



SECTION-BY-SECTION ANALYSIS
Current Law, Executive Recommendation, and House Recommendation
SCHOOL AID SUPPLEMENTAL, FYs 2002-03 and 2003-04

Analyst: Joe Carrasco
 Kathryn Summers-Coty

Phone: 3-2768

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
1	NEW Sec. 3(3) Definitions	N/A	This new Section adds the definition for "Center" which means the Center for Education Performance and Information. References throughout the bill that refer to CEPI have been changed to "center."	Concurs with Governor.	
2	Sec. 6(2) Pupil Retention Rate	Defines the term "district pupil retention rate" in an effort to determine the number of students who have been retained in school.	The defined term is changed to "district and high school completion rate" and is changed in order to comply with nationally recognized standards.	Concurs with Governor.	
3	Sec. 6(3) Pupil Retention Report	Defines the term "district pupil retention report" to mean the report that identifies the number of pupils that have come into or out of the district in a given year.	The defined term is changed to "District and High School completion report" and is changed in order to comply with nationally recognized standards.	Concurs with Governor.	
4	Sec. 6(4) and 6(4)(x) Pupil Membership Definition	The blended count that determines membership is weighted 80% on the current school year September count and 20% on the prior school year February count.	Changes the blended percentages to 50% of the current school year September count and 50% of the prior school year February count.	Retains current law.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
5	Sec. 6(4)(y) Declining Enrollment	For FY 2003-04, allows small, rural districts located in the lower peninsula only, to use a 3-year blended membership if that results in a higher membership than an actual current year blend.	Eliminated.	Retains current law but eliminates the "lower peninsula only" provision.	
6	Sec. 8 Annual Pupil Dropout Rate	Requires districts to submit to the Department information necessary for the preparation of the pupil retention report.	Repealed.	Concurs with Governor.	
7	Sec. 8b Assignment of PSA District Code	Requires the Department to assign a district code to a PSA in a timely manner. If none is issued, the State Treasurer may issue a temporary district code.	Retains current law.	Requires the department to issue a district code within 30 days of a contract being submitted. If none is issued, the State Treasurer shall issue a temporary district code.	
8	Sec. 11 Total Appropriation	<p>School Aid Fund</p> <p>FY 2003-04 SAF appropriation of \$11,246,667,400.</p> <p>General Fund</p> <p>FY 2003-04 GF/GP \$198,413,500.</p>	<p>School Aid Fund</p> <p>FY 2003-04 SAF appropriation of \$11,025,000,000.</p> <p>Also, the general fund appropriation is eliminated and replaced with new language stating that there is a one-time appropriation of \$198,600,000 from the revenue sharing reserve.</p> <p>Additionally, language is added that deposits the proceeds generated from the refinancing of the school bond loan fund debt into the SAF.</p>	<p>School Aid Fund</p> <p>FY 2003-04 SAF appropriation of \$11,063,658,400.</p> <p>General Fund</p> <p>FY 2003-04 GF/GP \$206,870,100.</p> <p>Concurs with Governor.</p>	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
9	Sec. 11(2) SAF Allocations	States that money appropriated in this section from the general fund and from available federal funds must be expended first before any funds that are appropriated from the SAF are expended.	Eliminated.	Strikes only the language pertaining to available federal funds.	
10	Sec. 11(3) Proration Language	The FY 1994-95 foundation allowance for a PSA beginning operations after 1994-95 is equal to the FY 1994-95 foundation allowance of the district in which the PSA is located.	Additional language changes the maximum amount a PSA may receive under this provision to the lesser of the foundation allowance of the district in which the PSA is located or \$5,500.	Strikes the current law language regarding the 1994-95 PSA foundation allowance language. Instead, changes the language regarding proration such that any future reductions that become necessary due to a shortage in revenues shall be reduced as necessary using a reduction method that has been determined to be fair and equitable by the State Budget Director. Also, the notification that is given to the Legislature that a reduction will become necessary shall include a description of the method the State Budget Director will use to make the necessary reduction.	
11	Sec. 11(4) Lapse of General Fund Allocation	Allows for general fund allocations that are not expended in the year in which they are appropriated to be transferred to the SAF.	Changes the language to instead allow the one-time revenue from the revenue sharing reserve fund to lapse to the SAF.	Retains current law.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
12	Sec. 11f(1) and (7) <i>Durant</i> Cash Payments from the Budget Stabilization Fund (BSF) Appropriation	Appropriates \$32,000,000 from the BSF to the SAF to make cash payments to <i>Durant</i> non-plaintiff school districts.	Changes the source of the \$32,000,000 appropriation from the BSF to the SAF appropriation in Section 11.	Concurs with Governor.	
13	Sec. 11g(1) <i>Durant</i> Debt Service Payments	Appropriates \$40,000,000 from the general fund to make debt service payments for <i>Durant</i> non-plaintiff school districts.	REVISED RECOMMENDATION: Appropriates \$141,000 for FYs 2003-04 and 2004-05 due to the refinancing of the <i>Durant</i> bonds. Reinstates the full payments beginning in FY 2005-06 but at the lower amount of \$34,200,000 which will continue through FY 2012-13.	Concurs with Governor.	
14	Sec. 18(3) Reports to be Filed with the Department of Education	Districts and Intermediate districts are required to file an annual financial report, known as "Form B", with the Department of Education by November 15 th of each year.	Requires that reports now be filed with CEPI instead of the Department of Education. Also strikes the term "Form B" and instead says that the required report must include data that is consistent with accounting manuals and charts of accounts approved and published by the Department of Education.	Concurs with Governor.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
15	NEW Sec. 18(4) and (5) Special Education Reports	N/A	These two new sections are added and state the due dates as well as describe the special education cost report (Sec. 18(4)) and the special education transportation report (Sec. 18(5)). Both reports are already required and collected by the Department of Education even though they are not currently part of the School Aid Act.	Concurs with Governor.	
16	Sec. 18(8) Withholding of School Aid Payments for Failure to Submit Reports	Grants the Department of Education the authority to withhold school aid payments for failure to submit the reports required under Section 18(2) (financial and pupil accounting audits) and Section 18(3) (the Form B report).	Adds the special education reports under new Sections 18(4) and (5) to the list of reports that must be submitted in order to prevent the withholding of state aid payments.	Concurs with Governor.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
17	Sec. 19 P.A 25 Report Requirements	Requires districts and ISDs to comply with P.A. 25 and to submit a report demonstrating compliance. Failure to do so shall result in the withholding of 5% of the district's or ISD's total state aid payment.	<p>Deletes all references to P.A. 25 and instead requires districts and ISDs to comply with all the reporting requirements under the federal No Child Left Behind (NCLB) Act and the National Center for Education Statistics.</p> <p>In addition, districts and ISDs must furnish CEPI with high school completion data and teacher and educational personnel data.</p> <p>Finally, districts and ISDs not complying with these reporting requirements shall have 5% of their total state aid withheld.</p>	<p>Retains requirement to comply with P.A. 25, but only for requirements that are not also contained in the NCLB Act.</p> <p>Concurs with Governor on language requiring compliance with the reporting requirements of the NCLB Act and the National Center for Education Statistics.</p> <p>Concurs with Governor.</p> <p>Concurs with Governor.</p>	
18	Sec. 20(1) Foundation Allowance	<p>Sets the basic foundation allowances for each fiscal year:</p> <p>FY 2001-02 - \$6,300</p> <p>FY 2002-03 - \$6,700</p> <p>FY 2003-04 - \$6,700</p>	Deletes the listing of the prior years and maintains the basic foundation allowance for FY 2003-04 at \$6,700.	Concurs with Governor.	
19	Sec. 20(3) to (6) Foundation Allowance Modifications	Provides the specific language for how a district's foundation allowance shall increase each year based on the basic foundation allowance for that year.	Language regarding the basic foundation allowance is modified to apply to FY 2003-04 only. Language applicable to prior years is deleted.	Except in Subsection (6), the House retains current law.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
20	Sec. 20(10) Consolidation Language	Provides that districts that consolidate after June 1, 2002 shall receive a foundation allowance that is the lesser of \$8,000 or the highest foundation allowance among the consolidating districts plus \$50.	Eliminated, however similar language is moved to new Section 20L.	Retains the section but modifies the language such that the new foundation allowance for districts that consolidate after June 1, 2002 is a pupil-weighted average of the foundation allowances of the original districts.	
21	Sec. 20(13)(c) Foundation Allowance Index	States that the foundation allowance index shall be determined at the revenue estimating conference. If no index is agreed upon, the estimates shall be reported within seven days to the house and senate K-12 appropriations subcommittees.	Sets the index at 1.00 for FY 2003-04 only, thus meaning that the increase in the basic foundation allowance for FY 2003-04 will be \$0.00.	Concurs with Governor.	
22	Sec. 20(15) Payments for Pupil Growth Greater than 1%	Language that requires a GF/GP allocation sufficient to support pupil membership growth in excess of 101% of the previous year membership.	Eliminated.	Retains current law.	
23	Sec. 20(19) Foundation Allowance Increase for Small Class- Size Grant Amount	Increases the foundation allowance of a district that received a grant under former Section 32e for small class-size grants by the per-pupil amount of the small class-size grant in FY 2001-02.	Retains current law.	Reduces the amount of the small class-size grant that is rolled into a district's foundation allowance by 24.75% of the grant amount received in FY 2001-02. This reduction results in a savings of an estimated \$6,600,000.	
24	Sec. 20(20) Foundation Allowance Increase for a District with a Reform Board	Increases the foundation allowance of a district with a reform board in place by a per-pupil amount sufficient to result in additional revenue to the district of \$15,000,000.	Retains current law.	Adds language that limits the funding adjustment so that it applies only to FY 2002-03.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
25	NEW Sec. 20K Hold Harmless Supplemental Payments	N/A	Stipulates that hold harmless districts must use the supplemental payments received in Section 20j towards the loss in foundation allowance revenue due to a proration under Section 11(3). Also states that districts may not levy additional hold harmless millage to make up for the shortfall due to a proration.	Concurs with Governor.	
26	NEW Sec. 20L Consolidation Language	N/A	Language contained in Section 20(10) is moved into this new section. The new language provides that districts that consolidate after June 1, 2002 shall receive a foundation allowance that is the lesser of \$8,000 or the pupil weighted average foundation allowance among the consolidating districts plus \$10.	Allocates \$1,000,000 for FY 2003-04 for consolidation (or annexation) incentive payments equal to \$50 per pupil in the consolidated district. The total amount of the incentive payment to any one district shall not exceed \$500,000.	
27	Sec. 22a Proposal A Obligation Payment	Provides appropriations sufficient to meet the State's Constitutional obligation of funding districts' foundation allowances at FY 1994-95 levels. FY 2003-04 appropriation of \$6,953,000,000.	FY 2003-04 appropriation is reduced by \$127,000,000 to \$6,826,000,000. This reduction reflects updated taxable value and pupil membership estimates.	FY 2003-04 appropriation is reduced by \$104,000,000 to \$6,849,000,000. This reduction reflects updated taxable value and pupil membership estimates, with a partial offsetting increase in funding needed for the retaining of the 80-20 membership blend.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
28	Sec. 22b Discretionary Payment	<p>Provides additional funding comprising foundation allowance payments beyond FY 1994-95 levels, special education hold harmless payments, and portions of other special education payments.</p> <p>FY 2003-04 appropriation of \$2,880,000,000.</p> <p>Several subsections are included regarding litigation:</p> <p>(4) Requires the Department to pay for litigation costs out of discretionary funds, up to \$1,000,000.</p> <p>(5) Allows the State Budget Director to escrow or allocate funds from this section to satisfy the amount that may be owed prior to making standard discretionary payments. Also allows for escrowed funds to be set up as work projects.</p> <p>(6) If the state is found to be in violation of the Headlee amendment, requires the State Budget Director to make payments out of this section or escrowed funds to satisfy the amount owed.</p>	<p>FY 2003-04 appropriation is reduced by \$7,000,000 to \$2,873,000,000. This reduction reflects updated taxable value and pupil membership estimates.</p> <p>Retained.</p> <p>Eliminated.</p> <p>Eliminated.</p>	<p>FY 2003-04 appropriation is reduced by \$11,600,000 to \$2,868,400,000. This reduction reflects updated taxable value and pupil membership estimates. In addition, the appropriation reflects the \$6.6 million reduction due to the 24.75% cut in Sec. 20(19), the small class-size adjustment, and the \$15 million reduction from the elimination of Sec. 20(20), the Reform Board Clause. Some additional funding is needed to fund declining enrollment grants and the retaining of the 80-20 pupil membership blend.</p> <p>Retained.</p> <p>Eliminated.</p> <p>Eliminated.</p>	

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28 Cont.	Sec. 22b Discretionary Payment Cont.	<p>(7) Allows for interested parties to seek expedited reviews, allows the state to have the right to remove the action to the Court of Appeals.</p> <p>(8) Allows for the Legislature to appropriate additional funds if necessary to pay for a court judgement that exceeds the amount appropriated in this section.</p> <p>(9) Allows the State to set aside 50% of lapsed funds for Medicaid Title XIX lawsuits, and to stop future Medicaid Title XIX reimbursements if sued.</p>	<p>Eliminated.</p> <p>Eliminated.</p> <p>Eliminated.</p>	<p>Eliminated.</p> <p>Eliminated.</p> <p>Eliminated.</p>	
29	NEW Sec. 22D PPT Interest Payments	N/A	N/A	Reimburses districts that are required to pay interest and penalties resulting from revisions to the personal property tax depreciation tables for any amount owed above \$8 million. It is anticipated that only Midland Public Schools would qualify here.	
30	NEW Sec. 22E Tax Tribunal Interest Payments	N/A	N/A	Appropriates \$120,000 for FY 2003-04 to reimburse districts that are required to pay interest resulting from the Hitachi tax settlement. It is anticipated that only Montabella Community Schools would qualify here.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
31	Sec. 24 Court-Placed Pupils	Appropriates \$8,900,000 in FY 2003-04 to reimburse districts 100% of the costs associated with educating court-placed pupils.	Increases appropriation by \$2,000,000 to \$10,900,000. This increase is necessary to fund the additional pupils in new facilities that have come online since the prior appropriation.	Concurs with Governor.	
32	Sec. 26a Renaissance Zones	Appropriates \$10,174,000 in FY 2003-04 to reimburse districts, ISDs, and the School Aid Fund for lost revenue due to the implementation of renaissance zones.	Increases appropriation by \$17,736,000 to \$27,910,000 for FY 2003-04. This increase is necessary due to the implementation of new renaissance zones designated after the prior appropriation and to also account for updated taxable value estimates.	Concurs with Governor.	
33	Sec 31a(1) At-Risk Funding	Allocates funding to districts to provide additional services to at-risk students. Funding is based upon the number of pupils in membership who meet the income eligibility requirements for free breakfast, milk, or lunch. FY 2003-04 appropriation of \$314,200,000.	Retains the current appropriation of \$314,200,000 for FY 2003-04. New language is added to expand before and after school programs to include tutorial services and programs that combine academic, enrichment, and recreational activities (Formerly FIA programs).	Concurs with the Governor but adds to the list of allowable uses of the funds early childhood programs, adult English as a second language programs, and wireless technology programs under Sec. 98b.	
34	Sec. 31a(6) Teen Health Centers	Funds teen health centers at \$3,743,000 for FY 2003-04.	Maintains appropriation at \$3,743,000 for FY 2003-04. New language is added that changes the current program to an ongoing three-year grant program beginning in FY 2003-04. To remain eligible for a continuing grant, each grant recipient must remain in compliance with the terms of the grant award.	Concurs with Governor.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
35	Sec. 31a(12) Carry forward of Funds	Funds that are not expended at the end of the fiscal year are carried forward and used in subsequent fiscal years to avoid or minimize any proration that may be required under subsection (11).	Eliminated.	Concurs with Governor.	
36	Sec. 31d School Lunch	Appropriates \$18,100,000 in FY 2003-04 to fully fund the State share of school lunch programs as required under the <i>Durant</i> settlement.	Appropriation is increased by \$3,200,000 to \$21,300,000. New language is added so that payments will only go to traditional school districts and public school academies.	Concurs with the Governor.	
37	Sec. 32c Early Childhood Grants	Appropriates \$2,000,000 GF/GP in FY 2003-04 for early childhood program grants.	Repeals section.	Retains section, but reduces the appropriation for FY 2003-04 by \$1,000,000 to \$1,000,000.	
38	Sec. 32d Preschool Programs	Appropriates \$72,600,000 from the SAF and \$200,000 from the general fund for FY 2003-04 to make payments to qualifying districts to provide preschool programs for at-risk 4-year olds.	The full appropriation of \$72,800,000 is appropriated from the SAF with the GF/GP appropriation being eliminated. Additionally, language is added stating that the grants for the longitudinal evaluation of children must be granted to qualifying ISDs.	Retains current law.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
39	NEW Sec. 32J ISD Parent Involvement Programs	N/A	Appropriates \$3,326,000 in FY 2003-04 for make grants to ISDs to provide programs for parents with preschool children. ISDs can receive 3.25% of the funds that are eliminated in Section 81 if they provide a parental involvement program. ISDs will also be required to provide a 20% local match.	Concurs with Governor.	
40	Sec. 38 Preschool Program Criteria	The maximum number of children eligible for special school readiness assistance is determined by multiplying one-half of the percentage of the district's pupils in grades 1-5 of the immediately preceding school year who are eligible for free lunch times the average kindergarten enrollment of the district for the two immediately preceding school years.	Language is added such that the formula must now be determined in the spring preceding the upcoming school year. The formula remains basically the same.	Concurs with Governor; however, the requirement that the calculation be conducted in the spring preceding the upcoming school year is deleted, and is replaced with performing the calculation 2 years ahead of the appropriation year.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
41	Sec. 39a(1) Federal NCLB Grants	Appropriates \$634,919,400 in federal funds for FY 2003-04 for the Federal NCLB.	<p>Increases the appropriation for FY 2003-04 by \$26,037,500 to \$660,956,900.</p> <p>The specific programs that are affected include:</p> <ul style="list-style-type: none"> - Drug-free schools grants are increased by \$426,100 to \$15,946,200. - Educational Technology grants are decreased by \$3,146,700 to \$19,425,300. - Teacher Quality grants are increased by \$1,001,800 to \$105,570,600. - Rural and Low Income grants are increased by \$100,500 to \$2,010,100. - Title I grants are increased by \$25,611,400 to \$427,000,000. - Title VI Innovative Strategies grants are increased by \$2,044,400 to \$13,629,500. 	<p>Increases the appropriation for FY 2003-04 by \$14,280,425 to \$649,199,825. However, an additional \$11,757,075 appropriated in the Governor's recommendation is moved to Sec. 98b to fund wireless technology programs.</p> <p>Concurs with Governor.</p> <p>Concurs with Governor, however, half of the amount (\$9,712,650) is transferred to Sec. 98b.</p> <p>Concurs with Governor.</p> <p>Concurs with Governor.</p> <p>Concurs with Governor.</p> <p>Reduces appropriation by \$25 to \$11,585,075 with the total increase of \$2,044,400 plus the \$25 reduction in the current year appropriation being transferred to Sec. 98b.</p>	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
42	Sec. 39a(2) Other Federal Funds	Appropriates \$6,495,300 in federal funds for other non-NCLB Federal grants.	<p>Decreases appropriation by \$1,073,500 to \$5,421,800.</p> <p>The specific programs that are affected include:</p> <ul style="list-style-type: none"> - At-Risk Child Care grants are eliminated, thus reducing the appropriation by \$976,000. - Refugee Children School Impact grants are increased by \$600,000 to \$1,000,000. - School Age Child Care grants are eliminated, thus reducing the appropriation by \$857,500. - Serve America grants are increased by \$160,000 to \$800,000. 	Concurs with Governor.	
43	Sec. 41 Bilingual Education	Appropriates \$4,212,000 for districts to provide bilingual education programs.	Retains appropriation at \$4,212,000.	Concurs with Governor.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
44	Sec. 51a Special Education	Provides funding for special education pupils and programs. FY 2003-04 appropriation of \$852,721,900 SAF and \$235,000,000 in Federal IDEA Funds.	The change in the appropriation is necessary to reflect the changes in estimated costs due to the use of revised (newer) data in place of those used to determine the current law appropriations. FY 2003-04 appropriation of \$885,183,000 SAF and \$235,000,000 in Federal IDEA Funds. Sec. 53a(6), which is a nonfunctional subsection due to technical difficulties, is recommended for deletion.	Concurs with Executive.	
45	Sec. 51c Durant Payments for Special Education	Provides funding for costs associated with the Durant settlement that guarantees districts 28.6138% of total approved costs of special education and 70.4164% of total approved costs of special education transportation. FY 2003-04 appropriation of \$611,000,000.	The change in the appropriation is necessary to reflect the changes in cost due to the use of revised data from those used in determining the current law appropriations. FY 2003-04 appropriation of \$647,100,000.	Concurs with Executive.	
46	Sec. 55 Autism Grants	Appropriates \$500,000 for FY 2003-04 to the West Michigan Center for Autism Spectrum Disorders located at Grand Valley State University for developing cooperative programs with area districts and ISDs.	Repeals the section effective October 1, 2003.	Concurs with Executive.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
47	Sec. 56(2&3) Special Education Millage Equalization Funding and Per-Pupil Amounts	Indicates the total reimbursement and millage equalization dollar amount. FY 2003-04 appropriation of \$38,120,000. FY 2003-04 per pupil amount of \$123,500.	Reduces the total appropriation by 3.25%. FY 2003-04 appropriation of \$36,881,100. FY 2003-04 per pupil amount of \$132,275.	Concurs with Executive.	
48	Sec. 57 Gifted and Talented	Appropriates \$5,000,000 in FY 2003-04 to support gifted and talented programs at districts, ISDs, and summer institutes.	This section is repealed effective October 1, 2003.	Appropriates \$150,000 to ISDs that provide support services for Gifted and Talented pupils. Also appropriates \$850,000 to local districts for the development and operation of Gifted and Talented programs. Summer institutes are not funded.	
49	Sec. 61a Vocational Education	Appropriates \$31,027,600 for FY 2003-04 to support vocational education programs.	Reduces funding in FY 2003-04 by 3.25% or slightly over \$1 million, to \$30,019,200.	Concurs with Executive.	
50	Sec. 62(2&3) Vocational Education Millage Reimburse- ment	Indicates the total reimbursement and millage equalization dollar amount. FY 2003-04 appropriation of \$9,860,000. FY 2003-04 per pupil amount of \$130,200.	The appropriation for FY 2003-04 is reduced by 3.25%. FY 2003-04 appropriation reduced to \$9,539,600. FY 2003-04 per pupil amount increased to \$137,700.	Concurs with Executive.	
51	Sec. 67 Career Preparation Planning	Allocates \$350,000 in FY 2003-04 to the Department of Career Development for Career Preparation planning.	This section is repealed effective October 1, 2003.	Concurs with Executive.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
52	Sec. 68 Career Preparation Implementing	Allocates \$21,850,000 in FY 2003-04 to implement the Michigan Career Preparation system.	This section is repealed effective October 1, 2003.	Concurs with Executive.	
53	Sec. 81 (1) ISD General Operations Funding	Provides funding for ISDs for general operations. Funding for FY 2001-02 was 105% of the amount of funding actually received by the ISD under this subsection for 2000-01. FY 2003-04 is 103.1% of the amount received in FY 2001-02. FY 2003-04 appropriation of \$95,028,100.	Reduces the appropriation by 6.64%, or by \$6,306,300. Also, a subsection is eliminated which currently allows ISDs that participated in operating regional educational media centers to receive direct payments for such services. FY 2003-04 appropriation of \$88,721,800.	Restores 2.81% of the reduction, or a restoration of \$2,674,200 for general operations. This equates to an overall reduction of 3.83%, but ISDs can still compete for the \$3.3 million allocated in new Section 32j for early childhood grants. FY 2003-04 appropriation of \$91,396,000.	
54	Sec. 94 School Accreditation Assistance	FY 2003-04 appropriation of \$2,000,000 to the Department to provide technical assistance to districts for school accreditation purposes.	This section is repealed effective October 1, 2003.	Concurs with Executive.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
55	Sec. 94a Center for Educational Performance and Information (CEPI)	<p>Appropriates \$4,500,000 in FY 2003-04 to maintain the contract with Standard & Poor's for the maintenance of the School Evaluation Services informational website, and for the continued operations of the Center. Also:</p> <p>(1) Creates the CEPI within the Office of the State Budget Director, and lists responsibilities.</p> <p>(2) Requires the State Budget Director to appoint a CEPI advisory committee.</p> <p>(3) Lists the subjects on which the advisory committee will research.</p> <p>(4) Allows the CEPI to enter into interlocal agreements.</p> <p>(5) Appropriates Federal funding (\$2,357,550) in order to fulfill Federal reporting requirements.</p> <p>(6) Allows carry forward of funds, and requires a payment of \$2.00 per pupil to ISDs and constituent districts for SRSD costs.</p> <p>(7) Allows Feb./Sept. 2002 counts to be sent using the EDN if non-auditable.</p>	<p>Reduces the operational funding from \$4.5 million to \$863,400, which would cancel the contract with Standard and Poor's. This funding would go to the Office of the State Budget to support operations of the CEPI.</p> <p>Also, includes new language stating that the Department of Management and Budget shall provide administrative support to the CEPI.</p> <p>Finally, two Federal grants appropriated in this section are adjusted to reflect anticipated allocations. Migrant Education grants are increased by \$50, to \$46,800, and Drug-Free Schools funds are reduced from \$526,100 to \$100,000.</p> <p>Only any unexpended Federal funds may be carried forward (rather than State funds); eliminates old language that required CEPI to pay ISDs for implementation costs; eliminates dual submission language; and eliminates requirement that the CEPI submit proposals for new electronic data collections at least 30 days prior to implementation. New language authorizing CEPI to bill other departments for NCLB reporting costs.</p>	<p>Appropriates \$3,000,000 to the Office of the State Budget, of which \$2,000,000 would be for the contract with Standard and Poor's for the School Evaluation Services website.</p> <p>Concurs with Executive on this language.</p> <p>Concurs with Executive on this adjustment.</p> <p>Concurs with Executive on these changes.</p>	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
56	Sec. 96 Golden Apple MEAP Incentive Program	Appropriation of \$1,320,000 in FY 2003-04 for awards to employees of elementary schools that have high or improving MEAP scores.	This section is repealed effective October 1, 2003.	Concurs with Executive.	
57	Sec. 98 Michigan Virtual University	<p>Appropriates GF/GP of \$5,000,000 in FY 2003-04 for the continuing operations of the university. Also appropriates \$6,584,700 in Federal funds for Learning without Limits Program, a distance learning project.</p> <p>Of the \$5,000,000 in GF/GP funding, \$1.5 million was to support operations at MVU, and the other \$3.5 million was to be used with the Federal funding for the purpose of developing innovative strategies to use wireless technology to improve student performance.</p>	<p>Reduces FY 2003-04 State funding to \$2,000,000, and adjusts individual Federal grants to better reflect actual allocations, although the net change is zero.</p> <p>Reduces the State funding for wireless learning from \$3.5 million to \$1 million, in addition to the available Federal funding appropriated for this purpose.</p>	<p>Appropriates \$1,000,000 to the Michigan Virtual University for the development, implementation, and operation of the Michigan Virtual High School.</p> <p>Transfers all Federal funding and State funding for the wireless learning program (Learning without Limits) to a new Section 98b.</p>	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
58	NEW Sec. 98b Learning Without Limits Program	N/A	N/A	Appropriates \$8,000,000 from State School Aid Fund revenues, and \$16,712,650 in Federal funds, to the Learning without Limits program. These funds are to be used to develop, implement, and operate the program and make program grants, with a goal to achieve one-to-one access to wireless technology for K-12 pupils through statewide and local public-private partnerships. Grants to districts are estimated at \$250 per pupil, multiplied by the number of pupils in 6 th grade in 2003-04. Districts are encouraged to provide a wireless computing device to each 6 th grader.	
59	Sec. 99 Math and Science Centers	FY 2003-04 appropriation of \$10,232,300 to support the implementation of the comprehensive master plan for math and science centers.	This section is repealed effective October 1, 2003.	Appropriates \$5,000,000 for continuing support grants to all 33 established mathematics and science centers. Each math/science center would receive 48.86% of the amount received in 2002-03, prior to proration. Adds a requirement that grant recipients provide at least a 10% local match.	
60	Sec. 99a School Health Education Curriculum	Grants to districts and ISDs for the implementation of a school health curriculum. FY 2003-04 appropriation of \$3,180,000.	This section is repealed effective October 1, 2003.	Concurs with Executive.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
61	Sec. 101 Provisions Governing State Aid - Days/Hours; Membership Counts	States the minimum number of instructional days and hours to receive State Aid. Limits the hours of cooperative education travel time that can be counted as hours of pupil instruction to 2 ½ hours per week.	Eliminates the outdated language allowing for up to 4 days to be counted as instruction for lost school days as a result of a train derailment with hazardous materials. Also requires districts to send in required information to the CEPI rather than to the Department of Education.	Concurs with Executive.	
62	Sec. 105(17) 90% Pupil Membership Guarantee	<p>Provides language stating that a district whose membership is less than 90% of the pupils who reside in the district shall receive a foundation allowance payment based on its membership being 90% of the pupils who reside in the district but who are enrolled in another district.</p> <p>However, this adjustment includes a phase out provision, which is calculated as follows: Districts that receive Sec. 105 or 105c pupil adjustments under a new subsection (18) in FY 2002-03 would receive 75% of the corresponding funding adjustment in FY 2002-03, 50% of the funding adjustment for FY 2003-04, and 25% of the funding adjustment for FY 2004-05. The funding adjustments would stop in FY 2005-06.</p>	Eliminates this pupil adjustment provision entirely.	Concurs with Executive.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
63	Sec. 107 Adult Education	Provides for \$77,500,000 in FY 2003-04 to support adult education programs.	<p>Reduces the FY 2003-04 appropriation by 75% to \$20,000,000, and reduces the per-pupil funding to \$880.</p> <p>The method by which districts will receive reimbursement is changed as follows: each district that received Adult Ed funding in FY 2002-03 would receive 26.66% of the amount received in FY 2001-02 for the 2003-04 school year, assuming the district still provides Adult Education.</p> <p>Language is also added to allow a district providing Adult Ed to establish a sliding scale of tuition rates based upon a participant's family income; however, tuition can not be charged if the participant's income is at or below 200% of the Federal poverty guidelines.</p>	<p>Appropriates \$28,856,700 and changes the per-pupil funding back to \$2,850. (The additional \$8,856,700 above the Executive's recommendation is in an amount identical to the reduction in the Corrections budget for Adult Education programs.) Also earmarks \$100 plus 36.72% of the 2002-03 allocation to a district that operates an Adult Ed program in conjunction with the Michigan Career Technical Institute. (The district that works with MCTI is Delton-Kellogg.)</p> <p>Concurs with Executive.</p>	
64	Sec. 108 Partnership for Adult Learning	Appropriates \$20,000,000 GF/GP in FY 2003-04 for the PAL.	This section is repealed effective October 1, 2003.	Concurs with Executive.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
65	Sec. 147 Retirement Rate	Estimates the FY 2001-02 payroll contribution rate to the public school employees' retirement system at 12.17%, and for FY 2002-03 at 12.99%.	Estimates the FY 2003-04 contribution rate at 14.37%. Adds language that if all districts participating in the School Bond Loan Authority assist the State Treasurer in refinancing of School Bond Loan Authority debt, the percentage of payroll contributions would be estimated to remain at 12.99% (i.e., no additional cost to districts - the State would pay for the increased pension costs in 2003-04).	Concurs with Executive.	
66	Several Sections	N/A	Deletes all references to FYs 2001-02 and 2002-03.	Concurs with Executive.	

ITEM	SECTION	CURRENT LAW	GOVERNOR	HOUSE	SENATE
67	Repealers and Enacting Section	N/A	<p>Repeals Sections 8 (Annual Pupil Dropout Rate report), 8c (Broadband Telecommunications Infrastructure report), 11j (School Loan Bond Redemption Fund), 18d (Membership Dispute on or before March 1, 1997), 32a (ASAP summary), 32b (ASAP-PIE), 32c (Interagency Early Childhood grants), 32f (ASAP-LAP), 32i (Intent for Additional Revenues May 2002), 55 (GVSU Autism), 57 (Gifted and Talented), 67 (Career Prep Planning), 68 (Career Prep Implementation), 94 (Accreditation Assistance), 96 (Golden Apples), 99 (Math/Science Centers), 99a (School Health grants), 108 (PAL), 121a (Local Treasurer Reimbursement), 158 (District Pupil Retention Report), 164c (Buy American), and 166 (Unlawful Dispensation of Family Planning Drugs or Devices) effective October 1, 2003.</p> <p>Sections 20k (Closing Possible Proration Loophole for Hold Harmless Districts), 20l (Consolidation Incentive), and 32j (ISD Early Childhood Grants) take effect upon enactment of the bill (i.e., immediate effect). Remainder of bill effective October 1, 2003.</p>	<p>Does not repeal sections 32b, 32c, 32f, 57, 99, 164c, or 166.</p> <p>Adds Sections 20 (Foundation Allowance Calculations) and 98b (Learning without Limits) to the list of immediate effect provisions.</p>	