

# SENATE BILL No. 279

March 2, 2005, Introduced by Senators SWITALSKI and EMERSON and referred to the Committee on Appropriations.

## EXECUTIVE BUDGET BILL

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 4, 6, 11, 11a, 11f, 11g, 11j, 18, 19, 20, 20d,  
20j, 22a, 22b, 22d, 24, 26a, 31a, 31d, 32c, 32d, 32j, 37, 39, 39a,  
41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98,  
99, 107, 107b, 147, 158b, and 164c (MCL 388.1604, 388.1606,  
388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1618,  
388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b,  
388.1622d, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c,  
388.1632d, 388.1632j, 388.1637, 388.1639, 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, 388.1699, 388.1707, 388.1707b, 388.1747, 388.1758b, and 388.1764c), sections 4, 6, 11f, 11g, 11j, 19, 20, 20j, 22a, 22b, 24, 26a, 31d, 32c, 32d, 32j, 37, 39a, 41, 41a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, 147, and 158b as amended and sections 22d and 107b as added by 2004 PA 351, sections 11 and 51a as amended by 2004 PA 518, section 11a as added by 2003 PA 158, section 18 as amended by 2004 PA 414, section 20d as amended by 1997 PA 93, section 31a as amended by 2004 PA 593, section 39 as amended by 2002 PA 191, section 164c as added by 1995 PA 130, and by adding sections 22e, 26b, and 103; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

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

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

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

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

9       Sec. 6. (1) "Center program" means a program operated by a  
10 district or intermediate district for special education pupils from  
11 several districts in programs for the autistically impaired,  
12 trainable mentally impaired, severely mentally impaired, severely  
13 multiply impaired, hearing impaired, physically and otherwise  
14 health impaired, and visually impaired. Programs for emotionally  
15 impaired pupils housed in buildings that do not serve regular  
16 education pupils also qualify. Unless otherwise approved by the  
17 department, a center program either shall serve all constituent  
18 districts within an intermediate district or shall serve several  
19 districts with less than 50% of the pupils residing in the  
20 operating district. In addition, special education center program  
21 pupils placed part-time in noncenter programs to comply with the  
22 least restrictive environment provisions of section 612 of part B  
23 of the individuals with disabilities education act, 20 USC 1412,  
24 may be considered center program pupils for pupil accounting  
25 purposes for the time scheduled in either a center program or a  
26 noncenter program.

27       (2) "District and high school graduation rate" means the annual

1 completion and pupil dropout rate that is calculated by the center  
2 pursuant to nationally recognized standards.

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

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

26 (a) Except as otherwise provided in this subsection, and  
27 pursuant to subsection (6), a pupil shall be counted in membership

1 in the pupil's educating district or districts. An individual  
2 pupil shall not be counted for more than a total of 1.0 full-time  
3 equated membership.

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

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

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

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

26 (f) A pupil enrolled in a vocational education program  
27 supported by a millage levied over an area larger than a single

1 district or in an area vocational-technical education program  
2 established pursuant to section 690 of the revised school code, MCL  
3 380.690, shall be counted only in the pupil's district of  
4 residence.

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

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

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

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

25 (ii) If operations begin after the pupil membership count day  
26 for the fiscal year and not later than the supplemental count day  
27 for the fiscal year, membership is the final audited count of the

1 number of full-time equated pupils in grades K to 12 actually  
2 enrolled and in regular daily attendance on the supplemental count  
3 day for the current school year.

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

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

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

25 (m) An individual who has obtained a high school diploma shall  
26 not be counted in membership. An individual who has obtained a  
27 general educational development (G.E.D.) certificate shall not be

1 counted in membership. An individual participating in a job  
2 training program funded under former section 107a or a jobs program  
3 funded under former section 107b, administered by the Michigan  
4 strategic fund or the department of labor and economic growth, or  
5 participating in any successor of either of those 2 programs, shall  
6 not be counted in membership.

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

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



1 the hours of instruction.

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

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

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

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

27 (r) Full-time equated memberships for pupils in kindergarten

1 shall be determined by dividing the number of class hours scheduled  
2 and provided per year per kindergarten pupil by a number equal to  
3  $1/2$  the number used for determining full-time equated memberships  
4 for pupils in grades 1 to 12.

5 (s) For a district, university school, or public school academy  
6 that has pupils enrolled in a grade level that was not offered by  
7 the district, university school, or public school academy in the  
8 immediately preceding school year, the number of pupils enrolled in  
9 that grade level to be counted in membership is the average of the  
10 number of those pupils enrolled and in regular daily attendance on  
11 the pupil membership count day and the supplemental count day of  
12 the current school year, as determined by the department.

13 Membership shall be calculated by adding the number of pupils  
14 registered for attendance in that grade level on the pupil  
15 membership count day plus pupils received by transfer and minus  
16 pupils lost as defined by rules promulgated by the superintendent,  
17 and as corrected by subsequent department audit, plus the final  
18 audited count from the supplemental count day for the current  
19 school year, and dividing that sum by 2.

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

23 (u) If, as a result of a disciplinary action, a district  
24 determines through the district's alternative or disciplinary  
25 education program that the best instructional placement for a pupil  
26 is in the pupil's home, if that placement is authorized in writing  
27 by the district superintendent and district alternative or

1 disciplinary education supervisor, and if the district provides  
2 appropriate instruction as described in this subdivision to the  
3 pupil at the pupil's home, the district may count the pupil in  
4 membership on a pro rata basis, with the proration based on the  
5 number of hours of instruction the district actually provides to  
6 the pupil divided by the number of hours specified in subdivision  
7 (q) for full-time equivalency. For the purposes of this  
8 subdivision, a district shall be considered to be providing  
9 appropriate instruction if all of the following are met:

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

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

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

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

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

24 (w) If a pupil was enrolled in a public school academy on the  
25 pupil membership count day, if the public school academy's contract  
26 with its authorizing body is revoked or the public school academy  
27 otherwise ceases to operate, and if the pupil enrolls in a district

1 within 45 days after the pupil membership count day, the department  
2 shall adjust the district's pupil count for the pupil membership  
3 count day to include the pupil in the count.

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

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

1 subdivision is the greater of the following:

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

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

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

18 (AA) FULL-TIME EQUATED MEMBERSHIPS FOR PREPRIMARY-AGED SPECIAL  
19 EDUCATION PUPILS WHO ARE NOT ENROLLED IN KINDERGARTEN BUT ARE  
20 ENROLLED IN A CLASSROOM PROGRAM UNDER ADMINISTRATIVE RULE R340.1754  
21 SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED  
22 AND PROVIDED PER YEAR BY 450. FULL-TIME EQUATED MEMBERSHIPS FOR  
23 PREPRIMARY-AGED SPECIAL EDUCATION PUPILS WHO ARE NOT ENROLLED IN  
24 KINDERGARTEN BUT ARE RECEIVING NON-CLASSROOM SERVICES UNDER  
25 ADMINISTRATIVE RULE R340.1755 SHALL BE DETERMINED BY DIVIDING THE  
26 NUMBER OF HOURS OF SERVICE SCHEDULED AND PROVIDED PER YEAR PER  
27 PUPIL BY 180.

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

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

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

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

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

15       (d) A pupil enrolled in a district other than the pupil's  
16 district of residence under an intermediate district schools of  
17 choice pilot program as described in section 91a or former section  
18 91 if the intermediate district and its constituent districts have  
19 been exempted from section 105.

20       (e) A pupil enrolled in a district other than the pupil's  
21 district of residence if the pupil is enrolled in accordance with  
22 section 105 or 105c.

23       (f) A pupil who has made an official written complaint or whose  
24 parent or legal guardian has made an official written complaint to  
25 law enforcement officials and to school officials of the pupil's  
26 district of residence that the pupil has been the victim of a  
27 criminal sexual assault or other serious assault, if the official

1 complaint either indicates that the assault occurred at school or  
2 that the assault was committed by 1 or more other pupils enrolled  
3 in the school the pupil would otherwise attend in the district of  
4 residence or by an employee of the district of residence. A person  
5 who intentionally makes a false report of a crime to law  
6 enforcement officials for the purposes of this subdivision is  
7 subject to section 411a of the Michigan penal code, 1931 PA 328,  
8 MCL 750.411a, which provides criminal penalties for that conduct.  
9 As used in this subdivision:

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

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

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

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

27 (i) The pupil has been suspended or expelled from his or her

1 district of residence for any reason, including, but not limited  
2 to, a suspension or expulsion under section 1310, 1311, or 1311a of  
3 the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

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

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

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

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

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

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

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

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

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

26 (i) Fourth Wednesday in July.

27 (ii) Fourth Wednesday in September.



1 (iii) Second Wednesday in February.

2 (iv) Fourth Wednesday in April.

3 (8) "Pupils in grades K to 12 actually enrolled and in regular  
4 daily attendance" means pupils in grades K to 12 in attendance and  
5 receiving instruction in all classes for which they are enrolled on  
6 the pupil membership count day or the supplemental count day, as  
7 applicable. ~~—A~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A**  
8 **pupil who is absent from any of the classes in which the pupil is**  
9 **enrolled on the pupil membership count day or supplemental count**  
10 **day and who does not attend each of those classes during the 10**  
11 **consecutive school days immediately following the pupil membership**  
12 **count day or supplemental count day, except for a pupil who has**  
13 **been excused by the district, shall not be counted as 1.0 full-time**  
14 **equated membership. ~~In addition, a~~ A pupil who is excused from**  
15 **attendance on the pupil membership count day or supplemental count**  
16 **day and who fails to attend each of the classes in which the pupil**  
17 **is enrolled within 30 calendar days after the pupil membership**  
18 **count day or supplemental count day shall not be counted as 1.0**  
19 **full-time equated membership. IN ADDITION, A PUPIL WHO WAS**  
20 **ENROLLED AND IN ATTENDANCE IN A DISTRICT, INTERMEDIATE DISTRICT, OR**  
21 **PUBLIC SCHOOL ACADEMY PRIOR TO THE PUPIL MEMBERSHIP COUNT DAY OR**  
22 **SUPPLEMENTAL COUNT DAY OF A PARTICULAR YEAR BUT WAS EXPELLED ON THE**  
23 **PUPIL MEMBERSHIP COUNT DAY OR SUPPLEMENTAL COUNT DAY, MAY ONLY BE**  
24 **COUNTED AS 1.0 FULL-TIME EQUATED MEMBERSHIP IF THE PUPIL RESUMED**  
25 **ATTENDANCE IN THE DISTRICT, INTERMEDIATE DISTRICT OR PUBLIC SCHOOL**  
26 **ACADEMY WITHIN 45 DAYS FOLLOWING THE PUPIL MEMBERSHIP COUNT DAY OR**  
27 **SUPPLEMENTAL COUNT DAY. Pupils not counted as 1.0 full-time equated**

1 membership due to an absence from a class shall be counted as a  
2 prorated membership for the classes the pupil attended. For  
3 purposes of this subsection, "class" means a period of time in 1  
4 day when pupils and a certificated teacher or legally qualified  
5 substitute teacher are together and instruction is taking place.

6 (9) "Rule" means a rule promulgated pursuant to the  
7 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
8 24.328.

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

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

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

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

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

20 (15) "Tuition pupil" means a pupil of school age attending  
21 school in a district other than the pupil's district of residence  
22 for whom tuition may be charged. Tuition pupil does not include a  
23 pupil who is a special education pupil or a pupil described in  
24 subsection (6)(d) to (j). A pupil's district of residence shall  
25 not require a high school tuition pupil, as provided under section  
26 111, to attend another school district after the pupil has been  
27 assigned to a school district.

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

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

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

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

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

19 Sec. 11. (1) ~~In addition to all other appropriations under this~~  
20 ~~act for that fiscal year, for the fiscal year ending September 30,~~  
21 ~~2004, there is appropriated to the state school aid fund from the~~  
22 ~~unreserved balance in the general fund an amount equal to any~~  
23 ~~deficit balance that would otherwise exist in the state school aid~~  
24 ~~fund at bookclosing for the fiscal year ending September 30, 2004.~~  
25 For the fiscal year ending September 30, 2005, there is  
26 appropriated for the public schools of this state and certain other  
27 state purposes relating to education the sum of \$10,909,200,000.00

1   \$10,927,222,200.00 from the state school aid fund established by  
2   section 11 of article IX of the state constitution of 1963 and the  
3   sum of ~~\$264,700,000.00~~ \$165,200,000.00 from the general fund AND  
4   **THE SUM OF \$41,100,000.00 FROM THE PROCEEDS OF CAPITALIZATION OF**  
5   **THE SCHOOL BOND LOAN FUND REVOLVING FUND. FOR THE FISCAL YEAR**  
6   **ENDING SEPTEMBER 30, 2006, THERE IS APPROPRIATED FOR THE PUBLIC**  
7   **SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO**  
8   **EDUCATION THE SUM OF \$11,370,494,600.00 FROM THE STATE SCHOOL AID**  
9   **FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE**  
10   **CONSTITUTION OF 1963 AND THE SUM OF \$20,200,000.00 FROM THE GENERAL**  
11   **FUND AND THE SUM OF \$44,500,000.00 FROM THE PROCEEDS OF**  
12   **CAPITALIZATION OF THE SCHOOL BOND LOAN FUND REVOLVING FUND.** In  
13   addition, available federal funds are appropriated for each of  
14   those fiscal years.

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

26       (3) If the maximum amount appropriated under this section from  
27   the state school aid fund and the school aid stabilization fund for

1 a fiscal year exceeds the amount available for expenditure from the  
2 state school aid fund for that fiscal year, payments under sections  
3 11f, 11g, 11j, 22a, 26a, 31d, 51a(2), 51a(12), 51c, 53a, and 56  
4 shall be made in full. In addition, for districts beginning  
5 operations after 1994-95 that qualify for payments under section  
6 22b, payments under section 22b shall be made so that the  
7 qualifying districts receive the lesser of an amount equal to the  
8 1994-95 foundation allowance of the district in which the district  
9 beginning operations after 1994-95 is located or \$5,500.00. The  
10 amount of the payment to be made under section 22b for these  
11 qualifying districts shall be as calculated under section 22a, with  
12 the balance of the payment under section 22b being subject to the  
13 proration otherwise provided under this subsection and subsection  
14 (4). Subject to subsection (5), if proration is necessary after  
15 2002-2003, state payments under each of the other sections of this  
16 act from all state funding sources shall be prorated in the manner  
17 prescribed in subsection (4) as necessary to reflect the amount  
18 available for expenditure from the state school aid fund for the  
19 affected fiscal year. However, if the department of treasury  
20 determines that proration will be required under this subsection,  
21 or if the department of treasury determines that further proration  
22 is required under this subsection after an initial proration has  
23 already been made for a fiscal year, the department of treasury  
24 shall notify the state budget director, and the state budget  
25 director shall notify the legislature at least 30 calendar days or  
26 6 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 day  
2 period after that notification by the state budget director, the  
3 department shall not reduce any payments under this act because of  
4 proration under this subsection. The legislature may prevent  
5 proration from occurring by, within the 30 calendar day or 6  
6 legislative session day period after that notification by the state  
7 budget director, enacting legislation appropriating additional  
8 funds from the general fund, countercyclical budget and economic  
9 stabilization fund, state school aid fund balance, or another  
10 source to fund the amount of the projected shortfall.

11 (4) Subject to subsection (5), if proration is necessary, the  
12 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 districts.

21 (b) The department shall recover a percentage of the proration  
22 amount required under subsection (3) that is equal to the  
23 percentage calculated under subdivision (a)(i) for districts by  
24 reducing payments to districts. This reduction shall be made by  
25 calculating an equal dollar amount per pupil as necessary to  
26 recover this percentage of the proration amount and reducing each  
27 district's total state school aid from state sources, other than

1 payments under sections 11f, 11g, 11j, 22a, 26a, **26B**, 31d, 51a(2),  
2 51a(12), 51c, and 53a, by that amount.

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

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

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

22 (6) Except for the allocation under section 26a, any general  
23 fund allocations under this act that are not expended by the end of  
24 the state fiscal year are transferred to the ~~state~~ school aid  
25 **STABILIZATION** fund **CREATED IN SECTION 11A**. ~~If it is determined at~~  
26 ~~the May 2005 revenue estimating conference conducted under section~~  
27 ~~367b of the management and budget act, 1984 PA 431, MCL 18.1367b,~~

~~1 that there is additional school aid fund revenue beyond that~~  
~~2 determined at the May 2004 revenue estimating conference, then it~~  
~~3 is the intent of the legislature to enact legislation to fund, to~~  
~~4 the extent that revenues are available, the same programs in the~~  
~~5 same amount that were funded under section 81 in 2003 PA 236 and~~  
~~6 the same pupil membership formula as in effect under 2003 PA 236.~~

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

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

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

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

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

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

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



1 investments.

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

6 (6) If the maximum amount appropriated under section 11 from  
7 the state school aid fund for a fiscal year exceeds the amount  
8 available for expenditure from the state school aid fund for that  
9 fiscal year, there is appropriated from the school aid  
10 stabilization fund to the state school aid fund an amount equal to  
11 the projected shortfall as determined by the department of  
12 treasury, but not to exceed available money in the school aid  
13 stabilization fund. If the money in the school aid stabilization  
14 fund is insufficient to fully fund an amount equal to the projected  
15 shortfall, the state budget director shall notify the legislature  
16 as required under section 11(3) and state payments in an amount  
17 equal to the remainder of the projected shortfall shall be prorated  
18 in the manner provided under section 11(4).

19 (7) **FOR 2004-2005, THE AMOUNT OF \$74,070,000.00 SHALL BE**  
20 **TRANSFERRED FROM THE SCHOOL AID STABILIZATION FUND TO THE STATE**  
21 **SCHOOL AID FUND. FOR 2005-2006, THE AMOUNT OF \$23,700,000.00 SHALL**  
22 **BE TRANSFERRED FROM THE SCHOOL AID STABILIZATION FUND TO THE STATE**  
23 **SCHOOL AID FUND.**

24 Sec. 11f. (1) From the appropriations under section 11, there  
25 is allocated for the purposes of this section an amount not to  
26 exceed \$32,000,000.00 for the fiscal year ending September 30, ~~2005~~  
27 2006 and for each succeeding fiscal year through the fiscal year

1 ending September 30, 2008. Payments under this section will cease  
2 after September 30, 2008. These allocations are for paying the  
3 amounts described in subsection (4) to districts and intermediate  
4 districts, other than those receiving a lump sum payment under  
5 subsection (2), that were not plaintiffs in the consolidated cases  
6 known as Durant v State of Michigan, Michigan supreme court docket  
7 no. 104458-104492 and that, on or before March 2, 1998, submitted  
8 to the state treasurer a board resolution waiving any right or  
9 interest the district or intermediate district has or may have in  
10 any claim or litigation based on or arising out of any claim or  
11 potential claim through September 30, 1997 that is or was similar  
12 to the claims asserted by the plaintiffs in the consolidated cases  
13 known as Durant v State of Michigan. The waiver resolution shall  
14 be in form and substance as required under subsection (7). The  
15 state treasurer is authorized to accept such a waiver resolution on  
16 behalf of this state. The amounts described in 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 and  
19 intermediate districts, as described in this subsection.

20 (2) In addition to any other money appropriated under this act,  
21 there was appropriated from the state school aid fund an amount not  
22 to exceed \$1,700,000.00 for the fiscal year ending September 30,  
23 1999. This appropriation was for paying the amounts described in  
24 this subsection to districts and intermediate districts that were  
25 not plaintiffs in the consolidated cases known as Durant v State of  
26 Michigan; that, on or before March 2, 1998, submitted to the state  
27 treasurer a board resolution waiving any right or interest the

1 district or intermediate district had or may have had in any claim  
2 or litigation based on or arising out of any claim or potential  
3 claim through September 30, 1997 that is or was similar to the  
4 claims asserted by the plaintiffs in the consolidated cases known  
5 as Durant v State of Michigan; and for which the total amount  
6 listed in section 11h and paid under this section was less than  
7 \$75,000.00. For a district or intermediate district qualifying for  
8 a payment under this subsection, the entire amount listed for the  
9 district or intermediate district in section 11h was paid in a lump  
10 sum on November 15, 1998 or on the next business day following that  
11 date. The amounts paid under this subsection represent offers of  
12 settlement and compromise of any claim or claims that were or could  
13 have been asserted by these districts and intermediate districts,  
14 as described in this subsection.

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

24 (4) The amount paid each fiscal year to each district or  
25 intermediate district under subsection (1) shall be 1/20 of the  
26 total amount listed in section 11h for each listed district or  
27 intermediate district that qualifies for a payment under subsection

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

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

20 (6) Funds paid to a district or intermediate district under  
21 this section shall be used only for textbooks, electronic  
22 instructional material, software, technology, infrastructure or  
23 infrastructure improvements, school buses, school security,  
24 training for technology, or to pay debt service on voter-approved  
25 bonds issued by the district or intermediate district before the  
26 effective date of this section. For intermediate districts only,  
27 funds paid under this section may also be used for other

1 nonrecurring instructional expenditures including, but not limited  
2 to, nonrecurring instructional expenditures for vocational  
3 education, or for debt service for acquisition of technology for  
4 academic support services. Funds received by an intermediate  
5 district under this section may be used for projects conducted for  
6 the benefit of its constituent districts at the discretion of the  
7 intermediate board. To the extent payments under this section are  
8 used by a district or intermediate district to pay debt service on  
9 debt payable from millage revenues, and to the extent permitted by  
10 law, the district or intermediate district may make a corresponding  
11 reduction in the number of mills levied for that debt service.

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

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

23 Whereas, the district (or intermediate district) agrees to  
24 settle and compromise these claims for the consideration described  
25 in sections 11f and 11g of the state school aid act of 1979, 1979  
26 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for  
27 the district (or intermediate district) in section 11h of the state

1 school aid act of 1979, 1979 PA 94, MCL 388.1611h.

2 Whereas, the board of \_\_\_\_\_ (name of district or  
3 intermediate district) is authorized to adopt this resolution.

4 Now, therefore, be it resolved as follows:

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

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

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

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

8        Sec. 11g. (1) From the ~~general fund~~ appropriation in section  
 9 11, there is allocated an amount not to exceed ~~\$141,000.00~~  
 10 **\$34,960,000.00** for the fiscal year ending ~~September 30, 2005.~~  
 11 ~~There is allocated an amount not to exceed \$35,000,000.00~~ **SEPTEMBER**  
 12 **30, 2006 AND** for each succeeding fiscal year through the fiscal  
 13 year ending September 30, 2013. Payments under this section will  
 14 cease after September 30, 2013. These allocations are for paying  
 15 the amounts described in subsection (3) to districts and  
 16 intermediate districts, other than those receiving a lump sum  
 17 payment under section 11f(2), that were not plaintiffs in the  
 18 consolidated cases known as Durant v State of Michigan, Michigan  
 19 supreme court docket no. 104458-104492 and that, on or before March  
 20 2, 1998, submitted to the state treasurer a waiver resolution  
 21 described in section 11f. The amounts paid under this section  
 22 represent offers of settlement and compromise of any claim or  
 23 claims that were or could have been asserted by these districts and  
 24 intermediate districts, as described in this section.

25        (2) This section does not create any obligation or liability of  
 26 this state to any district or intermediate district that does not  
 27 submit a waiver resolution described in section 11f. This section,

1 any other provision of this act, and section 353e of the management  
2 and budget act, 1984 PA 431, MCL 18.1353e, are not intended to  
3 admit liability or waive any defense that is or would be available  
4 to this state or its agencies, employees, or agents in any  
5 litigation or future litigation with a district or intermediate  
6 district regarding these claims or potential claims.

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

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

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

24 (4) The entire amount of each payment under this section each  
25 fiscal year shall be paid on May 15 of the applicable fiscal year  
26 or on the next business day following that date. If a district or  
27 intermediate district borrows money and issues bonds under section



1 11i, the district or intermediate district shall use funds received  
2 under this section to pay debt service on bonds issued under  
3 section 11i. If a district or intermediate district does not  
4 borrow money and issue bonds under section 11i, the district or  
5 intermediate district shall use funds received under this section  
6 only for the following purposes, in the following order of  
7 priority:

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

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

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

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

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

24 Sec. 11j. From the **PROCEEDS OF CAPITALIZATION OF THE SCHOOL**  
25 **BOND LOAN FUND REVOLVING FUND** appropriation in section 11, there is  
26 allocated an amount not to exceed \$41,100,000.00 for 2004-2005, **AND**  
27 **THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$44,500,000.00 FOR 2005-**

1 2006 for payments to the school loan bond redemption fund in the  
2 department of treasury on behalf of districts and intermediate  
3 districts. ~~Notwithstanding section 11 or any other provision of~~  
4 ~~this act, funds allocated under this section are not subject to~~  
5 ~~proration and shall be paid in full.~~

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

23 (2) For the purpose of determining the reasonableness of  
24 expenditures and whether a violation of this act has occurred, the  
25 department shall require that each district and intermediate  
26 district have an audit of the district's or intermediate district's  
27 financial and pupil accounting records conducted at least annually

1 at the expense of the district or intermediate district, as  
2 applicable, by a certified public accountant or by the intermediate  
3 district superintendent, as may be required by the department, or  
4 in the case of a district of the first class by a certified public  
5 accountant, the intermediate superintendent, or the auditor general  
6 of the city. An intermediate district's annual financial audit  
7 shall be accompanied by the intermediate district's pupil  
8 accounting procedures report. A district's or intermediate  
9 district's annual financial audit shall include an analysis of the  
10 financial and pupil accounting data used as the basis for  
11 distribution of state school aid. The pupil accounting records and  
12 reports, audits, and management letters are subject to requirements  
13 established in the auditing and accounting manuals approved and  
14 published by the department. Except as otherwise provided in this  
15 subsection, a district shall file the annual financial audit  
16 reports with the intermediate district not later than 120 days  
17 after the end of each school fiscal year and the intermediate  
18 district shall forward the annual financial audit reports for its  
19 constituent districts and for the intermediate district, and the  
20 pupil accounting procedures report for the pupil membership count  
21 day and supplemental count day, to the department not later than  
22 November 15 of each year. The annual financial audit reports and  
23 pupil accounting procedures reports shall be available to the  
24 public in compliance with the freedom of information act, 1976 PA  
25 442, MCL 15.231 to 15.246. Not later than December 1 of each year,  
26 the department shall notify the state budget director and the  
27 legislative appropriations subcommittees responsible for review of

1 the school aid budget of districts and intermediate districts that  
2 have not filed an annual financial audit and pupil accounting  
3 procedures report required under this section for the school year  
4 ending in the immediately preceding fiscal year.

5 (3) By November 15 of each year, each district and intermediate  
6 district shall submit to the center, in a manner prescribed by the  
7 center, annual comprehensive financial data consistent with  
8 accounting manuals and charts of accounts approved and published by  
9 the department. ~~For~~ **EFFECTIVE WITH THE REPORT DUE ON NOVEMBER 15,**  
10 **2006, FOR** an intermediate district, the report shall also contain  
11 the website address where the department can access the report  
12 required under section 620 of the revised school code, MCL 380.620.

13 (4) By September 30 of each year, each district and  
14 intermediate district shall file with the department the special  
15 education actual cost report, known as "SE-4096", on a form and in  
16 the manner prescribed by the department.

17 (5) By October 7 of each year, each district and intermediate  
18 district shall file with the department the transportation  
19 expenditure report, known as "SE-4094", on a form and in the manner  
20 prescribed by the department.

21 (6) Not later than July 1, 1999, the department shall approve  
22 and publish pupil accounting and pupil auditing manuals. The  
23 department shall review those manuals at least annually and shall  
24 periodically update those manuals to reflect changes in this act.  
25 The pupil accounting manuals in effect for the 1996-97 school year,  
26 including subsequent revisions issued by the superintendent, shall  
27 be the interim manuals in effect until new manuals are approved and

1 published. However, the clarification of class-by-class accounting  
2 provided in the department's April 15, 1998 memorandum on pupil  
3 accounting procedures shall be excluded from the interim manuals.

4 (7) If a district that is a public school academy purchases  
5 property using money received under this act, the public school  
6 academy shall retain ownership of the property unless the public  
7 school academy sells the property at fair market value.

8 (8) If a district or intermediate district does not comply with  
9 subsection (2), (3), (4), or (5), the department shall withhold all  
10 state school aid due to the district or intermediate district under  
11 this act, beginning with the next payment due to the district or  
12 intermediate district, until the district or intermediate district  
13 complies with subsections (2), (3), (4), and (5). If the district  
14 or intermediate district does not comply with subsections (2), (3),  
15 (4), and (5) by the end of the fiscal year, the district or  
16 intermediate district forfeits the amount withheld.

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

23 (2) Each district and intermediate district shall provide to  
24 the department, in a form and manner prescribed by the department,  
25 information necessary for the development of an annual progress  
26 report on the required implementation of sections 1204a, 1277,  
27 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,

1 380.1278, and 380.1280, commonly referred to as "public act 25 of  
2 1990".

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

8 (4) Each district shall furnish to the center not later than 7  
9 weeks after the pupil membership count day, in a manner prescribed  
10 by the center, the information necessary for the preparation of the  
11 district and high school graduation report. The center shall  
12 calculate an annual graduation and pupil dropout rate for each high  
13 school, each district, and this state, in compliance with  
14 nationally recognized standards for these calculations. The center  
15 shall report all graduation and dropout rates to the senate and  
16 house education committees and appropriations committees, the state  
17 budget director, and the department not later than ~~June 1 of each~~  
18 ~~year.~~ **30 DAYS AFTER THE PUBLICATION OF THE LIST DESCRIBED IN**  
19 **SUBSECTION (8).**

20 (5) ~~A~~ **BY THE FIRST BUSINESS DAY IN DECEMBER AND BY JUNE 30 OF**  
21 **EACH YEAR,** A district shall furnish to the center, in a manner  
22 prescribed by the center, information related to educational  
23 personnel as necessary for reporting required by state and federal  
24 law.

25 (6) ~~A~~ **BY JUNE 30 OF EACH YEAR,** A district shall furnish to the  
26 center, in a manner prescribed by the center, information related  
27 to safety practices and criminal incidents as necessary for

1 reporting required by state and federal law.

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

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

19 Sec. 20. (1) For ~~2003-2004 and for 2004-2005~~ **2005-2006**, the  
20 basic foundation allowance is ~~\$6,700.00~~ **\$6,875.00** per membership  
21 pupil.

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

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

1 foundation allowance as calculated before any proration:

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

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



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

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

15 (d) For a district that received a payment under former section  
16 22c for 2001-2002, the district's 2001-2002 foundation allowance  
17 shall be considered to have been an amount equal to the sum of the  
18 district's actual 2001-2002 foundation allowance as otherwise  
19 calculated under this section plus the per pupil amount of the  
20 district's equity payment for 2001-2002 under former section 22c.

21 (4) Except as otherwise provided in this subsection, the state  
22 portion of a district's foundation allowance is an amount equal to  
23 the district's foundation allowance or \$6,500.00, whichever is  
24 less, minus the difference between the product of the taxable value  
25 per membership pupil of all property in the district that is not a  
26 principal residence or qualified agricultural property times the  
27 lesser of 18 mills or the number of mills of school operating taxes

1 levied by the district in 1993-94 and the quotient of the ad  
2 valorem property tax revenue of the district captured under 1975 PA  
3 197, MCL 125.1651 to 125.1681, the tax increment finance authority  
4 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development  
5 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the  
6 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651  
7 to 125.2672, divided by the district's membership excluding special  
8 education pupils. For a district described in subsection (3)(b),  
9 the state portion of the district's foundation allowance is an  
10 amount equal to \$6,962.00 plus the difference between the  
11 district's foundation allowance for the current state fiscal year  
12 and the district's foundation allowance for 1998-99, minus the  
13 difference between the product of the taxable value per membership  
14 pupil of all property in the district that is not a principal  
15 residence or qualified agricultural property times the lesser of 18  
16 mills or the number of mills of school operating taxes levied by  
17 the district in 1993-94 and the quotient of the ad valorem property  
18 tax revenue of the district captured under 1975 PA 197, MCL  
19 125.1651 to 125.1681, the tax increment finance authority act, 1980  
20 PA 450, MCL 125.1801 to 125.1830, the local development financing  
21 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield  
22 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
23 divided by the district's membership excluding special education  
24 pupils. For a district that has a millage reduction required under  
25 section 31 of article IX of the state constitution of 1963, the  
26 state portion of the district's foundation allowance shall be  
27 calculated as if that reduction did not occur. The \$6,500.00

1 amount prescribed in this subsection shall be adjusted each year by  
2 an amount equal to the dollar amount of the difference between the  
3 basic foundation allowance for the current state fiscal year and  
4 \$5,000.00, minus \$200.00.

5 (5) The allocation calculated under this section for a pupil  
6 shall be based on the foundation allowance of the pupil's district  
7 of residence. However, for a pupil enrolled in a district other  
8 than the pupil's district of residence, if the foundation allowance  
9 of the pupil's district of residence has been adjusted pursuant to  
10 subsection ~~(19)~~, (17), the allocation calculated under this section  
11 shall not include the adjustment described in subsection ~~(19)~~.  
12 (17). For a pupil enrolled pursuant to section 105 or 105c in a  
13 district other than the pupil's district of residence, the  
14 allocation calculated under this section shall be based on the  
15 lesser of the foundation allowance of the pupil's district of  
16 residence or the foundation allowance of the educating district.  
17 For a pupil in membership in a K-5, K-6, or K-8 district who is  
18 enrolled in another district in a grade not offered by the pupil's  
19 district of residence, the allocation calculated under this section  
20 shall be based on the foundation allowance of the educating  
21 district if the educating district's foundation allowance is  
22 greater than the foundation allowance of the pupil's district of  
23 residence. The calculation under this subsection shall take into  
24 account a district's per pupil allocation under section 20j(2).

25 (6) Subject to subsection (7) and section 22b(3) and except as  
26 otherwise provided in this subsection, for pupils in membership,  
27 other than special education pupils, in a public school academy or

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

19 (7) If more than 25% of the pupils residing within a district  
20 are in membership in 1 or more public school academies located in  
21 the district, then the amount per membership pupil calculated under  
22 this section for a public school academy located in the district  
23 shall be reduced by an amount equal to the difference between the  
24 product of the taxable value per membership pupil of all property  
25 in the district that is not a principal residence or qualified  
26 agricultural property times the lesser of 18 mills or the number of  
27 mills of school operating taxes levied by the district in 1993-94

1 and the quotient of the ad valorem property tax revenue of the  
2 district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the  
3 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to  
4 125.1830, the local development financing act, 1986 PA 281, MCL  
5 125.2151 to 125.2174, or the brownfield redevelopment financing  
6 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
7 district's membership excluding special education pupils, in the  
8 school fiscal year ending in the current state fiscal year,  
9 calculated as if the resident pupils in membership in 1 or more  
10 public school academies located in the district were in membership  
11 in the district. In order to receive state school aid under this  
12 act, a district described in this subsection shall pay to the  
13 authorizing body that is the fiscal agent for a public school  
14 academy located in the district for forwarding to the public school  
15 academy an amount equal to that local school operating revenue per  
16 membership pupil for each resident pupil in membership other than  
17 special education pupils in the public school academy, as  
18 determined by the department.

19 (8) If a district does not receive an amount calculated under  
20 subsection (9); if the number of mills the district may levy on a  
21 principal residence and qualified agricultural property under  
22 section 1211(1) of the revised school code, MCL 380.1211, is 0.5  
23 mills or less; and if the district elects not to levy those mills,  
24 the district instead shall receive a separate supplemental amount  
25 calculated under this subsection in an amount equal to the amount  
26 the district would have received had it levied those mills, as  
27 determined by the department of treasury. A district shall not

1 receive a separate supplemental amount calculated under this  
2 subsection for a fiscal year unless in the calendar year ending in  
3 the fiscal year the district levies 18 mills or the number of mills  
4 of school operating taxes levied by the district in 1993, whichever  
5 is less, on property that is not a principal residence or qualified  
6 agricultural property.

7 (9) For a district that had combined state and local revenue  
8 per membership pupil in the 1993-94 state fiscal year of more than  
9 \$6,500.00 and that had fewer than 350 pupils in membership, if the  
10 district elects not to reduce the number of mills from which a  
11 principal residence and qualified agricultural property are exempt  
12 and not to levy school operating taxes on a principal residence and  
13 qualified agricultural property as provided in section 1211(1) of  
14 the revised school code, MCL 380.1211, and not to levy school  
15 operating taxes on all property as provided in section 1211(2) of  
16 the revised school code, MCL 380.1211, there is calculated under  
17 this subsection for 1994-95 and each succeeding fiscal year a  
18 separate supplemental amount in an amount equal to the amount the  
19 district would have received per membership pupil had-it levied  
20 school operating taxes on a principal residence and qualified  
21 agricultural property at the rate authorized for the district under  
22 section 1211(1) of the revised school code, MCL 380.1211, and  
23 levied school operating taxes on all property at the rate  
24 authorized for the district under section 1211(2) of the revised  
25 school code, MCL 380.1211, as determined by the department of  
26 treasury. If in the calendar year ending in the fiscal year a  
27 district does not levy 18 mills or the number of mills of school

1 operating taxes levied by the district in 1993, whichever is less,  
2 on property that is not a principal residence or qualified  
3 agricultural property, the amount calculated under this subsection  
4 will be reduced by the same percentage as the millage actually  
5 levied compares to the 18 mills or the number of mills levied in  
6 1993, whichever is less.

7 (10) Subject to subsection (4), for a district that is formed  
8 or reconfigured after June 1, 2002 by consolidation of 2 or more  
9 districts or by annexation, the resulting district's foundation  
10 allowance under this section beginning after the effective date of  
11 the consolidation or annexation shall be the average of the  
12 foundation allowances of each of the original or affected  
13 districts, calculated as provided in this section, weighted as to  
14 the percentage of pupils in total membership in the resulting  
15 district who reside in the geographic area of each of the original  
16 or affected districts. The calculation under this subsection shall  
17 take into account a district's per pupil allocation under section  
18 20j(2).

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

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

26 (13) To assist the legislature in determining the basic  
27 foundation allowance for the subsequent state fiscal year, each

1 revenue estimating conference conducted under section 367b of the  
2 management and budget act, 1984 PA 431, MCL 18.1367b, shall  
3 calculate a pupil membership factor, a revenue adjustment factor,  
4 and an index as follows:

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

15 (b) The revenue adjustment factor shall be computed by dividing  
16 the sum of the estimated total state school aid fund revenue for  
17 the subsequent state fiscal year plus the estimated total state  
18 school aid fund revenue for the current state fiscal year, adjusted  
19 for any change in the rate or base of a tax the proceeds of which  
20 are deposited in that fund and excluding money transferred into  
21 that fund from the countercyclical budget and economic  
22 stabilization fund under section 353e of the management and budget  
23 act, 1984 PA 431, MCL 18.1353e, by the sum of the estimated total  
24 school aid fund revenue for the current state fiscal year plus the  
25 estimated total state school aid fund revenue for the immediately  
26 preceding state fiscal year, adjusted for any change in the rate or  
27 base of a tax the proceeds of which are deposited in that fund. If



1 a consensus revenue factor is not determined at the revenue  
2 estimating conference, the principals of the revenue estimating  
3 conference shall report their estimates to the house and senate  
4 subcommittees responsible for school aid appropriations not later  
5 than 7 days after the conclusion of the revenue conference.

6 (c) The index shall be calculated by multiplying the pupil  
7 membership factor by the revenue adjustment factor. ~~However, for~~  
8 ~~2004-2005, the index shall be 1.00.~~ If a consensus index is not  
9 determined at the revenue estimating conference, the principals of  
10 the revenue estimating conference shall report their estimates to  
11 the house and senate subcommittees responsible for school aid  
12 appropriations not later than 7 days after the conclusion of the  
13 revenue conference.

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

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

1       (14) ~~(16)~~ For a district that had combined state and local  
2 revenue per membership pupil in the 1993-94 state fiscal year of  
3 more than \$6,500.00, that had fewer than 7 pupils in membership in  
4 the 1993-94 state fiscal year, that has at least 1 child educated  
5 in the district in the current state fiscal year, and that levies  
6 the number of mills of school operating taxes authorized for the  
7 district under section 1211 of the revised school code, MCL  
8 380.1211, a minimum amount of combined state and local revenue  
9 shall be calculated for the district as provided under this  
10 subsection. The minimum amount of combined state and local revenue  
11 for 1999-2000 shall be \$67,000.00 plus the district's additional  
12 expenses to educate pupils in grades 9 to 12 educated in other  
13 districts as determined and allowed by the department. The minimum  
14 amount of combined state and local revenue under this subsection,  
15 before adding the additional expenses, shall increase each fiscal  
16 year by the same percentage increase as the percentage increase in  
17 the basic foundation allowance from the immediately preceding  
18 fiscal year to the current fiscal year. The state portion of the  
19 minimum amount of combined state and local revenue under this  
20 subsection shall be calculated by subtracting from the minimum  
21 amount of combined state and local revenue under this subsection  
22 the sum of the district's local school operating revenue and an  
23 amount equal to the product of the sum of the state portion of the  
24 district's foundation allowance plus the amount calculated under  
25 section 20j times the district's membership. As used in this  
26 subsection, "additional expenses" means the district's expenses for  
27 tuition or fees, not to exceed \$6,500.00 as adjusted each year by

1 an amount equal to the dollar amount of the difference between the  
2 basic foundation allowance for the current state fiscal year and  
3 \$5,000.00, minus \$200.00, plus a room and board stipend not to  
4 exceed \$10.00 per school day for each pupil in grades 9 to 12  
5 educated in another district, as approved by the department.

6 (15) ~~(17)~~ For a district in which 7.75 mills levied in 1992 for  
7 school operating purposes in the 1992-93 school year were not  
8 renewed in 1993 for school operating purposes in the 1993-94 school  
9 year, the district's combined state and local revenue per  
10 membership pupil shall be recalculated as if that millage reduction  
11 did not occur and the district's foundation allowance shall be  
12 calculated as if its 1994-95 foundation allowance had been  
13 calculated using that recalculated 1993-94 combined state and local  
14 revenue per membership pupil as a base. A district is not entitled  
15 to any retroactive payments for fiscal years before 2000-2001 due  
16 to this subsection.

17 (16) ~~(18)~~ For a district in which an industrial facilities  
18 exemption certificate that abated taxes on property with a state  
19 equalized valuation greater than the total state equalized  
20 valuation of the district at the time the certificate was issued or  
21 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
22 198, MCL 207.551 to 207.572, before the calculation of the  
23 district's 1994-95 foundation allowance, the district's foundation  
24 allowance for 2002-2003 is an amount equal to the sum of the  
25 district's foundation allowance for 2002-2003, as otherwise  
26 calculated under this section, plus \$250.00.

27 (17) ~~(19)~~ For a district that received a grant under former

1 section 32e for 2001-2002, the district's foundation allowance for  
2 2002-2003 and each succeeding fiscal year shall be adjusted to be  
3 an amount equal to the sum of the district's foundation allowance,  
4 as otherwise calculated under this section, plus the quotient of  
5 100% of the amount of the grant award to the district for 2001-2002  
6 under former section 32e divided by the number of pupils in the  
7 district's membership for 2001-2002 who were residents of and  
8 enrolled in the district. Except as otherwise provided in this  
9 subsection, a district qualifying for a foundation allowance  
10 adjustment under this subsection shall use the funds resulting from  
11 this adjustment for at least 1 of grades K to 3 for purposes  
12 allowable under former section 32e as in effect for 2001-2002. For  
13 an individual school or schools operated by a district qualifying  
14 for a foundation allowance under this subsection that have been  
15 determined by the department to meet the adequate yearly progress  
16 standards of the federal no child left behind act of 2001, Public  
17 Law 107-110, in both mathematics and English language arts at all  
18 applicable grade levels for all applicable subgroups, the district  
19 may submit to the department an application for flexibility in  
20 using the funds resulting from this adjustment that are  
21 attributable to the pupils in the school or schools. The  
22 application shall identify the affected school or schools and the  
23 affected funds and shall contain a plan for using the funds for  
24 specific purposes identified by the district that are designed to  
25 reduce class size, but that may be different from the purposes  
26 otherwise allowable under this subsection. The department shall  
27 approve the application if the department determines that the

1 purposes identified in the plan are reasonably designed to reduce  
 2 class size. If the department does not act to approve or  
 3 disapprove an application within 30 days after it is submitted to  
 4 the department, the application is considered to be approved. If  
 5 an application for flexibility in using the funds is approved, the  
 6 district may use the funds identified in the application for any  
 7 purpose identified in the plan.

8 (18) ~~(20)~~ For a district that ~~is a qualifying school district~~  
 9 ~~with a~~ **HAD A** school reform board in place under part 5a of the  
 10 revised school code, MCL 380.371 to 380.376 **IN 2004-2005, AND HAS**  
 11 **FEWER PUPILS IN MEMBERSHIP THAN IT HAD IN THE PREVIOUS YEAR,** the  
 12 district's foundation allowance for ~~2002-2003~~ **2005-2006** shall be  
 13 adjusted to be an amount equal to the sum of the district's  
 14 foundation allowance, as otherwise calculated under this section,  
 15 plus the quotient of \$15,000,000.00 divided by the district's  
 16 membership for ~~2002-2003~~ **2005-2006**. ~~If a district ceases to meet~~  
 17 ~~the requirements of this subsection, the department shall adjust~~  
 18 ~~the district's foundation allowance in effect at that time based on~~  
 19 ~~a 2002-2003 foundation allowance for the district that does not~~  
 20 ~~include the 2002-2003 adjustment under this subsection.~~

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

25 (20) ~~(22)~~ If an amendment to section 2 of article VIII of the  
 26 state constitution of 1963 allowing state aid to some or all  
 27 nonpublic schools is approved by the voters of this state, each

1 foundation allowance or per pupil payment calculation under this  
2 section may be reduced.

3 (21) ~~(23)~~ As used in this section:

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

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

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

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

15 (e) "Local school operating revenue" means school operating  
16 taxes levied under section 1211 of the revised school code, MCL  
17 380.1211.

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

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

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

27 (i) "School operating purposes" means the purposes included in

1 the operation costs of the district as prescribed in sections 7 and  
2 18.

3 (j) "School operating taxes" means local ad valorem property  
4 taxes levied under section 1211 of the revised school code, MCL  
5 380.1211, and retained for school operating purposes.

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

11 Sec. 20d. In making the final determination required under  
12 former section 20a of a district's combined state and local revenue  
13 per membership pupil in 1993-94 and in making calculations under  
14 section 20 **FOR 2005-2006**, the department and the department of  
15 treasury shall comply with all of the following:

16 (a) For a district that had combined state and local revenue  
17 per membership pupil in the 1994-95 state fiscal year of \$6,500.00  
18 or more and served as a fiscal agent for a state board designated  
19 area vocational education center in the 1993-94 school year, total  
20 state school aid received by or paid on behalf of the district  
21 pursuant to this act in 1993-94 shall exclude payments made under  
22 former section 146 and under section 147 on behalf of the  
23 district's employees who provided direct services to the area  
24 vocational education center. Not later than June 30, 1996, the  
25 department shall make an adjustment under this subdivision to the  
26 district's combined state and local revenue per membership pupil in  
27 the 1994-95 state fiscal year and the department of treasury shall

1 make a final certification of the number of mills that may be  
2 levied by the district under section 1211 of the revised school  
3 code, MCL 380.1211, as a result of the adjustment under this  
4 subdivision.

5 (b) If a district had an adjustment made to its 1993-94 total  
6 state school aid that excluded payments made under former section  
7 146 and under section 147 on behalf of the district's employees who  
8 provided direct services for intermediate district center programs  
9 operated by the district under article 5, if nonresident pupils  
10 attending the center programs were included in the district's  
11 membership for purposes of calculating the combined state and local  
12 revenue per membership pupil for 1993-94, and if there is a signed  
13 agreement by all constituent districts of the intermediate district  
14 that an adjustment under this subdivision shall be made, the  
15 foundation allowances for 1995-96 and 1996-97 of all districts that  
16 had pupils attending the intermediate district center program  
17 operated by the district that had the adjustment shall be  
18 calculated as if their combined state and local revenue per  
19 membership pupil for 1993-94 included resident pupils attending the  
20 center program and excluded nonresident pupils attending the center  
21 program.

22 Sec. 20j. (1) Foundation allowance supplemental payments for  
23 ~~2004-2005~~ **2005-2006** to districts that in the 1994-95 state fiscal  
24 year had a foundation allowance greater than \$6,500.00 shall be  
25 calculated under this section.

26 (2) The per pupil allocation to each district under this  
27 section shall be the difference between the dollar amount of the



1 adjustment from the 1998-99 state fiscal year to the current state  
2 fiscal year in the basic foundation allowance minus the dollar  
3 amount of the adjustment from the 1998-99 state fiscal year to the  
4 current state fiscal year in the district's foundation allowance.

5 (3) If a district's local revenue per pupil does not exceed the  
6 sum of its foundation allowance under section 20 plus the per pupil  
7 allocation under subsection (2), the total payment to the district  
8 calculated under this section shall be the product of the per pupil  
9 allocation under subsection (2) multiplied by the district's  
10 membership excluding special education pupils. If a district's  
11 local revenue per pupil exceeds the foundation allowance under  
12 section 20 but does not exceed the sum of the foundation allowance  
13 under section 20 plus the per pupil allocation under subsection  
14 (2), the total payment to the district calculated under this  
15 section shall be the product of the difference between the sum of  
16 the foundation allowance under section 20 plus the per pupil  
17 allocation under subsection (2) minus the local revenue per pupil  
18 multiplied by the district's membership excluding special education  
19 pupils. If a district's local revenue per pupil exceeds the sum of  
20 the foundation allowance under section 20 plus the per pupil  
21 allocation under subsection (2), there is no payment calculated  
22 under this section for the district.

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

26 Sec. 22a. (1) From the appropriation in section 11, there is  
27 allocated an amount not to exceed ~~\$6,765,300,000.00 for 2003-2004~~

1 ~~and an amount not to exceed \$6,678,977,800.00~~ **\$6,633,600,000.00** for  
2 2004-2005 **AND AN AMOUNT NOT TO EXCEED \$6,471,000,000.00 FOR 2005-**  
3 **2006** for payments to districts, qualifying university schools, and  
4 qualifying public school academies to guarantee each district,  
5 qualifying university school, and qualifying public school academy  
6 an amount equal to its 1994-95 total state and local per pupil  
7 revenue for school operating purposes under section 11 of article  
8 IX of the state constitution of 1963. Pursuant to section 11 of  
9 article IX of the state constitution of 1963, this guarantee does  
10 not apply to a district in a year in which the district levies a  
11 millage rate for school district operating purposes less than it  
12 levied in 1994. However, subsection (2) applies to calculating the  
13 payments under this section. Funds allocated under this section  
14 that are not expended in the state fiscal year for which they were  
15 allocated, as determined by the department, may be used to  
16 supplement the allocations under sections 22b and 51c in order to  
17 fully fund those calculated allocations for the same fiscal year.

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

23 (a) Except as otherwise provided in this subsection, the state  
24 portion of a district's 1994-95 foundation allowance is an amount  
25 equal to the district's 1994-95 foundation allowance or \$6,500.00,  
26 whichever is less, minus the difference between the product of the  
27 taxable value per membership pupil of all property in the district

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

14 (b) For a district that had a 1994-95 foundation allowance  
15 greater than \$6,500.00, the state payment under this subsection  
16 shall be the sum of the amount calculated under subdivision (a)  
17 plus the amount calculated under this subdivision. The amount  
18 calculated under this subdivision shall be equal to the difference  
19 between the district's 1994-95 foundation allowance minus \$6,500.00  
20 and the current year hold harmless school operating taxes per  
21 pupil. If the result of the calculation under subdivision (a) is  
22 negative, the negative amount shall be an offset against any state  
23 payment calculated under this subdivision. If the result of a  
24 calculation under this subdivision is negative, there shall not be  
25 a state payment or a deduction under this subdivision. The taxable  
26 values per membership pupil used in the calculations under this  
27 subdivision are as adjusted by ad valorem property tax revenue

1 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
2 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
3 125.1830, the local development financing act, 1986 PA 281, MCL  
4 125.2151 to 125.2174, or the brownfield redevelopment financing  
5 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
6 district's membership.

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

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

21 (5) For a district that is formed or reconfigured after June 1,  
22 2000 by consolidation of 2 or more districts or by annexation, the  
23 resulting district's 1994-95 foundation allowance under this  
24 section beginning after the effective date of the consolidation or  
25 annexation shall be the average of the 1994-95 foundation  
26 allowances of each of the original or affected districts,  
27 calculated as provided in this section, weighted as to the

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

9 (6) As used in this section:

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

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

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

20 (d) "Hold harmless millage" means, for a district with a 1994-  
21 95 foundation allowance greater than \$6,500.00, the number of mills  
22 by which the exemption from the levy of school operating taxes on a  
23 homestead and qualified agricultural property could be reduced as  
24 provided in section 1211(1) of the revised school code, MCL  
25 380.1211, and the number of mills of school operating taxes that  
26 could be levied on all property as provided in section 1211(2) of  
27 the revised school code, MCL 380.1211, as certified by the

1 department of treasury for the 1994 tax year.

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

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

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

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

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

15 (j) "School operating taxes" means local ad valorem property  
16 taxes levied under section 1211 of the revised school code, MCL  
17 380.1211, and retained for school operating purposes.

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

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

26 (ii) For the number of mills of school operating taxes that may  
27 be levied on all property as provided in section 1211(2) of the

1 revised school code, MCL 380.1211, the taxable value of all  
2 property for the calendar year ending in the current state fiscal  
3 year.

4 Sec. 22b. (1) From the appropriation in section 11, there is  
5 allocated an amount not to exceed ~~\$2,910,300,000.00~~  
6 **\$2,921,200,000.00** for 2004-2005 **AND AN AMOUNT NOT TO EXCEED**  
7 **\$3,212,000,000.00 FOR 2005-2006** for discretionary nonmandated  
8 payments to districts under this section. Funds allocated under  
9 this section that are not expended in the state fiscal year for  
10 which they were allocated, as determined by the department, may be  
11 used to supplement the allocations under sections 22a and 51c in  
12 order to fully fund those calculated allocations for the same  
13 fiscal year.

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

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

1       (4) From the allocation in subsection (1), the department shall  
2 pay up to \$1,000,000.00 in litigation costs incurred by this state  
3 associated with lawsuits filed by 1 or more districts or  
4 intermediate districts against this state. If the allocation under  
5 this section is insufficient to fully fund all payments required  
6 under this section, the payments under this subsection shall be  
7 made in full before any proration of remaining payments under this  
8 section.

9       (5) It is the intent of the legislature that all constitutional  
10 obligations of this state have been fully funded under sections  
11 22a, 31d, 51a, and 51c. If a claim is made by an entity receiving  
12 funds under this act that challenges the legislative determination  
13 of the adequacy of this funding or alleges that there exists an  
14 unfunded constitutional requirement, the state budget director may  
15 escrow or allocate from the discretionary funds for nonmandated  
16 payments under this section the amount as may be necessary to  
17 satisfy the claim before making any payments to districts under  
18 subsection (2). If funds are escrowed, the escrowed funds are a  
19 work project appropriation and the funds are carried forward into  
20 the following fiscal year. The purpose of the work project is to  
21 provide for any payments that may be awarded to districts as a  
22 result of litigation. The work project shall be completed upon  
23 resolution of the litigation.

24       (6) If the local claims review board or a court of competent  
25 jurisdiction makes a final determination that this state is in  
26 violation of section 29 of article IX of the state constitution of  
27 1963 regarding state payments to districts, the state budget



1 director shall use work project funds under subsection (5) or  
2 allocate from the discretionary funds for nonmandated payments  
3 under this section the amount as may be necessary to satisfy the  
4 amount owed to districts before making any payments to districts  
5 under subsection (2).

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

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

21 (9) If a lawsuit challenging payments made to districts related  
22 to costs reimbursed by federal title XIX medicaid funds is filed  
23 against this state ~~during 2001-2002, 2002-2003, or 2003-2004~~, 50%  
24 of the amount allocated in subsection (1) not previously paid out  
25 for 2002-2003, 2003-2004, and each succeeding fiscal year is a work  
26 project appropriation and the funds are carried forward into the  
27 following fiscal year. The purpose of the work project is to

1 provide for any payments that may be awarded to districts as a  
2 result of the litigation. The work project shall be completed upon  
3 resolution of the litigation. In addition, this state reserves the  
4 right to terminate future federal title XIX medicaid reimbursement  
5 payments to districts if the amount or allocation of reimbursed  
6 funds is challenged in the lawsuit. As used in this subsection,  
7 "title XIX" means title XIX of the social security act, 42 USC 1396  
8 to 1396v.

9 Sec. 22d. (1) From the amount allocated under section 22b, an  
10 amount not to exceed \$750,000.00 is allocated **IN 2005-2006** for  
11 additional payments to small, geographically isolated districts  
12 under this section.

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

15 (a) Operates grades K to 12.

16 (b) Has fewer than 250 pupils in membership.

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

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

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

22 (3) The amount of the additional funding to each eligible  
23 district under this section shall be determined under a spending  
24 plan developed as provided in this subsection and approved by the  
25 superintendent of public instruction. The spending plan shall be  
26 developed cooperatively by the intermediate superintendents of each  
27 intermediate district in which an eligible district is located.

1 The intermediate superintendents shall review the financial  
2 situation of each eligible district, determine the minimum  
3 essential financial needs of each eligible district, and develop  
4 and agree on a spending plan that distributes the available funding  
5 under this section to the eligible districts based on those  
6 financial needs. The intermediate superintendents shall submit the  
7 spending plan to the superintendent of public instruction for  
8 approval. Upon approval by the superintendent of public  
9 instruction, the amounts specified for each eligible district under  
10 the spending plan are allocated under this section and shall be  
11 paid to the eligible districts in the same manner as payments under  
12 section 22b.

13 SEC. 22E. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS  
14 ALLOCATED AN AMOUNT NOT TO EXCEED \$26,300,000.00 FOR 2005-2006 FOR  
15 PAYMENTS TO DISTRICTS AND PUBLIC SCHOOL ACADEMIES TO SUPPORT THE  
16 HIGHER COSTS RELATED TO EDUCATING PUPILS IN GRADES 9 TO 12 AND  
17 PREPARING THEM FOR POSTSECONDARY EDUCATIONAL OPTIONS. FOR  
18 QUALIFYING PUPILS, DISTRICTS AND PUBLIC SCHOOL ACADEMIES SHALL  
19 RECEIVE A PER PUPIL ALLOCATION OF \$50.00. DISTRICTS MAY ONLY  
20 RECEIVE THE ALLOCATION UNDER THIS SECTION FOR PUPILS WHO MEET THE  
21 FOLLOWING REQUIREMENTS:

22 (A) THE PUPIL MUST BE ENROLLED AND IN REGULAR ATTENDANCE IN THE  
23 DISTRICT OR PUBLIC SCHOOL ACADEMY IN GRADES 9 TO 12.

24 (B) THE PUPIL MUST MEET THE REQUIREMENTS TO BE COUNTED IN  
25 MEMBERSHIP IN THE DISTRICT OR PUBLIC SCHOOL ACADEMY AS PRESCRIBED  
26 IN SECTION 6.

27 (2) IF NECESSARY, AND BEFORE ANY PRORATION REQUIRED UNDER

1 SECTION 11, THE DEPARTMENT SHALL PRORATE PAYMENTS UNDER THIS  
 2 SECTION BY REDUCING THE AMOUNT OF THE PER PUPIL PAYMENT UNDER THIS  
 3 SECTION BY A DOLLAR AMOUNT CALCULATED BY DETERMINING THE AMOUNT BY  
 4 WHICH THE AMOUNT NECESSARY TO FULLY FUND THE REQUIREMENTS OF THIS  
 5 SECTION EXCEEDS THE MAXIMUM AMOUNT ALLOCATED UNDER THIS SECTION AND  
 6 THEN DIVIDING THAT AMOUNT BY THE TOTAL STATEWIDE NUMBER OF  
 7 QUALIFYING PUPILS WHO ARE IN GRADES 9 TO 12.

8 Sec. 24. (1) ~~Subject to subsection (2), from~~ FROM the  
 9 appropriation in section 11, there is allocated for ~~2004-2005~~ 2005-  
 10 2006 AN AMOUNT NOT TO EXCEED \$8,000,000.00 FOR PAYMENTS to the  
 11 educating district or intermediate district ~~an amount equal to 100%~~  
 12 ~~of the added cost each fiscal year~~ for educating all pupils  
 13 assigned by a court or the family independence agency to reside in  
 14 or to attend a juvenile detention facility or child caring  
 15 institution licensed by the family independence agency and approved  
 16 by the department to provide an on-grounds education program. The  
 17 ~~total amount to be paid under this section for added cost shall not~~  
 18 ~~exceed \$8,000,000.00 for 2004-2005.~~ THE AMOUNT OF THE PAYMENT  
 19 UNDER THIS SECTION TO A DISTRICT OR INTERMEDIATE DISTRICTS SHALL BE  
 20 CALCULATED AS PRESCRIBED UNDER SUBSECTION (2).

21 (2) For 2005-2006, 70% of the total amount allocated under this  
 22 section shall be allocated by paying to the educating district or  
 23 intermediate district an amount equal to the lesser of the  
 24 district's or intermediate district's added cost or the department's  
 25 approved per pupil allocation for the district or intermediate  
 26 district, and 30% of the total amount allocated under this section  
 27 shall be allocated by paying to the educating district or

1 intermediate district an amount equal to the district's or  
2 intermediate district's added cost. For 2006-2007, 80% of the total  
3 amount allocated under this section shall be allocated by paying to  
4 the educating district or intermediate district an amount equal to  
5 the lesser of the district's or intermediate district's added cost  
6 or the department's approved per pupil allocation for the district  
7 or intermediate district, and 20% of the total amount allocated  
8 under this section shall be allocated by paying to the educating  
9 district or intermediate district an amount equal to the district's  
10 or intermediate district's added cost. For 2007-2008, 90% of the  
11 total amount allocated under this section shall be allocated by  
12 paying to the educating district or intermediate district an amount  
13 equal to the lesser of the district's or intermediate district's  
14 added cost or the department's approved per pupil allocation for the  
15 district or intermediate district, and 10% of the total amount  
16 allocated under this section shall be allocated by paying to the  
17 educating district or intermediate district an amount equal to the  
18 district's or intermediate district's added cost. For 2008-2009,  
19 100% of the total amount allocated under this section shall be  
20 allocated by paying to the educating district or intermediate  
21 district an amount equal to the lesser of the district's or  
22 intermediate district's added cost or the department's approved per  
23 pupil allocation for the district or intermediate district. For the  
24 purposes of this ~~section, "added cost"~~ subsection:

25 (a) "Added cost" means 100% of the added cost each fiscal year  
26 for educating all pupils assigned by a court or the family  
27 independence agency to reside in or to attend a juvenile detention

1 facility or child caring institution licensed by the family  
2 independence agency or the department of labor and economic growth  
3 and approved by the department to provide an on-grounds education  
4 program. Added cost shall be computed by deducting all other  
5 revenue received under this act for pupils described in this  
6 section from total costs, as approved by the department, in whole  
7 or in part, for educating those pupils in the on-grounds education  
8 program or in a program approved by the department that is located  
9 on property adjacent to a juvenile detention facility or child  
10 caring institution. Costs reimbursed by federal funds are not  
11 included. ~~For a particular fiscal year, for an on-grounds~~  
12 ~~education program or a program located on property adjacent to a~~  
13 ~~juvenile detention facility or child caring institution that was~~  
14 ~~not in existence at the time the allocations under this section~~  
15 ~~were approved, the department shall give approval for only that~~  
16 ~~portion of the educating district's or intermediate district's~~  
17 ~~total costs that will not prevent the allocated amounts under this~~  
18 ~~section from first being applied to 100% of the added cost of the~~  
19 ~~programs that were in existence at the time the preliminary~~  
20 ~~allocations under this section were approved for that fiscal year.~~

21 (B) "DEPARTMENT'S APPROVED PER PUPIL ALLOCATION" FOR A DISTRICT  
22 OR INTERMEDIATE DISTRICT SHALL BE DETERMINED BY DIVIDING THE TOTAL  
23 AMOUNT ALLOCATED UNDER THIS SECTION FOR A FISCAL YEAR BY THE FULL-  
24 TIME EQUATED MEMBERSHIP TOTAL FOR ALL PUPILS APPROVED BY THE  
25 DEPARTMENT TO BE FUNDED UNDER THIS SECTION FOR THAT FISCAL YEAR FOR  
26 THE DISTRICT OR INTERMEDIATE DISTRICT.

27 (3) ~~(2)~~ A district or intermediate district educating pupils

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

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

Sec. 26a. From the **STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$33,700,000.00 FOR 2005-2006 AND FROM THE** general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$36,200,000.00~~ **\$11,300,000.00 for 2004-2005 2005-2006** to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2004 or for payments to districts as reimbursement for interest paid as a result of property tax refunds. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

**SEC. 26B. (1) BEGINNING IN 2005-2006, THERE IS ALLOCATED FROM SECTION 11, AN AMOUNT NOT TO EXCEED \$2,400,000.00 FOR PAYMENTS TO DISTRICTS, INTERMEDIATE DISTRICTS AND COMMUNITY COLLEGE DISTRICTS**

1 FOR THE PORTION OF THE PAYMENT IN LIEU OF TAXES OBLIGATION THAT IS  
2 ATTRIBUTABLE TO DISTRICTS, INTERMEDIATE DISTRICTS AND COMMUNITY  
3 COLLEGE DISTRICTS PURSUANT TO 1994 PA 451, MCL 324.2154.

4 (2) IF THE AMOUNT APPROPRIATED UNDER THIS SECTION IS NOT  
5 SUFFICIENT TO FULLY PAY OBLIGATIONS UNDER THIS SECTION, PAYMENTS  
6 SHALL BE PRORATED ON AN EQUAL BASIS AMONG ALL ELIGIBLE DISTRICTS,  
7 INTERMEDIATE DISTRICTS AND COMMUNITY COLLEGE DISTRICTS.

8 Sec. 31a. (1) From the money appropriated in section 11, there  
9 is allocated for ~~2004-2005~~ 2005-2006 an amount not to exceed  
10 ~~\$314,200,000.00~~ \$347,200,000.00 for payments to eligible districts  
11 and eligible public school academies under this section. Subject  
12 to subsection (12), the amount of the additional allowance under  
13 this section shall be based on the number of actual pupils in  
14 membership in the district or public school academy who met the  
15 income eligibility criteria for free breakfast, lunch, or milk in  
16 the immediately preceding state fiscal year, as determined under  
17 the Richard B. Russell national school lunch act, 42 USC 1751 to  
18 1769h, and reported to the department by October 31 of the  
19 immediately preceding fiscal year and adjusted not later than  
20 December 31 of the immediately preceding fiscal year. However, for  
21 a public school academy that began operations as a public school  
22 academy after the pupil membership count day of the immediately  
23 preceding school year, the basis for the additional allowance under  
24 this section shall be the number of actual pupils in membership in  
25 the public school academy who met the income eligibility criteria  
26 for free breakfast, lunch, or milk in the current state fiscal  
27 year, as determined under the Richard B. Russell national school



1 lunch act.

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

8 (a) The sum of the district's or public school academy's  
9 combined state and local revenue per membership pupil in the  
10 current state fiscal year, as calculated under section 20, plus the  
11 amount of the district's per pupil allocation under section 20j(2),  
12 is less than or equal to \$6,500.00 adjusted by the dollar amount of  
13 the difference between the basic foundation allowance under section  
14 20 for the current state fiscal year and \$5,000.00, minus \$200.00.

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

19 (3) Except as otherwise provided in this subsection, an  
20 eligible district or eligible public school academy shall receive  
21 under this section for each membership pupil in the district or  
22 public school academy who met the income eligibility criteria for  
23 free breakfast, lunch, or milk, as determined under the Richard B.  
24 Russell national school lunch act and as reported to the department  
25 by October 31 of the immediately preceding fiscal year and adjusted  
26 not later than December 31 of the immediately preceding fiscal  
27 year, an amount per pupil equal to 11.5% of the sum of the

1 district's foundation allowance or public school academy's per  
2 pupil amount calculated under section 20, plus the amount of the  
3 district's per pupil allocation under section 20j(2), not to exceed  
4 \$6,500.00 adjusted by the dollar amount of the difference between  
5 the basic foundation allowance under section 20 for the current  
6 state fiscal year and \$5,000.00, minus \$200.00, or of the public  
7 school academy's per membership pupil amount calculated under  
8 section 20 for the current state fiscal year. A public school  
9 academy that began operations as a public school academy after the  
10 pupil membership count day of the immediately preceding school year  
11 shall receive under this section for each membership pupil in the  
12 public school academy who met the income eligibility criteria for  
13 free breakfast, lunch, or milk, as determined under the Richard B.  
14 Russell national school lunch act and as reported to the department  
15 by October 31 of the current fiscal year and adjusted not later  
16 than December 31 of the current fiscal year, an amount per pupil  
17 equal to 11.5% of the public school academy's per membership pupil  
18 amount calculated under section 20 for the current state fiscal  
19 year.

20 (4) Except as otherwise provided in this section, a district or  
21 public school academy receiving funding under this section shall  
22 use that money only to provide instructional programs and direct  
23 noninstructional services, including, but not limited to, medical  
24 or counseling services, for at-risk pupils; for school health  
25 clinics; and for the purposes of subsection (5) or (6). In  
26 addition, a district that is organized as a school district of the  
27 first class under the revised school code or a district or public

1 school academy in which at least 50% of the pupils in membership  
2 met the income eligibility criteria for free breakfast, lunch, or  
3 milk in the immediately preceding state fiscal year, as determined  
4 and reported as described in subsection (1), may use not more than  
5 10% of the funds it receives under this section for school  
6 security. A district or public school academy shall not use any of  
7 that money for administrative costs or to supplant another program  
8 or other funds, except for funds allocated to the district or  
9 public school academy under this section in the immediately  
10 preceding year and already being used by the district or public  
11 school academy for at-risk pupils. The instruction or direct  
12 noninstructional services provided under this section may be  
13 conducted before or after regular school hours or by adding extra  
14 school days to the school year and may include, but are not limited  
15 to, tutorial services, early childhood programs to serve children  
16 age 0 to 5, and reading programs as described in former section 32f  
17 as in effect for 2001-2002. A tutorial method may be conducted  
18 with paraprofessionals working under the supervision of a  
19 certificated teacher. The ratio of pupils to paraprofessionals  
20 shall be between 10:1 and 15:1. Only 1 certificated teacher is  
21 required to supervise instruction using a tutorial method. As used  
22 in this subsection, "to supplant another program" means to take the  
23 place of a previously existing instructional program or direct  
24 noninstructional services funded from a funding source other than  
25 funding under this section.

26 (5) Except as otherwise provided in subsection (11), a district  
27 or public school academy that receives funds under this section and

1 that operates a school breakfast program under section 1272a of the  
2 revised school code, MCL 380.1272a, shall use from the funds  
3 received under this section an amount, not to exceed \$10.00 per  
4 pupil for whom the district or public school academy receives funds  
5 under this section, necessary to operate the school breakfast  
6 program.

7 (6) From the funds allocated under subsection (1), there is  
8 allocated for ~~2004-2005~~ **2005-2006** an amount not to exceed  
9 \$3,743,000.00 to support teen health centers. These grants shall  
10 be awarded for 3 consecutive years beginning with 2003-2004 in a  
11 form and manner approved jointly by the department and the  
12 department of community health. Each grant recipient shall remain  
13 in compliance with the terms of the grant award or shall forfeit  
14 the grant award for the duration of the 3-year period after the  
15 noncompliance. Beginning in 2004-2005, to continue to receive  
16 funding for a teen health center under this section a grant  
17 recipient shall ensure that the teen health center has an advisory  
18 committee and that at least one-third of the members of the  
19 advisory committee are parents or legal guardians of school-aged  
20 children. A teen health center program shall recognize the role of  
21 a child's parents or legal guardian in the physical and emotional  
22 well-being of the child. If any funds allocated under this  
23 subsection are not used for the purposes of this subsection for the  
24 fiscal year in which they are allocated, those unused funds shall  
25 be used that fiscal year to avoid or minimize any proration that  
26 would otherwise be required under subsection (12) for that fiscal  
27 year.

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

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

24       (9) Subject to subsections (5), (6), and (11), any district may  
25 use up to 100% of the funds it receives under this section to  
26 reduce the ratio of pupils to teachers in grades K-6, or any  
27 combination of those grades, in school buildings in which the

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

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

19 (11) For an individual school or schools operated by a district  
20 or public school academy receiving funds under this section that  
21 have been determined by the department to meet the adequate yearly  
22 progress standards of the federal no child left behind act of 2001,  
23 Public Law 107-110, in both mathematics and English language arts  
24 at all applicable grade levels for all applicable subgroups, the  
25 district or public school academy may submit to the department an  
26 application for flexibility in using the funds received under this  
27 section that are attributable to the pupils in the school or

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

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

25 (13) If a district is formed by consolidation after June 1,  
26 1995, and if 1 or more of the original districts was not eligible  
27 before the consolidation for an additional allowance under this

1 section, the amount of the additional allowance under this section  
2 for the consolidated district shall be based on the number of  
3 pupils described in subsection (1) enrolled in the consolidated  
4 district who reside in the territory of an original district that  
5 was eligible before the consolidation for an additional allowance  
6 under this section.

7 (14) A district or public school academy that does not meet the  
8 eligibility requirement under subsection (2)(a) is eligible for  
9 funding under this section if at least 1/4 of the pupils in  
10 membership in the district or public school academy met the income  
11 eligibility criteria for free breakfast, lunch, or milk in the  
12 immediately preceding state fiscal year, as determined and reported  
13 as described in subsection (1), and at least 4,500 of the pupils in  
14 membership in the district or public school academy met the income  
15 eligibility criteria for free breakfast, lunch, or milk in the  
16 immediately preceding state fiscal year, as determined and reported  
17 as described in subsection (1). A district or public school  
18 academy that is eligible for funding under this section because the  
19 district meets the requirements of this subsection shall receive  
20 under this section for each membership pupil in the district or  
21 public school academy who met the income eligibility criteria for  
22 free breakfast, lunch, or milk in the immediately preceding fiscal  
23 year, as determined and reported as described in subsection (1), an  
24 amount per pupil equal to 11.5% of the sum of the district's  
25 foundation allowance or public school academy's per pupil  
26 allocation under section 20, plus the amount of the district's per  
27 pupil allocation under section 20j(2), not to exceed \$6,500.00



1 adjusted by the dollar amount of the difference between the basic  
2 foundation allowance under section 20 for the current state fiscal  
3 year and \$5,000.00, minus \$200.00.

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

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

4 Sec. 31d. (1) From the appropriations in section 11, there is  
5 allocated an amount not to exceed ~~\$21,095,100.00~~ **\$22,495,100.00** for  
6 ~~2004-2005~~ **2005-2006** for the purpose of making payments to districts  
7 and other eligible entities under this section.

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

16 (3) The payments made under this section include all state  
17 payments made to districts so that each district receives at least  
18 6.0127% of the necessary costs of operating the state mandated  
19 portion of the school lunch program in a fiscal year.

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

26 (5) From the federal funds appropriated in section 11, there is  
27 allocated for ~~2004-2005~~ **2005-2006** all available federal funding,

1 estimated at ~~\$286,494,000.00~~, **\$303,684,000.00** for the national  
2 school lunch program and all available federal funding, estimated  
3 at \$2,506,000.00, for the emergency food assistance program.

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

7 Sec. 32c. (1) From the general fund appropriation in section  
8 11, there is allocated an amount not to exceed \$250,000.00 for  
9 ~~2004-2005~~ **2005-2006** to the department for grants for community-  
10 based collaborative prevention services designed to ~~promote~~  
11 ~~marriage and~~ foster positive parenting skills; improve parent/child  
12 interaction, especially for children 0-3 years of age; promote  
13 access to needed community services; increase local capacity to  
14 serve families at risk; improve school readiness; and support  
15 healthy family environments that discourage alcohol, tobacco, and  
16 other drug use. The allocation under this section is to fund  
17 secondary prevention programs ~~as defined by the children's trust~~  
18 ~~fund for the prevention of child abuse and neglect.~~

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

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

1 been substantiated.

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

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

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

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

15 Sec. 32d. (1) From the state school aid fund money appropriated  
16 under section 11, there is allocated an amount not to exceed  
17 \$72,600,000.00 for ~~2004-2005~~ **2005-2006** for school readiness or  
18 preschool and parenting program grants to enable eligible  
19 districts, as determined under section 37, to develop or expand, in  
20 conjunction with whatever federal funds may be available,  
21 including, but not limited to, federal funds under title I of the  
22 elementary and secondary education act of 1965, 20 USC 6301 to  
23 6578, chapter 1 of title I of the Hawkins-Stafford elementary and  
24 secondary school improvement amendments of 1988, Public Law 100-  
25 297, and the head start act, 42 USC 9831 to 9852a, comprehensive  
26 compensatory programs designed to ~~do 1 or both of the following:~~

27 ~~(a) Improve~~ **IMPROVE** the readiness and subsequent achievement of

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

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

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

15 (3) In addition to the allocation under subsection (1), from  
16 the general fund money allocated under section 11, there is  
17 allocated an amount not to exceed \$200,000.00 for ~~2004-2005~~ **2005-**  
18 **2006** for a competitive grant to continue a longitudinal evaluation  
19 of children who have participated in the Michigan school readiness  
20 program.

21 (4) A district receiving a grant under this section may  
22 contract for the provision of the comprehensive compensatory  
23 program and retain for administrative services an amount equal to  
24 not more than 5% of the grant amount. **A DISTRICT MAY EXPEND NO**  
25 **MORE THAN 10% OF THE TOTAL GRANT FUNDS FOR ADMINISTRATION OF THE**  
26 **PROGRAM.**

27 (5) A grant recipient receiving funds under this section shall

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

14 Sec. 32j. (1) From the ~~allocation~~ **APPROPRIATION** in section ~~81,~~  
 15 **11**, there is allocated an amount not to exceed \$3,326,000.00 for  
 16 ~~2004-2005~~ **2005-2006** for great parents, great start grants to  
 17 intermediate districts to provide programs for parents with  
 18 preschool children. The purpose of these programs is to encourage  
 19 early literacy, improve school readiness, reduce the need for  
 20 special education services, and foster the maintenance of stable  
 21 families by encouraging positive parenting skills.

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

26 (a) Providing parents with information on child development  
 27 from birth to age 5.

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

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

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

9 ~~(e) Promoting marriage.~~

10 (3) To receive a grant under this section, an intermediate  
11 district shall submit a plan to the department not later than  
12 October 1, ~~2004~~ 2005 in the form and manner prescribed by the  
13 department. The plan shall do all of the following in a manner  
14 prescribed by the department:

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

20 (b) Demonstrate an adequate collaboration of local entities  
21 involved in providing programs and services for preschool children  
22 and their parents. **DOCUMENTATION OF APPROVAL BY THE EARLY CHILDHOOD**  
23 **INVESTMENT CORPORATION MAY BE DEEMED ADEQUATE COLLABORATION FOR THE**  
24 **PURPOSES OF THIS SUBSECTION.**

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

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

6 (4) Each intermediate district receiving a grant under this  
7 section shall agree to include a data collection system approved by  
8 the department. The data collection system shall provide a report  
9 by October 15 of each year on the number of children in families  
10 with income below 200% of the federal poverty level that received  
11 services under this program and the total number of children who  
12 received services under this program.

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

15 (a) The superintendent shall approve or disapprove the plans  
16 and notify the intermediate district of that decision not later  
17 than November 15, ~~2004~~, 2005. The amount allocated by each  
18 intermediate district shall be at least an amount equal to 3.5% of  
19 the intermediate district's 2002-2003 payment under section 81.

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

24 (c) The department shall submit a report to the state budget  
25 director and the senate and house fiscal agencies summarizing the  
26 data collection reports described in subsection (4) by December 1  
27 of each year.



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

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

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

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

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

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

25       (d) The estimated number of children who meet the criteria of  
26 section 32d who will remain unserved after the district and  
27 community early childhood programs have met their funded

1 enrollments. The school district shall maintain a waiting list of  
 2 identified unserved eligible children who would be served when  
 3 openings are available.

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

8 (a) The district complies with the state board approved  
 9 ~~standards of quality and curriculum guidelines for early childhood~~  
 10 ~~programs for 4-year-olds.~~ **EARLY CHILDHOOD STANDARDS OF QUALITY FOR**  
 11 **PREKINDERGARTEN.**

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

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

17 (i) Teachers possessing proper training. ~~Subject to~~  
 18 ~~subparagraph (ii), this includes, but is not limited to,~~ **FOR**  
 19 **PROGRAMS THE DISTRICT MANAGES ITSELF,** a valid teaching certificate  
 20 and an early childhood (ZA) endorsement **ARE REQUIRED.** This  
 21 provision does not apply to a district that subcontracts with an  
 22 eligible child development program. In that situation a teacher  
 23 must have a valid Michigan teaching certificate ~~and may have a~~  
 24 ~~child development associate credential (CDA) instead of an early~~  
 25 ~~childhood (ZA) endorsement~~ **WITH AN EARLY CHILDHOOD (ZA) ENDORSEMENT**  
 26 **OR VALID MICHIGAN TEACHING CERTIFICATE WITH A CHILD DEVELOPMENT**  
 27 **ASSOCIATE CREDENTIAL, OR A BACHELOR'S DEGREE IN CHILD DEVELOPMENT**

1 **WITH SPECIALIZATION IN PRESCHOOL TEACHING.**

2 ~~(ii) If a district determines that it is unable to fully comply~~  
 3 ~~with subparagraph (i) after making reasonable efforts to comply,~~  
 4 ~~teachers who have proper training in early childhood development~~  
 5 ~~equivalent to 4 years of formal training in early~~  
 6 ~~childhood/preschool education or child development. This may~~  
 7 ~~include 1 or more of the following:~~

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

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

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

15 ~~(ii) (iii) Paraprofessionals possessing proper training in early~~  
 16 ~~childhood development or who have completed at least 1 course in an~~  
 17 ~~appropriate training program, including, but not limited to, a~~  
 18 ~~child development associate credential (CDA) or associate degree in~~  
 19 ~~child development or other similar program, as approved by the~~  
 20 ~~department. , INCLUDING AN ASSOCIATE'S DEGREE IN EARLY CHILDHOOD~~

21 **EDUCATION OR CHILD DEVELOPMENT OR EQUIVALENT, OR A CHILD**  
 22 **DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL, OR EQUIVALENT AS APPROVED**  
 23 **BY THE STATE BOARD OF EDUCATION. PARAPROFESSIONALS MAY BE EMPLOYED**  
 24 **FOR TWO YEARS WHILE OBTAINING PROPER CREDENTIALS IF THEY HAVE**  
 25 **COMPLETED AT LEAST 1 COURSE IN AN APPROPRIATE TRAINING PROGRAM.**

26 (d) The district has submitted for approval a program budget  
 27 that includes only those costs not reimbursed or reimbursable by

1 federal funding, that are clearly and directly attributable to the  
2 early childhood readiness program, and that would not be incurred  
3 if the program were not being offered. If children other than those  
4 determined to be educationally disadvantaged participate in the  
5 program, state reimbursement under section 32d shall be limited to  
6 the portion of approved costs attributable to educationally  
7 disadvantaged children.

8 (e) The district has established ~~a~~ **OR JOINED A MULTI-**  
9 **DISTRICT, MULTI-AGENCY** school readiness advisory committee  
10 consisting of, at a minimum, classroom teachers for  
11 prekindergarten, kindergarten, and first grade; parents or  
12 guardians of program participants; representatives from appropriate  
13 community agencies and organizations; the district curriculum  
14 director or equivalent administrator; and, if feasible, a school  
15 psychologist, school social worker, or school counselor. In  
16 addition, there shall be on the committee at least 1 parent or  
17 guardian of a program participant for every 18 children enrolled in  
18 the program, with a minimum of 2 parent or guardian  
19 representatives. The committee shall do all of the following:

20 (i) Ensure the ongoing articulation of the early childhood,  
21 kindergarten, and first grade programs offered by the district **OR**  
22 **DISTRICTS.**

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

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

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

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

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

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

10 (f) The district has submitted for departmental approval a plan  
11 to conduct and report annual school readiness program evaluations  
12 **AND CONTINUOUS IMPROVEMENT PLANS** using criteria approved by the  
13 department. At a minimum, the evaluations shall include **A SELF-**  
14 **ASSESSMENT OF PROGRAM QUALITY, AND** assessment of the gains in  
15 educational readiness and progress ~~through first grade of children~~  
16 ~~participating in the school readiness program.~~ **OF THE CHILDREN**  
17 **PARTICIPATING IN THE PROGRAM.**

18 (g) More than 50% of the children participating in the program  
19 meet the income eligibility criteria for free or reduced price  
20 lunch, as determined under the Richard B. Russell national school  
21 lunch act, 42 USC 1751 to 1769h, or meet the income and all other  
22 eligibility criteria for the family independence agency unified  
23 child day care program.

24 (4) A consortium of 2 or more districts shall be eligible for  
25 an allocation under section 32d if the districts designate a single  
26 fiscal agent for the allocation. A district or intermediate  
27 district may administer a consortium described in this subsection.

1 A consortium shall submit a single preapplication and application  
2 for the children to be served, regardless of the number of  
3 districts participating in the consortium.

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

12 Sec. 39. (1) The tentative allocation for each fiscal year to  
13 each eligible district under section 32d shall be determined by  
14 multiplying the number of children determined in section 38 or the  
15 number of children the district indicates it will be able to serve  
16 under section 37(2)(c), whichever is less, by \$3,300.00 and shall  
17 be distributed among districts in decreasing order of concentration  
18 of eligible children as determined by section 38 until the money  
19 allocated in section 32d is distributed.

20 ~~(2) A district that has not less than 50 eligible children~~  
21 ~~shall receive priority over other eligible districts other than~~  
22 ~~those districts funded under subsection (3).~~

23 (2) ~~—(3)~~ A district that received funds under this section in at  
24 least 1 of the 2 immediately preceding fiscal years shall receive  
25 priority in funding over other eligible districts. However,  
26 funding beyond 3 state fiscal years is contingent upon the  
27 availability of funds and documented evidence satisfactory to the

1 department of compliance with all operational, fiscal,  
2 administrative, and other program requirements.

3 (3) ~~(4)~~ A district that offers supplementary day care funded by  
4 funds other than those received under this section and therefore  
5 offers full-day programs as part of its early childhood development  
6 program shall receive priority in the allocation of funds under  
7 this section over other eligible districts other than those  
8 districts funded under subsection ~~(3)~~ (2).

9 (4) ~~(5)~~ For any district with 315 or more eligible pupils, the  
10 number of eligible pupils shall be 65% of the number calculated  
11 under section 38. However, none of these districts may have less  
12 than 315 pupils for purposes of calculating the tentative  
13 allocation under section 32d.

14 (5) ~~(6)~~ If, taking into account the total amount to be  
15 allocated to the district as calculated under this section, a  
16 district determines that it is able to include additional eligible  
17 children in the school readiness program without additional funds  
18 under this section, the district may include additional eligible  
19 children but shall not receive additional funding under this  
20 section for those children.

21 Sec. 39a. (1) From the federal funds appropriated in section  
22 11, there is allocated for ~~2004-2005~~ **2005-2006** to districts,  
23 intermediate districts, and other eligible entities all available  
24 federal funding, estimated at ~~\$637,809,700.00,~~ **\$637,552,800.00,**  
25 for the federal programs under the no child left behind act of  
26 2001, Public Law 107-110. These funds are allocated as follows:

27 (a) An amount estimated at ~~\$12,095,000.00~~ **\$12,050,500.00** to

1 provide students with drug- and violence-prevention programs and to  
 2 implement strategies to improve school safety, funded from DED-  
 3 OESE, drug-free schools and communities funds.

4 (b) An amount estimated at ~~\$9,520,500.00~~ **\$9,401,400.00** for the  
 5 purpose of improving teaching and learning through a more effective  
 6 use of technology, funded from DED-OESE, educational technology  
 7 state grant funds.

8 (c) An amount estimated at ~~\$105,565,700.00~~ **\$106,249,200.00** for  
 9 the purpose of preparing, training, and recruiting high-quality  
 10 teachers and class size reduction, funded from DED-OESE, improving  
 11 teacher quality funds.

12 (d) An amount estimated at ~~\$5,713,700.00~~ **\$7,627,400.00** for  
 13 programs to teach English to limited English proficient (LEP)  
 14 children, funded from DED-OESE, language acquisition state grant  
 15 funds.

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

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

22 (F) ~~(g)~~ An amount estimated at ~~\$469,900.00~~ **\$468,700.00** for  
 23 rural and low income schools, funded from DED-OESE, rural and low  
 24 income school funds.

25 (G) ~~(h)~~ An amount estimated at ~~\$9,563,000.00~~ **\$6,231,800.00** to  
 26 help schools develop and implement comprehensive school reform  
 27 programs, funded from DED-OESE, title I and title X, comprehensive



1 school reform funds.

2 (H) ~~(i)~~ An amount estimated at ~~\$411,090,000.00~~ **\$414,483,600.00**  
3 to provide supplemental programs to enable educationally  
4 disadvantaged children to meet challenging academic standards,  
5 funded from DED-OESE, title I, disadvantaged children funds.

6 (I) ~~(j)~~ An amount estimated at ~~\$6,622,900.00~~ **\$6,045,200.00** for  
7 the purpose of providing unified family literacy programs, funded  
8 from DED-OESE, title I, even start funds.

9 (J) ~~(k)~~ An amount estimated at ~~\$8,175,200.00~~ **\$8,186,200.00** for  
10 the purpose of identifying and serving migrant children, funded  
11 from DED-OESE, title I, migrant education funds.

12 (K) ~~(l)~~ An amount estimated at ~~\$21,936,600.00~~ **\$22,264,800.00** to  
13 promote high-quality school reading instruction for grades K-3,  
14 funded from DED-OESE, title I, reading first state grant funds.

15 (L) ~~(m)~~ An amount estimated at ~~\$8,582,300.00~~ **\$5,698,000.00** for  
16 the purpose of implementing innovative strategies for improving  
17 student achievement, funded from DED-OESE, title VI, innovative  
18 strategies funds.

19 (M) ~~(n)~~ An amount estimated at ~~\$29,592,200.00~~ **\$29,296,000.00**  
20 for the purpose of providing high-quality extended learning  
21 opportunities, after school and during the summer, for children in  
22 low-performing schools, funded from DED-OESE, twenty-first century  
23 community learning center funds. Of these funds, \$25,000.00 may be  
24 used to support the Michigan after-school partnership. All of the  
25 following apply to the Michigan after-school partnership:

26 (i) The department shall collaborate with the Michigan family  
27 independence agency to extend the duration of the Michigan after-

1 school initiative, to be renamed the Michigan after-school  
2 partnership and oversee its efforts to implement the policy  
3 recommendations and strategic next steps identified in the Michigan  
4 after-school initiative's report of December 15, 2003.

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

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

23 **(N) AN AMOUNT ESTIMATED AT \$1,000,000.00 FOR COMMUNITY SERVICE**  
24 **STATE GRANTS, FUNDED FROM DED-OESE, COMMUNITY SERVICE STATE GRANT**  
25 **FUNDS.**

26 (2) From the federal funds appropriated in section 11, there is  
27 allocated for ~~2004-2005~~ 2005-2006 to districts, intermediate

districts, and other eligible entities all available federal funding, estimated at ~~\$5,427,500.00~~, **\$4,646,400.00**, for the following programs that are funded by federal grants:

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

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

(B) ~~(e)~~ An amount estimated at ~~\$1,428,400.00~~ **\$1,500,100.00** to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

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

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

**(E) AN AMOUNT ESTIMATED AT \$100,700.00 TO ENCOURAGE INTERSTATE AND INTRASTATE COORDINATION OF MIGRANT EDUCATION, FUNDED FROM DED-OESE, TITLE I, MIGRANT EDUCATION PROGRAM FUNDS.**

(3) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility provisions outlined in Public Law 107-116, and in the education flexibility partnership act of 1999, Public Law 106-25.

Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities

1 under this section shall be paid on a schedule determined by the  
2 department.

3 (4) As used in this section:

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

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

7 (c) "DED-OESE" means the DED office of elementary and secondary  
8 education.

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

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

13 (f) "HHS-ACF" means the HHS administration for children and  
14 families.

15 Sec. 41. From the appropriation in section 11, there is  
16 allocated an amount not to exceed \$2,800,000.00 for ~~2004-2005~~ **2005-**  
17 **2006** to applicant districts and intermediate districts offering  
18 programs of instruction for pupils of limited English-speaking  
19 ability under section 1153 of the revised school code, MCL  
20 380.1153. Reimbursement shall be on a per pupil basis and shall be  
21 based on the number of pupils of limited English-speaking ability  
22 in membership on the pupil membership count day. Funds allocated  
23 under this section shall be used solely for instruction in  
24 speaking, reading, writing, or comprehension of English. A pupil  
25 shall not be counted under this section or instructed in a program  
26 under this section for more than 3 years.

27 Sec. 41a. From the federal funds appropriated in section 11,

1 there is allocated an amount estimated at \$1,232,100.00 for ~~2004-~~  
2 ~~2005~~ **2005-2006** from the United States department of education -  
3 office of elementary and secondary education, language acquisition  
4 state grant funds, to districts and intermediate districts offering  
5 programs of instruction for pupils of limited English-speaking  
6 ability.

7 Sec. 51a. (1) From the appropriation in section 11, there is  
8 allocated for 2004-2005 an amount not to exceed ~~\$905,683,000.00~~  
9 **\$899,783,000.00, AND THERE IS ALLOCATED FOR 2005-2006, AN AMOUNT**  
10 **NOT TO EXCEED \$960,883,000.00** from state sources and all available  
11 federal funding under sections 611 to 619 of part B of the  
12 individuals with disabilities education act, 20 USC 1411 to 1419,  
13 estimated at \$329,850,000.00 **FOR 2004-2005 AND \$345,850,000.00 FOR**  
14 **2005-2006** plus any carryover federal funds from previous year  
15 appropriations. The allocations under this subsection are for the  
16 purpose of reimbursing districts and intermediate districts for  
17 special education programs, services, and special education  
18 personnel as prescribed in article 3 of the revised school code,  
19 MCL 380.1701 to 380.1766; net tuition payments made by intermediate  
20 districts to the Michigan schools for the deaf and blind; and  
21 special education programs and services for pupils who are eligible  
22 for special education programs and services according to statute or  
23 rule. For meeting the costs of special education programs and  
24 services not reimbursed under this article, a district or  
25 intermediate district may use money in general funds or special  
26 education funds, not otherwise restricted, or contributions from  
27 districts to intermediate districts, tuition payments, gifts and

1 contributions from individuals, or federal funds that may be  
 2 available for this purpose, as determined by the intermediate  
 3 district plan prepared pursuant to article 3 of the revised school  
 4 code, MCL 380.1701 to 380.1766. All federal funds allocated under  
 5 this section in excess of those allocated under this section for  
 6 2002-2003 may be distributed in accordance with the ~~flexible~~  
 7 ~~funding~~ **PERMISSIVE USE OF FUNDS** provisions of the individuals with  
 8 disabilities education act, title VI of Public Law 91-230,  
 9 including, but not limited to, 34 CFR 300.234 and 300.235.  
 10 Notwithstanding section 17b, payments of federal funds to  
 11 districts, intermediate districts, and other eligible entities  
 12 under this section shall be paid on a schedule determined by the  
 13 department.

14 (2) From the funds allocated under subsection (1), there is  
 15 allocated for 2004-2005 the amount necessary, estimated at  
 16 ~~\$168,900,000.00 for 2003-2004~~ **\$175,800,000.00, AND FOR 2005-2006**  
 17 **THE AMOUNT NECESSARY, ESTIMATED AT \$188,600,000.00**, for payments  
 18 toward reimbursing districts and intermediate districts for  
 19 28.6138% of total approved costs of special education, excluding  
 20 costs reimbursed under section 53a, and 70.4165% of total approved  
 21 costs of special education transportation. Allocations under this  
 22 subsection shall be made as follows:

23 (a) The initial amount allocated to a district under this  
 24 subsection toward fulfilling the specified percentages shall be  
 25 calculated by multiplying the district's special education pupil  
 26 membership, excluding pupils described in subsection (12), times  
 27 the sum of the foundation allowance under section 20 of the pupil's

1 district of residence plus the amount of the district's per pupil  
2 allocation under section 20j(2), not to exceed \$6,500.00 adjusted  
3 by the dollar amount of the difference between the basic foundation  
4 allowance under section 20 for the current fiscal year and  
5 \$5,000.00 minus \$200.00, or, for a special education pupil in  
6 membership in a district that is a public school academy or  
7 university school, times an amount equal to the amount per  
8 membership pupil calculated under section 20(6). For an  
9 intermediate district, the amount allocated under this subdivision  
10 toward fulfilling the specified percentages shall be an amount per  
11 special education membership pupil, excluding pupils described in  
12 subsection (12), and shall be calculated in the same manner as for  
13 a district, using the foundation allowance under section 20 of the  
14 pupil's district of residence, not to exceed \$6,500.00 adjusted by  
15 the dollar amount of the difference between the basic foundation  
16 allowance under section 20 for the current fiscal year and  
17 \$5,000.00 minus \$200.00, and that district's per pupil allocation  
18 under section 20j(2).

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

24 (3) From the funds allocated under subsection (1), there is  
25 allocated for 2004-2005 the amount necessary, estimated at  
26 \$2,400,000.00 **AND FOR 2005-2006 THE AMOUNT NECESSARY, ESTIMATED AT**  
27 **\$1,800,000.00**, to make payments to districts and intermediate

1 districts under this subsection. If the amount allocated to a  
2 district or intermediate district for a fiscal year under  
3 subsection (2)(b) is less than the sum of the amounts allocated to  
4 the district or intermediate district for 1996-97 under sections 52  
5 and 58, there is allocated to the district or intermediate district  
6 for the fiscal year an amount equal to that difference, adjusted by  
7 applying the same proration factor that was used in the  
8 distribution of funds under section 52 in 1996-97 as adjusted to  
9 the district's or intermediate district's necessary costs of  
10 special education used in calculations for the fiscal year. This  
11 adjustment is to reflect reductions in special education program  
12 operations **OR SERVICES** between 1996-97 and subsequent fiscal years.  
13 Adjustments for reductions in special education program operations  
14 **OR SERVICES** shall be made in a manner determined by the department  
15 and shall include adjustments for program **OR SERVICE** shifts.

16 (4) If the department determines that the sum of the amounts  
17 allocated for a fiscal year to a district or intermediate district  
18 under subsection (2)(a) and (b) is not sufficient to fulfill the  
19 specified percentages in subsection (2), then the shortfall shall  
20 be paid to the district or intermediate district during the fiscal  
21 year beginning on the October 1 following the determination and  
22 payments under subsection (3) shall be adjusted as necessary. If  
23 the department determines that the sum of the amounts allocated for  
24 a fiscal year to a district or intermediate district under  
25 subsection (2)(a) and (b) exceeds the sum of the amount necessary  
26 to fulfill the specified percentages in subsection (2), then the  
27 department shall deduct the amount of the excess from the



1 district's or intermediate district's payments under this act for  
2 the fiscal year beginning on the October 1 following the  
3 determination and payments under subsection (3) shall be adjusted  
4 as necessary. However, if the amount allocated under subsection  
5 (2)(a) in itself exceeds the amount necessary to fulfill the  
6 specified percentages in subsection (2), there shall be no  
7 deduction under this subsection.

8 (5) State funds shall be allocated on a total approved cost  
9 basis. Federal funds shall be allocated under applicable federal  
10 requirements, except that an amount not to exceed \$3,500,000.00 may  
11 be allocated by the department for 2004-2005 **AND 2005-2006** to  
12 districts or intermediate districts **OR OTHER ELIGIBLE ENTITIES** on a  
13 competitive grant basis for programs, equipment, and services that  
14 the department determines to be designed to benefit or improve  
15 special education on a statewide scale.

16 (6) From the amount allocated in subsection (1), there is  
17 allocated an amount not to exceed \$2,200,000.00 for 2004-2005 **AND**  
18 **2005-2006** to reimburse 100% of the net increase in necessary costs  
19 incurred by a district or intermediate district in implementing the  
20 revisions in the administrative rules for special education that  
21 became effective on July 1, 1987. As used in this subsection, "net  
22 increase in necessary costs" means the necessary additional costs  
23 incurred solely because of new or revised requirements in the  
24 administrative rules minus cost savings permitted in implementing  
25 the revised rules. Net increase in necessary costs shall be  
26 determined in a manner specified by the department.

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

1 "Total approved costs of special education" shall be determined in  
2 a manner specified by the department and may include indirect  
3 costs, but shall not exceed 115% of approved direct costs for  
4 section 52 and section 53a programs. The total approved costs  
5 include salary and other compensation for all approved special  
6 education personnel for the program, including payments for social  
7 security and medicare and public school employee retirement system  
8 contributions. The total approved costs do not include salaries or  
9 other compensation paid to administrative personnel who are not  
10 special education personnel as defined in section 6 of the revised  
11 school code, MCL 380.6. Costs reimbursed by federal funds, other  
12 than those federal funds included in the allocation made under this  
13 article, are not included. Special education approved personnel  
14 not utilized full time in the evaluation of students or in the  
15 delivery of special education programs, ancillary, and other  
16 related services shall be reimbursed under this section only for  
17 that portion of time actually spent providing these programs and  
18 services, with the exception of special education programs and  
19 services provided to youth placed in child caring institutions or  
20 juvenile detention programs approved by the department to provide  
21 an on-grounds education program. **DISTRICTS OR INTERMEDIATE**  
22 **DISTRICTS THAT EMPLOYED STAFF TO PROVIDE SPECIAL EDUCATION SERVICES**  
23 **IN 2003-2004, WHICH IN A SUBSEQUENT YEAR RECEIVE THE SAME TYPE OF**  
24 **SERVICES FROM ANOTHER DISTRICT, PUBLIC SCHOOL ACADEMY OR**  
25 **INTERMEDIATE DISTRICT, SHALL REPORT THE COST OF THE SERVICE FOR**  
26 **SPECIAL EDUCATION REIMBURSEMENT PURPOSES UNDER THIS ACT. DISTRICTS**  
27 **AND INTERMEDIATE DISTRICTS THAT PROVIDE SERVICES IN SUBSEQUENT**

1 YEARS, TO ANOTHER DISTRICT, PUBLIC SCHOOL ACADEMY OR INTERMEDIATE  
2 DISTRICT SHALL NOT REPORT THE SALARIES AND BENEFITS PAID TO STAFF  
3 WHO PROVIDE SUCH SERVICES FOR REIMBURSEMENT UNDER THIS ACT. ~~Total~~

4 ~~approved costs of special education do not include the costs of a~~  
5 ~~joint shared employment arrangement between an intermediate~~  
6 ~~district and 1 or more of its constituent districts that took~~  
7 ~~effect in the 2004-2005 or a subsequent school year. The costs~~  
8 ~~associated with the joint shared employment arrangement shall~~  
9 ~~instead be allocated entirely to the constituent district or~~  
10 ~~districts. In addition, if an intermediate district entered into~~  
11 ~~such a joint shared employment arrangement that took effect in the~~  
12 ~~2004-2005 or a subsequent school year and subsequently becomes the~~  
13 ~~sole employer of an employee who had been subject to the joint~~  
14 ~~shared employment arrangement, total approved costs of special~~  
15 ~~education do not include the costs of employing that employee~~  
16 ~~unless the department determines that employing the employee has~~  
17 ~~resulted in a significant cost savings or an increase in efficiency~~  
18 ~~that is sufficient to justify the arrangement.~~

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

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

4 (8) From the allocation in subsection (1), there is allocated  
5 for 2004-2005 **AND 2005-2006**, 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 a  
12 pupil who is enrolled in the Michigan schools for the deaf and  
13 blind shall not be included in the membership count of a district,  
14 but shall be counted in membership in the intermediate district of  
15 residence.

16 (10) Special education personnel transferred from 1 district to  
17 another to implement the revised school code shall be entitled to  
18 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 received  
22 under this section for a purpose other than the purpose or purposes  
23 for which the money is allocated, the department may require the  
24 district or intermediate district to refund the amount of money  
25 received. Money that is refunded shall be deposited in the state  
26 treasury to the credit of the state school aid fund.

27 (12) From the funds allocated in subsection (1), there is

1 allocated for 2004-2005 the amount necessary, estimated at  
2 \$6,100,000.00 **AND THERE IS ALLOCATED FOR 2005-2006 THE AMOUNT**  
3 **NECESSARY, ESTIMATED AT \$6,400,000.00**, to pay the foundation  
4 allowances for pupils described in this subsection. The allocation  
5 to a district under this subsection shall be calculated by  
6 multiplying the number of pupils described in this subsection who  
7 are counted in membership in the district times the sum of the  
8 foundation allowance under section 20 of the pupil's district of  
9 residence plus the amount of the district's per pupil allocation  
10 under section 20j(2), not to exceed \$6,500.00 adjusted by the  
11 dollar amount of the difference between the basic foundation  
12 allowance under section 20 for the current fiscal year and  
13 \$5,000.00 minus \$200.00, or, for a pupil described in this  
14 subsection who is counted in membership in a district that is a  
15 public school academy or university school, times an amount equal  
16 to the amount per membership pupil under section 20(6). The  
17 allocation to an intermediate district under this subsection shall  
18 be calculated in the same manner as for a district, using the  
19 foundation allowance under section 20 of the pupil's district of  
20 residence, not to exceed \$6,500.00 adjusted by the dollar amount of  
21 the difference between the basic foundation allowance under section  
22 20 for the current fiscal year and \$5,000.00 minus \$200.00, and  
23 that district's per pupil allocation under section 20j(2). This  
24 subsection applies to all of the following pupils:

- 25 (a) Pupils described in section 53a.  
26 (b) Pupils counted in membership in an intermediate district  
27 who are not special education pupils and are served by the

1 intermediate district in a juvenile detention or child caring  
2 facility.

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

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

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

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

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

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

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

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

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

20 Sec. 51c. As required by the court in the consolidated cases  
21 known as Durant v State of Michigan, Michigan supreme court docket  
22 no. 104458-104492, from the allocation under section 51a(1), there  
23 is allocated for 2004-2005 the amount necessary, estimated at  
24 ~~\$659,400,000.00~~ **\$646,600,000.00, AND FOR 2005-2006 THE AMOUNT**  
25 **NECESSARY, ESTIMATED AT \$695,200,000.00,** for payments to reimburse  
26 districts for 28.6138% of total approved costs of special education  
27 excluding costs reimbursed under section 53a, and 70.4165% of total

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

7 Sec. 51d. (1) From the federal funds appropriated in section  
8 11, there is allocated for ~~2004-2005~~ **2005-2006** all available  
9 federal funding, estimated at \$65,000,000.00, for special education  
10 programs that are funded by federal grants. All federal funds  
11 allocated under this section shall be distributed in accordance  
12 with federal law. Notwithstanding section 17b, payments of federal  
13 funds to districts, intermediate districts, and other eligible  
14 entities under this section shall be paid on a schedule determined  
15 by the department.

16 (2) From the federal funds allocated under subsection (1), the  
17 following amounts are allocated for ~~2004-2005~~ **2005-2006**:

18 (a) An amount estimated at \$15,000,000.00 for handicapped  
19 infants and toddlers, funded from DED-OSERS, handicapped infants  
20 and toddlers funds.

21 (b) An amount estimated at \$14,000,000.00 for preschool grants  
22 (Public Law 94-142), funded from DED-OSERS, handicapped preschool  
23 incentive funds.

24 (c) An amount estimated at \$36,000,000.00 for special education  
25 programs funded by DED-OSERS, handicapped program, individuals with  
26 disabilities act funds.

27 (3) As used in this section, "DED-OSERS" means the United

1 States department of education office of special education and  
2 rehabilitative services.

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

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

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

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

26 (c) Pupils who are former residents of department of community  
27 health institutions for the developmentally disabled who are placed



1 in community settings other than the pupil's home.

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

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

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

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

17 (5) Not more than \$12,800,000.00 of the allocation for ~~2004-~~  
18 ~~2005~~ **2005-2006** in section 51a(1) shall be allocated under this  
19 section.

20 Sec. 54. In addition to the aid received under section 52, each  
21 intermediate district shall receive an amount per pupil for each  
22 pupil in attendance at the Michigan schools for the deaf and blind.  
23 The amount shall be proportionate to the total instructional cost  
24 at each school. Not more than \$1,688,000.00 of the allocation for  
25 ~~2004-2005~~ **2005-2006** in section 51a(1) shall be allocated under this  
26 section.

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

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

5 (b) "Millage levied" means the millage levied for special  
6 education pursuant to part 30 of the revised school code, MCL  
7 380.1711 to 380.1743, including a levy for debt service  
8 obligations.

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

15 (2) From the allocation under section 51a(1), there is  
16 allocated an amount not to exceed \$36,881,100.00 for ~~2004-2005~~  
17 **2005-2006** to reimburse intermediate districts levying millages for  
18 special education pursuant to part 30 of the revised school code,  
19 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the  
20 reimbursement shall be limited as if the funds were generated by  
21 these millages and governed by the intermediate district plan  
22 adopted pursuant to article 3 of the revised school code, MCL  
23 380.1701 to 380.1766. As a condition of receiving funds under this  
24 section, an intermediate district distributing any portion of  
25 special education millage funds to its constituent districts shall  
26 submit for departmental approval and implement a distribution plan.

27 (3) Reimbursement for those millages levied in ~~2003-2004~~ **2004-**

1 2005 shall be made in ~~2004-2005~~ 2005-2006 at an amount per ~~2003-~~  
2 ~~2004~~ 2004-2005 membership pupil computed by subtracting from  
3 ~~\$133,400.00~~ \$142,100.00 the ~~2003-2004~~ 2004-2005 taxable value  
4 behind each membership pupil and multiplying the resulting  
5 difference by the ~~2003-2004~~ 2004-2005 millage levied.

6 Sec. 57. (1) From the appropriation in section 11, there is  
7 allocated an amount not to exceed \$50,000.00 for ~~2004-2005~~ 2005-  
8 2006 to applicant intermediate districts that provide support  
9 services for the education of advanced and accelerated pupils. An  
10 intermediate district is entitled to 75% of the actual salary, but  
11 not to exceed \$25,000.00 reimbursement for an individual salary, of  
12 a support services teacher approved by the department, and not to  
13 exceed \$4,000.00 reimbursement for expenditures to support program  
14 costs, excluding in-county travel and salary, as approved by the  
15 department.

16 (2) From the appropriation in section 11, there is allocated an  
17 amount not to exceed \$0.00 for ~~2004-2005~~ 2005-2006 to support part  
18 of the cost of summer institutes for advanced and accelerated  
19 students. This amount shall be contracted to applicant  
20 intermediate districts in cooperation with a local institution of  
21 higher education and shall be coordinated by the department.

22 (3) From the appropriation in section 11, there is allocated an  
23 amount not to exceed \$200,000.00 for ~~2004-2005~~ 2005-2006 for the  
24 development and operation of comprehensive programs for advanced  
25 and accelerated pupils. An eligible district or consortium of  
26 districts shall receive an amount not to exceed \$100.00 per K-12  
27 pupil for up to 5% of the district's or consortium's K-12

1 membership for the immediately preceding fiscal year with a minimum  
2 total grant of \$6,000.00. Funding shall be provided in the  
3 following order: the per pupil allotment, and then the minimum  
4 total grant of \$6,000.00 to individual districts. An intermediate  
5 district may act as the fiscal agent for a consortium of districts.  
6 In order to be eligible for funding under this subsection, the  
7 district or consortium of districts shall submit each year a  
8 current 3-year plan for operating a comprehensive program for  
9 advanced and accelerated pupils and the district or consortium  
10 shall demonstrate to the department that the district or consortium  
11 will contribute matching funds of at least \$50.00 per K-12 pupil.  
12 The plan or revised plan shall be developed in accordance with  
13 criteria established by the department and shall be submitted to  
14 the department for approval. Within the criteria, the department  
15 shall encourage the development of consortia among districts of  
16 less than 5,000 memberships.

17 Sec. 61a. (1) From the appropriation in section 11, there is  
18 allocated an amount not to exceed \$30,000,000.00 for ~~2004-2005~~  
19 **2005-2006** to reimburse on an added cost basis districts, except for  
20 a district that served as the fiscal agent for a vocational  
21 education consortium in the 1993-94 school year, and secondary area  
22 vocational-technical education centers for secondary-level  
23 vocational-technical education programs, including parenthood  
24 education programs, according to rules approved by the  
25 superintendent. Applications for participation in the programs  
26 shall be submitted in the form prescribed by the department. The  
27 department shall determine the added cost for each vocational-

1 technical program area. The allocation of added cost funds shall  
2 be based on the type of vocational-technical programs provided, the  
3 number of pupils enrolled, and the length of the training period  
4 provided, and shall not exceed 75% of the added cost of any  
5 program. With the approval of the department, the board of a  
6 district maintaining a secondary vocational-technical education  
7 program may offer the program for the period from the close of the  
8 school year until September 1. The program shall use existing  
9 facilities and shall be operated as prescribed by rules promulgated  
10 by the superintendent.

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

20 (3) From the allocation in subsection (1), there is allocated  
21 an amount not to exceed \$388,700.00 for ~~2004-2005~~ **2005-2006** to  
22 intermediate districts with constituent districts that had combined  
23 state and local revenue per membership pupil in the 1994-95 state  
24 fiscal year of \$6,500.00 or more, served as a fiscal agent for a  
25 state board designated area vocational education center in the  
26 1993-94 school year, and had an adjustment made to their 1994-95  
27 combined state and local revenue per membership pupil pursuant to

1 section 20d. The payment under this subsection to the intermediate  
2 district shall equal the amount of the allocation to the  
3 intermediate district for 1996-97 under this subsection.

4 Sec. 62. (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 or the total membership for the immediately  
9 preceding fiscal year of the area vocational-technical program.

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

16 (c) "Taxable value" means the total taxable value of the  
17 districts constituent to an intermediate district or area  
18 vocational-technical education program, except that if a district  
19 has elected not to come under sections 681 to 690 of the revised  
20 school code, MCL 380.681 to 380.690, the membership and taxable  
21 value of that district shall not be included in the membership and  
22 taxable value of the intermediate district. However, the  
23 membership and taxable value of a district that has elected not to  
24 come under sections 681 to 690 of the revised school code, MCL  
25 380.681 to 380.690, shall be included in the membership and taxable  
26 value of the intermediate district if the district meets both of  
27 the following:

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

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

9 (2) From the appropriation in section 11, there is allocated an  
 10 amount not to exceed \$9,000,000.00 for ~~2004-2005~~ **2005-2006** to  
 11 reimburse intermediate districts and area vocational-technical  
 12 education programs established under section 690(3) of the revised  
 13 school code, MCL 380.690, levying millages for area vocational-  
 14 technical education pursuant to sections 681 to 690 of the revised  
 15 school code, MCL 380.681 to 380.690. The purpose, use, and  
 16 expenditure of the reimbursement shall be limited as if the funds  
 17 were generated by those millages.

18 (3) Reimbursement for the millages levied in ~~2003-2004~~ **2004-**  
 19 **2005** shall be made in ~~2004-2005~~ **2005-2006** at an amount per ~~2003-~~  
 20 ~~2004~~ **2004-2005** membership pupil computed by subtracting from  
 21 ~~\$142,200.00~~ **\$151,200.00** the ~~2003-2004~~ **2004-2005** taxable value  
 22 behind each membership pupil and multiplying the resulting  
 23 difference by the ~~2003-2004~~ **2004-2005** millage levied.

24 Sec. 74. (1) From the amount appropriated in section 11, there  
 25 is allocated an amount not to exceed \$1,625,000.00 for ~~2004-2005~~  
 26 **2005-2006** for the purposes of subsections (2) and (3).

27 (2) From the allocation in subsection (1), there is allocated

1 each fiscal year the amount necessary for payments to state  
2 supported colleges or universities and intermediate districts  
3 providing school bus driver safety instruction or driver skills  
4 road tests pursuant to sections 51 and 52 of the pupil  
5 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The  
6 payments shall be in an amount determined by the department not to  
7 exceed 75% of the actual cost of instruction and driver  
8 compensation for each public or nonpublic school bus driver  
9 attending a course of instruction. For the purpose of computing  
10 compensation, the hourly rate allowed each school bus driver shall  
11 not exceed the hourly rate received for driving a school bus.  
12 Reimbursement compensating the driver during the course of  
13 instruction or driver skills road tests shall be made by the  
14 department to the college or university or intermediate district  
15 providing the course of instruction.

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

23 Sec. 81. (1) Except as otherwise provided in this section, from  
24 the appropriation in section 11, there is allocated for ~~2004-2005~~  
25 **2005-2006** to the intermediate districts the sum necessary, but not  
26 to exceed ~~\$81,028,100.00,~~ **\$79,755,500.00** to provide state aid to  
27 intermediate districts under this section. Except as otherwise



1 provided in this section, there shall be allocated to each  
2 intermediate district for ~~2004-2005~~ **2005-2006** an amount equal to  
3 ~~85.2%~~ **102.6%** of the amount appropriated under this subsection **IN**  
4 **2004-2005 FOR ONLY THAT PORTION OF THE APPROPRIATION ASSOCIATED**  
5 **WITH GENERAL OPERATIONS, NOT INCLUDING THE PROGRAM ALLOCATION**  
6 **DESCRIBED IN SECTION 32J.** ~~that was 2002-2003 in 2002 PA 521, before~~  
7 ~~any reduction made for 2002-2003 under section 11(3).~~ Funding  
8 provided under this section shall be used to comply with  
9 requirements of this act and the revised school code that are  
10 applicable to intermediate districts, and for which funding is not  
11 provided elsewhere in this act, and to provide technical assistance  
12 to districts as authorized by the intermediate school board. In  
13 order to receive funding under this section for ~~2004-2005,~~ **2005-**  
14 **2006,** an intermediate district shall allocate for ~~2004-2005~~ **2005-**  
15 **2006** at least an amount equal to 3.5% of its total funding received  
16 under this section for 2002-2003 toward providing the great  
17 parents, great start program under section 32j.

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

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

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

15       (5) IN ADDITION, FROM THE GENERAL FUND APPROPRIATION IN SECTION  
16 11, THERE IS ALLOCATED IN 2005-2006 AN AMOUNT NOT TO EXCEED  
17 \$200,000.00 FOR A STRATEGIC PLANNING GRANT TO A CONSORTIUM OR  
18 ASSOCIATION OF INTERMEDIATE DISTRICTS, TO CONDUCT A STUDY AND MAKE  
19 RECOMMENDATIONS ON BEST PRACTICES TO MORE EFFICIENTLY PERFORM  
20 DISTRICT ADMINISTRATIVE FUNCTIONS.

21       (A) THE GRANT AWARDED UNDER THIS SUBSECTION SHALL BE USED TO  
22 DEVELOP REGIONAL PLANS TO BE IMPLEMENTED BY DISTRICTS BEGINNING IN  
23 2006-2007. PLANS DEVISED UNDER THIS SUBSECTION SHALL IDENTIFY BEST  
24 PRACTICES FOR THE REGIONAL DELIVERY OF DISTRICT SCHOOL MANAGEMENT  
25 FUNCTIONS FOR AT LEAST THE FOLLOWING ACTIVITIES:

26       (i) PURCHASING

27       (ii) PAYROLL AND PERSONNEL

1 (iii) PUPIL TRANSPORTATION PURCHASES AND PLANNING

2 (iv) BUDGETING AND ACCOUNTING FUNCTIONS

3 (B) A REPORT OF RECOMMENDED REGIONAL PLANS SHALL BE SUBMITTED  
4 TO THE DEPARTMENT NO LATER THAN DECEMBER 1, 2005.

5 (C) BEGINNING IN 2006-2007, EACH DISTRICT MUST BE IN CONSORTIUM  
6 WITH AT LEAST ONE INTERMEDIATE DISTRICT FOR ONE OR MORE OF THE  
7 ACTIVITIES PRESCRIBED IN SUBSECTION (A). IF A DISTRICT FAILS TO  
8 MEET THE REQUIREMENTS OF THIS SUBSECTION, THE DEPARTMENT SHALL  
9 WITHHOLD 5% OF THE TOTAL FUNDS FOR WHICH THE DISTRICT QUALIFIES  
10 UNDER THIS ACT UNTIL THE DISTRICT COMPLIES WITH THIS SECTION. IF  
11 THE DISTRICT DOES NOT COMPLY WITH THIS SECTION BY THE END OF THE  
12 FISCAL YEAR, THE DEPARTMENT SHALL PLACE THE AMOUNT WITHHELD IN AN  
13 ESCROW ACCOUNT UNTIL THE DISTRICT COMPLIES WITH THIS SECTION.

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

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

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

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

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

1 any purpose.

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

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

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

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

11 (2) ~~Not later than August 15, 2004, each~~ **EACH** state department,  
12 officer, or agency that collects information from districts or  
13 intermediate districts as required under state or federal law shall  
14 make arrangements with the center, and with the districts or  
15 intermediate districts, to have the center collect the information  
16 and to provide it to the department, officer, or agency as  
17 necessary. To the extent that it does not cause financial  
18 hardship, the center shall arrange to collect the information in a  
19 manner that allows electronic submission of the information to the  
20 center. Each affected state department, officer, or agency shall  
21 provide the center with any details necessary for the center to  
22 collect information as provided under this subsection. This  
23 subsection does not apply to information collected by the  
24 department of treasury under the uniform budgeting and accounting  
25 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal  
26 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; 1961 PA 108, MCL  
27 388.951 to 388.963; or section 1351a of the revised school code,

1 MCL 380.1351a.

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

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

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

6 (c) One representative from the office of the state budget  
7 director.

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

9 (e) One representative each from the department of labor and  
10 economic growth and the department of treasury.

11 (f) Three representatives from intermediate school districts.

12 (g) One representative from each of the following educational  
13 organizations:

14 (i) Michigan association of school boards.

15 (ii) Michigan association of school administrators.

16 (iii) Michigan school business officials.

17 (h) One representative representing private sector firms  
18 responsible for auditing school records.

19 (i) Other representatives as the state budget director  
20 determines are necessary.

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

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

1 (b) Defining the roles of all stakeholders in the data  
2 collection system.

3 (c) Recommending timelines for the implementation and ongoing  
4 collection of data.

5 (d) Establishing and maintaining data definitions, data  
6 transmission protocols, and system specifications and procedures  
7 for the efficient and accurate transmission and collection of data.

8 (e) Establishing and maintaining a process for ensuring the  
9 accuracy of the data.

10 (f) Establishing and maintaining state and model local policies  
11 related to data collection, including, but not limited to, privacy  
12 policies related to individual student data.

13 (g) Ensuring the data is made available to state and local  
14 policymakers and citizens of this state in the most useful format  
15 possible.

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

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

20 (6) From the general fund appropriation in section 11, there is  
21 allocated an amount not to exceed ~~\$1,500,000.00~~ **\$4,200,000.00** for  
22 ~~2004-2005~~ **2005-2006** to the department of management and budget to  
23 support the operations of the center. The center shall cooperate  
24 with the state education agency to ensure that this state is in  
25 compliance with federal law and is maximizing opportunities for  
26 increased federal funding to improve education in this state. In  
27 addition, from the federal funds appropriated in section 11 for

1 ~~2004-2005,~~ **2005-2006** there is allocated the ~~following amounts for~~  
 2 ~~2004-2005~~ **AMOUNT NECESSARY, ESTIMATED AT \$3,043,200.00** in order to  
 3 fulfill federal reporting requirements~~+~~. **THE CENTER AND THE**  
 4 **DEPARTMENT SHALL WORK COOPERATIVELY TO DEVELOP A COST ALLOCATION**  
 5 **PLAN THAT PAYS FOR CENTER EXPENSES FROM THE APPROPRIATE FEDERAL**  
 6 **FUND REVENUES.**

7 (a) An amount not to exceed ~~\$835,000.00~~ **\$839,000.00** funded from  
 8 DED-OESE, title I, disadvantaged children funds.

9 (b) An amount not to exceed ~~\$63,000.00~~ **\$55,700.00** funded from  
 10 DED-OESE, title I, reading first state grant funds.

11 (c) An amount not to exceed ~~\$46,800.00~~ **\$47,000.00** funded from  
 12 DED-OESE, title I, migrant education funds.

13 (d) An amount not to exceed \$285,000.00 funded from DED-OESE,  
 14 improving teacher quality funds.

15 (e) An amount not to exceed \$73,000.00 funded from DED-OESE,  
 16 drug-free schools and communities funds.

17 (f) An amount not to exceed \$150,000.00 funded under sections  
 18 611 to 619 of part B of the individuals with disabilities education  
 19 act, title VI of Public Law 91-230, 20 USC 1411 to 1419.

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

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

25 ~~(7) In addition, from the federal funds appropriated in section~~  
 26 ~~11 for the 2003-2004 and 2004-2005 fiscal years, there is allocated~~  
 27 ~~the following amounts each fiscal year in order to fulfill federal~~

1 ~~reporting requirements.~~

2 (I) ~~—(a)~~ An amount not to exceed \$80,000.00 for data collection  
3 systems, funded from DED-NCES, task award funds.

4 (J) ~~—(b)~~ An amount not to exceed \$100,000.00 for data collection  
5 systems development funded from DED-NCES, performance based data  
6 management initiative.

7 (7) FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (6), AN  
8 AMOUNT NOT TO EXCEED \$1,000,000.00 FROM THE COMPETITIVE GRANTS OF  
9 DED-OESE, TITLE II, EDUCATIONAL TECHNOLOGY FUNDS, SHALL BE USED TO  
10 SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF A COMPREHENSIVE DATA  
11 MANAGEMENT AND STUDENT TRACKING SYSTEM, PURSUANT TO THE NATIONAL  
12 EDUCATION TECHNOLOGY PLAN ISSUED IN JANUARY 2005.

13 (A) NOT LATER THAN NOVEMBER 30, 2005, THE DEPARTMENT SHALL  
14 AWARD A SINGLE GRANT TO AN ELIGIBLE PARTNERSHIP THAT INCLUDES AN  
15 INTERMEDIATE DISTRICT WITH AT LEAST ONE HIGH-NEED LOCAL SCHOOL  
16 DISTRICT AND THE CENTER.

17 (B) THE DATA MANAGEMENT SYSTEM UNDER THIS SUBSECTION SHALL  
18 INCLUDE LONGITUDINAL EDUCATIONAL DATA THAT CREATES A FUNCTIONING  
19 LIFELONG TRACKING SYSTEM FOR PUPILS.

20 (8) Funds allocated under this section that are not expended in  
21 the fiscal year in which they were allocated may be carried forward  
22 to a subsequent fiscal year.

23 (9) The center may bill departments as necessary in order to  
24 fulfill reporting requirements of state and federal law. THE  
25 CENTER MAY ALSO ENTER INTO AGREEMENTS TO SUPPLY CUSTOM DATA,  
26 ANALYSIS, AND REPORTING TO OTHER PRINCIPAL EXECUTIVE DEPARTMENTS,  
27 STATE AGENCIES, LOCAL UNITS OF GOVERNMENT, AND OTHER INDIVIDUALS



1 AND ORGANIZATIONS. THE CENTER MAY RECEIVE AND EXPEND FUNDS IN  
 2 ADDITION TO THOSE AUTHORIZED IN SUBSECTION (6) TO COVER THE COSTS  
 3 ASSOCIATED WITH SALARIES, BENEFITS, SUPPLIES, MATERIALS AND  
 4 EQUIPMENT NECESSARY TO PROVIDE SUCH DATA, ANALYSIS AND REPORTING  
 5 SERVICES.

6 (10) As used in this section:

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

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

11 (C) "HIGH-NEED LOCAL SCHOOL DISTRICT" MEANS A LOCAL EDUCATIONAL  
 12 AGENCY AS DEFINED IN THE "ENHANCING EDUCATION THROUGH TECHNOLOGY  
 13 ACT OF 2001", PUBLIC LAW 107-110.

14 (D) ~~—(e)~~ "State education agency" means the department.

15 Sec. 98. (1) From the general fund money appropriated in  
 16 section 11, there is allocated an amount not to exceed ~~\$750,000.00~~  
 17 **\$1,750,000.00** for ~~2004-2005~~ **2005-2006** to provide a grant to the  
 18 Michigan virtual university for the development, implementation,  
 19 and operation of the Michigan virtual high school and to fund other  
 20 purposes described in this section. In addition, from the federal  
 21 funds appropriated in section 11, there is allocated for ~~2004-2005~~  
 22 **2005-2006** an amount estimated at \$2,250,000.00 from DED-OESE, title  
 23 II, improving teacher quality funds. ~~If the Michigan virtual~~  
 24 ~~university ceases to operate the Michigan virtual high school or~~  
 25 ~~fails to perform another of its functions described in this~~  
 26 ~~section, the department may operate the Michigan virtual high~~  
 27 ~~school or perform another function of the Michigan virtual~~

~~university described in this section using the funds allocated under this section.~~

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

(a) Significantly expand curricular offerings for high schools across this state through agreements with districts or licenses from other recognized providers. The Michigan virtual ~~university~~ **HIGH SCHOOL** shall ~~explore options for providing rigorous civics curricula online.~~ **DEVELOP OPTIONS FOR PROVIDING THE MICHIGAN SCHOLAR CURRICULUM IDENTIFIED IN THE LIEUTENANT GOVERNOR'S COMMISSION ON HIGHER EDUCATION AND ECONOMIC GROWTH REPORT ISSUED IN DECEMBER 2004.**

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

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

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

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

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

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

1 institutions.

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

4 (a) Information technology courses.

5 (b) College level equivalent courses, as defined in section  
6 1471 of the revised school code, MCL 380.1471.

7 (c) Courses and dual enrollment opportunities.

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

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

11 (f) Special interest courses.

12 (g) Professional development programs and services for  
13 teachers.

14 **(H) MICHIGAN SCHOLAR CURRICULUM COURSES.**

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

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

27 (b) Encourage and support the training of teachers and

1 administrators to effectively integrate technology into curricula  
2 and instruction.

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

7 (5) If a home-schooled or nonpublic school student is a  
8 resident of a district that subscribes to services provided by the  
9 Michigan virtual ~~university~~, **HIGH SCHOOL**, the student may use the  
10 services provided by the Michigan virtual ~~university~~ **HIGH SCHOOL** to  
11 the district without charge to the student beyond what is charged  
12 to a district pupil using the same services.

13 (6) From the allocations in subsection (1), the amount  
14 necessary, not to exceed \$1,250,000.00, shall be used to provide  
15 online professional development for classroom teachers. This  
16 allocation is intended to be for the ~~second~~ **LAST** of 3 years. These  
17 funds may be used for designing and building courses, marketing and  
18 outreach, workshops and evaluation, content acquisition, technical  
19 assistance, project management, and customer support. The Michigan  
20 virtual university shall offer at least 5 hours of online  
21 professional development for classroom teachers under this section  
22 in ~~2004-2005~~ **2005-2006** without charge to the teachers or to  
23 districts or intermediate districts.

24 (7) A district or intermediate district may require a full-time  
25 teacher to participate in at least 5 hours of online professional  
26 development provided by the Michigan virtual university under  
27 subsection (6). Five hours of this professional development shall

1 be considered to be part of the 51 hours allowed to be counted as  
2 hours of pupil instruction under section 101(10).

3 (8) IN ADDITION, FROM THE FEDERAL FUNDS APPROPRIATED IN SECTION  
4 11, THERE IS ALLOCATED FOR 2005-2006 AN AMOUNT ESTIMATED AT  
5 \$4,000,000.00 FROM THE DED-OESE, TITLE II, EDUCATIONAL TECHNOLOGY  
6 GRANT FUNDS TO SUPPORT E-LEARNING AND VIRTUAL SCHOOL INITIATIVES  
7 CONSISTENT WITH THE GOALS CONTAINED IN THE UNITED STATES NATIONAL  
8 EDUCATIONAL TECHNOLOGY PLAN ISSUED IN JANUARY 2005. THE MICHIGAN  
9 VIRTUAL UNIVERSITY, WHICH OPERATES THE MICHIGAN VIRTUAL HIGH  
10 SCHOOL, SHALL PERFORM THE FOLLOWING TASKS:

11 (A) EXAMINE THE CURRICULAR AND SPECIFIC COURSE CONTENT NEEDS OF  
12 MICHIGAN'S MIDDLE AND HIGH SCHOOL STUDENTS THAT ARE NECESSARY TO  
13 PURSUE POSTSECONDARY EDUCATION AND TO PARTICIPATE IN THE GLOBAL  
14 ECONOMY.

15 (B) DESIGN, DEVELOP AND ACQUIRE ONLINE COURSES AND RELATED  
16 SUPPLEMENTAL RESOURCES ALIGNED TO STATE STANDARDS TO CREATE A  
17 COMPREHENSIVE AND RIGOROUS STATEWIDE CATALOG OF ONLINE COURSES AND  
18 INSTRUCTIONAL SERVICES.

19 (C) CONDUCT STATEWIDE DEMONSTRATION PILOTS TO PROMOTE NEW AND  
20 INNOVATIVE ONLINE COURSES AND INSTRUCTIONAL SERVICES.

21 (D) EVALUATE EXISTING ONLINE TEACHING AND LEARNING PRACTICES  
22 AND DEVELOP CONTINUOUS IMPROVEMENT STRATEGIES TO ENHANCE STUDENT  
23 ACHIEVEMENT.

24 (E) PROVIDE PROFESSIONAL DEVELOPMENT TO PROMOTE THE INTEGRATION  
25 OF ONLINE INSTRUCTIONAL RESOURCES IN CLASSROOM SETTINGS, AND TRAIN,  
26 SUPPORT AND ASSIST K-12 MICHIGAN EDUCATORS IN TEACHING ONLINE  
27 COURSES.

1 (F) DEVELOP, SUPPORT AND MAINTAIN THE TECHNOLOGY INFRASTRUCTURE  
2 AND RELATED SOFTWARE REQUIRED TO DELIVER ONLINE COURSES AND  
3 INSTRUCTIONAL SERVICES TO STUDENTS STATEWIDE.

4 (G) PROVIDE SCHOLARSHIP SUPPORT TO HIGH-NEED SCHOOLS TO  
5 ACCELERATE STUDENT PARTICIPATION IN ONLINE COURSES AND  
6 INSTRUCTIONAL SERVICES.

7 (H) SUPPORT A STATEWIDE 24-HOUR HELPDESK SERVICE TO ASSIST  
8 STUDENTS, ONLINE TEACHERS, AND OTHER SCHOOL PERSONNEL WITH  
9 TECHNICAL AND END-USER NEEDS.

10 (9) BY NOVEMBER 30, 2005, THE DEPARTMENT SHALL AWARD A SINGLE  
11 GRANT OF \$4,000,000.00 TO A CONSORTIUM OR PARTNERSHIP ESTABLISHED  
12 BY THE MICHIGAN VIRTUAL UNIVERSITY. AN ELIGIBLE CONSORTIUM OR  
13 PARTNERSHIP ESTABLISHED BY THE MICHIGAN VIRTUAL UNIVERSITY SHALL  
14 INCLUDE AT LEAST ONE (1) MICHIGAN COLLEGE OR UNIVERSITY, AT LEAST  
15 ONE (1) INTERMEDIATE SCHOOL DISTRICT, AND AT LEAST ONE (1) HIGH-  
16 NEED LOCAL SCHOOL DISTRICT. AN ELIGIBLE CONSORTIUM OR PARTNERSHIP  
17 MUST DEMONSTRATE THE FOLLOWING:

18 (A) PRIOR SUCCESS IN DELIVERING ONLINE COURSES AND  
19 INSTRUCTIONAL SERVICES TO K-12 STUDENTS THROUGHOUT MICHIGAN.

20 (B) EXPERTISE IN DESIGNING, DEVELOPING AND EVALUATING ONLINE K-  
21 12 COURSE CONTENT.

22 (C) EXPERIENCE IN MAINTAINING A STATEWIDE HELP DESK SERVICE FOR  
23 STUDENTS, ONLINE TEACHERS, AND OTHER SCHOOL PERSONNEL.

24 (D) KNOWLEDGE AND EXPERIENCE IN PROVIDING TECHNICAL ASSISTANCE  
25 AND SUPPORT TO K-12 SCHOOLS IN THE AREA OF ONLINE EDUCATION.

26 (E) EXPERIENCE IN TRAINING AND SUPPORTING K-12 MICHIGAN  
27 EDUCATORS TO TEACH ONLINE COURSES.

1       (F) DEMONSTRATED TECHNICAL EXPERTISE AND CAPACITY IN MANAGING  
2 COMPLEX TECHNOLOGY SYSTEMS.

3       (G) EXPERIENCE PROMOTING 21<sup>ST</sup> CENTURY LEARNING SKILLS THROUGH  
4 THE INNOVATIVE USE OF ONLINE TECHNOLOGIES.

5       (10) ~~(8)~~ As used in this section:

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

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

9       (C) "HIGH-NEED LOCAL SCHOOL DISTRICT" MEANS A LOCAL EDUCATIONAL  
10 AGENCY AS DEFINED IN THE "ENHANCING EDUCATION THROUGH TECHNOLOGY  
11 ACT OF 2001", PUBLIC LAW 107-110.

12       Sec. 99. (1) From the state school aid fund money appropriated  
13 in section 11, there is allocated an amount not to exceed  
14 \$2,416,000.00 for ~~2004-2005~~ 2005-2006 and from the general fund  
15 appropriation in section 11, there is allocated an amount not to  
16 exceed \$84,000.00 for ~~2004-2005~~ 2005-2006 for implementing the  
17 comprehensive master plan for mathematics and science centers  
18 developed by the department and approved by the state board on  
19 August 8, 2002. In addition, from the federal funds appropriated in  
20 section 11, there is allocated an amount estimated at ~~\$3,581,300.00~~  
21 \$4,310,000.00 from DED-OESE, title II, mathematics and science  
22 partnership grants.

23       (2) Within a service area designated locally, approved by the  
24 department, and consistent with the master plan described in  
25 subsection (1), an established mathematics and science center shall  
26 address 2 or more of the following 6 basic services, as described  
27 in the master plan, to constituent districts and communities:

1 leadership, pupil services, curriculum support, community  
2 involvement, professional development, and resource clearinghouse  
3 services.

4 (3) The department shall not award a state grant under this  
5 section to more than 1 mathematics and science center located in a  
6 designated region as prescribed in the 2002 master plan unless each  
7 of the grants serves a distinct target population or provides a  
8 service that does not duplicate another program in the designated  
9 region.

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

15 (5) Allocations under this section to support the activities  
16 and programs of mathematics and science centers shall be continuing  
17 support grants to all 33 established mathematics and science  
18 centers. Each established mathematics and science center that was  
19 funded in 2003-2004 shall receive state funding in an amount equal  
20 to the amount it received under this section for 2003-2004. If a  
21 center declines state funding or a center closes, the remaining  
22 money available under this section shall be distributed on a pro  
23 rata basis to the remaining centers, as determined by the  
24 department.

25 (6) In order to receive state funds under this section, a grant  
26 recipient shall allow access for the department or the department's  
27 designee to audit all records related to the program for which it



1 receives such funds. The grant recipient shall reimburse the state  
2 for all disallowances found in the audit.

3 (7) Not later than September 30, 2007, the department shall  
4 reevaluate and update the comprehensive master plan described in  
5 subsection (1).

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

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

13 (10) As used in this section:

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

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

17 **SEC. 103. (1) BEGINNING IN 2006-2007, AND EACH SUCCEEDING**  
18 **FISCAL YEAR THROUGH 2009-2010, ELIGIBLE DISTRICTS AND PUBLIC SCHOOL**  
19 **ACADEMIES SHALL RECEIVE AN ADDITIONAL AMOUNT PER PUPIL FOR EACH**  
20 **PUPIL THAT SUCCESSFULLY GRADUATES FROM GRADE 12 WITH A HIGH SCHOOL**  
21 **DIPLOMA AND IS LESS THAN 20 YEARS OF AGE.**

22 (2) FOR 2007-2008, DISTRICTS AND PUBLIC SCHOOL ACADEMIES SHALL  
23 BE ALLOCATED AN ADDITIONAL AMOUNT PER PUPIL FOR PUPILS IN GRADE 9  
24 TO 12 IF THE FOLLOWING CONDITIONS ARE MET:

25 (A) EACH DISTRICT OR PUBLIC SCHOOL ACADEMY MAKES AVAILABLE TO  
26 ALL PUPILS ATTENDING PUBLIC SCHOOL IN GRADES 9 TO 12, THE MICHIGAN  
27 SCHOLAR CURRICULUM. THE MICHIGAN SCHOLAR CURRICULUM SHALL, AT A

1 MINIMUM, INCLUDE:

2 (i) 4 CREDITS IN ENGLISH.

3 (ii) 3 CREDITS IN MATH, WHICH MAY INCLUDE, BUT ARE NOT LIMITED  
4 TO, ALGEBRA I, ALGEBRA II AND GEOMETRY.

5 (iii) 3 CREDITS IN BASIC LABORATORY SCIENCE, WHICH MAY INCLUDE,  
6 BUT ARE NOT LIMITED TO, BIOLOGICAL SCIENCE, PHYSICAL SCIENCE, AND  
7 CHEMISTRY.

8 (iv) 3.5 CREDITS IN SOCIAL STUDIES, WHICH MAY INCLUDE, BUT ARE  
9 NOT LIMITED TO, WORLD HISTORY, AMERICAN HISTORY, ECONOMICS AND  
10 GOVERNMENT.

11 (v) 2 CREDITS IN THE SAME FOREIGN LANGUAGE.

12 (C) DISTRICTS AND PUBLIC SCHOOL ACADEMIES SHALL SUBMIT TO THE  
13 DEPARTMENT NOT LATER THAN SEPTEMBER 1, 2007 A BOARD-ADOPTED  
14 RESOLUTION INDICATING THAT THE DISTRICT OR PUBLIC SCHOOL ACADEMY  
15 HAS ESTABLISHED THE MICHIGAN SCHOLAR CURRICULUM. THE BOARD-ADOPTED  
16 RESOLUTION SHALL INDICATE HOW THE PAYMENT UNDER THIS SUBSECTION  
17 SHALL BE USED TO SUPPORT THE CURRICULUM OFFERINGS IN THE MICHIGAN  
18 SCHOLAR CURRICULUM.

19 (3) BEGINNING IN 2010-2011, DISTRICTS AND PUBLIC SCHOOL  
20 ACADEMIES WILL BE ELIGIBLE FOR AN ADDITIONAL AMOUNT PER PUPIL FOR  
21 EACH PUPIL THAT SUCCESSFULLY MEETS THE MINIMUM REQUIREMENTS OF THE  
22 MICHIGAN SCHOLAR CURRICULUM DESCRIBED IN SUBSECTION (2) AND  
23 GRADUATES ON OR BEFORE THEIR TWENTIETH BIRTHDAY.

24 Sec. 107. (1) From the appropriation in section 11, there is  
25 allocated an amount not to exceed \$20,000,000.00 for ~~2004-2005~~  
26 2005-2006 for adult education programs authorized under this  
27 section.

1       (2) To be eligible to be a participant funded under this  
2 section, a person shall be enrolled in an adult basic education  
3 program, an adult English as a second language program, a general  
4 educational development (G.E.D.) test preparation program, a job or  
5 employment related program, or a high school completion program,  
6 that meets the requirements of this section, and shall meet either  
7 of the following, as applicable:

8       (a) If the individual has obtained a high school diploma or a  
9 general educational development (G.E.D.) certificate, the  
10 individual meets 1 of the following:

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

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

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

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

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

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

24       (ii) Is at least 16 years of age on September 1 of the school  
25 year, has been permanently expelled from school under section  
26 1311(2) or 1311a of the revised school code, MCL 380.1311 and  
27 380.1311a, and has no appropriate alternative education program

1 available through his or her district of residence.

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

4 (a) For districts and consortia that received payments for  
5 ~~2003-2004~~ **2004-2005** under this section, the amount allocated to  
6 each for ~~2004-2005~~ **2005-2006** shall be based on the number of  
7 participants served by the district or consortium for ~~2004-2005~~,  
8 **2005-2006** using the amount allocated per full-time equated  
9 participant under subsection (5), up to a maximum total allocation  
10 under this section in an amount equal to the amount the district or  
11 consortium received for ~~2003-2004~~ **2004-2005** under this section  
12 before any reallocations made for ~~2003-2004~~ **2004-2005** under  
13 subsection (4).

14 (b) A district or consortium that received funding in ~~2003-2004~~  
15 **2004-2005** under this section may operate independently of a  
16 consortium or join or form a consortium for ~~2004-2005~~. **2005-2006**.  
17 The allocation for ~~2004-2005~~ **2005-2006** to the district or the newly  
18 formed consortium under this subsection shall be determined by the  
19 department of labor and economic growth and shall be based on the  
20 proportion of the amounts that are attributable to the district or  
21 consortium that received funding in ~~2003-2004~~ **2004-2005**. A  
22 district or consortium described in this subdivision shall notify  
23 the department of labor and economic growth of its intention with  
24 regard to ~~2004-2005~~ **2005-2006** by October 1, ~~2004~~. **2005**.

25 (4) A district that operated an adult education program in  
26 ~~2003-2004~~ **2004-2005** and does not intend to operate a program in  
27 ~~2004-2005~~ **2005-2006** shall notify the department of labor and

1 economic growth by October 1, ~~2004~~ **2005** of its intention. The  
2 funds intended to be allocated under this section to a district  
3 that does not operate a program in ~~2004-2005~~ **2005-2006** and the  
4 unspent funds originally allocated under this section to a district  
5 or consortium that subsequently operates a program at less than the  
6 level of funding allocated under subsection (3) shall instead be  
7 proportionately reallocated to the other districts described in  
8 subsection (3)(a) that are operating an adult education program in  
9 ~~2004-2005~~ **2005-2006** under this section.

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

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

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

21 (b) The program tests individuals for eligibility under  
22 subdivision (a) before enrollment and tests participants to  
23 determine progress after every 90 hours of attendance, using  
24 assessment instruments approved by the department of labor and  
25 economic growth.

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

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

3       (ii) The participant fails to show progress on 2 successive  
4 assessments after having completed at least 450 hours of  
5 instruction.

6       (d) A funding recipient enrolling a participant in an English  
7 as a second language program is eligible for funding according to  
8 subsection (10) until the participant meets 1 of the following:

9       (i) The participant is assessed as having attained basic English  
10 proficiency.

11       (ii) The participant fails to show progress on 2 successive  
12 assessments after having completed at least 450 hours of  
13 instruction. The department of labor and economic growth shall  
14 provide information to a funding recipient regarding appropriate  
15 assessment instruments for this program.

16       (7) A general educational development (G.E.D.) test preparation  
17 program operated on a year-round or school year basis may be funded  
18 under this section, subject to all of the following:

19       (a) The program enrolls adults who do not have a high school  
20 diploma.

21       (b) The program shall administer a G.E.D. pre-test approved by  
22 the department of labor and economic growth before enrolling an  
23 individual to determine the individual's potential for success on  
24 the G.E.D. test, and shall administer other tests after every 90  
25 hours of attendance to determine a participant's readiness to take  
26 the G.E.D. test.

27       (c) A funding recipient shall receive funding according to

1 subsection (10) for a participant, and a participant may be  
2 enrolled in the program until 1 of the following occurs:

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

4 (ii) The participant fails to show progress on 2 successive tests  
5 used to determine readiness to take the G.E.D. test after having  
6 completed at least 450 hours of instruction.

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

10 (a) The program enrolls adults who do not have a high school  
11 diploma.

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

15 (i) The participant passes the course and earns a high school  
16 diploma.

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

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

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

1 (b) An individual may be enrolled in this program and the grant  
2 recipient shall receive funding according to subsection (10) until  
3 1 of the following occurs:

4 (i) The individual achieves the requisite skills as determined  
5 by appropriate assessment instruments administered at least after  
6 every 90 hours of attendance.

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

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

14 (a) Ninety percent for enrollment of eligible participants.

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

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

27 (12) A person who is not eligible to be a participant funded



1 under this section may receive adult education services upon the  
2 payment of tuition. In addition, a person who is not eligible to  
3 be served in a program under this section due to the program  
4 limitations specified in subsection (6), (7), (8), or (9) may  
5 continue to receive adult education services in that program upon  
6 the payment of tuition. The tuition level shall be determined by  
7 the local or intermediate district conducting the program.

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

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

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

1 the United States department of health and human services.

2 Sec. 107b. (1) The department may begin the development of a  
3 pilot project for an adult learning system in 2 Michigan works!  
4 regions as described under this section. ~~If the department begins~~  
5 ~~development of the pilot project, the pilot project shall be~~  
6 ~~developed and administered as provided under this section.~~ BY MAY  
7 1, 2005, THE MICHIGAN WORKS! AGENCIES SELECTED BY THE DEPARTMENT  
8 WILL DEVELOP, DISTRIBUTE, REVIEW, AND MAKE FUNDING RECOMMENDATIONS  
9 WITH RESPECT TO REQUESTS FOR PROPOSALS FOR SERVICES TO BE PROVIDED  
10 DURING THE 2005-2006 SCHOOL YEAR.

11 (2) ~~Not later than February 28, 2005, the department, based on~~  
12 ~~the recommendations of the advisory committee established under~~  
13 ~~subsection (5), shall review funding requirements under subsection~~  
14 ~~(7) and make funding recommendations for the pilot project for~~  
15 ~~2005-2006. The recommended funding shall not exceed the amount of~~  
16 ~~the funds that were allocated for 2004-2005 under section 107 to~~  
17 ~~the adult education providers located within the Michigan works!~~  
18 ~~regions chosen for the pilot project. In the pilot project~~  
19 ~~regions, these funds shall instead be distributed to the agencies~~  
20 ~~selected by the advisory committee to participate as providers in~~  
21 ~~the pilot adult learning system. These agencies shall be selected~~  
22 ~~on a competitive basis.~~ FUNDS THAT WOULD BE ALLOCATED UNDER  
23 SECTION 107 TO ADULT EDUCATION PROVIDERS LOCATED WITHIN THE 2  
24 MICHIGAN WORKS! REGIONS SHALL INSTEAD BE DISTRIBUTED TO THE 2  
25 MICHIGAN WORKS! AGENCIES SELECTED BY THE DEPARTMENT TO PARTICIPATE  
26 IN THE PILOT ADULT LEARNING SYSTEM. NOT MORE THAN 5% OF A GRANT  
27 AWARDED TO THE 2 MICHIGAN WORKS! AGENCIES UNDER THIS SECTION MAY BE

1 USED FOR PROGRAM ADMINISTRATION, INCLUDING CONTRACTING FOR THE  
2 PROVISION OF CAREER AND EDUCATIONAL INFORMATION, COUNSELING  
3 SERVICES, AND ASSESSMENT SERVICES.

4 (3) To be eligible to be enrolled as a participant in a pilot  
5 project adult learning system, an individual shall be at least 16  
6 years of age as of September 1 of the immediately preceding state  
7 fiscal year and shall meet the following, as applicable:

8 (a) If the individual has obtained a high school diploma or a  
9 general educational development (G.E.D.) certificate, the  
10 individual is determined to have English language proficiency,  
11 reading, writing, or math skills below employment trainability  
12 skills standards as determined by tests approved by the department  
13 and is not enrolled in a postsecondary institution. An individual  
14 who has obtained a high school diploma is not eligible for  
15 enrollment in a G.E.D. test preparation program.

16 (b) If the individual has not obtained a high school diploma or  
17 a G.E.D. certificate, the individual has not attended a secondary  
18 institution for at least 6 months before enrollment in a pilot  
19 project adult learning system and is not enrolled in a  
20 postsecondary institution.

21 ~~(4) Subject to subsection (7), the advisory committee~~  
22 ~~established under subsection (5) shall determine the amount of the~~  
23 ~~funding under this section that may be used for program~~  
24 ~~administration, including contracting for the provision of career~~  
25 ~~and educational information, counseling services, and assessment~~  
26 ~~services.—~~ THE DEPARTMENT SHALL CREATE AN ADVISORY COMMITTEE  
27 CONSISTING OF THE DEPARTMENT, ADULT EDUCATORS, MICHIGAN WORKS!,

1 **WORKFORCE DEVELOPMENT BOARD MEMBERS, AND COMMUNITY-BASED**  
2 **ORGANIZATIONS TO ASSIST IN THE DEVELOPMENT OF THE PILOT PROJECTS.**

3 ~~(5) The department shall establish an adult learning system~~  
4 ~~advisory committee for the purposes of this section. All of the~~  
5 ~~following apply to this advisory committee: .....~~

6 ~~(a) The advisory committee shall consist of the following 7~~  
7 ~~members:~~

8 ~~(i) A representative of the department, appointed by the~~  
9 ~~director of the department.~~

10 ~~(ii) The department's director of adult education.~~

11 ~~(iii) A representative of the Michigan works! agency, appointed~~  
12 ~~by the director of the department.~~

13 ~~(iv) The executive director of the Michigan association of~~  
14 ~~community and adult education.~~

15 ~~(v) A person who is currently serving as an adult education~~  
16 ~~educator, appointed by the director of the department.~~

17 ~~(vi) A person who is currently serving as an administrator of a~~  
18 ~~school district adult education program, appointed by the director~~  
19 ~~of the department.~~

20 ~~(vii) A representative of a community based organization,~~  
21 ~~appointed by the director of the department.~~

22 ~~(b) The advisory committee shall develop and review proposals~~  
23 ~~for delivery of adult learning services under the pilot project,~~  
24 ~~shall select agencies to participate as providers in the pilot~~  
25 ~~project, and shall do all of the following:~~

26 ~~(i) Develop a strategic plan to identify adult learning~~  
27 ~~providers and document the need for an adult learning system in a~~

1 ~~specific region.~~

2 ~~(ii) Provide guidance to a pilot project adult learning system~~  
3 ~~on referring, enrolling, promoting, and recruiting for the pilot~~  
4 ~~project.~~

5 ~~(iii) Ensure coordination of a pilot project adult learning~~  
6 ~~system with other available resources in the region, such as~~  
7 ~~schools, postsecondary institutions, job training programs, and~~  
8 ~~social service agencies.~~

9 ~~(c) A member of the advisory committee shall serve without~~  
10 ~~compensation. However, a member may be reimbursed for the member's~~  
11 ~~actual and necessary expenses incurred in the performance of the~~  
12 ~~member's duties as a member of the advisory committee.~~

13 ~~(d) A majority of the members of the advisory committee~~  
14 ~~constitute a quorum for the transaction of business at a meeting of~~  
15 ~~the advisory committee. A majority of the members present and~~  
16 ~~serving are required for official action of the advisory committee.~~

17 ~~(e) The business that the advisory committee may perform shall~~  
18 ~~be conducted at a public meeting of the advisory committee held in~~  
19 ~~compliance with the open meetings act, 1976 PA 267, MCL 15.261 to~~  
20 ~~15.275.~~

21 ~~(f) A writing prepared, owned, used, in the possession of, or~~  
22 ~~retained by the advisory committee in the performance of an~~  
23 ~~official function is subject to the freedom of information act,~~  
24 ~~1976 PA 443, MCL 15.231 to 15.246.~~

25 ~~(6) To be eligible for funding under this section, a pilot~~  
26 ~~project adult learning system shall do all of the following:~~

27 ~~(a) Provide services in compliance with the guidelines~~

~~established by the advisory committee under subsection (5).~~

~~(b) Report outcomes and other measurements of program performance into the Michigan adult education reporting system administered by the department.~~

(5) A MICHIGAN WORKS! AGENCY AUTHORIZED TO PARTICIPATE IN A PILOT ADULT LEARNER SYSTEM SHALL COMPLY WITH THE FOLLOWING REQUIREMENTS IN A MANNER APPROVED BY THE DEPARTMENT:

(A) THE MICHIGAN WORKS! AGENCY SHALL DOCUMENT THE NEED FOR ADULT LEARNING PROGRAMS IN ITS REGION.

(B) THE MICHIGAN WORKS! AGENCY SHALL DEVELOP A STRATEGIC PLAN THAT DOES ALL OF THE FOLLOWING:

(i) IDENTIFIES MULTIPLE POTENTIAL ADULT LEARNING PROVIDERS, INCLUDING COMMUNITY-BASED ORGANIZATIONS. ELIGIBLE PROVIDERS SHALL HAVE PROGRAMS THAT ARE OPEN ENTRY/OPEN EXIT, ALLOWING FOR THE IMMEDIATE START OF TRAINING AND EXIT OF SYSTEM UPON COMPLETION OF LEARNING GOALS.

(ii) PROVIDES AN EFFICIENT REFERRAL PROCESS FOR PARTICIPANTS TO ENROLL WITH APPROPRIATE ADULT LEARNING PROVIDERS.

(iii) COORDINATES THE PILOT ADULT LEARNER SYSTEM WITH OTHER AVAILABLE RESOURCES IN THE COMMUNITY, SUCH AS SCHOOLS, POSTSECONDARY INSTITUTIONS, JOB TRAINING PROGRAMS, AND SOCIAL SERVICE AGENCIES.

(iv) CONTAINS REGIONAL PROMOTIONAL AND RECRUITMENT STRATEGIES TO INFORM POTENTIAL PARTICIPANTS, REFERRAL AGENCIES, SPECIAL TARGETED GROUPS, AND THE GENERAL PUBLIC OF AVAILABLE RESOURCES.

(v) PROVIDES ADEQUATE JOB AND POSTSECONDARY EDUCATION COUNSELING SERVICES.

1       (vi) THE LOCAL WORKFORCE DEVELOPMENT BOARD SHALL REPORT  
2 PARTICIPANT OUTCOMES AND OTHER MEASUREMENTS OF PROGRAM PERFORMANCE  
3 INTO THE MICHIGAN ADULT EDUCATION REPORTING SYSTEM (MAERS)  
4 ADMINISTERED BY THE DEPARTMENT.

5       (vi) THE MICHIGAN WORKS! AGENCY SHALL ALLOW ACCESS FOR THE  
6 DEPARTMENT OR ITS DESIGNEE TO AUDIT ALL RECORDS RELATED TO THE  
7 PILOT ADULT LEARNING SYSTEM FOR WHICH IT RECEIVES FUNDS. THE  
8 AGENCY SHALL REIMBURSE THIS STATE FOR ALL DISALLOWANCES FOUND IN  
9 THE AUDIT.

10       (6) CRITERIA FOR GRANT AWARDS WILL BE DEVELOPED IN A MANNER TO  
11 PROMOTE, TO THE FULLEST EXTENT POSSIBLE BASED ON THE SERVICE NEEDS  
12 OF THE COMMUNITY AS IDENTIFIED BY THE MICHIGAN WORKS! AGENCY UNDER  
13 THE STRATEGIC PLAN REQUIRED BY SUBSECTION (5) (B), THE MAXIMUM  
14 FEASIBLE GEOGRAPHIC ACCESS BY STUDENTS AND TO SERVICES. CRITERIA  
15 SHALL ALSO ENCOURAGE THE DEVELOPMENT OF PARTNERSHIPS WITH  
16 ORGANIZATIONS THAT OFFER A VARIETY OF COMMUNITY SERVICES.

17       (7) The department shall ensure that at least 80% of the  
18 funding under this section is used for adult basic education, high  
19 school completion, G.E.D. test preparation, or English as a second  
20 language proficiency, and shall ensure that ~~these services~~ **HIGH**  
21 **SCHOOL COMPLETION AND G.E.D. TEST PREPARATION** are provided by a  
22 certified teacher. The remainder of the services may include  
23 training in employment trainability skills. ~~The department shall~~  
24 ~~reimburse eligible adult learning providers participating in a~~  
25 ~~pilot project adult learning system under this section as follows:~~

26       (8) THE MICHIGAN WORKS! AGENCY IN THE PILOT ADULT LEARNING  
27 SYSTEM SHALL AWARD COMPETITIVE GRANTS TO ELIGIBLE ADULT LEARNING

1 PROVIDERS FOR THE PURPOSE OF PROVIDING ADULT LEARNING PROGRAMS IN  
2 THEIR REGION. APPLICATIONS SHALL BE IN THE FORM AND MANNER  
3 PRESCRIBED BY THE DEPARTMENT. THE MICHIGAN WORKS! AGENCY SHALL  
4 REIMBURSE ELIGIBLE ADULT LEARNING PROVIDERS UNDER THIS SECTION AS  
5 FOLLOWS:

6 (a) The contract amount shall be allocated to eligible adult  
7 learning providers based upon the following performance standards  
8 as measured in a manner approved by the department:

9 (i) The percentage of participants taking both a pretest and a  
10 posttest in English language proficiency, reading, writing, and  
11 math.

12 (ii) The percentage of participants showing improvement toward  
13 goals identified in their individual adult learner plan.

14 (iii) The percentage of participants achieving their terminal  
15 goals as identified in their individual adult learner plan.

16 (b) A provider is eligible for reimbursement for a participant  
17 in an adult learning program until the participant's reading,  
18 writing, or math proficiency, as applicable, is assessed at  
19 employment trainability skills standards or the participant fails  
20 to show progress on 2 successive assessments as determined by the  
21 department.

22 (c) A provider is eligible for reimbursement for a participant  
23 in an English as a second language program until the participant is  
24 assessed as having attained basic English proficiency or the  
25 participant fails to show progress on 2 successive assessments as  
26 determined by the department.

27 (d) A provider is eligible for reimbursement for a participant



1 in a G.E.D. test preparation program until the participant passes  
2 the G.E.D. test or the participant fails to show progress on 2  
3 successive assessments as determined by the department.

4 (e) A provider is eligible for reimbursement for a participant  
5 in a high school completion program until the participant earns a  
6 high school diploma or the participant fails to show progress as  
7 determined by the department.

8 (9) ~~(8) An individual~~ **A PERSON** who is not eligible to be a  
9 participant funded under this section may receive adult learning  
10 services in a pilot ~~project~~ adult learning system upon the payment  
11 of tuition or fees for service. The tuition or fee level shall be  
12 determined by the adult learning provider and approved by the  
13 ~~department's director of adult education~~ **MICHIGAN WORKS! AGENCY.**

14 (10) ~~(9)~~ A provider shall not be reimbursed under this section  
15 for an individual who is an inmate in a state correctional  
16 facility.

17 (11) ~~(10)~~ A provider shall allow access for the ~~department~~  
18 **MICHIGAN WORKS! AGENCY** or its designee to audit all records related  
19 to the pilot ~~project~~ adult learning system for which it receives  
20 funds. The **ADULT LEARNING** provider shall reimburse this state for  
21 all disallowances found in the audit.

22 (12) ~~(11)~~ As used in this section:

23 (a) "Adult learning system" means a system approved by the  
24 department that improves reading, writing, and math skills to  
25 employment trainability skills standards; an English as a second  
26 language program; a G.E.D. preparation program; a high school  
27 completion program; or a workforce readiness program that enhances

1 employment opportunities.

2 (b) "Department" means the department of labor and economic  
3 growth.

4 (c) "Eligible adult learning provider" means a district, public  
5 school academy, intermediate district, community college,  
6 university, community-based organization, or other organization  
7 approved by the department that provides adult learning systems  
8 under a contract with the Michigan works! agency that is part of  
9 the pilot ~~project~~ adult learning system.

10 (d) "Employment trainability skills standard" means a  
11 proficiency level approved by the department in English language,  
12 reading, writing, or mathematics, or any and all of these, as  
13 determined by results from assessments approved for use by the  
14 department.

15 (e) "Michigan works! agency" means the agency designated by the  
16 chief elected official and approved by the governor to administer  
17 the portion of the Michigan works! system for that local workforce  
18 investment area.

19 (f) "Participant" means an individual enrolled in an adult  
20 learning program and receiving services from an eligible adult  
21 learning provider.

22 (g) "Pilot project" means a temporary project established to  
23 deliver a new adult learning system.

24 Sec. 147. (1) The allocation for ~~2004-2005~~ **2005-2006** for the  
25 public school employees' retirement system pursuant to the public  
26 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301  
27 to 38.1408, shall be made using the entry age normal cost actuarial

1 method and risk assumptions adopted by the public school employees  
 2 retirement board and the department of management and budget. The  
 3 annual level percentage of payroll contribution rate is estimated  
 4 ~~14.87%~~ **16.34%** for the ~~2004-2005~~ **2005-2006** state fiscal year. The  
 5 portion of the contribution rate assigned to districts and  
 6 intermediate districts for each fiscal year is all of the total  
 7 percentage points. This contribution rate reflects an amortization  
 8 period of ~~32~~ **31** years for ~~2004-2005~~ **2005-2006**. The public school  
 9 employees' retirement system board shall notify each district and  
 10 intermediate district by February 28 of each fiscal year of the  
 11 estimated contribution rate for the next fiscal year.

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

17 Sec. 158b. Each district that receives federal impact aid  
 18 annually shall report to the center, in the form and manner  
 19 prescribed by the ~~department~~ **CENTER**, the amount of that aid the  
 20 district received.

21 Sec. 164c. A district or intermediate district shall not use  
 22 funds appropriated under this act to purchase foreign goods or  
 23 services, **OR BOTH**, if competitively priced **AND OF COMPARABLE**  
 24 **QUALITY** American goods or services, **OR BOTH, ARE AVAILABLE** ~~of~~  
 25 ~~comparable quality are available.~~ **PREFERENCE SHOULD BE GIVEN TO**  
 26 **GOODS OR SERVICES, OR BOTH, MANUFACTURED OR PROVIDED BY MICHIGAN**  
 27 **BUSINESSES IF THEY ARE COMPETITIVELY PRICED AND OF COMPARABLE**

1 **QUALITY.**

2 Enacting section 1. In accordance with section 30 of article I  
3 of the state constitution of 1963, total state spending in this  
4 amendatory act from state sources for fiscal year 2005-2006 is  
5 estimated at \$11,435,194,600.00 and state appropriations to be paid  
6 to local units of government for fiscal year 2005-2006 are  
7 estimated at \$11,372,594,600.00.

8 Enacting section 2. Sections 11b, 32f, 98b, and 166 of the state  
9 school aid act of 1979, 1979 PA 94, MCL 388.1611b, MCL 388.1632f,  
10 MCL 388.1698b and MCL 388.1766, are repealed effective October 1,  
11 2005.

12 Enacting section 3. (1) Except as otherwise specified  
13 in subsection (2), this act shall take effect October 1, 2005.

14 (2) Sections 11, 11a, 11j, 22a, 22b, 51a, 51c, and 107b, as  
15 amended by this amendatory act, take effect upon enactment of this  
16 amendatory act.