addition to the funds appropriated in part 1, the department of treasury may receive and expend investment fees relating to new restricted funding sources that participate in common cash earnings or other investment income during the current fiscal year. When a new restricted fund is created starting on or after October 1, that restricted fund shall be assessed a fee using the same criteria identified in subsection (1).

Sec. 932. Revenue received under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, may be expended by the board of directors of the Michigan education trust for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

Sec. 933. (1) The \$800,000.00 appropriated in part 1 for the Michigan education savings program is from the Michigan merit award trust fund to fund an incentive program for the Michigan education savings program created under the Michigan education savings program act, 2000 PA 161, MCL 390.1471 to 390.1486.

(2) The funds appropriated for the Michigan education savings program shall be used to provide a state match to dollars invested on behalf of each child named as a designated beneficiary in the Michigan education savings program who is 6 years of age or less, who is a Michigan resident, and whose family's income is \$80,000.00 or less.

(3) During the current fiscal year, the state shall provide \$1.00 of matching funds for each \$3.00 of individual contributions to the educational savings accounts. The maximum state match for each designated beneficiary shall be \$200.00.

(4) The state match shall be available only in the first year the child is enrolled in the Michigan education savings program.

Sec. 934. The department of treasury may expend revenues received under the hospital finance authority act, 1969 PA 38, MCL 331.31 to 331.84, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund. The department of treasury shall maintain accounting records in sufficient detail to enable the hospital clients to be reimbursed periodically for fees that are determined by the department of treasury to be surplus to needs.

Sec. 935. The department of treasury may expend revenue received under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1076, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

Sec. 936. The department of treasury shall establish a separate account for the funds related to the Michigan higher education facilities authority. The department of treasury may expend revenue received under the higher education facilities authority act, 1969 PA 295, MCL 390.921 to 390.934, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund. The department of treasury shall maintain accounting records in sufficient detail to enable the educational institution clients to be reimbursed periodically for fees that are determined by the department to be surplus to needs.

Sec. 937. The department of treasury may expend revenues received under the Michigan public educational facilities authority, Executive Order No. 2002-3, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

Sec. 938. For bills received by January 15 for payments in lieu of taxes on purchased lands, the department shall pay the local units of government by February 14.

Sec. 939. It is the intent of the legislature that the state treasurer, acting within his or her capacity as the investment fiduciary for public employee pension funds and consistent with 1965 PA 314, MCL 38.1132 to 38.1140m, give appropriate consideration to investments in early stage, university derived life science companies located in Michigan, or investments in venture capital funds that invest in those companies to the extent those investments offer the safety and rate of return comparable to other investments permitted and available at the time the investment decision is made.

Sec. 940. The department of treasury may expend revenue received under the Michigan tobacco settlement finance authority act, 2005 PA 226, MCL 129.261 to 129.279, for necessary salaries and wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employee retirement funds.

Sec. 941. From the funds appropriated in part 1, the department will analyze the opportunity of using a dynamic algorithm-based product to utilize insurance products as a means of addressing the medical pension liability for state employee retirees, the possibility of initial implementation of such a program or pilot program in the fiscal year 2010 budget, and possible Michigan vendors available to manage the program. The department shall provide a report of its findings to the appropriations committees in each chamber and the appropriate appropriations subcommittees not later

than March 31, 2009. The department shall consult with qualified vendors and provide necessary data information, including, but not limited to, date of birth and gender data, to complete the analysis and compile the report.

Sec. 942. The funds appropriated in part 1 for the property tax appeal program shall be used by the department to assist local units of government and school districts in defending appeals of property tax assessments on property classified as utility personal property under section 34c(3)(e) of the general property tax act, 1893 PA 206, MCL 211.34c, with a taxable value greater than \$50,000,000.00.

Sec. 943. The department of treasury shall not include complete social security numbers in form 1099-G mailings to taxpayers.

Sec. 944. If the department hires a pension plan consultant using any of the funds appropriated in part 1, the department shall forward any report provided to the department by that consultant to the senate and house of representatives standing committees on appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget director.

Sec. 945. The assessment and certification division of the department of treasury may conduct a review of local unit assessment administration practices, procedures, and records, also known as the 14-point review, in at least 1 assessment jurisdiction per county.

Sec. 946. Members of the state tax commission and management level staff of the assessment and certification division may meet with statewide assessment organizations on a quarterly basis for the purpose of coordinating assessment and training activities. Recertification and training activities may be conducted at regional locations chosen to maximize participation of local officials.

Sec. 947. (1) Of the \$4,749,200.00 included in part 1 for the revenue enhancement program, \$4,249,200.00 shall be used for revenue collection enhancement activities including auditing functions.

(2) The department of treasury shall submit quarterly progress reports to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies, regarding personal property tax audits funded under subsection (1). The report shall include the number of audits, revenue generated, and number of complaints received by the department related to the audits.

(3) The \$500,000.00 balance of the \$4,749,200.00 shall be used for the principal residence exemption compliance program. Along with other program costs, expenditures shall include the development and maintenance of a statewide web-based database created for the purpose of enforcing the principal residence exemption compliance program. The department shall submit quarterly progress reports that include the number of exemptions denied and the revenue received under this program. The legislative auditor general shall complete a performance audit of the principal residence exemption compliance program prior to April 1, 2009. Revenue generated to the state from the principal residence exemption compliance program shall be used to reimburse the state general fund for the \$500,000.00 appropriation prior to any other allocation. Additional funds from the revenue enhancement program and carryforward appropriations may be used to support costs in excess of \$500,000.00.

(4) Unexpended appropriations of the revenue enhancement program are designated as work project appropriations and shall not lapse at the end of the fiscal year and shall continue to be available for expenditure until the project has been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to enhance revenue collection activities.
- (b) The project will be accomplished by contract.
- (c) The total estimated cost of the project is \$24,600,000.00.
- (d) The tentative completion date is September 30, 2009.

Sec. 948. By December 15, the department of treasury shall report to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies the number of tax returns, to include state income tax returns, single business tax returns, and Michigan business tax returns filed online by Michigan residents in the immediately preceding fiscal year.

Sec. 949. (1) In accordance with section 9 of article IX of the state constitution of 1963 and sections 814 and 815 of the Michigan vehicle code, 1949 PA 300, MCL 257.814 and 257.815, if the alternative transportation funding task force does not specifically address the costs described in this section, the secretary of state shall conduct a cost study that identifies the actual cost of the work performed for the administration and collection of transportation fees and taxes pursuant to sections 801 through 810 of the Michigan vehicle code and, when the actual cost cannot be identified, allocates combined costs that cannot be separately identified for the purpose of determining the necessary costs to collect all of the following:

- (a) Vehicle title and registration fees.
- (b) The costs of collecting all taxes on fuels used to propel vehicles upon state highways.
- (c) The department of state's costs for collecting sales and use taxes.
- (d) Any other specific taxes on motor vehicles driven upon state highways and on all registered motor vehicles.

(2) If a study is required under subsection (1), the study under subsection (1) shall be performed by an independent consulting firm with experience in cost allocation. Upon commencement of the study, the study components and methodology may be reviewed by the following:

- (a) The department of transportation or its representative.
- (b) The department of management and budget or its representative.
- (c) The department of treasury or its representative.
- (d) County road commissions or their representatives.
- (e) Municipalities or their representatives.

(3) If a study is required under subsection (1), the final cost study shall be submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government and transportation, the senate and house fiscal agencies, and the state budget director by April 1, 2009.

(4) Effective April 1, 2009, the study shall be used in determining the annual appropriation from restricted transportation funds. The cost study will be updated annually to reflect changes in efficiency and technology.

REVENUE SHARING

Sec. 950. (1) The funds appropriated in part 1 for constitutional revenue sharing shall be distributed by the department to cities, villages, and townships, as required under section 10 of article IX of the state constitution of 1963. Revenue collected in accordance with section 10 of article IX of the state constitution of 1963 in excess of the amount appropriated in part 1 for constitutional revenue sharing is appropriated for distribution to cities, villages, and townships, on a population basis as required under section 10 of article IX of the state constitution of 1963.

(2) The funds appropriated in part 1 for statutory revenue sharing shall be distributed so that each city, village, and township shall receive a combined total 2009 state fiscal year constitutional distribution, under section 10 of article IX of the state constitution of 1963, and statutory distribution, under this subsection, that is equal to the total distribution the city, village, or township received in the 2008 state fiscal year under section 10 of article IX of the state constitution of 1963 and the statutory distribution received under section 950(2) of PA 127 of 2007. In addition, each city, village, and township shall receive an amount equal to 2% of the statutory amount the city, village, or township received in the 2007 state fiscal year under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(3) If the amount appropriated in part 1 for statutory revenue sharing is insufficient to fund the distributions calculated in subsection (2), additional statutory revenue sharing shall be automatically appropriated.

Sec. 952. Of the funds appropriated in part 1 for special grants to cities, \$212,000.00 shall be used to restore revenue sharing reductions contained in Executive Order No. 2003-23 to a city that had an emergency financial manager appointed under the local government fiscal responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, continuously from December 10, 2003 through September 30, 2009.

Sec. 955. (1) There is appropriated to each county an amount equal to the amount distributed to each county for the fiscal year ending September 30, 2004, pursuant to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, adjusted by the inflation rate as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, and reduced by the amount each county is authorized to annually expend in that county's fiscal year beginning after September 30, 2004, from its revenue sharing reserve fund pursuant to section 44a of the general property tax act, 1893 PA 206, MCL 211.44a.

(2) The department of treasury shall annually certify to the state budget director the amount each county is authorized to expend from its revenue sharing reserve fund.

LOTTERY

Sec. 960. In addition to the funds appropriated in part 1 to the bureau of state lottery, there is appropriated from lottery revenues the amount necessary for, and directly related to, implementing and operating lottery games. Appropriations under this section shall only be expended for contractually mandated payments for vendor commissions, contractually mandated payments for instant tickets intended for resale, the contractual costs of providing and maintaining the on-line system communications network, and incentive and bonus payments to lottery retailers.

Sec. 961. The funds appropriated in part 1 to the bureau of state lottery shall not be used for any promotional efforts directed towards individuals who are less than 18 years of age.

Sec. 963. The bureau of state lottery shall inform all lottery retailers that the cash side of department of human services bridge cards cannot be used to purchase lottery tickets.

CASINO GAMING

Sec. 971. From the revenue collected by the Michigan gaming control board regarding the total annual assessment of each casino licensee, \$2,000,000.00 is appropriated and shall be deposited in the compulsive gaming prevention fund as described in section 12a(5) of the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.212a.

Sec. 972. In addition to the funds appropriated in part 1, funds distributed by the Michigan gaming control board to the department of treasury for oversight of casino gaming are appropriated upon receipt. These funds may be used to pay for costs incurred for casino gaming oversight activities.

Sec. 973. (1) Funds appropriated in part 1 for local government programs may be used to provide assistance to a local revenue sharing board referenced in an agreement authorized by the Indian gaming regulatory act, Public Law 100-497.

(2) A local revenue sharing board described in subsection (1) shall comply with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, and the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(3) A county treasurer is authorized to receive and administer funds received for and on behalf of a local revenue sharing board. Funds appropriated in part 1 for local government programs may be used to audit local revenue sharing board funds held by a county treasurer. This section does not limit the ability of local units of government to enter into agreements with federally recognized Indian tribes to provide financial assistance to local units of government or to jointly provide public services.

(4) The director of the department of state police and the executive director of the Michigan gaming control board are authorized to assist the local revenue sharing boards in determining allocations to be made to local public safety organizations.

(5) The department of treasury shall submit a report by September 30 to the senate and house of representatives standing committees on appropriations and the state budget director on the receipts and distribution of revenues by local revenue sharing boards.

Sec. 974. If revenues collected in the state services fee fund are less than the amounts appropriated from the fund, available revenues shall be used to fully fund the appropriation in part 1 for casino gaming regulation activities before distributions are made to other state departments and agencies. If the remaining revenue in the fund is insufficient to fully fund appropriations to other state departments or agencies, the shortfall shall be distributed proportionally among those departments and agencies.

MICHIGAN STRATEGIC FUND

Sec. 1001. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$10,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$700,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 1002. (1) The appropriation in part 1 to the fund for the economic development job training program is focused on skills businesses need to compete in the twenty-first century. The purpose of this program is to develop a specific skill, for Michigan residents identified for a particular Michigan business that assists that company to compete in the global economy and to create or retain high-paying jobs for Michigan residents.

(2) Not more than \$800,000.00 of the total appropriation in part 1 may be expended for administrative costs by the fund. Not more than 10% of the total grant award may be expended by a recipient for administration costs.

(3) No funds appropriated in part 1 to the fund for the economic development job training program grants may be expended for the training of permanent striker replacement workers, unless a strike exceeds 3 years and good faith negotiations are ongoing.

(4) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization whose primary purpose is to provide education programs or employment and training services or vocational rehabilitation programs or school-to-work transition programs, local workforce development board, the headquarters of a federal and state-sponsored manufacturing technology center, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection or a business which creates at least 100 new jobs at a single location in a period not to exceed 2 years from the date of the grant award, or a business with less than 50 employees and an individual grant award of less than \$20,000.00, or a consortium consisting of any combination of any of the applicants listed.

(5) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment prior to finalization of the application criteria, instructions, and forms.

(6) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted. Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

(a) The name, address, and total number of employees of each business organization whose employees are receiving job training.

(b) A description of the specific job skills that will be taught.

- (c) A clear statement of the project's scope of activities and number of participants to be involved.
- (d) A commitment to maintain participant records in a form and manner required by the fund.
- (e) A budget which relates to the proposed activities and various program components.
- (7) Priority in the fund's awarding of grants shall be based on the following criteria:
 - (a) Demonstrated need for the type of training offered.
 - (b) Creation or retention of high wage and high skilled level jobs within a predetermined time period. If the employer does not create or retain the number of jobs specified within the predetermined time period, the employer shall reimburse the state for the entire direct grant awarded under this program, prorated to the number of actual jobs created or trained compared to the number in the original jobs identified in the grant application. The number of jobs created and retained will be verified by the employer via audit after the training is completed.
 - (c) Other criteria determined by the fund to be important.
- (8) Participants in the economic development job training program shall be 16 years or older and not enrolled and counted in membership in a school district, intermediate school district, or community college, or any other program funded with state funding. Any training provider that receives state appropriated funds shall not include in the enrollment data reported for determining state aid any student credit hours or student contact hours for a student who is a participant in the economic development job training program. Exclusions of these students is intended to avoid payment of state aid for the same individuals for whom training costs are paid for through the economic development job training program.
- (9) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the economic development job training program grant. However, a nonprofit organization may charge tuition or fees if the tuition plan or fees are recognized by the state and the nonprofit organization receives additional funding from other governmental or private funding sources for its programs.
- (10) For training delivered to incumbent workers, the employer receiving the benefit of the training shall provide a minimum of 30% and a maximum of 50% of the program costs in matching funds as necessitated by the program.
- (11) Grant funds shall be expended on a cost reimbursement basis.
- (12) A recipient of a grant under this section shall allow the fund or the agency's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient or contractor shall reimburse the state for all disallowances found in the audit. Costs disallowed under subsection (7)(b) based on the employer job creation and retention requirements are not the same as the training costs that are disallowed in this subsection.
- (13) The fund shall provide to the state budget director and the fiscal agencies by November 1 of each year a report on the economic development job training program grants. The report shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain all of the following:
 - (a) The amount and recipient of each grant or contract.
 - (b) The number of participants under each grant or contract and the number of new hires who are in training under the grant.
 - (c) The names, addresses, and total number of employees of all business organizations for whom training is or will be provided.
 - (d) The matching funds, if any, to be provided by a business organization.
 - (e) The number of jobs created as a result of the grant.
- (14) As a condition of receiving funds under part 1 of this act, the fund shall not expend any of the economic development job training program funds to train any employee who is an officer of a corporation in a corporation employing more than 250 employees.
- (15) The Michigan strategic fund shall allocate \$500,000.00 for aerospace certification grants as described in this subsection. The grants shall be funded from the appropriation in part 1 for economic development job training grants or work project funds available for the defense contract coordination center, or both. The Michigan strategic fund shall report to the senate and house subcommittees on general government, the fiscal agencies, and the state budget office by January 15, 2009 on the sources of funding for this program. \$500,000.00 shall be allocated for the following purposes:
 - (a) \$250,000.00 shall be allocated for aerospace certification grants to assist manufacturers in becoming certified for aerospace manufacturing. Priority shall be given to ISO or TS certified companies that are members of a state of Michigan nonprofit, tax-exempt aerospace manufacturers association and have received a request for quotes or request for proposal from an aerospace company. Grant awards of up to \$10,000.00 shall be given to a qualifying company seeking such certification. As used in this section, "ISO" means international organization for standardization and "TS" means technical specification.
 - (b) \$250,000.00 shall be provided to the Michigan aerospace manufacturers association, a nonprofit, tax-exempt, aerospace-based manufacturing association. Funding shall be used for organizational assistance and to advance and promote the aerospace manufacturing community in the state of Michigan within the global economy.
 - (c) The fund shall report to the subcommittees and fiscal agencies by September 30 a listing of all grant recipients and the amount of the awards allocated.

(16) Of the funds appropriated in part 1 for economic development job training grants, \$50,000.00 shall be allocated to Mack Alive for employment readiness, job training and other eligible activities under this section.

Sec. 1003. The Michigan growth capital fund shall be used to develop the technology business sector in Michigan. The Michigan growth capital fund will be used to encourage private and public investment in the technology business sector, and all of the following apply:

(a) An applicant must match state funds on a 1:1 basis.

(b) Eligible uses of the Michigan growth capital fund include investments in organizations and programs that promote the development of new industry sectors in Michigan; inducements to attract additional venture capital funds to finance technology development; support organizations, initiatives, or events that promote entrepreneurship; provide match for university federal research grants; and support technology transfer and commercialization programs with universities and the private sector.

(c) The Michigan economic development corporation shall administer the Michigan growth capital fund.

(d) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the Michigan growth capital fund, shall be received, held, and applied by the fund for the purposes described in this section.

(e) The Michigan economic development corporation shall provide an annual report on the status of the Michigan growth capital fund to the senate appropriations committee subcommittee on economic development, the house appropriations committee subcommittee on general government, the senate and house fiscal agencies, and the state budget office by January 31.

Sec. 1004. Travel Michigan may establish and collect a fee to cover the cost of materials and processing of photographic prints, slides, videotapes, and travel product database information that are requested by the media and other segments of the public and private sectors. The fees collected shall be appropriated for all expenses necessary to purchase and distribute these photographic prints, slides, videotapes, and travel product database information. The funds are available for expenditure when they are received by the department of treasury.

Sec. 1005. Travel Michigan may receive and expend private revenue related to the use of the "Michigan Great Lakes. Great Times.", "The Upper Hand", and "Pure Michigan" copyrighted slogans and images. This revenue may come from the direct licensing of the name and image or from the royalty payments from various merchandise sales. Revenue collected is appropriated for the marketing of the state as a travel destination. The funds are available for expenditure when they are received by the department of treasury.

Sec. 1006. The fund shall submit on February 15 to the subcommittees, the state budget office, and the fiscal agencies a listing of all grants which have been awarded by the fund or by the Michigan economic development corporation from the funds appropriated in part 1. The list shall include all of the following:

(a) The name of the recipient.

(b) The amount awarded to the recipient.

(c) The purpose of the grant.

Sec. 1007. (1) The fund shall provide reports to the relevant subcommittees, the state budget director, and the fiscal agencies concerning the activities of the Michigan economic development corporation grants and investment programs financed from the fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund. The report shall include, but not be limited to, the following programs funded in part 1:

(a) Travel Michigan, including any expenditures authorized under section 89b of the Michigan strategic fund act, 1984 PA 270, MCL 125.2089b, to supplement the Michigan promotion program. The report shall include the number of commercials produced, the markets in which media buys have been made, and any web-based products that were created with these funds.

(b) Business attraction, retention, and growth, including any expenditures authorized under section 89b of the Michigan strategic fund act, 1984 PA 270, MCL 125.2089b, to supplement the Michigan business marketing program. The report shall include the number of commercials produced, the markets in which media buys have been made, and any web-based products that were created as a result of this appropriation.

(c) Business services.

(d) Community development block grants.

(e) Strategic fund administration.

(f) Renaissance zones.

(g) 21st century investment program.

(h) Business and clean air ombudsman.

(i) Economic development job training program grants.

(j) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 15. The report for each program in subsection (1)(a) through (j) shall include details on all revenue sources, actual expenditures, and number of FTEs for that program for the previous fiscal year.

Sec. 1008. As a condition of receiving funds under part 1, any interlocal agreement entered into by the fund shall include language which states that if a local unit of government has a contract or memorandum of understanding with a private economic development agency, the Michigan economic development corporation will work cooperatively with that private organization in that local area.

Sec. 1009. (1) Of the funds appropriated to the fund or through grants to the Michigan economic development corporation, no funds shall be expended for the purchase of options on land or the purchase of land unless at least 1 of the following conditions applies:

(a) The land is located in an economically distressed area.

(b) The land is obtained through a purchase or exercise of an option at the invitation of the local unit of government and local economic development agency.

(2) Consideration may be given to purchases where the proposed use of the land is consistent with a regional land use plan, will result in the redevelopment of an economically distressed area, can be supported by existing infrastructure, and will not cause shifts in population away from the area's population centers.

(3) As used in this section, "economically distressed area" means an area in a city, village, or township that has been designated as blighted; a city, village, or township that shows negative population change from 1970 and a poverty rate and unemployment rate greater than the statewide average; or an area certified as a neighborhood enterprise zone.

Sec. 1010. The money appropriated in part 1 to the fund is subject to the condition that none is spent for premiums or advertising material involving personal effects or apparel including, but not limited to, T-shirts, hats, coffee mugs, or other promotional items, except travel Michigan.

Sec. 1011. (1) From the general fund/general purpose appropriations in part 1 to the fund and granted or transferred to the Michigan economic development corporation, any unexpended or unencumbered balance shall be disposed of in accordance with the requirements in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward authorization has been otherwise provided for.

(2) Any encumbered funds shall be used for the same purposes for which funding was originally appropriated in this act.

Sec. 1012. (1) As a condition of receiving funds under part 1, the fund shall ensure that the MEDC and the fund comply with all of the following:

(a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(c) Annual audits of all financial records by the auditor general or his or her designee.

(d) All reports required by law to be submitted to the legislature.

(2) If the MEDC is unable for any reason to perform duties under this act, the fund may exercise those duties.

Sec. 1013. As a condition for receiving the appropriations in part 1, any staff of the Michigan economic development corporation involved in private fund-raising activities shall not be party to any decisions regarding the awarding of grants or tax abatements from the fund, the Michigan economic development corporation, or the Michigan economic growth authority.

Sec. 1014. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may be used to create an urban revitalization infrastructure program in the fund for economic development awards to create new jobs or contribute to redevelopment and encourage private investment in core communities.

(2) Awards may be provided to qualified local governmental units as defined in the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797, or certified technology parks, as defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(3) Awards can be used for land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and any other costs related to the successful development and implementation of core community or certified technology park projects, at the discretion of the Michigan economic development corporation.

(4) Funding may be provided in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination of these. A cash match of at least 10%, or local repayment guarantee with a dedicated funding source, is required. Priority shall be given to projects which are integrated with existing economic development programs and to projects in proportion to the amount that local matching rates exceed 10%.

(5) The Michigan economic development corporation shall have all administrative responsibility for the Michigan core communities fund and shall establish application and application scoring criteria and approve awards. The Michigan economic development corporation may utilize up to 1/2 of 1% of the fund for administrative purposes.

(6) Funds will be awarded through an open competitive process based on criteria including the following: project impact, project marketability, lack of adequate infrastructure or land assembly financing sources, local administrative capacity, and the level of local matching funds. Awardees shall agree to expedite the local development process, such as fast-track permitting procedures, streamlined regulatory requirements, standardized construction and building codes, and the use of competitive construction permitting fees.

(7) No single applicant shall be awarded more than \$10,000,000.00 per project.

(8) Fifteen days prior to the award of the funds, notification shall be provided to the speaker of the house of representatives, the senate majority leader, the members of the house and senate appropriations committees, the fiscal agencies, and the state budget director.

(9) Funds shall not be awarded for any of the following purposes:

(a) Land sited for use as, or support for, a gaming facility.

(b) Land or other facilities owned or operated by a gaming facility.

(c) Publicly owned land or facilities which may directly or indirectly support a gaming facility.

(10) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the core communities fund, shall be received, held, and applied by the fund for the purposes described in this part.

(11) The fund shall provide an annual report on the status of this fund. The report shall be provided to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 1015. The fund shall continue to contract with regional planning commissions for technical assistance to member municipalities. The contracts shall be awarded at the fiscal year 2007-2008 level.

Sec. 1016. The Michigan economic development corporation shall utilize the audit procedures developed in section 1016 of 2007 PA 127 to audit the jobs claims from firms receiving financial or tax incentives from the state. The agency shall review the results of the audit and report the findings to the legislature by May 1.

Sec. 1019. In accordance with chapter 8B of 1984 PA 270, MCL 125.2089 to 125.2089d, it is the intent of the legislature that the Michigan strategic fund, its employees, contract employees, and individuals working on its behalf collaborate with the Michigan department of agriculture to promote business development of Michigan agricultural products to achieve outcomes that include, but are not limited to, increases in export sales, increases in the number of retailers carrying Michigan commodities both within and outside of this state, and increased sales of Michigan products at chain grocers.

Sec. 1020. 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. The fund may carry forward into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. The fund shall report the amount and source of the funds to the senate appropriation subcommittee on economic development, the house appropriation subcommittee on general government, the senate and house fiscal agencies, and the state budget office within 10 business days after receiving any additional pass-through funds.

Sec. 1021. There is \$50,000,000.00 general fund/general purpose revenue appropriated in 2008 PA 98 available for tourism promotion and business marketing in accordance with that act.

Sec. 1023. Tourism promotion shall include, but is not limited to, the Mackinac Island state park, Michigan state historic parks, cultural, vacation, recreational, leisure, hunting-related, motor sports entertainment-related, and agriculture-related travel across this state that includes activities that promote tourism in all 4 seasons.

Sec. 1024. From the funds appropriated in part 1 for the jobs for Michigan investment program: 21st century jobs fund, \$1,400,000.00 shall be granted by the Michigan strategic fund board to the Michigan small business and technology development centers to be used for the SBIR or STTR grant or loan matching program. These funds shall only be used to provide the required match. Grants or loans under this section shall not exceed 25% of the federal funds and must leverage third-party commercialization funding at both the phase I and phase II levels.

Sec. 1027. Of the funds appropriated in part 1 for the jobs for Michigan investment program: 21st century jobs fund, \$3,000,000.00 shall be allocated to Lakeshore Advantage for the same purposes as the fiscal year 2007-2008 allocation.

Sec. 1029. It is the intent of the legislature that the fund only award tax breaks or other economic development incentives to companies that give preference to Michigan workers.

Sec. 1032. The Michigan film office shall report to the subcommittees and the fiscal agencies by September 30 on the status of the new film tax credit program. The report shall include all of the following information:

(a) The number of contracts signed.

(b) The number of films that have completed shooting.

(c) The total amount of the tax credits provided.

(d) The counties where the films were made.

(e) The number of temporary and permanent jobs created.

Sec. 1033. The fund shall make available to the public the minutes of the Michigan film office advisory council.

Sec. 1034. (1) The funds appropriated in part 1 for the business incubator program shall be awarded on a competitive basis within each of the following counties:

(a) Berrien.

(b) Genesee.

(c) Macomb.

(d) Washtenaw.

(e) Wayne.

(2) Eligible recipients for these awards must be operational on October 1, 2008 and submit a comprehensive business plan that demonstrates sustainable operating capacity.

(3) Awards shall be announced by March 31, 2009.

REVENUE STATEMENT

Sec. 1101. Pursuant to section 18 of article V of the state constitution of 1963, fund balances and estimates are presented in the following statement:

BUDGET RECOMMENDATIONS BY OPERATING FUNDS

(Amounts in millions)

Fiscal Year 2008-2009

	Fund	Beginning Unreserved Fund Balance	Estimated Revenue	Ending Balance
OPERATING FUNDS				
General fund/general purpose.....	0110	125.5	9,425.6	10.9
General fund/special purpose		448.0	16,309.7	473.4
Special Revenue Funds:				
Countercyclical budget and economic stabilization	0111	102.2	4.3	106.5
Game and fish protection	0112	5.1	61.0	4.0
Michigan employment security act administration.....	0113	8.1	13.5	3.5
State aeronautics.....	0114	5.8	177.7	4.8
Michigan veterans' benefit trust.....	0115	0.0	4.3	0.0
State trunkline	0116	0.0	2,181.8	0.0
Michigan state waterways	0117	1.1	29.7	0.1
Blue Water Bridge	0118	0.0	14.5	0.0
Michigan transportation.....	0119	0.0	1,929.4	0.0
Comprehensive transportation	0120	0.0	312.6	0.0
School aid.....	0122	0.0	13,312.4	0.0
Game and fish protection trust	0124	6.0	12.8	6.0
State park improvement.....	0125	1.6	39.4	0.0
Forest development.....	0126	0.0	24.0	0.0
Michigan civilian conservation corps endowment.....	0128	0.3	0.0	0.3
Michigan natural resources trust	0129	33.5	52.5	37.4
Michigan state parks endowment	0130	7.6	16.7	5.0
Safety education and training.....	0131	2.8	9.0	2.8
Bottle deposit.....	0136	0.0	16.9	0.0
State construction code.....	0138	0.2	9.5	(2.8)
Children's trust	0139	1.3	10.1	1.0
State casino gaming.....	0140	1.6	34.3	1.6
Homeowner construction lien recovery	0141	3.0	1.4	2.4
Michigan nongame fish and wildlife.....	0143	0.2	0.6	0.1
Michigan merit award trust	0154	15.0	203.1	0.0
Outdoor recreation legacy	0162	0.0	2.3	0.0
Off-road vehicle account	0163	2.5	3.5	1.0
Snowmobile account.....	0164	2.2	9.6	0.2
Silicosis dust disease and logging.....	0870	3.2	1.3	2.5
Utility consumer representation.....	0893	3.5	1.3	3.6
TOTALS		\$780.3	\$44,697.1	\$664.3

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

A bill to make, supplement, and adjust appropriations for the departments of attorney general, civil rights, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2009; 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.

Marsha Cheeks
George Cushingberry, Jr.
Goeff Hansen
Conferees for the House

John Pappageorge
Mark Jansen
Glenn Anderson
Conferees for the Senate

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

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the conference report having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 705

Yeas—72

Accavitti	Dillon	Jones, Rick	Polidori
Angerer	Donigan	Jones, Robert	Rocca
Ball	Ebli	Lahti	Sak
Bauer	Espinoza	Law, Kathleen	Schuitmaker
Bennett	Farrah	LeBlanc	Sheltrown
Bieda	Gaffney	Leland	Simpson
Booher	Gillard	Lindberg	Smith, Alma
Brown	Gonzales	Mayes	Smith, Virgil
Byrnes	Green	McDowell	Spade
Byrum	Griffin	Meadows	Stakoe
Caul	Hammel	Meisner	Tobocman
Cheeks	Hammon	Melton	Vagnozzi
Clemente	Hansen	Meltzer	Valentine
Constan	Hood	Miller	Walker
Corriveau	Hopgood	Moolenaar	Ward
Coulouris	Horn	Moore	Warren
Cushingberry	Jackson	Nofs	Wojno
Dean	Johnson	Palsrok	Young

Nays—32

Acciavatti	Hildenbrand	Meekhof	Proos
Agema	Hoogendyk	Moss	Robertson
Amos	Huizenga	Nitz	Scott
Casperson	Hune	Opsommer	Shaffer
Caswell	Knollenberg	Palmer	Sheen
DeRoche	LaJoy	Pastor	Stahl
Elsenheimer	Law, David	Pavlov	Steil
Garfield	Marleau	Pearce	Wenke

In The Chair: Sak

Rep. Tobocman moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

Rep. Calley entered the House Chambers.

Senate Bill No. 1107, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 11 and 17b (MCL 388.1611 and 388.1617b), as amended by 2007 PA 137.

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

The Conference Report was read as follows:

First Conference Report

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

Senate Bill No. 1107, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 104, 104b, 105, 105c, 107, 147, 151, and 164c (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1625c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, and 388.1764c), sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 19, 20, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 104, 107, and 151 as amended by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, section 18b as added by 2000 PA 297, section 20d as amended by 1997 PA 93, section 25c as added by 2001 PA 121, section 38 as amended by 2003 PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, 32e, 42, 57a, 99m, 99n, and 99o; and to repeal acts and parts of acts.

Recommendations:

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, 11a, 11g, 11j, 11k, 11m, 15, 18, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25b, 25c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 99i, 99j, 99k, 99p, 104, 104b, 105, 105c, 107, 147, 151, 164c, and 166e (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1625b, 388.1625c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1654c, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699i, 388.1699j, 388.1699k, 388.1699p, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, 388.1764c, and 388.1766e), sections 3, 6, 11a, 11g, 11k, 11m, 15, 18, 19, 20, 20j, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51d, 53a, 54, 54a, 57, 61a, 64, 65, 74, 81, 94a, 98, 99, 99e, 107, and 151 as amended and sections 99i, 99j, and 99k as added by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, sections 11, 11j, 22a, 22b, 22d, 51a, 51c, 56, 62, and 104 as amended and sections 54c and 99p as added by 2008 PA 112, section 18b as added by 2000 PA 297, section 20d as amended and section 166e as added by 1997 PA 93, section 25b as amended and section 25c as added by 2001 PA 121, section 38 as amended by 2003

PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, and 99a; 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 pupils counted in membership on the pupil membership count day, as defined in section 6(7).

(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 section 107, 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), **11N**, 13, 20, 22a, 23, 29, 31a, 99j, 99k, **51A(15)**, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), **11N**, 13, 20, 22a, 29, 99j, 99k, **51A(15)**, 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. **FOR THE PURPOSES OF CALCULATING UNIVERSAL SERVICE FUND (E-RATE) DISCOUNTS, "ELEMENTARY PUPIL" INCLUDES CHILDREN ENROLLED IN A PRESCHOOL PROGRAM OPERATED BY A DISTRICT IN ITS FACILITIES.**

(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 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 that 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 English language arts, social studies, science, 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 pupils with autism spectrum disorder, pupils with severe cognitive impairment, pupils with moderate cognitive impairment, pupils with severe multiple impairments, pupils with hearing impairment, pupils with visual impairment, and pupils with physical impairment or other health impairment. Programs for pupils with emotional impairment 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, 20 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 adult participants, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into or out of the district or high school, 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 .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 .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 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 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~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, 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. **BEGINNING IN 2009-2010, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN DEVELOPMENTAL KINDERGARTEN, PREKINDERGARTEN, OR A SIMILAR CLASS INTENDED TO BE THE FIRST OF 2 SCHOOL YEARS BEFORE A PUPIL ENTERS GRADE 1 SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12. FOR 2010-2011, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED 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 60% OF THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12. BEGINNING IN 2011-2012, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED 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 70% OF 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 or otherwise apart from the general school population, 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 or otherwise apart from the general school population, 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 or otherwise apart from the general school population 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~~ **FOR 2007-2008 ONLY**, 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 .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 .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, **BEGINNING IN 2007-2008**, if the district does not receive funding under section ~~22d~~**22D(2)**, 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.

(aa) Full-time equated memberships for preprimary-aged special education pupils who are not enrolled in kindergarten but are enrolled in a classroom program under R 340.1754 of the Michigan administrative code shall be determined by dividing the number of class hours scheduled and provided per year by 450. Full-time equated memberships for preprimary-aged special education pupils who are not enrolled in kindergarten but are receiving nonclassroom services under R 340.1755 of the Michigan administrative code shall be determined by dividing the number of hours of service scheduled and provided per year per pupil by 180.

(bb) A pupil of a district that begins its school year after Labor day who is enrolled in an intermediate district program that begins before Labor day shall not be considered to be less than a full-time pupil solely due to instructional time scheduled but not attended by the pupil before Labor day.

(CC) FOR THE FIRST YEAR IN WHICH A PUPIL IS COUNTED IN MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY IN A MIDDLE COLLEGE PROGRAM DESCRIBED IN SECTION 64, THE MEMBERSHIP IS THE AVERAGE OF THE FULL-TIME EQUATED MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY AND ON THE SUPPLEMENTAL COUNT DAY FOR THE CURRENT SCHOOL YEAR, AS DETERMINED BY THE DEPARTMENT. IF A PUPIL WAS COUNTED BY THE OPERATING DISTRICT ON THE IMMEDIATELY PRECEDING SUPPLEMENTAL COUNT DAY, THE PUPIL SHALL BE EXCLUDED FROM THE DISTRICT'S IMMEDIATELY PRECEDING SUPPLEMENTAL COUNT FOR PURPOSES OF DETERMINING THE DISTRICT'S MEMBERSHIP.

(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 if the pupil is enrolled in accordance with section 105 or 105c.

(f) 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.

(g) 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) 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.

(v) THE PUPIL IS ENROLLED IN AN ALTERNATIVE OR DISCIPLINARY EDUCATION PROGRAM DESCRIBED IN SECTION 25.

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

(j) 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, stepchild, or legal ward.

(k) An expelled pupil who has been denied reinstatement by the expelling district and is reinstated by another school board under section 1311 or 1311a of the revised school code, MCL 380.1311 and 380.1311a.

(l) A pupil enrolled in a district other than the pupil's district of residence in a program described in section 64 if the pupil's district of residence and the enrolling district are both constituent districts of the same intermediate district.

(M) A PUPIL ENROLLED IN A DISTRICT OTHER THAN THE PUPIL'S DISTRICT OF RESIDENCE WHO ATTENDS A UNITED STATES OLYMPIC EDUCATION CENTER.

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 after Labor day each school year or, for a district or building in which school is not in session on that Wednesday due to conditions not within the control of school authorities, with the approval of the superintendent, the immediately following day on which school is in session in the district or building.

(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 after Labor day.

(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. Except as otherwise provided in this subsection, 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. 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. In addition, a pupil who was enrolled and in attendance in a district, intermediate district, or public school academy before the pupil membership count day or supplemental count day of a particular year but was expelled or suspended on the pupil membership count day or supplemental count day shall only be counted as 1.0 full-time equated membership if the pupil resumed attendance in the district, intermediate district, or public school academy within 45 days after the pupil membership count day or supplemental count day of that particular year. 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 DISTRICT OF THE FIRST CLASS", "FIRST CLASS SCHOOL DISTRICT", AND "DISTRICT OF THE FIRST CLASS", EXCEPT IN SUBSECTION (6), MEAN A DISTRICT THAT HAD AT LEAST 60,000 PUPILS IN MEMBERSHIP FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

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

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

(14) ~~(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.

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

(16) ~~(15)~~ "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil or a pupil described in subsection ~~(6)(d) to (k)~~ **(6)(C) TO (M)**. 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.

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

(18) ~~(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.

(19) ~~(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.

(20) ~~(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.

(21) ~~(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, 2008, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,386,866,600.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$34,909,600.00 from the general fund. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$11,776,098,200.00 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$40,800,000.00 FROM THE GENERAL FUND.** In addition, available federal funds are appropriated for the fiscal year ending September 30, 2008 **AND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009.**

(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, 26b, 31d, 31f, 51a(2), 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). If proration is necessary, 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) If proration is necessary under subsection (3), 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, 26b, 31d, 31f, 51a(2), 51a(12), 51c, and 53a, 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, 26a, 26b, 51a(2), 51a(12), 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, 26a, and 26b, on an equal percentage basis.

(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 school aid stabilization fund created under section 11a.

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

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

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

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

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

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

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

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

(6) If the maximum amount appropriated under section 11 from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, there is appropriated from the school aid stabilization fund to the state school aid fund an amount equal to the projected shortfall as determined by the department of treasury, but not to exceed available money in the school aid stabilization fund. If the money in the school

aid stabilization fund is insufficient to fully fund an amount equal to the projected shortfall, the state budget director shall notify the legislature as required under section 11(3) and state payments in an amount equal to the remainder of the projected shortfall shall be prorated in the manner provided under section 11(4).

(7) For ~~2007-2008-2008-2009~~, there is appropriated from the school aid stabilization fund to the state school aid fund the amount necessary to fully fund the allocations under this act.

Sec. 11g. (1) From the appropriation in section 11, there is allocated for this section an amount not to exceed ~~\$141,000.00 for the fiscal year ending September 30, 2008, and an amount not to exceed \$42,000,000.00~~ **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009 AND** for each succeeding fiscal year through the fiscal year ending September 30, 2015, after which these payments will cease. 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 ~~AND~~ 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 1 of the following:

(a) If the district or intermediate district does not borrow money and issue bonds under section 11i, 1/30 of the total amount listed in section 11h for the district or intermediate district through the fiscal year ending September 30, 2013.

(b) If the district or intermediate district borrows money and issues bonds under section 11i, an amount in each fiscal year calculated by the department of treasury that is equal to the debt service amount in that fiscal year on 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 \$3,900,000.00 for 2007-2008 **AND AN AMOUNT NOT TO EXCEED \$39,000,000.00 FOR 2008-2009** 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. 11k. For ~~2007-2008-2008-2009~~, there is appropriated from the general fund to the school loan revolving fund an amount equal to the amount of school bond loans assigned to the Michigan municipal bond authority, not to exceed the total amount of school bond loans held in reserve as long-term assets. As used in this section, "school loan revolving fund" means that fund created in section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c.

Sec. 11m. From the appropriations in section 11, there is allocated for ~~2007-2008-2008-2009~~ an amount not to exceed ~~\$22,800,000.00~~ **\$45,000,000.00** for fiscal year cash-flow borrowing costs solely related to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

SEC. 11N. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED \$15,000,000.00 FOR 2008-2009 FOR THE PURPOSES OF THIS SECTION. MONEY ALLOCATED UNDER THIS SECTION SHALL BE DEPOSITED IN THE 21ST CENTURY SCHOOLS FUND ON NOVEMBER 15 OF THE FISCAL YEAR FOR WHICH IT IS ALLOCATED OR ON THE NEXT BUSINESS DAY FOLLOWING THAT DATE.

(2) THE 21ST CENTURY SCHOOLS FUND IS CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID FUND. THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR DEPOSIT INTO THE 21ST CENTURY SCHOOLS FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE 21ST CENTURY SCHOOLS FUND. THE STATE TREASURER SHALL CREDIT TO THE 21ST CENTURY SCHOOLS FUND INTEREST AND EARNINGS FROM 21ST CENTURY SCHOOLS FUND INVESTMENTS. MONEY IN THE 21ST CENTURY SCHOOLS FUND AT THE CLOSE OF THE FISCAL YEAR SHALL REMAIN IN THE 21ST CENTURY SCHOOLS FUND AND SHALL NOT LAPSE TO THE STATE SCHOOL AID FUND OR TO THE GENERAL FUND. THE DEPARTMENT OF TREASURY SHALL BE THE ADMINISTRATOR OF THE 21ST CENTURY SCHOOLS FUND FOR AUDITING PURPOSES. MONEY FROM THE 21ST CENTURY SCHOOLS FUND SHALL BE EXPENDED, UPON APPROPRIATION, ONLY FOR PURPOSES OF THIS SECTION.

(3) FOR 2008-2009, AN AMOUNT NOT TO EXCEED \$15,000,000.00 IS ALLOCATED FROM THE 21ST CENTURY SCHOOLS FUND FOR 21ST CENTURY SCHOOLS GRANTS UNDER THIS SECTION OF UP TO \$3,000,000.00 FOR EACH SCHOOL PROJECT TO ELIGIBLE DISTRICTS THAT MEET THE REQUIREMENTS OF THIS SECTION. THE FUNDS MAY BE USED FOR PLANNING AND START-UP COSTS OF NEWLY CONSTRUCTED OR NEWLY CONFIGURED SCHOOLS OR LEARNING COMMUNITIES AND RENOVATIONS OF EXISTING FACILITIES AS WELL AS OTHER EXPENDITURES OUTLINED IN THE APPLICANTS' PROPOSALS RELATING TO PLANNING AND START-UP COSTS AND APPROVED BY THE DEPARTMENT. NOTWITHSTANDING SECTION 17B, THE TOTAL GRANT AMOUNT FOR 2008-2009 TO EACH ELIGIBLE DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL BE DISTRIBUTED OVER A 4-YEAR PERIOD ON A SCHEDULE TO BE DETERMINED BY THE DEPARTMENT.

(4) TO APPLY FOR A 21ST CENTURY SCHOOLS GRANT, AN ELIGIBLE DISTRICT SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT, IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT, THAT MEETS THE APPLICATION CRITERIA UNDER THIS SECTION. AN APPLICATION SHALL DEMONSTRATE TO THE SATISFACTION OF THE DEPARTMENT THAT THE SCHOOL OR LEARNING COMMUNITY OF AN ELIGIBLE DISTRICT TO BE FUNDED MEETS ALL OF THE FOLLOWING:

(A) WILL BE DESIGNED TO ACHIEVE THE FOLLOWING OUTCOMES NOT LATER THAN THE SCHOOL YEAR IN WHICH THE THIRD HIGH SCHOOL GRADUATING CLASS GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY:

(i) AN 80% GRADUATION RATE, AS DETERMINED BY THE DEPARTMENT.

(ii) AT LEAST 80% OF THE HIGH SCHOOL GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY ARE ENROLLED IN POSTSECONDARY STUDIES WITHIN 6 MONTHS AFTER HIGH SCHOOL GRADUATION. FOR PURPOSES OF THIS SUBPARAGRAPH, "POSTSECONDARY STUDIES" INCLUDES 4-YEAR COLLEGES AND UNIVERSITIES, COMMUNITY COLLEGES, TECHNICAL SCHOOLS, APPRENTICESHIPS, AND MILITARY ENLISTMENT.

(B) WILL PROVIDE AN OPEN ENROLLMENT SUCH THAT IF THERE ARE MORE APPLICATIONS TO ENROLL THAN THERE ARE SPACES AVAILABLE, PUPILS SHALL BE SELECTED TO ATTEND USING A RANDOM SELECTION PROCESS. HOWEVER, A SCHOOL OR LEARNING COMMUNITY MAY GIVE ENROLLMENT PRIORITY TO A SIBLING OF A PUPIL ENROLLED IN THE SCHOOL OR LEARNING COMMUNITY, AND A SCHOOL OR LEARNING COMMUNITY SHALL ALLOW ANY PUPIL WHO WAS ENROLLED IN THE SCHOOL OR LEARNING COMMUNITY IN THE IMMEDIATELY PRECEDING SCHOOL YEAR TO ENROLL IN THE SCHOOL OR LEARNING COMMUNITY IN THE NEXT APPROPRIATE GRADE UNTIL THE PUPIL GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY.

(C) WILL HAVE A MAXIMUM OF 110 PUPILS IN EACH HIGH SCHOOL GRADE LEVEL AND AN AVERAGE OF AT LEAST 75 PUPILS IN EACH HIGH SCHOOL GRADE LEVEL.

(D) WILL INCORPORATE A RELATIONSHIP-BUILDING GOAL BETWEEN THE TEACHING STAFF, ADMINISTRATION, PUPILS, AND PARENTS.

(E) HAS A COMMITMENT OF PRIVATE MATCHING FUNDS AT LEAST EQUAL TO THE AMOUNT OF THE GRANT UNDER THIS SECTION.

(5) IF THE DEPARTMENT DETERMINES THAT A GRANT RECIPIENT HAS FAILED TO ACHIEVE THE OUTCOMES DESCRIBED IN SUBSECTION (4)(A), THE GRANT RECIPIENT SHALL RETURN TO THE STATE 50% OF THE TOTAL GRANT AWARDED. TO ACCOMPLISH THE RETURN OF THESE FUNDS, THE DEPARTMENT SHALL DEDUCT AN AMOUNT EQUAL TO 50% OF THE TOTAL GRANT AWARDED FROM THE GRANT RECIPIENT'S STATE SCHOOL AID INSTALLMENT PAYMENTS, ON A SCHEDULE DETERMINED BY THE DEPARTMENT. FUNDS RETURNED UNDER THIS SUBSECTION SHALL BE DEPOSITED IN THE 21ST CENTURY SCHOOLS FUND.

(6) IN AWARDING GRANTS UNDER THIS SECTION, THE DEPARTMENT SHALL GIVE PREFERENCE TO GRANT APPLICATIONS FOR STARTING A NEW SCHOOL OR LEARNING COMMUNITY THAT WILL IMPLEMENT STRATEGIES TO PREPARE MIDDLE SCHOOL STUDENTS LIKELY TO ATTEND THE

SCHOOL OR LEARNING COMMUNITY OR THAT WILL INCLUDE GRADES 6 TO 12 RATHER THAN PROPOSALS FOR STAND-ALONE SCHOOLS INCLUDING ONLY GRADES 9 TO 12 AND NOT IMPLEMENTING STRATEGIES TO PREPARE MIDDLE SCHOOL STUDENTS.

(7) THE DEPARTMENT SHALL NOT AWARD MORE THAN 1/3 OF THE GRANTS UNDER THIS SECTION TO PUBLIC SCHOOL ACADEMIES.

(8) THE DEPARTMENT SHALL ESTABLISH AND PUBLICIZE THE APPLICATION PROCESS AND A SCHEDULE FOR THE APPLICATION PROCESS.

(9) AS USED IN THIS SECTION, "ELIGIBLE DISTRICT" MEANS ALL OF THE FOLLOWING:

(A) A DISTRICT WITH A DISTRICTWIDE COHORT GRADUATION RATE FOR HIGH SCHOOL PUPILS BELOW 70%, AS DETERMINED BY THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION, FOR ITS MOST RECENT GRADUATING CLASS FOR WHICH DATA ARE AVAILABLE.

(B) A PUBLIC SCHOOL ACADEMY IF A MAJORITY OF THE PUPILS ENROLLED IN THE PUBLIC SCHOOL ACADEMY RESIDE IN A DISTRICT THAT MEETS THE CRITERIA UNDER SUBDIVISION (A).

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 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 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 when 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.

(5) In addition to funds appropriated in section 11 for all programs and services, there is appropriated for 2007-2008 2008-2009 for obligations in excess of applicable appropriations, an amount equal to the collection of overpayments, but not to exceed amounts available from overpayments.

Sec. 18. (1) Except as provided in another section of this act, each district or other entity shall apply the money received by the district or entity under this act to salaries and other compensation of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks which are designated by the board to be used in the schools under the board's charge, other supplies, and any other school operating expenditures defined in section 7. However, not more than 20% of the total amount received by a district under article 2 or intermediate district under article 8 may be transferred by the board to either the capital projects fund or to the debt retirement fund for debt service. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this act the apportionment otherwise due upon a violation by the recipient.

(2) Within 30 days after a board or intermediate board adopts its annual operating budget for the following school fiscal year, or after a board or intermediate board adopts a subsequent revision to that budget, the district or intermediate district shall make the budget and subsequent budget revisions available on its website, or a district may make the information available on its intermediate district's website, in a form and manner prescribed by the department.

(3) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually at the expense of the district or intermediate district, as applicable, by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. An intermediate district's annual financial audit shall be accompanied by the intermediate district's pupil accounting procedures report. A district's or intermediate district's annual financial

audit shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The pupil accounting records and reports, audits, and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department. Except as otherwise provided in this subsection, a district shall file the annual financial audit reports with the intermediate district not later than 120 days after the end of each school fiscal year and the intermediate district shall forward the annual financial audit reports for its constituent districts and for the intermediate district, and the pupil accounting procedures report for the pupil membership count day and supplemental count day, to the department not later than November 15 of each year. The annual financial audit reports and pupil accounting procedures reports shall be available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. Not later than December 31 of each year, the department shall notify the state budget director and the legislative appropriations subcommittees responsible for review of the school aid budget of districts and intermediate districts that have not filed an annual financial audit and pupil accounting procedures report required under this section for the school year ending in the immediately preceding fiscal year.

(4) By November 15 of each year, each district and intermediate district shall submit to the center, in a manner prescribed by the center, annual comprehensive financial data consistent with accounting manuals and charts of accounts approved and published by the department. For an intermediate district, the report shall also contain the website address where the department can access the report required under section 620 of the revised school code, MCL 380.620. The department shall ensure that the prescribed Michigan public school accounting manual chart of accounts includes standard conventions to distinguish expenditures by allowable fund function and object. The functions shall include at minimum categories for instruction, pupil support, instructional staff support, general administration, school administration, business administration, transportation, facilities operation and maintenance, facilities acquisition, and debt service; and shall include object classifications of salary, benefits, including categories for active employee ~~medical, optical, and dental~~ **HEALTH** expenditures, purchased services, supplies, capital outlay, and other. Districts shall report the required level of detail consistent with the manual as part of the comprehensive annual financial report. The department shall make this information available online to districts and intermediate districts, and shall include per-pupil amounts spent on instruction and instructional support service functions, and indicate how much of those costs were attributable to salaries. Districts and intermediate districts shall include a link on their websites to the website where the department posts this information.

(5) By September 30 of each year, each district and intermediate district shall file with the department the special education actual cost report, known as "SE-4096", on a form and in the manner prescribed by the department.

(6) By October 7 of each year, each district and intermediate district shall file with the center the transportation expenditure report, known as "SE-4094", on a form and in the manner prescribed by the center.

(7) The department shall review its pupil accounting and pupil auditing manuals at least annually and shall periodically update those manuals to reflect changes in this act. As part of its annual review process for 2007, not later than December 31, 2007, the department shall revise the pupil auditing manual to establish standardized procedures and processes for auditing pupil exit statuses and other pupil data used in calculating annual graduation and pupil dropout rates.

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

(9) If a district or intermediate district does not comply with subsection (3), (4), (5), or (6), the department shall withhold all state school aid due to the district or intermediate district under this act, beginning with the next payment due to the district or intermediate district, until the district or intermediate district complies with subsections (3), (4), (5), and (6). If the district or intermediate district does not comply with subsections (3), (4), (5), and (6) by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 18b. (1) Property of a public school academy that was acquired substantially with funds appropriated under this act shall be transferred to this state by the public school academy corporation if any of the following occur:

- (a) The public school academy has been ineligible to receive funding under this act for 18 consecutive months.
- (b) The public school academy's contract has been revoked **OR TERMINATED FOR ANY REASON**.
- (c) The public school academy's contract has not been reissued by the authorizing body.

(2) Property required to be transferred to this state under this section includes title to all real and personal property, interests in real or personal property, and other assets owned by the public school academy corporation that were substantially acquired with funds appropriated under this act.

(3) The state treasurer, or his or her designee, is authorized to dispose of property transferred to this state under this section. Except as otherwise provided in this section, the state treasurer shall deposit in the state school aid fund any money included in that property and the net proceeds from the sale of the property or interests in property, after payment by the state treasurer of any public school academy debt secured by the property or interest in property.

(4) This section does not impose any liability on this state, any agency of this state, or an authorizing body for any debt incurred by a public school academy.

(5) As used in this section and section 18c, “authorizing body” means an authorizing body defined under section 501 **OR 1311B** of the revised school code, MCL 380.501 **AND 380.1311B**.

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, 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 7-5 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. This information shall meet requirements established in the pupil auditing manual approved and published by the department. 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 30 days after the publication of the list described in subsection (8).

(5) By the first business day in December and by June 30 of each year, 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) By June 30 of each year, 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) If a district or intermediate district fails to meet the requirements of subsection (2), (3), (4), (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.

(8) Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the no child left behind act of 2001, Public Law 107-110, 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 2006-2007, the basic foundation allowance is \$7,085.00. For 2007-2008, the basic foundation allowance is \$8,433.00.~~ **FOR 2008-2009, THE BASIC FOUNDATION ALLOWANCE IS \$8,489.00.**

(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) For 2007-2008, for a district that had a foundation allowance for 2006-2007, including any adjustment under subdivision (f), that was at least equal to \$7,108.00 but less than \$8,385.00, the district shall receive a foundation allowance in an amount equal to the sum of the district’s foundation allowance for 2006-2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00) times (the difference between the district’s foundation allowance for 2006-2007, including any adjustment under subdivision (f), and \$7,108.00) divided by \$1,325.00]. Beginning in 2008-2009, for a district that had a foundation allowance for the immediately preceding state fiscal year that was at least equal to the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than 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 difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus ~~\$50.00~~ **\$20.00**) times (the difference between the district’s foundation allowance for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. However, the foundation allowance for a district that had less than the basic foundation allowance for the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

(b) Except as otherwise provided in this subsection, beginning in 2008-2009, 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.

(c) 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. For 2007-2008, 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 district's foundation allowance for the immediately preceding state fiscal year plus \$48.00.

(d) 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.

(e) For a district that received a payment under section 22c as that section was in effect 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 section 22c as that section was in effect for 2001-2002.

(f) ~~Beginning in 2007-2008, for~~ **FOR** a district that received a payment under section 22c as that section was in effect for 2006-2007, the district's 2006-2007 foundation allowance shall be considered to have been an amount equal to the sum of the district's actual 2006-2007 foundation allowance as otherwise calculated under this section plus the per pupil amount of the district's equity payment for 2006-2007 under section 22c as that section was in effect for 2006-2007.

(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 the basic foundation allowance for the current state fiscal year, whichever is less, minus the difference between the **SUM OF THE** product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** 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, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** divided by the district's membership excluding special education pupils. For a district described in subsection (3)(c), 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 **SUM OF THE** product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** 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, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** 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.

(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) For 2007-2008, 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 \$7,475.00, whichever is less. Beginning in 2008-2009, 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 state maximum public school academy allocation, whichever is less. Notwithstanding section 101(2), for a public school academy that begins operations 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 ~~SUM OF THE~~ product of the taxable value per membership pupil of all property in the district that is ~~not a principal residence or qualified agricultural~~ **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 ~~DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS~~ 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, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** 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, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** under section ~~1211(1)-~~1211 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,~~ **THE DISTRICT'S CERTIFIED MILLS** on property that is ~~not a principal residence or qualified agricultural~~ **NONEXEMPT** 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, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** are exempt and not to levy school operating taxes on a principal residence, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** as provided in section ~~1211(1)-~~1211 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, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** at the rate authorized for the district under section ~~1211(1)~~ **1211** 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, **THE DISTRICT'S CERTIFIED MILLS** on property that is not a principal residence or qualified agricultural ~~NONEXEMPT~~ 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 **DISTRICT'S CERTIFIED MILLS**.

(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~~ **MCL 18.1101 TO 18.1594**, 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 ~~2007-2008~~ **2008-2009**, 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~~ **LOWEST** foundation allowance **AMONG ALL DISTRICTS** for the subsequent state fiscal year shall be at least the amount of that consensus index multiplied by the ~~basic~~ **LOWEST** foundation allowance ~~specified in subsection (1)~~ **AMONG ALL DISTRICTS FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR**.

(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 the basic foundation allowance for the current state fiscal year, 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 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, and may also use these funds for an early intervening program described in subsection (20). 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, 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) An early intervening program that uses funds resulting from the adjustment under subsection (19) shall meet either or both of the following:

(a) Shall monitor individual pupil learning for pupils in grades K to 3 and provide specific support or learning strategies to pupils in grades K to 3 as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

(b) Shall provide early intervening strategies for pupils in grades K to 3 using schoolwide systems of academic and behavioral supports and shall be scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A schoolwide system of academic and behavioral support should be based on a support team available to the classroom teachers. The members of this team could include the principal, special education staff, reading teachers, and other appropriate personnel who would be available to systematically study the needs of the individual child and work with the teacher to match instruction to the needs of the individual child.

(21) For a district that levied 1.9 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$800,000.00 for a fiscal year as a result of this adjustment.

(22) For a district that levied 2.23 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance.

A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$500,000.00 for a fiscal year as a result of this adjustment.

(23) 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.

(24) 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.

(25) As used in this section:

(A) “CERTIFIED MILLS” MEANS THE LESSER OF 18 MILLS OR THE NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN 1993-94.

(B) ~~(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.

(C) ~~(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.

(D) ~~(c)~~ “Current state fiscal year” means the state fiscal year for which a particular calculation is made.

(E) ~~(d)~~ “Immediately preceding state fiscal year” means the state fiscal year immediately preceding the current state fiscal year.

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

(G) ~~(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.

(H) ~~(g)~~ “Maximum public school academy allocation” means the maximum per-pupil allocation as calculated by adding the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$50.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies].

(I) ~~(h)~~ “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.

(J) “NONEXEMPT PROPERTY” MEANS PROPERTY THAT IS NOT A PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL PERSONAL PROPERTY.

(K) ~~(i)~~ “Principal residence”, and “qualified agricultural property”, “**QUALIFIED FOREST PROPERTY**”, “**INDUSTRIAL PERSONAL PROPERTY**”, AND “**COMMERCIAL PERSONAL PROPERTY**” mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, AND SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211.

(L) ~~(j)~~ “School operating purposes” means the purposes included in the operation costs of the district as prescribed in sections 7 and 18.

(M) ~~(k)~~ “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.

(N) “TAX INCREMENT FINANCING ACTS” MEANS 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, THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.

(O) ~~(l)~~ “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. 20d. In making the final determination required under former section 20a of a district’s combined state and local revenue per membership pupil in 1993-94 and in making calculations under section 20 **FOR 2008-2009**, the department and the department of treasury shall comply with all of the following:

(a) For a district that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more and served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, total state school aid received by or paid on behalf of the district pursuant to this act in 1993-94 shall exclude payments made

under former section 146 and under section 147 on behalf of the district's employees who provided direct services to the area vocational education center. Not later than June 30, 1996, the department shall make an adjustment under this subdivision to the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year and the department of treasury shall make a final certification of the number of mills that may be levied by the district under section 1211 of the revised school code, MCL 380.1211, as a result of the adjustment under this subdivision.

(b) If a district had an adjustment made to its 1993-94 total state school aid that excluded payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services for intermediate district center programs operated by the district under article 5, if nonresident pupils attending the center programs were included in the district's membership for purposes of calculating the combined state and local revenue per membership pupil for 1993-94, and if there is a signed agreement by all constituent districts of the intermediate district that an adjustment under this subdivision shall be made, the foundation allowances for 1995-96 and 1996-97 of all districts that had pupils attending the intermediate district center program operated by the district that had the adjustment shall be calculated as if their combined state and local revenue per membership pupil for 1993-94 included resident pupils attending the center program and excluded nonresident pupils attending the center program.

Sec. 20j. (1) Foundation allowance supplemental payments for ~~2007-2008~~ **2008-2009** 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 basic foundation allowance for the 1998-99 state fiscal year and ~~\$7,108.00~~ **\$7,204.00** less \$223.00 minus the dollar amount of the adjustment from the 1998-99 state fiscal year to ~~2006-2007~~ **2007-2008** 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. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$5,951,000,000.00 for 2007-2008 **AND AN AMOUNT NOT TO EXCEED \$6,092,000,000.00 FOR 2008-2009** 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 **SUM OF THE** product of the taxable value per membership pupil of all property in the district that is ~~not a homestead or qualified agricultural~~ **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** 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, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, TAX INCREMENT FINANCING ACTS~~ 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, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** divided by the district's membership.

(3) Beginning in 2003-2004, for pupils in membership in a qualifying public school academy or qualifying university school, there is allocated under this section 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) "CERTIFIED MILLS" MEANS THE LESSER OF 18 MILLS OR THE NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN 1993-94.

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

(D) ~~(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.

(E) ~~(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, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** could be reduced as provided in section ~~1211~~ **1211** 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.

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

(G) ~~(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.

(H) "NONEXEMPT PROPERTY" MEANS PROPERTY THAT IS NOT A PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL PERSONAL PROPERTY.

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

(J) ~~(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.

(K) ~~(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.

(L) ~~(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.

(M) "TAX INCREMENT FINANCING ACTS" MEANS 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, THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.

(N) ~~(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, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** may be reduced as provided in section ~~1211(1)~~-1211 of the revised school code, MCL 380.1211, the taxable value of homestead, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL 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 \$3,683,275,000.00 for 2007-2008 **AND AN AMOUNT NOT TO EXCEED \$3,796,750,000.00 FOR 2008-2009** 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 do all of the following:

(a) 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.

(b) Comply with sections 1278a and 1278b of the revised school code, MCL 380.1278a and 380.1278b.

(c) Furnish data and other information required by state and federal law to the center and the department in the form and manner specified by the center or the department, as applicable.

(d) Comply with section 1230g of the revised school code, MCL 380.1230g.

(4) Districts are encouraged to use funds allocated under this section for the purchase and support of payroll, human resources, and other business function software that is compatible with that of the intermediate district in which the district is located and with other districts located within that intermediate district.

(5) From the allocation in subsection (1), the department shall 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.

(6) 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.

(7) 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 (6) 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).

(8) 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.

(9) 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.

(10) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state, then, for the purpose of addressing potential liability under such a lawsuit, the state budget director may place funds allocated under this section in escrow or allocate money from the funds otherwise allocated under this section, up to a maximum of 50% of the amount allocated in subsection (1). If funds are placed in escrow under this subsection, those

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 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, 42 USC 1396 to 1396v.

~~(11) From the allocation in subsection (1), there is allocated for 2007-2008 only an amount not to exceed \$40,000.00 for payment to a district that meets all of the following:~~

~~(a) Had a membership of less than 900 pupils for 2006-2007.~~

~~(b) Is located in an intermediate district that had a taxable value per membership pupil, as defined in section 22a, of greater than \$290,000.00 for 2006-2007.~~

~~(c) The school electors of the district voted in the affirmative on May 8, 2007 to restore a millage reduction required under section 31 of article IX of the state constitution of 1963, but the district was later found to have an incorrect millage reduction fraction as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.~~

Sec. 22d. (1) From the amount allocated under section 22b **APPROPRIATION IN SECTION 11**, an amount not to exceed \$2,025,000.00 is allocated for ~~2007-2008~~ **2008-2009** for additional payments to small, geographically isolated districts under this section.

(2) From the allocation under subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$750,000.00 for payments under this subsection to districts that 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 subsection (2) 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 subsection (2) 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 subsection (2) and shall be paid to the eligible districts in the same manner as payments under section 22b.

(4) Subject to subsection (6), from the allocation in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$1,275,000.00 for payments under this subsection to districts that meet all of the following:

(a) The district has 5.0 or fewer pupils per square mile as determined by the department.

(b) The district has a total square mileage greater than 200.0 or is 1 of 2 districts that have consolidated transportation services and have a combined total square mileage greater than 200.0.

(5) The funds allocated under subsection (4) shall be allocated on an equal per pupil basis.

(6) A district receiving funds allocated under subsection (2) is not eligible for funding allocated under subsection (4).

SEC. 22E. (1) BEGINNING IN 2008-2009, AN AMOUNT WILL BE ALLOCATED EACH FISCAL YEAR FROM THE APPROPRIATION IN SECTION 11 FOR ADDITIONAL PAYMENTS UNDER THIS SECTION TO DISTRICTS THAT MEET THE ELIGIBILITY REQUIREMENTS UNDER SUBSECTION (2). FOR 2008-2009, THERE IS ALLOCATED FOR THIS PURPOSE FROM THE APPROPRIATION IN SECTION 11 AN AMOUNT NOT TO EXCEED \$1,300,000.00.

(2) TO BE ELIGIBLE FOR A PAYMENT UNDER THIS SECTION, A DISTRICT MUST BE DETERMINED BY THE DEPARTMENT AND THE DEPARTMENT OF TREASURY TO MEET ALL OF THE FOLLOWING:

(A) THE DISTRICT LEVIES 1 OF THE FOLLOWING OPERATING MILLAGE AMOUNTS:

(i) ALL OF THE OPERATING MILLAGE IT IS AUTHORIZED TO LEVY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211.

(ii) THE AMOUNT OF OPERATING MILLAGE IS AUTHORIZED TO LEVY AFTER A VOLUNTARY REDUCTION OF ITS OPERATING MILLAGE RATE ADOPTED BY THE BOARD OF THE DISTRICT.

(iii) THE AMOUNT OF OPERATING MILLAGE IT IS AUTHORIZED TO LEVY AFTER A MILLAGE REDUCTION REQUIRED UNDER THE LIMITATION OF SECTION 31 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963, IF A BALLOT QUESTION ASKING FOR APPROVAL TO LEVY MILLAGE IN EXCESS OF THE LIMITATION HAS BEEN REJECTED IN THE DISTRICT.

(B) THE DISTRICT RECEIVES A REDUCED AMOUNT OF LOCAL SCHOOL OPERATING REVENUE UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, AS A RESULT OF THE EXEMPTIONS OF INDUSTRIAL PERSONAL PROPERTY AND COMMERCIAL PERSONAL PROPERTY THAT WERE ENACTED IN 2007 PA 37.

(C) THE DISTRICT DOES NOT RECEIVE ANY STATE PORTION OF ITS FOUNDATION ALLOWANCE, AS CALCULATED UNDER SECTION 20(4).

(3) THE AMOUNT OF THE ADDITIONAL FUNDING TO EACH ELIGIBLE DISTRICT UNDER THIS SECTION IS THE SUM OF THE FOLLOWING AND SHALL BE PAID TO THE ELIGIBLE DISTRICTS IN THE SAME MANNER AS PAYMENTS UNDER SECTION 22B:

(A) THE PRODUCT OF THE TAXABLE VALUE OF THE DISTRICT'S INDUSTRIAL PERSONAL PROPERTY FOR THE CALENDAR YEAR ENDING IN THE FISCAL YEAR MULTIPLIED BY THE TOTAL NUMBER OF MILLS THE DISTRICT LEVIES ON NONEXEMPT PROPERTY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, FOR THAT CALENDAR YEAR.

(B) THE PRODUCT OF THE TAXABLE VALUE OF THE DISTRICT'S COMMERCIAL PERSONAL PROPERTY FOR THE CALENDAR YEAR ENDING IN THE FISCAL YEAR MULTIPLIED BY THE LESSER OF 12 MILLS OR THE TOTAL NUMBER OF MILLS THE DISTRICT LEVIES ON NONEXEMPT PROPERTY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, FOR THAT CALENDAR YEAR.

Sec. 24. (1) From the appropriation in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

(2) ~~For 2007-2008, 90% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 10% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost. Beginning with allocations for 2008-2009, 100% of the~~ **THE** total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district. For the purposes of this subsection:

(a) "Added cost" means 100% of the added cost each fiscal year for educating all pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services or the department of labor and economic growth and approved by the department to provide an on-grounds education program. 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.

(b) "Department's approved per pupil allocation" for a district or intermediate district shall be determined by dividing the total amount allocated under this section for a fiscal year by the full-time equated membership total for all pupils approved by the department to be funded under this section for that fiscal year for the district or intermediate district.

(3) 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.

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

Sec. 24a. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$3,103,400.00~~ **\$2,828,500.00** for ~~2007-2008~~ **2008-2009** for payments to intermediate districts for pupils who are placed in juvenile justice service facilities operated by the department of human services. Each intermediate district shall receive an amount equal to the state share of those costs that are clearly and directly attributable to the educational programs for pupils placed in facilities described in this section that are located within the intermediate district's boundaries. The intermediate districts receiving payments under this section shall cooperate with the department of human services to ensure that all funding allocated under this section is utilized by the intermediate district and department of human services for educational programs for pupils described in this section. Pupils described in this section are not eligible to be funded under section 24. However, a program responsibility or other fiscal responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$1,283,900.00~~ **\$1,284,600.00** for ~~2007-2008~~ **2008-2009** for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. A district receiving payments under this section shall contract with the department of military and veterans affairs to ensure that all funding allocated under this section is utilized by the district and the department of military and veterans affairs for the youth challenge program.

Sec. 25b. (1) ~~Beginning in 2000-2001, this~~ **THIS** section applies to an educating district's enrollment of a pupil if the educating district is not a school district of the first class ~~under the revised school code~~ and if all of the following apply:

(a) The pupil transfers from 1 of 3 other districts specified by the educating district and enrolls in the educating district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

(d) The total number of pupils enrolled in the district who are described in subdivisions (a), (b), and (c) and who transfer from 1 of the 3 other districts specified by the educating district is at least equal to the greater of 25 or 1% of the educating district's membership.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from 1 of the 3 other specified districts described in subsection (1)(d) and enrolls during a school year in the educating district, the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) In determining the total amount a district owes to the educating district under this section, regardless of whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to that district from the educating district and meet the requirements of subsection (1)(a) to (c).

(4) As used in this section, "educating district" means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).

Sec. 25c. (1) ~~Beginning in 2000-2001, this~~ **THIS** section applies to an educating district's enrollment of a pupil if the educating district is a school district of the first class ~~under the revised school code~~ and if all of the following apply:

(a) The pupil transfers from another district and enrolls in the educating district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

(d) The total number of pupils enrolled in the district who are described in subdivisions (a), (b), and (c) is at least equal to 25.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from another district and enrolls during a school year in the educating district, **THEN NOT LATER THAN DECEMBER 31 OF THE NEXT FISCAL YEAR BEGINNING AFTER THE SCHOOL YEAR THE PUPIL TRANSFERRED** the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and **NOT LATER THAN OCTOBER 31 OF THE SECOND FISCAL YEAR BEGINNING AFTER THE SCHOOL YEAR THE PUPIL TRANSFERRED** the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section, ~~within 30 days after receipt of the report,~~ the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) In determining the total amount a district owes to the educating district under this section, regardless of whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to

that district from the educating district and meet the requirements of subsection (1)(a) to (c). **IF, AFTER CALCULATING AND SUBTRACTING FROM THE AMOUNT OWED BY A DISTRICT TO THE EDUCATING DISTRICT UNDER THIS SECTION ANY AMOUNT APPLICABLE TO PUPILS WHO TRANSFER TO THAT DISTRICT FROM THE EDUCATING DISTRICT AND MEET THE REQUIREMENTS OF SUBSECTION (1)(A) TO (C), IT IS DETERMINED THAT THE EDUCATING DISTRICT OWES FUNDS TO THE DISTRICT, THE EDUCATING DISTRICT SHALL PAY THOSE FUNDS TO THE DISTRICT IN THE SAME MANNER AS PROVIDED UNDER SUBSECTION (2).**

(4) As used in this section, “educating district” means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).

Sec. 26a. From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$36,000,000.00 **\$41,400,000.00** for ~~2007-2008~~ **2008-2009**, and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$14,000,000.00 **\$16,100,000.00** for ~~2007-2008~~ **2008-2009** 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 ~~2007-2008~~. The 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. 26b. (1) From the appropriation in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$3,400,000.00 for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

(2) If the amount appropriated under this section is not sufficient to fully pay obligations under this section, payments shall be prorated on an equal basis among all eligible districts, intermediate districts, and community college districts.

Sec. 29. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 **EACH FISCAL YEAR** for ~~2007-2008~~ **AND FOR 2008-2009** for additional payments to eligible districts for declining enrollment assistance.

(2) A district is eligible for a payment under this section if all of the following apply:

(a) The district’s pupil membership for the current fiscal year is less than the district’s pupil membership for the immediately preceding fiscal year and the district’s pupil membership for the immediately preceding fiscal year is less than the district’s pupil membership for the previously preceding fiscal year as calculated under section 6 for that fiscal year.

(b) The district’s average pupil membership is greater than the district’s pupil membership for the current fiscal year as calculated under section 6.

(c) The district is not eligible to receive funding under ~~sections~~ **SECTION 6(4)(y) or 22d-22D(2)**.

(3) Payments to each eligible district shall be equal to the difference between the district’s average pupil membership and the district’s pupil membership as calculated under section 6 for the current fiscal year multiplied by the district’s foundation allowance as calculated under section 20. If the total amount of the payments calculated under this subsection exceeds the allocation for this section, the payment to each district shall be prorated on an equal percentage basis.

(4) For the purposes of this section, “average pupil membership” means the average of the district’s membership for the 3-fiscal-year period ending with the current fiscal year, calculated by adding the district’s actual membership for each of those 3 fiscal years, as otherwise calculated under section 6, and dividing the sum of those 3 membership figures by 3.

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$319,350,000.00 **\$320,350,000.00** for payments to eligible districts and eligible public school academies under this section. Subject to subsection (14), the amount of the additional allowance under this section, other than funding under subsection (6) or (7), 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, 42 USC 1751 to 1769i, 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) or (7), 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 the basic foundation allowance under section 20 for the current state fiscal year.

(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 the basic foundation allowance under section 20 for the current state fiscal year, 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), (6), or (7). 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 15% 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 (12), 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~~ **PAY FOR COSTS ASSOCIATED WITH THE OPERATION OF** the school breakfast program.

(6) From the funds allocated under subsection (1), there is allocated for ~~2007-2008-2008-2009~~ an amount not to exceed ~~\$3,743,000.00~~ **\$4,743,000.00** to support child and adolescent health centers. These grants shall be awarded for 5 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 5-year period after the noncompliance. Beginning in 2004-2005, to continue to receive funding for a child and adolescent health center under this section a grant recipient shall ensure that the child and adolescent 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 child and adolescent 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. Funding under this subsection shall be used to support child and adolescent health center services provided to children up to age 21. 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 (14) for that fiscal year.

(7) From the funds allocated under subsection (1), there is allocated for ~~2007-2008-2008-2009~~ an amount not to exceed \$5,150,000.00 for the state portion of the hearing and vision screenings as described in section 9301 of the public health code, 1978 PA 368, MCL 333.9301. A local public health department shall pay at least 50% of the total cost of the screenings. The frequency of the screenings shall be as required under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of the Michigan administrative code. Funds shall be awarded in a form and manner approved jointly by the department and the department of community health. Notwithstanding section 17b, payments to eligible entities under this subsection shall be paid on a schedule determined by the department.

(8) 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.

(9) 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.

(10) Subject to subsections (5), (6), (7), (12), and (13), 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), (7), (12), and (13), 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.

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

(12) 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, 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.

(13) A district or public school academy that receives funds under this section may use funds it receives under this section to implement and operate an early intervening program for pupils in grades K to 3 that meets either or both of the following:

(a) Monitors individual pupil learning and provides specific support or learning strategies to pupils as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

(b) Provides early intervening strategies using school-wide systems of academic and behavioral supports and is scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A school-wide system of academic and behavioral support should be based on a support team available to the classroom teachers. The members of this team could include the principal, special education staff, reading teachers, and other appropriate personnel who would be available to systematically study the needs of the individual child and work with the teacher to match instruction to the needs of the individual child.

(14) 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).

(15) 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.

(16) 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 the basic foundation allowance under section 20 for the current state fiscal year.

(17) A DISTRICT THAT DOES NOT MEET THE ELIGIBILITY REQUIREMENT UNDER SUBSECTION (2)(A) IS ELIGIBLE FOR FUNDING UNDER THIS SECTION IF AT LEAST 75% OF THE PUPILS IN MEMBERSHIP IN THE DISTRICT 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), THE DISTRICT RECEIVES AN ADJUSTMENT UNDER SECTION 20(19), AND THE DISTRICT DOES NOT RECEIVE ANY STATE PORTION OF ITS FOUNDATION ALLOWANCE AS CALCULATED UNDER SECTION 20. A DISTRICT 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 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 UNDER SECTION 20, NOT TO EXCEED THE BASIC FOUNDATION ALLOWANCE UNDER SECTION 20 FOR THE CURRENT STATE FISCAL YEAR.

(18) ~~(17)~~—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 level 2 on the most recent MEAP English language arts, mathematics, or science test for which results for the pupil have been received. For pupils for whom the results of the Michigan merit examination 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 proficiency on the reading component of the most recent Michigan merit examination for which results for the pupil have been received, did not achieve proficiency on the mathematics component of the most recent Michigan merit examination for which results for the pupil have been received, or did not achieve basic competency on the science component of the most recent Michigan merit examination 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 arts or mathematics.

Sec. 31d. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$22,495,100.00 for ~~2007-2008~~ **2008-2009** 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 ~~2007-2008-2008-2009~~ all available federal funding, estimated at \$330,000,000.00, 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. 31f. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$9,625,000.00 for ~~2007-2008~~ **2008-2009** for the purpose of making payments to districts to reimburse for the cost of providing breakfast.

(2) The funds allocated under this section for school breakfast programs shall be made available to all eligible applicant districts that meet all of the following criteria:

(a) The district participates in the federal school breakfast program and meets all standards as prescribed by 7 CFR parts 220 and 245.

(b) Each breakfast eligible for payment meets the federal standards described in subdivision (a).

(3) The payment for a district under this section is at a per meal rate equal to the lesser of the district's actual cost or 100% of the **STATEWIDE AVERAGE** cost of a breakfast served, ~~by an efficiently operated breakfast program as determined AND APPROVED~~ 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~~ **THE STATEWIDE AVERAGE COST SHALL BE DETERMINED BY THE DEPARTMENT USING COSTS** as reported in a manner approved by the department for the preceding school year.

(4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

Sec. 32b. (1) From the funds appropriated under section 11, there is allocated an amount not to exceed ~~\$1,750,000.00~~ **\$6,750,000.00** for ~~2007-2008-2008-2009~~ for competitive grants to intermediate districts for the creation and continuance of great start communities or other community purposes as identified by the early childhood investment corporation. These dollars may not be expended until both of the following conditions have been met:

(a) The early childhood investment corporation has identified matching dollars of at least an ~~equal amount~~ **EQUAL TO THE AMOUNT OF THE MATCHING DOLLARS FOR 2006-2007.**

(b) ~~The membership of the executive committee includes 1 member appointed by the senate majority leader, 1 member appointed by the senate minority leader, 1 member appointed by the speaker of the house of representatives, and 1 member appointed by the minority leader of the house of representatives. Not later than 60 days after the convening of each legislative session in each odd-numbered year, each legislative leader shall appoint a member of the executive committee. SHALL CONSIST OF 4 MEMBERS APPOINTED BY THE GOVERNOR. THE GOVERNOR SHALL APPOINT 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE SENATE MAJORITY LEADER, 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE SENATE MINORITY LEADER, 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE MINORITY LEADER OF THE HOUSE OR REPRESENTATIVES. THE GOVERNOR SHALL APPOINT THESE MEMBERS NOT LATER THAN 60 DAYS AFTER THE CONVENING OF THE LEGISLATIVE SESSION IN EACH ODD-NUMBERED YEAR.~~ A member appointed in this manner shall continue to ~~SHALL~~ serve on the executive committee through ~~the next~~ **THAT** regular legislative session unless he or she voluntarily resigns or is otherwise unable to serve. When a vacancy occurs as a result of a voluntary resignation or inability to serve, the legislative leader ~~who had appointed the member~~ **GOVERNOR** shall make an appointment to fill that vacancy **IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT** not later than 60 days after the date the vacancy occurs.

(2) The early childhood investment corporation shall award grants to eligible intermediate districts in an amount to be determined by the corporation.

(3) In order to receive funding, each intermediate district applicant shall agree to convene local great start collaboratives to address the availability of the 6 components of a great start system in its communities: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care, to ensure that every child in the community is ready for kindergarten. Specifically, each grant will fund the following:

(a) ~~A~~ **THE COMPLETION OF A** community needs assessment and strategic plan for the ~~development~~ **CREATION** of a comprehensive system of early childhood services and supports, accessible to all children from birth to kindergarten and their families.

(b) Identification of local resources and services for children with disabilities, developmental delays, or special needs and their families.

(c) Coordination and expansion of high-quality early childhood and childcare programs.

(d) Evaluation of local programs.

(4) ~~Not later than December 1, 2007 for the 2006-2007 fiscal year grants under this section, and not later than December 1 ; 2008 for the 2007-2008 grants under this section~~ **OF EACH FISCAL YEAR, FOR THE GRANTS AWARDED UNDER THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR,** the department shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the ~~amounts of grants~~ **AMOUNT OF EACH GRANT** awarded under this section, the grant recipients, the activities funded by each grant under this section, and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports.

(5) AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER THIS SECTION MAY CARRY OVER ANY UNEXPENDED FUNDS RECEIVED UNDER THIS SECTION INTO THE NEXT FISCAL YEAR AND MAY EXPEND THOSE UNUSED FUNDS IN THE NEXT FISCAL YEAR. 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 OF THE NEXT FISCAL YEAR AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.

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

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,125,000.00 for ~~2007-2008-2008-2009~~ to the department for grants for community-based collaborative prevention services designed to 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 interagency director's 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 community collaborative **AND, WHERE THERE IS A GREAT START COLLABORATIVE, DEMONSTRATE THAT THE PLANNED SERVICES ARE PART OF THE COMMUNITY'S GREAT START STRATEGIC PLAN.**

(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 director's 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 ~~\$80,900,000.00~~ **\$88,100,000.00** for ~~2007-2008-2008-2009~~ for ~~school~~ **GREAT START** 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 **TO THE DISTRICT AND ITS COMMUNITY**, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852, **PART-DAY OR FULL-DAY** 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. **TO THE EXTENT ALLOWABLE UNDER FEDERAL LAW, A DISTRICT SHALL NOT USE FUNDS RECEIVED UNDER THIS SECTION TO SUPPLANT ANY FEDERAL FUNDS RECEIVED BY THE DISTRICT OR ITS COMMUNITY. FOR THE PURPOSES OF THIS SECTION, "SUPPLANT" MEANS TO SERVE CHILDREN ELIGIBLE FOR A FEDERALLY FUNDED EXISTING PRESCHOOL PROGRAM THAT HAS CAPACITY TO SERVE THOSE CHILDREN.**

(b) Provide preschool and parenting education programs similar to those under former section 32b as in effect for 2001-2002. Beginning in 2007-2008, funds spent by a district for programs described in this subdivision shall not exceed the lesser of the amount spent by the district under this subdivision for 2006-2007 or the amount spent under this subdivision in any subsequent fiscal year.

(2) A comprehensive free compensatory program funded under this section shall include an age-appropriate educational curriculum, as described in the early childhood standards of quality for prekindergarten children adopted by the state board, that prepares children for success in school, including language, early literacy, and early mathematics. In addition, the comprehensive program shall include nutritional services, health **AND DEVELOPMENTAL** screening **AS DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF QUALITY FOR PREKINDERGARTEN** 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 appropriated under section 11, there is allocated an amount not to exceed \$279,100.00 for ~~2007-2008-2008-2009~~ for a competitive grant to continue a longitudinal evaluation of children who have participated in the ~~Michigan school~~ **GREAT START** readiness program.

(4) A district receiving a grant under this section may contract with for-profit or nonprofit preschool center providers that meet all provisions of the early childhood standards of quality for prekindergarten children adopted by the state board 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. A district may expend not more than 10% of the total grant amount for administration of the program.

(5) A ~~grant recipient~~ **DISTRICT** receiving funds under this section shall report to the department on the midyear report 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~~ **DISTRICTS** 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 department of human services 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. 32j. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$5,000,000.00 for ~~2007-2008~~ **2008-2009** for great parents, great start grants to intermediate districts to provide programs for parents with ~~preschool~~ **YOUNG CHILDREN**. The purpose of these programs is to encourage early mathematics and reading 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 that promote social and emotional development for ~~infants and toddlers~~ and age-appropriate language, mathematics, and early reading skills **FOR YOUNG CHILDREN**; 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~~ **YOUNG CHILDREN**, including the acquisition of age-appropriate language, mathematics, and early reading skills.

(d) Promoting access to needed community services through a community-school-home partnership.

(3) To receive a grant under this section, an intermediate district shall submit a plan to the department not later than October ~~1,~~ **2007-15, 2008** in the form and manner prescribed by the department. 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 **TARGETS RESOURCES BASED ON FAMILY NEED AND** 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 **AND, WHERE THERE IS A GREAT START COLLABORATIVE, DEMONSTRATE THAT THE PLANNED SERVICES ARE PART OF THE COMMUNITY'S GREAT START STRATEGIC PLAN.**

(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 intermediate district receiving a grant under this section shall agree to include a data collection system approved by the department. 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 superintendent shall approve or disapprove the plans and notify the intermediate district of that decision not later than November 15, ~~2007-2008.~~ The amount allocated to each intermediate district shall be at least an amount equal to 100% of the intermediate district's ~~2006-2007-2007-2008~~ payment under this section.

(b) 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) The department shall submit a report to the state budget director and the senate and house fiscal agencies 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 into the next fiscal year and may expend those unused funds in the next fiscal year. 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 of the next fiscal year after the fiscal year in which the funds are received.

Sec. 32l. (1) From the general fund money appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed ~~\$12,650,000.00~~ **\$15,150,000.00** for competitive ~~school~~ **GREAT START** readiness program grants for the purposes of preparing children for success in school, ~~including~~ **THROUGH COMPREHENSIVE PART-DAY OR FULL-DAY PROGRAMS THAT INCLUDE** language, early literacy, and early mathematics, **NUTRITIONAL SERVICES, AND HEALTH AND DEVELOPMENTAL SCREENING, AS DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF QUALITY FOR PREKINDERGARTEN FOR PARTICIPATING CHILDREN; A PLAN FOR PARENT AND LEGAL GUARDIAN INVOLVEMENT; AND PROVISION OF REFERRAL SERVICES FOR FAMILIES ELIGIBLE FOR COMMUNITY SOCIAL SERVICES.** These grants shall be made available through a competitive application process as follows:

(a) Any public or private nonprofit legal entity or agency may apply for a grant under this section. However, a district or intermediate district may not apply for a grant under this section unless the district or intermediate district is acting as a fiscal

~~agent for a child-caring organization regulated under 1973 PA 116, MCL 722.111 to 722.128~~ **LOCAL GRANTEE FOR THE FEDERAL HEAD START PROGRAM OPERATING UNDER THE HEAD START ACT, 42 USC 9831 TO 9852.**

(b) An applicant shall submit an application in the form and manner prescribed by the department.

(c) The department shall establish a diverse interagency committee to review the applications. The committee shall be composed of representatives of the department, appropriate community, volunteer, and social service agencies and organizations, and parents.

(d) The superintendent shall award the grants and shall give priority for awarding the grants based upon the following criteria:

(i) Compliance with the state board-approved early childhood standards of quality for prekindergarten.

(ii) Active and continuous involvement of the parents or guardians of the children participating in the program.

(iii) Employment of teachers possessing proper training, including a valid Michigan teaching certificate with an early childhood (ZA) endorsement, a valid Michigan teaching certificate with a child development associate credential (CDA), **OR THE EQUIVALENT FROM ANOTHER STATE**, or a bachelor's degree in child development with a specialization in preschool teaching. However, both of the following apply to this subparagraph:

(A) If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the superintendent may still give priority to the applicant if the applicant will employ teachers who have significant but incomplete training in early childhood education or child development if the applicant provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 4 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

(B) For a subcontracted program, the department shall consider a teacher with 90 credit hours and at least 4 years' teaching experience in a qualified preschool program to meet the requirements under this subparagraph.

(iv) Employment of paraprofessionals possessing proper training in early childhood development, including an associate's degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential, or the equivalent, as approved by the state board. If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph, after making reasonable efforts to comply, the superintendent of public instruction may still give priority to an applicant if the applicant will employ paraprofessionals who have completed at least 1 course in early childhood education or child development if the applicant provides to the department, and the department approves, a plan for each paraprofessional to come into compliance with the standards in this subparagraph. A paraprofessional's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses or 60 clock hours of training per calendar year.

(v) Evidence of collaboration with the community of child development programs, including, but not limited to, ~~Michigan school~~ **GREAT START** readiness and head start providers, including documentation of the total number of children in the community who would meet the criteria established in subparagraph (vii), 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.

(vi) The extent to which these funds will supplement other federal, state, local, or private funds.

(vii) 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"~~ **RISK** factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988.

(viii) The program offers **OR CONTRACTS WITH ANOTHER NONPROFIT EARLY CHILDHOOD PROGRAM TO PROVIDE** supplementary day care and thereby offers full-day programs as part of its early childhood development program.

(ix) The application contains a plan approved by the department to conduct and report annual school readiness program evaluations and continuous improvement plans using criteria approved by the department. At a minimum, the evaluations shall include a self-assessment of program quality and assessment of the gains in educational readiness and progress of the children participating in the program.

(e) An application shall demonstrate that the program has established or has joined a multidistrict, multiagency school readiness advisory committee that is involved in the planning and evaluation of the program and that provides for the involvement of parents and appropriate community, volunteer, and social service agencies and organizations. The advisory committee shall include 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 advisory committee shall do all of the following:

(i) Review the mechanisms and criteria used to determine referrals for participation in the ~~school~~ **GREAT START** 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.

(vii) Review the agency's participation in a collaborative recruitment and enrollment process with, at a minimum, all other funded preschool programs that may serve children in the same geographic area, including school district part-day programs described under section 32d and head start programs, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds. The collaborative recruitment and enrollment process should be established to reflect the geographic service areas of the collaborative partners. **AN EFFECTIVE PROCESS INCLUDES OPPORTUNITIES FOR FAMILIES TO MEET WITH AND LEARN ABOUT EACH PROGRAM FOR WHICH THEIR CHILD IS ELIGIBLE. A CHILD WHO IS INCOME-ELIGIBLE FOR HEAD START MUST BE REFERRED TO HEAD START. IF, AFTER REFERRAL TO HEAD START, A FAMILY CHOOSES TO ENROLL A HEAD-START-ELIGIBLE CHILD IN THE GREAT START READINESS PROGRAM, A WAIVER INDICATING THAT THE FAMILY HAS BEEN INFORMED OF THE CHILD'S ELIGIBILITY TO ATTEND HEAD START MUST BE COMPLETED BY THE FAMILY IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT AND SUBMITTED TO THE GREAT START READINESS PROGRAM BEFORE THE CHILD MAY BE ENROLLED IN THE GREAT START READINESS PROGRAM. THE GREAT START READINESS PROGRAM SHALL RETAIN THE WAIVER IN THE CHILD'S ENROLLMENT FILE.**

(2) TO BE ELIGIBLE FOR A GRANT UNDER THIS SECTION, THE AGENCY MUST DEMONSTRATE PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH ALL OTHER FUNDED PRESCHOOL PROGRAMS SERVING CHILDREN IN THE SAME GEOGRAPHIC AREA TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS.

~~(3)~~ (2) To be eligible for a grant under this section, a program shall demonstrate that more than 50% of the children participating in the program live with families with a household income that is less than or equal to ~~250%~~ **300%** of the federal poverty level.

~~(4)~~ (3) The superintendent may award grants under this section at whatever level the superintendent determines appropriate. However, the amount of a grant under this section, when combined with other sources of state revenue for this program, shall not exceed \$3,400.00 per participating child or the cost of the program, whichever is less.

~~(5)~~ (4) For a grant recipient that enrolls pupils in a full-day program funded under this section, each child enrolled in the full-day program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for determining the amount of the grant award. A grant award shall not be increased solely on the basis of providing a full-day program. As used in this subsection, "full-day program" means a program that operates for at least the same length of day as a district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full-day program must enroll all children for the full day to be considered a full-day program.

~~(6)~~ (5) Except as otherwise provided in this subsection, an applicant that received a new grant under this section for ~~2006-2007~~ **2007-2008** shall also receive priority for funding under this section for ~~2007-2008 and 2008-2009~~ **AND 2009-2010**. However, after 3 fiscal years of continuous funding, an applicant is required to compete openly with new programs and other programs completing their third year. All grant awards under this section are contingent on the availability of funds and documented evidence of grantee compliance with early childhood standards of quality for prekindergarten, as approved by the state board, and with all operational, fiscal, administrative, and other program requirements.

~~(7)~~ (6) Notwithstanding section 17b, payments to eligible entities under this section shall be paid on a schedule and in a manner 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 that includes, but is not limited to, ~~Michigan school~~ **GREAT START** readiness **PROGRAM** and head start providers, 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 early childhood standards of quality for prekindergarten.

(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. For programs the district manages itself, a valid teaching certificate and an early childhood (ZA) endorsement are required. 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 with an early childhood (ZA) endorsement, a valid Michigan teaching certificate with a child development associate credential, or a bachelor's degree in child development with specialization in preschool teaching. However, both of the following apply to this subparagraph:

(A) If a district demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, teachers who have significant but incomplete training in early childhood education or child development may be employed by the district if the district provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 4 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

(B) For a subcontracted program, the department shall consider a teacher with 90 credit hours and at least 4 years' teaching experience in a qualified preschool program to meet the requirements under this subparagraph.

(ii) Paraprofessionals possessing proper training in early childhood development, including an associate's degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential, or the equivalent as approved by the state board. However, if a district demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the district may employ paraprofessionals who have completed at least 1 course in early childhood education or child development if the district provides to the department, and the department approves, a plan for each paraprofessional to come into compliance with the standards in this subparagraph. A paraprofessional's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses or 60 clock hours of training per calendar year.

(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~~ **GREAT START** 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~~ or has joined a multidistrict, multiagency, 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 or districts.

(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. The district must participate in a collaborative recruitment and enrollment process with, at a minimum, all other funded preschool programs that may serve children in the same geographic area, including the competitive programs described under section 32l and head start programs, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds. The collaborative recruitment and enrollment process should be established to reflect the geographic service areas of the collaborative partners. **AN EFFECTIVE PROCESS INCLUDES OPPORTUNITIES FOR FAMILIES TO MEET WITH AND LEARN ABOUT EACH PROGRAM FOR WHICH THEIR CHILD IS ELIGIBLE. A CHILD WHO IS INCOME-ELIGIBLE FOR HEAD START MUST BE REFERRED TO HEAD START. IF, AFTER REFERRAL TO HEAD START, A FAMILY CHOOSES TO ENROLL A HEAD-START-ELIGIBLE CHILD IN THE GREAT START READINESS PROGRAM, A WAIVER INDICATING THAT THE FAMILY HAS BEEN INFORMED OF THE CHILD'S ELIGIBILITY TO ATTEND HEAD START MUST BE COMPLETED BY THE FAMILY IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT AND SUBMITTED TO THE GREAT START READINESS PROGRAM BEFORE THE CHILD MAY BE ENROLLED IN THE GREAT START READINESS PROGRAM. THE GREAT START READINESS PROGRAM SHALL RETAIN THE WAIVER IN THE CHILD'S ENROLLMENT FILE.**

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

(f) The district has submitted for departmental approval a plan to conduct and report annual ~~school~~ **GREAT START** readiness program evaluations and continuous improvement plans using criteria approved by the department. At a minimum, the evaluations shall include a self-assessment of program quality and assessment of the gains in educational readiness and progress of the children participating in the program.

(g) More than 50% of the children participating in the program live with families with a household income that is equal to or less than ~~250%~~ 300% of the federal poverty level.

(H) THE DISTRICT MUST DEMONSTRATE PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH ALL OTHER FUNDED PRESCHOOL PROGRAMS SERVING CHILDREN IN THE SAME GEOGRAPHIC AREA TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS.

(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. **THE CONSORTIUM MAY DECIDE, WITH APPROVAL OF ALL CONSORTIUM MEMBERS, TO SERVE NUMBERS OF CHILDREN BASED ON THE ALLOCATION TO EACH DISTRICT OR BASED ON THE ALLOCATION TO THE ENTIRE CONSORTIUM, ALLOWING CHILDREN RESIDING IN ANY DISTRICT IN THE CONSORTIUM TO BE SERVED BY THE CONSORTIUM AT ANY LOCATION.**

(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 live with families with a household income that is less than or equal to ~~250%~~ 300% of the federal poverty level.

Sec. 38. The ~~maximum~~ number of prekindergarten children construed to be in need of special readiness assistance under section 32d shall be calculated for each district in the following manner: one-half of the percentage of the district's pupils in grades 1-5 who are eligible for free lunch, as determined by the district's October count in the school year 2 years before the fiscal year for which the calculation is made 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 1769c, and 1769f to 1769h~~ **1769I**, as reported to the department not later than December 31 of the fiscal year 2 years before the fiscal year for which the calculation is made, shall be multiplied by the average kindergarten enrollment of the district on the pupil membership count day of the 2 immediately preceding years.

Sec. 39. (1) ~~The tentative~~ **BEGINNING IN 2008-2009, THE INITIAL** allocation for each fiscal year to each eligible district under section 32d shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, by \$3,400.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38. ~~until the money allocated in section 32d is distributed.~~ If the number of children a district indicates it will be able to serve under section 37(2)(c) includes children able to be served in a full-day program, then the number able to be served in a full-day program shall be doubled for the purposes of making this calculation of the lesser of the number of children determined in section 38 and the number of children the district indicates it will be able to serve under section 37(2)(c) and determining the amount of the ~~tentative~~ **INITIAL** allocation to the district under section 32d. **A DISTRICT MAY CONTRACT WITH A HEAD START AGENCY TO SERVE CHILDREN ENROLLED IN HEAD START WITH A FULL-DAY PROGRAM BY BLENDING HEAD START FUNDS WITH A PART-DAY GREAT START READINESS PROGRAM ALLOCATION. ALL HEAD START AND GREAT START READINESS PROGRAM POLICIES AND REGULATIONS APPLY TO THE BLENDED PROGRAM.**

(2) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE INITIAL ALLOCATION UNDER SUBSECTION (1), THE ALLOCATION UNDER THIS SUBSECTION SHALL BE DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER SECTION 32D IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN AS DETERMINED BY SECTION 38. THE ALLOCATION SHALL BE DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN EACH ELIGIBLE DISTRICT SERVED IN THE IMMEDIATELY PRECEDING FISCAL YEAR OR THE NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C), WHICHEVER IS LESS, MINUS THE NUMBER OF CHILDREN FOR WHICH THE DISTRICT RECEIVED FUNDING IN SUBSECTION (1) BY \$3,400.00.

(3) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE ALLOCATIONS UNDER SUBSECTIONS (1) AND (2), REMAINING FUNDS SHALL BE DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER SECTION 32D IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN AS DETERMINED BY SECTION 38. IF THE NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) EXCEEDS THE NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER SUBSECTIONS (1) AND (2), THE ALLOCATION UNDER THIS SUBSECTION SHALL BE DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) LESS THE NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER SUBSECTIONS (1) AND (2) BY \$3,400.00 UNTIL THE FUNDS ALLOCATED IN SECTION 32D ARE DISTRIBUTED.

(4) IF A DISTRICT IS PARTICIPATING IN A PROGRAM UNDER SECTION 32D FOR THE FIRST YEAR, THE MAXIMUM ALLOCATION UNDER THIS SECTION IS 32 MULTIPLIED BY \$3,400.00.

(5) ~~(2)~~ A district that received funds under this section in at least 1 of the 2 immediately preceding fiscal years shall receive priority in funding over other eligible districts. However, funding beyond 3 state fiscal years is contingent upon the availability

of funds and documented evidence satisfactory to the department of compliance with all operational, fiscal, administrative, and other program requirements.

(6) (3)-A district that offers supplementary day care funded by funds other than those received under this section and therefore offers full-day programs as part of its early childhood development program shall receive priority in the allocation of funds under this section over other eligible districts other than those districts funded under subsection (2)-(5).

(7) (4)-For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 32d.

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

(9) (6)-For a district that enrolls pupils in a full-day program under section 32d, each child enrolled in the full-day program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for determining the allocation under section 32d. A district's allocation shall not be increased solely on the basis of providing a full-day program.

(10) (7)-As used in this section, **"PART-DAY PROGRAM" MEANS A PROGRAM THAT OPERATES AT LEAST 4 DAYS PER WEEK, 30 WEEKS PER YEAR, WITH AT LEAST 300 HOURS OF TEACHER-CHILD CONTACT, AND** "full-day program" means a program that operates for at least the same length of day as the district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full-day program must enroll all children for the full day to be considered a full-day program.

Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated for ~~2007-2008-2008-2009~~ to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$669,660,100.00~~ **\$752,987,500.00**, for the federal programs under the no child left behind act of 2001, Public Law 107-110. These funds are allocated as follows:

(a) An amount estimated at ~~\$9,625,800.00~~ **\$8,033,600.00** 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) An amount estimated at ~~\$6,405,500.00~~ **\$7,461,800.00** 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) An amount estimated at ~~\$106,249,200.00~~ **\$109,411,900.00** for the purpose of preparing, training, and recruiting high-quality teachers and class size reduction, funded from DED-OESE, improving teacher quality funds.

(d) An amount estimated at ~~\$9,854,300.00~~ **\$10,322,300.00** for programs to teach English to limited English proficient (LEP) children, funded from DED-OESE, language acquisition state grant funds.

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

(f) An amount estimated at ~~\$676,000.00~~ **\$898,300.00** for rural and low income schools, funded from DED-OESE, rural and low income school funds.

(g) An amount estimated at ~~\$3,115,900.00~~ **\$1,000.00** to help schools develop and implement comprehensive school reform programs, funded from DED-OESE, title I and title X, comprehensive school reform funds.

(h) An amount estimated at ~~\$456,971,500.00~~ **\$517,479,800.00** to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED-OESE, title I, disadvantaged children funds.

(i) An amount estimated at ~~\$2,531,700.00~~ **\$2,152,700.00** for the purpose of providing unified family literacy programs, funded from DED-OESE, title I, even start funds.

(j) An amount estimated at ~~\$8,186,200.00~~ **\$7,797,700.00** for the purpose of identifying and serving migrant children, funded from DED-OESE, title I, migrant education funds.

(k) An amount estimated at \$24,733,200.00 to promote high-quality school reading instruction for grades K-3, funded from DED-OESE, title I, reading first state grant funds.

(l) An amount estimated at \$2,849,000.00 for the purpose of implementing innovative strategies for improving student achievement, funded from DED-OESE, title VI, innovative strategies funds.

(m) An amount estimated at ~~\$29,911,800.00~~ **\$35,710,100.00** 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, \$50,000.00 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 department of human services 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 department of human services, 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.

(N) AN AMOUNT ESTIMATED AT \$17,586,100.00 TO HELP SUPPORT LOCAL SCHOOL IMPROVEMENT EFFORTS, FUNDED FROM DED-OESE, TITLE I, LOCAL SCHOOL IMPROVEMENT GRANTS.

(2) From the federal funds appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$32,411,000.00~~ **\$32,559,700.00**, 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 ~~\$1,665,400.00~~ **\$1,814,100.00** to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

(c) An amount estimated at \$200,000.00 for refugee children school impact grants, funded from HHS-ACF, refugee children school impact funds.

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

(e) An amount estimated at \$28,500,000.00 for providing career and technical education services to pupils, funded from DED-OVAE, basic grants to states.

(3) To the extent allowed under federal law, the funds allocated under subsection (1)(h), (i), ~~and (k)~~, **AND (N)** may be used for 1 or more reading improvement programs that meet at least 1 of the following:

(a) A research-based, validated, structured reading program that aligns learning resources to state standards and includes continuous assessment of pupils and individualized education plans for pupils.

(b) A mentoring program that is a research-based, validated program or a statewide 1-to-1 mentoring program and is designed to enhance the independence and life quality of pupils who are mentally impaired by providing opportunities for mentoring and integrated employment.

(c) A cognitive development program that is a research-based, validated educational service program focused on assessing and building essential cognitive and perceptual learning abilities to strengthen pupil concentration and learning.

(d) A structured mentoring-tutorial reading program for pupils in preschool to grade 4 that is a research-based, validated program that develops individualized educational plans based on each pupil's age, assessed needs, reading level, interests, and learning style.

(4) 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, and in the education flexibility partnership act of 1999, Public Law 106-25. 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.

(5) 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.

(c) "DED-OVAE" means the DED office of vocational and adult education.

(d) "HHS" means the United States department of health and human services.

(e) "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 ~~2007-2008~~ **2008-2009** 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. 51a. (1) ~~From the appropriation in section 11, there is allocated for 2007-2008 an amount not to exceed \$990,483,000.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any carryover federal funds from previous year appropriations:~~ **FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2008-2009 AN AMOUNT NOT TO EXCEED \$1,023,783,000.00 FROM STATE SOURCES AND ALL AVAILABLE FEDERAL FUNDING UNDER SECTIONS 611 TO 619 OF PART B OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, 20 USC 1411 TO 1419, ESTIMATED AT \$350,700,000.00, 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, Public Law 108-446, including, but not limited to, 34 CFR 300.206 and 300.208. 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 2007-2008~~ the amount necessary, estimated at ~~\$216,500,000.00~~ **\$224,800,000.00 FOR 2008-2009**, 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 the basic foundation allowance under section 20 for the current fiscal year, 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 the basic foundation allowance under section 20 for the current fiscal year, 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 ~~2007-2008~~ **2008-2009** the amount necessary, estimated at ~~\$1,500,000.00~~ **\$1,600,000.00**, 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 or services between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations or services shall be made in a manner determined by the department and shall include adjustments for program or service 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 ~~2007-2008~~ **2008-2009** to districts, intermediate districts, or other eligible entities 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 ~~2007-2008~~ **2008-2009** 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, special education 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) Beginning with the 2004-2005 fiscal year, a district or intermediate district that employed special education support services staff to provide special education support services in 2003-2004 or in a subsequent fiscal year and that in a fiscal year after 2003-2004 receives the same type of support services from another district or intermediate district shall report the cost of those support services for special education reimbursement purposes under this act. This subdivision does not prohibit the transfer of special education classroom teachers and special education classroom aides if the pupils counted in membership associated with those special education classroom teachers and special education classroom aides are transferred and counted in membership in the other district or intermediate district in conjunction with the transfer of those teachers and aides.

(c) If the department determines before bookclosing for ~~2006-2007~~ **2007-2008** that the amounts allocated for ~~2006-2007~~ **2007-2008** under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will exceed expenditures for ~~2006-2007~~ **2007-2008** under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56, then for ~~2006-2007~~ **2007-2008** only, for a district or intermediate district whose reimbursement for ~~2006-2007~~ **2007-2008** would otherwise be affected by subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for that district or intermediate district and reimbursement for that district or intermediate district shall be calculated in the same manner as it was for 2003-2004. If the amount of the excess allocations under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 is not sufficient to fully fund the calculation of reimbursement to those districts and intermediate districts under this subdivision, then the calculations and resulting reimbursement under this subdivision shall be prorated on an equal percentage basis.

(d) 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.

(e) Beginning with calculations for 2004-2005, if an intermediate district purchases a special education pupil transportation service from a constituent district that was previously purchased from a private entity; if the purchase from the constituent district is at a lower cost, adjusted for changes in fuel costs; and if the cost shift from the intermediate district to the constituent does not result in any net change in the revenue the constituent district receives from payments under sections 22b and 51c, then upon application by the intermediate district, the department shall direct the intermediate district to continue to report the cost associated with the specific identified special education pupil transportation service and shall adjust the costs reported by the constituent district to remove the cost associated with that specific service.

(8) From the allocation in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** 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 2007-2008~~ the amount necessary, estimated at ~~\$7,600,000.00~~ **\$7,100,000.00 FOR 2008-2009**, 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 the basic foundation allowance under section 20 for the current fiscal year, 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 the basic

foundation allowance under section 20 for the current fiscal year, 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) IF IT IS DETERMINED THAT FUNDS ALLOCATED UNDER SUBSECTION (2) OR (12) OR UNDER SECTION 51C WILL NOT BE EXPENDED, FUNDS UP TO THE AMOUNT NECESSARY AND AVAILABLE MAY BE USED TO SUPPLEMENT THE ALLOCATIONS UNDER SUBSECTION (2) OR (12) OR UNDER SECTION 51C IN ORDER TO FULLY FUND THOSE ALLOCATIONS. 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~~**SUBSECTIONS** (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.

(15) IF A PUBLIC SCHOOL ACADEMY ENROLLS PURSUANT TO THIS SECTION A PUPIL WHO RESIDES OUTSIDE OF THE INTERMEDIATE DISTRICT IN WHICH THE PUBLIC SCHOOL ACADEMY IS LOCATED AND WHO IS ELIGIBLE FOR SPECIAL EDUCATION PROGRAMS AND SERVICES ACCORDING TO STATUTE OR RULE, OR WHO IS A CHILD WITH DISABILITIES, AS DEFINED UNDER THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, THE PROVISION OF SPECIAL EDUCATION PROGRAMS AND SERVICES AND THE PAYMENT OF THE ADDED COSTS OF SPECIAL EDUCATION PROGRAMS AND SERVICES FOR THE PUPIL ARE THE RESPONSIBILITY OF THE DISTRICT AND INTERMEDIATE DISTRICT IN WHICH THE PUPIL RESIDES UNLESS THE ENROLLING DISTRICT OR INTERMEDIATE DISTRICT HAS A WRITTEN AGREEMENT WITH THE DISTRICT OR INTERMEDIATE DISTRICT IN WHICH THE PUPIL RESIDES OR THE PUBLIC SCHOOL ACADEMY FOR THE PURPOSE OF PROVIDING THE PUPIL WITH A FREE APPROPRIATE PUBLIC EDUCATION AND THE WRITTEN AGREEMENT INCLUDES AT LEAST AN AGREEMENT ON THE RESPONSIBILITY FOR THE PAYMENT OF THE ADDED COSTS OF SPECIAL EDUCATION PROGRAMS AND SERVICES FOR THE PUPIL.

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 ~~2007-2008-2008-2009~~ the amount necessary, estimated at ~~\$696,000,000.00~~ **\$721,400,000.00**, 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 ~~2007-2008-2008-2009~~ all available federal funding, estimated at \$74,000,000.00, 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 ~~2007-2008-2008-2009~~:

- (a) An amount estimated at \$15,000,000.00 for handicapped infants and toddlers, funded from DED-OSERS, handicapped infants and toddlers funds.
- (b) An amount estimated at \$14,000,000.00 for preschool grants (Public Law 94-142), funded from DED-OSERS, handicapped preschool incentive funds.
- (c) An amount estimated at \$45,000,000.00 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) 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 subsection (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 the basic foundation allowance under section 20 for the current fiscal year, 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 ~~2007-2008~~ **2008-2009** in section 51a(1) shall be allocated under this section.

Sec. 54. 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 ~~2007-2008~~ **2008-2009** in section 51a(1) shall be allocated under this section.

Sec. 54a. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$250,000.00 for 2007-2008~~ **\$100,000.00 FOR 2008-2009** to the lending library located at central Michigan university from which districts and intermediate districts can borrow assessment materials designed specifically for children with severe loss of vision or hearing, severe cognitive or motor disabilities, or multiple disabilities and for children who require the most specialized types of psychological and educational assessment. ~~It is the intent of the legislature to allocate an amount not to exceed \$100,000.00 for subsequent fiscal years for this purpose.~~

(2) The lending library shall make test assessment materials available through borrowing to districts and intermediate districts. The lending library shall also provide information about the lending library at meetings and conferences for school personnel and shall develop a website to describe the services offered by the lending library. The lending library also shall mail information about the services offered by the lending library to all districts and intermediate districts.

Sec. 54c. From the general fund appropriation in section 11, there is allocated to the department an amount not to exceed ~~\$80,000.00~~ **EACH FISCAL YEAR FOR 2007-2008 AND FOR 2008-2009** for the department to make Newline available electronically on a statewide basis for persons who are visually impaired.

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 ~~2007-2008~~ **2008-2009** 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 2006-2007 shall be made in 2007-2008 at an amount per 2006-2007 membership pupil computed by subtracting from \$161,800.00 the 2006-2007 taxable value behind each membership pupil and multiplying the resulting difference by the 2006-2007 millage levied.~~ **REIMBURSEMENT FOR THOSE MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009 AT AN AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM \$172,800.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2007-2008 MILLAGE LEVIED.**

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$285,000.00 for ~~2007-2008~~ **2008-2009** for grants to intermediate districts for advanced and accelerated students.

(2) To qualify for funding under this section, a grant recipient shall support part of the cost of summer institutes for advanced and accelerated students and, to the extent the funding allows, provide comprehensive programs for advanced and accelerated pupils.

(3) Except as otherwise provided in this subsection, the amount of a single grant award under this section shall not exceed \$5,000.00. Intermediate districts may form a consortium, and that consortium may receive a maximum grant amount of \$5,000.00 for each participant intermediate district. Each intermediate district or consortium must apply for grant funding by April 1, ~~2008-2009~~ and demonstrate compliance with subsection (2).

(4) A district, intermediate district, or consortium that receives a grant under this section shall provide at least a 25% match for grant money received under this section from local public or private resources.

(5) Any unallocated grant funds may be allocated to intermediate districts and consortia receiving grants under this section in an equal amount per intermediate district.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$30,000,000.00 for ~~2007-2008~~ **2008-2009** 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 ~~2007-2008~~ **2008-2009** 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 ~~2007-2008~~ **2008-2009** 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 2006-2007 shall be made in 2007-2008 at an amount per 2006-2007 membership pupil computed by subtracting from \$171,300.00 the 2006-2007 taxable value behind each membership pupil and multiplying the resulting difference by the 2006-2007 millage levied. **REIMBURSEMENT FOR THE MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009 AT AN AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM \$181,900.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2008-2009 MILLAGE LEVIED.**

Sec. 64. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$2,000,000.00 for ~~2007-2008~~ **2008-2009** for grants to intermediate districts or a district of the first class that are in consortium with a community college or state public university and a hospital to create and implement a middle college focused on the field of health sciences.

(2) Awards shall be made in a manner and form as determined by the department; however, at a minimum, eligible consortia funded under this section shall ensure the middle college provides all of the following:

(a) Outreach programs to provide information to middle school and high school students about career opportunities in the health sciences field.

(b) An individualized education plan for each pupil enrolled in the program.

(c) Curriculum that includes entry-level college courses.

(d) Clinical rotations that provide opportunities for pupils to observe careers in the health sciences.

(E) INSTRUCTION IN MATHEMATICS, SCIENCE, AND LANGUAGE ARTS THAT IS INTEGRATED, WHERE APPROPRIATE, INTO THE HEALTH SCIENCES COURSES.

(3) For the purposes of this section, "middle college" means a series of courses and other requirements and conditions established by the consortium that allow a pupil to graduate with a high school diploma and a certificate or degree from a community college or state public university.

(4) ~~A district or intermediate district that received a grant under this section in 2006-2007 shall receive 100% of that amount in 2007-2008, 50% of the 2007-2008 amount in 2008-2009, and 50% of the 2008-2009 amount in 2009-2010.~~ **BEGINNING IN 2006-2007, A DISTRICT OR INTERMEDIATE DISTRICT MAY RECEIVE A GRANT UNDER THIS SECTION FOR UP TO 4 CONSECUTIVE FISCAL YEARS. FOR THE FIRST 2 FISCAL YEARS OF THE GRANT PERIOD, THE GRANT AMOUNT SHALL BE 100% OF THE AWARD DETERMINED BY THE DEPARTMENT. FOR EACH OF THE REMAINING 2 FISCAL YEARS OF THE GRANT PERIOD, THE GRANT AMOUNT SHALL BE AN AMOUNT EQUAL TO 50% OF THE RECIPIENT'S GRANT AMOUNT FOR THE PREVIOUS FISCAL YEAR.**

Sec. 65. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed ~~\$680,100.00~~ **\$980,100.00** for ~~2007-2008~~ **2008-2009** for grants to districts or intermediate districts, as determined by the department, for eligible precollege programs in engineering and the sciences.

(2) From the funds allocated under subsection (1), the department shall award \$680,100.00 for ~~2007-2008~~ **2008-2009** to the 2 eligible existing programs that received funds appropriated for these purposes in the appropriations act containing the department of labor and economic growth budget for 2005-2006.

(3) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE DEPARTMENT SHALL AWARD \$75,000.00 FOR 2008-2009 TO THE KALAMAZOO REGIONAL EDUCATION SERVICE AGENCY TO SUPPORT AN AREA PROGRAM SUBSTANTIALLY SIMILAR TO THE 2 ELIGIBLE EXISTING PROGRAMS RECEIVING FUNDS UNDER SUBSECTION (2).

(4) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE DEPARTMENT SHALL AWARD \$225,000.00 FOR 2008-2009 TO ELIGIBLE INTERMEDIATE DISTRICTS FOR PROGRAMS TO TRAIN PUPILS IN ALTERNATIVE ENERGY. THE DEPARTMENT SHALL AWARD \$75,000.00 TO EACH ELIGIBLE INTERMEDIATE DISTRICT. THE INTERMEDIATE DISTRICT SHALL USE THE FUNDS FOR ENGINEERING AND SCIENCES PROGRAMS WITH INDUSTRY LEVEL PARTNERSHIPS THAT ARE IN PROXIMITY TO RENEWABLE ENERGY FACILITIES. TO BE ELIGIBLE FOR FUNDS UNDER THIS SUBSECTION, AN INTERMEDIATE DISTRICT MUST MEET ALL OF THE FOLLOWING REQUIREMENTS:

(A) THE COMBINED TOTAL 2007-2008 PUPIL MEMBERSHIP FOR ALL OF ITS CONSTITUENT DISTRICTS WAS LESS THAN 20,000 PUPILS.

(B) LEVIED AT LEAST .11 BUT NOT MORE THAN .19 OPERATING MILLS IN 2007-2008.

(C) HAD A 2007 TAXABLE VALUE GREATER THAN \$1,500,000,000.00.

(D) AT LEAST 28% OF THE COMBINED TOTAL NUMBER OF PUPILS IN MEMBERSHIP FOR ALL OF ITS CONSTITUENT DISTRICTS WERE ELIGIBLE FOR FREE OR REDUCED-PRICE LUNCH FOR 2007-2008.

(E) IS CONTIGUOUS TO AT LEAST 1 OTHER INTERMEDIATE DISTRICT THAT MEETS THE REQUIREMENTS OF SUBDIVISIONS (A) TO (D).

(5) ~~(3)~~ The department shall submit a report to the appropriations subcommittees responsible for this act, **TO THE STATE BUDGET DIRECTOR**, and to the house and senate fiscal agencies by February 1, ~~2008-2009~~ regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and mathematics-based fields for pupils who were enrolled in the programs awarded funds under this section or under preceding legislation. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded under this section.

(6) ~~(4)~~ Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with **SHALL BE PAID ON A SCHEDULE AND IN A MANNER DETERMINED BY** the department.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed ~~\$3,025,800.00~~ **\$3,028,500.00** for ~~2007-2008-2008-2009~~ for the purposes of this section.

(2) From the allocation in subsection (1), there is allocated for ~~2007-2008-2008-2009~~ 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 ~~SECTION 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.

(4) From the funds allocated in subsection (1), there is allocated an amount not to exceed ~~\$1,400,800.00~~ **\$1,403,500.00** for ~~2007-2008-2008-2009~~ for reimbursement to districts and intermediate districts for costs associated with the inspection of school buses and pupil transportation vehicles by the department of state police as required under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The department of state police shall prepare a statement of costs attributable to each district for which bus inspections are provided and submit it to the department and to each affected district in a time and manner determined jointly by the department and the department of state police. The department shall reimburse each district and intermediate district for costs detailed on the statement within 30 days after receipt of the statement. Districts for which services are provided shall make payment in the amount specified on the statement to the department of state police within 45 days after receipt of the statement. The total reimbursement of costs under this subsection shall not exceed the amount allocated under this subsection. Notwithstanding section 17b, payments to eligible entities under this subsection shall be paid on a schedule prescribed by the department.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for ~~2007-2008~~ **2008-2009** to the intermediate districts the sum necessary, but not to exceed ~~\$80,912,000.00~~ **\$81,721,100.00**, 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 ~~2007-2008-2008-2009~~ an amount equal to 101.0% of the amount appropriated under this subsection for ~~2006-2007-2007-2008~~. 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.

(2) Intermediate districts receiving funds under this section shall collaborate with the department to develop expanded professional development opportunities for teachers to update and expand their knowledge and skills needed to support the Michigan merit curriculum.

(3) 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.

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

(5) In order to receive funding under this section, an intermediate district shall do all of the following:

(a) 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.

(b) Demonstrate to the satisfaction of the department that the intermediate district employs at least 1 person who is trained in rules, regulations, and district reporting procedures for the individual-level student data that serves as the basis for the calculation of the district and high school graduation and dropout rates.

(c) Comply with sections 1278a and 1278b of the revised school code, MCL 380.1278a and 380.1278b.

(d) Furnish data and other information required by state and federal law to the center and the department in the form and manner specified by the center or the department, as applicable.

(e) Comply with section 1230g of the revised school code, MCL 380.1230g.

(f) Comply with section 761 of the revised school code, MCL 380.761.

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 reasonable 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) TO THE EXTENT FUNDING IS AVAILABLE, COORDINATE THE ELECTRONIC EXCHANGE OF STUDENT RECORDS USING A UNIQUE IDENTIFICATION NUMBERING SYSTEM AMONG ENTITIES RECEIVING FUNDS UNDER THIS ACT AND POSTSECONDARY INSTITUTIONS FOR STUDENTS PARTICIPATING IN PUBLIC EDUCATION PROGRAMS FROM PRESCHOOL THROUGH POSTSECONDARY EDUCATION.

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

(2) 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; the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939; 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 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 reasonable 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 \$2,435,400.00 **\$4,935,400.00** for 2007-2008-2008-2009 to the department of management and budget to support the operations of the center and the development and implementation of a comprehensive **LONGITUDINAL** data **COLLECTION** management and student tracking **REPORTING** system **THAT INCLUDES STUDENT-LEVEL DATA**. 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 2007-2008-~~2008-2009~~, there is allocated the amount necessary, estimated at \$3,543,200.00 **\$2,793,200.00**, in order to fulfill federal reporting requirements.

(7) ~~From the allocation under subsection (6), there is allocated for 2007-2008 an amount to support the development and implementation of a comprehensive longitudinal educational data management and student tracking system. In addition, from the federal funds allocated in subsection (6), there is allocated for 2007-2008-2008-2009 an amount not to exceed \$1,500,000.00~~ **\$750,000.00** funded from the competitive grants of DED-OESE, title II, educational technology funds for the purposes of this subsection. Not later than November 30, ~~2007-2008~~, the department shall award a single grant to an eligible partnership that includes an intermediate district with at least 1 high-need local school district and the center.

(8) The center and the department shall work cooperatively to develop a cost allocation plan that pays for center expenses from the appropriate federal fund revenues.

(9) 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.

(10) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law. The center may also enter into agreements to supply custom data, analysis, and reporting to other principal executive departments, state agencies, local units of government, and other individuals and organizations. The center may receive and expend funds in addition to those authorized in subsection (6) to cover the costs associated with salaries, benefits, supplies, materials, and equipment necessary to provide such data, analysis, and reporting services.

(11) As used in this section:

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

(b) "High-need local school district" means a local educational agency as defined in the enhancing education through technology part of the no child left behind act of 2001, Public Law 107-110.

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

Sec. 98. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$500,000.00 for ~~2007-2008-2008-2009~~ and from the general fund money appropriated in section 11, there is allocated an amount not to exceed \$1,750,000.00 for ~~2007-2008-2008-2009~~ to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school; to provide professional development opportunities for educators; and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2007-2008-2008-2009~~ an amount estimated at \$3,250,000.00 **\$2,700,000.00**.

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

(e) 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.

(F) MAINTAIN THE ACCREDITATION STATUS OF THE MICHIGAN VIRTUAL HIGH SCHOOL FROM RECOGNIZED NATIONAL AND INTERNATIONAL ACCREDITING ENTITIES.

(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) From the federal funds allocated in subsection (1), there is allocated for ~~2007-2008-2008-2009~~ an amount estimated at ~~\$2,250,000.00~~ **\$1,700,000.00** from DED-OESE, title II, improving teacher quality funds for a grant to the Michigan virtual university for the purpose of this subsection. 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.

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

(e) Provide online professional development opportunities for educators to update and expand knowledge and skills needed to support the Michigan merit curriculum core content standards and credit requirements.

(5) The Michigan virtual university shall offer at least 200 hours of online professional development for classroom teachers under this section each fiscal year beginning in 2006-2007 without charge to the teachers or to districts or intermediate districts. 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 (4). Five hours of this professional development shall be considered to be part of the 38 hours allowed to be counted as hours of pupil instruction under section 101(10).

(6) From the federal funds appropriated in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount estimated at \$1,000,000.00 from the DED-OESE, title II, educational technology grant funds to support e-learning and virtual school initiatives consistent with the goals contained in the United States national educational technology plan issued in January 2005. **THESE FUNDS SHALL BE USED TO SUPPORT ACTIVITIES DESIGNED TO BUILD THE CAPACITY OF THE MICHIGAN VIRTUAL UNIVERSITY AND SHALL NOT BE USED TO SUPPLANT OTHER FUNDING.** Not later than November 30, ~~2007-2008~~, from the funds allocated in this subsection, the department shall award a single grant of \$1,000,000.00 to a consortium or partnership established by the Michigan virtual university that meets the requirements of this subsection. To be eligible for this funding, a consortium or partnership established by the Michigan virtual university shall include at least 1 intermediate district and at least 1 high-need local district. All of the following apply to this funding:

(a) An eligible consortium or partnership must demonstrate the following:

(i) Prior success in delivering online courses and instructional services to K-12 pupils throughout this state.

(ii) Expertise in designing, developing, and evaluating online K-12 course content.

(iii) Experience in maintaining a statewide help desk service for pupils, online teachers, and other school personnel.

(iv) Knowledge and experience in providing technical assistance and support to K-12 schools in the area of online education.

(v) Experience in training and supporting K-12 educators in this state to teach online courses.

(vi) Demonstrated technical expertise and capacity in managing complex technology systems.

(vii) Experience promoting twenty-first century learning skills through the use of online technologies.

(b) The Michigan virtual university, which operates the Michigan virtual high school, shall perform the following tasks related to this funding:

(i) **STRENGTHEN ITS CAPACITY BY PURSUING ACTIVITIES, POLICIES, AND PRACTICES THAT INCREASE THE OVERALL NUMBER OF MICHIGAN VIRTUAL HIGH SCHOOL COURSE ENROLLMENTS AND COURSE COMPLETIONS BY AT-RISK STUDENTS.**

(ii) ~~(i)~~ Examine the curricular and specific course content needs of middle and high school students in the areas of mathematics and science.

(iii) ~~(ii)~~ Design, develop, and acquire online courses and related supplemental resources aligned to state standards to create a comprehensive and rigorous statewide catalog of online courses and instructional services.

(iv) ~~(iii)~~ Conduct a demonstration pilot to promote new and innovative online courses and instructional services.

(v) ~~(iv)~~ Evaluate existing online teaching and learning practices and develop continuous improvement strategies to enhance student achievement.

(vi) ~~(v)~~ Develop, support, and maintain the technology infrastructure and related software required to deliver online courses and instructional services to students statewide.

(7) From the state school aid fund allocation in subsection (1), an amount not to exceed \$500,000.00 for ~~2007-2008~~ **2008-2009** shall be awarded as a single grant to an intermediate district working in partnership with the Michigan virtual high school for a statewide license for "my dream explorer", a career exploration and planning tool, to be made available to all pupils at no cost. **THE MICHIGAN VIRTUAL HIGH SCHOOL SHALL WORK COLLABORATIVELY WITH THE DEPARTMENT, THE PRESIDENTS COUNCIL OF STATE UNIVERSITIES OF MICHIGAN, THE MICHIGAN COMMUNITY COLLEGE ASSOCIATION, THE ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES OF MICHIGAN, AND THE APPROPRIATE K-12 EDUCATION ORGANIZATIONS TO DEVELOP A COMPREHENSIVE OUTREACH AND COMMUNICATIONS PLAN THAT PROVIDES PARENTS AND STUDENTS WITH ACCESS TO ONLINE RESOURCES DESIGNED TO INCREASE POSTSECONDARY ENROLLMENTS AND PROVIDE CURRENT INFORMATION RELATED TO CAREER PLANNING, COLLEGE SELECTION, FINANCIAL AID, AND DUAL ENROLLMENT OPPORTUNITIES.**

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

(9) NOT LATER THAN DECEMBER 1, 2008, THE MICHIGAN VIRTUAL UNIVERSITY SHALL PROVIDE A REPORT TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT THAT INCLUDES AT LEAST ALL OF THE FOLLOWING INFORMATION RELATED TO THE MICHIGAN VIRTUAL HIGH SCHOOL FOR THE PRECEDING STATE FISCAL YEAR:

(A) A LIST OF THE MICHIGAN SCHOOLS SERVED BY THE MICHIGAN VIRTUAL HIGH SCHOOL.

(B) A LIST OF ONLINE COURSE TITLES AVAILABLE TO MICHIGAN SCHOOLS.

(C) THE TOTAL NUMBER OF ONLINE COURSE ENROLLMENTS AND INFORMATION ON REGISTRATIONS AND COMPLETIONS BY COURSE.

(D) THE OVERALL COURSE COMPLETION RATE PERCENTAGE.

(E) A SUMMARY OF DED-OESE TITLE IIA, TEACHER QUALITY GRANT AND DED-OESE TITLE IID, EDUCATION TECHNOLOGY GRANT EXPENDITURES.

(F) IDENTIFICATION OF UNMET EDUCATIONAL NEEDS THAT COULD BE ADDRESSED BY THE MICHIGAN VIRTUAL HIGH SCHOOL.

(G) THE TOTAL NUMBER OF ACTIVE USERS OF “MY DREAM EXPLORER” FUNDED UNDER SUBSECTION (7).

(10) (9) As used in this section:

(a) “DED-OESE” means the United States department of education office of elementary and secondary education.

(b) “High-need local district” means a local educational agency as defined in the enhancing education through technology part of the no child left behind act of 2001, Public Law 107-110.

(c) “State education agency” means the department.

Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$3,390,000.00 for ~~2007-2008~~ **2008-2009** and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$110,000.00 for ~~2007-2008~~ **2008-2009** for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board, and for other purposes as described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount estimated at ~~\$4,456,000.00~~ **\$5,249,300.00** 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 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 2007 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 ~~2006-2007~~ **2007-2008** shall receive state funding in an amount equal to 100% of the amount it was allocated under this subsection for ~~2006-2007~~ **2007-2008**. 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) From the funds allocated in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$1,000,000.00 in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in implementing the Michigan merit curriculum components for mathematics and science. Funding under this subsection is in addition to funding allocated under subsection (5).

(7) 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.

(8) Not later than September 30, ~~2008~~ **2013**, the department shall reevaluate and update the comprehensive master plan described in subsection (1).

(9) The department shall give preference in awarding the federal grants allocated in subsection (1) to eligible existing mathematics and science centers.

(10) 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.

(11) 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. 99A. (1) FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$725,000.00 FOR 2008-2009 FOR GRANTS UNDER THIS SECTION.

(2) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THERE IS ALLOCATED FOR 2008-2009 AN AMOUNT NOT TO EXCEED \$725,000.00 FOR PILOT GRANTS TO MATHEMATICS AND SCIENCE CENTERS FUNDED UNDER SECTION 99 THAT ARE SELECTED BY THE MATHEMATICS AND SCIENCE NETWORK IN CONJUNCTION WITH THE MICHIGAN VIRTUAL UNIVERSITY TO DEVELOP AND IMPLEMENT PILOT PROGRAMS FOR AFTER-SCHOOL AND SUMMER MATHEMATICS FOR EIGHTH GRADE STUDENTS, TO BE MADE AVAILABLE TO UP TO 5,000 EIGHTH GRADE STUDENTS IN THIS STATE WHO HAVE EXPERIENCED ACADEMIC DIFFICULTY IN MATHEMATICS. THE PILOT PROGRAMS SHALL MAKE USE OF HIGHLY QUALIFIED ONLINE MATHEMATICS COACHES AND TUTORS, ALONG WITH A ROBUST ONLINE DIAGNOSTIC TOOL AND SHALL PRESENT ENGAGING, RESEARCH-BASED PRESCRIPTIVE MULTIMEDIA CONTENT. THE GOALS OF THE PILOT PROGRAMS SHALL BE TO DO AT LEAST ALL OF THE FOLLOWING:

(A) EXPAND ACCESS TO ENGAGING ONLINE TEACHING AND LEARNING RESOURCES IN MATHEMATICS.

(B) PROVIDE STUDENTS WITH ALTERNATIVE LEARNING OPTIONS THAT ARE RELEVANT AND ENGAGING.

(C) IMPROVE THE LIKELIHOOD OF STUDENT SUCCESS WITH THE MICHIGAN HIGH SCHOOL GRADUATION REQUIREMENTS IN MATHEMATICS.

(3) GRANT FUNDS AWARDED UNDER THIS SECTION ARE INTENDED TO BE FOR THE FIRST YEAR OF 3 YEARS OF FUNDING.

(4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

Sec. 99e. (1) From the funds appropriated in section 11, there is allocated the amount of \$125,000.00 for ~~2007-2008~~ **2008-2009** to a district that meets all of the following requirements:

(a) The district's membership increased by at least 20% between 2004-2005 and 2005-2006.

(b) At least 60% of the pupils in the district were eligible for free or reduced lunch for 2005-2006.

(c) The district levies at least 10 mills for the purpose of debt retirement.

(d) The district had an emergency financial manager in place during 2004-2005.

(2) The funds allocated under subsection (1) shall be used to supplement the district's operational funds as compensation for having received a reduced foundation allowance due to proration while having had an emergency financial manager in place.

(3) The funds appropriated in this section shall be awarded for 3 consecutive years beginning with 2006-2007 in a form and manner approved by the department.

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

Sec. 99i. (1) From the funds appropriated in section 11, there is allocated the amount of \$300,000.00 for ~~2007-2008~~ **2008-2009** to a district that meets all of the following requirements:

(a) The district's membership is greater than 9,000 pupils.

(b) At least 60% of the pupils in the district were eligible for free or reduced lunch for 2005-2006.

(c) The district's foundation allowance for 2006-2007 was less than \$7,310.00.

(2) Funds allocated to a district under this section shall be used to expand the school-based crisis intervention project that received funds in 2005-2006 under section 304 of 2005 PA 147.

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

Sec. 99j. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed ~~\$500,000.00~~ **\$1,500,000.00** **FOR 2008-2009** for pilot programs as provided for under this section.

(2) From the funds allocated under subsection (1), the department shall award ~~\$350,000.00~~ **\$1,050,000.00** **FOR 2008-2009** for demonstration projects in science and math instruction. The projects shall showcase differentiated instruction and the integration of technology as a learning tool. These funds shall be allocated to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 8,500 and less than 9,000.

(3) From the funds allocated under subsection (1), the department shall award ~~\$150,000.00~~ **\$450,000.00** **FOR 2008-2009** for initiatives to increase opportunities for academically talented students, to implement a districtwide improvement initiative, and to implement positive behavior support programs. These funds shall be allocated to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 1,000 and less than 1,500.

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

(5) As used in this section, “principal residence” and “qualified agricultural property” mean those terms as defined in section 1211 of the revised school code, MCL 380.1211.

Sec. 99k. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed ~~\$1,950,000.00 for 2007-2008~~ **\$850,000.00 FOR 2008-2009** for payments to districts under this section.

(2) From the allocation under subsection (1), there is allocated the amount of \$250,000.00 for ~~2007-2008 only~~ **2008-2009** to a district that levied 4.87 mills in 1993 to finance an operating deficit.

(3) From the allocation under subsection (1), there is allocated the amount of ~~\$400,000.00~~ **\$150,000.00** for ~~2007-2008 only~~ **2008-2009** to a district in which 4.91 mills levied in 1992 for school operating purposes in the 1992-1993 school year were not renewed in 1993 for school operating purposes in the 1993-1994 school year.

~~(4) From the allocation under subsection (1), there is allocated the amount of \$400,000.00 for 2007-2008 only to a district that levied 1.8 mills in 1993 to finance an operating deficit.~~

~~(4) (5)~~ From the allocation under subsection (1), there is allocated the amount of ~~\$900,000.00~~ **\$450,000.00** for ~~2007-2008 only~~ **2008-2009** to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 3,500 and less than 4,500.

(d) The district had a 2005-2006 operating deficit, as determined by the department, greater than 10%.

~~(5) (6)~~ Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

~~(6) (7)~~ As used in this section, “principal residence” and “qualified agricultural property” mean those terms as defined in section 1211 of the revised school code, MCL 380.1211.

Sec. 99p. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$100,000.00 for ~~2007-2008~~ **2008-2009** for competitive grants to districts for programs that provide pupils with access to cultural, art, or music resources and experiences that are available in the community and that may promote reading, literacy, and communications skills among pupils.

(2) A district applying for a grant shall submit an application to the department in a form and manner determined by the department. To be eligible for a grant, a district shall demonstrate in its application that at least 50% of the pupils in membership in the district 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.

(3) Grant awards shall be made in a manner determined by the department. However, the department may set maximum grant amounts in a manner that maximizes the number of pupils that will be able to participate.

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

Sec. 104. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed ~~\$29,322,400.00~~ **\$28,872,800.00** for payments on behalf of districts for costs associated with complying with sections 104a and 104b, sections **1278A, 1278B**, 1279, 1279g, and 1280b of the revised school code, MCL **380.1278A, 380.1278B**, 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount estimated at ~~\$5,477,600.00~~ **\$8,512,900.00**, funded from DED-OESE, title VI, state assessments funds and DED-OSERS, section 504 of part B of the individuals with disabilities education act, Public Law 94-142, plus any carryover federal funds from previous year appropriations, for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

(2) 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 pupil scores and the percentage of pupils choosing each possible response.

(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, and in the education flexibility partnership act of 1999, Public Law 106-25.

(4) Notwithstanding section 17b, payments on behalf of districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(5) 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.

(C) “DED-OSERS” MEANS THE DED OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES.

Sec. 104b. (1) ~~Beginning in the 2006 calendar year, in~~ IN order to receive state aid under this act, a district shall comply with this section and shall administer the ~~state assessments under section 1279 or the~~ Michigan merit examination to pupils in grade 11,

AND TO PUPILS IN GRADE 12 WHO DID NOT TAKE THE COMPLETE MICHIGAN MERIT EXAMINATION IN GRADE 11, as provided in this section, as follows:

(a) For pupils in grade 11 in the 2005-2006 school year, the provisions concerning state assessments under section 104a apply to all pupils in grade 11 and the Michigan merit examination shall be administered to a sample of pupils in grade 11 statewide, as identified by the department. The pupils to be included in this sample shall be determined by the department as the department determines necessary to seek the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110.

(b) Subject to subdivision (c), for pupils in grade 11 in the 2006-2007 school year and subsequent school years, the Michigan merit examination shall be offered to all pupils in grade 11.

(c) If the United States department of education has not approved the use of the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, by December 31, 2006, all of the following apply:

(i) The provisions concerning state assessments under section 104a shall continue to apply to all pupils in grade 11 until the next calendar year that begins after that approval occurs.

(ii) The Michigan merit examination shall be offered to all pupils in grade 11 beginning in the next calendar year that begins after that approval occurs.

(iii) If it is necessary as part of the process of continuing to seek the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, the department may again provide for the administration of both the state assessments under section 104a and the Michigan merit examination to a sample of pupils in grade 11 statewide as described in subdivision (a).

(2) The department shall take all steps necessary, including, but not limited to, conducting a content alignment study and statistical analyses, to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, by not later than December 31, 2006 or as soon thereafter as possible.

(2) (3) For the purposes of this section, the department of management and budget shall contract with 1 or more providers to develop, supply, and score the Michigan merit examination. The Michigan merit examination shall consist of all of the following:

(a) Assessment instruments that measure English language arts, mathematics, reading, and science and are used by colleges and universities in this state for entrance or placement purposes. **THIS SHALL INCLUDE A WRITING COMPONENT IN WHICH THE PUPIL PRODUCES AN EXTENDED WRITING SAMPLE. THE MICHIGAN MERIT EXAMINATION SHALL NOT REQUIRE ANY OTHER EXTENDED WRITING SAMPLE.**

(b) One or more tests from 1 or more test developers that assess a pupil's ability to apply **AT LEAST** reading and mathematics skills in a manner that is intended to allow employers to use the results in making employment decisions. **THE DEPARTMENT OF MANAGEMENT AND BUDGET AND THE SUPERINTENDENT SHALL ENSURE THAT ANY TEST OR TESTS SELECTED UNDER THIS SUBDIVISION HAVE ALL THE COMPONENTS NECESSARY TO ALLOW A PUPIL TO BE ELIGIBLE TO RECEIVE THE RESULTS OF A NATIONALLY RECOGNIZED EVALUATION OF WORKFORCE READINESS IF THE PUPIL'S TEST PERFORMANCE IS ADEQUATE.**

(c) A social studies component.

(d) Any other component that is necessary to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110.

(3) (4) In addition to all other requirements of this section, all of the following apply to the Michigan merit examination:

(a) The department of management and budget and the superintendent shall ensure that any contractor used for scoring the Michigan merit examination supplies an individual report for each pupil that will identify for the pupil's parents and teachers whether the pupil met expectations or failed to meet expectations for each standard, to allow the pupil's parents and teachers to assess and remedy problems before the pupil moves to the next grade.

(b) The department of management and budget and the superintendent shall ensure that any contractor used for scoring, developing, or processing the Michigan merit examination meets quality management standards commonly used in the assessment industry, including at least meeting level 2 of the capability maturity model developed by the software engineering institute of Carnegie Mellon university for the first year the Michigan merit examination is offered to all grade 11 pupils and at least meeting level 3 of the capability maturity model for subsequent years.

(c) The department of management and budget and the superintendent shall ensure that any contract for scoring, administering, or developing the Michigan merit examination includes specific deadlines for all steps of the assessment process, including, but not limited to, deadlines for the correct testing materials to be supplied to schools and for the correct results to be returned to schools, and includes penalties for noncompliance with these deadlines.

(d) The superintendent shall ensure that the Michigan merit examination meets all of the following:

(i) Is designed to test pupils on grade level content expectations or course content expectations, as appropriate, in all subjects tested.

(ii) Complies with requirements of the no child left behind act of 2001, Public Law 107-110.

(iii) Is consistent with the code of fair testing practices in education prepared by the joint committee on testing practices of the American psychological association.

(iv) Is factually accurate. If the superintendent determines that a question is not factually accurate and should be ~~removed~~ **EXCLUDED** from an assessment instrument **SCORING**, the state board and the superintendent shall ensure that the question is ~~removed~~ **EXCLUDED** from the assessment instrument **SCORING**.

~~(4)~~ **(5)** Beginning with pupils completing grade 11 in 2006, a A district shall include on each pupil's high school transcript all of the following:

(a) For each high school graduate who has completed the Michigan merit examination under this section, the pupil's scaled score on each subject area component of the Michigan merit examination.

(b) 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.

~~(5)~~ **(6)** The superintendent shall work with the provider or providers of the Michigan merit examination to produce Michigan merit examination subject area scores for each pupil participating in the Michigan merit examination, including scaling and merging of test items for the different subject area components. The superintendent shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that describes the scoring for each subject area and indicates the scaled score ranges for each subject area.

~~(6)~~ **(7)** The Michigan merit examination shall be administered each year after March 1 and before June 1 to pupils in grade 11. The superintendent shall ensure that the Michigan merit examination is 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 returned scores shall indicate at least the pupil's scaled score for each subject area component and the range of scaled scores for each subject area. In reporting the scores to pupils, parents, and schools, the superintendent shall provide standards-specific, meaningful, and timely feedback on the pupil's performance on the Michigan merit examination.

~~(8)~~ A pupil who does not qualify for a Michigan merit award scholarship under the Michigan merit award scholarship act, 1999 PA 94, MCL 390.1451 to 390.1459, and who wants to repeat the Michigan merit examination may repeat the Michigan merit examination in the next school year on a designated testing date. The first time a pupil repeats the Michigan merit examination under this subsection shall be without charge to the pupil, but the pupil is responsible for paying the cost of any subsequent repeat.

(7) A DISTRICT SHALL ADMINISTER THE COMPLETE MICHIGAN MERIT EXAMINATION TO A PUPIL ONLY ONCE AND SHALL NOT ADMINISTER THE COMPLETE MICHIGAN MERIT EXAMINATION TO THE SAME PUPIL MORE THAN ONCE. IF A PUPIL DOES NOT TAKE THE COMPLETE MICHIGAN MERIT EXAMINATION IN GRADE 11, THE DISTRICT SHALL ADMINISTER THE COMPLETE MICHIGAN MERIT EXAMINATION TO THE PUPIL IN GRADE 12. IF A PUPIL CHOOSES TO RETAKE THE COLLEGE ENTRANCE EXAMINATION COMPONENT OF THE MICHIGAN MERIT EXAMINATION, AS DESCRIBED IN SUBSECTION (2)(A), THE PUPIL MAY DO SO THROUGH THE PROVIDER OF THE COLLEGE ENTRANCE EXAMINATION COMPONENT AND THE COST OF THE RETAKE IS THE RESPONSIBILITY OF THE PUPIL UNLESS ALL OF THE FOLLOWING ARE MET:

(A) THE PUPIL HAS TAKEN THE COMPLETE MICHIGAN MERIT EXAMINATION.

(B) THE PUPIL DID NOT QUALIFY FOR A MICHIGAN PROMISE GRANT UNDER SECTION 6 OF THE MICHIGAN PROMISE GRANT ACT, 2006 PA 479, MCL 390.1626, BASED ON THE PUPIL'S PERFORMANCE ON THE COMPLETE MICHIGAN MERIT EXAMINATION.

(C) THE PUPIL MEETS THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK, AS DETERMINED UNDER THE RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT, 42 USC 1751 TO 1769I.

(D) THE PUPIL HAS APPLIED TO THE PROVIDER OF THE COLLEGE ENTRANCE EXAMINATION COMPONENT FOR A SCHOLARSHIP OR FEE WAIVER TO COVER THE COST OF THE RETAKE AND THAT APPLICATION HAS BEEN DENIED.

(E) AFTER TAKING THE COMPLETE MICHIGAN MERIT EXAMINATION, THE PUPIL HAS NOT ALREADY RECEIVED A FREE RETAKE OF THE COLLEGE ENTRANCE EXAMINATION COMPONENT PAID FOR EITHER BY THIS STATE OR THROUGH A SCHOLARSHIP OR FEE WAIVER BY THE PROVIDER.

~~(8)~~ **(9)** The superintendent shall ensure that the length of the Michigan merit examination and the combined total time necessary to administer all of the components of the Michigan merit examination are the shortest possible that will still maintain the degree of reliability and validity of the Michigan merit examination results determined necessary by the superintendent. The superintendent shall ensure that the maximum total combined length of time that schools are required to set aside for administration of all of the components of **PUPILS TO ANSWER ALL TEST QUESTIONS ON** the Michigan merit examination does not exceed 8 hours **IF THE SUPERINTENDENT DETERMINES THAT SUFFICIENT ALIGNMENT TO APPLICABLE MICHIGAN MERIT CURRICULUM CONTENT STANDARDS CAN BE ACHIEVED WITHIN THAT TIME LIMIT.**

~~(9)~~ **(10)** A district shall provide accommodations to a pupil with disabilities for the Michigan merit examination, as provided under section 504 of title V of the rehabilitation act of 1973, 29 USC 794; subtitle A of title II of the Americans with disabilities act of 1990, 42 USC 12131 to 12134; the individuals with disabilities education act amendments of 1997, Public Law 105-17;

and the implementing regulations for those statutes. The provider or providers of the Michigan merit examination and the superintendent shall mutually agree upon the accommodations to be provided under this subsection.

(10) ~~(H)~~To the greatest extent possible, the Michigan merit examination shall be based on grade level content expectations or course content expectations, as appropriate. **NOT LATER THAN JULY 1, 2008, THE DEPARTMENT SHALL IDENTIFY SPECIFIC GRADE LEVEL CONTENT EXPECTATIONS TO BE TAUGHT BEFORE AND AFTER THE MIDDLE OF GRADE 11, SO THAT TEACHERS WILL KNOW WHAT CONTENT WILL BE COVERED WITHIN THE MICHIGAN MERIT EXAMINATION.**

(11) ~~(I2)~~A child who is a student in a nonpublic school or home school may take the Michigan merit examination under this section. To take the Michigan merit examination, 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 Michigan merit examination, or the child may take the Michigan merit examination at a nonpublic school if allowed by the nonpublic school. Upon request from a nonpublic school, the superintendent shall direct the provider or providers to supply the Michigan merit examination to the nonpublic school and the nonpublic school may administer the Michigan merit examination. If a district administers the Michigan merit examination under this subsection to a child who is not enrolled in the district, the scores for that child are not considered for any purpose to be scores of a pupil of the district.

(12) ~~(I3)~~In contracting under subsection ~~(3)~~(2), the department of management and budget shall consider a contractor that provides electronically-scored essays with the ability to score constructed response feedback in multiple languages and provide ongoing instruction and feedback.

(13) ~~(I4)~~The purpose of the Michigan merit examination is to assess pupil performance in mathematics, science, social studies, and 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 and promotes pupil participation in higher level mathematics, science, social studies, and English language arts courses. These standards are based upon the expectations of what pupils should learn through high school and are aligned with national standards.

(14) ~~(I5)~~As used in this section:

(a) "English language arts" means reading and writing.

(b) "Social studies" means United States history, world history, world geography, economics, and American government.

Sec. 105. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing within the same intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing within the same intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing within the same intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a ~~15-day~~ period **OF AT LEAST 15 CALENDAR DAYS BUT NOT MORE THAN 30 CALENDAR DAYS** from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program. The notice shall identify the ~~15-day~~ **DATES OF THE APPLICATION** period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program.

(C) Within 15 **CALENDAR** days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll in that grade, school, or program, using the random draw system required under subsection (14) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (14), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list

who desire to enroll, the district may not fill those positions until the second semester **OR TRIMESTER** enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing within the same intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing within the same intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a ~~15-day~~ **15-CALENDAR-DAY** period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(3) If a district determines during the first semester **OR TRIMESTER** of a school year that it has positions available for enrollment of a number of nonresidents residing within the same intermediate district, beyond those entitled to preference under this section, for the second semester **OR TRIMESTER** of the school year, the district may accept applications from and enroll nonresidents residing within the same intermediate district for the second semester **OR TRIMESTER** using the following procedures:

(a) Not later than 2 weeks before the end of the first semester **OR TRIMESTER**, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester **OR TRIMESTER** may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) During the last 2 weeks of the first semester **OR TRIMESTER**, the district shall accept applications from nonresidents residing within the same intermediate district for enrollment for the second semester **OR TRIMESTER** in the available grades, schools, and programs.

(c) By the beginning of the second semester **OR TRIMESTER**, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll in the district for the second semester **OR TRIMESTER** and notify the parent or legal guardian of each nonresident applicant residing within the same intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing within the same intermediate district may limit the number of nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant.

(6) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) Subject to subsection (10), a district may refuse to enroll a nonresident applicant if any of the following are met:

(a) The applicant is, or has been within the preceding 2 years, suspended from another school.

(b) The applicant, at any time before enrolling under this section, has been expelled from another school.

(c) The applicant, at any time before enrolling under this section, has been convicted of a felony.

(10) If a district has counted a pupil in membership on either the pupil membership count day or the supplemental count day, the district shall not refuse to enroll or refuse to continue to enroll that pupil for a reason specified in subsection (9). This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester **OR TRIMESTER** immediately preceding the school year or semester **OR TRIMESTER** in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(12) A district shall give preference for enrollment under this section over all other nonresident applicants residing within the same intermediate district to other school-age children who reside in the same household as a pupil described in subsection (11).

(13) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(14) If the number of qualified nonresident applicants eligible for acceptance in a school, grade, or program does not exceed the positions available for nonresident pupils in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing within the same intermediate district eligible for acceptance exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(15) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant, the district of residence shall provide that information on a timely basis.

(16) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(17) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(18) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

(19) A district that, pursuant to this section, enrolls a nonresident pupil who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, Public Law 108-446, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.

(20) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

(21) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

Sec. 105c. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing in a district located in a contiguous intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing in a district located in a contiguous intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents under this section, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents under this section:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing in a district located in a contiguous intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents under this section in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a ~~15-day~~ period **OF AT LEAST 15 CALENDAR DAYS BUT NOT MORE THAN 30 CALENDAR DAYS** from nonresidents residing in a district located in a contiguous intermediate district for enrollment in that grade, school, or program. The notice shall identify the ~~15-day~~ **DATES OF THE APPLICATION** period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing in a district located in a contiguous intermediate district for enrollment in that grade, school, or program.

(C) Within **15 CALENDAR** days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll under this section

in that grade, school, or program, using the random draw system required under subsection (14) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment under this section shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (14), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester **OR TRIMESTER** enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing in a district located in a contiguous intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program under this section:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing in a district located in a contiguous intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a ~~15-day~~ **15-CALENDAR-DAY** period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment under this section that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(3) If a district determines during the first semester **OR TRIMESTER** of a school year that it has positions available for enrollment of a number of nonresidents residing in a district located in a contiguous intermediate district, beyond those entitled to preference under this section, for the second semester **OR TRIMESTER** of the school year, the district may accept applications from and enroll nonresidents residing in a district located in a contiguous intermediate district for the second semester **OR TRIMESTER** using the following procedures:

(a) Not later than 2 weeks before the end of the first semester **OR TRIMESTER**, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester **OR TRIMESTER** may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.

(b) During the last 2 weeks of the first semester **OR TRIMESTER**, the district shall accept applications from nonresidents residing in a district located in a contiguous intermediate district for enrollment for the second semester **OR TRIMESTER** in the available grades, schools, and programs.

(c) By the beginning of the second semester **OR TRIMESTER**, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll under this section in the district for the second semester **OR TRIMESTER** and notify the parent or legal guardian of each nonresident applicant residing in a district located in a contiguous intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing in a district located in a contiguous intermediate district may limit the number of those nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant under this section.

(6) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant under this section if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) Subject to subsection (10), a district may refuse to enroll a nonresident applicant under this section if any of the following are met:

- (a) The applicant is, or has been within the preceding 2 years, suspended from another school.
- (b) The applicant, at any time before enrolling under this section, has been expelled from another school.
- (c) The applicant, at any time before enrolling under this section, has been convicted of a felony.

(10) If a district has counted a pupil in membership on either the pupil membership count day or the supplemental count day, the district shall not refuse to enroll or refuse to continue to enroll that pupil for a reason specified in subsection (9). This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester **OR TRIMESTER** immediately preceding the school year or semester **OR TRIMESTER** in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(12) A district shall give preference for enrollment under this section over all other nonresident applicants residing in a district located in a contiguous intermediate district to other school-age children who reside in the same household as a pupil described in subsection (11).

(13) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(14) If the number of qualified nonresident applicants eligible for acceptance under this section in a school, grade, or program does not exceed the positions available for nonresident pupils under this section in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing in a district located in a contiguous intermediate district eligible for acceptance under this section exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(15) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant under this section, the district of residence shall provide that information on a timely basis.

(16) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(17) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(18) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

(19) In order for a district or intermediate district to enroll pursuant to this section a nonresident pupil who resides in a district located in a contiguous intermediate district and who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, Public Law 108-446, the enrolling district shall have a written agreement with the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. The written agreement shall include, but is not limited to, an agreement on the responsibility for the payment of the added costs of special education programs and services for the pupil. **THE WRITTEN AGREEMENT SHALL ADDRESS HOW THE AGREEMENT SHALL BE AMENDED IN THE EVENT OF SIGNIFICANT CHANGES IN THE COSTS OR LEVEL OF SPECIAL EDUCATION PROGRAMS OR SERVICES REQUIRED BY THE PUPIL.**

(20) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

(21) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

(22) This section is repealed if the final decision of a court of competent jurisdiction holds that any portion of this section is unconstitutional, ineffective, invalid, or in violation of federal law.

(23) As used in this section, "district located in a contiguous intermediate district" means a district located in an intermediate district that is contiguous to the intermediate district in which a pupil's district of residence is located.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$24,000,000.00 for ~~2007-2008~~ **2008-2009** 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 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 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 Michigan career and technical institute.

(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), from the amount allocated under subsection (1), ~~\$23,800,000.00~~ **AT LEAST \$23,300,000.00** shall be distributed as follows:

(a) For districts and consortia that received payments for ~~2006-2007~~ **2007-2008** under this section, the amount allocated to each for ~~2007-2008~~ **2008-2009** shall be based on the number of participants served by the district or consortium for ~~2007-2008~~ **2008-2009**, using the amount allocated per full-time equated participant under subsection (6), up to a maximum total allocation under this subsection in an amount equal to ~~104.3%~~ of the amount the district or consortium received for ~~2006-2007~~ **2007-2008** under this section before any reallocations made for ~~2006-2007~~ **2007-2008** under subsection (4).

(b) A district or consortium that received funding in ~~2003-2004~~ **2007-2008** under this section may operate independently of a consortium or join or form a consortium for ~~2007-2008~~ **2008-2009**. The allocation for ~~2007-2008~~ **2008-2009** to the district or the newly formed consortium under this subsection shall be determined by the department of 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 ~~2006-2007~~ **2007-2008**. A district or consortium described in this subdivision shall notify the department of labor and economic growth of its intention with regard to ~~2007-2008~~ **2008-2009** by October 1, ~~2007~~ **2008**.

(C) IF A DISTRICT HAD A DECLARATION OF FINANCIAL EMERGENCY IN PLACE UNDER THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY ACT, 1990 PA 72, MCL 141.1201 TO 141.1291, AND THAT DECLARATION WAS REVOKED DURING 2005, THE DISTRICT MAY OPERATE A PROGRAM UNDER THIS SECTION INDEPENDENTLY OF A CONSORTIUM OR MAY JOIN OR FORM A CONSORTIUM TO OPERATE A PROGRAM UNDER THIS SECTION. THE ALLOCATION FOR 2008-2009 TO THE DISTRICT OR THE NEWLY FORMED CONSORTIUM UNDER THIS SUBSECTION SHALL BE DETERMINED BY THE DEPARTMENT AND SHALL BE BASED ON THE PROPORTION OF THE AMOUNTS THAT ARE ATTRIBUTABLE TO THE DISTRICT OR CONSORTIUM THAT RECEIVED FUNDING IN 2007-2008 OR, FOR A DISTRICT FOR WHICH A DECLARATION OF FINANCIAL EMERGENCY WAS REVOKED DURING 2005, BASED ON THE AMOUNT THE DISTRICT RECEIVED UNDER THIS SECTION USING A 3-YEAR AVERAGE OF THE 3 MOST RECENT FISCAL YEARS THE DISTRICT RECEIVED FUNDING UNDER THIS SECTION. A DISTRICT OR CONSORTIUM DESCRIBED IN THIS SUBDIVISION SHALL NOTIFY THE DEPARTMENT OF ITS INTENTION WITH REGARD TO 2008-2009 BY OCTOBER 1, 2008.

(4) A district that operated an adult education program in ~~2006-2007~~ **2007-2008** and does not intend to operate a program in ~~2007-2008~~ **2008-2009** shall notify the department of labor and economic growth by October 1, ~~2007~~ **2008** of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2007-2008~~ **2008-2009** 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 ~~2007-2008~~ **2008-2009** under this section.

(5) From the amount allocated under subsection (1), up to a maximum of \$200,000.00 shall be allocated for not more than 1 grant not to exceed \$200,000.00 for expansion of an existing innovative community college program that focuses on educating adults. Grants may be used for program operating expenses such as staffing, rent, equipment, and other expenses. To be eligible for this grant funding, a program must meet the following criteria:

(a) Collaborates with local districts and businesses to determine area academic needs and to promote the learning opportunities.

(b) Is located off-campus in an urban residential setting with documented high poverty and low high school graduation rates.

(c) Provides general educational development (G.E.D.) test preparation courses and workshops.

(d) Provides developmental courses taught by college faculty that prepare students to be successful in college-level courses.

- (e) Uses learning communities to allow for shared, rather than isolated, learning experiences.
 - (f) Provides on-site tutoring.
 - (g) Provides access to up-to-date technology, including personal computers.
 - (h) Partners with a financial institution to provide financial literacy education.
 - (i) Assists students in gaining access to financial aid.
 - (j) Provides on-site academic advising to students.
 - (k) Provides vouchers for reduced G.E.D. testing costs.
 - (l) Partners with local agencies to provide referrals for social services as needed.
 - (m) Enrolls participants as students of the community college.
 - (n) Partners with philanthropic and business entities to provide capital funding.
- (6) 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.
- (7) 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, in a form and manner prescribed by the department, 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 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 (11) until the participant meets 1 of the following:
 - (i) The participant is assessed as having attained basic English proficiency **AS DEFINED BY THE DEPARTMENT**.
 - (ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department of labor and economic growth shall provide information to a funding recipient regarding appropriate assessment instruments for this program.
- (8) A general 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 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 (11) 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.
- (9) 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 (11) 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.
- (10) 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 (11) 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 labor and economic growth shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(11) 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, **AS DEFINED BY THE DEPARTMENT IN THE ADULT EDUCATION GUIDEBOOK**; for **OBTAINING A G.E.D. OR** passage of the ~~G.E.D. test~~ **1 OR MORE INDIVIDUAL G.E.D. TESTS**; for **ATTAINMENT OF A HIGH SCHOOL DIPLOMA OR** 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.

(12) 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).

(13) 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 (7), (8), (9), or (10) 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.

(14) An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section. **HOWEVER, FROM THE AMOUNT ALLOCATED UNDER SUBSECTION (1), UP TO A MAXIMUM OF \$500,000.00 SHALL BE MADE AVAILABLE AS COMPETITIVE GRANTS TO DISTRICTS THAT ENROLL ADULTS WHO DO NOT HAVE A HIGH SCHOOL DIPLOMA OR G.E.D. AND WHO ARE INCARCERATED IN A STATE CORRECTIONAL FACILITY IN GENERAL EDUCATION DEVELOPMENT (G.E.D.) TEST PREPARATION COURSES AND WORKSHOPS OR HIGH SCHOOL COMPLETION PROGRAMS. DISTRICTS APPLYING FOR GRANTS UNDER THIS SUBSECTION SHALL DO SO IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT. DISTRICTS RECEIVING FUNDING UNDER THIS SUBSECTION SHALL PROVIDE G.E.D. AND HIGH SCHOOL DIPLOMA PROGRAMS SUBSTANTIALLY SIMILAR TO THOSE PROGRAMS AS DESCRIBED IN THIS SECTION AND SHALL RECEIVE \$2,850.00 PER PARTICIPANT ENROLLED IN THE PROGRAMS.**

(15) 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.

(16) 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.

(17) In order to receive funds under this section, a district shall furnish to the department, in a form and manner determined by the department, all information needed to administer this program **AND MEET FEDERAL REPORTING REQUIREMENTS**; shall allow the department or the department's designee to review all records related to the program for which it receives funds; and shall reimburse the state for all disallowances found in the review, as determined by the department.

(18) ALL INTERMEDIATE DISTRICT PARTICIPANT AUDITS OF ADULT EDUCATION PROGRAMS SHALL BE PERFORMED PURSUANT TO THE ADULT EDUCATION PARTICIPANT AUDITING AND ACCOUNTING MANUALS PUBLISHED BY THE DEPARTMENT.

(19) ~~(18)~~ As used in this section, "department" means the department of labor and economic growth.

Sec. 147. The allocation for ~~2007-2008~~ **2008-2009** 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 at ~~16.72%~~ **16.54%** for the ~~2007-2008~~ **2008-2009** state 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 ~~30~~ **29** years for ~~2007-2008~~ **2008-2009**. 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.

Sec. 151. (1) The treasurer of each county shall furnish to the department, on or before August 1 of each year following the receipt of assessment rolls, a statement of the taxable value of each district and fraction of a district within the county, using forms furnished by the department. On or before May 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the immediately preceding year of each district and fraction of a district within the county, using forms furnished by the department. On or before October 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the years after 1993 of each district and fraction of a district within the county, using forms furnished by the department. The reports required by this subsection shall also contain the amount of ad valorem taxable value captured for school operating taxes under a ~~tax-increment financing plan 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, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT FINANCING ACTS.**

(2) Not later than the tenth day of each month, the tax tribunal created by the tax tribunal act, 1973 PA 186, MCL 205.701 to 205.779, shall report to the department the changes in taxable value for tax years after 1993 that are not reported to the department under subsection (1) and that are caused by tax tribunal decisions in the immediately preceding month for property that is a principal residence or qualified agricultural property, as defined in section 1211 of the revised school code, MCL 380.1211, and for property that is not a principal residence or qualified agricultural property, in each district and intermediate district. The report shall also contain the amount of taxable value captured under a tax increment financing plan described in subsection (1) for school operating tax purposes.

(3) AS USED IN THIS SECTION, "TAX INCREMENT FINANCING ACTS" MEANS 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, THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.

Sec. 164c. A district or intermediate district shall not use funds appropriated under this act to purchase foreign goods or services, or both, if American goods or services, or both, are available and are competitively priced and of comparable quality. 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. **IN ADDITION, PREFERENCE SHALL BE GIVEN TO GOODS OR SERVICES, OR BOTH, THAT ARE MANUFACTURED OR PROVIDED BY MICHIGAN BUSINESSES OWNED AND OPERATED BY VETERANS, IF THEY ARE COMPETITIVELY PRICED AND OF COMPARABLE QUALITY.**

Sec. 166e. Before entering into a contract in an amount in excess of \$15,000.00 for any materials, supplies, or equipment or a contract in an amount in excess of \$15,000.00 for construction of a new building, or addition to or repair or renovation of an existing building, the board of a district ~~organized as a school district~~ of the first class, ~~under part 6 of the revised school code; MCL 380.401 to 380.485,~~ or any other purchasing authority within a district ~~organized as a school district~~ of the first class, shall obtain sealed competitive bids, and the district shall award such a contract using this competitive bid process. This section does not prohibit a district from making a public request for proposals before requesting bids and does not prohibit a district from awarding a contract based on a combination of price, quality, and service factors. A school official or member of a school board or other person who neglects or refuses to do or perform an act required by this section, or who violates or knowingly permits or consents to a violation of this section, is guilty of a misdemeanor punishable by a fine of not more than \$500.00, or imprisonment for not more than 3 months, or both.

Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00.

Enacting section 2. Sections 32, 32e, and 99c of the state school aid act of 1979, 1979 PA 94, MCL 388.1632, 388.1632e, and 388.1699c, are repealed effective October 1, 2008.

Enacting section 3. (1) Except as otherwise provided in subsection (2), this amendatory act takes effect October 1, 2008.

(2) Sections 6, 29, and 54c of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, 388.1629, and 388.1654c, 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, 11a, 11g, 11j, 11k, 11m, 15, 18, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25b, 25c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 99i, 99j, 99k, 99p, 104, 104b, 105, 105c, 107, 147, 151, 164c, and 166e (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1625b, 388.1625c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1654c, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699i, 388.1699j, 388.1699k, 388.1699p, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, 388.1764c, and 388.1766e), sections 3, 6, 11a, 11g, 11k, 11m, 15, 18, 19, 20, 20j, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51d,

53a, 54, 54a, 57, 61a, 64, 65, 74, 81, 94a, 98, 99, 99e, 107, and 151 as amended and sections 99i, 99j, and 99k as added by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, sections 11, 11j, 22a, 22b, 22d, 51a, 51c, 56, 62, and 104 as amended and sections 54c and 99p as added by 2008 PA 112, section 18b as added by 2000 PA 297, section 20d as amended and section 166e as added by 1997 PA 93, section 25b as amended and section 25c as added by 2001 PA 121, section 38 as amended by 2003 PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, and 99a; and to repeal acts and parts of acts.

Ron Jelinek
Cameron Brown
Michael Switalski
Conferees for the Senate

Matt Gillard
Bruce Caswell
Conferees for the House

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

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the conference report having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 706

Yeas—68

Accavitti	Coulouris	Lahti	Pearce
Acciavatti	Dean	LaJoy	Polidori
Angerer	Dillon	Law, Kathleen	Proos
Ball	Donigan	LeBlanc	Rocca
Bauer	Ebli	Lindberg	Sak
Bieda	Espinoza	Mayes	Schuitmaker
Booher	Farrah	McDowell	Shaffer
Brown	Gaffney	Meadows	Sheltrown
Byrnes	Gillard	Meisner	Simpson
Byrum	Gonzales	Melton	Smith, Alma
Casperson	Green	Meltzer	Spade
Caswell	Griffin	Miller	Stakoe
Caul	Hammel	Moolenaar	Steil
Clemente	Hammon	Moore	Valentine
Condino	Hansen	Nofs	Walker
Constan	Hopgood	Palsrok	Ward
Corriveau	Horn	Pavlov	Warren

Nays—39

Agema	Hildenbrand	Law, David	Scott
Amos	Hood	Leland	Sheen
Bennett	Hoogendyk	Marleau	Smith, Virgil
Calley	Huizenga	Meekhof	Stahl
Cheeks	Hune	Moss	Tobocman
Clack	Jackson	Nitz	Vagnozzi
Cushingberry	Johnson	Opsommer	Wenke
DeRoche	Jones, Rick	Palmer	Wojno

Elsenheimer
Garfield

Jones, Robert
Knollenberg

Pastor
Robertson

Young

In The Chair: Sak

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

“Mr. Speaker and members of the House:

Times are tough and this is no time for all the pork barrel extra spending in the school aid bill. The smaller high school initiative is but one example of a slippery slope. Detroit, for example, already receives about \$11,000 per pupil from local, state, and federal sources and Grand Rapids is about the same if you think I’m picking on Detroit. Taking more money away from the other 700 districts in the state will do nothing to improve schooling in the state’s largest districts. Any extra funds should have gone into the foundation which would have benefited Detroit kids, Grand Rapids kids, and every other child in the state.

Some of the schools in my area have seen only a 3% total increase in funding over the past five years; that includes this budget. This is crazy. How can our schools be expected to maintain there standard?

Yes, times are tough, but it’s not tough to vote NO on a school aid bill which takes funds from the many for political pork for the few. The few extra dollars available this year should have gone into the foundation.”

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

“Mr. Speaker and members of the House:

This bill pushes the concept of all day kindergarten, extra money for small schools - all of which take money from existing schools. We have not enough money for schools as it is. Detroit already receives \$11,000 per pupil.

Any extra funds should be deposited into the foundation that benefits every child, in every district, not just Detroit.”

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

“Mr. Speaker and members of the House:

While I support the increases in the foundation grant for our public schools, I nevertheless must oppose this conference committee report. This budget adds millions in new spending on education bureaucracy at the state and local level, monies that would have been better placed in the classroom through the foundation grant. It also continues to fund the waste, inefficiency and wholesale dysfunction in the Detroit Public Schools. I simply could not support this conference report under these circumstances.”

Rep. Tobocman moved that Rep. Farrah be excused temporarily from today’s session.

The motion prevailed.

Messages from the Senate

The Speaker laid before the House

House Bill No. 5524, entitled

A bill to amend 1939 PA 3, entitled “An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for

appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts," by amending sections 6a, 10, 10a, 10b, 10d, 10g, 10p, 10r, 10x, and 10y (MCL 460.6a, 460.10, 460.10a, 460.10b, 460.10d, 460.10g, 460.10p, 460.10r, 460.10x, and 460.10y), section 6a as amended by 1992 PA 37, sections 10, 10b, 10p, 10r, 10x, and 10y as added by 2000 PA 141, section 10a as amended by 2004 PA 88, section 10d as amended by 2002 PA 609, and section 10g as amended by 2001 PA 48, and by adding sections 4a, 6q, 6r, 10dd, and 11.

(The bill was received from the Senate on July 16, with substitute (S-7) and title amendment, consideration of which, under the rules, was postponed until today, see House Journal No. 67, p. 1928.)

The question being on concurring in the substitute (S-7) made to the bill by the Senate,

The substitute (S-7) was not concurred in, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 707

Yeas—1

Gillard

Nays—105

Accavitti	Dillon	LaJoy	Polidori
Acciavatti	Donigan	Law, David	Proos
Agema	Ebli	Law, Kathleen	Robertson
Amos	Elsenheimer	LeBlanc	Rocca
Angerer	Espinoza	Leland	Sak
Ball	Gaffney	Lindberg	Schuitmaker
Bauer	Garfield	Marleau	Scott
Bennett	Gonzales	Mayes	Shaffer
Bieda	Green	McDowell	Sheen
Booher	Griffin	Meadows	Sheltrown
Brown	Hammel	Meekhof	Simpson
Byrnes	Hammon	Meisner	Smith, Alma
Byrum	Hansen	Melton	Smith, Virgil
Calley	Hildenbrand	Meltzer	Spade
Casperson	Hood	Miller	Stahl
Caswell	Hoogendyk	Moolenaar	Stakoe
Caul	Hopgood	Moore	Steil
Cheeks	Horn	Moss	Tobocman
Clack	Huizenga	Nitz	Vagnozzi
Clemente	Hune	Nofs	Valentine
Condino	Jackson	Opsommer	Walker
Constan	Johnson	Palmer	Ward
Corriveau	Jones, Rick	Palsrok	Warren
Coulouris	Jones, Robert	Pastor	Wenke
Cushingberry	Knollenberg	Pavlov	Wojno
Dean	Lahti	Pearce	Young
DeRoche			

In The Chair: Sak

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that Rule 42 be suspended.

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

Rep. Tobocman moved that the Committee on Energy and Technology be discharged from further consideration of **Senate Bill No. 213**.

The motion prevailed, a majority of the members serving voting therefor.
The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 213, entitled

A bill to require providers of retail electric service to establish a renewable energy program; to prescribe the powers and duties of certain state agencies and officials; to authorize the creation and implementation of wind energy resource zones; to ensure transmission infrastructure to deliver wind energy; to provide for expedited transmission line siting authority; to provide incentives for establishing wind generation facilities; to provide for condemnation authority; and to provide for sanctions.

The bill was read a second time.

Rep. Accavitti moved to substitute (H-2) the bill.

The motion prevailed and the substitute (H-2) was adopted, a majority of the members serving voting therefor.

Rep. Gillard moved to amend the bill as follows:

1. Amend page 55, following line 23, by inserting:

“Enacting section 2. This amendatory act does not take effect unless House Bill No. 5524 of the 94th Legislature is enacted into law.”.

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

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

The motion prevailed.

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

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

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 213, entitled

A bill to require providers of retail electric service to establish a renewable energy program; to prescribe the powers and duties of certain state agencies and officials; to authorize the creation and implementation of wind energy resource zones; to ensure transmission infrastructure to deliver wind energy; to provide for expedited transmission line siting authority; to provide incentives for establishing wind generation facilities; to provide for condemnation authority; and to provide for sanctions.

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

Roll Call No. 708

Yeas—86

Accavitti	Dillon	Knollenberg	Pearce
Angerer	Donigan	Lahti	Polidori
Ball	Ebli	LaJoy	Proos
Bauer	Espinoza	Law, David	Rocca
Bennett	Farrah	Law, Kathleen	Sak
Bieda	Gaffney	LeBlanc	Schuitmaker
Booher	Gillard	Leland	Scott
Brown	Gonzales	Lindberg	Sheltrown
Byrnes	Green	Marleau	Simpson
Byrum	Griffin	Mayer	Smith, Alma
Calley	Hammel	McDowell	Smith, Virgil
Caswell	Hammon	Meadows	Spade
Caul	Hansen	Meisner	Tobocman

Cheeks	Hildenbrand	Melton	Vagnozzi
Clack	Hood	Meltzer	Valentine
Clemente	Hopgood	Miller	Walker
Condino	Horn	Moore	Ward
Constan	Hune	Nofs	Warren
Corriveau	Jackson	Opsommer	Wenke
Coulouris	Johnson	Palsrok	Wojno
Cushingberry	Jones, Rick	Pastor	Young
Dean	Jones, Robert		

Nays—21

Acciavatti	Garfield	Moss	Shaffer
Agema	Hoogendyk	Nitz	Sheen
Amos	Huizenga	Palmer	Stahl
Casperson	Meekhof	Pavlov	Stakoe
DeRoche	Moolenaar	Robertson	Steil
Elsenheimer			

In The Chair: Sak

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

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

A bill to require providers of retail electric service to establish a renewable energy program; to prescribe the powers and duties of certain state agencies and officials; to establish an energy efficiency program in this state for electric and natural gas utilities; to promote load management; and to provide for sanctions.

The motion prevailed.

The House agreed to the title as amended.

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

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

Rep. Sheen, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

This bill requires that both utility companies and consumers take certain actions to reach certain levels of renewable energy use. These are admirable goals, but unfortunately they are also mandates. I support incentives which encourage desired actions, but I oppose mandates, which drive up the cost to consumers, drive up the cost of doing business in Michigan and makes us less competitive.”

By unanimous consent the House returned to the order of

Motions and Resolutions

Reps. Tobocman and Hildenbrand offered the following resolution:

House Concurrent Resolution No. 95.

A concurrent resolution prescribing the legislative schedule.

Resolved by the House of Representatives (the Senate concurring), That when the House of Representatives adjourns on Wednesday, July 23, 2008, it stands adjourned until Wednesday, August 13, 2008 at 10:00 a.m.; and be it further

Resolved, That when the Senate adjourns on Thursday, July 24, 2008, it stands adjourned until Wednesday, August 13, 2008.

Pending the reference of the concurrent resolution to a committee,

Rep. Tobocman moved that Rule 71 be suspended and the concurrent resolution be considered at this time. The motion prevailed, 3/5 of the members present voting therefor. The question being on the adoption of the concurrent resolution, The concurrent resolution was adopted.

Rep. Tobocman moved to suspend that portion of Rule 41 requiring bills to be handed to the Clerk three hours prior to calling the House to order. The motion prevailed, 3/5 of the members present voting therefor.

Rep. Tobocman moved that pursuant to House Rule 20, the Clerk of the House be authorized to enroll House bills while the House is not in session. The motion prevailed.

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

Rep. Tobocman moved that when the House adjourns today it stand adjourned until Wednesday, August 13, at 10:00 a.m. The motion prevailed.

Notices

The Speaker appointed as conferees, on the part of the House of Representatives for **House Bill No. 5524**, Reps. Accavitti, Gillard and Nofs.

I hereby give notice that on the next legislative session day I will move to discharge the Committee on Labor from further consideration of **House Bill No. 4454**.

Rep. Hoogendyk

I hereby give notice that on the next legislative session day I will move to discharge the Committee on Families and Children's Services from further consideration of **House Bill No. 6287**.

Rep. Tobocman

Introduction of Bills

Rep. Condino introduced
House Bill No. 6315, entitled

A bill to amend 1974 PA 263, entitled "An act to permit counties to impose and collect an excise tax on persons engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes to transient guests; to provide for the disposition of the revenues thereof; and to prescribe penalties," by amending the title and sections 1, 2, 3, 4, and 7 (MCL 141.861, 141.862, 141.863, 141.864, and 141.867), section 2 as amended by 2004 PA 118 and section 7 as amended by 1989 PA 13.

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

Rep. Condino introduced
House Bill No. 6316, entitled

A bill to amend 1968 PA 330, entitled "Private security business and security alarm act," by amending sections 2 and 18 (MCL 338.1052 and 338.1068), as amended by 2002 PA 473.

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

Rep. Condino introduced

House Bill No. 6317, entitled

A bill to amend 1968 PA 330, entitled "Private security business and security alarm act," by amending sections 2, 29, and 30 (MCL 338.1052, 338.1079, and 338.1080), sections 2 and 29 as amended by 2002 PA 473 and section 30 as amended by 2000 PA 411; and to repeal acts and parts of acts.

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

Rep. Miller introduced

House Bill No. 6318, entitled

A bill to amend 1993 PA 330, entitled "State real estate transfer tax act," by amending section 6 (MCL 207.526), as amended by 2003 PA 128.

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

Reps. Bieda, Condino, Alma Smith, Warren, Vagnozzi, Kathleen Law and Wojno introduced

House Bill No. 6319, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," (MCL 324.101 to 324.90106) by adding section 40111d.

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

Reps. Sheltroun, Constan, Lindberg and McDowell introduced

House Bill No. 6320, entitled

A bill to amend 1933 PA 167, entitled "General sales tax act," by amending section 4t (MCL 205.54t), as amended by 2004 PA 173.

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

Reps. Sheltroun and Constan introduced

House Bill No. 6321, entitled

A bill to amend 1961 PA 236, entitled "Revised judicature act of 1961," (MCL 600.101 to 600.9947) by adding section 5705.

The bill was read a first time by its title and referred to the Committee on Intergovernmental, Urban and Regional Affairs.

Rep. Knollenberg introduced

House Bill No. 6322, entitled

A bill to provide for a specific tax on motor fuel by certain counties; to describe powers of certain counties and state agencies; and to authorize direct local elections pertaining to specific motor fuel taxes.

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

Rep. Acciavatti introduced

House Bill No. 6323, entitled

A bill to authorize a county to levy a tax on an operator's or chauffeur's license; and to provide for the powers and duties of certain government officials.

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

Rep. Leland introduced

House Bill No. 6324, entitled

A bill to amend 1966 PA 134, entitled "An act to impose a tax upon written instruments which transfer any interest in real property; to provide for the administration of this act; and to provide penalties for violations of this act," by amending sections 4 and 9 (MCL 207.504 and 207.509), section 4 as amended by 1980 PA 413.

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

Rep. Byrnes introduced

House Bill No. 6325, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," (MCL 257.1 to 257.923) by adding section 805. The bill was read a first time by its title and referred to the Committee on Transportation.

Rep. Pearce introduced

House Bill No. 6326, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 811 (MCL 257.811), as amended by 2006 PA 589.

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

Rep. Angerer introduced

House Bill No. 6327, entitled

A bill to prohibit knowing employment of illegal aliens; to provide procedures for verifying employee eligibility; to provide for certain powers and duties for certain state agencies; and to provide for administrative fines.

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

Rep. LeBlanc introduced

House Bill No. 6328, entitled

A bill to prohibit the employment of unauthorized aliens; to provide for powers and duties of certain state officials and agencies; and to provide remedies and penalties.

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

Rep. Mayes introduced

House Bill No. 6329, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 14b of chapter XVII (MCL 777.14b), as added by 2002 PA 29.

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

Rep. Byrum introduced

House Bill No. 6330, entitled

A bill to provide for certain license sanctions against the holders of certain licenses; to provide certain powers and duties for certain state agencies and for the judiciary; to provide for criminal actions; to provide for penalties and sanctions against employers for actions regarding the employment of unauthorized aliens; and to provide remedies.

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

Rep. Simpson introduced

House Bill No. 6331, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 13p of chapter XVII (MCL 777.13p), as amended by 2005 PA 279.

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

Rep. Ebli introduced

House Bill No. 6332, entitled

A bill to amend 1976 PA 453, entitled "Elliott-Larsen civil rights act," (MCL 37.2101 to 37.2804) by adding section 212.

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

Reps. Ebli, Bieda, Accavitti, Byrum, Griffin, Lahti, Simpson, Angerer, Wojno, Miller, Valentine, Espinoza and McDowell introduced

House Bill No. 6333, entitled

A bill to establish a grant program for the repayment of interest on state and federal student loans of eligible technology degree holders; to establish a fund for payment of grants awarded under this act; to provide for administration of the fund; and to prescribe certain powers and duties of certain state officers, agencies, and departments.

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

Rep. LeBlanc introduced

House Bill No. 6334, entitled

A bill to amend 1966 PA 189, entitled "An act to provide procedures for making complaints for, obtaining, executing and returning search warrants; and to repeal certain acts and parts of acts," by amending sections 1, 2, and 4 (MCL 780.651, 780.652, and 780.654), section 1 as amended by 2003 PA 185 and section 4 as amended by 2002 PA 112.

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

Rep. Gonzales introduced

House Bill No. 6335, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 819 (MCL 257.819), as amended by 2008 PA 7.

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

Rep. Gonzales introduced

House Bill No. 6336, entitled

A bill to amend 1987 PA 231, entitled "An act to create a transportation economic development fund in the state treasury; to prescribe the uses of and distributions from this fund; to create the office of economic development and to prescribe its powers and duties; to prescribe the powers and duties of the state transportation department, state transportation commission, and certain other bodies; and to permit the issuance of certain bonds," by amending section 11 (MCL 247.911), as amended by 2007 PA 168.

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

Rep. Hammel introduced

House Bill No. 6337, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 27a (MCL 211.27a), as amended by 2006 PA 446.

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

Reps. Kathleen Law, Condino, Byrum, Espinoza, Mayes and Brown introduced

House Bill No. 6338, entitled

A bill to amend 1976 PA 328, entitled "An act to regulate animals running at large; to provide for compensation for damage done by animals running at large; to prescribe penalties; and to repeal certain acts and parts of acts," (MCL 433.11 to 433.20) by adding section 4a; and to repeal acts and parts of acts.

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

Reps. Condino, Kathleen Law, Byrum, Espinoza and Mayes introduced

House Bill No. 6339, entitled

A bill to amend 1988 PA 466, entitled "Animal industry act," by amending sections 31 and 44 (MCL 287.731 and 287.744), section 31 as amended by 2003 PA 271 and section 44 as amended by 2002 PA 458, and by adding section 17.

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

Reps. Clack, Condino, Meadows, Tobocman, Constan, Robert Jones, Miller, Donigan, Young, Vagnozzi, Bieda, Alma Smith, Warren, Hopgood, Cushingberry, Wenke, Hood, Virgil Smith and Jackson introduced

House Bill No. 6340, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 16g of chapter XVII (MCL 777.16g), as amended by 2002 PA 630.

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

Reps. Condino, Tobocman, Constan, Robert Jones, Meadows, Miller, Donigan, Young, Vagnozzi, Bieda, Warren, Alma Smith, Hopgood, Cushingberry, Wenke, Hood, Virgil Smith, Clack and Jackson introduced

House Bill No. 6341, entitled

A bill to amend 1931 PA 328, entitled "The Michigan penal code," by amending section 147b (MCL 750.147b), as added by 1988 PA 371, and by adding section 377d.

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

Reps. Mayes, Rick Jones, Horn, Nofs, Garfield, Knollenberg, Stahl, Polidori, Ball and Gaffney introduced
House Bill No. 6342, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 1242. The bill was read a first time by its title and referred to the Committee on Labor.

Reps. Rick Jones, Horn, Mayes, Nofs, Garfield, Knollenberg, Stahl, Polidori, Ball and Gaffney introduced
House Bill No. 6343, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 1307. The bill was read a first time by its title and referred to the Committee on Education.

Reps. Rick Jones, Mayes, Horn, Nofs, Garfield, Knollenberg, Stahl, Polidori, Ball, Opsommer and Gaffney introduced
House Bill No. 6344, entitled

A bill to amend 1947 PA 336, entitled "An act to prohibit strikes by certain public employees; to provide review from disciplinary action with respect thereto; to provide for the mediation of grievances and the holding of elections; to declare and protect the rights and privileges of public employees; and to prescribe means of enforcement and penalties for the violation of the provisions of this act," by amending section 15 (MCL 423.215), as amended by 1994 PA 112.

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

Reps. Moore, Amos and Stakoe introduced

House Bill No. 6345, entitled

A bill to amend 1990 PA 134, entitled "Motor fuel distribution act," (MCL 445.1801 to 445.1808) by amending the title and by adding section 5a.

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

Reps. LaJoy, DeRoche, Palmer, Agema, Stahl, Schuitmaker, Elsenheimer, Moolenaar, Pearce and Stakoe introduced
House Bill No. 6346, entitled

A bill to amend 1960 PA 77, entitled "An act to create the Michigan higher education assistance authority and to prescribe its powers and duties; to authorize persons, corporations, and associations to make gifts to the authority; to prescribe the powers and duties of certain state officials; to authorize, ratify, and confirm certain guarantees of students' loans and authorize reguarantees; to authorize, ratify, and confirm certain guarantees of loans made to parents of students; to validate certain prior appropriations; and to authorize the transfer of certain appropriations to be transferred to and administered by the authority," by amending section 7 (MCL 390.957), as amended by 1990 PA 117.

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

Reps. Ball, DeRoche, Palmer, Agema, Stahl and Elsenheimer introduced

House Bill No. 6347, entitled

A bill to amend 1984 PA 431, entitled "The management and budget act," by amending section 299 (MCL 18.1299), as added by 2006 PA 95.

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

Reps. Opsommer, DeRoche, Palmer, Stahl, Schuitmaker, Elsenheimer, Hildenbrand, Moolenaar, Pearce and Stakoe introduced

House Bill No. 6348, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 352 (MCL 206.352), as added by 1996 PA 568.

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

Reps. Proos, Hildenbrand, Hansen, Booher, Garfield, Acciavatti, Marleau, Palmer, Schuitmaker, Casperson, LaJoy, Elsenheimer, Horn, Meekhof, Stahl, Shaffer, Agema, Opsommer, Robertson, Walker, Caul, Nofs, Caswell, Nitz, Knollenberg and Moolenaar introduced

House Bill No. 6349, entitled

A bill to amend 1996 PA 376, entitled "Michigan renaissance zone act," by amending sections 3 and 8a (MCL 125.2683 and 125.2688a), section 3 as amended by 2008 PA 117 and section 8a as amended by 2008 PA 116.

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

Reps. Hildenbrand, Proos, Marleau, Palmer, Schuitmaker, Casperson, LaJoy, Elsenheimer, Horn, Meekhof, Stahl, Shaffer, Agema, Hansen, Opsommer, Robertson, Booher, Walker, Caul, Nofs, Caswell, Nitz, Knollenberg, Moolenaar and Pearce introduced

House Bill No. 6350, entitled

A bill to amend 1995 PA 24, entitled "Michigan economic growth authority act," by amending section 3 (MCL 207.803), as amended by 2008 PA 108.

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

Reps. Constan, Polidori, Robert Jones, Condino, Young, Vagnozzi, Miller, Gonzales, Gaffney and Hammon introduced

House Bill No. 6351, entitled

A bill to amend 1846 RS 66, entitled "Of estates in dower, by the curtesy, and general provisions concerning real estate," (MCL 554.131 to 554.139) by adding section 40.

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

Reps. Lindberg, Constan, Casperson, McDowell, Sheltroun, Lahti and Gillard introduced

House Bill No. 6352, entitled

A bill to amend 1937 PA 94, entitled "Use tax act," by amending section 4o (MCL 205.94o), as amended by 2004 PA 172.

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

Reps. Polidori, Bennett, Gonzales, Jackson, Byrum, Young, Hammon, Robert Jones, Hopgood, Accavitti, Condino, Constan, Spade, Espinoza, Sheltroun, Wojno, Byrnes, Rick Jones, Nofs, Ebli, Miller, Leland, Farrah, Scott, Gillard, Kathleen Law, Dean and Warren introduced

House Bill No. 6353, entitled

A bill to regulate certain activities involving fire sprinkler and fire suppression systems; to establish certain licensing and endorsement standards; to provide for certain powers and duties for certain state agencies; to create certain boards; to create a fund for certain purposes and to impose certain fees; and to provide for certain penalties and remedies.

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

Reps. Hopgood, Coulouris, LeBlanc, Kathleen Law, Polidori, Alma Smith and Meisner introduced

House Bill No. 6354, entitled

A bill to amend 1978 PA 368, entitled "Public health code," (MCL 333.1101 to 333.25211) by adding section 20200.

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

Reps. Meltzer, Hildenbrand, Agema, Moss, Shaffer, Hune, Marleau, Hoogendyk, Horn, Casperson, Steil, LaJoy, Pastor, Booher, Sheen, Caul, Palmer, Moore, Opsommer, Gaffney, Caswell, Stahl, Rick Jones, Pearce, Pavlov, Moolenaar, Nitz, Amos, Hansen, Ward, Rocca, Knollenberg, Proos, Elsenheimer, Schuitmaker, Acciavatti, Meekhof, Nofs, Stakoe, Green, Ball, David Law, Palsrok, Walker, Garfield, DeRoche, Huizenga, Clemente, Calley, Sheltroun and Wenke introduced

House Bill No. 6355, entitled

A bill to amend 1996 PA 376, entitled "Michigan renaissance zone act," by amending sections 3 and 8a (MCL 125.2683 and 125.2688a), section 3 as amended by 2008 PA 117 and section 8a as amended by 2008 PA 116.

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

Reps. Pearce, Hildenbrand, Agema, Moss, Shaffer, Hune, Marleau, Hoogendyk, Horn, Casperson, Steil, LaJoy, Pastor, Booher, Sheen, Caul, Palmer, Moore, Opsommer, Gaffney, Caswell, Stahl, Rick Jones, Knollenberg, Pavlov, Moolenaar, Nitz, Amos, Hansen, Ward, Rocca, Meltzer, Proos, Elsenheimer, Schuitmaker, Acciavatti, Meekhof, Nofs, Stakoe, Green, Ball, David Law, Palsrok, Walker, Garfield, DeRoche, Huizenga, Clemente, Calley, Sheltroun and Wenke introduced

House Bill No. 6356, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," (MCL 206.1 to 206.532) by adding section 254.

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

Reps. Knollenberg, Hildenbrand, Agema, Moss, Shaffer, Hune, Marleau, Hoogendyk, Horn, Casperson, Steil, LaJoy, Pastor, Booher, Sheen, Caul, Palmer, Moore, Opsommer, Gaffney, Caswell, Stahl, Rick Jones, Pearce, Pavlov, Moolenaar, Nitz, Amos, Hansen, Ward, Rocca, Meltzer, Proos, Elsenheimer, Schuitmaker, Acciavatti, Meekhof, Nofs, Stakoe, Green, Ball, David Law, Palsrok, Walker, Garfield, DeRoche, Huizenga, Clemente, Calley, Sheltroun and Wenke introduced

House Bill No. 6357, entitled

A bill to amend 2007 PA 36, entitled "Michigan business tax act," by amending section 405 (MCL 208.1405), as amended by 2007 PA 145.

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

Reps. Horn, Hildenbrand, Agema, Moss, Shaffer, Hune, Marleau, Hoogendyk, Knollenberg, Casperson, Steil, LaJoy, Pastor, Booher, Sheen, Caul, Palmer, Moore, Opsommer, Gaffney, Caswell, Stahl, Rick Jones, Pearce, Pavlov, Moolenaar, Nitz, Amos, Hansen, Ward, Rocca, Meltzer, Proos, Elsenheimer, Schuitmaker, Acciavatti, Meekhof, Nofs, Stakoe, Green, Ball, David Law, Palsrok, Walker, Garfield, DeRoche, Huizenga, Clemente, Calley, Sheltroun and Wenke introduced

House Bill No. 6358, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," (MCL 211.1 to 211.155) by adding sections 700 and 900.

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

Reps. Meisner, Griffin, Gonzales, Polidori, Meadows, Hammel, Mayes, Angerer, Huizenga, Hildenbrand, Amos, Hansen, Sak, Farrah, Miller, Vagnozzi, Lahti, Accavitti and Johnson introduced

House Bill No. 6359, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 261 (MCL 206.261), as amended by 2007 PA 94.

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

Reps. Meltzer and Hansen introduced

House Bill No. 6360, entitled

A bill to amend 1941 PA 122, entitled "An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act," by amending section 28 (MCL 205.28), as amended by 2003 PA 114.

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

Rep. Meltzer introduced

House Bill No. 6361, entitled

A bill to amend 1939 PA 3, entitled "An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts," (MCL 460.1 to 460.10cc) by adding section 6f.

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

Rep. Cushingberry introduced

House Joint Resolution FFF, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by repealing section 54 of article IV, to repeal term limits for legislators.

The joint resolution was read a first time by its title and referred to the Committee on Oversight and Investigations.

Rep. Donigan introduced

House Joint Resolution GGG, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 9 of article IX, to allow local motor fuel taxes to be dedicated to public transit purposes.

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

Rep. Hopgood introduced

House Joint Resolution HHH, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 8 of article IX, to allow the levy of a sales tax by local units of government and to restrict the use of the proceeds of that tax.

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

Rep. LeBlanc introduced

House Joint Resolution III, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 3 of article IX, to limit the increase in taxable value of real property under certain circumstances.

The joint resolution was read a first time by its title and referred to the Committee on Tax Policy.

Reps. Moore and Steil introduced

House Joint Resolution JJJ, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 37 of article IV, to provide for approval by the joint committee on administrative rules of any rule adopted by a state agency.

The joint resolution was read a first time by its title and referred to the Committee on Government Operations.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Brown offered the following resolution:

House Resolution No. 407.

A resolution to memorialize the Congress of the United States to maintain the funding for the Agricultural Research Service at Michigan State University.

Whereas, Michigan's agricultural industry accounts for nearly \$64 billion in economic activity annually and is vital to the rural economy in Michigan. The state of Michigan has one of the most diverse agricultural industries in the country, producing more than 200 crops, and is a leading producer and exporter of many of these crops. Michigan ranks second in the nation for the production of dry beans and fourth in the production of sugar beets. It exports about one-third of its agricultural commodities each year, ranking in the top ten for fruits and vegetables; and

Whereas, The United States Department of Agriculture Agricultural Research Service (USDA-ARS) at Michigan State University performs vital research to support Michigan's and the nation's agricultural industry. This research is unique not only in the United States, but in the world, especially in the areas of genetic analysis and disease mitigation; and

Whereas, There are many examples of the wide-ranging impact of the USDA-ARS at MSU. The Sugar Beet and Bean Research Program applies engineering methods and techniques that improve poor harvest quality and marketability of fruits and vegetables, as well as product quality and labor productivity. In this program, the Dry Bean Geneticist position at MSU is essential in providing food quality genetics of dry beans, particularly as it relates to canning quality and nutritional components of beans. The USDA-ARS Avian Disease and Oncology Laboratory at MSU also provides tremendous benefit to the poultry industry as the only laboratory working on Marek's Disease, a viral disease lethal to poultry, by creating modifications to keep vaccines against this disease effective; and

Whereas, The elimination of the USDA-ARS at MSU would be detrimental to Michigan's already struggling economy. In addition, the elimination of this research program will have a negative effect on all agricultural products, dairy, commodities, specialty crops, apples, poultry, sugar beets, dry beans, and agri-business in Michigan, the United States, and the world; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the Congress of the United States to maintain the funding for the Agricultural Research Service at Michigan State University; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

The resolution was referred to the Committee on Agriculture.

Announcements by the Clerk

July 22, 2008

Received from the Auditor General a copy of the following audit report and/or report summary:
Performance audit of the Suitability of Child Development and Care Program Providers, Department of Human Services, July 2008.

Richard J. Brown
Clerk of the House

Rep. Elsenheimer moved that the House adjourn.
The motion prevailed, the time being 5:05 p.m.

The Speaker Pro Tempore declared the House adjourned until Wednesday, August 13, at 10:00 a.m.

RICHARD J. BROWN
Clerk of the House of Representatives