

LINE ITEM AND BOILERPLATE SUMMARY

SCHOOL AID

**Fiscal Year 2004-05
Public Act 351 of 2004
Senate Bill 1069**

As Enacted



Mitchell E. Bean, Director

November 2004

Prepared and Compiled by:

**Mary Ann Cleary, Fiscal Analyst
Laurie Cummings, Fiscal Analyst
Barbara Graves, Budget Assistant**

HOUSE FISCAL AGENCY GOVERNING COMMITTEE

Representatives:

Marc Shulman, Chair

Rick Johnson

Randy Richardville

Gretchen Whitmer, Vice Chair

Dianne Byrum

Mary Waters

MICHIGAN HOUSE OF REPRESENTATIVES APPROPRIATIONS COMMITTEE

Representatives:

Marc Shulman, Chair

Judy Emmons, Vice Chair

Daniel Acciavatti

Fran Amos

Jack Brandenburg

Bruce Caswell

Sandra Caul

David Farhat

Jacob Hoogendyk

Jerry Kooiman

John Moolenaar

Mickey Mortimer

Gary Newell

John Pastor

Mike Pumford

Scott Shackleton

Rick Shaffer

Glenn Steil, Jr.

John Stewart

Shelley Taub

Howard Walker

Gretchen Whitmer, Minority Vice Chair

Rich Brown

Marsha Cheeks

Tupac Hunter

Chris Kolb

William J. O'Neil

Clarence Phillips

James Plakas

Triette Reeves

Michael Sak

Carl M. Williams

Paula Zelenko

STATE OF MICHIGAN

HOUSE OF REPRESENTATIVES



HOUSE FISCAL AGENCY

MITCHELL E. BEAN, DIRECTOR

P. O. BOX 30014
LANSING, MICHIGAN 48909-7514
PHONE: (517)373-8080 FAX: (517)373-5874
www.house.mi.gov/hfa

GOVERNING COMMITTEE

MARC SHULMAN, CHAIR	GRETCHEN WHITMER, VC
RICK JOHNSON	DIANNE BYRUM
RANDY RICHARDVILLE	MARY WATERS

November 2004

TO: Members of the Michigan House of Representatives

The House Fiscal Agency has prepared a **Line Item Summary** for each of the FY 2004-05 appropriation acts. Each **Summary** contains line-by-line detail, including the amount and purpose of each appropriation line and information regarding related boilerplate sections, for a specific appropriation act. Following the line item detail, a brief explanation of each boilerplate section in the appropriations bill is provided.

In this report, line item vetoes are presented in the following manner: appropriation amounts shown in ~~strikeout~~ are those that appear in the enrolled bill; amounts shown directly below ~~strikeout~~ amounts reflect the effect of the veto.

If you would like to obtain a Line Item Summary for a particular budget area, please contact Jeanne Dee, Administrative Assistant, at 373-8080.

TABLE OF CONTENTS

SECTION 11 - School Aid.....	1
SECTION 11b - School Aid Stabilization Fund.....	2
SECTION 11f - Durant Non-Plaintiffs Cash Payment.....	3
SECTION 11g - Durant Non-Plaintiffs Debt Service.....	4
SECTION 11j - School Bond Redemption Fund.....	5
SECTION 22a - Proposal A Obligation Payment.....	6
SECTION 22b - Discretionary Payment.....	7
SECTION 24 - Court-Placed Children.....	8
SECTION 26a - Renaissance Zones.....	9
SECTION 31a - At-Risk Pupil Support.....	10
SECTION 31d - School Lunch Programs.....	11
SECTION 32c - Interagency Early Childhood Grant.....	12
SECTION 32d - School Readiness.....	13
SECTION 32j - ISD Early Childhood Grants.....	14
SECTION 39a - Federal Grant Programs.....	15
SECTION 41 - Bilingual Education.....	16
SECTION 51a - Special Education.....	17
SECTION 51c - Durant Payment for Special Education.....	18
SECTION 57 - Advanced and Accelerated Program.....	19
SECTION 61a - Vocational/Technical Education Programs.....	20
SECTION 62 - ISD Vocational Education Millage Equalization.....	21
SECTION 74 - Bus Driver Safety Instruction.....	22
SECTION 81 - ISD General Support.....	23

SECTION 94a - Database for Educational Performance and Information	24
SECTION 98 - Michigan Virtual High School.....	25
SECTION 98b - Freedom to Learn Grants	26
SECTION 99 - Mathematics and Science Centers	27
SECTION 107 - Adult Education.....	28
BOILERPLATE INFORMATION SECTION	29

GLOSSARY

Frequently-Used State Budget Terms

Adjusted Gross

Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

Boilerplate

Specific language sections contained in an appropriations act which direct, limit or restrict line item expenditures, and/or require reports

Budget Stabilization Fund (BSF)

The countercyclical economic and budget stabilization fund—also known as the "rainy day" fund

Federal Revenues

Federal grant or matchable revenues dedicated to specific programs

General Fund/General Purpose (GF/GP)

The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues

Gross Appropriations (Gross)

The total of all applicable line item spending authorizations

Interdepartmental Grant (IDG)

Revenue or funds received by one state department from another state department (usually for a service the receiving department provides)

Intradepartmental Transfer (IDT)

Transfers or funds being provided from one appropriation unit to another in the same department

Lapses

Unspent/unobligated funds remaining in line item accounts at the end of the fiscal year

Line Items

Specific funding amount in an appropriations bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes)

Local Revenue

Revenues from local units of government

State Restricted (Restricted Funds)

State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives; used for used for specific programs pursuant to the Constitution or statute

Private Funds

Revenues from non-government entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests

School Aid Fund (SAF)

The primary funding source for K-12 schools and Intermediate School Districts (ISDs)

Work Project

An account established to allow for certain specific unspent funds to be carried over from one fiscal year to a succeeding fiscal year or years

SECTION 11: SCHOOL AID

Section 11 of the School Aid Budget provides funding for the state's local school districts, public school academies, and intermediate school districts. It also includes a limited number of grants to other entities. Public Act 346 of 2004 makes supplemental appropriations for FY 2004-05.

GROSS APPROPRIATION	\$12,527,440,100	Total appropriation.
Total interdepartmental grants and intradepartment transfers	0	Total of all grants to other departments and transfers of funds.
ADJUSTED GROSS APPROPRIATION	\$12,527,440,100	Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)
Total federal revenues	1,353,540,100	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	11,008,700,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$165,200,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

SECTION 11b: SCHOOL AID STABILIZATION FUND

This section establishes the school aid stabilization fund within the school aid act. This section also sets up an automatic transfer to the School Aid Fund if expenditures exceed revenues.

GROSS APPROPRIATION	\$3,700,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$3,700,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11a, 98b

SECTION 11f: *DURANT* NON-PLAINTIFFS CASH PAYMENT

This section pays monies to local and intermediate districts that were not plaintiffs in the Durant v. State of Michigan special education funding case decided by the Michigan Supreme Court in July 1997. The total FY 2004-05 funds are equal to the sum of 10% of the non-plaintiff total cash settlement for all districts whose settlement is greater than \$75,000.

GROSS APPROPRIATION	\$32,000,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	32,000,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 11, 11h</i>		

SECTION 11g: DURANT NON-PLAINTIFFS DEBT SERVICE

This section pays monies to local and intermediate districts that were not plaintiffs in the Durant v. State of Michigan special education funding case decided by the Michigan Supreme Court in July 1997. These funds are equal to one-half of the non-plaintiff total settlement for all districts whose settlement is greater than \$75,000. These monies are intended to pay debt service on bonds sold by the non-plaintiff districts through the Michigan Municipal Bond Authority. For FY 2004-05, the bonds were refinanced and the appropriation reflects payment to those districts whose bonds were not refinanced.

GROSS APPROPRIATION	\$141,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$141,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 11, 11f, 11h, 11i</i>		

SECTION 11j: SCHOOL BOND REDEMPTION FUND

This section makes payments for FY 2004-05 to the School Bond Redemption Fund in the Department of Treasury.

GROSS APPROPRIATION	\$41,100,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$41,100,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11

SECTION 22a: PROPOSAL A OBLIGATION PAYMENT

This section appropriates monies to guarantee 1994-95 total state and local per pupil revenue for operating purposes as required by the Michigan Constitution. The amount paid is equal to a district's FY 1994-95 foundation allowance multiplied by the total number of general education and special education membership pupils in the district in FY 2004-05, minus the district's local revenue from nonhomestead millage revenue.

GROSS APPROPRIATION	\$6,678,977,800	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	6,678,977,800	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 6, 11, 20, 20j, 22b, 104a, 105, 105c</i>		

SECTION 22b: DISCRETIONARY PAYMENT

This section appropriates funds equivalent to the sum of the amounts calculated under Sec. 20 plus 20j (the foundation allowance calculation) and under Sec. 51a(2) plus Sec. 51a(3) plus Sec. 51a(12) (special education calculations) minus the allocations under Sec. 22a (the Proposal A guarantee) and Sec. 51c (the Headlee obligation payment).

GROSS APPROPRIATION	\$2,910,300,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	2,910,300,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 6, 11, 20, 20j, 22a, 51a, 51c, 76, 101, 102, 104a, 105, 105c</i>		

SECTION 24: COURT-PLACED CHILDREN

This section provides reimbursement to the educating local or intermediate school district for an on-grounds program for pupils under court jurisdiction and placed in or assigned to attend a juvenile detention facility or child-caring institution.

GROSS APPROPRIATION	\$8,000,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	8,000,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 6, 11, 53a</i>		

SECTION 26a: RENAISSANCE ZONES

This allocation provides reimbursement funding to local and intermediate school districts and to the state School Aid Fund for property tax revenue losses attributable to implementation of the Michigan Renaissance Zone Act.

GROSS APPROPRIATION	\$36,200,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$36,200,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11

SECTION 31a: AT-RISK PUPIL SUPPORT

These funds support instructional programs and direct noninstructional services for at-risk pupils. Eligible recipients are local districts and public school academies with FY 2004-05 combined state and local revenue under Section 20 (Foundation Allowance calculation) of less than or equal to \$8,000 per pupil unless certain criteria are met. Eligible districts receive an amount equal to 11.5% of their foundation allowance for each qualified student before any proration. Funding for teen health centers is also included in this line item.

GROSS APPROPRIATION	\$314,200,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	314,200,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 11, 20, 20j</i>		

SECTION 31d: SCHOOL LUNCH PROGRAMS

This section allocates state funds to ensure that the state meets its obligation under the Durant v. State of Michigan to fund 6.0127% of school lunch programs. It also allocates federal funds for the National School Lunch Program and the Emergency Food Assistance Program.

GROSS APPROPRIATION	\$310,095,100	Total appropriation.
Total federal revenues	289,000,000	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	21,095,100	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11, 17b

SECTION 32c: INTERAGENCY EARLY CHILDHOOD GRANT

These monies are for grants for community-based collaborative prevention services designed to foster positive parenting skills, promote access to needed community services, support healthy family environments, and provide other services that benefit young children.

GROSS APPROPRIATION	\$250,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$250,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11, 17b

SECTION 32d: SCHOOL READINESS

These funds support provision of school readiness programs for educationally-disadvantaged, four-year-old children. The comprehensive program includes an age-appropriate curriculum, nutritional services, health screening, and parental involvement. A grant of \$200,000 is also allocated to continue a longitudinal evaluation of the program.

GROSS APPROPRIATION	\$72,800,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	72,600,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$200,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 11, 37, 39, 40</i>		

SECTION 32j: ISD EARLY CHILDHOOD GRANTS

This section appropriates funds to Intermediate School Districts for competitive grants to provide programs to parents of children age five or younger.

GROSS APPROPRIATION	\$3,326,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	3,326,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11, 81

SECTION 39a: FEDERAL GRANT PROGRAMS

This section appropriates \$637.8 million in federal funds for grant programs under the "No Child Left Behind" Act and appropriates \$5.4 million in federal funding for other federal grants.

GROSS APPROPRIATION	\$643,237,200	Total appropriation.
Total federal revenues	643,237,200	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11

SECTION 41: BILINGUAL EDUCATION (STATE AND FEDERAL FUNDS)

These funds support bilingual instruction programs for pupils of limited English speaking ability. These monies may only be used for bilingual instruction in speaking, reading, writing, or comprehension.

GROSS APPROPRIATION	\$4,032,100	Total appropriation.
Total federal revenues	1,232,100	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	2,800,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 11, 41a</i>		

SECTION 51a: SPECIAL EDUCATION

State and federal funds provide for educational programs and services to special education pupils. Included in this section are allocations to local and intermediate school districts for special education memberships and for programs and services mandated under the federal Individuals with Disabilities Education Act. Specific categorical support to comply with the provisions of the 1997 Durant v. State of Michigan decision is made from Section 51a funds via Section 51c.

GROSS APPROPRIATION	\$1,300,533,000	Total appropriation.
Total federal revenues	394,850,000	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	905,683,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
		<i>Related Boilerplate Section(s): 6, 11, 51b, 51c, 52, 53a, 54, 56</i>

SECTION 51c: *DURANT* PAYMENT FOR SPECIAL EDUCATION

This section appropriates funds from Sec. 51a 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 as required by the 1997 Durant v. State of Michigan decision.

GROSS APPROPRIATION	\$659,400,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	659,400,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11, 22b, 51a

SECTION 57: ADVANCED AND ACCELERATED PROGRAM

These funds enable an intermediate school district to provide support services for the education of gifted and talented pupils and enable local and intermediate districts to support comprehensive programs.

GROSS APPROPRIATION	\$250,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	250,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 6, 11</i>		

SECTION 61a: VOCATIONAL/TECHNICAL EDUCATION PROGRAMS

These monies reimburse local districts and secondary area vocational/technical centers for the added costs of vocational education. The allocations are determined on the basis of type of program, number of pupils, and length of the training period.

GROSS APPROPRIATION	\$30,000,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	30,000,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 6, 11, 20d</i>		

SECTION 62: ISD VOCATIONAL EDUCATION MILLAGE EQUALIZATION

These funds guarantee that intermediate school districts (ISDs) that levy vocational education millage will receive equalized revenue for each mill levied of at least \$142,200 per membership pupil in the 2003-2004 school year.

GROSS APPROPRIATION	\$9,000,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	9,000,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 6, 11, 121

SECTION 74: BUS DRIVER SAFETY INSTRUCTION

These monies support bus driver safety instruction or evaluation, and also provide reimbursement to districts for non-special education auxiliary services transportation.

GROSS APPROPRIATION	\$1,625,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	1,625,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11

SECTION 81: ISD GENERAL SUPPORT

These funds provide support for the general operations of intermediate school districts (ISDs). Funding will ensure that each ISD will receive 85.2% of the FY 2002-03 funding level.

GROSS APPROPRIATION	\$77,702,100	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	77,702,100	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 6, 11, 32j, former section 83

SECTION 94a: DATABASE FOR EDUCATIONAL PERFORMANCE AND INFORMATION

This section appropriates state and federal funds for the collection of education data required by state law and to fulfill federal reporting requirements.

GROSS APPROPRIATION	\$3,546,300	Total appropriation.
Total federal revenues	2,046,300	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$1,500,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11

SECTION 98: MICHIGAN VIRTUAL HIGH SCHOOL

This section appropriates funds to maintain the Michigan Virtual High School at Michigan State University. The Virtual High School will facilitate on-line high school courses to expand curricular offerings. A portion of the funds is earmarked for online professional development.

GROSS APPROPRIATION	\$3,000,000	Total appropriation.
Total federal revenues	2,250,000	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$750,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11

SECTION 98b: FREEDOM TO LEARN GRANTS

This section appropriates funds to provide wireless technology in the classroom for all 6th graders and to improve student achievement.

GROSS APPROPRIATION	\$21,043,200	Total appropriation.
Total federal revenues	17,343,200	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	3,700,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 11</i>		

SECTION 99: MATHEMATICS AND SCIENCE CENTERS

This program supports implementation of a statewide network of mathematics and science centers.

GROSS APPROPRIATION	\$6,081,300	Total appropriation.
Total federal revenues	3,581,300	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	84,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$2,416,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

Related Boilerplate Section(s): 11

SECTION 107: ADULT EDUCATION

This funding supports basic literacy, English as a second language (ESL), General Education Development (GED) test preparation, and high school completion courses for eligible adults. Districts are eligible to receive funding for persons 20 years of age and older who have not earned a GED or high school diploma. Districts may also receive funding for persons with a GED or a high school diploma who are enrolled in an ESL course, or for a person under 20 years of age who is enrolled on the basis of a referral from his or her employer.

GROSS APPROPRIATION	\$20,000,000	Total appropriation.
Total federal revenues	0	Total federal grant or matchable revenues.
Total private revenues	0	Total private grant revenues.
Total local revenues	0	Total revenues from local units of government.
Total state restricted revenues	20,000,000	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$0	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.
<i>Related Boilerplate Section(s): 6, 11</i>		

BOILERPLATE INFORMATION SECTION

Sec. 2. Definitions of Terms

States that for the purposes of this act the words and phrases defined in sections 3 to 6 have the meanings ascribed to them in those sections.

Sec. 3. Definitions, "A" to "D"

Provides definitions for terms beginning with the letter "A" to the letter "D."

Sec. 4. Definitions, "E" to "H"

Provides definitions for terms beginning with the letter "E" to the letter "H."

Sec. 5. Definitions, "I"

Provides definitions for terms beginning with the letter "I."

Sec. 6. Definitions, Additional Terms

Provides additional definitions of terms.

Sec. 6a. Supplemental Count Day

Requires a supplemental count day.

Sec. 6b. Nonresident Pupils

Describes the method for enrolling and counting in membership a nonresident pupil.

Sec. 7. Costs for School Operating Purposes

States that costs for school operating purposes include all expenditures necessary to carry out the powers of the district or intermediate district under the revised school code.

Sec. 8a. Grades K-3 Average Pupil Count Report

Requires reports of average K-3 class-sizes for all buildings that operate grades K-3.

Sec. 8b. Assignment of District Codes

Requires Department to assign district codes to public school academies within 30 days.

Sec. 11. Total Appropriations

Contains totals of all line-item appropriations.

Sec. 11a. School Aid Stabilization Fund

Establishes the school aid stabilization fund in the school aid act.

Sec. 11b. School Aid Stabilization Fund

Transfers general funds to the school aid stabilization fund.

Sec. 11f. Cash Payments Pursuant to Nonplaintiff Districts Due to Durant v State of Michigan

Appropriates funds for cash payments pursuant to nonplaintiff districts due to Durant v State of Michigan.

Sec. 11g. Debt Service Payments to Nonplaintiff Districts Due to Durant v State of Michigan

Appropriates funds for debt service payments pursuant to nonplaintiff districts due to Durant v State of Michigan.

Sec. 11h. Amounts To Districts For Settlement of Durant v State Of Michigan

Lists the amount to be paid to each nonplaintiff district which receives payments under Durant v. State of Michigan.

Sec. 11i. Borrowing Money and Issuing Bonds

Allows districts to borrow from the Michigan Municipal Bond Authority in anticipation of receiving funds under Section 11g.

Sec. 11j. School Bond Redemption Fund

Provides payments to the School Loan Bond Redemption Fund on behalf of local districts and ISDs.

Sec. 13. Apportionments and Limitations of Apportionments

Describes apportionments.

Sec. 14. Defective Returns and Duties of Department

Allows Department to withhold payments for certain defective paperwork.

Sec. 15. Apportionment of Deficiency or Deduction of Excess in Remaining Apportionment

Allows Department to make adjustments to apportioned amounts under certain circumstances.

Sec. 17a. Withholding Payments to Districts or Intermediate Districts

Allows state aid to be withheld in order to repay debts upon which districts have defaulted.

Sec. 17b. Amounts to be Distributed In Installments to Districts

Provides for state aid to be made in 11 equal payments.

Sec. 18. Application of Money Received Under Act

Describes allowable uses of unrestricted state aid received under this act and requires annual audits and financial reports.

Sec. 18a. Grant Funds to be Expended By End of School Year

Requires grant funds to be spent by the end of the school fiscal year and requires return of non-expended funds.

Sec. 18b. Property of Public School Academy to be Transferred to State

Requires transfer of assets which are publicly-purchased by public school academies to the state if an academy ceases operations.

Sec. 18c. Contract Between Public School Administrator and Third Party

Exempts the state from liability for certain debts incurred by public school academies.

Sec. 19. Annual Progress Reports

Describes requirements for annual progress reports.

Sec. 20. Foundation Allowances

Describes the calculation of districts' foundation allowances.

Sec. 20d. Requirements for Final Determination Under Section 20

States requirements for making the final determination of amounts to be paid under Section 20.

Sec. 20j. Hold Harmless Payment

Describes the calculation for districts with a foundation allowance above the state maximum foundation allowance when the foundation increase is greater than the rate of inflation.

Sec. 20k. Hold Harmless Supplemental Payment

Requires hold harmless districts to use payments under section 20j towards the loss in foundation allowance as a result of proration.

Sec. 21b. Postsecondary Tuition

Requires districts to pay tuition for pupils at eligible postsecondary institutions under the Postsecondary Enrollment Options Act.

Sec. 22a. Proposal A Guarantee

Allocates funds to pay school districts an amount sufficient to guarantee an amount equal to 1994-95 total state and local per pupil revenue for school operating purposes.

Sec. 22b. Discretionary Payment

Makes a payment to districts using the calculations in sections 20, 20j and 51a.

Sec. 22d. Isolate District's Allocation

Allocates funds to small, rural and Upper Peninsula or island districts with fewer than 250 students and 1) with school buildings located at least 30 miles from any other school building, or 2) located on an island not accessible by a bridge.

Sec. 23. Instructional Program Operated By Public University

Allows funding for certain instructional programs operated by public universities.

Sec. 24. Court-Placed Pupils

Appropriates funds to pay for costs related to court-placed pupils.

Sec. 24b. Parents or Legal Guardian Residing In Different Districts

Allows students to enroll in a district in which either of the child's parents or legal guardian resides regardless of custody.

Sec. 25. Enrollment of Expelled Pupil Enrolled In Alternative Education Program

Requires reimbursement for pupils who transfer to an alternative education program after the count date.

Sec. 25a. Enrollment of a Pupil Who Is a Victim of a Criminal Sexual Assault

Requires reimbursement for a pupil who transfers to a district after filing a complaint that he/she has been a victim of criminal sexual assault.

Sec. 25b. Enrollment of Pupils After the Count Day in Districts Other Than Detroit

Requires reimbursement for pupils who transfer to a district other than Detroit after the count date.

Sec. 25c. Enrollment of Pupils After the Count Day in Detroit

Requires reimbursement for pupils who transfer to the Detroit school district after the count date.

Sec. 31a. At-Risk Funding

Provides funding for pupils at risk of academic failure.

Sec. 31d. School Lunch

Provides funds to reimburse districts for 6.0127% of the necessary costs of the state-mandated portion of school lunch programs and appropriates federal dollars.

Sec. 32c. Interagency Early Childhood Grants

Appropriates funds for Interagency Early Childhood Grants.

Sec. 32d. School Readiness Grants

Appropriates funds for the Michigan School Readiness Program.

Sec. 32f. Reading Program

Requires Department, with Central Michigan University, to develop and disseminate the read, educate, and develop youth (R.E.A.D.Y.) kits to parents and preschool and kindergarten children.

Sec. 32j. Great Parents, Great Start Program

Appropriates funds from section 81 to ISDs for parenting programs.

Sec. 37. Eligibility Requirements for School Readiness Grants

Lists requirements for districts to meet to receive funding under section 32d.

Sec. 38. Children Eligible for Michigan School Readiness Funds

Defines calculation of the maximum number of children eligible in each district for School Readiness Funds.

Sec. 39. Priority in Funding the Michigan School Readiness Program

Describes how districts will be prioritized to receive Michigan School Readiness Program funds.

Sec. 39a. Federal Fund

Appropriates federal "No Child Left Behind" funds and other federal funds.

Sec. 40. Children in Need of Michigan School Readiness

Requires Department of Education to review alternative methods for determining the number of children construed to be in need of Michigan School Readiness Program services.

Sec. 41. Bilingual Instruction

Provides funding (state and federal) for bilingual instruction.

Sec. 51a. Special Education Calculation

Describes the method for calculating special education funding.

Sec. 51b. Intermediate School District Compliance with Rules

Requires intermediate school districts to comply with Article 3 of the Revised School Code. (Article 3 refers to Special Education.)

Sec. 51c. Special Education Payment

Appropriates funds to reimburse districts for special education services.

Sec. 52. Limit on Special Education Reimbursement

States that reimbursement for special education programs and services shall not exceed 75% of the total costs of a program.

Sec. 53a. Special Education Programs for Certain Pupils

Describes methods to calculate reimbursement for certain types of special education costs.

Sec. 54. Michigan Schools for the Deaf and Blind

Appropriates funds for education of pupils at the Michigan Schools for the Deaf and Blind.

Sec. 56. Intermediate School District Special Education Millage Equalization

Allocates funds to reimburse certain school districts levying millages for special education.

Sec. 57. Advanced and Accelerated Programs

Appropriates funds to districts for Gifted And Talented Programs.

Sec. 58. Special Education Transportation Services

Requires reimbursement for special education transportation services to be based on data reported by districts.

Sec. 61a. Vocational-Technical Programs

Appropriates funds for vocational education programming.

Sec. 62. ISD Vocational Education Millage Equalization

Appropriates funds to reimburse intermediate districts levying millages for vocational education.

Sec. 74. School Bus Driver Safety Instruction

Appropriates funds for the school Bus Driver Safety Instruction Program.

Sec. 76. Transporting Nonpublic School Students

Allows certain districts to use funds under Section 20 to transport nonpublic school students.

Sec. 81. Intermediate School District (ISD) Funding

Appropriates funds for the operations of intermediate school districts.

Sec. 91a. Cessation of a Pilot Intermediate District Schools of Choice Program

Requires districts to continue enrolling pupils enrolled in a district under a pilot intermediate district school of choice program.

Sec. 91c. Participation in Interscholastic Competition

Prohibits pupils enrolled in a district under a pilot intermediate district schools of choice program from participating in interscholastic athletic competition for one semester.

Sec. 94a. Database for Educational Performance and Information

Appropriates funds for the Database for Educational Performance and Information.

Sec. 98. Michigan Virtual High School

Appropriates funds to the Michigan Virtual High School.

Sec. 98b. Freedom to Learn Grants

Appropriates funds to provide wireless technology in the classroom for 6th graders.

Sec. 99. Mathematics And Science Centers

Appropriates funds for Math and Science Centers.

Sec. 101. Eligibility To Receive State Aid

Describes requirements districts must meet in order to receive state aid, including providing a certain number of instructional days and hours.

Sec. 102. Deficit Budgets

Prohibits deficit budgets.

Sec. 104a. State Assessments to High School Pupils

Requires state assessments to high school pupils.

Sec. 105. Schools of Choice Within an ISD

Presents requirements for schools of choice within an ISD.

Sec. 105a. Counting Nonresident Pupils in K-12 Districts

States that Sec. 105(16) does not apply to districts that do not operate all of grades K through 12.

Sec. 105b. ISD Pilot Schools of Choice Program

Exempts an ISD that operates a pilot school of choice program (and its constituent districts) from Section 105.

Sec. 105c. Schools of Choice Among Contiguous ISDs

Presents requirements for schools of choice among contiguous ISDs.

Sec. 106. Pupils Not Counted in Membership

Prohibits pupils enrolled in a program fully subsidized with federal or state funds from being counted in membership.

Sec. 107. Adult Education

Appropriates funds for adult education.

Sec. 107B. Pilot Adult Learning Program

Requires Department to establish two pilot sites to begin operation in FY 2005-06.

Sec. 109. Pupil Requiring Hospitalization or Confinement at Home

Requires districts to provide instruction to pupils who require hospitalization or confinement at home for more than five school days.

Sec. 111. Tuition Rates

Describes the requirements for determining tuition rates for nonresident pupils.

Sec. 118. Requirement to Pay Tuition

Requires districts to pay tuition for residents of the district educated outside of the district's boundaries.

Sec. 121. Determination of a District's Property Value

Describes the determination of property values for the purposes of calculating state aid.

Sec. 124. Adjustments of a District's Property Value

Describes adjustments to property values for the purposes of calculating state aid.

Sec. 147. Allocations to Public School Employees' Retirement System

Estimates the percent of payroll to contribute to the Public School Employees' Retirement System.

Sec. 151. Statement of Taxable Value

Requires county treasurers to submit a statement of taxable value to the state and describes the duties of tax tribunals.

Sec. 152. Reporting Requirements

Requires districts to submit certain reports to the Department.

Sec. 161. School Board Member Responsibility

States that a school official or board member who violates the provisions of the School Aid Act is guilty of a misdemeanor.

Sec. 162. Failure to File Reports

States that a district that fails to file reports required by the School Aid Act will forfeit a day's worth of state aid for each day the reports are late.

Sec. 163. Teacher Certification Requirements

Requires districts to hire certified teachers and counselors.

Sec. 163a. Enrollment of Homeless Children

Requires districts to enroll homeless children residing in the district.

Sec. 164. Expenditures for Chauffeurs

Prohibits districts from expending state aid for chauffeurs.

Sec. 164a. Payment in Lieu of Vacation Time

Prohibits districts from paying school administrators in lieu of leave time for the purpose of increasing the administrator's retirement benefits.

Sec. 164b. Reimbursement of Board Member Expenses

Describes requirements for reimbursement of board members.

Sec. 164c. Purchase of Foreign Goods or Services

Prohibits districts from purchasing foreign goods or services if competitively priced American goods or services of comparable quality are available.

Sec. 164d. Discriminatory Rules

Prohibits districts from implementing policy or practices that discriminate against personnel solely because they have graduated from a particular state university.

Sec. 164e. Discrimination Against Student Teachers

Prohibits discrimination against a student teacher because the state university in which the person is enrolled serves as the authorizing body for one or more public school academies.

Sec. 165. Reimbursement for Shared Time Agreement

Requires reimbursement for shared time agreements under certain circumstances.

Sec. 166. Distributing Family Planning Drugs and Devices

Prohibits districts from distributing drugs or devices related to family planning.

Sec. 166a. Requirements Related to Sex Education

States the requirements related to sex education.

Sec. 166b. Enrollment in Nonpublic School or Home School

Describes the enrollment of nonpublic and home-schooled students in public schools.

Sec. 166d. Health Care Coverage for Abortion Services

Prohibits health care coverage for abortion services if not required by a collective bargaining agreement.

Sec. 166e. Competitive Bid Process

Requires districts to use competitive bidding for building construction and repair contracts.

Sec. 167. Immunization Process

Requires districts to report the immunization status of pupils in grades K through 12 to their local health department.

Sec. 168. Access to Records and Audits

Requires districts to give the Department access to certain records and to audit certain records.

Sec. 168a. Removing Asbestos

Prohibits removal of asbestos unless its removal is required.

Sec. 169. Advertisement by Public School Academies

Requires public school academies to advertise.

Sec. 169a. Information About the Michigan Schools for the Deaf and Blind

Requires information to be allowed to be given to deaf and blind pupils.

Sec. 169b. Board Member Conflicts of Interest

Prohibits school board members from voting on any contract in which the board member has a conflict of interest.

Sec. 171. Repealer Section

Repeals certain sections in this act or a former act.

Fourth Floor, North Tower, Anderson Building
 124 North Capitol Avenue, Lansing, Michigan 48933
 P.O. Box 30014, Lansing, Michigan 48909-7514
 Phone: 517-373-8080 FAX: 517-373-5874
 www.house.mi.gov/hfa



Mitchell E. Bean, Director
Bill Fairgrieve, Deputy Director

ECONOMIC AND REVENUE FORECAST ▪ TAX ANALYSIS ▪ REVENUE SHARING **Rebecca Ross, Senior Economist**
 Jim Stansell, Economist

EDUCATION AND REGULATORY **Mary Ann Cleary, Associate Director**
 Community Colleges ▪ Higher Education Kyle I. Jen, Senior Analyst
 Education ▪ School Aid Mary Ann Cleary, Associate Director; Laurie Cummings, Senior Analyst
 Labor and Economic Growth Richard Child, Senior Analyst
 Transportation William E. Hamilton, Senior Analyst

FISCAL OVERSIGHT, AUDIT AND LITIGATION **William E. Hamilton, Senior Analyst**

GENERAL GOVERNMENT **Al Valenzio, Associate Director**
 Agriculture William E. Hamilton, Senior Analyst
 Capital Outlay ▪ Retirement ▪ Supplementals Al Valenzio, Associate Director
 Corrections ▪ Judiciary Marilyn Peterson, Senior Analyst
 Environmental Quality ▪ Natural Resources ▪ History, Arts, and Libraries ▪
 Clean Michigan Initiative ▪ Federal Funds Monitoring ▪ Natural Resources Trust Fund Kirk Lindquist, Senior Analyst
 Attorney General ▪ Civil Rights ▪ Civil Service ▪ Executive Office ▪
 Information Technology ▪ Legislature ▪ Lottery ▪ Management and Budget ▪ State Robin Risko, Senior Analyst
 Treasury Robin Risko, Senior Analyst; Viola Bay Wild, Fiscal Analyst
 Military and Veterans Affairs ▪ State Police Jan Wisniewski, Senior Analyst
 Legislative Transfers Margaret Alston, Senior Analyst

HUMAN SERVICES **Bill Fairgrieve, Deputy Director**
 Community Health: Medicaid Steve Stauff, Senior Analyst
 Mental Health ▪ Substance Abuse Margaret Alston, Senior Analyst
 Public Health ▪ Aging Susan Frey, Senior Analyst
 Family Independence Agency Robert Schneider, Senior Analyst; Bill Fairgrieve, Deputy Director

LEGISLATIVE ANALYSIS **Chris Couch, Associate Director**
 Edith Best, Joan Hunault, Sue Stutzky, Mark Wolf, Legislative Analysts

SUPPORT STAFF

Office Manager Sharon Risko, Administrative Assistant
 Publications and Data Jeanne Dee, Administrative Assistant
 Community Health ▪ Corrections ▪ Family Independence Agency ▪ Judiciary ▪
 HFA Library Tumai Burris, Budget Assistant
 Agriculture ▪ Community Colleges ▪ Education ▪ Higher Education ▪ School Aid ▪
 Transportation ▪ Transfers ▪ HFA Internet ▪ Bill Analysis Barbara Graves, Budget Assistant
 Capital Outlay ▪ Environmental Quality ▪ General Government ▪ History, Arts, & Libraries ▪
 Labor and Economic Growth ▪ Military and Veterans Affairs ▪ Natural Resources ▪
 Retirement ▪ State Police ▪ Supplementals Kim O’Berry, Budget Assistant
 Facilities Coordinator Ericah Caughey, Receptionist

November 2004



Additional copies of this report can be obtained from:

House Fiscal Agency
P.O. Box 30014
Lansing, MI 48909-7514
(517) 373-8080
FAX (517) 373-5874
www.house.mi.gov/hfa