

**SUBSTITUTE FOR
SENATE BILL NO. 1069**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15,
18a, 19, 20, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f,
32j, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74,
81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 166a
(MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b,
388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a,
388.1619, 388.1620, 388.1621b, 388.1622a, 388.1622b, 388.1624,
388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d,
388.1632f, 388.1632j, 388.1639a, 388.1641, 388.1641a, 388.1651a,
388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657,
388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698,
388.1698b, 388.1699, 388.1701, 388.1704a, 388.1707, 388.1747,
388.1752, 388.1758b, and 388.1766a), sections 3, 6, 11f, 11g,

11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 101, 104a, 107, 147, and 166a as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, sections 11, 11b, and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, sections 21b and 152 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 94a as amended by 2003 PA 180, and section 158b as added by 1994 PA 283, and by adding section 146; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

4 (2) "Board" means the governing body of a district or public
5 school academy.

6 (3) "Center" means the center for educational performance and
7 information created in section 94a.

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

15 (5) "Department", except in ~~sections 67, 68,~~ **section** 107,

1 ~~and 108,~~ means the department of education.

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

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

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

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

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

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

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

18 (5) "High school pupil" means a pupil in membership in grades
19 7 to 12, except in a district not maintaining grades above the
20 eighth grade.

21 Sec. 6. (1) "Center program" means a program operated by a
22 district or intermediate district for special education pupils
23 from several districts in programs for the autistically impaired,
24 trainable mentally impaired, severely mentally impaired, severely
25 multiply impaired, hearing impaired, physically and otherwise
26 health impaired, and visually impaired. Programs for emotionally
27 impaired pupils housed in buildings that do not serve regular

1 education pupils also qualify. Unless otherwise approved by the
2 department, a center program either shall serve all constituent
3 districts within an intermediate district or shall serve several
4 districts with less than 50% of the pupils residing in the
5 operating district. In addition, special education center
6 program pupils placed part-time in noncenter programs to comply
7 with the least restrictive environment provisions of section 612
8 of part B of the individuals with disabilities education act,
9 ~~title VI of Public Law 91-230,~~ 20 ~~U.S.C.~~ USC 1412, may be
10 considered center program pupils for pupil accounting purposes
11 for the time scheduled in either a center program or a noncenter
12 program.

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

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

22 (4) "Membership", except as otherwise provided in this act,
23 means for a district, public school academy, university school,
24 or intermediate district the sum of the product of .8 times the
25 number of full-time equated pupils in grades K to 12 actually
26 enrolled and in regular daily attendance on the pupil membership
27 count day for the current school year, plus the product of .2

1 times the final audited count from the supplemental count day for
2 the immediately preceding school year. All pupil counts used in
3 this subsection are as determined by the department and
4 calculated by adding the number of pupils registered for
5 attendance plus pupils received by transfer and minus pupils lost
6 as defined by rules promulgated by the superintendent, and as
7 corrected by a subsequent department audit. The amount of the
8 foundation allowance for a pupil in membership is determined
9 under section 20. In making the calculation of membership, all
10 of the following, as applicable, apply to determining the
11 membership of a district, public school academy, university
12 school, or intermediate district:

13 (a) Except as otherwise provided in this subsection, and
14 pursuant to subsection (6), a pupil shall be counted in
15 membership in the pupil's educating district or districts. An
16 individual pupil shall not be counted for more than a total of
17 1.0 full-time equated membership.

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

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

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

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

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

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

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

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

27 (i) If operations begin before the pupil membership count day

1 for the fiscal year, membership is the average number of
2 full-time equated pupils in grades K to 12 actually enrolled and
3 in regular daily attendance on the pupil membership count day for
4 the current school year and on the supplemental count day for the
5 current school year, as determined by the department and
6 calculated by adding the number of pupils registered for
7 attendance on the pupil membership count day plus pupils received
8 by transfer and minus pupils lost as defined by rules promulgated
9 by the superintendent, and as corrected by a subsequent
10 department audit, plus the final audited count from the
11 supplemental count day for the current school year, and dividing
12 that sum by 2.

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

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

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

6 (l) Pupils to be counted in membership shall be not less than
7 5 years of age on December 1 and less than 20 years of age on
8 September 1 of the school year except a special education pupil
9 who is enrolled and receiving instruction in a special education
10 program or service approved by the department and not having a
11 high school diploma who is less than 26 years of age as of
12 September 1 of the current school year shall be counted in
13 membership.

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

24 (n) If a pupil counted in membership in a public school
25 academy is also educated by a district or intermediate district
26 as part of a cooperative education program, the pupil shall be
27 counted in membership only in the public school academy **unless a**

1 written agreement signed by all parties designates the party or
2 parties in which the pupil shall be counted in membership, and
3 the instructional time scheduled for the pupil in the district or
4 intermediate district shall be included in the full-time equated
5 membership determination under subdivision (q). However, for
6 pupils receiving instruction in both a public school academy and
7 in a district or intermediate district but not as a part of a
8 cooperative education program, the following apply:

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

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

1 each of those pupils shall be allocated to the public school
2 academy.

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

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

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

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

23 (s) For a district, university school, or public school
24 academy that has pupils enrolled in a grade level that was not
25 offered by the district, university school, or public school
26 academy in the immediately preceding school year, the number of
27 pupils enrolled in that grade level to be counted in membership

1 is the average of the number of those pupils enrolled and in
2 regular daily attendance on the pupil membership count day and
3 the supplemental count day of the current school year, as
4 determined by the department. Membership shall be calculated by
5 adding the number of pupils registered for attendance in that
6 grade level on the pupil membership count day plus pupils
7 received by transfer and minus pupils lost as defined by rules
8 promulgated by the superintendent, and as corrected by subsequent
9 department audit, plus the final audited count from the
10 supplemental count day for the current school year, and dividing
11 that sum by 2.

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

16 (u) If, as a result of a disciplinary action, a district
17 determines through the district's alternative or disciplinary
18 education program that the best instructional placement for a
19 pupil is in the pupil's home, if that placement is authorized in
20 writing by the district superintendent and district alternative
21 or disciplinary education supervisor, and if the district
22 provides appropriate instruction as described in this subdivision
23 to the pupil at the pupil's home, the district may count the
24 pupil in membership on a pro rata basis, with the proration based
25 on the number of hours of instruction the district actually
26 provides to the pupil divided by the number of hours specified in
27 subdivision (q) for full-time equivalency. For the purposes of

1 this subdivision, a district shall be considered to be providing
2 appropriate instruction if all of the following are met:

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

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

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

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

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

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

26 (x) For a public school academy that has been in operation
27 for at least 2 years and that suspended operations for at least 1

1 semester and is resuming operations, membership is the sum of the
2 product of .8 times the number of full-time equated pupils in
3 grades K to 12 actually enrolled and in regular daily attendance
4 on the first pupil membership count day or supplemental count
5 day, whichever is first, occurring after operations resume, plus
6 the product of .2 times the final audited count from the most
7 recent pupil membership count day or supplemental count day that
8 occurred before suspending operations, as determined by the
9 superintendent.

10 (y) If a district's membership for a particular fiscal year,
11 as otherwise calculated under this subsection, would be less than
12 1,550 pupils and the district has 4.5 or fewer pupils per square
13 mile, as determined by the department, the district's membership
14 shall be considered to be the membership figure calculated under
15 this subdivision. If a district educates and counts in its
16 membership pupils in grades 9 to 12 who reside in a contiguous
17 district that does not operate grades 9 to 12 and if 1 or both of
18 the affected districts request the department to use the
19 determination allowed under this sentence, the department shall
20 include the square mileage of both districts in determining the
21 number of pupils per square mile for each of the districts for
22 the purposes of this subdivision. The membership figure
23 calculated under this subdivision is the greater of the
24 following:

25 (i) The average of the district's membership for the
26 3-fiscal-year period ending with that fiscal year, calculated by
27 adding the district's actual membership for each of those 3

1 fiscal years, as otherwise calculated under this subsection, and
2 dividing the sum of those 3 membership figures by 3.

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

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

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

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

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

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

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

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

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

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

16 (f) ~~(g)~~ A pupil who has made an official written complaint
17 or whose parent or legal guardian has made an official written
18 complaint to law enforcement officials and to school officials of
19 the pupil's district of residence that the pupil has been the
20 victim of a criminal sexual assault or other serious assault, if
21 the official complaint either indicates that the assault occurred
22 at school or that the assault was committed by 1 or more other
23 pupils enrolled in the school the pupil would otherwise attend in
24 the district of residence or by an employee of the district of
25 residence. A person who intentionally makes a false report of a
26 crime to law enforcement officials for the purposes of this
27 subdivision is subject to section 411a of the Michigan penal

1 code, 1931 PA 328, MCL 750.411a, which provides criminal
2 penalties for that conduct. As used in this subdivision:

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

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

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

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

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

25 (i) The pupil has been suspended or expelled from his or her
26 district of residence for any reason, including, but not limited
27 to, a suspension or expulsion under section 1310, 1311, or 1311a

1 of the revised school code, MCL 380.1310, 380.1311, and
2 380.1311a.

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

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

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

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

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

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

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

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

23 (i) Fourth Wednesday in July.

24 (ii) Fourth Wednesday in September.

25 (iii) Second Wednesday in February.

26 (iv) Fourth Wednesday in April.

27 (8) "Pupils in grades K to 12 actually enrolled and in

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

23 (9) "Rule" means a rule promulgated pursuant to the
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
25 24.328.

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

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

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

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

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

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

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

21 (17) "Taxable value" means the taxable value of property as
22 determined under section 27a of the general property tax act,
23 1893 PA 206, MCL 211.27a.

24 (18) "Textbook" means a book that is selected and approved by
25 the governing board of a district and that contains a
26 presentation of principles of a subject, or that is a literary
27 work relevant to the study of a subject required for the use of

1 classroom pupils, or another type of course material that forms
2 the basis of classroom instruction.

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

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

10 Sec. 11. (1) For the fiscal year ending September 30,
11 ~~2004~~ **2005**, there is appropriated for the public schools of this
12 state and certain other state purposes relating to education the
13 sum of ~~-\$10,962,387,100.00~~ **\$11,033,722,200.00** from the state
14 school aid fund established by section 11 of article IX of the
15 state constitution of 1963 and the sum of ~~-\$327,700,000.00~~
16 **\$138,600,000.00** from the general fund. ~~For the fiscal year~~
17 ~~ending September 30, 2003, from loan repayments deposited to the~~
18 ~~general fund pursuant to section 4 of 1961 PA 112, MCL 388.984,~~
19 ~~on the settlement date, as determined under section 9c of 1961 PA~~
20 ~~108, MCL 388.959c, there is appropriated from the general fund to~~
21 ~~the state school aid fund the amount determined by the state~~
22 ~~treasurer to equal the difference between the outstanding amount~~
23 ~~of general obligation debt incurred pursuant to 1961 PA 112, MCL~~
24 ~~388.981 to 388.985, and the outstanding amount of loans under~~
25 ~~1961 PA 108, MCL 388.951 to 388.963, as reduced in accordance~~
26 ~~with section 9c(1) of 1961 PA 108, MCL 388.959c. In addition,~~
27 ~~for the fiscal year ending September 30, 2003, there is~~

1 ~~appropriated from the general fund to the state school aid fund~~
2 ~~an amount equal to the amount of all school bond loan fund~~
3 ~~repayments received by the state treasurer from June 1, 2003~~
4 ~~through December 21, 2003, determined by the state treasurer not~~
5 ~~to have been paid from proceeds of bonds of the school district~~
6 ~~and representing the difference between the outstanding amount of~~
7 ~~general obligation debt incurred by this state under 1961 PA 112,~~
8 ~~MCL 388.981 to 388.985, and the outstanding amount of loans under~~
9 ~~1961 PA 108, MCL 388.951 to 388.963, at the time of repayment.~~
10 ~~Funds appropriated to the state school aid fund from the general~~
11 ~~fund from loan repayments received as described in this~~
12 ~~subsection shall be expended within 90 days of deposit within the~~
13 ~~state school aid fund.~~ In addition, available federal funds are
14 appropriated for ~~each of those fiscal years~~ **the fiscal year**
15 **ending September 30, 2005.**

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

1 (3) If the maximum amount appropriated under this section
2 from the state school aid fund and the school aid stabilization
3 fund for a fiscal year exceeds the amount available for
4 expenditure from the state school aid fund for that fiscal year,
5 payments under sections 11f, 11g, **11j**, 22a, **26a**, 31d, 51a(2),
6 ~~and 51a(12)~~, 51c, **53a**, and **56** shall be made in full. In
7 addition, for districts beginning operations after 1994-95 that
8 qualify for payments under section 22b, payments under section
9 22b shall be made so that the qualifying districts receive the
10 lesser of an amount equal to the 1994-95 foundation allowance of
11 the district in which the district beginning operations after
12 1994-95 is located or \$5,500.00. The amount of the payment to be
13 made under section 22b for these qualifying districts shall be as
14 calculated under section 22a, with the balance of the payment
15 under section 22b being subject to the proration otherwise
16 provided under this subsection and subsection (4). ~~For any~~ **If**
17 proration **is** necessary after 2002-2003, state payments under each
18 of the other sections of this act from all state funding sources
19 shall be prorated in the manner prescribed in subsection (4) as
20 necessary to reflect the amount available for expenditure from
21 the state school aid fund for the affected fiscal year. However,
22 if the department of treasury determines that proration will be
23 required under this subsection, the department of treasury shall
24 notify the state budget director, and the state budget director
25 shall notify the legislature at least 30 calendar days or 6
26 legislative session days, whichever is more, before the
27 department reduces any payments under this act because of the

1 proration. During the 30 calendar day or 6 legislative session
2 day period after that notification by the state budget director,
3 the department shall not reduce any payments under this act
4 because of proration under this subsection. The legislature may
5 prevent proration from occurring by, within the 30 calendar day
6 or 6 legislative session day period after that notification by
7 the state budget director, enacting legislation appropriating
8 additional funds from the general fund, countercyclical budget
9 and economic stabilization fund, state school aid fund balance,
10 or another source to fund the amount of the projected shortfall.

11 (4) ~~For any~~ **If** proration **is** necessary, ~~after 2002-2003,~~
12 the department shall calculate the proration in district and
13 intermediate district payments that is required under subsection
14 (3) as follows:

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

18 (i) Districts.

19 (ii) Intermediate districts.

20 (iii) Entities other than districts or intermediate
21 districts.

22 (b) The department shall recover a percentage of the
23 proration amount required under subsection (3) that is equal to
24 the percentage calculated under subdivision (a) (i) for districts
25 by reducing payments to districts. This reduction shall be made
26 by calculating an equal dollar amount per pupil as necessary to
27 recover this percentage of the proration amount and reducing each

1 district's total state school aid from state sources, other than
2 payments under sections 11f, 11g, 22a, **26a**, 31d, 51a(2), 51a(12),
3 51c, 53a, and 56, by that amount.

4 (c) The department shall recover a percentage of the
5 proration amount required under subsection (3) that is equal to
6 the percentage calculated under subdivision (a)(ii) for
7 intermediate districts by reducing payments to intermediate
8 districts. This reduction shall be made by reducing the payments
9 to each intermediate district, other than payments under sections
10 11f, 11g, ~~22a, 31d,~~ **26a**, 51a(2), 51a(12), ~~51e,~~ 53a, and 56,
11 on an equal percentage basis.

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

19 (5) Except for the allocation under section 26a, any general
20 fund allocations under this act that are not expended by the end
21 of the state fiscal year are transferred to the state school aid
22 fund.

23 Sec. 11b. From the general fund money appropriated in
24 section 11, there is allocated for ~~2003-2004~~ **2004-2005** the sum
25 of ~~-\$67,600,000.00~~ **\$5,000,000.00** for deposit into the school aid
26 stabilization fund created in section 11a.

27 Sec. 11f. (1) From the appropriations under section 11,

1 there is allocated for the purposes of this section an amount not
2 to exceed \$32,000,000.00 for the fiscal year ending September 30,
3 ~~2004~~ 2005 and for each succeeding fiscal year through the
4 fiscal year ending September 30, 2008. Payments under this
5 section will cease after September 30, 2008. These allocations
6 are for paying the amounts described in subsection (4) to
7 districts and intermediate districts, other than those receiving
8 a lump sum payment under subsection (2), that were not plaintiffs
9 in the consolidated cases known as Durant v State of Michigan,
10 Michigan supreme court docket no. 104458-104492 and that, on or
11 before March 2, 1998, submitted to the state treasurer a board
12 resolution waiving any right or interest the district or
13 intermediate district has or may have in any claim or litigation
14 based on or arising out of any claim or potential claim through
15 September 30, 1997 that is or was similar to the claims asserted
16 by the plaintiffs in the consolidated cases known as Durant v
17 State of Michigan. The waiver resolution shall be in form and
18 substance as required under subsection (7). The state treasurer
19 is authorized to accept such a waiver resolution on behalf of
20 this state. The amounts described in this subsection represent
21 offers of settlement and compromise of any claim or claims that
22 were or could have been asserted by these districts and
23 intermediate districts, as described in this subsection.

24 (2) In addition to any other money appropriated under this
25 act, there was appropriated from the state school aid fund an
26 amount not to exceed \$1,700,000.00 for the fiscal year ending
27 September 30, 1999. This appropriation was for paying the

1 amounts described in this subsection to districts and
2 intermediate districts that were not plaintiffs in the
3 consolidated cases known as Durant v State of Michigan; that, on
4 or before March 2, 1998, submitted to the state treasurer a board
5 resolution waiving any right or interest the district or
6 intermediate district had or may have had in any claim or
7 litigation based on or arising out of any claim or potential
8 claim through September 30, 1997 that is or was similar to the
9 claims asserted by the plaintiffs in the consolidated cases known
10 as Durant v State of Michigan; and for which the total amount
11 listed in section 11h and paid under this section was less than
12 \$75,000.00. For a district or intermediate district qualifying
13 for a payment under this subsection, the entire amount listed for
14 the district or intermediate district in section 11h was paid in
15 a lump sum on November 15, 1998 or on the next business day
16 following that date. The amounts paid under this subsection
17 represent offers of settlement and compromise of any claim or
18 claims that were or could have been asserted by these districts
19 and intermediate districts, as described in this subsection.

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

1 intermediate district.

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

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

26 (6) Funds paid to a district or intermediate district under
27 this section shall be used only for textbooks, electronic

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

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

22 "Whereas, the board of _____ (name of district
23 or intermediate district) desires to settle and compromise, in
24 their entirety, any claim or claims that the district (or
25 intermediate district) has or had for violations of section 29 of
26 article IX of the state constitution of 1963, which claim or
27 claims are or were similar to the claims asserted by the

1 plaintiffs in the consolidated cases known as Durant v State of
2 Michigan, Michigan supreme court docket no. 104458-104492.

3 Whereas, the district (or intermediate district) agrees to
4 settle and compromise these claims for the consideration
5 described in sections 11f and 11g of the state school aid act of
6 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount
7 specified for the district (or intermediate district) in
8 section 11h of the state school aid act of 1979, 1979 PA 94,
9 MCL 388.1611h.

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

12 Now, therefore, be it resolved as follows:

13 1. The board of _____ (name of district or
14 intermediate district) waives any right or interest it may have
15 in any claim or potential claim through September 30, 1997
16 relating to the amount of funding the district or intermediate
17 district is, or may have been, entitled to receive under the
18 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to
19 388.1772, or any other source of state funding, by reason of the
20 application of section 29 of article IX of the state constitution
21 of 1963, which claims or potential claims are or were similar to
22 the claims asserted by the plaintiffs in the consolidated cases
23 known as Durant v State of Michigan, Michigan supreme court
24 docket no. 104458-104492.

25 2. The board of _____ (name of district or
26 intermediate district) directs its secretary to submit a
27 certified copy of this resolution to the state treasurer no later

1 than 5 p.m. eastern standard time on March 2, 1998, and agrees
2 that it will not take any action to amend or rescind this
3 resolution.

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

11 4. This resolution is contingent on continued payments by
12 the state each fiscal year as determined under sections 11f and
13 11g of the state school aid act of 1979, 1979 PA 94,
14 MCL 388.1611f and 388.1611g. However, this resolution shall be
15 an irrevocable waiver of any claim to amounts actually received
16 by the school district or intermediate school district under
17 sections 11f and 11g of the state school aid act of 1979.".

18 Sec. 11g. (1) From the general fund appropriation in
19 section 11, there is allocated an amount not to exceed
20 \$141,000.00 ~~each fiscal year for the fiscal year ending~~
21 ~~September 30, 2003, for the fiscal year ending September 30,~~
22 ~~2004, and~~ for the fiscal year ending September 30, 2005. There
23 is allocated an amount not to exceed ~~-\$34,200,000.00~~
24 \$35,000,000.00 for each succeeding fiscal year through the fiscal
25 year ending September 30, 2013. Payments under this section will
26 cease after September 30, 2013. These allocations are for paying
27 the amounts described in subsection (3) to districts and

1 intermediate districts, other than those receiving a lump sum
2 payment under section 11f(2), that were not plaintiffs in the
3 consolidated cases known as Durant v State of Michigan, Michigan
4 supreme court docket no. 104458-104492 and that, on or before
5 March 2, 1998, submitted to the state treasurer a waiver
6 resolution described in section 11f. The amounts paid under this
7 section represent offers of settlement and compromise of any
8 claim or claims that were or could have been asserted by these
9 districts and intermediate districts, as described in this
10 section.

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

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

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

26 (b) If the district or intermediate district borrows money
27 and issues bonds under section 11i, an additional amount in each

1 fiscal year calculated by the department of treasury that, when
2 added to the amount described in subdivision (a), will cause the
3 net present value as of November 15, 1998 of the total of the 15
4 annual payments made to the district or intermediate district
5 under this section, discounted at a rate as determined by the
6 state treasurer, to equal the amount of the bonds issued by that
7 district or intermediate district under section 11i and that will
8 result in the total payments made to all districts and
9 intermediate districts in each fiscal year under this section
10 being no more than the amount appropriated under this section in
11 each fiscal year.

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

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

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

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

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

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

13 Sec. 11j. From the appropriation in section 11, there is
14 allocated an amount not to exceed ~~-\$28,300,000.00-~~ **\$41,100,000.00**
15 for ~~2003-2004-~~ **2004-2005** for payments to the school loan bond
16 redemption fund in the department of treasury **on behalf of**
17 **districts and intermediate districts.**

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

1 superintendent **and shall report to the center as required by**
2 **state and federal law.**

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

20 (2) If the result of an audit conducted by or for the
21 department affects the current fiscal year membership, affected
22 payments shall be adjusted in the current fiscal year. A
23 deduction due to an adjustment made as a result of an audit
24 conducted by or for the department, or as a result of information
25 obtained by the department from the district, an intermediate
26 district, the department of treasury, or the office of auditor
27 general, shall be deducted from the district's apportionments

1 within the next fiscal year after the fiscal year in which the
2 adjustment is finalized. At the request of the district and upon
3 the district presenting evidence satisfactory to the department
4 of the hardship, the department may grant up to an additional 4
5 years for the adjustment if the district would otherwise
6 experience a significant hardship.

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

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

19 Sec. 18a. Grant funds awarded and allotted to a district,
20 ~~or~~ intermediate district, **or other entity**, unless otherwise
21 specified in this act, shall be expended by the grant recipient
22 before the end of the school fiscal year immediately following
23 the fiscal year in which the funds are received. If a grant
24 recipient does not expend the funds received under this act
25 before the end of the fiscal year in which the funds are
26 received, the grant recipient shall submit a report to the
27 department not later than November 1 after the fiscal year in

1 which the funds are received indicating whether it expects to
2 expend those funds during the fiscal year in which the report is
3 submitted. A recipient of a grant shall return any unexpended
4 grant funds to the department in the manner prescribed by the
5 department not later than September 30 after the fiscal year in
6 which the funds are received.

7 Sec. 19. (1) A district shall comply with any requirements
8 of sections 1204a, 1277, 1278, and 1280 of the revised school
9 code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly
10 referred to as "public act 25 of 1990" that are not also required
11 by the no child left behind act of 2001, Public Law 107-110, ~~115~~
12 ~~Stat. 1425,~~ as determined by the department.

13 (2) Each district and intermediate district shall provide to
14 the department, in a form and manner prescribed by the
15 department, information necessary for the development of an
16 annual progress report on the required implementation of sections
17 1204a, 1277, 1278, and 1280 of the revised school code,
18 MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly
19 referred to as "public act 25 of 1990".

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

25 (4) Each district shall furnish to the center not later than
26 7 weeks after the pupil membership count day, in a manner
27 prescribed by the center, the information necessary for the

1 preparation of the district and high school graduation report.
2 The center shall calculate an annual graduation and pupil dropout
3 rate for each high school, each district, and this state, in
4 compliance with nationally recognized standards for these
5 calculations. The center shall report all graduation and dropout
6 rates to the senate and house education committees and
7 appropriations committees, the state budget director, and the
8 department not later than June 1 of each year.

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

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

17 (7) ~~(6)~~ If a district or intermediate district fails to
18 meet the requirements of subsection (2), (3), (4), ~~or~~ (5), **or**
19 **(6)**, the department shall withhold 5% of the total funds for
20 which the district or intermediate district qualifies under this
21 act until the district or intermediate district complies with all
22 of those subsections. If the district or intermediate district
23 does not comply with all of those subsections by the end of the
24 fiscal year, the department shall place the amount withheld in an
25 escrow account until the district or intermediate district
26 complies with all of those subsections.

27 (8) ~~(7)~~ If a school in a district is not accredited under

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

13 (9) ~~—(8)—~~ Before publishing a list of schools or districts
14 determined to have failed to make adequate yearly progress as
15 required by the federal no child left behind act of 2001, Public
16 Law 107-110, 115 Stat. 1425, the department shall allow a school
17 or district to appeal that determination. The department shall
18 consider and act upon the appeal within 30 days after it is
19 submitted and shall not publish the list until after all appeals
20 have been considered and decided.

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

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

27 (3) Except as otherwise provided in this section, the amount

1 of a district's foundation allowance shall be calculated as
2 follows, using in all calculations the total amount of the
3 district's foundation allowance as calculated before any
4 proration:

5 (a) Except as otherwise provided in this subsection, for a
6 district that in the immediately preceding state fiscal year had
7 a foundation allowance in an amount at least equal to the amount
8 of the basic foundation allowance for the immediately preceding
9 state fiscal year, the district shall receive a foundation
10 allowance in an amount equal to the sum of the district's
11 foundation allowance for the immediately preceding state fiscal
12 year plus the dollar amount of the adjustment from the
13 immediately preceding state fiscal year to the current state
14 fiscal year in the basic foundation allowance. However, for
15 2002-2003, the foundation allowance for a district under this
16 subdivision is an amount equal to the sum of the district's
17 foundation allowance for the immediately preceding state fiscal
18 year plus \$200.00.

19 (b) For a district that in the 1994-95 state fiscal year had
20 a foundation allowance greater than \$6,500.00, the district's
21 foundation allowance is an amount equal to the sum of the
22 district's foundation allowance for the immediately preceding
23 state fiscal year plus the lesser of the increase in the basic
24 foundation allowance for the current state fiscal year, as
25 compared to the immediately preceding state fiscal year, or the
26 product of the district's foundation allowance for the
27 immediately preceding state fiscal year times the percentage

1 increase in the United States consumer price index in the
2 calendar year ending in the immediately preceding fiscal year as
3 reported by the May revenue estimating conference conducted under
4 section 367b of the management and budget act, 1984 PA 431,
5 MCL 18.1367b. For 2002-2003, for a district that in the 1994-95
6 state fiscal year had a foundation allowance greater than
7 \$6,500.00, the district's foundation allowance is an amount equal
8 to the sum of the district's foundation allowance for the
9 immediately preceding state fiscal year plus the lesser of
10 \$200.00 or the product of the district's foundation allowance for
11 the immediately preceding state fiscal year times the percentage
12 increase in the United States consumer price index in the
13 calendar year ending in the immediately preceding fiscal year as
14 reported by the May revenue estimating conference conducted under
15 section 367b of the management and budget act, 1984 PA 431,
16 MCL 18.1367b.

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

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

27 (4) Except as otherwise provided in this subsection, the

1 state portion of a district's foundation allowance is an amount
2 equal to the district's foundation allowance or \$6,500.00,
3 whichever is less, minus the difference between the product of
4 the taxable value per membership pupil of all property in the
5 district that is not a principal residence or qualified
6 agricultural property times the lesser of 18 mills or the number
7 of mills of school operating taxes levied by the district in
8 1993-94 and the quotient of the ad valorem property tax revenue
9 of the district captured under 1975 PA 197, MCL 125.1651 to
10 125.1681, the tax increment finance authority act, 1980 PA 450,
11 MCL 125.1801 to 125.1830, the local development financing act,
12 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield
13 redevelopment financing act, 1996 PA 381, MCL 125.2651 to
14 125.2672, divided by the district's membership excluding special
15 education pupils. For a district described in subsection (3)(b),
16 the state portion of the district's foundation allowance is an
17 amount equal to \$6,962.00 plus the difference between the
18 district's foundation allowance for the current state fiscal year
19 and the district's foundation allowance for 1998-99, minus the
20 difference between the product of the taxable value per
21 membership pupil of all property in the district that is not a
22 principal residence or qualified agricultural property times the
23 lesser of 18 mills or the number of mills of school operating
24 taxes levied by the district in 1993-94 and the quotient of the
25 ad valorem property tax revenue of the district captured under
26 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance
27 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local

1 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
2 or the brownfield redevelopment financing act, 1996 PA 381,
3 MCL 125.2651 to 125.2672, divided by the district's membership
4 excluding special education pupils. For a district that has a
5 millage reduction required under section 31 of article IX of the
6 state constitution of 1963, the state portion of the district's
7 foundation allowance shall be calculated as if that reduction did
8 not occur. The \$6,500.00 amount prescribed in this subsection
9 shall be adjusted each year by an amount equal to the dollar
10 amount of the difference between the basic foundation allowance
11 for the current state fiscal year and \$5,000.00, minus \$200.00.

12 (5) The allocation calculated under this section for a pupil
13 shall be based on the foundation allowance of the pupil's
14 district of residence. However, for a **pupil enrolled in a**
15 **district other than the pupil's district of residence, if the**
16 **foundation allowance of the pupil's district of residence has**
17 **been adjusted pursuant to subsection (19), the allocation**
18 **calculated under this section shall not include the adjustment**
19 **described in subsection (18).** For a pupil enrolled pursuant to
20 section 105 or 105c in a district other than the pupil's district
21 of residence, the allocation calculated under this section shall
22 be based on the lesser of the foundation allowance of the pupil's
23 district of residence or the foundation allowance of the
24 educating district. For a pupil in membership in a K-5, K-6, or
25 K-8 district who is enrolled in another district in a grade not
26 offered by the pupil's district of residence, the allocation
27 calculated under this section shall be based on the foundation

1 allowance of the educating district if the educating district's
2 foundation allowance is greater than the foundation allowance of
3 the pupil's district of residence. The calculation under this
4 subsection shall take into account a district's per pupil
5 allocation under section 20j(2).

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

1 calculated under this subsection.

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

1 in the public school academy, as determined by the department.

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

17 (9) For a district that had combined state and local revenue
18 per membership pupil in the 1993-94 state fiscal year of more
19 than \$6,500.00 and that had fewer than 350 pupils in membership,
20 if the district elects not to reduce the number of mills from
21 which a principal residence and qualified agricultural property
22 are exempt and not to levy school operating taxes on a principal
23 residence and qualified agricultural property as provided in
24 section 1211(1) of the revised school code, MCL 380.1211, and not
25 to levy school operating taxes on all property as provided in
26 section 1211(2) of the revised school code, MCL 380.1211, there
27 is calculated under this subsection for 1994-95 and each

1 succeeding fiscal year a separate supplemental amount in an
2 amount equal to the amount the district would have received per
3 membership pupil had it levied school operating taxes on a
4 principal residence and qualified agricultural property at the
5 rate authorized for the district under section 1211(1) of the
6 revised school code, MCL 380.1211, and levied school operating
7 taxes on all property at the rate authorized for the district
8 under section 1211(2) of the revised school code, MCL 380.1211,
9 as determined by the department of treasury. If in the calendar
10 year ending in the fiscal year a district does not levy 18 mills
11 or the number of mills of school operating taxes levied by the
12 district in 1993, whichever is less, on property that is not a
13 principal residence or qualified agricultural property, the
14 amount calculated under this subsection will be reduced by the
15 same percentage as the millage actually levied compares to the 18
16 mills or the number of mills levied in 1993, whichever is less.

17 (10) Subject to subsection (4), for a district that is formed
18 or reconfigured after June 1, 2002 by consolidation of 2 or more
19 districts or by annexation, the resulting district's foundation
20 allowance under this section beginning after the effective date
21 of the consolidation or annexation shall be the average of the
22 foundation allowances of each of the original or affected
23 districts, calculated as provided in this section, weighted as to
24 the percentage of pupils in total membership in the resulting
25 district who reside in the geographic area of each of the
26 original or affected districts.

27 (11) Each fraction used in making calculations under this

1 section shall be rounded to the fourth decimal place and the
2 dollar amount of an increase in the basic foundation allowance
3 shall be rounded to the nearest whole dollar.

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

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

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

24 (b) The revenue adjustment factor shall be computed by
25 dividing the sum of the estimated total state school aid fund
26 revenue for the subsequent state fiscal year plus the estimated
27 total state school aid fund revenue for the current state fiscal

1 year, adjusted for any change in the rate or base of a tax the
2 proceeds of which are deposited in that fund and excluding money
3 transferred into that fund from the countercyclical budget and
4 economic stabilization fund under section 353e of the management
5 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
6 estimated total school aid fund revenue for the current state
7 fiscal year plus the estimated total state school aid fund
8 revenue for the immediately preceding state fiscal year, adjusted
9 for any change in the rate or base of a tax the proceeds of which
10 are deposited in that fund. If a consensus revenue factor is not
11 determined at the revenue estimating conference, the principals
12 of the revenue estimating conference shall report their estimates
13 to the house and senate subcommittees responsible for school aid
14 appropriations not later than 7 days after the conclusion of the
15 revenue conference.

16 (c) The index shall be calculated by multiplying the pupil
17 membership factor by the revenue adjustment factor. However, for
18 ~~2003-2004 only~~ 2004-2005, the index shall be 1.00. If a
19 consensus index is not determined at the revenue estimating
20 conference, the principals of the revenue estimating conference
21 shall report their estimates to the house and senate
22 subcommittees responsible for school aid appropriations not later
23 than 7 days after the conclusion of the revenue conference.

24 (14) If the principals at the revenue estimating conference
25 reach a consensus on the index described in subsection (13)(c),
26 the basic foundation allowance for the subsequent state fiscal
27 year shall be at least the amount of that consensus index

1 multiplied by the basic foundation allowance specified in
2 subsection (1).

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

13 (16) For a district that had combined state and local revenue
14 per membership pupil in the 1993-94 state fiscal year of more
15 than \$6,500.00, that had fewer than 7 pupils in membership in the
16 1993-94 state fiscal year, that has at least 1 child educated in
17 the district in the current state fiscal year, and that levies
18 the number of mills of school operating taxes authorized for the
19 district under section 1211 of the revised school code,
20 MCL 380.1211, a minimum amount of combined state and local
21 revenue shall be calculated for the district as provided under
22 this subsection. The minimum amount of combined state and local
23 revenue for 1999-2000 shall be \$67,000.00 plus the district's
24 additional expenses to educate pupils in grades 9 to 12 educated
25 in other districts as determined and allowed by the department.
26 The minimum amount of combined state and local revenue under this
27 subsection, before adding the additional expenses, shall increase

1 each fiscal year by the same percentage increase as the
2 percentage increase in the basic foundation allowance from the
3 immediately preceding fiscal year to the current fiscal year.
4 The state portion of the minimum amount of combined state and
5 local revenue under this subsection shall be calculated by
6 subtracting from the minimum amount of combined state and local
7 revenue under this subsection the sum of the district's local
8 school operating revenue and an amount equal to the product of
9 the sum of the state portion of the district's foundation
10 allowance plus the amount calculated under section 20j times the
11 district's membership. As used in this subsection, "additional
12 expenses" means the district's expenses for tuition or fees, not
13 to exceed \$6,500.00 as adjusted each year by an amount equal to
14 the dollar amount of the difference between the basic foundation
15 allowance for the current state fiscal year and \$5,000.00, minus
16 \$200.00, plus a room and board stipend not to exceed \$10.00 per
17 school day for each pupil in grades 9 to 12 educated in another
18 district, as approved by the department.

19 (17) For a district in which 7.75 mills levied in 1992 for
20 school operating purposes in the 1992-93 school year were not
21 renewed in 1993 for school operating purposes in the 1993-94
22 school year, the district's combined state and local revenue per
23 membership pupil shall be recalculated as if that millage
24 reduction did not occur and the district's foundation allowance
25 shall be calculated as if its 1994-95 foundation allowance had
26 been calculated using that recalculated 1993-94 combined state
27 and local revenue per membership pupil as a base. A district is

1 not entitled to any retroactive payments for fiscal years before
2 2000-2001 due to this subsection.

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

13 (19) For a district that received a grant under former
14 section 32e for 2001-2002, ~~the district's foundation allowance~~
15 ~~for 2002-2003 shall be adjusted to be an amount equal to the sum~~
16 ~~of the district's foundation allowance, as otherwise calculated~~
17 ~~under this section, plus the quotient of the amount of the grant~~
18 ~~award to the district for 2001-2002 under former section 32e~~
19 ~~divided by the district's membership for 2001-2002, and the~~
20 ~~district's foundation allowance for 2003-2004~~ **2002-2003 and**
21 **each succeeding fiscal year** shall be adjusted to be an amount
22 equal to the sum of the district's foundation allowance, as
23 otherwise calculated under this section, plus the quotient of
24 100% of the amount of the grant award to the district for
25 2001-2002 under former section 32e divided by **the number of**
26 **pupils in** the district's membership for 2001-2002 **who were**
27 **residents of and enrolled in the district.** Except as otherwise

1 provided in this subsection, a district qualifying for a
2 foundation allowance adjustment under this subsection shall use
3 the funds resulting from this adjustment for at least 1 of grades
4 K to 3 for purposes allowable under former section 32e as in
5 effect for 2001-2002. For an individual school or schools
6 operated by a district qualifying for a foundation allowance
7 under this subsection that have been determined by the department
8 to meet the adequate yearly progress standards of the federal no
9 child left behind act of 2001, Public Law 107-110, 115
10 Stat. 1425, in both mathematics and English language arts at all
11 applicable grade levels for all applicable subgroups, the
12 district may submit to the department an application for
13 flexibility in using the funds resulting from this adjustment
14 that are attributable to the pupils in the school or schools.
15 The application shall identify the affected school or schools and
16 the affected funds and shall contain a plan for using the funds
17 for specific purposes identified by the district that are
18 designed to reduce class size, but that may be different from the
19 purposes otherwise allowable under this subsection. The
20 department shall approve the application if the department
21 determines that the purposes identified in the plan are
22 reasonably designed to reduce class size. If the department does
23 not act to approve or disapprove an application within 30 days
24 after it is submitted to the department, the application is
25 considered to be approved. If an application for flexibility in
26 using the funds is approved, the district may use the funds
27 identified in the application for any purpose identified in the

1 plan.

2 (20) For a district that is a qualifying school district with
3 a school reform board in place under part 5a of the revised
4 school code, MCL 380.371 to 380.376, the district's foundation
5 allowance for 2002-2003 shall be adjusted to be an amount equal
6 to the sum of the district's foundation allowance, as otherwise
7 calculated under this section, plus the quotient of
8 \$15,000,000.00 divided by the district's membership for
9 2002-2003. If a district ceases to meet the requirements of this
10 subsection, the department shall adjust the district's foundation
11 allowance in effect at that time based on a 2002-2003 foundation
12 allowance for the district that does not include the 2002-2003
13 adjustment under this subsection. **This subsection only applies**
14 **for 2002-2003 and 2003-2004. Beginning in 2004-2005, the**
15 **foundation allowance of a district that received an adjustment**
16 **under this subsection for 2002-2003 and 2003-2004 shall be**
17 **calculated as if those adjustments did not occur.**

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

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

27 (23) As used in this section:

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

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

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

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

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

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

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

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

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

27 (j) "School operating taxes" means local ad valorem property

1 taxes levied under section 1211 of the revised school code,
2 MCL 380.1211, and retained for school operating purposes.

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

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

15 (2) To the extent required under subsection (3), a district
16 shall pay tuition and mandatory course fees, material fees, and
17 registration fees required by an eligible postsecondary
18 institution for enrollment in an eligible course. A district
19 also shall pay any late fees charged by an eligible postsecondary
20 institution due to the district's failure to make a required
21 payment according to the timetable prescribed by the
22 postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to
23 388.524, or the career and technical preparation act, **2000 PA**
24 **258, MCL 388.1901 to 388.1913.** A district is not required to pay
25 transportation costs, parking costs, or activity fees.

26 (3) A district shall pay to the eligible postsecondary
27 institution on behalf of an eligible student an amount equal to

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

21 (4) As used in this section, "eligible course", "eligible
22 student", and "eligible postsecondary institution" mean those
23 terms as defined in section 3 of the postsecondary enrollment
24 options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3
25 of the career and technical preparation act, **2000 PA 258, MCL**
26 **388.1903**, as applicable.

27 Sec. 22a. (1) From the appropriation in section 11, there

1 is allocated an amount not to exceed ~~-\$6,816,000,000.00~~
2 **\$6,765,300,000.00** for 2003-2004 **and an amount not to exceed**
3 **\$6,693,000,000.00 for 2004-2005** for payments to districts,
4 qualifying university schools, and qualifying public school
5 academies to guarantee each district, qualifying university
6 school, and qualifying public school academy an amount equal to
7 its 1994-95 total state and local per pupil revenue for school
8 operating purposes under section 11 of article IX of the state
9 constitution of 1963. Pursuant to section 11 of article IX of
10 the state constitution of 1963, this guarantee does not apply to
11 a district in a year in which the district levies a millage rate
12 for school district operating purposes less than it levied in
13 1994. However, subsection (2) applies to calculating the
14 payments under this section. Funds allocated under this section
15 that are not expended in the state fiscal year for which they
16 were allocated, as determined by the department, may be used to
17 supplement the allocations under sections 22b and 51c in order to
18 fully fund those calculated allocations for the same fiscal
19 year.

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

25 (a) Except as otherwise provided in this subsection, the
26 state portion of a district's 1994-95 foundation allowance is an
27 amount equal to the district's 1994-95 foundation allowance or

1 \$6,500.00, whichever is less, minus the difference between the
2 product of the taxable value per membership pupil of all property
3 in the district that is not a homestead or qualified agricultural
4 property times the lesser of 18 mills or the number of mills of
5 school operating taxes levied by the district in 1993-94 and the
6 quotient of the ad valorem property tax revenue of the district
7 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
8 increment finance authority act, 1980 PA 450, MCL 125.1801 to
9 125.1830, the local development financing act, 1986 PA 281,
10 MCL 125.2151 to 125.2174, or the brownfield redevelopment
11 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by
12 the district's membership. For a district that has a millage
13 reduction required under section 31 of article IX of the state
14 constitution of 1963, the state portion of the district's
15 foundation allowance shall be calculated as if that reduction did
16 not occur.

17 (b) For a district that had a 1994-95 foundation allowance
18 greater than \$6,500.00, the state payment under this subsection
19 shall be the sum of the amount calculated under subdivision (a)
20 plus the amount calculated under this subdivision. The amount
21 calculated under this subdivision shall be equal to the
22 difference between the district's 1994-95 foundation allowance
23 minus \$6,500.00 and the current year hold harmless school
24 operating taxes per pupil. If the result of the calculation
25 under subdivision (a) is negative, the negative amount shall be
26 an offset against any state payment calculated under this
27 subdivision. If the result of a calculation under this

1 subdivision is negative, there shall not be a state payment or a
2 deduction under this subdivision. The taxable values per
3 membership pupil used in the calculations under this subdivision
4 are as adjusted by ad valorem property tax revenue captured under
5 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance
6 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local
7 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
8 or the brownfield redevelopment financing act, 1996 PA 381,
9 MCL 125.2651 to 125.2672, divided by the district's membership.

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

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

24 (5) For a district that is formed or reconfigured after
25 June 1, 2000 by consolidation of 2 or more districts or by
26 annexation, the resulting district's 1994-95 foundation allowance
27 under this section beginning after the effective date of the

1 consolidation or annexation shall be the average of the 1994-95
2 foundation allowances of each of the original or affected
3 districts, calculated as provided in this section, weighted as to
4 the percentage of pupils in total membership in the resulting
5 district in the state fiscal year in which the consolidation
6 takes place who reside in the geographic area of each of the
7 original districts. If an affected district's 1994-95 foundation
8 allowance is less than the 1994-95 basic foundation allowance,
9 the amount of that district's 1994-95 foundation allowance shall
10 be considered for the purpose of calculations under this
11 subsection to be equal to the amount of the 1994-95 basic
12 foundation allowance.

13 (6) As used in this section:

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

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

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

24 (d) "Hold harmless millage" means, for a district with a
25 1994-95 foundation allowance greater than \$6,500.00, the number
26 of mills by which the exemption from the levy of school operating
27 taxes on a homestead and qualified agricultural property could be

1 reduced as provided in section 1211(1) of the revised school
2 code, MCL 380.1211, and the number of mills of school operating
3 taxes that could be levied on all property as provided in section
4 1211(2) of the revised school code, MCL 380.1211, as certified by
5 the department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

25 (i) For the number of mills by which the exemption from the
26 levy of school operating taxes on a homestead and qualified
27 agricultural property may be reduced as provided in section

1 1211(1) of the revised school code, MCL 380.1211, the taxable
2 value of homestead and qualified agricultural property for the
3 calendar year ending in the current state fiscal year.

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

9 Sec. 22b. (1) From the appropriation in section 11, there
10 is allocated an amount not to exceed ~~-\$2,881,000,000.00 for~~
11 ~~2003-2004~~ **\$2,905,000,000.00 for 2004-2005** for discretionary
12 nonmandated payments to districts under this section. Funds
13 allocated under this section that are not expended in the state
14 fiscal year for which they were allocated, as determined by the
15 department, may be used to supplement the allocations under
16 sections 22a and 51c in order to fully fund those calculated
17 allocations for the same fiscal year.

18 (2) Subject to subsection (3) and section 11, the allocation
19 to a district under this section shall be an amount equal to the
20 sum of the amounts calculated under sections 20, 20j, 51a(2),
21 51a(3), and 51a(12), minus the sum of the allocations to the
22 district under sections 22a and 51c.

23 (3) In order to receive an allocation under this section,
24 each district shall administer in each grade level that it
25 operates in grades 1 to 5 a standardized assessment approved by
26 the department of grade-appropriate basic educational skills. A
27 district may use the Michigan literacy progress profile to

1 satisfy this requirement for grades 1 to 3. Also, if the revised
2 school code is amended to require annual assessments at
3 additional grade levels, in order to receive an allocation under
4 this section each district shall comply with that requirement.

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

17 (5) It is the intent of the legislature that all
18 constitutional obligations of this state have been fully funded
19 under sections 22a, 31d, 51a, and 51c. If a claim is made by an
20 entity receiving funds under this act that challenges the
21 legislative determination of the adequacy of this funding or
22 alleges that there exists an unfunded constitutional requirement,
23 the state budget director may escrow or allocate from the
24 discretionary funds for nonmandated payments under this section
25 the amount as may be necessary to satisfy the claim before making
26 any payments to districts under subsection (2). If funds are
27 escrowed, the escrowed funds are a work project appropriation and

1 the funds are carried forward into the following fiscal year.
2 The purpose of the work project is to provide for any payments
3 that may be awarded to districts as a result of litigation. The
4 work project shall be completed upon resolution of the
5 litigation.

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

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

24 (8) If payments resulting from a final determination by the
25 local claims review board or a court of competent jurisdiction
26 that there has been a violation of section 29 of article IX of
27 the state constitution of 1963 exceed the amount allocated for

1 discretionary nonmandated payments under this section, the
2 legislature shall provide for adequate funding for this state's
3 constitutional obligations at its next legislative session.

4 (9) If a lawsuit challenging payments made to districts
5 related to costs reimbursed by federal title XIX medicaid funds
6 is filed against this state during 2001-2002, 2002-2003, or
7 2003-2004, 50% of the amount allocated in subsection (1) not
8 previously paid out for 2002-2003, 2003-2004, and each succeeding
9 fiscal year is a work project appropriation and the funds are
10 carried forward into the following fiscal year. The purpose of
11 the work project is to provide for any payments that may be
12 awarded to districts as a result of the litigation. The work
13 project shall be completed upon resolution of the litigation. In
14 addition, this state reserves the right to terminate future
15 federal title XIX medicaid reimbursement payments to districts if
16 the amount or allocation of reimbursed funds is challenged in the
17 lawsuit. As used in this subsection, "title XIX" means title XIX
18 of the social security act, ~~chapter 531, 49 Stat. 620,~~ 42
19 ~~U.S.C. USC 1396 to 1396r-6 and 1396r-8 to~~ 1396v.

20 Sec. 24. (1) Subject to subsection (2), from the
21 appropriation in section 11, there is allocated ~~each fiscal year~~
22 ~~for 2002-2003, and for 2003-2004~~ **for 2004-2005** to the educating
23 district or intermediate district an amount equal to 100% of the
24 added cost each fiscal year for educating all pupils assigned by
25 a court or the family independence agency to reside in or to
26 attend a juvenile detention facility or child caring institution
27 licensed by the family independence agency ~~or the department of~~

1 ~~consumer and industry services~~ and approved by the department to
2 provide an on-grounds education program. The total amount to be
3 paid under this section for added cost shall not exceed
4 ~~\$8,900,000.00 for 2002-2003 and \$8,000,000.00 for 2003-2004~~
5 **2004-2005**. For the purposes of this section, "added cost" shall
6 be computed by deducting all other revenue received under this
7 act for pupils described in this section from total costs, as
8 approved by the department, in whole or in part, for educating
9 those pupils in the on-grounds education program or in a program
10 approved by the department that is located on property adjacent
11 to a juvenile detention facility or child caring institution.
12 Costs reimbursed by federal funds are not included. For
13 ~~2003-2004 only~~ **a particular fiscal year**, for an on-grounds
14 education program or a program located on property adjacent to a
15 juvenile detention facility or child caring institution that was
16 not in existence at the time the allocations under this section
17 were approved, the department shall give approval for only that
18 portion of the educating district's or intermediate district's
19 total costs that will not prevent the allocated amounts under
20 this section from first being applied to 100% of the added cost
21 of the programs that were in existence at the time the
22 preliminary allocations under this section were approved **for that**
23 **fiscal year**.

24 (2) A district or intermediate district educating pupils
25 described in this section at a residential child caring
26 institution may operate, and receive funding under this section
27 for, a department-approved on-grounds educational program for

1 those pupils that is longer than 181 days, but not longer than
2 233 days, if the child caring institution was licensed as a child
3 caring institution and offered in 1991-92 an on-grounds
4 educational program that was longer than 181 days but not longer
5 than 233 days and that was operated by a district or intermediate
6 district.

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

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

22 Sec. 26. A district or intermediate district receiving
23 money pursuant to 1975 PA 197, MCL 125.1651 to 125.1681, the tax
24 increment finance authority act, 1980 PA 450, MCL 125.1801 to
25 125.1830, the local development financing act, 1986 PA 281, MCL
26 125.2151 to 125.2174, or the Brownfield redevelopment financing
27 act, 1996 PA 381, MCL 125.2651 to 125.2672, shall have its funds

1 received under section ~~20~~ **22b**, 56, or 62 reduced by an amount
2 equal to the added local money.

3 Sec. 26a. From the general fund appropriation in section
4 11, there is allocated an amount not to exceed ~~-\$29,960,000.00~~
5 ~~for 2003-2004~~ **\$36,200,000.00 for 2004-2005** to reimburse
6 districts, intermediate districts, and the state school aid fund
7 pursuant to section 12 of the Michigan renaissance zone act, 1996
8 PA 376, MCL 125.2692, for taxes levied in ~~2003~~ **2004 or for**
9 **payments to districts as reimbursement for interest paid as a**
10 **result of property tax refunds.** ~~This reimbursement shall be~~
11 ~~made by adjusting payments under section 22a to eligible~~
12 ~~districts, adjusting payments under section 56, 62, or 81 to~~
13 ~~eligible intermediate districts, and adjusting the state school~~
14 ~~aid fund.~~ The ~~adjustments~~ **allocations** shall be made not later
15 than 60 days after the department of treasury certifies to the
16 department and to the state budget director that the department
17 of treasury has received all necessary information to properly
18 determine the amounts due to each eligible recipient.

19 Sec. 31a. (1) From the state school aid fund ~~money~~
20 ~~appropriated~~ **appropriation** in section 11, there is allocated for
21 ~~2003-2004~~ **2004-2005** an amount not to exceed ~~-\$314,200,000.00~~
22 **\$304,300,000.00** for payments to eligible districts and eligible
23 public school academies under this section. Subject to
24 subsection (12), the amount of the additional allowance under
25 this section shall be based on the number of actual pupils in
26 membership in the district or public school academy who met the
27 income eligibility criteria for free breakfast, lunch, or milk in

1 the immediately preceding state fiscal year, as determined under
2 the Richard B. Russell national school lunch act, ~~chapter 281,~~
3 ~~60 Stat. 230,~~ 42 ~~U.S.C.~~ **USC** 1751 to ~~1753, 1755 to 1761,~~
4 ~~1762a, 1765 to 1766a, 1769, 1769b to 1769e, and 1769f to 1769h,~~
5 and reported to the department by October 31 of the immediately
6 preceding fiscal year and adjusted not later than December 31 of
7 the immediately preceding fiscal year. However, for a public
8 school academy that began operations as a public school academy
9 after the pupil membership count day of the immediately preceding
10 school year, the basis for the additional allowance under this
11 section shall be the number of actual pupils in membership in the
12 public school academy who met the income eligibility criteria for
13 free breakfast, lunch, or milk in the current state fiscal year,
14 as determined under the Richard B. Russell national school lunch
15 act.

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

22 (a) The sum of the district's or public school academy's
23 combined state and local revenue per membership pupil in the
24 current state fiscal year, as calculated under section 20, plus
25 the amount of the district's per pupil allocation under section
26 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar
27 amount of the difference between the basic foundation allowance

1 under section 20 for the current state fiscal year and \$5,000.00,
2 minus \$200.00.

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

7 (3) Except as otherwise provided in this subsection, an
8 eligible district or eligible public school academy shall receive
9 under this section for each membership pupil in the district or
10 public school academy who met the income eligibility criteria for
11 free breakfast, lunch, or milk, as determined under the Richard
12 B. Russell national school lunch act and as reported to the
13 department by October 31 of the immediately preceding fiscal year
14 and adjusted not later than December 31 of the immediately
15 preceding fiscal year, an amount per pupil equal to 11.5% of the
16 sum of the district's foundation allowance or public school
17 academy's per pupil amount calculated under section 20, plus the
18 amount of the district's per pupil allocation under section
19 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of
20 the difference between the basic foundation allowance under
21 section 20 for the current state fiscal year and \$5,000.00, minus
22 \$200.00, or of the public school academy's per membership pupil
23 amount calculated under section 20 for the current state fiscal
24 year. A public school academy that began operations as a public
25 school academy after the pupil membership count day of the
26 immediately preceding school year shall receive under this
27 section for each membership pupil in the public school academy

1 who met the income eligibility criteria for free breakfast,
2 lunch, or milk, as determined under the Richard B. Russell
3 national school lunch act and as reported to the department by
4 October 31 of the current fiscal year and adjusted not later than
5 December 31 of the current fiscal year, an amount per pupil equal
6 to 11.5% of the public school academy's per membership pupil
7 amount calculated under section 20 for the current state fiscal
8 year.

9 (4) Except as otherwise provided in this section, a district
10 or public school academy receiving funding under this section
11 shall use that money only to provide instructional programs and
12 direct noninstructional services, including, but not limited to,
13 medical or counseling services, for at-risk pupils; for school
14 health clinics; and for the purposes of subsection (5) or (6). A
15 district or public school academy shall not use any of that money
16 for administrative costs or to supplant another program or other
17 funds, except for funds allocated to the district or public
18 school academy under this section in the immediately preceding
19 year and already being used by the district or public school
20 academy for at-risk pupils. The instruction or direct
21 noninstructional services provided under this section may be
22 conducted before or after regular school hours or by adding extra
23 school days to the school year and may include, but are not
24 limited to, tutorial services, early childhood programs to serve
25 children age 0 to 5, and reading programs as described in former
26 section 32f as in effect for 2001-2002. A tutorial method may be
27 conducted with paraprofessionals working under the supervision of

1 a certificated teacher. The ratio of pupils to paraprofessionals
2 shall be between 10:1 and 15:1. Only 1 certificated teacher is
3 required to supervise instruction using a tutorial method. As
4 used in this subsection, "to supplant another program" means to
5 take the place of a previously existing instructional program or
6 direct noninstructional services funded from a funding source
7 other than funding under this section.

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

16 (6) From the funds allocated under subsection (1), there is
17 allocated ~~beginning with 2003-2004~~ **for 2004-2005** an amount not
18 to exceed \$3,743,000.00 to support teen health centers. These
19 grants shall be awarded for 3 consecutive years beginning with
20 2003-2004 in a form and manner approved jointly by the department
21 and the department of community health. Each grant recipient
22 shall remain in compliance with the terms of the grant award or
23 shall forfeit the grant award for the duration of the 3-year
24 period after the noncompliance. If any funds allocated under
25 this subsection are not used for the purposes of this subsection
26 for the fiscal year in which they are allocated, those unused
27 funds shall be used that fiscal year to avoid or minimize any

1 proration that would otherwise be required under subsection (12)
2 for that fiscal year.

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

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

27 (9) Subject to subsections (5), (6), and (11), any district

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

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

22 (11) For an individual school or schools operated by a
23 district or public school academy receiving funds under this
24 section that have been determined by the department to meet the
25 adequate yearly progress standards of the federal no child left
26 behind act of 2001, Public Law 107-110, ~~115 Stat. 1425,~~ in both
27 mathematics and English language arts at all applicable grade

1 levels for all applicable subgroups, the district or public
2 school academy may submit to the department an application for
3 flexibility in using the funds received under this section that
4 are attributable to the pupils in the school or schools. The
5 application shall identify the affected school or schools and the
6 affected funds and shall contain a plan for using the funds for
7 specific purposes identified by the district that are designed to
8 benefit at-risk pupils in the school, but that may be different
9 from the purposes otherwise allowable under this section. The
10 department shall approve the application if the department
11 determines that the purposes identified in the plan are
12 reasonably designed to benefit at-risk pupils in the school. If
13 the department does not act to approve or disapprove an
14 application within 30 days after it is submitted to the
15 department, the application is considered to be approved. If an
16 application for flexibility in using the funds is approved, the
17 district may use the funds identified in the application for any
18 purpose identified in the plan.

19 (12) If necessary, and before any proration required under
20 section 11, the department shall prorate payments under this
21 section by reducing the amount of the per pupil payment under
22 this section by a dollar amount calculated by determining the
23 amount by which the amount necessary to fully fund the
24 requirements of this section exceeds the maximum amount allocated
25 under this section and then dividing that amount by the total
26 statewide number of pupils who met the income eligibility
27 criteria for free breakfast, lunch, or milk in the immediately

1 preceding fiscal year, as described in subsection (1).

2 (13) If a district is formed by consolidation after June 1,
3 1995, and if 1 or more of the original districts was not eligible
4 before the consolidation for an additional allowance under this
5 section, the amount of the additional allowance under this
6 section for the consolidated district shall be based on the
7 number of pupils described in subsection (1) enrolled in the
8 consolidated district who reside in the territory of an original
9 district that was eligible before the consolidation for an
10 additional allowance under this section.

11 (14) A district or public school academy that does not meet
12 the eligibility requirement under subsection (2)(a) is eligible
13 for funding under this section if at least 1/4 of the pupils in
14 membership in the district or public school academy met the
15 income eligibility criteria for free breakfast, lunch, or milk in
16 the immediately preceding state fiscal year, as determined and
17 reported as described in subsection (1), and at least 4,500 of
18 the pupils in membership in the district or public school academy
19 met the income eligibility criteria for free breakfast, lunch, or
20 milk in the immediately preceding state fiscal year, as
21 determined and reported as described in subsection (1). A
22 district or public school academy that is eligible for funding
23 under this section because the district meets the requirements of
24 this subsection shall receive under this section for each
25 membership pupil in the district or public school academy who met
26 the income eligibility criteria for free breakfast, lunch, or
27 milk in the immediately preceding fiscal year, as determined and

1 reported as described in subsection (1), an amount per pupil
2 equal to 11.5% of the sum of the district's foundation allowance
3 or public school academy's per pupil allocation under section 20,
4 plus the amount of the district's per pupil allocation under
5 section 20j(2), not to exceed \$6,500.00 adjusted by the dollar
6 amount of the difference between the basic foundation allowance
7 under section 20 for the current state fiscal year and \$5,000.00,
8 minus \$200.00.

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

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

5 Sec. 31d. (1) From the appropriations in section 11, there
6 is allocated an amount not to exceed ~~—\$18,315,000.00 for~~
7 ~~2002-2003 and an amount not to exceed \$21,300,000.00 for~~
8 ~~2003-2004~~ **\$21,095,100.00 for 2004-2005** for the purpose of making
9 payments to districts and other eligible entities under this
10 section.

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

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

24 (4) The payments made under this section to districts and
25 other eligible entities that are not required under section 1272a
26 of the revised school code, MCL 380.1272a, to provide a school
27 lunch program shall be in an amount not to exceed \$10.00 per

1 **eligible** pupil plus 5 cents for each free lunch and 2 cents for
2 each reduced price lunch provided, as determined by the
3 department.

4 (5) From the federal funds appropriated in section 11, there
5 is allocated for ~~2003-2004~~ **2004-2005** all available federal
6 funding, estimated at \$272,125,000.00, for the national school
7 lunch program and all available federal funding, estimated at
8 \$2,506,000.00, for the emergency food assistance program.

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

12 Sec. 32c. (1) From the general fund appropriation in
13 section 11, there is allocated an amount not to exceed
14 \$250,000.00 for ~~2003-2004~~ **2004-2005** to the department for
15 grants for community-based collaborative prevention services
16 designed to **promote marriage and** foster positive parenting
17 skills; improve parent/child interaction, especially for children
18 0-3 years of age; promote access to needed community services;
19 increase local capacity to serve families at risk; improve school
20 readiness; and support healthy family environments that
21 discourage alcohol, tobacco, and other drug use. The allocation
22 under this section is to fund secondary prevention programs as
23 defined by the children's trust fund for the prevention of child
24 abuse and neglect.

25 (2) The funds allocated under subsection (1) shall be
26 distributed through a joint request for proposals process
27 established by the department in conjunction with the children's

1 trust fund and the state's interagency systems reform workgroup.
2 Projects funded with grants awarded under this section shall meet
3 all of the following:

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

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

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

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

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

21 Sec. 32d. (1) From the state school aid fund money
22 appropriated under section 11, there is allocated an amount not
23 to exceed ~~-\$72,600,000.00 for 2003-2004-~~ **\$70,600,000.00 for**
24 **2004-2005** for school readiness ~~or preschool and parenting~~
25 ~~program~~ grants to enable eligible districts, as determined under
26 section 37, to develop or expand, in conjunction with whatever
27 federal funds may be available, including, but not limited to,

1 federal funds under title I of the elementary and secondary
2 education act of 1965, ~~Public Law 89-10, 108 Stat. 3519, 20~~
3 ~~U.S.C. 20 USC 6301 to 6304, 6311 to 6339, 6361 to 6368, 6371 to~~
4 ~~6376, 6381 to 6383, 6391 to 6399, 6421 to 6472, 6491 to 6494,~~
5 ~~6511 to 6518, 6531 to 6537, 6551 to 6561i, and 6571 to 6578,~~
6 chapter 1 of title I of the Hawkins-Stafford elementary and
7 secondary school improvement amendments of 1988, Public Law
8 ~~89-10, 102 Stat. 140-100-297,~~ and the head start act,
9 ~~subchapter B of chapter 8 of subtitle A of title VI of the~~
10 ~~omnibus budget reconciliation act of 1981, Public Law 97-35, 42~~
11 ~~U.S.C. 42 USC 9831 to 9835, 9836 to 9844, 9846, and 9848 to~~
12 ~~9852-9852a,~~ comprehensive compensatory programs designed to ~~do~~
13 ~~1 or both of the following:~~ (a) ~~Improve~~ **improve** the readiness
14 and subsequent achievement of educationally disadvantaged
15 children as defined by the department who will be at least 4, but
16 less than 5 years of age, as of December 1 of the school year in
17 which the programs are offered, and who show evidence of 2 or
18 more risk factors as defined in the state board report entitled
19 "children at risk" that was adopted by the state board on April
20 5, 1988.

21 ~~(b) Provide preschool and parenting education programs~~
22 ~~similar to those under former section 32b as in effect for~~
23 ~~2001-2002.~~

24 (2) A comprehensive compensatory program funded under this
25 section may include an age-appropriate educational curriculum,
26 nutritional services, health screening for participating
27 children, a plan for parent and legal guardian involvement, and

1 provision of referral services for families eligible for
2 community social services.

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

11 (4) ~~(5)~~ A district receiving a grant under this section
12 may contract for the provision of the comprehensive compensatory
13 program and retain for administrative services an amount equal to
14 not more than 5% of the grant amount.

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

1 of effort purposes.

2 Sec. 32f. ~~-(1) From the state school aid fund allocation~~
3 ~~under section 32a(1), there is allocated for 2001-2002 an amount~~
4 ~~not to exceed \$45,000,000.00 and for 2002-2003 and 2003-2004~~
5 ~~\$0.00, for grants under this section. From the general fund~~
6 ~~allocation under section 32a(1), there is allocated each fiscal~~
7 ~~year for 2001-2002, 2002-2003, and 2003-2004 \$0.00 for the~~
8 ~~purposes of subsection (3).~~

9 ~~-(2) From the allocation in subsection (1), there is allocated~~
10 ~~for 2001-2002 an amount not to exceed \$2,000,000.00 and for~~
11 ~~2002-2003 and 2003-2004 \$0.00, for providing grants to the 8~~
12 ~~regional literacy centers for the purposes of expanding training~~
13 ~~programs for trainers and teachers in the use of strategies for~~
14 ~~reading instruction and assessment, including the Michigan~~
15 ~~literacy progress profile.~~

16 ~~-(3) From the general fund allocation in subsection (1), there~~
17 ~~is allocated to the department \$0.00 each fiscal year for~~
18 ~~2001-2002, 2002-2003, and 2003-2004 for the development and~~
19 ~~dissemination of~~ **In collaboration with central Michigan**
20 **university, the department shall develop and disseminate** read,
21 educate, and develop youth ~~-(READY)-~~ **(R.E.A.D.Y.)** kits to parents
22 of preschool and kindergarten children to provide these parents
23 with information about how they can prepare their children for
24 reading success.

25 ~~-(4) From the general fund allocation in subsection (1),~~
26 ~~there is allocated to the department each fiscal year for~~
27 ~~2001-2002, 2002-2003, and 2003-2004 \$0.00 for the grant review~~

1 ~~process and grant administration under this section.~~
2 ~~—— (5) Except as otherwise provided in subsection (17), to be~~
3 ~~eligible for a grant under this section, a district must have had~~
4 ~~at least 1,500 pupils in membership in 1998-99, and the number of~~
5 ~~pupils in the district that have been determined to have a~~
6 ~~specific learning disability according to R 340.1713 of the~~
7 ~~Michigan administrative code, as determined in the December 1,~~
8 ~~1998 head count required under the individuals with disabilities~~
9 ~~education act, title VI of Public Law 91-230, must equal or~~
10 ~~exceed 5% of the district's membership. In addition, a district~~
11 ~~is eligible for a grant under this section if the district had at~~
12 ~~least 1,500 pupils in membership in 1998-99 and if not more than~~
13 ~~41% of the district's pupils who took the spring 1999 fourth~~
14 ~~grade MEAP reading test achieved a score of at least~~
15 ~~satisfactory. Except as otherwise provided in subsection (17),~~
16 ~~for a public school academy to be eligible for a grant under this~~
17 ~~section, the public school academy must be located in a district~~
18 ~~that is eligible under this subsection.~~
19 ~~—— (6) From the allocation in subsection (1), there is allocated~~
20 ~~for 2001-2002 an amount not to exceed \$43,000,000.00 and for~~
21 ~~2002-2003 and 2003-2004 \$0.00, for competitive grants to eligible~~
22 ~~districts, to intermediate districts, and to public school~~
23 ~~academies located within eligible districts for reading~~
24 ~~improvements programs for pupils in grades K to 4, reading~~
25 ~~disorders and reading methods programs, mentoring programs,~~
26 ~~language and literacy outreach programs, or cognitive development~~
27 ~~programs. For 2001-2002, grants under this subsection shall be~~

~~1 paid to grant recipients in the same proportion of the total
2 allocation under this subsection as for 2000-2001. If the
3 legislature enacts legislation authorizing the appropriation of
4 federal funds for reading improvement programs for 2001-2002, for
5 2002-2003, or for 2003-2004, then it is the intent of the
6 legislature that these funds be used to the extent possible for
7 the purposes of this subsection. Federal funds received for
8 reading improvement programs that can be used for substantially
9 similar purposes as described under this section shall be first
10 expended for the purposes of this subsection before funds
11 appropriated from the state school aid fund allocated under this
12 subsection, and the expenditure of funds under this subsection
13 from the state school aid fund shall be reduced by an amount
14 equal to the amount of the expenditure of federal funds under
15 this subsection. If any conflict exists between federal reading
16 program guidelines and this section, federal law will control.~~

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

~~20 ——— (a) The program shall include assessment of reading skills of
21 pupils in grades K to 4 to identify those pupils who are reading
22 below grade level and must provide special reading assistance for
23 these pupils.~~

~~24 ——— (b) The program shall be a research based, validated,
25 structured reading program.~~

~~26 ——— (c) The program shall include continuous assessment of pupils
27 and individualized education plans for pupils.~~

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

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

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

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

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

26 ~~—— (11) Except as otherwise provided under subsection (17), to~~
27 ~~qualify for funding under this section, a proposed structured~~

~~1 mentoring tutorial reading program for preschool to grade 4
2 pupils must be a research based, validated program that develops
3 individualized instructional plans based on each pupil's age,
4 assessed needs, reading level, interests, and learning style.~~

~~5 ——— (12) A program receiving funding under this section may be
6 conducted outside of regular school hours or outside the regular
7 school calendar.~~

~~8 ——— (13) To compete for a grant under this section, an applicant
9 shall apply to the superintendent in the form and manner
10 prescribed by the superintendent. The department shall make
11 applications available for this purpose. An applicant shall
12 include in its application a projected budget for the programs.
13 The grant recipient shall provide at least a 20% local match from
14 local public or private resources for the funds received under
15 this section. Not more than 1/2 of this matching requirement, up
16 to a total of 10% of the total project budget, may be satisfied
17 through in-kind services provided by participating providers of
18 programs or services. In addition, not more than 10% of the
19 grant may be used for program administration.~~

~~20 ——— (14) The superintendent shall approve or disapprove
21 applications and notify the applicant of that decision. Priority
22 in awarding grants shall be given to programs that focus on
23 accelerating student achievement on a cost effective basis,
24 reducing the number of pupils requiring special education
25 programs and services, and improving pupil scores on standardized
26 tests and assessments.~~

~~27 ——— (15) A grant recipient receiving funds under this section~~

~~1 shall report to the department, in the form and manner prescribed
2 by the department, on the results achieved by the program. At a
3 minimum, the grant recipient shall report to the department by
4 October 15 regarding the program's impact on reducing the number
5 of pupils requiring special education programs and services and
6 on improving pupil scores on standardized tests and assessments,
7 and information on the costs and benefits per unit of pupil
8 improvement. In addition, the report shall state the number of
9 pupils eligible for free or reduced price school lunch who
10 received services under the program and the total number of
11 pupils who received services under the program. Not later than
12 November 15 of each fiscal year, the department shall submit a
13 report to the legislature, the state budget director, and the
14 senate and house fiscal agencies detailing the results of the
15 programs. It is the intent of the legislature that further
16 funding for the programs under this section will reflect the
17 results achieved in these programs.~~

~~18 ——— (16) Notwithstanding section 17b, payments under this section
19 shall be paid on a schedule determined by the department.~~

~~20 ——— (17) For a district or public school academy awarded a grant
21 under former section 32, the determination of whether the
22 district or public school academy is eligible for a grant under
23 this section may be made according to the eligibility standards
24 in effect under former section 32. Further, the district or
25 public school academy may continue to use the grant proceeds for
26 any use permissible under this section or former section 32 as in
27 effect at the time the district or public school academy was~~

1 awarded the grant.

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

8 ~~—— (19) A district that received funding for 1999-2000 under~~
9 ~~former section 32 shall receive funding under this section for~~
10 ~~2001-2002.~~

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

15 Sec. 32j. (1) From the appropriation in section 11, there
16 is allocated an amount not to exceed \$3,326,000.00 for
17 ~~2003-2004~~ **2004-2005** for **great parents, great start** grants to
18 intermediate districts to provide programs for parents with
19 preschool children. The purpose of these programs is to
20 **encourage early literacy**, improve school readiness, **reduce the**
21 **need for special education services**, and foster the maintenance
22 of stable families by encouraging positive parenting skills.

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

27 (a) Providing parents with information on child development

1 from birth to age 5.

2 (b) Providing parents with methods to enhance parent-child
3 interaction; including, but not limited to, encouraging parents
4 to read to their preschool children at least 1/2 hour per day.

5 (c) Providing parents with examples of learning opportunities
6 to promote intellectual, physical, and social growth of
7 preschoolers.

8 (d) Promoting access to needed community services through a
9 community-school-home partnership.

10 (3) To compete for a grant under this section, an
11 intermediate district shall apply to the department not later
12 than October 1, ~~2003~~ 2004 in the form and manner prescribed by
13 the department. To be considered for a grant under this section,
14 a grant application shall do all of the following in a manner
15 prescribed by the department:

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

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

25 (c) Provide a projected budget for the program to be funded.
26 The intermediate district shall provide at least a 20% local
27 match from local public or private resources for the funds

1 received under this section. Not more than 1/2 of this matching
2 requirement, up to a total of 10% of the total project budget,
3 may be satisfied through in-kind services provided by
4 participating providers of programs or services. In addition,
5 not more than 10% of the grant may be used for program
6 administration.

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

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

19 (a) The department shall make applications available for the
20 purposes of this section not later than August 15, ~~2003~~ **2004**.

21 (b) The superintendent shall approve or disapprove
22 applications and notify the applying intermediate district of
23 that decision not later than November 15, ~~2003~~ **2004**. The
24 amount of each approved grant shall not exceed 3.5% of the
25 intermediate district's 2002-2003 payment under section 81.

26 (c) The department shall ensure that all programs funded
27 under this section utilize the most current validated

1 research-based methods and curriculum for providing the program
2 components described in subsection (2).

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

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

13 Sec. 39a. (1) From the ~~appropriation~~ **federal funds**
14 **appropriated** in section 11, there is allocated for ~~2003-2004~~
15 **2004-2005** to districts, intermediate districts, and other
16 eligible entities all available federal funding, estimated at
17 ~~\$665,458,500.00~~ **\$664,225,900.00**, for the federal programs under
18 the no child left behind act of 2001, Public Law 107-110. ~~, 115~~
19 ~~Stat. 1425.~~ These funds are allocated ~~for each fiscal year~~ as
20 follows:

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

24 (b) An amount estimated at ~~\$15,946,200.00~~ **\$16,399,300.00** to
25 provide students with drug- and violence-prevention programs and
26 to implement strategies to improve school safety, funded from
27 DED-OESE, drug-free schools and communities funds.

1 (c) An amount estimated at \$14,546,300.00 for the purpose of
2 improving teaching and learning through a more effective use of
3 technology, funded from DED-OESE, educational technology state
4 grant funds.

5 (d) An amount estimated at ~~-\$105,570,600.00~~ **\$105,785,600.00**
6 for the purpose of preparing, training, and recruiting
7 high-quality teachers and class size reduction, funded from
8 DED-OESE, improving teacher quality funds.

9 (e) An amount estimated at ~~-\$4,647,700.00~~ **\$3,967,900.00** for
10 programs to teach English to limited English proficient (LEP)
11 children, funded from DED-OESE, language acquisition state grant
12 funds.

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

16 (g) An amount estimated at ~~-\$247,600.00~~ **\$40,000.00** for
17 Michigan model partnership for character education programs,
18 funded from DED-OESE, title X, fund for improvement of education
19 funds.

20 (h) An amount estimated at ~~-\$2,010,100.00~~ **\$610,100.00** for
21 rural and low income schools, funded from DED-OESE, rural and low
22 income school funds.

23 (i) An amount estimated at \$11,123,700.00 to help schools
24 develop and implement comprehensive school reform programs,
25 funded from DED-OESE, title I and title X, comprehensive school
26 reform funds.

27 (j) An amount estimated at ~~-\$427,000,000.00~~ **\$427,165,000.00**

1 to provide supplemental programs to enable educationally
2 disadvantaged children to meet challenging academic standards,
3 funded from DED-OESE, title I, disadvantaged children funds.

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

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

10 (m) An amount estimated at ~~-\$22,779,000.00~~ **\$23,000,700.00** to
11 promote high-quality school reading instruction for grades K-3,
12 funded from DED-OESE, title I, reading first state grant funds.

13 (n) An amount estimated at \$13,475,000.00 for the purpose of
14 implementing innovative strategies for improving student
15 achievement, funded from DED-OESE, title VI, innovative
16 strategies funds.

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

24 (i) **The department shall collaborate with the Michigan family**
25 **independence agency to extend the duration of the Michigan**
26 **after-school initiative, to be renamed the Michigan after-school**
27 **partnership and oversee its efforts to implement the policy**

1 recommendations and strategic next steps identified in the
2 Michigan after-school initiative's report of December 15, 2003.

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

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

21 (2) From the federal funds ~~appropriation~~ **appropriated** in
22 section 11, there is allocated for ~~2003-2004~~ **2004-2005** to
23 districts, intermediate districts, and other eligible entities
24 all available federal funding, estimated at ~~\$5,421,800.00~~ each
25 ~~fiscal year~~ **\$4,821,800.00**, for the following programs that are
26 funded by federal grants:

27 (a) An amount estimated at \$600,000.00 for acquired

1 immunodeficiency syndrome education grants, funded from
2 HHS-center for disease control, AIDS funding.

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

6 (c) An amount estimated at \$1,468,300.00 to provide services
7 to homeless children and youth, funded from DED-OVAE, homeless
8 children and youth funds.

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

12 (e) An amount estimated at \$800,000.00 for serve America
13 grants, funded from the corporation for national and community
14 service funds.

15 (3) All federal funds allocated under this section shall be
16 distributed in accordance with federal law and with flexibility
17 provisions outlined in Public Law 107-116, ~~115 Stat. 2177~~ and
18 in the education flexibility partnership act of 1999, Public Law
19 106-25. ~~, 113 Stat. 41.~~ Notwithstanding section 17b, payments
20 of federal funds to districts, intermediate districts, and other
21 eligible entities under this section shall be paid on a schedule
22 determined by the department.

23 (4) As used in this section:

24 (a) "DED" means the United States department of education.

25 (b) "DED-OBEMLA" means the DED office of bilingual education
26 and minority languages affairs.

27 (c) "DED-OESE" means the DED office of elementary and

1 secondary education.

2 (d) "DED-OVAE" means the DED office of vocational and adult
3 education.

4 (e) "HHS" means the United States department of health and
5 human services.

6 (f) "HHS-ACF" means the HHS administration for children and
7 families.

8 Sec. 41. From the appropriation in section 11, there is
9 allocated an amount not to exceed \$2,800,000.00 for ~~2003-2004~~
10 **2004-2005** to applicant districts and intermediate districts
11 offering programs of instruction for pupils of limited
12 English-speaking ability under section 1153 of the revised school
13 code, MCL 380.1153. Reimbursement shall be on a per pupil basis
14 and shall be based on the number of pupils of limited
15 English-speaking ability in membership on the pupil membership
16 count day. Funds allocated under this section shall be used
17 solely for instruction in speaking, reading, writing, or
18 comprehension of English. A pupil shall not be counted under
19 this section or instructed in a program under this section for
20 more than 3 years.

21 Sec. 41a. From the federal funds appropriated in section
22 11, there is allocated an amount estimated at \$1,232,100.00 **for**
23 **2004-2005** from the United States department of education - office
24 of elementary and secondary education, language acquisition state
25 grant funds, to districts and intermediate districts offering
26 programs of instruction for pupils of limited English-speaking
27 ability.

1 Sec. 51a. (1) From the appropriation in section 11, there
2 is allocated for ~~2003-2004~~ **2004-2005** an amount not to exceed
3 ~~\$882,683,000.00~~ **\$906,483,000.00** from state sources and all
4 available federal funding under sections 611 to 619 of part B of
5 the individuals with disabilities education act, ~~title VI of~~
6 ~~Public Law 91-230, 20 U.S.C.~~ **20 USC** 1411 to 1419, estimated at
7 ~~\$285,000,000.00~~ **\$284,850,000.00** plus any carryover federal
8 funds from previous year appropriations. The allocations under
9 this subsection are for the purpose of reimbursing districts and
10 intermediate districts for special education programs, services,
11 and special education personnel as prescribed in article 3 of the
12 revised school code, MCL 380.1701 to 380.1766; net tuition
13 payments made by intermediate districts to the Michigan schools
14 for the deaf and blind; and special education programs and
15 services for pupils who are eligible for special education
16 programs and services according to statute or rule. For meeting
17 the costs of special education programs and services not
18 reimbursed under this article, a district or intermediate
19 district may use money in general funds or special education
20 funds, not otherwise restricted, or contributions from districts
21 to intermediate districts, tuition payments, gifts and
22 contributions from individuals, or federal funds that may be
23 available for this purpose, as determined by the intermediate
24 district plan prepared pursuant to article 3 of the revised
25 school code, MCL 380.1701 to 380.1766. All federal funds
26 allocated under this section in excess of those allocated under
27 this section for 2002-2003 may be distributed in accordance with

1 the flexible funding provisions of the individuals with
2 disabilities education act, title VI of Public Law 91-230,
3 including, but not limited to, 34 C.F.R. 300.234 and 300.235.
4 Notwithstanding section 17b, payments of federal funds to
5 districts, intermediate districts, and other eligible entities
6 under this section shall be paid on a schedule determined by the
7 department.

8 (2) From the funds allocated under subsection (1), there is
9 allocated for ~~2003-2004~~ **2004-2005** the amount necessary,
10 estimated at ~~-\$160,500,000.00~~ **\$169,700,000.00** for 2003-2004, for
11 payments toward reimbursing districts and intermediate districts
12 for 28.6138% of total approved costs of special education,
13 excluding costs reimbursed under section 53a, and 70.4165% of
14 total approved costs of special education transportation.
15 Allocations under this subsection shall be made as follows:

16 (a) The initial amount allocated to a district under this
17 subsection toward fulfilling the specified percentages shall be
18 calculated by multiplying the district's special education pupil
19 membership, excluding pupils described in subsection (12), times
20 the sum of the foundation allowance under section 20 of the
21 pupil's district of residence plus the amount of the district's
22 per pupil allocation under section 20j(2), not to exceed
23 \$6,500.00 adjusted by the dollar amount of the difference between
24 the basic foundation allowance under section 20 for the current
25 fiscal year and \$5,000.00 minus \$200.00, or, for a special
26 education pupil in membership in a district that is a public
27 school academy or university school, times an amount equal to the

1 amount per membership pupil calculated under section 20(6). For
2 an intermediate district, the amount allocated under this
3 subdivision toward fulfilling the specified percentages shall be
4 an amount per special education membership pupil, excluding
5 pupils described in subsection (12), and shall be calculated in
6 the same manner as for a district, using the foundation allowance
7 under section 20 of the pupil's district of residence, not to
8 exceed \$6,500.00 adjusted by the dollar amount of the difference
9 between the basic foundation allowance under section 20 for the
10 current fiscal year and \$5,000.00 minus \$200.00, and that
11 district's per pupil allocation under section 20j(2).

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

17 (3) From the funds allocated under subsection (1), there is
18 allocated for ~~2003-2004~~ **2004-2005** the amount necessary,
19 estimated at ~~\$2,600,000.00~~ **\$2,400,000.00**, to make payments to
20 districts and intermediate districts under this subsection. If
21 the amount allocated to a district or intermediate district for a
22 fiscal year under subsection (2)(b) is less than the sum of the
23 amounts allocated to the district or intermediate district for
24 1996-97 under sections 52 and 58, there is allocated to the
25 district or intermediate district for the fiscal year an amount
26 equal to that difference, adjusted by applying the same proration
27 factor that was used in the distribution of funds under section

1 52 in 1996-97 as adjusted to the district's or intermediate
2 district's necessary costs of special education used in
3 calculations for the fiscal year. This adjustment is to reflect
4 reductions in special education program operations between
5 1996-97 and subsequent fiscal years. Adjustments for reductions
6 in special education program operations shall be made in a manner
7 determined by the department and shall include adjustments for
8 program shifts.

9 (4) If the department determines that the sum of the amounts
10 allocated for a fiscal year to a district or intermediate
11 district under subsection (2)(a) and (b) is not sufficient to
12 fulfill the specified percentages in subsection (2), then the
13 shortfall shall be paid to the district or intermediate district
14 during the fiscal year beginning on the October 1 following the
15 determination and payments under subsection (3) shall be adjusted
16 as necessary. If the department determines that the sum of the
17 amounts allocated for a fiscal year to a district or intermediate
18 district under subsection (2)(a) and (b) exceeds the sum of the
19 amount necessary to fulfill the specified percentages in
20 subsection (2), then the department shall deduct the amount of
21 the excess from the district's or intermediate district's
22 payments under this act for the fiscal year beginning on the
23 October 1 following the determination and payments under
24 subsection (3) shall be adjusted as necessary. However, if the
25 amount allocated under subsection (2)(a) in itself exceeds the
26 amount necessary to fulfill the specified percentages in
27 subsection (2), there shall be no deduction under this

1 subsection.

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

10 (6) From the amount allocated in subsection (1), there is
11 allocated an amount not to exceed \$2,200,000.00 for ~~2003-2004~~
12 **2004-2005** to reimburse 100% of the net increase in necessary
13 costs incurred by a district or intermediate district in
14 implementing the revisions in the administrative rules for
15 special education that became effective on July 1, 1987. As used
16 in this subsection, "net increase in necessary costs" means the
17 necessary additional costs incurred solely because of new or
18 revised requirements in the administrative rules minus cost
19 savings permitted in implementing the revised rules. Net
20 increase in necessary costs shall be determined in a manner
21 specified by the department.

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

24 (a) "Total approved costs of special education" shall be
25 determined in a manner specified by the department and may
26 include indirect costs, but shall not exceed 115% of approved
27 direct costs for section 52 and section 53a programs. The total

1 approved costs include salary and other compensation for all
2 approved special education personnel for the program, including
3 payments for social security and medicare and public school
4 employee retirement system contributions. The total approved
5 costs do not include salaries or other compensation paid to
6 administrative personnel who are not special education personnel
7 as defined in section 6 of the revised school code, MCL 380.6.
8 Costs reimbursed by federal funds, other than those federal funds
9 included in the allocation made under this article, are not
10 included. Special education approved personnel not utilized full
11 time in the evaluation of students or in the delivery of special
12 education programs, ancillary, and other related services shall
13 be reimbursed under this section only for that portion of time
14 actually spent providing these programs and services, with the
15 exception of special education programs and services provided to
16 youth placed in child caring institutions or juvenile detention
17 programs approved by the department to provide an on-grounds
18 education program.

19 (b) Reimbursement for ancillary and other related services,
20 as defined by R 340.1701c of the Michigan administrative code,
21 shall not be provided when those services are covered by and
22 available through private group health insurance carriers or
23 federal reimbursed program sources unless the department and
24 district or intermediate district agree otherwise and that
25 agreement is approved by the state budget director. Expenses,
26 other than the incidental expense of filing, shall not be borne
27 by the parent. In addition, the filing of claims shall not delay

1 the education of a pupil. A district or intermediate district
2 shall be responsible for payment of a deductible amount and for
3 an advance payment required until the time a claim is paid.

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

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

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

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

1 (12) From the funds allocated in subsection (1), there is
2 allocated for ~~2003-2004~~ **2004-2005** the amount necessary,
3 estimated at ~~-\$6,300,000.00~~ **\$6,800,000.00**, to pay the foundation
4 allowances for pupils described in this subsection. The
5 allocation to a district under this subsection shall be
6 calculated by multiplying the number of pupils described in this
7 subsection who are counted in membership in the district times
8 the sum of the foundation allowance under section 20 of the
9 pupil's district of residence plus the amount of the district's
10 per pupil allocation under section 20j(2), not to exceed
11 \$6,500.00 adjusted by the dollar amount of the difference between
12 the basic foundation allowance under section 20 for the current
13 fiscal year and \$5,000.00 minus \$200.00, or, for a pupil
14 described in this subsection who is counted in membership in a
15 district that is a public school academy or university school,
16 times an amount equal to the amount per membership pupil under
17 section 20(6). The allocation to an intermediate district under
18 this subsection shall be calculated in the same manner as for a
19 district, using the foundation allowance under section 20 of the
20 pupil's district of residence, not to exceed \$6,500.00 adjusted
21 by the dollar amount of the difference between the basic
22 foundation allowance under section 20 for the current fiscal year
23 and \$5,000.00 minus \$200.00, and that district's per pupil
24 allocation under section 20j(2). This subsection applies to all
25 of the following pupils:

26 (a) Pupils described in section 53a.

27 (b) Pupils counted in membership in an intermediate district

1 who are not special education pupils and are served by the
2 intermediate district in a juvenile detention or child caring
3 facility.

4 (c) Emotionally impaired pupils counted in membership by an
5 intermediate district and provided educational services by the
6 department of community health.

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

10 (a) 100% of the reimbursement required under section 53a.

11 (b) 100% of the reimbursement required under subsection (6).

12 (c) 100% of the payment required under section 54.

13 (d) 100% of the payment required under subsection (3).

14 (e) 100% of the payment required under subsection (8).

15 (f) 100% of the payments under section 56.

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

21 Sec. 51c. As required by the court in the consolidated
22 cases known as Durant v State of Michigan, Michigan supreme court
23 docket no. 104458-104492, from the allocation under section
24 51a(1), there is allocated for ~~2003-2004~~ **2004-2005** the amount
25 necessary, estimated at ~~-\$644,400,000.00~~ **\$658,700,000.00**, for
26 payments to reimburse districts for 28.6138% of total approved
27 costs of special education excluding costs reimbursed under

1 section 53a, and 70.4165% of total approved costs of special
2 education transportation. Funds allocated under this section
3 that are not expended in the state fiscal year for which they
4 were allocated, as determined by the department, may be used to
5 supplement the allocations under sections 22a and 22b in order to
6 fully fund those calculated allocations for the same fiscal
7 year.

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

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

19 (a) An amount estimated at \$16,000,000.00 for handicapped
20 infants and toddlers, funded from DED-OSERS, handicapped infants
21 and toddlers funds.

22 (b) An amount estimated at \$13,500,000.00 for preschool
23 grants (Public Law 94-142), funded from DED-OSERS, handicapped
24 preschool incentive funds.

25 (c) An amount estimated at \$31,000,000.00 for special
26 education programs funded by DED-OSERS, handicapped program,
27 individuals with disabilities act funds.

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

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

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

21 (a) Pupils assigned to a district or intermediate district
22 through the community placement program of the courts or a state
23 agency, if the pupil was a resident of another intermediate
24 district at the time the pupil came under the jurisdiction of the
25 court or a state agency.

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

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

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

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

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

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

21 (5) Not more than \$12,800,000.00 of the allocation for
22 ~~2003-2004~~ **2004-2005** in section 51a(1) shall be allocated under
23 this section.

24 Sec. 54. In addition to the aid received under section 52,
25 each intermediate district shall receive an amount per pupil for
26 each pupil in attendance at the Michigan schools for the deaf and
27 blind. The amount shall be proportionate to the total

1 instructional cost at each school. Not more than \$1,688,000.00
2 of the allocation for ~~2003-2004~~ **2004-2005** in section 51a(1)
3 shall be allocated under this section.

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

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

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

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

19 (2) From the allocation under section 51a(1), there is
20 allocated an amount not to exceed \$36,881,100.00 for ~~2003-2004~~
21 **2004-2005** to reimburse intermediate districts levying millages
22 for special education pursuant to part 30 of the revised school
23 code, MCL 380.1711 to 380.1743. The purpose, use, and
24 expenditure of the reimbursement shall be limited as if the funds
25 were generated by these millages and governed by the intermediate
26 district plan adopted pursuant to article 3 of the revised school
27 code, MCL 380.1701 to 380.1766. As a condition of receiving

1 funds under this section, an intermediate district distributing
2 any portion of special education millage funds to its constituent
3 districts shall submit for departmental approval and implement a
4 distribution plan.

5 (3) Reimbursement for those millages levied in ~~2002-2003~~
6 **2003-2004** shall be made in ~~2003-2004~~ **2004-2005** at an amount per
7 ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting
8 from ~~\$132,275.00 the 2002-2003~~ **\$133,400.00 the 2003-2004**
9 taxable value behind each membership pupil and multiplying the
10 resulting difference by the ~~2002-2003~~ **2003-2004** millage
11 levied.

12 Sec. 57. (1) From the appropriation in section 11, there is
13 allocated an amount not to exceed \$50,000.00 for ~~2003-2004~~
14 **2004-2005** to applicant intermediate districts that provide
15 support services for the education of advanced and accelerated
16 pupils. An intermediate district is entitled to 75% of the
17 actual salary, but not to exceed \$25,000.00 reimbursement for an
18 individual salary, of a support services teacher approved by the
19 department, and not to exceed \$4,000.00 reimbursement for
20 expenditures to support program costs, excluding in-county travel
21 and salary, as approved by the department.

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

1 department.

2 (3) From the appropriation in section 11, there is allocated
3 an amount not to exceed \$200,000.00 for ~~2003-2004~~ **2004-2005** for
4 the development and operation of comprehensive programs for
5 advanced and accelerated pupils. An eligible district or
6 consortium of districts shall receive an amount not to exceed
7 \$100.00 per K-12 pupil for up to 5% of the district's or
8 consortium's K-12 membership for the immediately preceding fiscal
9 year with a minimum total grant of \$6,000.00. Funding shall be
10 provided in the following order: the per pupil allotment, and
11 then the minimum total grant of \$6,000.00 to individual
12 districts. An intermediate district may act as the fiscal agent
13 for a consortium of districts. In order to be eligible for
14 funding under this subsection, the district or consortium of
15 districts shall submit each year a current 3-year plan for
16 operating a comprehensive program for advanced and accelerated
17 pupils and the district or consortium shall demonstrate to the
18 department that the district or consortium will contribute
19 matching funds of at least \$50.00 per K-12 pupil. The plan or
20 revised plan shall be developed in accordance with criteria
21 established by the department and shall be submitted to the
22 department for approval. Within the criteria, the department
23 shall encourage the development of consortia among districts of
24 less than 5,000 memberships.

25 Sec. 61a. (1) From the appropriation in section 11, there
26 is allocated an amount not to exceed ~~\$30,000,000.00 for~~
27 ~~2003-2004~~ **\$28,000,000.00 for 2004-2005** to reimburse on an added

1 cost basis districts, except for a district that served as the
2 fiscal agent for a vocational education consortium in the 1993-94
3 school year, and secondary area vocational-technical education
4 centers for secondary-level vocational-technical education
5 programs, including parenthood education programs, according to
6 rules approved by the superintendent. Applications for
7 participation in the programs shall be submitted in the form
8 prescribed by the department. The department shall determine the
9 added cost for each vocational-technical program area. The
10 allocation of added cost funds shall be based on the type of
11 vocational-technical programs provided, the number of pupils
12 enrolled, and the length of the training period provided, and
13 shall not exceed 75% of the added cost of any program. With the
14 approval of the department, the board of a district maintaining a
15 secondary vocational-technical education program may offer the
16 program for the period from the close of the school year until
17 September 1. The program shall use existing facilities and shall
18 be operated as prescribed by rules promulgated by the
19 superintendent.

20 (2) Except for a district that served as the fiscal agent for
21 a vocational education consortium in the 1993-94 school year,
22 districts and intermediate districts shall be reimbursed for
23 local vocational administration, shared time vocational
24 administration, and career education planning district
25 vocational-technical administration. The definition of what
26 constitutes administration and reimbursement shall be pursuant to
27 guidelines adopted by the superintendent. Not more than

1 \$800,000.00 of the allocation in subsection (1) shall be
2 distributed under this subsection.

3 (3) From the allocation in subsection (1), there is allocated
4 an amount not to exceed \$388,700.00 for ~~2003-2004~~ **2004-2005** to
5 intermediate districts with constituent districts that had
6 combined state and local revenue per membership pupil in the
7 1994-95 state fiscal year of \$6,500.00 or more, served as a
8 fiscal agent for a state board designated area vocational
9 education center in the 1993-94 school year, and had an
10 adjustment made to their 1994-95 combined state and local revenue
11 per membership pupil pursuant to section 20d. The payment under
12 this subsection to the intermediate district shall equal the
13 amount of the allocation to the intermediate district for 1996-97
14 under this subsection.

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

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

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

27 (c) "Taxable value" means the total taxable value of the

1 districts constituent to an intermediate district or area
2 vocational-technical education program, except that if a district
3 has elected not to come under sections 681 to 690 of the revised
4 school code, MCL 380.681 to 380.690, the membership and taxable
5 value of that district shall not be included in the membership
6 and taxable value of the intermediate district. However, the
7 membership and taxable value of a district that has elected not
8 to come under sections 681 to 690 of the revised school code,
9 MCL 380.681 to 380.690, shall be included in the membership and
10 taxable value of the intermediate district if the district meets
11 both of the following:

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

15 (ii) The district contributes an annual amount to the
16 operation of the program that is commensurate with the revenue
17 that would have been raised for operation of the program if
18 millage were levied in the district for the program under
19 sections 681 to 690 of the revised school code, MCL 380.681 to
20 380.690.

21 (2) From the appropriation in section 11, there is allocated
22 an amount not to exceed \$9,000,000.00 for ~~2003-2004~~ **2004-2005**
23 to reimburse intermediate districts and area vocational-technical
24 education programs established under section 690(3) of the
25 revised school code, MCL 380.690, levying millages for area
26 vocational-technical education pursuant to sections 681 to 690 of
27 the revised school code, MCL 380.681 to 380.690. The purpose,

1 use, and expenditure of the reimbursement shall be limited as if
2 the funds were generated by those millages.

3 (3) Reimbursement for the millages levied in ~~2002-2003~~
4 **2003-2004** shall be made in ~~2003-2004~~ **2004-2005** at an amount per
5 ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting
6 from ~~\$137,700.00 the 2002-2003~~ **\$142,200.00 the 2003-2004**
7 taxable value behind each membership pupil and multiplying the
8 resulting difference by the ~~2002-2003~~ **2003-2004** millage
9 levied.

10 Sec. 74. (1) From the amount appropriated in section 11,
11 there is allocated an amount not to exceed \$1,625,000.00 for
12 ~~2003-2004~~ **2004-2005** for the purposes of subsections (2) and
13 (3).

14 (2) From the allocation in subsection (1), there is allocated
15 each fiscal year the amount necessary for payments to state
16 supported colleges or universities and intermediate districts
17 providing school bus driver safety instruction or driver skills
18 road tests pursuant to sections 51 and 52 of the pupil
19 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The
20 payments shall be in an amount determined by the department not
21 to exceed 75% of the actual cost of instruction and driver
22 compensation for each public or nonpublic school bus driver
23 attending a course of instruction. For the purpose of computing
24 compensation, the hourly rate allowed each school bus driver
25 shall not exceed the hourly rate received for driving a school
26 bus. Reimbursement compensating the driver during the course of
27 instruction or driver skills road tests shall be made by the

1 department to the college or university or intermediate district
2 providing the course of instruction.

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

10 Sec. 81. (1) Except as otherwise provided in this section,
11 from the appropriation in section 11, there is allocated for
12 ~~2003-2004~~ **2004-2005** to the intermediate districts the sum
13 necessary, but not to exceed ~~\$91,702,100.00~~ **\$79,202,100.00**, to
14 provide state aid to intermediate districts under this section.
15 Except as otherwise provided in this section, there shall be
16 allocated to each intermediate district for ~~2003-2004~~ **2004-2005**
17 an amount equal to ~~96.5%~~ **83.3%** of the amount appropriated under
18 this subsection for 2002-2003 in 2002 PA 521, before any
19 reduction made for 2002-2003 under section 11(3). Funding
20 provided under this section shall be used to comply with
21 requirements of this act and the revised school code that are
22 applicable to intermediate districts, and for which funding is
23 not provided elsewhere in this act, and to provide technical
24 assistance to districts as authorized by the intermediate school
25 board.

26 (2) From the allocation in subsection (1), there is allocated
27 to an intermediate district, formed by the consolidation or

1 annexation of 2 or more intermediate districts or the attachment
2 of a total intermediate district to another intermediate school
3 district or the annexation of all of the constituent K-12
4 districts of a previously existing intermediate school district
5 which has disorganized, an additional allotment of \$3,500.00 each
6 fiscal year for each intermediate district included in the new
7 intermediate district for 3 years following consolidation,
8 annexation, or attachment.

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

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

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

27 (a) Coordinate the collection of all data required by state

1 and federal law from all entities receiving funds under this
2 act.

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

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

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

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

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

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

20 (h) **Not later than January 1, 2005, and of each succeeding**
21 **fiscal year, provide an analysis of each district's academic and**
22 **financial performance that contains at least the same information**
23 **and detail as that provided in 2002-2003 under the contract in**
24 **effect for that fiscal year with Standard and Poor's school**
25 **evaluation services.**

26 (i) ~~(h)~~ Other functions as assigned by the state budget
27 director.

1 (2) Not later than August 15, 2004, each state department,
2 officer, or agency that collects information from districts or
3 intermediate districts as required under state or federal law
4 shall make arrangements with the center, and with the districts
5 or intermediate districts, to have the center collect the
6 information and to provide it to the department, officer, or
7 agency as necessary. To the extent that it does not cause
8 financial hardship, the center shall arrange to collect the
9 information in a manner that allows electronic submission of the
10 information to the center. Each affected state department,
11 officer, or agency shall provide the center with any details
12 necessary for the center to collect information as provided under
13 this subsection. This subsection does not apply to information
14 collected by the department of treasury under the uniform
15 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a;
16 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
17 141.2821; 1961 PA 108, MCL 388.951 to 388.963; or section 1351a
18 of the revised school code, MCL 380.1351a.

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

21 (a) One representative from the house fiscal agency.

22 (b) One representative from the senate fiscal agency.

23 (c) One representative from the office of the state budget
24 director.

25 (d) One representative from the state education agency.

26 (e) One representative each from the department of ~~career~~
27 ~~development~~ **labor and economic growth** and the department of

1 treasury.

2 (f) Three representatives from intermediate school
3 districts.

4 (g) One representative from each of the following educational
5 organizations:

6 (i) Michigan association of school boards.

7 (ii) Michigan association of school administrators.

8 (iii) Michigan school business officials.

9 (h) One representative representing private sector firms
10 responsible for auditing school records.

11 (i) Other representatives as the state budget director
12 determines are necessary.

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

17 (a) Determining what data is necessary to collect and
18 maintain in order to perform the center's functions in the most
19 efficient manner possible.

20 (b) Defining the roles of all stakeholders in the data
21 collection system.

22 (c) Recommending timelines for the implementation and ongoing
23 collection of data.

24 (d) Establishing and maintaining data definitions, data
25 transmission protocols, and system specifications and procedures
26 for the efficient and accurate transmission and collection of
27 data.

1 (e) Establishing and maintaining a process for ensuring the
2 accuracy of the data.

3 (f) Establishing and maintaining state and model local
4 policies related to data collection, including, but not limited
5 to, privacy policies related to individual student data.

6 (g) Ensuring the data is made available to state and local
7 policymakers and citizens of this state in the most useful format
8 possible.

9 (h) Other matters as determined by the state budget director
10 or the director of the center.

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

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

25 (a) An amount ~~estimated at \$1,000,000.00~~ **not to exceed**
26 **\$835,000.00** funded from DED-OESE, title I, disadvantaged children
27 funds.

1 (b) An amount ~~estimated at \$284,700.00~~ **not to exceed**
2 **\$63,000.00** funded from DED-OESE, title I, reading first state
3 grant funds.

4 (c) An amount ~~estimated at \$46,750.00~~ **not to exceed**
5 **\$46,800.00** funded from DED-OESE, title I, migrant education
6 funds.

7 (d) An amount ~~estimated at \$500,000.00~~ **not to exceed**
8 **\$285,000.00** funded from DED-OESE, improving teacher quality
9 funds.

10 (e) An amount ~~estimated at \$526,100.00~~ **not to exceed**
11 **\$73,000.00** funded from DED-OESE, drug-free schools and
12 communities funds.

13 (f) **An amount not to exceed \$150,000.00 funded under sections**
14 **611 to 619 of part B of the individuals with disabilities**
15 **education act, title VI of Public Law 91-230, 20 USC 1411 to**
16 **1419.**

17 (g) **An amount not to exceed \$13,500.00 for data collection**
18 **systems, funded from DED-NCES, common core data funds.**

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

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

26 (a) **An amount not to exceed \$80,000.00 for data collection**
27 **systems, funded from DED-NCES, task award funds.**

1 (b) An amount not to exceed \$100,000.00 for data collection
2 systems development funded from DED-NCES, performance based data
3 management initiative.

4 (8) ~~—(7)—~~ Funds allocated under this section that are not
5 expended in the fiscal year in which they were allocated may be
6 carried forward to a subsequent fiscal year. ~~—From the funds~~
7 ~~allocated for 1999-2000 that were carried forward under this~~
8 ~~section and from the general funds appropriated under this~~
9 ~~section for 2002-2003, the center shall make grants to~~
10 ~~intermediate districts for the purpose of assisting the~~
11 ~~intermediate districts and their constituent districts in data~~
12 ~~collection required by state and federal law or necessary for~~
13 ~~audits according to generally accepted accounting procedures.~~
14 ~~Grants to each intermediate district shall be made at the rate of~~
15 ~~\$2.00 per each full time equated membership pupil times the total~~
16 ~~number of 2000-2001 pupils in membership in the intermediate~~
17 ~~district and its constituent districts. An intermediate district~~
18 ~~shall develop a plan in cooperation with its constituent~~
19 ~~districts to distribute the grants between the intermediate~~
20 ~~district and its constituent districts. These grants shall be~~
21 ~~paid to intermediate districts no later than the next regularly~~
22 ~~scheduled school aid payment after the effective date of this~~
23 ~~section.~~

24 ~~—(8) If the applicable intermediate district determines that~~
25 ~~the pupil counts submitted by a district for the February 2002~~
26 ~~supplemental pupil count using the single record student database~~
27 ~~cannot be audited by the intermediate district pursuant to~~

1 ~~section 101, all of the following apply:~~

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

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

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

21 ~~(9) —(10)—~~ The center may bill departments as necessary in
22 order to fulfill reporting requirements of state and federal
23 law.

24 ~~(10) —(11)—~~ As used in this section:

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

27 ~~(a) "DED-NCES" means the United States department of~~

1 **education national center for education statistics.**

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

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

5 Sec. 98. (1) From the general fund money appropriated in
6 section 11, there is allocated an amount not to exceed
7 \$750,000.00 for ~~2003-2004~~ **2004-2005** to provide a grant to the
8 Michigan virtual university for the development, implementation,
9 and operation of the Michigan virtual high school and to fund
10 other purposes described in this section. In addition, from the
11 federal funds appropriated in section 11, there is allocated for
12 ~~2003-2004~~ **2004-2005** an amount estimated at \$2,250,000.00 from
13 DED-OESE, title II, improving teacher quality funds.

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

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

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

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

27 (d) Offer teachers opportunities to learn new skills and

1 strategies for developing and delivering instructional services.

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

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

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

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

12 (a) Information technology courses.

13 (b) College level equivalent courses, as defined in section
14 1471 of the revised school code, MCL 380.1471.

15 (c) Courses and dual enrollment opportunities.

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

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

19 (f) Special interest courses.

20 (g) Professional development programs and services for
21 teachers.

22 (4) The state education agency shall sign a memorandum of
23 understanding with the Michigan virtual university regarding the
24 DED-OESE, title II, improving teacher quality funds as provided
25 under this subsection. The memorandum of understanding under
26 this subsection shall require that the Michigan virtual
27 university coordinate the following activities related to

1 DED-OESE, title II, improving teacher quality funds in accordance
2 with federal law:

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

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

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

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

22 (6) From the allocations in subsection (1), the amount
23 necessary, not to exceed \$1,250,000.00, shall be used to provide
24 online professional development for classroom teachers. This
25 allocation is intended to be for the ~~first~~ **second** of 3 years.
26 These funds may be used for designing and building courses,
27 marketing and outreach, workshops and evaluation, content

1 acquisition, technical assistance, project management, and
 2 customer support. The Michigan virtual university shall offer at
 3 least 5 hours of online professional development for classroom
 4 teachers under this section in ~~2003-2004~~ **2004-2005** without
 5 charge to the teachers or to districts or intermediate
 6 districts.

7 (7) A district or intermediate district may require a
 8 full-time teacher to participate in at least 5 hours of online
 9 professional development provided by the Michigan virtual
 10 university under subsection (6). Five hours of this professional
 11 development shall be considered to be part of the 51 hours
 12 allowed to be counted as hours of pupil instruction under section
 13 101(10).

14 (8) As used in this section:

15 (a) "DED-OESE" means the United States department of
 16 education office of elementary and secondary education.

17 (b) "State education agency" means the department.

18 Sec. 98b. (1) From the school aid stabilization fund
 19 created in section 11a, there is appropriated and allocated for
 20 ~~2003-2004~~ **2004-2005** an amount not to exceed ~~\$22,000,000.00~~
 21 **\$5,000,000.00** for the freedom to learn program described in this
 22 section. In addition, **from the federal funds appropriated in**
 23 **section 11** there is allocated for ~~2003-2004~~ ~~the following~~
 24 ~~federal funds:~~

25 ~~—— (a) From the federal funds appropriated in section 11, an~~
 26 ~~amount estimated at \$10,343,200.00 from the competitive grants of~~
 27 ~~DED-OESE, title II, educational technology grants funds.~~

1 ~~_____ (b) An amount estimated at \$7,000,000.00 from funds carried~~
2 ~~forward from 2002-2003 from unexpended DED-OESE, title II,~~
3 ~~educational technology grants funds~~ 2004-2005 an amount not to
4 exceed \$10,343,200.00 from the competitive grants of DED-OESE,
5 title II, educational technology grants funds, and an amount not
6 to exceed \$7,000,000.00 from funds carried forward from 2003-2004
7 from unexpended DED-OESE, title II, educational technology grants
8 funds.

9 (2) The allocations in subsection (1) shall be used to
10 develop, implement, and operate the freedom to learn program and
11 make program grants. The goal of the program is to achieve
12 one-to-one access to wireless technology for K-12 pupils through
13 statewide and local public-private partnerships. To implement
14 the program, the state education agency shall sign a memorandum
15 of understanding with the Michigan virtual university that
16 provides for joint administration of program grants under this
17 subsection. By December 1, ~~2003~~ 2004, the Michigan virtual
18 university and the state education agency shall make grants to
19 districts as described in this section. In awarding the grants,
20 the Michigan virtual university and the state education agency
21 shall give priority to applications that demonstrate that the
22 district's program will meet all of the following:

23 (a) Will be ready for implementation by January 1, ~~2004~~
24 2005 and will have begun professional development on technology
25 integration in the classroom before January 1, ~~2004~~ 2005.

26 (b) Will utilize state structure and resources for
27 professional development, as coordinated by the Michigan virtual

1 university.

2 (c) Will opt to participate in the statewide partnership
3 described in subsection (6).

4 (3) The amount of program grants to districts is estimated at
5 \$250.00 per pupil in membership in grade 6 in ~~2003-2004~~
6 **2004-2005**, or in another grade allowed in this section. The
7 state education agency and the Michigan virtual university shall
8 establish grant criteria that maximize the distribution of
9 federal funds to achieve the \$250.00 per pupil in districts that
10 qualify for federal funds. To qualify for a grant under this
11 section, a district shall submit an application to the state
12 education agency and the Michigan virtual university and complete
13 the application process established by the state education agency
14 and the Michigan virtual university. The application shall
15 include at least all of the following:

16 (a) If the district is applying for federal funds, how the
17 district will meet the requirements of the competitive grants
18 under DED-OESE, title II, part D.

19 (b) How the district will provide the opportunity for each
20 pupil in membership in grade 6 to receive a wireless computing
21 device. If the district has already achieved one-to-one wireless
22 access in grade 6 or if the district's school building grade
23 configuration makes implementation of the program for grade 6
24 impractical, the district may apply for a grant for the next
25 highest grade. If the district does not have a grade 6 or
26 higher, the district may apply for funding for the next lowest
27 grade level. If the district operates 1 or more schools that are

1 not meeting adequate yearly progress, as determined by the
2 department, and that contain grade 6, the district may apply for
3 funding for a school building-wide program for 1 or more of those
4 schools. A public school academy that does not offer a grade
5 higher than grade 5 may apply to receive a grant under this
6 section for pupils in the highest grade offered by the public
7 school academy.

8 (c) The district shall submit a plan describing the uses of
9 the grant funds. The plan shall describe a plan for professional
10 development on technology integration, content and curriculum,
11 and local partnerships with the other districts and
12 representatives from businesses, industry, and higher education.
13 The plan shall include at least the following:

14 (i) The academic achievement goals, which may include, but
15 are not limited to, goals related to mathematics, science, and
16 language arts.

17 (ii) The engagement goals, which may include, but are not
18 limited to, goals related to retention rates, dropout rates,
19 detentions, and suspensions.

20 (iii) A commitment that at least 25% of the total local
21 budget for the program will be used on professional development
22 on technology integration in the classroom.

23 (d) A 3- to 5-year plan or funding model for increasing the
24 share that is borne locally of the expenditures for one-to-one
25 wireless access. The Michigan virtual university shall provide
26 districts with sample local plans and funding models for the
27 purposes of this subdivision and with information on available

1 federal and private resources.

2 (e) How the district will amend its local technology plan as
3 required under state and federal law to reflect the program under
4 this section.

5 (4) A district that receives a grant under this section shall
6 provide at least a \$25.00 per pupil match for grant money
7 received under this section from local public or private
8 resources.

9 (5) **The amount of a grant under this section to a single**
10 **district for a fiscal year shall not exceed 25% of the total**
11 **amount available for grants under this section for that fiscal**
12 **year.**

13 (6) ~~(5)~~ A district that received money under section 98 in
14 2002-2003 for a wireless technology grant is eligible to receive
15 a grant under this section. The funding under subsection (1)(b)
16 shall be used first to provide the grants under this subsection.
17 A district described in this subsection shall apply to the
18 Michigan virtual university and the state education agency for a
19 grant in the form and manner prescribed by the department. An
20 application under this section is not subject to the requirements
21 of subsection (3) if the application demonstrates that the
22 program will meet all of the following:

23 (a) Will continue as a demonstration program.

24 (b) Will provide regional assistance to schools that are not
25 meeting adequate yearly progress, as determined by the
26 department, and to new grant recipients, as directed by the state
27 education agency and the Michigan virtual university.

1 (c) Will seek to expand its existing wireless technology
2 initiatives.

3 (7) ~~(6) By October 15, 2003, the~~ **The** department of
4 management and budget shall establish a statewide public-private
5 partnership to implement the program. The department of
6 management and budget shall select a program partner through a
7 request for proposals process for a total learning technology
8 package that includes, but is not limited to, a wireless laptop,
9 software, professional development, service, and support, and for
10 management by a single point of contact individual responsible
11 for the overall implementation. The proposal selected shall
12 achieve significant efficiencies and economies of scale and be
13 interoperable with existing technologies. The private partner
14 selected in the request for proposals process to partner with the
15 state must possess all of the following:

16 (a) Experience in the development and successful
17 implementation of large-scale, school-based wireless technology
18 projects.

19 (b) Proven technical ability to deliver a total solutions
20 package of learning technology for elementary and secondary
21 students and teachers.

22 (c) Results-based education solutions to increase student
23 achievement and advance professional development for teachers.

24 (d) Ability to coordinate, utilize, and expand existing
25 technology infrastructures and professional development delivery
26 systems within school districts and regions.

27 (e) Ability to provide a wireless computing device that is

1 able to be connected to the wireless network and is able to
2 access a school's preexisting local network and the internet both
3 wirelessly in the school and through dial-up or other remote
4 connection from the home or elsewhere outside school.

5 (8) ~~-(7)-~~ A district may elect to purchase or lease wireless
6 computing devices from a vendor other than the statewide
7 partnership described in subsection ~~-(6)-~~ (7) if the Michigan
8 virtual university determines that the vendor meets the
9 requirements of subdivisions (a) to (d) of subsection ~~-(6)-~~ (7)
10 and the vendor is identified in the district's grant
11 application.

12 (9) ~~-(8)-~~ The state education agency shall sign a memorandum
13 of understanding with the Michigan virtual university regarding
14 DED-OESE, title II, educational technology grants, as provided
15 under this subsection. The Michigan virtual university shall
16 coordinate activities described in this subsection with the
17 freedom to learn grants described under this section. The
18 memorandum of understanding shall require that the Michigan
19 virtual university coordinate the following state activities
20 related to DED-OESE, title II, educational technology grants in
21 accordance with federal law:

22 (a) Assist in the development of innovative strategies for
23 the delivery of specialized or rigorous academic courses and
24 curricula through the use of technology, including distance
25 learning technologies.

26 (b) Establish and support public-private initiatives for the
27 acquisition of educational technology for students in high-need

1 districts.

2 (10) ~~—(9)—~~ Funds allocated under this section that are not
3 expended in the state fiscal year for which they were allocated
4 may be carried forward to a subsequent state fiscal year.

5 (11) ~~—(10)—~~ The state education agency and the Michigan
6 virtual university shall complete the memoranda of understanding
7 required under this section within 60 days after the effective
8 date of the amendatory act that added this subsection. It is the
9 intent of the legislature that all plans or applications
10 submitted by the state education agency to the United States
11 department of education relating to the distribution of federal
12 funds under this section are for the purposes described in this
13 section.

14 (12) ~~—(11)—~~ The state education agency shall ensure that the
15 program goals and plans for the freedom to learn program are
16 contained in the state technology plan required by federal law.

17 (13) ~~—(12)—~~ From the funds allocated under this section, an
18 amount not to exceed \$4,000,000.00 is allocated to the Michigan
19 virtual university to be used for statewide activities, as
20 follows:

21 (a) An amount estimated at \$2,700,000.00 to develop a
22 professional development network in partnership with other
23 statewide entities for professional development on technology
24 integration in the classroom.

25 (b) An amount estimated at \$250,000.00 for development of a
26 content resource package that will include on-line coursework
27 content.

1 (c) An amount estimated at \$250,000.00 to develop or purchase
2 an on-line assessment system to supplement the Michigan education
3 assessment program tests and provide immediate feedback on pupil
4 achievement. The assessment system shall include high-quality
5 tests aligned to the state curriculum framework and tests that
6 can be customized by teachers and integrated with on-line
7 instructional resources. The Michigan virtual university and the
8 state education agency shall work in partnership ~~with the~~
9 ~~department of treasury~~ to implement the assessment program. The
10 state education agency shall give first priority in implementing
11 the assessment systems to districts not meeting adequately yearly
12 progress requirements as established by the federal no child left
13 behind act and to schools participating in grant programs under
14 this section.

15 (d) An amount not to exceed \$800,000.00 for comprehensive
16 statewide evaluation of current and future projects under this
17 section and for statewide administration of the freedom to learn
18 program.

19 **(14)** ~~—(13)—~~ The Michigan virtual university is encouraged to
20 work in partnership with Ferris state university in performing
21 the functions under subsection ~~—(12)—~~ **(13)**.

22 **(15)** ~~—(14)—~~ Notwithstanding section 17b, payments under this
23 section may be made pursuant to an agreement with the
24 department.

25 **(16)** ~~—(15)—~~ It is the intent of the legislature that this
26 state will seek to raise private funds for the current and future
27 funding of the freedom to learn program under this section and

1 all of the program components.

2 (17) ~~(16)~~ As used in this section:

3 (a) "DED-OESE" means the United States department of
4 education office of elementary and secondary education.

5 (b) "State education agency" means the department.

6 Sec. 99. (1) From the ~~appropriations~~ **state school aid**
7 **fund money appropriated** in section 11, there is allocated an
8 amount not to exceed ~~\$2,500,000.00 for 2003-2004~~ **\$2,416,000.00**
9 **for 2004-2005 and from the general fund appropriation in section**
10 **11, there is allocated an amount not to exceed \$84,000.00 for**
11 **2004-2005** for implementing the comprehensive master plan for
12 mathematics and science centers developed by the department and
13 approved by the state board on August 8, 2002. In addition, from
14 the federal funds appropriated in section 11, there is allocated
15 an amount estimated at \$2,487,700.00 from DED-OESE, title II,
16 mathematics and science partnership grants.

17 (2) Within a service area designated locally, approved by the
18 department, and consistent with the master plan described in
19 subsection (1), an established mathematics and science center
20 shall address ~~4~~ **2** or more of the following 6 basic services, as
21 described in the master plan, to constituent districts and
22 communities: leadership, pupil services, curriculum support,
23 community involvement, professional development, and resource
24 clearinghouse services.

25 (3) The department shall not award a state grant under this
26 section to more than 1 mathematics and science center located in
27 a designated region as prescribed in the 2002 master plan unless

1 each of the grants serves a distinct target population or
2 provides a service that does not duplicate another program in the
3 designated region.

4 (4) As part of the technical assistance process, the
5 department shall provide minimum standard guidelines that may be
6 used by the mathematics and science center for providing fair
7 access for qualified pupils and professional staff as prescribed
8 in this section.

9 (5) Allocations under this section to support the activities
10 and programs of mathematics and science centers shall be
11 continuing support grants to all 33 established mathematics and
12 science centers. Each established mathematics and science center
13 that was funded in ~~2002-2003~~ **2003-2004** shall receive state
14 funding in an amount equal to ~~24.43% of~~ the amount it received
15 under this section for ~~2002-2003~~ **in 2002 PA 521, before any**
16 ~~reduction made for 2002-2003 under section 11(3)~~ **2003-2004. If**
17 **a center declines state funding or a center closes, the remaining**
18 **money available under this section shall be distributed on a pro**
19 **rata basis to the remaining centers, as determined by the**
20 **department.**

21 (6) In order to receive state funds under this section, a
22 grant recipient shall allow access for the department or the
23 department's designee to audit all records related to the program
24 for which it receives such funds. The grant recipient shall
25 reimburse the state for all disallowances found in the audit.

26 (7) Not later than September 30, 2007, the department shall
27 reevaluate and update the comprehensive master plan described in

1 subsection (1). ~~—, including any recommendations for upgrading~~
2 ~~satellite extensions to full centers.~~

3 (8) The department shall give preference in awarding the
4 federal grants allocated in subsection (1) to eligible existing
5 mathematics and science centers.

6 (9) In order to receive state funds under this section, a
7 grant recipient shall provide at least a 10% local match from
8 local public or private resources for the funds received under
9 this section.

10 (10) As used in this section:

11 (a) "DED" means the United States department of education.

12 (b) "DED-OESE" means the DED office of elementary and
13 secondary education.

14 Sec. 101. (1) To be eligible to receive state aid under
15 this act, not later than the fifth Wednesday after the pupil
16 membership count day and not later than the fifth Wednesday after
17 the supplemental count day, each district superintendent through
18 the secretary of the district's board shall file with the
19 intermediate superintendent a certified and sworn copy of the
20 number of pupils enrolled and in regular daily attendance in the
21 district as of the pupil membership count day and as of the
22 supplemental count day, as applicable, for the current school
23 year. In addition, a district maintaining school during the
24 entire year, as provided under section 1561 of the revised school
25 code, MCL 380.1561, shall file with the intermediate
26 superintendent a certified and sworn copy of the number of pupils
27 enrolled and in regular daily attendance in the district for the

1 current school year pursuant to rules promulgated by the
2 superintendent. Not later than the seventh Wednesday after the
3 pupil membership count day and not later than the seventh
4 Wednesday after the supplemental count day, the intermediate
5 district shall transmit to the center ~~the data filed by~~ **revised**
6 **data, as applicable, for** each of its constituent districts. If a
7 district fails to file the sworn and certified copy with the
8 intermediate superintendent in a timely manner, as required under
9 this subsection, the intermediate district shall notify the
10 department and state aid due to be distributed under this act
11 shall be withheld from the defaulting district immediately,
12 beginning with the next payment after the failure and continuing
13 with each payment until the district complies with this
14 subsection. If an intermediate district fails to transmit the
15 data in its possession in a timely and accurate manner to the
16 ~~department~~ **center**, as required under this subsection, state aid
17 due to be distributed under this act shall be withheld from the
18 defaulting intermediate district immediately, beginning with the
19 next payment after the failure and continuing with each payment
20 until the intermediate district complies with this subsection.
21 If a district or intermediate district does not comply with this
22 subsection by the end of the fiscal year, the district or
23 intermediate district forfeits the amount withheld. A person who
24 willfully falsifies a figure or statement in the certified and
25 sworn copy of enrollment shall be punished in the manner
26 prescribed by section 161.

27 (2) To be eligible to receive state aid under this act, not

1 later than the twenty-fourth Wednesday after the pupil membership
2 count day and not later than the twenty-fourth Wednesday after
3 the supplemental count day, an intermediate district shall submit
4 to the center, in a form and manner prescribed by the center, the
5 audited enrollment and attendance data for the pupils of its
6 constituent districts and of the intermediate district. If an
7 intermediate district fails to transmit the audited data as
8 required under this subsection, state aid due to be distributed
9 under this act shall be withheld from the defaulting intermediate
10 district immediately, beginning with the next payment after the
11 failure and continuing with each payment until the intermediate
12 district complies with this subsection. If an intermediate
13 district does not comply with this subsection by the end of the
14 fiscal year, the intermediate district forfeits the amount
15 withheld.

16 (3) Except as otherwise provided in this section, each
17 district shall provide at least 1,098 hours of pupil
18 instruction. Except as otherwise provided in this act, a
19 district failing to comply with the required minimum hours of
20 pupil instruction under this subsection shall forfeit from its
21 total state aid allocation an amount determined by applying a
22 ratio of the number of hours the district was in noncompliance in
23 relation to the required minimum number of hours under this
24 subsection. Not later than August 1, the board of each district
25 shall certify to the department the number of hours of pupil
26 instruction in the previous school year. If the district did not
27 provide at least the required minimum number of hours of pupil

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1 instruction under this subsection, the deduction of state aid
2 shall be made in the following fiscal year from the first payment
3 of state school aid. A district is not subject to forfeiture of
4 funds under this subsection for a fiscal year in which a
5 forfeiture was already imposed under subsection (6). Hours lost
6 because of strikes or teachers' conferences shall not be counted
7 as days or hours of pupil instruction. A district not having at
8 least 75% of the district's membership in attendance on any day
9 of pupil instruction shall receive state aid in that proportion
10 of 1/180 that the actual percent of attendance bears to the
11 specified percentage. The superintendent shall promulgate rules
12 for the implementation of this subsection.

13 (4) Except as otherwise provided in this subsection, the
14 first 30 hours for which pupil instruction is not provided
15 because of conditions not within the control of school
16 authorities, such as severe storms, fires, epidemics, or health
17 conditions as defined by the city, county, or state health
18 authorities, shall be counted as hours of pupil instruction. In
19 addition, for ~~2002-2003~~ **2003-2004** only, the department shall
20 count ~~as days of pupil instruction not more than 5 additional~~
21 ~~days, and shall count~~ as hours of pupil instruction not more
22 than ~~30~~ **20 additional** hours ~~—~~ for which pupil instruction was
23 not provided in a ~~district from April 3, 2003 to April 11, 2003~~
24 ~~due to a storm~~ **school in a district due to structural roof and**
25 **truss damage that required the school to be closed. Beginning in**
26 **2004-2005, the department shall count as hours of pupil**
27 **instruction for a fiscal year not more than 30 <<additional>> hours for**
which

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1 pupil instruction is not provided in a district after April 1 of
2 the applicable school year due to <<unusual and extenuating occurrences
3 resulting from>> conditions not within the
4 control of school authorities such as those conditions described
5 in this subsection. Subsequent such hours shall not be counted as
6 hours of pupil instruction.

6 (5) A district shall not forfeit part of its state aid
7 appropriation because it adopts or has in existence an
8 alternative scheduling program for pupils in kindergarten if the
9 program provides at least the number of hours required under
10 subsection (3) for a full-time equated membership for a pupil in
11 kindergarten as provided under section 6(4).

12 (6) Not later than April 15 of each fiscal year, the board of
13 each district shall certify to the department the planned number
14 of hours of pupil instruction in the district for the school year
15 ending in the fiscal year. In addition to any other penalty or
16 forfeiture under this section, if at any time the department
17 determines that 1 or more of the following has occurred in a
18 district, the district shall forfeit in the current fiscal year
19 beginning in the next payment to be calculated by the department
20 a proportion of the funds due to the district under this act that
21 is equal to the proportion below the required minimum number of
22 hours of pupil instruction under subsection (3), as specified in
23 the following:

24 (a) The district fails to operate its schools for at least
25 the required minimum number of hours of pupil instruction under
26 subsection (3) in a school year, including hours counted under
27 subsection (4).

1 (b) The board of the district takes formal action not to
2 operate its schools for at least the required minimum number of
3 hours of pupil instruction under subsection (3) in a school year,
4 including hours counted under subsection (4).

5 (7) In providing the minimum number of hours of pupil
6 instruction required under subsection (3), a district shall use
7 the following guidelines, and a district shall maintain records
8 to substantiate its compliance with the following guidelines:

9 (a) Except as otherwise provided in this subsection, a pupil
10 must be scheduled for at least the required minimum number of
11 hours of instruction, excluding study halls, or at least the sum
12 of 90 hours plus the required minimum number of hours of
13 instruction, including up to 2 study halls.

14 (b) The time a pupil is assigned to any tutorial activity in
15 a block schedule may be considered instructional time, unless
16 that time is determined in an audit to be a study hall period.

17 (c) ~~—A~~ **Except as otherwise provided in this subdivision, a**
18 **pupil in grades 9 to 12 for whom a reduced schedule is determined**
19 **to be in the individual pupil's best educational interest must be**
20 **scheduled for a number of hours equal to at least 80% of the**
21 **required minimum number of hours of pupil instruction to be**
22 **considered a full-time equivalent pupil. A pupil in grades 9 to**
23 **12 who is scheduled in a 4-block schedule may receive a reduced**
24 **schedule under this subsection if the pupil is scheduled for a**
25 **number of hours equal to at least 75% of the required minimum**
26 **number of hours of pupil instruction to be considered a full-time**
27 **equivalent pupil.**

1 (d) If a pupil in grades 9 to 12 who is enrolled in a
2 cooperative education program or a special education pupil cannot
3 receive the required minimum number of hours of pupil instruction
4 solely because of travel time between instructional sites during
5 the school day, that travel time, up to a maximum of 3 hours per
6 school week, shall be considered to be pupil instruction time for
7 the purpose of determining whether the pupil is receiving the
8 required minimum number of hours of pupil instruction. However,
9 if a district demonstrates to the satisfaction of the department
10 that the travel time limitation under this subdivision would
11 create undue costs or hardship to the district, the department
12 may consider more travel time to be pupil instruction time for
13 this purpose.

14 (8) The department shall apply the guidelines under
15 subsection (7) in calculating the full-time equivalency of
16 pupils.

17 (9) Upon application by the district for a particular fiscal
18 year, the superintendent may waive for a district the minimum
19 number of hours of pupil instruction requirement of subsection
20 (3) for a department-approved alternative education program. If
21 a district applies for and receives a waiver under this
22 subsection and complies with the terms of the waiver, for the
23 fiscal year covered by the waiver the district is not subject to
24 forfeiture under this section for the specific program covered by
25 the waiver.

26 (10) A district may count up to 51 hours of **qualifying**
27 professional development for teachers, including the 5 hours of

1 online professional development provided by the Michigan virtual
2 university under section 98, as hours of pupil instruction. A
3 district that elects to use this exception shall notify the
4 department of its election. **As used in this subsection,**
5 **"qualifying professional development" means professional**
6 **development that is focused on 1 or more of the following:**

7 (a) Achieving or improving adequate yearly progress as
8 defined under the no child left behind act of 2001, Public Law
9 107-110.

10 (b) Achieving accreditation or improving a school's
11 accreditation status under section 1280 of the revised school
12 code, MCL 380.1280.

13 (c) Achieving highly qualified teacher status as defined
14 under the no child left behind act of 2001, Public Law 107-110.

15 (d) Maintaining teacher certification.

16 Sec. 104a. (1) In order to receive state aid under this
17 act, a district shall comply with this section and shall
18 administer state assessments to high school pupils in the subject
19 areas of ~~communications skills~~ **English language arts,**
20 mathematics, science, and social studies. If the department ~~of~~
21 ~~treasury or the Michigan assessment governing board, as~~
22 ~~applicable,~~ determines that it would be consistent with the
23 purposes of this section, the department ~~of treasury or the~~
24 ~~Michigan assessment governing board, as applicable,~~ may
25 designate the grade 11 Michigan education assessment program
26 tests or the ACT/ACT work keys tests as the assessments to be
27 used for the purposes of this section. The district shall

1 include on the pupil's high school transcript all of the
2 following:

3 (a) For each high school graduate who has completed a subject
4 area assessment under this section, the pupil's scaled score on
5 the assessment.

6 (b) If the pupil's scaled score on a subject area assessment
7 falls within the range required under subsection (2) for a
8 category established under subsection (2), an indication that the
9 pupil has achieved state endorsement for that subject area.

10 (c) The number of school days the pupil was in attendance at
11 school each school year during high school and the total number
12 of school days in session for each of those school years.

13 (2) The department ~~of treasury~~ shall develop scaled scores
14 for reporting subject area assessment results for each of the
15 subject areas under this section. The department ~~of treasury~~
16 shall establish 3 categories for each subject area indicating
17 basic competency, above average, and outstanding, and shall
18 establish the scaled score range required for each category. The
19 department ~~of treasury~~ shall design and distribute to
20 districts, intermediate districts, and nonpublic schools a simple
21 and concise document that describes these categories in each
22 subject area and indicates the scaled score ranges for each
23 category in each subject area. A district may award a high
24 school diploma to a pupil who successfully completes local
25 district requirements established in accordance with state law
26 for high school graduation, regardless of whether the pupil is
27 eligible for any state endorsement.

1 (3) The assessments administered for the purposes of this
2 section shall be administered to pupils during the last 30 school
3 days of grade 11. The department ~~of treasury~~ shall ensure that
4 the assessments are scored and the scores are returned to pupils,
5 their parents or legal guardians, and districts not later than
6 the beginning of the pupil's first semester of grade 12. The
7 department ~~of treasury~~ shall arrange for those portions of a
8 pupil's assessment that cannot be scored mechanically to be
9 scored in Michigan by persons who are Michigan teachers, retired
10 Michigan teachers, or Michigan school administrators and who have
11 been trained in scoring the assessments. The returned scores
12 shall indicate the pupil's scaled score for each subject area
13 assessment, the range of scaled scores for each subject area, and
14 the range of scaled scores required for each category established
15 under subsection (2). In reporting the scores to pupils,
16 parents, and schools, the department ~~of treasury~~ shall provide
17 specific, meaningful, and timely feedback on the pupil's
18 performance on the assessment.

19 (4) For each pupil who does not achieve state endorsement in
20 1 or more subject areas, the board of the district in which the
21 pupil is enrolled shall provide that there be at least 1 meeting
22 attended by at least the pupil and a member of the district's
23 staff or a local or intermediate district consultant who is
24 proficient in the measurement and evaluation of pupils. The
25 district may provide the meeting as a group meeting for pupils in
26 similar circumstances. If the pupil is a minor, the district
27 shall invite and encourage the pupil's parent, legal guardian, or

1 person in loco parentis to attend the meeting and shall mail a
2 notice of the meeting to the pupil's parent, legal guardian, or
3 person in loco parentis. The purpose of this meeting and any
4 subsequent meeting under this subsection shall be to determine an
5 educational program for the pupil designed to have the pupil
6 achieve state endorsement in each subject area in which he or she
7 did not achieve state endorsement. In addition, a district may
8 provide for subsequent meetings with the pupil conducted by a
9 high school counselor or teacher designated by the pupil's high
10 school principal, and shall invite and encourage the pupil's
11 parent, legal guardian, or person in loco parentis to attend the
12 subsequent meetings. The district shall provide special programs
13 for the pupil or develop a program using the educational programs
14 regularly provided by the district unless the board of the
15 district decides otherwise and publishes and explains its
16 decision in a public justification report.

17 (5) A pupil who wants to repeat an assessment administered
18 under this section may repeat the assessment, without charge to
19 the pupil, in the next school year or after graduation. An
20 individual may repeat an assessment at any time the district
21 administers an applicable assessment instrument or during a
22 retesting period under subsection (7).

23 (6) The department ~~of treasury~~ shall ensure that the length
24 of the assessments used for the purposes of this section and the
25 combined total time necessary to administer all of the
26 assessments are the shortest possible that will still maintain
27 the degree of reliability and validity of the assessment results

1 determined necessary by the department. ~~of treasury.~~ The
2 department ~~of treasury~~ shall ensure that the maximum total
3 combined length of time that schools are required to set aside
4 for administration of all of the assessments used for the
5 purposes of this section does not exceed 8 hours. However, this
6 subsection does not limit the amount of time that individuals may
7 have to complete the assessments.

8 (7) The department ~~of treasury~~ shall establish, schedule,
9 and arrange periodic retesting periods throughout the year for
10 individuals who desire to repeat an assessment under this
11 section. The department ~~of treasury~~ shall coordinate the
12 arrangements for administering the repeat assessments and shall
13 ensure that the retesting is made available at least within each
14 intermediate district and, to the extent possible, within each
15 district.

16 (8) A district shall provide accommodations to a pupil with
17 disabilities for the assessments required under this section, as
18 provided under section 504 of title V of the rehabilitation act
19 of 1973, ~~Public Law 93-112,~~ 29 ~~U.S.C.~~ **USC** 794; subtitle A of
20 title II of the Americans with disabilities act of 1990, ~~Public~~
21 ~~Law 101-336,~~ 42 ~~U.S.C.~~ **USC** 12131 to 12134; and the
22 implementing regulations for those statutes.

23 (9) For the purposes of this section, the department ~~of~~
24 ~~treasury~~ shall develop or select and approve assessment
25 instruments to measure pupil performance in ~~communications~~
26 ~~skills~~ **English language arts**, mathematics, social studies, and
27 science. Unless the department ~~of treasury~~ selects and

1 approves the ACT/ACT work keys tests, the assessment instruments
2 shall be based on the model core academic content standards
3 objectives under section 1278 of the revised school code,
4 MCL 380.1278.

5 (10) Upon written request by the pupil's parent or legal
6 guardian stating that the request is being made for the purpose
7 of providing the pupil with an opportunity to qualify to take 1
8 or more postsecondary courses as an eligible student under the
9 postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to
10 388.524, the board of a district shall allow a pupil who is in at
11 least grade 10 to take an assessment administered under this
12 section without charge at any time the district regularly
13 administers the assessment or during a retesting period
14 established under subsection (7). A district is not required to
15 include in an annual education report, or in any other report
16 submitted to the department ~~of treasury~~ for accreditation
17 purposes, results of assessments taken under this subsection by a
18 pupil in grade 11 or lower until the results of that pupil's
19 graduating class are otherwise reported.

20 (11) All assessment instruments developed or selected and
21 approved by the state under any statute or rule for a purpose
22 related to K to 12 education shall be objective-oriented and
23 consistent with the model core academic content standards
24 objectives under section 1278 of the revised school code,
25 MCL 380.1278.

26 (12) A person who has graduated from high school after 1996
27 and who has not previously taken an assessment under this section

1 may take an assessment used for the purposes of this section,
2 without charge to the person, at the district from which he or
3 she graduated from high school at any time that district
4 administers the assessment or during a retesting period scheduled
5 under subsection (7) and have his or her scaled score on the
6 assessment included on his or her high school transcript. If the
7 person's scaled score on a subject area assessment falls within
8 the range required under subsection (2) for a category
9 established under subsection (2), the district shall also
10 indicate on the person's high school transcript that the person
11 has achieved state endorsement for that subject area.

12 (13) A child who is a student in a nonpublic school or home
13 school may take an assessment under this section. To take an
14 assessment, a child who is a student in a home school shall
15 contact the district in which the child resides, and that
16 district shall administer the assessment, or the child may take
17 the assessment at a nonpublic school if allowed by the nonpublic
18 school. Upon request from a nonpublic school, the department ~~of~~
19 ~~treasury~~ shall supply assessments and the nonpublic school may
20 administer the assessment.

21 (14) The purpose of the assessment under this section is to
22 assess pupil performance in mathematics, science, social studies,
23 and ~~communication~~ **English language** arts for the purpose of
24 improving academic achievement and establishing a statewide
25 standard of competency. The assessment under this section
26 provides a common measure of data that will contribute to the
27 improvement of Michigan schools' curriculum and instruction by

1 encouraging alignment with Michigan's curriculum framework
 2 standards. These standards are based upon the expectations of
 3 what pupils should know and be able to do by the end of grade
 4 11.

5 ~~(15) If the Michigan assessment governing board is~~
 6 ~~established by law, the Michigan assessment governing board shall~~
 7 ~~administer this section and shall have all of the powers and~~
 8 ~~duties as otherwise provided under this section for the~~
 9 ~~department of treasury.~~

10 (15) ~~-(16)-~~ As used in this section, ~~→~~

11 ~~——(a) "Communications skills" means reading and writing.~~

12 ~~——(b) "Social~~ **"social** studies" means geography, history,
 13 economics, and American government.

14 Sec. 107. (1) From the appropriation in section 11, there
 15 is allocated an amount not to exceed \$20,000,000.00 for
 16 ~~2003-2004~~ **2004-2005** for adult education programs authorized
 17 under this section.

18 (2) To be eligible to be a participant funded under this
 19 section, a person shall be enrolled in an adult basic education
 20 program, an adult English as a second language program, a general
 21 ~~education~~ **educational** development (G.E.D.) test preparation
 22 program, a job or employment related program, or a high school
 23 completion program, that meets the requirements of this section,
 24 and shall meet either of the following, as applicable:

25 (a) If the individual has obtained a high school diploma or a
 26 general ~~education~~ **educational** development (G.E.D.)
 27 certificate, the individual meets 1 of the following:

1 (i) Is less than 20 years of age on September 1 of the school
2 year and is enrolled in the state technical institute and
3 rehabilitation center.

4 (ii) Is less than 20 years of age on September 1 of the
5 school year, is not attending an institution of higher education,
6 and is enrolled in a job or employment-related program through a
7 referral by an employer.

8 (iii) Is enrolled in an English as a second language
9 program.

10 (iv) Is enrolled in a high school completion program.

11 (b) If the individual has not obtained a high school diploma
12 or G.E.D. certificate, the individual meets 1 of the following:

13 (i) Is at least 20 years of age on September 1 of the school
14 year.

15 (ii) Is at least 16 years of age on September 1 of the school
16 year, has been permanently expelled from school under section
17 1311(2) or 1311a of the revised school code, MCL 380.1311 and
18 380.1311a, and has no appropriate alternative education program
19 available through his or her district of residence.

20 (3) Except as otherwise provided in subsection (4), the
21 amount allocated under subsection (1) shall be distributed as
22 follows:

23 (a) For districts and consortia that received payments for
24 ~~2001-2002~~ 2003-2004 under this section, the amount allocated to
25 each for ~~2003-2004~~ 2004-2005 shall be based on the number of
26 participants served by the district or consortium for ~~2003-2004~~
27 2004-2005, using the amount allocated per full-time equated

1 participant under subsection (5), up to a maximum total
 2 allocation under this section in an amount equal to ~~26.67%~~ of
 3 the amount the district or consortium received for ~~2001-2002~~
 4 **2003-2004** under this section before any reallocations made for
 5 ~~2001-2002~~ **2003-2004** under subsection (4).

6 (b) A district or consortium that received funding in
 7 ~~2002-2003~~ **2003-2004** under this section may operate
 8 independently of a consortium or join or form a consortium for
 9 ~~2003-2004~~ **2004-2005**. The allocation for ~~2003-2004~~ **2004-2005**
 10 to the district or the newly formed consortium under this
 11 subsection shall be determined by the department of ~~career~~
 12 ~~development~~ **labor and economic growth** and shall be based on the
 13 proportion of the amounts that are attributable to the district
 14 or consortium that received funding in ~~2002-2003~~ **2003-2004**. A
 15 district or consortium described in this subdivision shall notify
 16 the department of career development of its intention with regard
 17 to ~~2003-2004~~ **2004-2005** by October 1, ~~2003~~ **2004**.

18 (4) A district that operated an adult education program in
 19 ~~2002-2003~~ **2003-2004** and does not intend to operate a program in
 20 ~~2003-2004~~ **2004-2005** shall notify the department of ~~career~~
 21 ~~development~~ **labor and economic growth** by October 1, ~~2003~~ **2004**
 22 of its intention. The funds intended to be allocated under this
 23 section to a district that does not operate a program in
 24 ~~2003-2004~~ **2004-2005** and the unspent funds originally allocated
 25 under this section to a district or consortium that subsequently
 26 operates a program at less than the level of funding allocated
 27 under subsection (3) shall instead be proportionately reallocated

1 to the other districts described in subsection (3) (a) that are
2 operating an adult education program in ~~2003-2004~~ **2004-2005**
3 under this section.

4 (5) The amount allocated under this section per full-time
5 equated participant is \$2,850.00 for a 450-hour program. The
6 amount shall be proportionately reduced for a program offering
7 less than 450 hours of instruction.

8 (6) An adult basic education program or an adult English as a
9 second language program operated on a year-round or school year
10 basis may be funded under this section, subject to all of the
11 following:

12 (a) The program enrolls adults who are determined by an
13 appropriate assessment to be below ninth grade level in reading
14 or mathematics, or both, or to lack basic English proficiency.

15 (b) The program tests individuals for eligibility under
16 subdivision (a) before enrollment and tests participants to
17 determine progress after every 90 hours of attendance, using
18 assessment instruments approved by the department of ~~career~~
19 ~~development~~ **labor and economic growth**.

20 (c) A participant in an adult basic education program is
21 eligible for reimbursement until 1 of the following occurs:

22 (i) The participant's reading and mathematics proficiency are
23 assessed at or above the ninth grade level.

24 (ii) The participant fails to show progress on 2 successive
25 assessments after having completed at least 450 hours of
26 instruction.

27 (d) A funding recipient enrolling a participant in an English

1 as a second language program is eligible for funding according to
2 subsection (10) until the participant meets 1 of the following:

3 (i) The participant is assessed as having attained basic
4 English proficiency.

5 (ii) The participant fails to show progress on 2 successive
6 assessments after having completed at least 450 hours of
7 instruction. The department of ~~career development~~ **labor and**
8 **economic growth** shall provide information to a funding recipient
9 regarding appropriate assessment instruments for this program.

10 (7) A general ~~education~~ **educational** development (G.E.D.)
11 test preparation program operated on a year-round or school year
12 basis may be funded under this section, subject to all of the
13 following:

14 (a) The program enrolls adults who do not have a high school
15 diploma.

16 (b) The program shall administer a G.E.D. pre-test approved
17 by the department of ~~career development~~ **labor and economic**
18 **growth** before enrolling an individual to determine the
19 individual's potential for success on the G.E.D. test, and shall
20 administer other tests after every 90 hours of attendance to
21 determine a participant's readiness to take the G.E.D. test.

22 (c) A funding recipient shall receive funding according to
23 subsection (10) for a participant, and a participant may be
24 enrolled in the program until 1 of the following occurs:

25 (i) The participant passes the G.E.D. test.

26 (ii) The participant fails to show progress on 2 successive
27 tests used to determine readiness to take the G.E.D. test after

1 having completed at least 450 hours of instruction.

2 (8) A high school completion program operated on a year-round
3 or school year basis may be funded under this section, subject to
4 all of the following:

5 (a) The program enrolls adults who do not have a high school
6 diploma.

7 (b) A funding recipient shall receive funding according to
8 subsection (10) for a participant in a course offered under this
9 subsection until 1 of the following occurs:

10 (i) The participant passes the course and earns a high school
11 diploma.

12 (ii) The participant fails to earn credit in 2 successive
13 semesters or terms in which the participant is enrolled after
14 having completed at least 900 hours of instruction.

15 (9) A job or employment-related adult education program
16 operated on a year-round or school year basis may be funded under
17 this section, subject to all of the following:

18 (a) The program enrolls adults referred by their employer who
19 are less than 20 years of age, have a high school diploma, are
20 determined to be in need of remedial mathematics or communication
21 arts skills and are not attending an institution of higher
22 education.

23 (b) An individual may be enrolled in this program and the
24 grant recipient shall receive funding according to subsection
25 (10) until 1 of the following occurs:

26 (i) The individual achieves the requisite skills as
27 determined by appropriate assessment instruments administered at

1 least after every 90 hours of attendance.

2 (ii) The individual fails to show progress on 2 successive
3 assessments after having completed at least 450 hours of
4 instruction. The department of ~~career development~~ **labor and**
5 **economic growth** shall provide information to a funding recipient
6 regarding appropriate assessment instruments for this program.

7 (10) A funding recipient shall receive payments under this
8 section in accordance with the following:

9 (a) ~~Ninety~~ **Eighty** percent for enrollment of eligible
10 participants.

11 (b) ~~Ten~~ **Twenty** percent for completion of the adult basic
12 education objectives by achieving an increase of at least 1 grade
13 level of proficiency in reading or mathematics; for achieving
14 basic English proficiency; for passage of the G.E.D. test; for
15 passage of a course required for a participant to attain a high
16 school diploma; or for completion of the course and demonstrated
17 proficiency in the academic skills to be learned in the course,
18 as applicable.

19 (11) As used in this section, "participant" means the sum of
20 the number of full-time equated individuals enrolled in and
21 attending a department-approved adult education program under
22 this section, using quarterly participant count days on the
23 schedule described in section 6(7)(b).

24 (12) A person who is not eligible to be a participant funded
25 under this section may receive adult education services upon the
26 payment of tuition. In addition, a person who is not eligible to
27 be served in a program under this section due to the program

1 limitations specified in subsection (6), (7), (8), or (9) may
2 continue to receive adult education services in that program upon
3 the payment of tuition. The tuition level shall be determined by
4 the local or intermediate district conducting the program.

5 (13) An individual who is an inmate in a state correctional
6 facility shall not be counted as a participant under this
7 section.

8 (14) A district shall not commingle money received under this
9 section or from another source for adult education purposes with
10 any other funds of the district. A district receiving adult
11 education funds shall establish a separate ledger account for
12 those funds. This subsection does not prohibit a district from
13 using general funds of the district to support an adult education
14 or community education program.

15 (15) A district or intermediate district receiving funds
16 under this section may establish a sliding scale of tuition rates
17 based upon a participant's family income. A district or
18 intermediate district may charge a participant tuition to receive
19 adult education services under this section from that sliding
20 scale of tuition rates on a uniform basis. The amount of tuition
21 charged per participant shall not exceed the actual operating
22 cost per participant minus any funds received under this section
23 per participant. A district or intermediate district may not
24 charge a participant tuition under this section if the
25 participant's income is at or below 200% of the federal poverty
26 guidelines published by the United States department of health
27 and human services.

1 Sec. 146. Not later than January 1, 2005, the state budget
2 director, the department, and the senate and house fiscal
3 agencies jointly shall do both of the following:

4 (a) Conduct a study of the feasibility of creating and
5 requiring districts, intermediate districts, community colleges,
6 and state universities to participate in a statewide purchasing
7 pool for employee health benefits or of including public school,
8 community college, and state university employees in state
9 employee group health plans, and of the possible cost savings
10 from implementation of these options.

11 (b) Submit a report to the legislature detailing the findings
12 and recommendations from the study.

13 Sec. 147. (1) The allocation for ~~2003-2004~~ 2004-2005 for
14 the public school employees' retirement system pursuant to the
15 public school employees retirement act of 1979, 1980 PA 300,
16 MCL 38.1301 to 38.1408, shall be made using the entry age normal
17 cost actuarial method and risk assumptions adopted by the public
18 school employees retirement board and the department of
19 management and budget. The annual level percentage of payroll
20 contribution rate is estimated ~~14.37%~~ 14.87% for the
21 ~~2003-2004~~ 2004-2005 state fiscal year. ~~However, if all~~
22 ~~eligible districts participating in the school bond loan~~
23 ~~authority assist the state treasurer in the refinancing of school~~
24 ~~bond loan authority debt, the annual level percentage of payroll~~
25 ~~contribution rate for all districts is estimated to be 12.99% for~~
26 ~~the 2003-2004 fiscal year. If an eligible district does not~~
27 ~~assist in the refinancing, that district's payroll contribution~~

1 ~~rate is estimated to be 14.37% for the 2003-2004 fiscal year.~~
2 The portion of the contribution rate assigned to districts and
3 intermediate districts for each fiscal year is all of the total
4 percentage points. This contribution rate reflects an
5 amortization period of ~~33~~ 32 years for ~~2003-2004~~ 2004-2005.
6 The public school employees' retirement system board shall notify
7 each district and intermediate district by February 28 of each
8 fiscal year of the estimated contribution rate for the next
9 fiscal year.

10 (2) It is the intent of the legislature that the amortization
11 period described in section 41(2) of the public school employees
12 retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to
13 30 years by the end of the 2005-2006 state fiscal year by
14 reducing the amortization period by not more than 1 year each
15 fiscal year.

16 Sec. 152. Except for reports due on other dates specified
17 in this act, each district and intermediate district shall
18 furnish to **the center or the department, as applicable,** before
19 the first Monday in November of each year those reports the
20 department considers necessary for the determination of the
21 allocation of funds under this act. In order to receive funds
22 under this act, each district and intermediate district shall
23 also furnish to **the center or the department, as applicable,** the
24 information the department considers necessary for the
25 administration of this act, including information necessary to
26 determine compliance with article 16, and for the provision of
27 reports of educational progress to the senate and house

1 committees responsible for education, the senate and house
2 appropriations subcommittees responsible for appropriations to
3 school districts, the senate and house fiscal agencies, and the
4 state budget director, as appropriate. **This section does not**
5 **require a district or intermediate district to submit any**
6 **information to both the center and the department.**

7 Sec. 158b. Each district that receives federal impact aid
8 ~~under section 3(c)(1) of title 1 of chapter 1124, 64 Stat. 1100,~~
9 ~~20 U.S.C. 238,~~ annually shall report to the ~~department~~ **center**,
10 in the form and manner prescribed by the department, the amount
11 of that aid the district received.

12 Sec. 166a. (1) In order to avoid forfeiture of state aid
13 under subsection (2), the board of a district or intermediate
14 district providing reproductive health or other sex education
15 instruction under section 1169, 1506, or 1507 of the revised
16 school code, MCL 380.1169, 380.1506, and 380.1507, or under any
17 other provision of law, shall ensure that all of the following
18 are met:

19 (a) That the district or intermediate district does not
20 provide any of the instruction to a pupil who is less than 18
21 years of age unless the district or intermediate district
22 notifies the pupil's parent or legal guardian in advance of the
23 instruction and the content of the instruction, gives the pupil's
24 parent or legal guardian a prior opportunity to review the
25 materials to be used in the instruction, allows the pupil's
26 parent or legal guardian to observe the instruction, and notifies
27 the pupil's parent or legal guardian in advance of his or her

1 rights to observe the instruction and to have the pupil excused
2 from the instruction.

3 (b) That, upon the written request of a pupil's parent or
4 legal guardian or of a pupil if the pupil is at least age 18, the
5 pupil shall be excused, without penalty or loss of academic
6 credit, from attending class sessions in which the instruction is
7 provided.

8 (c) That the sex education instruction includes
9 **age-appropriate** information clearly informing pupils **at 1 or more**
10 **age-appropriate grade levels** that having sex or sexual contact
11 with an individual under the age of 16 is a crime punishable by
12 imprisonment, and that 1 of the other results of being convicted
13 of this crime is to be listed on the sex offender registry on the
14 internet for ~~at least~~ **up to** 25 years.

15 (2) A district or intermediate district that does not comply
16 with this section shall forfeit 5% of its total state school aid
17 allocation under this act.

18 Enacting section 1. In accordance with section 30 of
19 article IX of the state constitution of 1963, total state
20 spending in this amendatory act from state sources for fiscal
21 year 2004-2005 is estimated at \$11,172,322,200.00 and state
22 appropriations to be paid to local units of government for fiscal
23 year 2004-2005 are estimated at \$11,114,433,700.00.

24 Enacting section 2. Sections 11c, 31e, 32b, 68, 107a, and
25 108 of the state school aid act of 1979, 1979 PA 94, MCL
26 388.1611c, 388.1631e, 388.1632b, 388.1668, 388.1707a, and
27 388.1708, are repealed effective October 1, 2004.

1 Enacting section 3. (1) Except as otherwise provided in
2 subsection (2), this amendatory act takes effect October 1,
3 2004.

4 (2) Sections 22a, 94a, and 101 of the state school aid act of
5 1979, MCL 388.1622a, 388.1694a, and 388.1701, as amended by this
6 amendatory act, take effect upon enactment of this amendatory
7 act.