

SUBSTITUTE FOR  
SENATE BILL NO. 237

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 3, 6, 6a, 8b, 11, 11a, 11f, 11g, 11j, 11k,  
11m, 15, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26a, 26b,  
31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39a, 41, 51a, 51c, 51d,  
53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 76, 81, 94a, 98, 99,  
99e, 104, 107, 147, and 163 (MCL 388.1603, 388.1606, 388.1606a,  
388.1608b, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j,  
388.1611k, 388.1611m, 388.1615, 388.1618, 388.1619, 388.1620,  
388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a,  
388.1624c, 388.1626a, 388.1626b, 388.1631a, 388.1631d, 388.1631f,  
388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637,  
388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a,

388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1676, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1704, 388.1707, 388.1747, and 388.1763), sections 3, 11, 11g, 11j, 22a, 22b, 26b, 31a, 51a, 51c, 65, 81, and 147 as amended by 2007 PA 6, sections 6, 11a, 11f, 11k, 15, 18, 20, 20j, 22d, 24, 26a, 31d, 31f, 32c, 32d, 32j, 32l, 37, 39a, 41, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 74, 94a, 98, 99, and 107 as amended and sections 11m, 24a, 24c, 32b, 64, 99e, and 104 as added by 2006 PA 342, section 6a as amended by 1997 PA 93, section 8b as amended by 2003 PA 158, section 19 as amended by 2005 PA 155, section 76 as amended by 1996 PA 300, and section 163 as amended by 2004 PA 351, and by adding section 32n; and to repeal acts and parts of acts.

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

1       Sec. 3. (1) "Average daily attendance", for the purposes of  
2       complying with federal law, ~~and except as used in section 6(4)(bb),~~  
3       means 92% of the ~~membership~~ **PUPILS COUNTED IN MEMBERSHIP ON THE**  
4       **PUPIL MEMBERSHIP COUNT DAY**, as defined in section ~~6(4)~~ **6(7)**.

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

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

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

1 provided and the estimated number of pupils from each district who  
2 will participate in the educational programs.

3 (5) "Department", except in section 107, means the department  
4 of education.

5 (6) "District" means a local school district established under  
6 the revised school code, a local act school district, or, except in  
7 sections 6(4), 6(6), 13, 20, 22a, 23, 29, 31a, 105, and 105c, a  
8 public school academy. Except in sections 6(4), 6(6), 13, 20, 22a,  
9 29, 105, and 105c, district also includes a university school.

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

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

25 Sec. 6. (1) "Center program" means a program operated by a  
26 district or intermediate district for special education pupils from  
27 several districts in programs for pupils with autism spectrum

1 disorder, pupils with severe cognitive impairment, pupils with  
2 moderate cognitive impairment, pupils with severe multiple  
3 impairments, pupils with hearing impairment, pupils with visual  
4 impairment, and pupils with physical impairment or other health  
5 impairment. Programs for pupils with emotional impairment housed in  
6 buildings that do not serve regular education pupils also qualify.  
7 Unless otherwise approved by the department, a center program  
8 either shall serve all constituent districts within an intermediate  
9 district or shall serve several districts with less than 50% of the  
10 pupils residing in the operating district. In addition, special  
11 education center program pupils placed part-time in noncenter  
12 programs to comply with the least restrictive environment  
13 provisions of section 612 of part B of the individuals with  
14 disabilities education act, 20 USC 1412, may be considered center  
15 program pupils for pupil accounting purposes for the time scheduled  
16 in either a center program or a noncenter program.

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

20 (3) "District and high school graduation report" means a  
21 report of the number of pupils, excluding adult participants, in  
22 the district for the immediately preceding school year, adjusted  
23 for those pupils who have transferred into or out of the district  
24 or high school, who leave high school with a diploma or other  
25 credential of equal status.

26 (4) "Membership", except as otherwise provided in this act,  
27 means for a district, public school academy, university school, or

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

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

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

1 of the pupil's district of residence to count the pupil in  
2 membership, the pupil shall not be counted in membership in any  
3 district.

4 (c) A special education pupil educated by the intermediate  
5 district shall be counted in membership in the intermediate  
6 district.

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

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

16 (f) A pupil enrolled in a vocational education program  
17 supported by a millage levied over an area larger than a single  
18 district or in an area vocational-technical education program  
19 established pursuant to section 690 of the revised school code, MCL  
20 380.690, shall be counted only in the pupil's district of  
21 residence.

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

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

26 (i) For a new district, university school, or public school  
27 academy beginning its operation after December 31, 1994, membership

1 for the first 2 full or partial fiscal years of operation shall be  
2 determined as follows:

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

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

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

1 were also counted in the district on the immediately preceding  
2 supplemental count day.

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

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

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

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



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

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

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

1 shall be allocated to the public school academy.

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

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

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

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

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

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

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

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

1 met:

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

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

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

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

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

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

24 (x) For a public school academy that has been in operation for  
25 at least 2 years and that suspended operations for at least 1  
26 semester and is resuming operations, membership is the sum of the  
27 product of .75 times the number of full-time equated pupils in

1 grades K to 12 actually enrolled and in regular daily attendance on  
2 the first pupil membership count day or supplemental count day,  
3 whichever is first, occurring after operations resume, plus the  
4 product of .25 times the final audited count from the most recent  
5 pupil membership count day or supplemental count day that occurred  
6 before suspending operations, as determined by the superintendent.

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

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

27 (ii) The district's actual membership for that fiscal year as

1 otherwise calculated under this subsection.

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

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

21 ~~—— (bb) Full-time equated memberships for pupils enrolled in a~~  
22 ~~public school academy that is wholly contained within a county~~  
23 ~~juvenile detention facility shall be considered to be the average~~  
24 ~~daily attendance of pupils enrolled in the public school academy~~  
25 ~~for the immediately preceding fiscal year, as reported by the~~  
26 ~~public school academy and audited by the intermediate district in~~  
27 ~~which the public school academy is located. However, if a public~~

~~1 school academy described in this subdivision does not provide~~  
~~2 definitive information to the auditing intermediate district to~~  
~~3 support the pupil memberships generated by average daily~~  
~~4 attendance, then full-time equated memberships for pupils enrolled~~  
~~5 in that public school academy shall be calculated as otherwise~~  
~~6 provided under this subsection.~~

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

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

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

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

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

24 (c) A pupil enrolled in a public school academy or university  
25 school.

26 (d) A pupil enrolled in a district other than the pupil's  
27 district of residence under an intermediate district schools of

1 choice pilot program as described in section 91a or former section  
2 91 if the intermediate district and its constituent districts have  
3 been exempted from section 105.

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

7 (f) A pupil who has made an official written complaint or  
8 whose parent or legal guardian has made an official written  
9 complaint to law enforcement officials and to school officials of  
10 the pupil's district of residence that the pupil has been the  
11 victim of a criminal sexual assault or other serious assault, if  
12 the official complaint either indicates that the assault occurred  
13 at school or that the assault was committed by 1 or more other  
14 pupils enrolled in the school the pupil would otherwise attend in  
15 the district of residence or by an employee of the district of  
16 residence. A person who intentionally makes a false report of a  
17 crime to law enforcement officials for the purposes of this  
18 subdivision is subject to section 411a of the Michigan penal code,  
19 1931 PA 328, MCL 750.411a, which provides criminal penalties for  
20 that conduct. As used in this subdivision:

21 (i) "At school" means in a classroom, elsewhere on school  
22 premises, on a school bus or other school-related vehicle, or at a  
23 school-sponsored activity or event whether or not it is held on  
24 school premises.

25 (ii) "Serious assault" means an act that constitutes a felony  
26 violation of chapter XI of the Michigan penal code, 1931 PA 328,  
27 MCL 750.81 to 750.90g, or that constitutes an assault and



1 infliction of serious or aggravated injury under section 81a of the  
2 Michigan penal code, 1931 PA 328, MCL 750.81a.

3 (g) A pupil whose district of residence changed after the  
4 pupil membership count day and before the supplemental count day  
5 and who continues to be enrolled on the supplemental count day as a  
6 nonresident in the district in which he or she was enrolled as a  
7 resident on the pupil membership count day of the same school year.

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

11 (i) The pupil has been suspended or expelled from his or her  
12 district of residence for any reason, including, but not limited  
13 to, a suspension or expulsion under section 1310, 1311, or 1311a of  
14 the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

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

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

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

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

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

23 **(K) AN EXPELLED PUPIL WHO HAS BEEN DENIED REINSTATEMENT BY THE**  
24 **EXPELLING DISTRICT AND IS REINSTATED BY ANOTHER SCHOOL BOARD UNDER**  
25 **SECTION 1311 OR 1311A OF THE REVISED SCHOOL CODE, MCL 380.1311 AND**  
26 **380.1311A.**

27 **(l) A PUPIL ENROLLED IN A DISTRICT OTHER THAN THE PUPIL'S**

1 DISTRICT OF RESIDENCE IN A PROGRAM DESCRIBED IN SECTION 64 IF THE  
2 PUPIL'S DISTRICT OF RESIDENCE AND THE ENROLLING DISTRICT ARE BOTH  
3 CONSTITUENT DISTRICTS OF THE SAME INTERMEDIATE DISTRICT.

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

12 (7) "Pupil membership count day" of a district or intermediate  
13 district means:

14 (a) Except as provided in subdivision (b), the fourth  
15 Wednesday after Labor day each school year or, for a district or  
16 building in which school is not in session on that Wednesday **DUE TO**  
17 **CONDITIONS NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES**, with the  
18 approval of the superintendent, the immediately following day on  
19 which school is in session in the district or building.

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

22 (i) Fourth Wednesday in July.

23 (ii) Fourth Wednesday after Labor day.

24 (iii) Second Wednesday in February.

25 (iv) Fourth Wednesday in April.

26 (8) "Pupils in grades K to 12 actually enrolled and in regular  
27 daily attendance" means pupils in grades K to 12 in attendance and

1 receiving instruction in all classes for which they are enrolled on  
2 the pupil membership count day or the supplemental count day, as  
3 applicable. Except as otherwise provided in this subsection, a  
4 pupil who is absent from any of the classes in which the pupil is  
5 enrolled on the pupil membership count day or supplemental count  
6 day and who does not attend each of those classes during the 10  
7 consecutive school days immediately following the pupil membership  
8 count day or supplemental count day, except for a pupil who has  
9 been excused by the district, shall not be counted as 1.0 full-time  
10 equated membership. A pupil who is excused from attendance on the  
11 pupil membership count day or supplemental count day and who fails  
12 to attend each of the classes in which the pupil is enrolled within  
13 30 calendar days after the pupil membership count day or  
14 supplemental count day shall not be counted as 1.0 full-time  
15 equated membership. In addition, a pupil who was enrolled and in  
16 attendance in a district, intermediate district, or public school  
17 academy before the pupil membership count day or supplemental count  
18 day of a particular year but was expelled or suspended on the pupil  
19 membership count day or supplemental count day shall only be  
20 counted as 1.0 full-time equated membership if the pupil resumed  
21 attendance in the district, intermediate district, or public school  
22 academy within 45 days after the pupil membership count day or  
23 supplemental count day of that particular year. Pupils not counted  
24 as 1.0 full-time equated membership due to an absence from a class  
25 shall be counted as a prorated membership for the classes the pupil  
26 attended. For purposes of this subsection, "class" means a period  
27 of time in 1 day when pupils and a certificated teacher or legally

1 qualified substitute teacher are together and instruction is taking  
2 place.

3 (9) "Rule" means a rule promulgated pursuant to the  
4 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
5 24.328.

6 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to  
7 380.1852.

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

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

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

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

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

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

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

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

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

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

16          Sec. 6a. Except as otherwise provided in this act, in addition  
17 to the pupil membership count day, there shall be a supplemental  
18 pupil count of the number of full-time equated pupils in grades K-  
19 12 actually enrolled and in regular daily attendance in a district  
20 or intermediate district on the second Wednesday in February or,  
21 for a district that is not in session on that day **DUE TO CONDITIONS**  
22 **NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES, WITH THE APPROVAL OF**  
23 **THE SUPERINTENDENT**, the immediately ~~preceding~~ **FOLLOWING** day on  
24 which the district is in session. For the purposes of this act, the  
25 day on which the supplemental pupil count is conducted is the  
26 supplemental count day.

27          Sec. 8b. (1) The department shall assign a district code to

1 each public school academy that is authorized under the revised  
2 school code and is eligible to receive funding under this act  
3 within 30 days after a contract is submitted to the department by  
4 the authorizing body of a public school academy.

5 (2) If the department does not assign a district code to a  
6 public school academy within the 30-day period described in  
7 subsection (1), the district code the department shall use to make  
8 payments under this act to the newly authorized public school  
9 academy shall be a number that is equivalent to the sum of the last  
10 district code assigned to a public school academy located in the  
11 same county as the newly authorized public school academy plus 1.  
12 However, if there is not an existing public school academy located  
13 in the same county as the newly authorized public school academy,  
14 then the district code the department shall use to make payments  
15 under this act to the newly authorized public school academy shall  
16 be a 5-digit number that has the county code in which the public  
17 school academy is located as its first 2 digits, 9 as its third  
18 digit, 0 as its fourth digit, and 1 as its fifth digit. **IF THE**  
19 **NUMBER OF PUBLIC SCHOOL ACADEMIES IN A COUNTY GROWS TO EXCEED 100,**  
20 **THE THIRD DIGIT IN THIS 5-DIGIT NUMBER SHALL THEN BE 8 FOR THE**  
21 **PUBLIC SCHOOL ACADEMIES IN EXCESS OF 100.**

22 ~~Sec. 11. (1) For the fiscal year ending September 30, 2007,~~  
23 ~~there is appropriated for the public schools of this state and~~  
24 ~~certain other state purposes relating to education the sum of~~  
25 ~~\$11,299,963,200.00 from the state school aid fund established by~~  
26 ~~section 11 of article IX of the state constitution of 1963 and the~~  
27 ~~sum of \$35,000,000.00 from the general fund. **FOR THE FISCAL YEAR**~~

Senate Bill No. 237 as amended September 23, 2007

ENDING SEPTEMBER 30, 2008, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$11,299,943,600.00 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF <<\$41,000,000.00>> FROM THE GENERAL FUND. In addition, available federal funds are appropriated for the fiscal year.

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

(3) TO ASSIST THE LEGISLATURE AND THE STATE BUDGET OFFICE IN DETERMINING WHETHER SUFFICIENT FUNDS ARE AVAILABLE TO FULLY FUND THE APPROPRIATIONS UNDER THIS ACT, EACH REVENUE ESTIMATING CONFERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1367B, SHALL CALCULATE AN ESTIMATED YEAR-END BALANCE USING CONSENSUS REVENUE AND COST ESTIMATES FOR THE FISCAL YEAR ENDING IN THE CALENDAR YEAR OF THE ESTIMATING CONFERENCE. If the maximum amount appropriated under this section from the state school aid fund and the school aid stabilization

1 fund for a fiscal year, **ADJUSTED BY ANY CHANGES IN CONSENSUS COST**  
 2 **ESTIMATES DETERMINED BY THE CONSENSUS REVENUE ESTIMATING**  
 3 **CONFERENCE**, exceeds the amount available for expenditure from the  
 4 state school aid fund for that fiscal year, ~~payments~~ **AS DETERMINED**  
 5 **BY THE CONSENSUS REVENUE ESTIMATING CONFERENCE, THEN ALL OF THE**  
 6 **FOLLOWING APPLY:**

7 (A) **PAYMENTS** under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d,  
 8 31f, 51a(2), 51a(12), 51c, 53a, and 56 shall be made in full. ~~In~~  
 9 ~~addition, for~~

10 (B) **FOR** districts beginning operations after 1994-95 that  
 11 qualify for payments under section 22b, payments under section 22b  
 12 shall be made so that the qualifying districts receive the lesser  
 13 of an amount equal to the 1994-95 foundation allowance of the  
 14 district in which the district beginning operations after 1994-95  
 15 is located or \$5,500.00. The amount of the payment to be made under  
 16 section 22b for these qualifying districts shall be as calculated  
 17 under section 22a, with the balance of the payment under section  
 18 22b being subject to the proration otherwise provided under this  
 19 subsection and subsection (4). ~~If proration is necessary~~

20 (C) **EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (D)**, state  
 21 payments under each of the ~~other~~ sections of this act, **OTHER THAN**  
 22 **THOSE LISTED IN SUBDIVISION (A)**, from all state funding sources  
 23 shall be prorated in the manner prescribed in subsection (4) as  
 24 necessary to reflect the amount available for expenditure from the  
 25 state school aid fund for the affected fiscal year. ~~However, if the~~  
 26 ~~department of treasury determines that proration will be required~~  
 27 ~~under this subsection, or if the department of treasury determines~~



~~that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration.~~

(D) WITHIN 14 DAYS AFTER THE REVENUE ESTIMATING CONFERENCE THAT DETERMINED A PROJECTED SHORTFALL AS DESCRIBED IN THIS SUBSECTION, THE STATE BUDGET DIRECTOR SHALL NOTIFY THE LEGISLATURE THAT PRORATION OF PAYMENTS UNDER SUBDIVISION (C) WILL BE NECESSARY. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall, OR BY ENACTING LEGISLATION REDUCING APPROPRIATIONS UNDER THIS ACT IN THE AMOUNT OF THE PROJECTED SHORTFALL, OR A COMBINATION OF THESE.

(4) If proration is necessary UNDER SUBSECTION (3), the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:

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

4           (i) Districts.

5           (ii) Intermediate districts.

6           (iii) Entities other than districts or intermediate districts.

7           (b) The department shall recover a percentage of the proration  
8 amount required under subsection (3) that is equal to the  
9 percentage calculated under subdivision (a)(i) for districts by  
10 reducing payments to districts. This reduction shall be made by  
11 calculating an equal dollar amount per pupil as necessary to  
12 recover this percentage of the proration amount and reducing each  
13 district's total state school aid from state sources, other than  
14 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
15 51a(2), 51a(12), 51c, and 53a, by that amount.

16           (c) The department shall recover a percentage of the proration  
17 amount required under subsection (3) that is equal to the  
18 percentage calculated under subdivision (a)(ii) for intermediate  
19 districts by reducing payments to intermediate districts. This  
20 reduction shall be made by reducing the payments to each  
21 intermediate district, other than payments under sections 11f, 11g,  
22 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
23 basis.

24           (d) The department shall recover a percentage of the proration  
25 amount required under subsection (3) that is equal to the  
26 percentage calculated under subdivision (a)(iii) for entities other  
27 than districts and intermediate districts by reducing payments to

1 these entities. This reduction shall be made by reducing the  
2 payments to each of these entities, other than payments under  
3 sections 11j, 26a, and 26b, on an equal percentage basis.

4 (5) Except for the allocation under section 26a, any general  
5 fund allocations under this act that are not expended by the end of  
6 the state fiscal year are transferred to the school aid  
7 stabilization fund created under section 11a.

8 ~~—— (6) In addition to the appropriations in subsection (1), for~~  
9 ~~the fiscal year ending September 30, 2007, there is appropriated~~  
10 ~~from the reserve for undistributed investment income in the~~  
11 ~~Michigan public school employees' retirement system an amount not~~  
12 ~~to exceed \$262,000,000.00 solely for the purpose of issuing credits~~  
13 ~~pursuant to section 147.~~

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

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

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

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

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

27 (3) Money available in the school aid stabilization fund may

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

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

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

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

26 (7) For ~~2006-2007~~ **2007-2008**, there is ~~transferred~~ **APPROPRIATED**  
27 from the school aid stabilization fund to the state school aid fund

1 the amount necessary to fully fund the allocations under this act.

2       Sec. 11f. (1) From the appropriations under section 11, there  
3 is allocated for the purposes of this section an amount not to  
4 exceed \$32,000,000.00 for the fiscal year ending ~~September 30, 2007~~  
5 ~~and for each succeeding fiscal year through the fiscal year ending~~  
6 September 30, 2008. Payments under this section will cease after  
7 September 30, 2008. These allocations are for paying the amounts  
8 described in subsection (4) to districts and intermediate  
9 districts, other than those receiving a lump sum payment under  
10 subsection (2), that were not plaintiffs in the consolidated cases  
11 known as Durant v State of Michigan, Michigan supreme court docket  
12 no. 104458-104492 and that, on or before March 2, 1998, submitted  
13 to the state treasurer a board resolution waiving any right or  
14 interest the district or intermediate district has or may have in  
15 any claim or litigation based on or arising out of any claim or  
16 potential claim through September 30, 1997 that is or was similar  
17 to the claims asserted by the plaintiffs in the consolidated cases  
18 known as Durant v State of Michigan. The waiver resolution shall be  
19 in form and substance as required under subsection (7). The state  
20 treasurer is authorized to accept such a waiver resolution on  
21 behalf of this state. The amounts described in this subsection  
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 subsection.

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

1 September 30, 1999. This appropriation was for paying the amounts  
2 described in this subsection to districts and intermediate  
3 districts that were not plaintiffs in the consolidated cases known  
4 as Durant v State of Michigan; that, on or before March 2, 1998,  
5 submitted to the state treasurer a board resolution waiving any  
6 right or interest the district or intermediate district had or may  
7 have had in any claim or litigation based on or arising out of any  
8 claim or potential claim through September 30, 1997 that is or was  
9 similar to the claims asserted by the plaintiffs in the  
10 consolidated cases known as Durant v State of Michigan; and for  
11 which the total amount listed in section 11h and paid under this  
12 section was less than \$75,000.00. For a district or intermediate  
13 district qualifying for a payment under this subsection, the entire  
14 amount listed for the district or intermediate district in section  
15 11h was paid in a lump sum on November 15, 1998 or on the next  
16 business day following that date. The amounts paid under this  
17 subsection represent offers of settlement and compromise of any  
18 claim or claims that were or could have been asserted by these  
19 districts and intermediate districts, as described in this  
20 subsection.

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

1 any litigation or future litigation with a district or intermediate  
2 district.

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

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

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

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

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

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



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

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

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

11 Now, therefore, be it resolved as follows:

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

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

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

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

15           (8) An early intervening program that uses funds received  
16 under this section shall meet either or both of the following:

17           (a) Shall monitor individual pupil learning for pupils in  
18 grades K to 3 and provide specific support or learning strategies  
19 to pupils in grades K to 3 as early as possible in order to reduce  
20 the need for special education placement. The program shall include  
21 literacy and numeracy supports, sensory motor skill development,  
22 behavior supports, instructional consultation for teachers, and the  
23 development of a parent/school learning plan. Specific support or  
24 learning strategies may include support in or out of the general  
25 classroom in areas including reading, writing, math, visual memory,  
26 motor skill development, behavior, or language development. These  
27 would be provided based on an understanding of the individual

1 child's learning needs.

2 (b) Shall provide early intervening strategies for pupils in  
3 grades K to 3 using school-wide systems of academic and behavioral  
4 supports and shall be scientifically research-based. The strategies  
5 to be provided shall include at least pupil performance indicators  
6 based upon response to intervention, instructional consultation for  
7 teachers, and ongoing progress monitoring. A school-wide system of  
8 academic and behavioral support should be based on a support team  
9 available to the classroom teachers. The members of this team could  
10 include the principal, special education staff, reading teachers,  
11 and other appropriate personnel who would be available to  
12 systematically study the needs of the individual child and work  
13 with the teacher to match instruction to the needs of the  
14 individual child.

15 Sec. 11g. (1) ~~If the Michigan municipal bond authority~~  
16 ~~notifies the state treasurer before May 15, 2007 that it has~~  
17 ~~restructured debt service on bonds issued by districts and~~  
18 ~~intermediate districts under section 11i to \$0.00 for debt service~~  
19 ~~payments due on May 15, 2007 and May 15, 2008, then from~~ **FROM** ~~the~~  
20 ~~appropriation in section 11, there is allocated for this section an~~  
21 ~~amount not to exceed \$141,000.00 each fiscal year for the fiscal~~  
22 ~~year ending September 30, 2007 and for the fiscal year ending~~  
23 ~~September 30, 2008, and an amount not to exceed \$42,000,000.00 for~~  
24 ~~each succeeding fiscal year through the fiscal year ending~~  
25 ~~September 30, 2015, after which these payments will cease. If the~~  
26 ~~Michigan municipal bond authority does not notify the state~~  
27 ~~treasurer before May 15, 2007 that it has restructured debt service~~

~~on bonds issued by districts and intermediate districts under section 11i to \$0.00 for debt service payments due on May 15, 2007 and May 15, 2008, then from the appropriation in section 11, there is allocated for this section an amount not to exceed \$35,000,000.00 for the fiscal year ending September 30, 2007 and for each succeeding fiscal year through the fiscal year ending September 30, 2013, after which these payments will cease. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump-sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.~~

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

(3) The amount paid each fiscal year to each district or

1 intermediate district under this section shall be 1 of the  
2 following:

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

7 (b) If the district or intermediate district borrows money and  
8 issues bonds under section 11i, an amount in each fiscal year  
9 calculated by the department of treasury that is equal to the debt  
10 service amount in that fiscal year on the bonds issued by that  
11 district or intermediate district under section 11i and that will  
12 result in the total payments made to all districts and intermediate  
13 districts in each fiscal year under this section being no more than  
14 the amount appropriated under this section in each fiscal year.

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

26 (a) First, to pay debt service on voter-approved bonds issued  
27 by the district or intermediate district before the effective date

1 of this section.

2 (b) Second, to pay debt service on other limited tax  
3 obligations.

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

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

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

15 Sec. 11j. From the appropriation in section 11, there is  
16 allocated an amount not to exceed ~~\$42,500,000.00 for 2006-2007~~  
17 **\$1,900,000.00 FOR 2007-2008** for payments to the school loan bond  
18 redemption fund in the department of treasury on behalf of  
19 districts and intermediate districts. Notwithstanding section 11 or  
20 any other provision of this act, funds allocated under this section  
21 are not subject to proration and shall be paid in full.

22 Sec. 11k. For ~~2006-2007-2007-2008~~, there is appropriated from  
23 the general fund to the school loan revolving fund an amount equal  
24 to the amount of school bond loans assigned to the Michigan  
25 municipal bond authority, not to exceed the total amount of school  
26 bond loans held in reserve as long-term assets. As used in this  
27 section, "school loan revolving fund" means that fund created in

1 section 16c of the shared credit rating act, 1985 PA 227, MCL  
2 141.1066c.

3 Sec. 11m. From the appropriations in section 11, there is  
4 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed  
5 \$22,800,000.00 for fiscal year cash-flow borrowing costs solely  
6 related to the state school aid fund established by section 11 of  
7 article IX of the state constitution of 1963.

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

24 (2) If the result of an audit conducted by or for the  
25 department affects the current fiscal year membership, affected  
26 payments shall be adjusted in the current fiscal year. A deduction  
27 due to an adjustment made as a result of an audit conducted by or

1 for the department, or as a result of information obtained by the  
2 department from the district, an intermediate district, the  
3 department of treasury, or the office of auditor general, shall be  
4 deducted from the district's apportionments ~~within the next fiscal~~  
5 ~~year after the fiscal year in which~~ **WHEN** the adjustment is  
6 finalized. At the request of the district and upon the district  
7 presenting evidence satisfactory to the department of the hardship,  
8 the department may grant up to an additional 4 years for the  
9 adjustment if the district would otherwise experience a significant  
10 hardship.

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

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

23 (5) In addition to funds appropriated in section 11 for all  
24 programs and services, there is appropriated ~~each fiscal year for~~  
25 ~~2005-2006 and 2006-2007~~ **FOR 2007-2008** for obligations in excess of  
26 applicable appropriations, an amount equal to the collection of  
27 overpayments, but not to exceed amounts available from



1 overpayments.

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

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

1           (3) For the purpose of determining the reasonableness of  
2 expenditures and whether a violation of this act has occurred, the  
3 department shall require that each district and intermediate  
4 district have an audit of the district's or intermediate district's  
5 financial and pupil accounting records conducted at least annually  
6 at the expense of the district or intermediate district, as  
7 applicable, by a certified public accountant or by the intermediate  
8 district superintendent, as may be required by the department, or  
9 in the case of a district of the first class by a certified public  
10 accountant, the intermediate superintendent, or the auditor general  
11 of the city. An intermediate district's annual financial audit  
12 shall be accompanied by the intermediate district's pupil  
13 accounting procedures report. A district's or intermediate  
14 district's annual financial audit shall include an analysis of the  
15 financial and pupil accounting data used as the basis for  
16 distribution of state school aid. The pupil accounting records and  
17 reports, audits, and management letters are subject to requirements  
18 established in the auditing and accounting manuals approved and  
19 published by the department. Except as otherwise provided in this  
20 subsection, a district shall file the annual financial audit  
21 reports with the intermediate district not later than 120 days  
22 after the end of each school fiscal year and the intermediate  
23 district shall forward the annual financial audit reports for its  
24 constituent districts and for the intermediate district, and the  
25 pupil accounting procedures report for the pupil membership count  
26 day and supplemental count day, to the department not later than  
27 November 15 of each year. The annual financial audit reports and

1 pupil accounting procedures reports shall be available to the  
2 public in compliance with the freedom of information act, 1976 PA  
3 442, MCL 15.231 to 15.246. Not later than December ~~1~~31 of each  
4 year, the department shall notify the state budget director and the  
5 legislative appropriations subcommittees responsible for review of  
6 the school aid budget of districts and intermediate districts that  
7 have not filed an annual financial audit and pupil accounting  
8 procedures report required under this section for the school year  
9 ending in the immediately preceding fiscal year.

10 (4) By November 15 of each year, each district and  
11 intermediate district shall submit to the center, in a manner  
12 prescribed by the center, annual comprehensive financial data  
13 consistent with accounting manuals and charts of accounts approved  
14 and published by the department. ~~Effective with the report due on~~  
15 ~~November 15, 2006, for~~ **FOR** an intermediate district, the report  
16 shall also contain the website address where the department can  
17 access the report required under section 620 of the revised school  
18 code, MCL 380.620.

19 (5) By September 30 of each year, each district and  
20 intermediate district shall file with the department the special  
21 education actual cost report, known as "SE-4096", on a form and in  
22 the manner prescribed by the department.

23 (6) By October 7 of each year, each district and intermediate  
24 district shall file with the ~~department~~ **CENTER** the transportation  
25 expenditure report, known as "SE-4094", on a form and in the manner  
26 prescribed by the ~~department~~ **CENTER**.

27 (7) The department shall review its pupil accounting and pupil

1 auditing manuals at least annually and shall periodically update  
2 those manuals to reflect changes in this act. **AS PART OF ITS ANNUAL**  
3 **REVIEW PROCESS FOR 2007, NOT LATER THAN DECEMBER 31, 2007, THE**  
4 **DEPARTMENT SHALL REVISE THE PUPIL AUDITING MANUAL TO ESTABLISH**  
5 **STANDARDIZED PROCEDURES AND PROCESSES FOR AUDITING PUPIL EXIT**  
6 **STATUSES AND OTHER PUPIL DATA USED IN CALCULATING ANNUAL GRADUATION**  
7 **AND PUPIL DROPOUT RATES.**

8 (8) If a district that is a public school academy purchases  
9 property using money received under this act, the public school  
10 academy shall retain ownership of the property unless the public  
11 school academy sells the property at fair market value.

12 (9) If a district or intermediate district does not comply  
13 with subsection (3), (4), (5), or (6), the department shall  
14 withhold all state school aid due to the district or intermediate  
15 district under this act, beginning with the next payment due to the  
16 district or intermediate district, until the district or  
17 intermediate district complies with subsections (3), (4), (5), and  
18 (6). If the district or intermediate district does not comply with  
19 subsections (3), (4), (5), and (6) by the end of the fiscal year,  
20 the district or intermediate district forfeits the amount withheld.

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

27 (2) Each district and intermediate district shall provide to

1 the department, in a form and manner prescribed by the department,  
2 information necessary for the development of an annual progress  
3 report on the required implementation of sections 1204a, 1277,  
4 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,  
5 380.1278, and 380.1280, commonly referred to as "public act 25 of  
6 1990".

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

12 (4) Each district shall furnish to the center not later than 7  
13 weeks after the pupil membership count day, in a manner prescribed  
14 by the center, the information necessary for the preparation of the  
15 district and high school graduation report. **THIS INFORMATION SHALL**  
16 **MEET REQUIREMENTS ESTABLISHED IN THE PUPIL AUDITING MANUAL APPROVED**  
17 **AND PUBLISHED BY THE DEPARTMENT.** The center shall calculate an  
18 annual graduation and pupil dropout rate for each high school, each  
19 district, and this state, in compliance with nationally recognized  
20 standards for these calculations. The center shall report all  
21 graduation and dropout rates to the senate and house education  
22 committees and appropriations committees, the state budget  
23 director, and the department not later than 30 days after the  
24 publication of the list described in subsection (8).

25 (5) By the first business day in December and by June 30 of  
26 each year, a district shall furnish to the center, in a manner  
27 prescribed by the center, information related to educational

1 personnel as necessary for reporting required by state and federal  
2 law.

3 (6) By June 30 of each year, a district shall furnish to the  
4 center, in a manner prescribed by the center, information related  
5 to safety practices and criminal incidents as necessary for  
6 reporting required by state and federal law.

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

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

25 Sec. 20. (1) ~~For 2005-2006, the basic foundation allowance is~~  
26 ~~\$6,875.00. For 2006-2007, the basic foundation allowance is~~  
27 ~~\$7,085.00. FOR 2007-2008, THE BASIC FOUNDATION ALLOWANCE IS~~

1   \$7,108.00.

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

5           (3) Except as otherwise provided in this section, the amount  
6 of a district's foundation allowance shall be calculated as  
7 follows, using in all calculations the total amount of the  
8 district's foundation allowance as calculated before any proration:

9           (a) Except as otherwise provided in this subsection, for a  
10 district that in the immediately preceding state fiscal year had a  
11 foundation allowance in an amount at least equal to the amount of  
12 the basic foundation allowance for the immediately preceding state  
13 fiscal year, the district shall receive a foundation allowance in  
14 an amount equal to the sum of the district's foundation allowance  
15 for the immediately preceding state fiscal year plus the dollar  
16 amount of the adjustment from the immediately preceding state  
17 fiscal year to the current state fiscal year in the basic  
18 foundation allowance. However, for 2002-2003, the foundation  
19 allowance for a district under this subdivision is an amount equal  
20 to the sum of the district's foundation allowance for the  
21 immediately preceding state fiscal year plus \$200.00. **FOR 2007-**  
22 **2008, THE FOUNDATION ALLOWANCE FOR A DISTRICT UNDER THIS**  
23 **SUBDIVISION IS AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION**  
24 **ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.**

25           (b) For a district that in the 1994-95 state fiscal year had a  
26 foundation allowance greater than \$6,500.00, the district's  
27 foundation allowance is an amount equal to the sum of the

1 district's foundation allowance for the immediately preceding state  
2 fiscal year plus the lesser of the increase in the basic foundation  
3 allowance for the current state fiscal year, as compared to the  
4 immediately preceding state fiscal year, or the product of the  
5 district's foundation allowance for the immediately preceding state  
6 fiscal year times the percentage increase in the United States  
7 consumer price index in the calendar year ending in the immediately  
8 preceding fiscal year as reported by the May revenue estimating  
9 conference conducted under section 367b of the management and  
10 budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a  
11 district that in the 1994-95 state fiscal year had a foundation  
12 allowance greater than \$6,500.00, the district's foundation  
13 allowance is an amount equal to the sum of the district's  
14 foundation allowance for the immediately preceding state fiscal  
15 year plus the lesser of \$200.00 or the product of the district's  
16 foundation allowance for the immediately preceding state fiscal  
17 year times the percentage increase in the United States consumer  
18 price index in the calendar year ending in the immediately  
19 preceding fiscal year as reported by the May revenue estimating  
20 conference conducted under section 367b of the management and  
21 budget act, 1984 PA 431, MCL 18.1367b. **FOR 2007-2008, FOR A**  
22 **DISTRICT THAT IN THE 1994-95 STATE FISCAL YEAR HAD A FOUNDATION**  
23 **ALLOWANCE GREATER THAN \$6,500.00, THE DISTRICT'S FOUNDATION**  
24 **ALLOWANCE IS AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE**  
25 **FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.**

26 (c) For a district that has a foundation allowance that is not  
27 a whole dollar amount, the district's foundation allowance shall be



1 rounded up to the nearest whole dollar.

2 (d) For a district that received a payment under section 22c  
3 as that section was in effect for 2001-2002, the district's 2001-  
4 2002 foundation allowance shall be considered to have been an  
5 amount equal to the sum of the district's actual 2001-2002  
6 foundation allowance as otherwise calculated under this section  
7 plus the per pupil amount of the district's equity payment for  
8 2001-2002 under section 22c as that section was in effect for 2001-  
9 2002.

10 (e) ~~It is the intent of the legislature that beginning~~  
11 **BEGINNING** in 2007-2008, for a district that ~~receives~~ **RECEIVED** a  
12 payment under section 22c **AS THAT SECTION WAS IN EFFECT** for 2006-  
13 2007, the district's 2006-2007 foundation allowance shall be  
14 considered to have been an amount equal to the sum of the  
15 district's actual 2006-2007 foundation allowance as otherwise  
16 calculated under this section plus the per pupil amount of the  
17 district's equity payment for 2006-2007 under section 22c **AS THAT**  
18 **SECTION WAS IN EFFECT FOR 2006-2007.**

19 (4) Except as otherwise provided in this subsection, the state  
20 portion of a district's foundation allowance is an amount equal to  
21 the district's foundation allowance or \$6,500.00, whichever is  
22 less, minus the difference between the product of the taxable value  
23 per membership pupil of all property in the district that is not a  
24 principal residence or qualified agricultural property times the  
25 lesser of 18 mills or the number of mills of school operating taxes  
26 levied by the district in 1993-94 and the quotient of the ad  
27 valorem property tax revenue of the district captured under 1975 PA

1 197, MCL 125.1651 to 125.1681, the tax increment finance authority  
2 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development  
3 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the  
4 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651  
5 to 125.2672, divided by the district's membership excluding special  
6 education pupils. For a district described in subsection (3)(b),  
7 the state portion of the district's foundation allowance is an  
8 amount equal to \$6,962.00 plus the difference between the  
9 district's foundation allowance for the current state fiscal year  
10 and the district's foundation allowance for 1998-99, minus the  
11 difference between the product of the taxable value per membership  
12 pupil of all property in the district that is not a principal  
13 residence or qualified agricultural property times the lesser of 18  
14 mills or the number of mills of school operating taxes levied by  
15 the district in 1993-94 and the quotient of the ad valorem property  
16 tax revenue of the district captured under 1975 PA 197, MCL  
17 125.1651 to 125.1681, the tax increment finance authority act, 1980  
18 PA 450, MCL 125.1801 to 125.1830, the local development financing  
19 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield  
20 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
21 divided by the district's membership excluding special education  
22 pupils. For a district that has a millage reduction required under  
23 section 31 of article IX of the state constitution of 1963, the  
24 state portion of the district's foundation allowance shall be  
25 calculated as if that reduction did not occur. ~~The~~**BEGINNING IN**  
26 **2007-2008, THE** \$6,500.00 amount prescribed in this subsection shall  
27 be adjusted each year by an amount equal to the dollar amount of

1 the difference between the basic foundation allowance for the  
2 current state fiscal year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**.

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

23 (6) Subject to subsection (7) and section 22b(3) and except as  
24 otherwise provided in this subsection, for pupils in membership,  
25 other than special education pupils, in a public school academy or  
26 a university school, the allocation calculated under this section  
27 is an amount per membership pupil other than special education

1 pupils in the public school academy or university school equal to  
2 the sum of the local school operating revenue per membership pupil  
3 other than special education pupils for the district in which the  
4 public school academy or university school is located and the state  
5 portion of that district's foundation allowance, or the sum of the  
6 basic foundation allowance under subsection (1) plus \$300.00,  
7 whichever is less. **HOWEVER, BEGINNING IN 2007-2008, THE \$300.00**  
8 **AMOUNT PRESCRIBED IN THIS SUBSECTION SHALL BE REDUCED BY \$23.00.**

9 Notwithstanding section 101(2), for a public school academy that  
10 begins operations after the pupil membership count day, the amount  
11 per membership pupil calculated under this subsection shall be  
12 adjusted by multiplying that amount per membership pupil by the  
13 number of hours of pupil instruction provided by the public school  
14 academy after it begins operations, as determined by the  
15 department, divided by the minimum number of hours of pupil  
16 instruction required under section 101(3). The result of this  
17 calculation shall not exceed the amount per membership pupil  
18 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  
16 dividing the sum of the estimated total state school aid fund  
17 revenue for the subsequent state fiscal year plus the estimated  
18 total state school aid fund revenue for the current state fiscal  
19 year, adjusted for any change in the rate or base of a tax the  
20 proceeds of which are deposited in that fund and excluding money  
21 transferred into that fund from the countercyclical budget and  
22 economic stabilization fund under section 353e of the management  
23 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the  
24 estimated total school aid fund revenue for the current state  
25 fiscal year plus the estimated total state school aid fund revenue  
26 for the immediately preceding state fiscal year, adjusted for any  
27 change in the rate or base of a tax the proceeds of which are



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

7 (c) The index shall be calculated by multiplying the pupil  
8 membership factor by the revenue adjustment factor. However, for  
9 ~~2005-2006 and 2006-2007-2007-2008~~, the index shall be 1.00. If a  
10 consensus index is not determined at the revenue estimating  
11 conference, the principals of the revenue estimating conference  
12 shall report their estimates to the house and senate subcommittees  
13 responsible for school aid appropriations not later than 7 days  
14 after the conclusion of the revenue conference.

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

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

1 membership in excess of 101% of the current year pupil membership.

2 (16) For a district that had combined state and local revenue  
3 per membership pupil in the 1993-94 state fiscal year of more than  
4 \$6,500.00, that had fewer than 7 pupils in membership in the 1993-  
5 94 state fiscal year, that has at least 1 child educated in the  
6 district in the current state fiscal year, and that levies the  
7 number of mills of school operating taxes authorized for the  
8 district under section 1211 of the revised school code, MCL  
9 380.1211, a minimum amount of combined state and local revenue  
10 shall be calculated for the district as provided under this  
11 subsection. The minimum amount of combined state and local revenue  
12 for 1999-2000 shall be \$67,000.00 plus the district's additional  
13 expenses to educate pupils in grades 9 to 12 educated in other  
14 districts as determined and allowed by the department. The minimum  
15 amount of combined state and local revenue under this subsection,  
16 before adding the additional expenses, shall increase each fiscal  
17 year by the same percentage increase as the percentage increase in  
18 the basic foundation allowance from the immediately preceding  
19 fiscal year to the current fiscal year. The state portion of the  
20 minimum amount of combined state and local revenue under this  
21 subsection shall be calculated by subtracting from the minimum  
22 amount of combined state and local revenue under this subsection  
23 the sum of the district's local school operating revenue and an  
24 amount equal to the product of the sum of the state portion of the  
25 district's foundation allowance plus the amount calculated under  
26 section 20j times the district's membership. As used in this  
27 subsection, "additional expenses" means the district's expenses for

1 tuition or fees, not to exceed \$6,500.00 as 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~~ **\$223.00**, plus a room and board stipend not  
5 to exceed \$10.00 per school day for each pupil in grades 9 to 12  
6 educated in another district, as approved by the department.

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

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

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

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

10 (20) An early intervening program that uses funds resulting  
11 from the adjustment under subsection (19) shall meet either or both  
12 of the following:

13 (a) Shall monitor individual pupil learning for pupils in  
14 grades K to 3 and provide specific support or learning strategies  
15 to pupils in grades K to 3 as early as possible in order to reduce  
16 the need for special education placement. The program shall include  
17 literacy and numeracy supports, sensory motor skill development,  
18 behavior supports, instructional consultation for teachers, and the  
19 development of a parent/school learning plan. Specific support or  
20 learning strategies may include support in or out of the general  
21 classroom in areas including reading, writing, math, visual memory,  
22 motor skill development, behavior, or language development. These  
23 would be provided based on an understanding of the individual  
24 child's learning needs.

25 (b) Shall provide early intervening strategies for pupils in  
26 grades K to 3 using schoolwide systems of academic and behavioral  
27 supports and shall be scientifically research-based. The strategies

1 to be provided shall include at least pupil performance indicators  
2 based upon response to intervention, instructional consultation for  
3 teachers, and ongoing progress monitoring. A schoolwide system of  
4 academic and behavioral support should be based on a support team  
5 available to the classroom teachers. The members of this team could  
6 include the principal, special education staff, reading teachers,  
7 and other appropriate personnel who would be available to  
8 systematically study the needs of the individual child and work  
9 with the teacher to match instruction to the needs of the  
10 individual child.

11 (21) For a district that levied 1.9 mills in 1993 to finance  
12 an operating deficit, the district's foundation allowance shall be  
13 calculated as if those mills were included as operating mills in  
14 the calculation of the district's 1994-1995 foundation allowance. A  
15 district is not entitled to any retroactive payments for fiscal  
16 years before 2006-2007 due to this subsection. A district receiving  
17 an adjustment under this subsection shall not receive more than  
18 \$800,000.00 for a fiscal year as a result of this adjustment.

19 (22) For a district that levied 2.23 mills in 1993 to finance  
20 an operating deficit, the district's foundation allowance shall be  
21 calculated as if those mills were included as operating mills in  
22 the calculation of the district's 1994-1995 foundation allowance. A  
23 district is not entitled to any retroactive payments for fiscal  
24 years before 2006-2007 due to this subsection. A district receiving  
25 an adjustment under this subsection shall not receive more than  
26 \$500,000.00 for a fiscal year as a result of this adjustment.

27 (23) Payments to districts, university schools, or public

1 school academies shall not be made under this section. Rather, the  
2 calculations under this section shall be used to determine the  
3 amount of state payments under section 22b.

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

9 (25) As used in this section:

10 (a) "Combined state and local revenue" means the aggregate of  
11 the district's state school aid received by or paid on behalf of  
12 the district under this section and the district's local school  
13 operating revenue.

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

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

19 (d) "Immediately preceding state fiscal year" means the state  
20 fiscal year immediately preceding the current state fiscal year.

21 (e) "Local school operating revenue" means school operating  
22 taxes levied under section 1211 of the revised school code, MCL  
23 380.1211.

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

27 (g) "Membership" means the definition of that term under

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1 section 6 as in effect for the particular fiscal year for which a  
2 particular calculation is made.

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

6 (i) "School operating purposes" means the purposes included in  
7 the operation costs of the district as prescribed in sections 7 and  
8 18.

9 (j) "School operating taxes" means local ad valorem property  
10 taxes levied under section 1211 of the revised school code, MCL  
11 380.1211, and retained for school operating purposes.

12 (k) "Taxable value per membership pupil" means taxable value,  
13 as certified by the department of treasury, for the calendar year  
14 ending in the current state fiscal year divided by the district's  
15 membership excluding special education pupils for the school year  
16 ending in the current state fiscal year.

17 Sec. 20j. (1) Foundation allowance supplemental payments for  
18 ~~2006-2007-2007-2008~~ to districts that in the 1994-95 state fiscal  
19 year had a foundation allowance greater than \$6,500.00 shall be  
20 calculated under this section.

21 (2) The per pupil allocation to each district under this  
22 section shall be the difference between the dollar amount of the  
23 adjustment from the 1998-99 state fiscal year to the current state  
24 fiscal year in the basic foundation allowance **LESS \$223.00** minus  
25 the dollar amount of the adjustment from the 1998-99 state fiscal  
26 year to the current state fiscal year in the district's foundation  
27 allowance. <<



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5       (3) If a district's local revenue per pupil does not exceed  
6 the sum of its foundation allowance under section 20 plus the per  
7 pupil allocation under subsection (2), the total payment to the  
8 district calculated under this section shall be the product of the  
9 per pupil allocation under subsection (2) multiplied by the  
10 district's membership excluding special education pupils. If a  
11 district's local revenue per pupil exceeds the foundation allowance  
12 under section 20 but does not exceed the sum of the foundation  
13 allowance under section 20 plus the per pupil allocation under  
14 subsection (2), the total payment to the district calculated under  
15 this section shall be the product of the difference between the sum  
16 of 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  
24 section. Rather, the calculations under this section shall be made  
25 and used to determine the amount of state payments under section  
26 22b.

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

1 allocated an amount not to exceed ~~\$6,204,700,000.00 for 2006-2007~~  
2 **\$6,012,000,000.00 FOR 2007-2008** for payments to districts,  
3 qualifying university schools, and qualifying public school  
4 academies to guarantee each district, qualifying university school,  
5 and qualifying public school academy an amount equal to its 1994-95  
6 total state and local per pupil revenue for school operating  
7 purposes under section 11 of article IX of the state constitution  
8 of 1963. Pursuant to section 11 of article IX of the state  
9 constitution of 1963, this guarantee does not apply to a district  
10 in a year in which the district levies a millage rate for school  
11 district operating purposes less than it levied in 1994. However,  
12 subsection (2) applies to calculating the payments under this  
13 section. Funds allocated under this section that are not expended  
14 in the state fiscal year for which they were allocated, as  
15 determined by the department, may be used to supplement the  
16 allocations under sections 22b and 51c in order to fully fund those  
17 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  
22 1, 2000 by consolidation of 2 or more districts or by annexation,  
23 the 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. If  
4 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  
15 for 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  
21 levy of school operating taxes on a homestead and qualified  
22 agricultural property may be reduced as provided in section 1211(1)  
23 of the revised school code, MCL 380.1211, the taxable value of  
24 homestead and qualified agricultural property for the calendar year  
25 ending in 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

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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 ~~\$3,566,000,000.00 for 2006-2007~~  
6 **<<\$3,584,000,000.00>> FOR 2007-2008** for discretionary nonmandated  
7 payments to districts under this section. Funds allocated under  
8 this section that are not expended in the state fiscal year for  
9 which they were allocated, as determined by the department, may be  
10 used to supplement the allocations under sections 22a and 51c in  
11 order to fully fund those calculated allocations for the same  
12 fiscal year.

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

18 (3) In order to receive an allocation under this section, each  
19 district shall do all of the following:

20 (a) Administer in each grade level that it operates in grades  
21 1 to 5 a standardized assessment approved by the department of  
22 grade-appropriate basic educational skills. A district may use the  
23 Michigan literacy progress profile to satisfy this requirement for  
24 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 (b) Comply with sections 1278a and 1278b of the revised school  
2 code, MCL 380.1278a and 380.1278b.

3 (c) Furnish data and other information required by state and  
4 federal law to the center and the department in the form and manner  
5 specified by the center or the department, as applicable.

6 (d) Comply with section 1230g of the revised school code, MCL  
7 380.1230g.

8 (E) BY MAY 1 OF EACH FISCAL YEAR, PROVIDE AN ANNUAL  
9 EXPENDITURE REPORT. A DISTRICT THAT IS NOT A PUBLIC SCHOOL ACADEMY  
10 SHALL PROVIDE THE REPORT TO RESIDENTS OF THE DISTRICT, AND A  
11 DISTRICT THAT IS A PUBLIC SCHOOL ACADEMY SHALL PROVIDE THE REPORT  
12 TO PARENTS OF PUPILS ENROLLED IN THE PUBLIC SCHOOL ACADEMY. THE  
13 REPORT SHALL INCLUDE AT LEAST THE FOLLOWING:

14 (i) ON BOTH A PER-PUPIL AND PERCENTAGE BASIS, THE AMOUNT OF THE  
15 DISTRICT'S TOTAL FEDERAL, STATE, AND LOCAL FUNDING FOR THE  
16 IMMEDIATELY PRECEDING SCHOOL FISCAL YEAR THAT WAS SPENT ON GENERAL  
17 ADMINISTRATION; SCHOOL ADMINISTRATION; OTHER BUSINESS AND  
18 ADMINISTRATION; TRANSPORTATION; FACILITIES OPERATION AND  
19 MAINTENANCE; MEDICAL, OPTICAL, AND DENTAL BENEFITS FOR ACTIVE  
20 EMPLOYEES; AND CONTRIBUTIONS FOR PENSION AND MEDICAL, OPTICAL, AND  
21 DENTAL BENEFITS FOR RETIRED EMPLOYEES.

22 (ii) ON BOTH A PER-PUPIL AND PERCENTAGE BASIS, THE AMOUNT OF  
23 THE DISTRICT'S TOTAL FEDERAL, STATE, AND LOCAL FUNDING FOR THE  
24 IMMEDIATELY PRECEDING SCHOOL FISCAL YEAR THAT WAS SPENT ON  
25 INSTRUCTION AND INSTRUCTIONAL SUPPORT SERVICES. THE DISTRICT SHALL  
26 ALSO INDICATE HOW MUCH OF THE INSTRUCTION AND INSTRUCTIONAL SUPPORT  
27 SERVICES COSTS WERE ATTRIBUTABLE TO SALARIES.

1           (F) FOR A DISTRICT THAT IS NOT A PUBLIC SCHOOL ACADEMY, USE  
2   FOR ADMINISTRATIVE PURPOSES, INCLUDING PAYROLL, HUMAN RESOURCES,  
3   AND OTHER BUSINESS FUNCTIONS, SOFTWARE THAT IS COMPATIBLE WITH THAT  
4   OF THE INTERMEDIATE DISTRICT IN WHICH THE DISTRICT IS LOCATED AND  
5   WITH OTHER CONSTITUENT DISTRICTS WITHIN THAT INTERMEDIATE DISTRICT.  
6   IF A CONTRACT IS IN EFFECT AS OF THE EFFECTIVE DATE OF THIS  
7   SUBDIVISION THAT REQUIRES THE DISTRICT TO USE SOFTWARE THAT DOES  
8   NOT COMPLY WITH THIS SUBDIVISION, AND IF THAT CONTRACT DOES NOT  
9   ALLOW FOR THE DISTRICT TO COMPLY WITH THIS REQUIREMENT WITH RESPECT  
10   TO THE SOFTWARE COVERED BY THE CONTRACT, THEN THE REQUIREMENT FOR  
11   COMMON SOFTWARE UNDER THIS SUBDIVISION DOES NOT APPLY WITH RESPECT  
12   TO THAT SOFTWARE UNTIL AFTER THE EXPIRATION OF THAT CONTRACT.

13           (4) From the allocation in subsection (1), the department  
14   shall pay up to \$1,000,000.00 in litigation costs incurred by this  
15   state associated with lawsuits filed by 1 or more districts or  
16   intermediate districts against this state. If the allocation under  
17   this section is insufficient to fully fund all payments required  
18   under this section, the payments under this subsection shall be  
19   made in full before any proration of remaining payments under this  
20   section.

21           (5) It is the intent of the legislature that all  
22   constitutional obligations of this state have been fully funded  
23   under sections 22a, 31d, 51a, and 51c. If a claim is made by an  
24   entity receiving funds under this act that challenges the  
25   legislative determination of the adequacy of this funding or  
26   alleges that there exists an unfunded constitutional requirement,  
27   the state budget director may escrow or allocate from the

1 discretionary funds for nonmandated payments under this section the  
2 amount as may be necessary to satisfy the claim before making any  
3 payments to districts under subsection (2). If funds are escrowed,  
4 the escrowed funds are a work project appropriation and the funds  
5 are carried forward into the following fiscal year. The purpose of  
6 the work project is to provide for any payments that may be awarded  
7 to districts as a result of litigation. The work project shall be  
8 completed upon resolution of the litigation.

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

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

26 (8) If payments resulting from a final determination by the  
27 local claims review board or a court of competent jurisdiction that

1 there has been a violation of section 29 of article IX of the state  
2 constitution of 1963 exceed the amount allocated for discretionary  
3 nonmandated payments under this section, the legislature shall  
4 provide for adequate funding for this state's constitutional  
5 obligations at its next legislative session.

6 (9) If a lawsuit challenging payments made to districts  
7 related to costs reimbursed by federal title XIX medicaid funds is  
8 filed against this state, then, for the purpose of addressing  
9 potential liability under such a lawsuit, the state budget director  
10 may place funds allocated under this section in escrow or allocate  
11 money from the funds otherwise allocated under this section, up to  
12 a maximum of 50% of the amount allocated in subsection (1). If  
13 funds are placed in escrow under this subsection, those funds are a  
14 work project appropriation and the funds are carried forward into  
15 the following fiscal year. The purpose of the work project is to  
16 provide for any payments that may be awarded to districts as a  
17 result of the litigation. The work project shall be completed upon  
18 resolution of the litigation. In addition, this state reserves the  
19 right to terminate future federal title XIX medicaid reimbursement  
20 payments to districts if the amount or allocation of reimbursed  
21 funds is challenged in the lawsuit. As used in this subsection,  
22 "title XIX" means title XIX of the social security act, 42 USC 1396  
23 to 1396v.

24 Sec. 22d. (1) From the amount allocated under section 22b, an  
25 amount not to exceed \$750,000.00 is allocated for ~~2006-2007-2007-~~  
26 **2008** for additional payments to small, geographically isolated  
27 districts under this section.

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

3           (a) Operates grades K to 12.

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

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

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

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

10          (3) The amount of the additional funding to each eligible  
11 district under this section shall be determined under a spending  
12 plan developed as provided in this subsection and approved by the  
13 superintendent of public instruction. The spending plan shall be  
14 developed cooperatively by the intermediate superintendents of each  
15 intermediate district in which an eligible district is located. The  
16 intermediate superintendents shall review the financial situation  
17 of each eligible district, determine the minimum essential  
18 financial needs of each eligible district, and develop and agree on  
19 a spending plan that distributes the available funding under this  
20 section to the eligible districts based on those financial needs.  
21 The intermediate superintendents shall submit the spending plan to  
22 the superintendent of public instruction for approval. Upon  
23 approval by the superintendent of public instruction, the amounts  
24 specified for each eligible district under the spending plan are  
25 allocated under this section and shall be paid to the eligible  
26 districts in the same manner as payments under section 22b.

27          Sec. 24. (1) From the appropriation in section 11, there is

1 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed  
2 \$8,000,000.00 for payments to the educating district or  
3 intermediate district for educating pupils assigned by a court or  
4 the department of human services to reside in or to attend a  
5 juvenile detention facility or child caring institution licensed by  
6 the department of human services and approved by the department to  
7 provide an on-grounds education program. The amount of the payment  
8 under this section to a district or intermediate district shall be  
9 calculated as prescribed under subsection (2).

10 (2) ~~For 2006-2007, 80% of the total amount allocated under~~  
11 ~~this section shall be allocated by paying to the educating district~~  
12 ~~or intermediate district an amount equal to the lesser of the~~  
13 ~~district's or intermediate district's added cost or the~~  
14 ~~department's approved per pupil allocation for the district or~~  
15 ~~intermediate district, and 20% of the total amount allocated under~~  
16 ~~this section shall be allocated by paying to the educating district~~  
17 ~~or intermediate district an amount equal to the district's or~~  
18 ~~intermediate district's added cost. For 2007-2008, 90% of the total~~  
19 ~~amount allocated under this section shall be allocated by paying to~~  
20 ~~the educating district or intermediate district an amount equal to~~  
21 ~~the lesser of the district's or intermediate district's added cost~~  
22 ~~or the department's approved per pupil allocation for the district~~  
23 ~~or intermediate district, and 10% of the total amount allocated~~  
24 ~~under this section shall be allocated by paying to the educating~~  
25 ~~district or intermediate district an amount equal to the district's~~  
26 ~~or intermediate district's added cost. Beginning with allocations~~  
27 ~~for 2008-2009, 100% of the total amount allocated under this~~

1 section shall be allocated by paying to the educating district or  
2 intermediate district an amount equal to the lesser of the  
3 district's or intermediate district's added cost or the  
4 department's approved per pupil allocation for the district or  
5 intermediate district. For the purposes of this subsection:

6 (a) "Added cost" means 100% of the added cost each fiscal year  
7 for educating all pupils assigned by a court or the department of  
8 human services to reside in or to attend a juvenile detention  
9 facility or child caring institution licensed by the department of  
10 human services or the department of labor and economic growth and  
11 approved by the department to provide an on-grounds education  
12 program. Added cost shall be computed by deducting all other  
13 revenue received under this act for pupils described in this  
14 section from total costs, as approved by the department, in whole  
15 or in part, for educating those pupils in the on-grounds education  
16 program or in a program approved by the department that is located  
17 on property adjacent to a juvenile detention facility or child  
18 caring institution. Costs reimbursed by federal funds are not  
19 included.

20 (b) "Department's approved per pupil allocation" for a  
21 district or intermediate district shall be determined by dividing  
22 the total amount allocated under this section for a fiscal year by  
23 the full-time equated membership total for all pupils approved by  
24 the department to be funded under this section for that fiscal year  
25 for the district or intermediate district.

26 (3) A district or intermediate district educating pupils  
27 described in this section at a residential child caring institution

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

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

10 Sec. 24a. From the appropriation in section 11, there is  
11 allocated an amount not to exceed ~~\$3,000,000.00 for 2006-2007~~  
12 **\$3,103,400.00 FOR 2007-2008** for payments to intermediate districts  
13 for pupils who are placed in juvenile justice service facilities  
14 operated by the department of human services. Each intermediate  
15 district shall receive an amount equal to the state share of those  
16 costs that are clearly and directly attributable to the educational  
17 programs for pupils placed in facilities described in this section  
18 that are located within the intermediate district's boundaries. The  
19 intermediate districts receiving payments under this section shall  
20 cooperate with the department of human services to ensure that all  
21 funding allocated under this section is utilized by the  
22 intermediate district and department of human services for  
23 educational programs for pupils described in this section. Pupils  
24 described in this section are not eligible to be funded under  
25 section 24. However, a program responsibility or other fiscal  
26 responsibility associated with these pupils shall not be  
27 transferred from the department of human services to a district or



1 intermediate district unless the district or intermediate district  
2 consents to the transfer.

3       Sec. 24c. From the appropriation in section 11, there is  
4 allocated an amount not to exceed ~~\$1,253,100.00 for 2006-2007~~  
5 **\$1,283,900.00 FOR 2007-2008** for payments to districts for pupils  
6 who are enrolled in a nationally administered community-based  
7 education and youth mentoring program, known as the youth challenge  
8 program, that is located within the district and is administered by  
9 the department of military and veterans affairs. A district  
10 receiving payments under this section shall contract with the  
11 department of military and veterans affairs to ensure that all  
12 funding allocated under this section is utilized by the district  
13 and the department of military and veterans affairs for the youth  
14 challenge program.

15       Sec. 26a. From the state school aid fund appropriation in  
16 section 11, there is allocated an amount not to exceed  
17 ~~\$37,650,000.00 for 2006-2007~~ **\$36,000,000.00 FOR 2007-2008**, and from  
18 the general fund appropriation in section 11, there is allocated an  
19 amount not to exceed ~~\$12,550,000.00 for 2006-2007~~ **\$14,000,000.00**  
20 **FOR 2007-2008** to reimburse districts, intermediate districts, and  
21 the state school aid fund pursuant to section 12 of the Michigan  
22 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied  
23 ~~in 2006 or for payments to districts as reimbursement for interest~~  
24 ~~paid as a result of property tax refunds-2007~~. The allocations  
25 shall be made not later than 60 days after the department of  
26 treasury certifies to the department and to the state budget  
27 director that the department of treasury has received all necessary

1 information to properly determine the amounts due to each eligible  
2 recipient.

3       Sec. 26b. (1) From the appropriation in section 11, there is  
4 allocated for ~~2006-2007-2007-2008~~ an amount not to exceed  
5 \$3,400,000.00 for payments to districts, intermediate districts,  
6 and community college districts for the portion of the payment in  
7 lieu of taxes obligation that is attributable to districts,  
8 intermediate districts, and community college districts pursuant to  
9 section 2154 of the natural resources and environmental protection  
10 act, 1994 PA 451, MCL 324.2154.

11       (2) If the amount appropriated under this section is not  
12 sufficient to fully pay obligations under this section, payments  
13 shall be prorated on an equal basis among all eligible districts,  
14 intermediate districts, and community college districts.

15       Sec. 31a. (1) From the state school aid fund money  
16 appropriated in section 11, there is allocated for ~~2006-2007-2007-~~  
17 ~~2008~~ an amount not to exceed ~~\$319,350,000.00~~ **\$291,350,000.00** for  
18 payments to eligible districts and eligible public school academies  
19 under this section. Subject to subsection (14), the amount of the  
20 additional allowance under this section, other than funding under  
21 subsection (6) or (7), shall be based on the number of actual  
22 pupils in membership in the district or public school academy who  
23 met the income eligibility criteria for free breakfast, lunch, or  
24 milk in the immediately preceding state fiscal year, as determined  
25 under the Richard B. Russell national school lunch act, 42 USC 1751  
26 to 1769i, and reported to the department by October 31 of the  
27 immediately preceding fiscal year and adjusted not later than

1 December 31 of the immediately preceding fiscal year. However, for  
2 a public school academy that began operations as a public school  
3 academy after the pupil membership count day of the immediately  
4 preceding school year, the basis for the additional allowance under  
5 this section shall be the number of actual pupils in membership in  
6 the public school academy who met the income eligibility criteria  
7 for free breakfast, lunch, or milk in the current state fiscal  
8 year, as determined under the Richard B. Russell national school  
9 lunch act.

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

16 (a) The sum of the district's or public school academy's  
17 combined state and local revenue per membership pupil in the  
18 current state fiscal year, as calculated under section 20, plus the  
19 amount of the district's per pupil allocation under section 20j(2),  
20 is less than or equal to \$6,500.00 adjusted by the dollar amount of  
21 the difference between the basic foundation allowance under section  
22 20 for the current state fiscal year and \$5,000.00, minus ~~\$200.00~~  
23 **\$223.00**.

24 (b) The district or public school academy agrees to use the  
25 funding only for purposes allowed under this section and to comply  
26 with the program and accountability requirements under this  
27 section.

1           (3) Except as otherwise provided in this subsection, an  
2 eligible district or eligible public school academy shall receive  
3 under this section for each membership pupil in the district or  
4 public school academy who met the income eligibility criteria for  
5 free breakfast, lunch, or milk, as determined under the Richard B.  
6 Russell national school lunch act and as reported to the department  
7 by October 31 of the immediately preceding fiscal year and adjusted  
8 not later than December 31 of the immediately preceding fiscal  
9 year, an amount per pupil equal to 11.5% of the sum of the  
10 district's foundation allowance or public school academy's per  
11 pupil amount calculated under section 20, plus the amount of the  
12 district's per pupil allocation under section 20j(2), not to exceed  
13 \$6,500.00 adjusted by the dollar amount of the difference between  
14 the basic foundation allowance under section 20 for the current  
15 state fiscal year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**, or of the  
16 public school academy's per membership pupil amount calculated  
17 under section 20 for the current state fiscal year. A public school  
18 academy that began operations as a public school academy after the  
19 pupil membership count day of the immediately preceding school year  
20 shall receive under this section for each membership pupil in the  
21 public school academy who met the income eligibility criteria for  
22 free breakfast, lunch, or milk, as determined under the Richard B.  
23 Russell national school lunch act and as reported to the department  
24 by October 31 of the current fiscal year and adjusted not later  
25 than December 31 of the current fiscal year, an amount per pupil  
26 equal to 11.5% of the public school academy's per membership pupil  
27 amount calculated under section 20 for the current state fiscal

1 year.

2 (4) Except as otherwise provided in this section, a district  
3 or public school academy receiving funding under this section shall  
4 use that money only to provide instructional programs and direct  
5 noninstructional services, including, but not limited to, medical  
6 or counseling services, for at-risk pupils; for school health  
7 clinics; and for the purposes of subsection (5), (6), or (7). In  
8 addition, a district that is organized as a school district of the  
9 first class under the revised school code or a district or public  
10 school academy in which at least 50% of the pupils in membership  
11 met the income eligibility criteria for free breakfast, lunch, or  
12 milk in the immediately preceding state fiscal year, as determined  
13 and reported as described in subsection (1), may use not more than  
14 15% of the funds it receives under this section for school  
15 security. A district or public school academy shall not use any of  
16 that money for administrative costs or to supplant another program  
17 or other funds, except for funds allocated to the district or  
18 public school academy under this section in the immediately  
19 preceding year and already being used by the district or public  
20 school academy for at-risk pupils. The instruction or direct  
21 noninstructional services provided under this section may be  
22 conducted before or after regular school hours or by adding extra  
23 school days to the school year and may include, but are not limited  
24 to, tutorial services, early childhood programs to serve children  
25 age 0 to 5, and reading programs as described in former section 32f  
26 as in effect for 2001-2002. A tutorial method may be conducted with  
27 paraprofessionals working under the supervision of a certificated

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

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

16 (6) From the funds allocated under subsection (1), there is  
17 allocated for ~~2006-2007-2007-2008~~ an amount not to exceed  
18 \$3,743,000.00 to support child and adolescent health centers. These  
19 grants shall be awarded for 5 consecutive years beginning with  
20 2003-2004 in a form and manner approved jointly by the department  
21 and the department of community health. Each grant recipient shall  
22 remain in compliance with the terms of the grant award or shall  
23 forfeit the grant award for the duration of the 5-year period after  
24 the noncompliance. Beginning in 2004-2005, to continue to receive  
25 funding for a child and adolescent health center under this section  
26 a grant recipient shall ensure that the child and adolescent health  
27 center has an advisory committee and that at least one-third of the

1 members of the advisory committee are parents or legal guardians of  
2 school-aged children. A child and adolescent health center program  
3 shall recognize the role of a child's parents or legal guardian in  
4 the physical and emotional well-being of the child. Funding under  
5 this subsection shall be used to support child and adolescent  
6 health center services provided to children up to age 21. If any  
7 funds allocated under this subsection are not used for the purposes  
8 of this subsection for the fiscal year in which they are allocated,  
9 those unused funds shall be used that fiscal year to avoid or  
10 minimize any proration that would otherwise be required under  
11 subsection (14) for that fiscal year.

12 (7) From the funds allocated under subsection (1), there is  
13 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed  
14 \$5,150,000.00 for the state portion of the hearing and vision  
15 screenings as described in section 9301 of the public health code,  
16 1978 PA 368, MCL 333.9301. A local public health department shall  
17 pay at least 50% of the total cost of the screenings. The frequency  
18 of the screenings shall be as required under R 325.13091 to R  
19 325.13096 and R 325.3271 to R 325.3276 of the Michigan  
20 administrative code. Funds shall be awarded in a form and manner  
21 approved jointly by the department and the department of community  
22 health. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE ENTITIES**  
23 **UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE**  
24 **DEPARTMENT.**

25 (8) Each district or public school academy receiving funds  
26 under this section shall submit to the department by July 15 of  
27 each fiscal year a report, not to exceed 10 pages, on the usage by

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

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

21 (10) Subject to subsections (5), (6), (7), (12), and (13), any  
22 district may use up to 100% of the funds it receives under this  
23 section to reduce the ratio of pupils to teachers in grades K-6, or  
24 any combination of those grades, in school buildings in which the  
25 percentage of pupils described in subsection (1) exceeds the  
26 district's aggregate percentage of those pupils. Subject to  
27 subsections (5), (6), (7), (12), and (13), if a district obtains a



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

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

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

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

12 (13) A district or public school academy that receives funds  
13 under this section may use funds it receives under this section to  
14 implement and operate an early intervening program for pupils in  
15 grades K to 3 that meets either or both of the following:

16 (a) Monitors individual pupil learning and provides specific  
17 support or learning strategies to pupils as early as possible in  
18 order to reduce the need for special education placement. The  
19 program shall include literacy and numeracy supports, sensory motor  
20 skill development, behavior supports, instructional consultation  
21 for teachers, and the development of a parent/school learning plan.  
22 Specific support or learning strategies may include support in or  
23 out of the general classroom in areas including reading, writing,  
24 math, visual memory, motor skill development, behavior, or language  
25 development. These would be provided based on an understanding of  
26 the individual child's learning needs.

27 (b) Provides early intervening strategies using school-wide

1 systems of academic and behavioral supports and is scientifically  
2 research-based. The strategies to be provided shall include at  
3 least pupil performance indicators based upon response to  
4 intervention, instructional consultation for teachers, and ongoing  
5 progress monitoring. A school-wide system of academic and  
6 behavioral support should be based on a support team available to  
7 the classroom teachers. The members of this team could include the  
8 principal, special education staff, reading teachers, and other  
9 appropriate personnel who would be available to systematically  
10 study the needs of the individual child and work with the teacher  
11 to match instruction to the needs of the individual child.

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

22 (15) If a district is formed by consolidation after June 1,  
23 1995, and if 1 or more of the original districts was not eligible  
24 before the consolidation for an additional allowance under this  
25 section, the amount of the additional allowance under this section  
26 for the consolidated district shall be based on the number of  
27 pupils described in subsection (1) enrolled in the consolidated

1 district who reside in the territory of an original district that  
2 was eligible before the consolidation for an additional allowance  
3 under this section.

4 (16) A district or public school academy that does not meet  
5 the eligibility requirement under subsection (2)(a) is eligible for  
6 funding under this section if at least 1/4 of the pupils in  
7 membership in the district or public school academy met the income  
8 eligibility criteria for free breakfast, lunch, or milk in the  
9 immediately preceding state fiscal year, as determined and reported  
10 as described in subsection (1), and at least 4,500 of the pupils in  
11 membership in the district or public school academy met the income  
12 eligibility criteria for free breakfast, lunch, or milk in the  
13 immediately preceding state fiscal year, as determined and reported  
14 as described in subsection (1). A district or public school academy  
15 that is eligible for funding under this section because the  
16 district meets the requirements of this subsection shall receive  
17 under this section for each membership pupil in the district or  
18 public school academy who met the income eligibility criteria for  
19 free breakfast, lunch, or milk in the immediately preceding fiscal  
20 year, as determined and reported as described in subsection (1), an  
21 amount per pupil equal to 11.5% of the sum of the district's  
22 foundation allowance or public school academy's per pupil  
23 allocation under section 20, plus the amount of the district's per  
24 pupil allocation under section 20j(2), not to exceed \$6,500.00  
25 adjusted by the dollar amount of the difference between the basic  
26 foundation allowance under section 20 for the current state fiscal  
27 year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**.

1           (17) As used in this section, "at-risk pupil" means a pupil  
2 for whom the district has documentation that the pupil meets at  
3 least 2 of the following criteria: is a victim of child abuse or  
4 neglect; is below grade level in English language and communication  
5 skills or mathematics; is a pregnant teenager or teenage parent; is  
6 eligible for a federal free or reduced-price lunch subsidy; has  
7 atypical behavior or attendance patterns; or has a family history  
8 of school failure, incarceration, or substance abuse. For pupils  
9 for whom the results of at least the applicable Michigan education  
10 assessment program (MEAP) test have been received, at-risk pupil  
11 also includes a pupil who does not meet the other criteria under  
12 this subsection but who did not achieve at least a score of level 2  
13 on the most recent MEAP English language arts, mathematics, or  
14 science test for which results for the pupil have been received.  
15 For pupils for whom the results of the Michigan merit examination  
16 have been received, at-risk pupil also includes a pupil who does  
17 not meet the other criteria under this subsection but who did not  
18 achieve proficiency on the reading component of the most recent  
19 Michigan merit examination for which results for the pupil have  
20 been received, did not achieve proficiency on the mathematics  
21 component of the most recent Michigan merit examination for which  
22 results for the pupil have been received, or did not achieve basic  
23 competency on the science component of the most recent Michigan  
24 merit examination for which results for the pupil have been  
25 received. For pupils in grades K-3, at-risk pupil also includes a  
26 pupil who is at risk of not meeting the district's core academic  
27 curricular objectives in English language arts or mathematics.

1       Sec. 31d. (1) From the appropriations in section 11, there is  
2 allocated an amount not to exceed \$22,495,100.00 for ~~2006-2007~~  
3 **2007-2008** for the purpose of making payments to districts and other  
4 eligible entities under this section.

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

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

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

24       (5) From the federal funds appropriated in section 11, there  
25 is allocated for ~~2006-2007~~**2007-2008** all available federal funding,  
26 estimated at ~~\$320,000,000.00~~**\$330,000,000.00**, for the national  
27 school lunch program and all available federal funding, estimated

1 at \$2,506,000.00, for the emergency food assistance program.

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

5 Sec. 31f. (1) From the appropriations in section 11, there is  
6 allocated an amount not to exceed \$9,625,000.00 for ~~2006-2007-2007-~~  
7 **2008** for the purpose of making payments to districts to reimburse  
8 for the cost of providing breakfast.

9 (2) The funds allocated under this section for school  
10 breakfast programs shall be made available to all eligible  
11 applicant districts that meet all of the following criteria:

12 (a) The district participates in the federal school breakfast  
13 program and meets all standards as prescribed by 7 CFR parts 220  
14 and 245.

15 (b) Each breakfast eligible for payment meets the federal  
16 standards described in subdivision (a).

17 (3) The payment for a district under this section is at a per  
18 meal rate equal to the lesser of the district's actual cost or 100%  
19 of the cost of a breakfast served by an efficiently operated  
20 breakfast program as determined by the department, less federal  
21 reimbursement, participant payments, and other state reimbursement.  
22 Determination of efficient cost by the department shall be  
23 determined by using a statistical sampling of statewide and  
24 regional cost as reported in a manner approved by the department  
25 for the preceding school year.

26 Sec. 32b. (1) From the funds appropriated under section 11,  
27 there is allocated an amount not to exceed \$1,000,000.00 for ~~2006-~~

1 ~~2007-2007-2008~~ for competitive grants to intermediate districts for  
2 the creation **AND CONTINUANCE** of great start communities or other  
3 community purposes as identified by the early childhood investment  
4 corporation. These dollars may not be expended until both of the  
5 following conditions have been met:

6 (a) The early childhood investment corporation has identified  
7 matching dollars of at least an equal amount.

8 (b) ~~The articles of incorporation and bylaws of the early~~  
9 ~~childhood investment corporation are amended to increase the~~  
10 membership of the executive committee ~~from the current 15 members~~  
11 ~~to 19 members and to specify that~~ **INCLUDES** 1 member shall be  
12 appointed by the senate majority leader, 1 member appointed by the  
13 senate minority leader, 1 member appointed by the speaker of the  
14 house of representatives, and 1 member appointed by the minority  
15 leader of the house of representatives. ~~The early childhood~~  
16 ~~investment corporation shall notify each of these legislative~~  
17 ~~leaders of the effective date of this change in the articles of~~  
18 ~~incorporation and bylaws, and each of these legislative leaders~~  
19 ~~shall appoint a member not later than 60 days after that effective~~  
20 ~~date. Thereafter, not~~ **NOT** later than 60 days after the convening of  
21 each legislative session in each odd numbered year, each  
22 legislative leader shall appoint a member of the executive  
23 committee. A member appointed in this manner shall continue to  
24 serve on the executive committee through the next regular  
25 legislative session unless he or she voluntarily resigns or is  
26 otherwise unable to serve. When a vacancy occurs as a result of a  
27 voluntary resignation or inability to serve, the legislative leader



1 who had appointed the member shall make an appointment to fill that  
2 vacancy not later than 60 days after the date the vacancy occurs.

3 (2) The early childhood investment corporation shall award  
4 grants to eligible intermediate districts in an amount to be  
5 determined by the corporation.

6 (3) In order to receive funding, each intermediate district  
7 applicant shall agree to convene local great start collaboratives  
8 to address the availability of the 6 components of a great start  
9 system in its communities: physical health, social-emotional  
10 health, family supports, basic needs, economic stability and  
11 safety, and parenting education and early education and care, to  
12 ensure that every child in the community is ready for kindergarten.  
13 Specifically, each grant will fund the following:

14 (a) A community needs assessment and strategic plan for the  
15 development of a comprehensive system of early childhood services  
16 and supports, accessible to all children from birth to kindergarten  
17 and their families.

18 (b) Identification of local resources and services for  
19 children with disabilities, developmental delays, or special needs  
20 and their families.

21 (c) Coordination and expansion of high-quality early childhood  
22 and childcare programs.

23 (d) Evaluation of local programs.

24 ~~———— (4) Not later than February 1, 2007, the early childhood~~  
25 ~~investment corporation shall provide to the house and senate~~  
26 ~~appropriations subcommittees on state school aid, the state budget~~  
27 ~~director, and the house and senate fiscal agencies a report~~

~~detailing the anticipated expenditures by the corporation, grant purposes and amounts to be distributed, and activities to be supported with funding under this section.~~

(4) ~~(5)~~ Not later than December 1, 2007 **FOR THE 2006-2007 FISCAL YEAR GRANTS UNDER THIS SECTION, AND NOT LATER THAN DECEMBER 1, 2008 FOR THE 2007-2008 GRANTS UNDER THIS SECTION**, the ~~early childhood investment corporation~~ **DEPARTMENT** shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the amounts of grants awarded under this section, the grant recipients, the activities funded by each grant under this section, and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports.

(5) ~~(6)~~ Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$1,750,000.00 for ~~2006-2007-2007-2008~~ to the department for grants for community-based collaborative prevention services designed to promote marriage and foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is to fund secondary prevention programs as defined by the children's trust

1 fund for the prevention of child abuse and neglect.

2 (2) The funds allocated under subsection (1) shall be  
3 distributed through a joint request for proposals process  
4 established by the department in conjunction with the children's  
5 trust fund and the interagency director's workgroup. Projects  
6 funded with grants awarded under this section shall meet all of the  
7 following:

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

12 (b) Demonstrate that the planned services are part of a  
13 community's integrated comprehensive family support strategy  
14 endorsed by the community collaborative.

15 (c) Provide a 25% local match, of which not more than 10% may  
16 be in-kind services, unless this requirement is waived by the  
17 interagency director's workgroup.

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

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

25 Sec. 32d. (1) From the state school aid fund money  
26 appropriated under section 11, there is allocated an amount not to  
27 exceed \$78,600,000.00 for ~~2006-2007~~-2007-2008 for school readiness

1 or preschool and parenting program grants to enable eligible  
2 districts, as determined under section 37, to develop or expand, in  
3 conjunction with whatever federal funds may be available,  
4 including, but not limited to, federal funds under title I of the  
5 elementary and secondary education act of 1965, 20 USC 6301 to  
6 6578, chapter 1 of title I of the Hawkins-Stafford elementary and  
7 secondary school improvement amendments of 1988, Public Law 100-  
8 297, and the head start act, 42 USC 9831 to 9852, comprehensive  
9 compensatory programs designed to do 1 or both of the following:

10 (a) Improve the readiness and subsequent achievement of  
11 educationally disadvantaged children as defined by the department  
12 who will be at least 4, but less than 5 years of age, as of  
13 December 1 of the school year in which the programs are offered,  
14 and who show evidence of 2 or more risk factors as defined in the  
15 state board report entitled "children at risk" that was adopted by  
16 the state board on April 5, 1988.

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

19 (2) A comprehensive **FREE** compensatory program funded under  
20 this section ~~may~~ **SHALL** include an age-appropriate educational  
21 curriculum, as described in the early childhood standards of  
22 quality for prekindergarten children adopted by the state board,  
23 that prepares children for success in school, including language,  
24 early literacy, and early mathematics. In addition, the  
25 comprehensive program shall include nutritional services, health  
26 screening for participating children, a plan for parent and legal  
27 guardian involvement, and provision of referral services for

1 families eligible for community social services.

2 (3) In addition to the allocation under subsection (1), from  
3 the general fund money allocated under section 11, there is  
4 allocated an amount not to exceed \$200,000.00 for ~~2006-2007-2007-~~  
5 **2008** for a competitive grant to continue a longitudinal evaluation  
6 of children who have participated in the Michigan school readiness  
7 program.

8 (4) A district receiving a grant under this section may  
9 contract **WITH FOR-PROFIT OR NONPROFIT PRESCHOOL CENTER PROVIDERS**  
10 **THAT MEET ALL PROVISIONS OF THE EARLY CHILDHOOD STANDARDS OF**  
11 **QUALITY FOR PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD** for  
12 the provision of the comprehensive compensatory program and retain  
13 for administrative services an amount equal to not more than 5% of  
14 the grant amount. A district may expend not more than 10% of the  
15 total grant amount for administration of the program.

16 (5) A grant recipient receiving funds under this section shall  
17 report to the department on the midyear report the number of  
18 children participating in the program who meet the income or other  
19 eligibility criteria specified under section 37(3)(g) and the total  
20 number of children participating in the program. For children  
21 participating in the program who meet the income or other  
22 eligibility criteria specified under section 37(3)(g), grant  
23 recipients shall also report whether or not a parent is available  
24 to provide care based on employment status. For the purposes of  
25 this subsection, "employment status" shall be defined by the  
26 department of human services in a manner consistent with maximizing  
27 the amount of spending that may be claimed for temporary assistance

1 for needy families maintenance of effort purposes.

2       Sec. 32j. (1) From the appropriations in section 11, there is  
3 allocated an amount not to exceed \$5,000,000.00 for ~~2006-2007-2007-~~  
4 **2008** for great parents, great start grants to intermediate  
5 districts to provide programs for parents with preschool children.  
6 The purpose of these programs is to encourage early mathematics and  
7 reading literacy, improve school readiness, reduce the need for  
8 special education services, and foster the maintenance of stable  
9 families by encouraging positive parenting skills.

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

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

16       (b) Providing parents with methods to enhance parent-child  
17 interaction that promote social and emotional development for  
18 infants and toddlers and age-appropriate language, mathematics, and  
19 early reading skills; including, but not limited to, encouraging  
20 parents to read to their preschool children at least 1/2 hour per  
21 day.

22       (c) Providing parents with examples of learning opportunities  
23 to promote intellectual, physical, and social growth of  
24 preschoolers, including the acquisition of age-appropriate  
25 language, mathematics, and early reading skills.

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

1 (e) Promoting marriage.

2 (3) To receive a grant under this section, an intermediate  
3 district shall submit a plan to the department not later than  
4 October 1, ~~2006~~2007 in the form and manner prescribed by the  
5 department. The plan shall do all of the following in a manner  
6 prescribed by the department:

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

12 (b) Demonstrate an adequate collaboration of local entities  
13 involved in providing programs and services for preschool children  
14 and their parents.

15 (c) Provide a projected budget for the program to be funded.  
16 The intermediate district shall provide at least a 20% local match  
17 from local public or private resources for the funds received under  
18 this section. Not more than 1/2 of this matching requirement, up to  
19 a total of 10% of the total project budget, may be satisfied  
20 through in-kind services provided by participating providers of  
21 programs or services. In addition, not more than 10% of the grant  
22 may be used for program administration.

23 (4) Each intermediate district receiving a grant under this  
24 section shall agree to include a data collection system approved by  
25 the department. The data collection system shall provide a report  
26 by October 15 of each year on the number of children in families  
27 with income below 200% of the federal poverty level that received

1 services under this program and the total number of children who  
2 received services under this program.

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

5 (a) The superintendent shall approve or disapprove the plans  
6 and notify the intermediate district of that decision not later  
7 than November 15, ~~2006-2007~~. The amount allocated ~~by~~ **TO** each  
8 intermediate district shall be at least an amount equal to ~~150.33%~~  
9 **100%** of the intermediate district's ~~2005-2006-2006-2007~~ payment  
10 under this section.

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

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

19 (6) An intermediate district receiving funds under this  
20 section shall use the funds only for the program funded under this  
21 section. An intermediate district receiving funds under this  
22 section may carry over any unexpended funds received under this  
23 section ~~to subsequent fiscal years~~ **INTO THE NEXT FISCAL YEAR** and  
24 may expend those unused funds in ~~subsequent fiscal years~~ **THE NEXT**  
25 **FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY UNEXPENDED**  
26 **GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED BY THE**  
27 **DEPARTMENT NOT LATER THAN SEPTEMBER 30 OF THE NEXT FISCAL YEAR**



1 **AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.**

2       Sec. 32/. (1) From the general fund money appropriated in  
3 section 11, there is allocated for ~~2006-2007~~-2007-2008 an amount  
4 not to exceed \$12,250,000.00 for competitive school readiness  
5 program grants for the purposes of preparing children for success  
6 in school, including language, early literacy, and early  
7 mathematics. These grants shall be made available through a  
8 competitive application process as follows:

9       (a) Any public or private nonprofit legal entity or agency may  
10 apply for a grant under this section. However, a district or  
11 intermediate district may not apply for a grant under this section  
12 unless the district or intermediate district is acting as a fiscal  
13 agent for a child caring organization regulated under 1973 PA 116,  
14 MCL 722.111 to 722.128.

15       (b) An applicant shall submit an application in the form and  
16 manner prescribed by the department.

17       (c) The department shall establish a diverse interagency  
18 committee to review the applications. The committee shall be  
19 composed of representatives of the department, appropriate  
20 community, volunteer, and social service agencies and  
21 organizations, and parents.

22       (d) The superintendent shall award the grants and shall give  
23 priority for awarding the grants based upon the following criteria:

24       (i) Compliance with the state board-approved early childhood  
25 standards of quality for prekindergarten.

26       (ii) Active and continuous involvement of the parents or  
27 guardians of the children participating in the program.

1           (iii) Employment of teachers possessing proper training,  
2 including a valid Michigan teaching certificate with an early  
3 childhood (ZA) endorsement, a valid Michigan teaching certificate  
4 with a child development associate credential (CDA), or a  
5 bachelor's degree in child development with a specialization in  
6 preschool teaching. However, both of the following apply to this  
7 subparagraph:

8           (A) If an applicant demonstrates to the department that it is  
9 unable to fully comply with this subparagraph after making  
10 reasonable efforts to comply, the superintendent may still give  
11 priority to the applicant if the applicant will employ teachers who  
12 have significant but incomplete training in early childhood  
13 education or child development if the applicant provides to the  
14 department, and the department approves, a plan for each teacher to  
15 come into compliance with the standards in this subparagraph. A  
16 teacher's compliance plan must be completed within 4 years of the  
17 date of employment. Progress toward completion of the compliance  
18 plan shall consist of at least 2 courses per calendar year.

19           (B) For a subcontracted program, the department shall consider  
20 a teacher with 90 credit hours and at least 4 years' teaching  
21 experience in a qualified preschool program to meet the  
22 requirements under this subparagraph.

23           (iv) Employment of paraprofessionals possessing proper training  
24 in early childhood development, including an associate's degree in  
25 early childhood education or child development or the equivalent,  
26 or a child development associate (CDA) credential, or the  
27 equivalent, as approved by the state board. If an applicant

1 demonstrates to the department that it is unable to fully comply  
2 with this subparagraph, after making reasonable efforts to comply,  
3 the superintendent of public instruction may still give priority to  
4 an applicant if the applicant will employ paraprofessionals who  
5 have completed at least 1 course in early childhood education or  
6 child development if the applicant provides to the department, and  
7 the department approves, a plan for each paraprofessional to come  
8 into compliance with the standards in this subparagraph. A  
9 paraprofessional's compliance plan must be completed within 2 years  
10 of the date of employment. Progress toward completion of the  
11 compliance plan shall consist of at least 2 courses or 60 clock  
12 hours of training per calendar year.

13 (v) Evidence of collaboration with the community of ~~providers~~  
14 ~~in early childhood development programs~~ **CHILD DEVELOPMENT PROGRAMS,**  
15 **INCLUDING, BUT NOT LIMITED TO, MICHIGAN SCHOOL READINESS AND HEAD**  
16 **START PROVIDERS,** including documentation of the total number of  
17 children in the community who would meet the criteria established  
18 in subparagraph (vii), and who are being served by other providers,  
19 and the number of children who will remain unserved by other  
20 community early childhood programs if this program is funded.

21 (vi) The extent to which these funds will supplement other  
22 federal, state, local, or private funds.

23 (vii) The extent to which these funds will be targeted to  
24 children who will be at least 4, but less than 5, years of age as  
25 of December 1 of the year in which the programs are offered and who  
26 show evidence of 2 or more "at-risk" factors as defined in the  
27 state board report entitled "children at risk" that was adopted by

1 the state board on April 5, 1988.

2 (viii) The program offers supplementary day care and thereby  
3 offers full-day programs as part of its early childhood development  
4 program.

5 (ix) The application contains a plan approved by the department  
6 to conduct and report annual school readiness program evaluations  
7 and continuous improvement plans using criteria approved by the  
8 department. At a minimum, the evaluations shall include a self-  
9 assessment of program quality and assessment of the gains in  
10 educational readiness and progress of the children participating in  
11 the program.

12 (e) An application shall demonstrate that the program has  
13 established or has joined a multidistrict, multiagency school  
14 readiness advisory committee that is involved in the planning and  
15 evaluation of the program and that provides for the involvement of  
16 parents and appropriate community, volunteer, and social service  
17 agencies and organizations. The advisory committee shall include at  
18 least 1 parent or guardian of a program participant for every 18  
19 children enrolled in the program, with a minimum of 2 parent or  
20 guardian representatives. The advisory committee shall do all of  
21 the following:

22 (i) Review the mechanisms and criteria used to determine  
23 referrals for participation in the school readiness program.

24 (ii) Review the health screening program for all participants.

25 (iii) Review the nutritional services provided to all  
26 participants.

27 (iv) Review the mechanisms in place for the referral of

1 families to community social service agencies, as appropriate.

2 (v) Review the collaboration with and the involvement of  
3 appropriate community, volunteer, and social service agencies and  
4 organizations in addressing all aspects of education disadvantage.

5 (vi) Review, evaluate, and make recommendations for changes in  
6 the school readiness program.

7 (vii) REVIEW THE AGENCY'S PARTICIPATION IN A COLLABORATIVE  
8 RECRUITMENT AND ENROLLMENT PROCESS WITH, AT A MINIMUM, ALL OTHER  
9 FUNDED PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME  
10 GEOGRAPHIC AREA, INCLUDING SCHOOL DISTRICT PART-DAY PROGRAMS  
11 DESCRIBED UNDER SECTION 32D AND THE FULL-DAY PROGRAMS DESCRIBED  
12 UNDER SECTION 32E, AND HEAD START PROGRAMS, TO ASSURE THAT EACH  
13 CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER  
14 NEEDS AND TO MAXIMIZE THE USE OF FEDERAL, STATE, AND LOCAL FUNDS.  
15 THE COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS SHOULD BE  
16 ESTABLISHED TO REFLECT THE GEOGRAPHIC SERVICE AREAS OF THE  
17 COLLABORATIVE PARTNERS.

18 (2) To be eligible for a grant under this section, a program  
19 shall demonstrate that more than 50% of the children participating  
20 in the program live with families with a household income that is  
21 less than or equal to 250% of the federal poverty level.

22 (3) The superintendent may award grants under this section at  
23 whatever level the superintendent determines appropriate. However,  
24 the amount of a grant under this section, when combined with other  
25 sources of state revenue for this program, shall not exceed  
26 \$3,300.00 per participating child or the cost of the program,  
27 whichever is less.

1           (4) For a grant recipient that enrolls pupils in a full-day  
2 program funded under this section, each child enrolled in the full-  
3 day program shall be counted as 2 children served by the program  
4 for purposes of determining the number of children to be served and  
5 for determining the amount of the grant award. A grant award shall  
6 not be increased solely on the basis of providing a full-day  
7 program. As used in this subsection, "full-day program" means a  
8 program that operates for at least the same length of day as a  
9 district's first grade program for a minimum of 4 days per week, 30  
10 weeks per year. A classroom that offers a full-day program must  
11 enroll all children for the full day to be considered a full-day  
12 program.

13           (5) Except as otherwise provided in this subsection, an  
14 applicant that ~~receives~~**RECEIVED** a new grant under this section for  
15 2006-2007 shall also receive priority for funding under this  
16 section for 2007-2008 and 2008-2009. However, after 3 fiscal years  
17 of continuous funding, an applicant is required to compete openly  
18 with new programs and other programs completing their third year.  
19 All grant awards under this section are contingent on the  
20 availability of funds and documented evidence of grantee compliance  
21 with early childhood standards of quality for prekindergarten, as  
22 approved by the state board, and with all operational, fiscal,  
23 administrative, and other program requirements.

24           (6) Notwithstanding section 17b, payments to eligible entities  
25 under this section shall be paid on a schedule and in a manner  
26 determined by the department.

27           **SEC. 32N. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE**

1 IS ALLOCATED AN AMOUNT NOT TO EXCEED \$0.00 FOR A STATEWIDE BEFORE-  
2 OR AFTER-SCHOOL PROGRAM FOR CHILDREN AND YOUTH. BEFORE-SCHOOL  
3 PROGRAMS ARE LIMITED TO SCHOOL-AGED CHILDREN. THIS ALLOCATION WILL  
4 BE DISTRIBUTED THROUGH GRANTS TO COUNTIES BASED UPON DEMONSTRATED  
5 NEED. A SINGLE COUNTY SHALL NOT RECEIVE ANY MORE THAN 20% OF THE  
6 TOTAL ALLOCATION. THE DEPARTMENT SHALL GIVE PRIORITY FOR  
7 DISTRIBUTION OF THIS FUNDING TO PROGRAMS THAT HAVE SECURED  
8 ADDITIONAL GOVERNMENTAL AND NONGOVERNMENTAL MATCHING FUNDS.

9 (2) THE DEPARTMENT SHALL SHARE THE ADMINISTRATIVE DUTIES OF  
10 OPERATING THIS PROGRAM WITH THE DEPARTMENT OF HUMAN SERVICES,  
11 DEPARTMENT OF COMMUNITY HEALTH, DEPARTMENT OF HISTORY, ARTS, AND  
12 LIBRARIES, AND DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

13 (3) FUNDING PRIORITY IN SUBSECTION (1) SHALL BE RESERVED FOR  
14 PROGRAMS THAT USE A CURRICULUM FOCUSED UPON IMPROVING ACADEMIC  
15 PERFORMANCE AND HEALTHY BEHAVIOR, INCLUDING ABSTINENCE FROM ABUSE  
16 OF ALCOHOL AND ILLEGAL DRUGS.

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

20 (2) The district shall submit a preapplication, in a manner  
21 and on forms prescribed by the department, by a date specified by  
22 the department in the immediately preceding state fiscal year. The  
23 preapplication shall include a comprehensive needs assessment and  
24 community collaboration plan **THAT INCLUDES, BUT IS NOT LIMITED TO,**  
25 **MICHIGAN SCHOOL READINESS AND HEAD START PROVIDERS,** and shall  
26 identify all of the following:

27 (a) The estimated total number of children in the community

1 who meet the criteria of section 32d and how that calculation was  
2 made.

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

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

10 (d) The estimated number of children who meet the criteria of  
11 section 32d who will remain unserved after the district and  
12 community early childhood programs have met their funded  
13 enrollments. The school district shall maintain a waiting list of  
14 identified unserved eligible children who would be served when  
15 openings are available.

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

20 (a) The district complies with the state board approved early  
21 childhood standards of quality for prekindergarten.

22 (b) The district provides for the active and continuous  
23 participation of parents or guardians of the children in the  
24 program, and describes the district's participation plan as part of  
25 the application.

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

27 (i) Teachers possessing proper training. For programs the



1 district manages itself, a valid teaching certificate and an early  
2 childhood (ZA) endorsement are required. This provision does not  
3 apply to a district that subcontracts with an eligible child  
4 development program. In that situation a teacher must have a valid  
5 Michigan teaching certificate with an early childhood (ZA)  
6 endorsement, a valid Michigan teaching certificate with a child  
7 development associate credential, or a bachelor's degree in child  
8 development with specialization in preschool teaching. However,  
9 both of the following apply to this subparagraph:

10 (A) If a district demonstrates to the department that it is  
11 unable to fully comply with this subparagraph after making  
12 reasonable efforts to comply, teachers who have significant but  
13 incomplete training in early childhood education or child  
14 development may be employed by the district if the district  
15 provides to the department, and the department approves, a plan for  
16 each teacher to come into compliance with the standards in this  
17 subparagraph. A teacher's compliance plan must be completed within  
18 4 years of the date of employment. Progress toward completion of  
19 the compliance plan shall consist of at least 2 courses per  
20 calendar year.

21 (B) For a subcontracted program, the department shall consider  
22 a teacher with 90 credit hours and at least 4 years' teaching  
23 experience in a qualified preschool program to meet the  
24 requirements under this subparagraph.

25 (ii) Paraprofessionals possessing proper training in early  
26 childhood development, including an associate's degree in early  
27 childhood education or child development or the equivalent, or a

1 child development associate (CDA) credential, or the equivalent as  
2 approved by the state board. However, if a district demonstrates to  
3 the department that it is unable to fully comply with this  
4 subparagraph after making reasonable efforts to comply, the  
5 district may employ paraprofessionals who have completed at least 1  
6 course in early childhood education or child development if the  
7 district provides to the department, and the department approves, a  
8 plan for each paraprofessional to come into compliance with the  
9 standards in this subparagraph. A paraprofessional's compliance  
10 plan must be completed within 2 years of the date of employment.  
11 Progress toward completion of the compliance plan shall consist of  
12 at least 2 courses or 60 clock hours of training per calendar year.

13 (d) The district has submitted for approval a program budget  
14 that includes only those costs not reimbursed or reimbursable by  
15 federal funding, that are clearly and directly attributable to the  
16 early childhood readiness program, and that would not be incurred  
17 if the program were not being offered. If children other than those  
18 determined to be educationally disadvantaged participate in the  
19 program, state reimbursement under section 32d shall be limited to  
20 the portion of approved costs attributable to educationally  
21 disadvantaged children.

22 (e) The district has established a, or has joined a  
23 multidistrict, multiagency, school readiness advisory committee  
24 consisting of, at a minimum, classroom teachers for  
25 prekindergarten, kindergarten, and first grade; parents or  
26 guardians of program participants; representatives from appropriate  
27 community agencies and organizations; the district curriculum

1 director or equivalent administrator; and, if feasible, a school  
2 psychologist, school social worker, or school counselor. In  
3 addition, there shall be on the committee at least 1 parent or  
4 guardian of a program participant for every 18 children enrolled in  
5 the program, with a minimum of 2 parent or guardian  
6 representatives. The committee shall do all of the following:

7 (i) Ensure the ongoing articulation of the early childhood,  
8 kindergarten, and first grade programs offered by the district or  
9 districts.

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

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

13 (iv) Review the nutritional services provided to program  
14 participants.

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

17 (vi) Review the collaboration with and the involvement of  
18 appropriate community, volunteer, and social service agencies and  
19 organizations in addressing all aspects of educational

20 disadvantage. **THE DISTRICT MUST PARTICIPATE IN A COLLABORATIVE**

21 **RECRUITMENT AND ENROLLMENT PROCESS WITH, AT A MINIMUM, ALL OTHER**

22 **FUNDED PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME**

23 **GEOGRAPHIC AREA, INCLUDING FULL-DAY PROGRAMS DESCRIBED UNDER**

24 **SECTION 32E AND THE COMPETITIVE PROGRAMS DESCRIBED UNDER SECTION**

25 **32I, AND HEAD START PROGRAMS, TO ASSURE THAT EACH CHILD IS ENROLLED**

26 **IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS AND TO MAXIMIZE**

27 **THE USE OF FEDERAL, STATE, AND LOCAL FUNDS. THE COLLABORATIVE**

**1 RECRUITMENT AND ENROLLMENT PROCESS SHOULD BE ESTABLISHED TO REFLECT**  
**2 THE GEOGRAPHIC SERVICE AREAS OF THE COLLABORATIVE PARTNERS.**

3 (vii) Review, evaluate, and make recommendations to a local  
4 school readiness program or programs for changes to the school  
5 readiness program.

6 (f) The district has submitted for departmental approval a  
7 plan to conduct and report annual school readiness program  
8 evaluations and continuous improvement plans using criteria  
9 approved by the department. At a minimum, the evaluations shall  
10 include a self-assessment of program quality and assessment of the  
11 gains in educational readiness and progress of the children  
12 participating in the program.

13 (g) More than 50% of the children participating in the program  
14 live with families with a household income that is equal to or less  
15 than 250% of the federal poverty level.

16 (4) A consortium of 2 or more districts shall be eligible for  
17 an allocation under section 32d if the districts designate a single  
18 fiscal agent for the allocation. A district or intermediate  
19 district may administer a consortium described in this subsection.  
20 A consortium shall submit a single preapplication and application  
21 for the children to be served, regardless of the number of  
22 districts participating in the consortium.

23 (5) With the final application, an applicant district shall  
24 submit to the department a resolution adopted by its board  
25 certifying the number of 4-year-old children who show evidence of  
26 risk factors as described in section 32d who live with families  
27 with a household income that is less than or equal to 250% of the

1 federal poverty level.

2 Sec. 39a. (1) From the federal funds appropriated in section  
3 11, there is allocated for ~~2006-2007-2007-2008~~ to districts,  
4 intermediate districts, and other eligible entities all available  
5 federal funding, estimated at ~~\$636,978,000.00~~ **\$669,660,100.00**, for  
6 the federal programs under the no child left behind act of 2001,  
7 Public Law 107-110. These funds are allocated as follows:

8 (a) An amount estimated at \$9,625,800.00 to provide students  
9 with drug- and violence-prevention programs and to implement  
10 strategies to improve school safety, funded from DED-OESE, drug-  
11 free schools and communities funds.

12 (b) An amount estimated at ~~\$6,140,900.00~~ **\$6,405,500.00** for the  
13 purpose of improving teaching and learning through a more effective  
14 use of technology, funded from DED-OESE, educational technology  
15 state grant funds.

16 (c) An amount estimated at \$106,249,200.00 for the purpose of  
17 preparing, training, and recruiting high-quality teachers and class  
18 size reduction, funded from DED-OESE, improving teacher quality  
19 funds.

20 (d) An amount estimated at ~~\$7,627,400.00~~ **\$9,854,300.00** for  
21 programs to teach English to limited English proficient (LEP)  
22 children, funded from DED-OESE, language acquisition state grant  
23 funds.

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

27 ~~— (f) An amount estimated at \$58,000.00 for Michigan model~~

1 ~~partnership for character education programs, funded from DED-OESE,~~  
2 ~~title X, fund for improvement of education funds.~~

3 (F) ~~(g)~~—An amount estimated at ~~\$468,700.00~~ **\$676,000.00** for  
4 rural and low income schools, funded from DED-OESE, rural and low  
5 income school funds.

6 (G) ~~(h)~~—An amount estimated at \$3,115,900.00 to help schools  
7 develop and implement comprehensive school reform programs, funded  
8 from DED-OESE, title I and title X, comprehensive school reform  
9 funds.

10 (H) ~~(i)~~—An amount estimated at ~~\$428,860,300.00~~ **\$456,971,500.00**  
11 to provide supplemental programs to enable educationally  
12 disadvantaged children to meet challenging academic standards,  
13 funded from DED-OESE, title I, disadvantaged children funds.

14 (I) ~~(j)~~—An amount estimated at ~~\$3,022,700.00~~ **\$2,531,700.00** for  
15 the purpose of providing unified family literacy programs, funded  
16 from DED-OESE, title I, even start funds.

17 (J) ~~(k)~~—An amount estimated at \$8,186,200.00 for the purpose  
18 of identifying and serving migrant children, funded from DED-OESE,  
19 title I, migrant education funds.

20 (K) ~~(l)~~—An amount estimated at ~~\$22,928,000.00~~ **\$24,733,200.00** to  
21 promote high-quality school reading instruction for grades K-3,  
22 funded from DED-OESE, title I, reading first state grant funds.

23 (L) ~~(m)~~—An amount estimated at ~~\$2,848,900.00~~ **\$2,849,000.00** for  
24 the purpose of implementing innovative strategies for improving  
25 student achievement, funded from DED-OESE, title VI, innovative  
26 strategies funds.

27 (M) ~~(n)~~—An amount estimated at ~~\$29,296,000.00~~ **\$29,911,800.00**

1 for the purpose of providing high-quality extended learning  
2 opportunities, after school and during the summer, for children in  
3 low-performing schools, funded from DED-OESE, twenty-first century  
4 community learning center funds. Of these funds, \$25,000.00 may be  
5 used to support the Michigan after-school partnership. All of the  
6 following apply to the Michigan after-school partnership:

7 (i) The department shall collaborate with the department of  
8 human services to extend the duration of the Michigan after-school  
9 initiative, to be renamed the Michigan after-school partnership and  
10 oversee its efforts to implement the policy recommendations and  
11 strategic next steps identified in the Michigan after-school  
12 initiative's report of December 15, 2003.

13 (ii) Funds shall be used to leverage other private and public  
14 funding to engage the public and private sectors in building and  
15 sustaining high-quality out-of-school-time programs and resources.  
16 The co-chairs, representing the department and the department of  
17 human services, shall name a fiduciary agent and may authorize the  
18 fiduciary to expend funds and hire people to accomplish the work of  
19 the Michigan after-school partnership.

20 (iii) Participation in the Michigan after-school partnership  
21 shall be expanded beyond the membership of the initial Michigan  
22 after-school initiative to increase the representation of parents,  
23 youth, foundations, employers, and others with experience in  
24 education, child care, after-school and youth development services,  
25 and crime and violence prevention, and to include representation  
26 from the Michigan department of community health. Each year, on or  
27 before December 31, the Michigan after-school partnership shall

1 report its progress in reaching the recommendations set forth in  
 2 the Michigan after-school initiative's report to the legislature  
 3 and the governor.

4 (2) From the federal funds appropriated in section 11, there  
 5 is allocated for ~~2006-2007~~**2007-2008** to districts, intermediate  
 6 districts, and other eligible entities all available federal  
 7 funding, estimated at ~~\$4,646,400.00~~**\$32,411,000.00**, for the  
 8 following programs that are funded by federal grants:

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

12 (b) An amount estimated at ~~\$1,500,100.00~~**\$1,665,400.00** to  
 13 provide services to homeless children and youth, funded from DED-  
 14 OVAE, homeless children and youth funds.

15 (c) An amount estimated at ~~\$1,000,000.00~~**\$200,000.00** for  
 16 refugee children school impact grants, funded from HHS-ACF, refugee  
 17 children school impact funds.

18 (d) An amount estimated at \$1,445,600.00 for serve America  
 19 grants, funded from the corporation for national and community  
 20 service funds.

21 (e) An amount estimated at ~~\$100,700.00 to encourage interstate~~  
 22 ~~and intrastate coordination of migrant education, funded from DED-~~  
 23 ~~OESE, title I, migrant education program funds~~**\$28,500,000.00 FOR**  
 24 **PROVIDING CAREER AND TECHNICAL EDUCATION SERVICES TO PUPILS, FUNDED**  
 25 **FROM DED-OVAE, BASIC GRANTS TO STATES.**

26 (3) To the extent allowed under federal law, the funds  
 27 allocated under subsection ~~(1)(i), (j), and (l)~~**(1)(H), (I), AND (K)**



1 may be used for 1 or more reading improvement programs that meet at  
2 least 1 of the following:

3 (a) A research-based, validated, structured reading program  
4 that aligns learning resources to state standards and includes  
5 continuous assessment of pupils and individualized education plans  
6 for pupils.

7 (b) A mentoring program that is a research-based, validated  
8 program or a statewide 1-to-1 mentoring program and is designed to  
9 enhance the independence and life quality of pupils who are  
10 mentally impaired by providing opportunities for mentoring and  
11 integrated employment.

12 (c) A cognitive development program that is a research-based,  
13 validated educational service program focused on assessing and  
14 building essential cognitive and perceptual learning abilities to  
15 strengthen pupil concentration and learning.

16 (d) A structured mentoring-tutorial reading program for pupils  
17 in preschool to grade 4 that is a research-based, validated program  
18 that develops individualized educational plans based on each  
19 pupil's age, assessed needs, reading level, interests, and learning  
20 style.

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

25 Notwithstanding section 17b, payments of federal funds to  
26 districts, intermediate districts, and other eligible entities  
27 under this section shall be paid on a schedule determined by the

1 department.

2 (5) As used in this section:

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

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

6 (c) "DED-OVAE" means the DED office of vocational and adult  
7 education.

8 (d) "HHS" means the United States department of health and  
9 human services.

10 (e) "HHS-ACF" means the HHS administration for children and  
11 families.

12 Sec. 41. From the appropriation in section 11, there is  
13 allocated an amount not to exceed \$2,800,000.00 for ~~2006-2007-2007-~~  
14 ~~2008~~ to applicant districts and intermediate districts offering  
15 programs of instruction for pupils of limited English-speaking  
16 ability under section 1153 of the revised school code, MCL  
17 380.1153. Reimbursement shall be on a per pupil basis and shall be  
18 based on the number of pupils of limited English-speaking ability  
19 in membership on the pupil membership count day. Funds allocated  
20 under this section shall be used solely for instruction in  
21 speaking, reading, writing, or comprehension of English. A pupil  
22 shall not be counted under this section or instructed in a program  
23 under this section for more than 3 years.

24 Sec. 51a. (1) ~~From the appropriation in section 11, there is~~  
25 ~~allocated for 2006-2007 an amount not to exceed \$971,983,000.00~~  
26 ~~from state sources and all available federal funding under sections~~  
27 ~~611 to 619 of part B of the individuals with disabilities education~~

1 ~~act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any~~  
2 ~~carryover federal funds from previous year appropriations. FROM THE~~  
3 **APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2007-2008 AN**  
4 **AMOUNT NOT TO EXCEED \$1,009,783,000.00 FROM STATE SOURCES AND ALL**  
5 **AVAILABLE FEDERAL FUNDING UNDER SECTIONS 611 TO 619 OF PART B OF**  
6 **THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, 20 USC 1411 TO**  
7 **1419, ESTIMATED AT \$350,700,000.00, PLUS ANY CARRYOVER FEDERAL**  
8 **FUNDS FROM PREVIOUS YEAR APPROPRIATIONS.** The allocations under this  
9 subsection are for the purpose of reimbursing districts and  
10 intermediate districts for special education programs, services,  
11 and special education personnel as prescribed in article 3 of the  
12 revised school code, MCL 380.1701 to 380.1766; net tuition payments  
13 made by intermediate districts to the Michigan schools for the deaf  
14 and blind; and special education programs and services for pupils  
15 who are eligible for special education programs and services  
16 according to statute or rule. For meeting the costs of special  
17 education programs and services not reimbursed under this article,  
18 a district or intermediate district may use money in general funds  
19 or special education funds, not otherwise restricted, or  
20 contributions from districts to intermediate districts, tuition  
21 payments, gifts and contributions from individuals, or federal  
22 funds that may be available for this purpose, as determined by the  
23 intermediate district plan prepared pursuant to article 3 of the  
24 revised school code, MCL 380.1701 to 380.1766. All federal funds  
25 allocated under this section in excess of those allocated under  
26 this section for 2002-2003 may be distributed in accordance with  
27 the flexible funding provisions of the individuals with

1 disabilities education act, Public Law 108-446, including, but not  
2 limited to, 34 CFR 300.206 and 300.208. Notwithstanding section  
3 17b, payments of federal funds to districts, intermediate  
4 districts, and other eligible entities under this section shall be  
5 paid on a schedule determined by the department.

6 (2) From the funds allocated under subsection (1), there is  
7 allocated for ~~2006-2007~~ **2007-2008** the amount necessary, estimated  
8 at ~~\$207,900,000.00 for 2006-2007~~ **\$216,900,000.00**, for payments  
9 toward reimbursing districts and intermediate districts for  
10 28.6138% of total approved costs of special education, excluding  
11 costs reimbursed under section 53a, and 70.4165% of total approved  
12 costs of special education transportation. Allocations under this  
13 subsection shall be made as follows:

14 (a) The initial amount allocated to a district under this  
15 subsection toward fulfilling the specified percentages shall be  
16 calculated by multiplying the district's special education pupil  
17 membership, excluding pupils described in subsection (12), times  
18 the sum of the foundation allowance under section 20 of the pupil's  
19 district of residence plus the amount of the district's per pupil  
20 allocation under section 20j(2), not to exceed \$6,500.00 adjusted  
21 by the dollar amount of the difference between the basic foundation  
22 allowance under section 20 for the current fiscal year and  
23 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, or, for a special education pupil  
24 in membership in a district that is a public school academy or  
25 university school, times an amount equal to the amount per  
26 membership pupil calculated under section 20(6). For an  
27 intermediate district, the amount allocated under this subdivision

1 toward fulfilling the specified percentages shall be an amount per  
2 special education membership pupil, excluding pupils described in  
3 subsection (12), and shall be calculated in the same manner as for  
4 a district, using the foundation allowance under section 20 of the  
5 pupil's district of residence, not to exceed \$6,500.00 adjusted by  
6 the dollar amount of the difference between the basic foundation  
7 allowance under section 20 for the current fiscal year and  
8 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, and that district's per pupil  
9 allocation under section 20j(2).

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

15 (3) From the funds allocated under subsection (1), there is  
16 allocated for ~~2006-2007~~ **2007-2008** the amount necessary, estimated  
17 at ~~\$2,000,000.00 for 2006-2007~~ **\$2,200,000.00**, to make payments to  
18 districts and intermediate districts under this subsection. If the  
19 amount allocated to a district or intermediate district for a  
20 fiscal year under subsection (2)(b) is less than the sum of the  
21 amounts allocated to the district or intermediate district for  
22 1996-97 under sections 52 and 58, there is allocated to the  
23 district or intermediate district for the fiscal year an amount  
24 equal to that difference, adjusted by applying the same proration  
25 factor that was used in the distribution of funds under section 52  
26 in 1996-97 as adjusted to the district's or intermediate district's  
27 necessary costs of special education used in calculations for the

1 fiscal year. This adjustment is to reflect reductions in special  
2 education program operations or services between 1996-97 and  
3 subsequent fiscal years. Adjustments for reductions in special  
4 education program operations or services shall be made in a manner  
5 determined by the department and shall include adjustments for  
6 program or service shifts.

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

26 (5) State funds shall be allocated on a total approved cost  
27 basis. Federal funds shall be allocated under applicable federal

1 requirements, except that an amount not to exceed \$3,500,000.00 may  
2 be allocated by the department for ~~2006-2007~~ **2007-2008** to  
3 districts, intermediate districts, or other eligible entities on a  
4 competitive grant basis for programs, equipment, and services that  
5 the department determines to be designed to benefit or improve  
6 special education on a statewide scale.

7 (6) From the amount allocated in subsection (1), there is  
8 allocated an amount not to exceed \$2,200,000.00 for ~~2006-2007~~ **2007-**  
9 **2008** to reimburse 100% of the net increase in necessary costs  
10 incurred by a district or intermediate district in implementing the  
11 revisions in the administrative rules for special education that  
12 became effective on July 1, 1987. As used in this subsection, "net  
13 increase in necessary costs" means the necessary additional costs  
14 incurred solely because of new or revised requirements in the  
15 administrative rules minus cost savings permitted in implementing  
16 the revised rules. Net increase in necessary costs shall be  
17 determined in a manner specified by the department.

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

19 (a) "Total approved costs of special education" shall be  
20 determined in a manner specified by the department and may include  
21 indirect costs, but shall not exceed 115% of approved direct costs  
22 for section 52 and section 53a programs. The total approved costs  
23 include salary and other compensation for all approved special  
24 education personnel for the program, including payments for social  
25 security and medicare and public school employee retirement system  
26 contributions. The total approved costs do not include salaries or  
27 other compensation paid to administrative personnel who are not

1 special education personnel as defined in section 6 of the revised  
2 school code, MCL 380.6. Costs reimbursed by federal funds, other  
3 than those federal funds included in the allocation made under this  
4 article, are not included. Special education approved personnel not  
5 utilized full time in the evaluation of students or in the delivery  
6 of special education programs, ancillary, and other related  
7 services shall be reimbursed under this section only for that  
8 portion of time actually spent providing these programs and  
9 services, with the exception of special education programs and  
10 services provided to youth placed in child caring institutions or  
11 juvenile detention programs approved by the department to provide  
12 an on-grounds education program.

13 (b) ~~Except as otherwise provided in subdivisions (c) and (d),~~  
14 ~~beginning~~ **BEGINNING** with the 2004-2005 fiscal year, a district or  
15 intermediate district that employed special education support  
16 services staff to provide special education support services in  
17 2003-2004 or in a subsequent fiscal year and that in a fiscal year  
18 after 2003-2004 receives the same type of support services from  
19 another district or intermediate district shall report the cost of  
20 those support services for special education reimbursement purposes  
21 under this act. This subdivision does not prohibit the transfer of  
22 special education classroom teachers and special education  
23 classroom aides if the pupils counted in membership associated with  
24 those special education classroom teachers and special education  
25 classroom aides are transferred and counted in membership in the  
26 other district or intermediate district in conjunction with the  
27 transfer of those teachers and aides.



~~1 (c) If the department determines before bookclosing for 2004-~~  
~~2 2005 that the amounts allocated under this section for 2004-2005~~  
~~3 will exceed expenditures under this section for 2004-2005, then for~~  
~~4 2004-2005 only, for a district or intermediate district whose~~  
~~5 reimbursement for 2004-2005 would otherwise be affected by~~  
~~6 subdivision (b), subdivision (b) does not apply to the calculation~~  
~~7 of the reimbursement for that district or intermediate district and~~  
~~8 reimbursement for that district or intermediate district shall be~~  
~~9 calculated in the same manner as it was for 2003-2004. If the~~  
~~10 amount of the excess allocations under this section is not~~  
~~11 sufficient to fully fund the calculation of reimbursement to those~~  
~~12 districts and intermediate districts under this subdivision, then~~  
~~13 the calculations and resulting reimbursement under this subdivision~~  
~~14 shall be prorated on an equal percentage basis.~~

15 (C) ~~(d)~~ If the department determines before bookclosing for  
16 ~~2005-2006-2006-2007~~ that the amounts allocated for ~~2005-2006-2006-~~  
17 ~~2007~~ under subsections (2), (3), (6), (8), and (12) and sections  
18 53a, 54, and 56 will exceed expenditures for ~~2005-2006-2006-2007~~  
19 under subsections (2), (3), (6), (8), and (12) and sections 53a,  
20 54, and 56, then for ~~2005-2006-2006-2007~~ only, for a district or  
21 intermediate district whose reimbursement for ~~2005-2006-2006-2007~~  
22 would otherwise be affected by subdivision (b), subdivision (b)  
23 does not apply to the calculation of the reimbursement for that  
24 district or intermediate district and reimbursement for that  
25 district or intermediate district shall be calculated in the same  
26 manner as it was for 2003-2004. If the amount of the excess  
27 allocations under subsections (2), (3), (6), (8), and (12) and

1 sections 53a, 54, and 56 is not sufficient to fully fund the  
2 calculation of reimbursement to those districts and intermediate  
3 districts under this subdivision, then the calculations and  
4 resulting reimbursement under this subdivision shall be prorated on  
5 an equal percentage basis.

6 (D) ~~(e)~~—Reimbursement for ancillary and other related  
7 services, as defined by R 340.1701c of the Michigan administrative  
8 code, shall not be provided when those services are covered by and  
9 available through private group health insurance carriers or  
10 federal reimbursed program sources unless the department and  
11 district or intermediate district agree otherwise and that  
12 agreement is approved by the state budget director. Expenses, other  
13 than the incidental expense of filing, shall not be borne by the  
14 parent. In addition, the filing of claims shall not delay the  
15 education of a pupil. A district or intermediate district shall be  
16 responsible for payment of a deductible amount and for an advance  
17 payment required until the time a claim is paid.

18 (E) ~~(f)~~—Beginning with calculations for 2004-2005, if an  
19 intermediate district purchases a special education pupil  
20 transportation service from a constituent district that was  
21 previously purchased from a private entity; if the purchase from  
22 the constituent district is at a lower cost, adjusted for changes  
23 in fuel costs; and if the cost shift from the intermediate district  
24 to the constituent does not result in any net change in the revenue  
25 the constituent district receives from payments under sections 22b  
26 and 51c, then upon application by the intermediate district, the  
27 department shall direct the intermediate district to continue to

1 report the cost associated with the specific identified special  
2 education pupil transportation service and shall adjust the costs  
3 reported by the constituent district to remove the cost associated  
4 with that specific service.

5 (8) From the allocation in subsection (1), there is allocated  
6 for ~~2006-2007~~ **2007-2008** an amount not to exceed \$15,313,900.00 to  
7 intermediate districts. The payment under this subsection to each  
8 intermediate district shall be equal to the amount of the 1996-97  
9 allocation to the intermediate district under subsection (6) of  
10 this section as in effect for 1996-97.

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

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

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

(12) From the funds allocated in subsection (1), there is allocated for ~~2006-2007~~ **2007-2008** the amount necessary, estimated at ~~\$6,500,000.00 for 2006-2007~~ **\$6,800,000.00**, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus ~~\$200.00~~ **\$223.00**, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus ~~\$200.00~~ **\$223.00**, and that district's per pupil allocation under section 20j(2). This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

(b) Pupils counted in membership in an intermediate district who are not special education pupils and are served by the

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 ~~2006-2007~~**2007-2008** the amount necessary,  
24 estimated at ~~\$686,700,000.00 for 2006-2007~~**\$715,000,000.00**, for  
25 payments to reimburse districts for 28.6138% of total approved  
26 costs of special education excluding costs reimbursed under section  
27 53a, and 70.4165% of total approved costs of special education

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

6       Sec. 51d. (1) From the federal funds appropriated in section  
7 11, there is allocated for ~~2006-2007~~**2007-2008** all available  
8 federal funding, estimated at \$74,000,000.00, for special education  
9 programs that are funded by federal grants. All federal funds  
10 allocated under this section shall be distributed in accordance  
11 with federal law. Notwithstanding section 17b, payments of federal  
12 funds to districts, intermediate districts, and other eligible  
13 entities under this section shall be paid on a schedule determined  
14 by the department.

15       (2) From the federal funds allocated under subsection (1), the  
16 following amounts are allocated for ~~2006-2007~~**2007-2008**:

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

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

23       (c) An amount estimated at \$45,000,000.00 for special  
24 education programs funded by DED-OSERS, handicapped program,  
25 individuals with disabilities act funds.

26       (3) As used in this section, "DED-OSERS" means the United  
27 States department of education office of special education and

1 rehabilitative services.

2       Sec. 53a. (1) For districts, reimbursement for pupils  
3 described in subsection (2) shall be 100% of the total approved  
4 costs of operating special education programs and services approved  
5 by the department and included in the intermediate district plan  
6 adopted pursuant to article 3 of the revised school code, MCL  
7 380.1701 to 380.1766, minus the district's foundation allowance  
8 calculated under section 20, and minus the amount calculated for  
9 the district under section 20j. For intermediate districts,  
10 reimbursement for pupils described in subsection (2) shall be  
11 calculated in the same manner as for a district, using the  
12 foundation allowance under section 20 of the pupil's district of  
13 residence, not to exceed \$6,500.00 adjusted by the dollar amount of  
14 the difference between the basic foundation allowance under section  
15 20 for the current fiscal year and \$5,000.00, minus ~~\$200.00~~  
16 **\$223.00**, 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  
11 attributable to educational programs for pupils described in  
12 subsection (2), and that would not have been incurred if the pupils  
13 were not being educated in a district or intermediate district, are  
14 reimbursable 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 ~~2006-~~  
18 ~~2007-2007-2008~~ in section 51a(1) shall be allocated under this  
19 section.

20 Sec. 54. Each intermediate district shall receive an amount  
21 per pupil for each pupil in attendance at the Michigan schools for  
22 the deaf and blind. The amount shall be proportionate to the total  
23 instructional cost at each school. Not more than \$1,688,000.00 of  
24 the allocation for ~~2006-2007-2007-2008~~ in section 51a(1) shall be  
25 allocated under this section.

26 Sec. 54a. (1) From the state school aid fund money  
27 appropriated in section 11, there is allocated an amount not to



1 exceed \$250,000.00 for ~~2006-2007~~**2007-2008** to the lending library  
2 located at central Michigan university from which districts and  
3 intermediate districts can borrow assessment materials designed  
4 specifically for children with severe loss of vision or hearing,  
5 severe cognitive or motor disabilities, or multiple disabilities  
6 and for children who require the most specialized types of  
7 psychological and educational assessment. **IT IS THE INTENT OF THE**  
8 **LEGISLATURE TO ALLOCATE AN AMOUNT NOT TO EXCEED \$100,000.00 FOR**  
9 **SUBSEQUENT FISCAL YEARS FOR THIS PURPOSE.**

10 (2) The lending library shall make test assessment materials  
11 available through borrowing to districts and intermediate  
12 districts. The lending library shall also provide information about  
13 the lending library at meetings and conferences for school  
14 personnel and shall develop a website to describe the services  
15 offered by the lending library. The lending library also shall mail  
16 information about the services offered by the lending library to  
17 all districts and intermediate districts.

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

19 (a) "Membership" means for a particular fiscal year the total  
20 membership for the immediately preceding fiscal year of the  
21 intermediate district and the districts constituent to the  
22 intermediate district.

23 (b) "Millage levied" means the millage levied for special  
24 education pursuant to part 30 of the revised school code, MCL  
25 380.1711 to 380.1743, including a levy for debt service  
26 obligations.

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

1 districts constituent to an intermediate district, except that if a  
2 district has elected not to come under part 30 of the revised  
3 school code, MCL 380.1711 to 380.1743, membership and taxable value  
4 of the district shall not be included in the membership and taxable  
5 value of the intermediate district.

6 (2) From the allocation under section 51a(1), there is  
7 allocated an amount ~~each fiscal year~~ not to exceed \$36,881,100.00  
8 ~~for 2005-2006 and for 2006-2007~~ **2007-2008** to reimburse intermediate  
9 districts levying millages for special education pursuant to part  
10 30 of the revised school code, MCL 380.1711 to 380.1743. The  
11 purpose, use, and expenditure of the reimbursement shall be limited  
12 as if the funds were generated by these millages and governed by  
13 the intermediate district plan adopted pursuant to article 3 of the  
14 revised school code, MCL 380.1701 to 380.1766. As a condition of  
15 receiving funds under this section, an intermediate district  
16 distributing any portion of special education millage funds to its  
17 constituent districts shall submit for departmental approval and  
18 implement a distribution plan.

19 (3) ~~Reimbursement for those millages levied in 2004-2005 shall~~  
20 ~~be made in 2005-2006 at an amount per 2004-2005 membership pupil~~  
21 ~~computed by subtracting from \$142,900.00 the 2004-2005 taxable~~  
22 ~~value behind each membership pupil and multiplying the resulting~~  
23 ~~difference by the 2004-2005 millage levied.~~ Reimbursement for those  
24 millages levied in ~~2005-2006~~ **2006-2007** shall be made in ~~2006-2007~~  
25 **2007-2008** at an amount per ~~2005-2006~~ **2006-2007** membership pupil  
26 computed by subtracting from ~~\$151,300.00~~ **\$161,400.00** the ~~2005-2006~~  
27 **2006-2007** taxable value behind each membership pupil and

1 multiplying the resulting difference by the ~~2005-2006-2006-2007~~  
2 millage levied.

3       Sec. 57. (1) From the appropriation in section 11, there is  
4 allocated an amount not to exceed \$285,000.00 for ~~2006-2007-2007-~~  
5 **2008** for grants to intermediate districts for advanced and  
6 accelerated students.

7       (2) To qualify for funding under this section, a grant  
8 recipient shall support part of the cost of summer institutes for  
9 advanced and accelerated students and, to the extent the funding  
10 allows, provide comprehensive programs for advanced and accelerated  
11 pupils.

12       (3) Except as otherwise provided in this subsection, the  
13 amount of a single grant award under this section shall not exceed  
14 \$5,000.00. Intermediate districts may form a consortium, and that  
15 consortium may receive a maximum grant amount of \$5,000.00 for each  
16 participant intermediate district. Each intermediate district or  
17 consortium must apply for grant funding by April 1, ~~2007-2008~~ and  
18 demonstrate compliance with subsection (2).

19       (4) A district, intermediate district, or consortium that  
20 receives a grant under this section shall provide at least a 25%  
21 match for grant money received under this section from local public  
22 or private resources.

23       (5) Any unallocated grant funds may be allocated to  
24 intermediate districts and consortia receiving grants under this  
25 section in an equal amount per intermediate district.

26       Sec. 61a. (1) From the appropriation in section 11, there is  
27 allocated an amount not to exceed \$30,000,000.00 for ~~2006-2007~~

1   **2007-2008** to reimburse on an added cost basis districts, except for  
2   a district that served as the fiscal agent for a vocational  
3   education consortium in the 1993-94 school year, and secondary area  
4   vocational-technical education centers for secondary-level  
5   vocational-technical education programs, including parenthood  
6   education programs, according to rules approved by the  
7   superintendent. Applications for participation in the programs  
8   shall be submitted in the form prescribed by the department. The  
9   department shall determine the added cost for each vocational-  
10   technical program area. The allocation of added cost funds shall be  
11   based on the type of vocational-technical programs provided, the  
12   number of pupils enrolled, and the length of the training period  
13   provided, and shall not exceed 75% of the added cost of any  
14   program. With the approval of the department, the board of a  
15   district maintaining a secondary vocational-technical education  
16   program may offer the program for the period from the close of the  
17   school year until September 1. The program shall use existing  
18   facilities and shall be operated as prescribed by rules promulgated  
19   by the superintendent.

20       (2) Except for a district that served as the fiscal agent for  
21   a vocational education consortium in the 1993-94 school year,  
22   districts and intermediate districts shall be reimbursed for local  
23   vocational administration, shared time vocational administration,  
24   and career education planning district vocational-technical  
25   administration. The definition of what constitutes administration  
26   and reimbursement shall be pursuant to guidelines adopted by the  
27   superintendent. Not more than \$800,000.00 of the allocation in

1 subsection (1) shall be distributed under this subsection.

2 (3) From the allocation in subsection (1), there is allocated  
3 an amount not to exceed \$388,700.00 for ~~2006-2007-2007-2008~~ to  
4 intermediate districts with constituent districts that had combined  
5 state and local revenue per membership pupil in the 1994-95 state  
6 fiscal year of \$6,500.00 or more, served as a fiscal agent for a  
7 state board designated area vocational education center in the  
8 1993-94 school year, and had an adjustment made to their 1994-95  
9 combined state and local revenue per membership pupil pursuant to  
10 section 20d. The payment under this subsection to the intermediate  
11 district shall equal the amount of the allocation to the  
12 intermediate district for 1996-97 under this subsection.

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

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

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

25 (c) "Taxable value" means the total taxable value of the  
26 districts constituent to an intermediate district or area  
27 vocational-technical education program, except that if a district

1 has elected not to come under sections 681 to 690 of the revised  
2 school code, MCL 380.681 to 380.690, the membership and taxable  
3 value of that district shall not be included in the membership and  
4 taxable value of the intermediate district. However, the membership  
5 and taxable value of a district that has elected not to come under  
6 sections 681 to 690 of the revised school code, MCL 380.681 to  
7 380.690, shall be included in the membership and taxable value of  
8 the intermediate district if the district meets both of the  
9 following:

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

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

18 (2) From the appropriation in section 11, there is allocated  
19 ~~each fiscal year~~ an amount not to exceed \$9,000,000.00 for ~~2005-~~  
20 ~~2006 and for 2006-2007~~ **2007-2008** to reimburse intermediate  
21 districts and area vocational-technical education programs  
22 established under section 690(3) of the revised school code, MCL  
23 380.690, levying millages for area vocational-technical education  
24 pursuant to sections 681 to 690 of the revised school code, MCL  
25 380.681 to 380.690. The purpose, use, and expenditure of the  
26 reimbursement shall be limited as if the funds were generated by  
27 those millages.

1       ~~(3) Reimbursement for the millages levied in 2004-2005 shall~~  
2 ~~be made in 2005-2006 at an amount per 2004-2005 membership pupil~~  
3 ~~computed by subtracting from \$152,000.00 the 2004-2005 taxable~~  
4 ~~value behind each membership pupil and multiplying the resulting~~  
5 ~~difference by the 2004-2005 millage levied.~~ Reimbursement for the  
6 millages levied in ~~2005-2006~~ **2006-2007** shall be made in ~~2006-2007~~  
7 **2007-2008** at an amount per ~~2005-2006~~ **2006-2007** membership pupil  
8 computed by subtracting from ~~\$160,500.00~~ **\$171,200.00** the ~~2005-2006~~  
9 **2006-2007** taxable value behind each membership pupil and  
10 multiplying the resulting difference by the ~~2005-2006~~ **2006-2007**  
11 millage levied.

12       Sec. 64. (1) From the appropriation in section 11, there is  
13 allocated an amount not to exceed \$2,000,000.00 **FOR 2007-2008** for  
14 grants to intermediate districts or a district of the first class  
15 that are in consortium with a community college or state public  
16 university and a hospital to create and implement a middle college  
17 focused on the field of health sciences.

18       (2) Awards shall be made in a manner and form as determined by  
19 the department; however, at a minimum, eligible consortia funded  
20 under this section shall ensure the middle college provides all of  
21 the following:

22       (a) Outreach programs to provide information to middle school  
23 and high school students about career opportunities in the health  
24 sciences field.

25       (b) An individualized education plan for each pupil enrolled  
26 in the program.

27       ~~(c) Curriculum that includes entry level college courses.~~

1           (C) AN INTEGRATED CURRICULUM OF BOTH HIGH SCHOOL AND COLLEGE  
2 COURSES RESULTING IN BOTH A HIGH SCHOOL DIPLOMA AND A CERTIFICATE,  
3 ASSOCIATE'S DEGREE, OR UP TO 2 YEARS OF COLLEGE CREDIT IN A HEALTH  
4 SCIENCES FIELD.

5           (d) Clinical rotations that provide opportunities for pupils  
6 to observe careers in the health sciences.

7           (3) For the purposes of this section, "middle college" means a  
8 ~~series of~~ **AN INTEGRATED CURRICULUM OF BOTH HIGH SCHOOL AND COLLEGE**  
9 courses and other requirements and conditions established by the  
10 consortium that allow a pupil to graduate with a high school  
11 diploma and a certificate, ~~or degree,~~ **OR UP TO 2 YEARS OF COLLEGE**  
12 **CREDIT** from a community college or state public university.

13           (4) **A DISTRICT OR INTERMEDIATE DISTRICT THAT RECEIVED A GRANT**  
14 **UNDER THIS SECTION IN 2006-2007 SHALL RECEIVE 100% OF THAT AMOUNT**  
15 **IN 2007-2008, 50% OF THE 2007-2008 AMOUNT IN 2008-2009, AND 50% OF**  
16 **THE 2008-2009 AMOUNT IN 2009-2010.**

17           Sec. 65. (1) From the amount appropriated in section 11, there  
18 is allocated an amount not to exceed \$680,100.00 for ~~2006-2007~~  
19 **2007-2008** for grants to districts or intermediate districts, as  
20 determined by the department, ~~of labor and economic growth,~~ for  
21 eligible precollege programs in engineering and the sciences.

22           (2) From the funds allocated under subsection (1), the  
23 department ~~of labor and economic growth~~ shall award \$680,100.00 for  
24 ~~2006-2007-2007-2008~~ to the 2 eligible existing programs that  
25 received funds appropriated for these purposes in the  
26 appropriations act containing the department of labor and economic  
27 growth budget for 2005-2006.



1       (3) The department ~~of labor and economic growth~~ shall submit a  
2 report to the appropriations subcommittees responsible for this act  
3 and to the house and senate fiscal agencies by February 1, ~~2007~~  
4 **2008** regarding dropout rates, grade point averages, enrollment in  
5 science, engineering, and math-based curricula, and employment in  
6 science, engineering, and mathematics-based fields for pupils who  
7 were enrolled in the programs awarded funds under this section or  
8 under preceding legislation. The report shall continue to evaluate  
9 the effectiveness of the precollege programs in engineering and  
10 sciences funded under this section.

11       (4) Notwithstanding section 17b, payments under this section  
12 may be made pursuant to an agreement with the department.

13       Sec. 74. (1) From the amount appropriated in section 11, there  
14 is allocated an amount not to exceed ~~\$2,965,000.00 for 2006-2007~~  
15 **\$3,025,800.00 FOR 2007-2008** for the purposes of this section.

16       (2) From the allocation in subsection (1), there is allocated  
17 ~~each fiscal year~~ **FOR 2007-2008** the amount necessary for payments to  
18 state supported colleges or universities and intermediate districts  
19 providing school bus driver safety instruction or driver skills  
20 road tests pursuant to sections 51 and 52 of the pupil  
21 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The  
22 payments shall be in an amount determined by the department not to  
23 exceed 75% of the actual cost of instruction and driver  
24 compensation for each public or nonpublic school bus driver  
25 attending a course of instruction. For the purpose of computing  
26 compensation, the hourly rate allowed each school bus driver shall  
27 not exceed the hourly rate received for driving a school bus.

1 Reimbursement compensating the driver during the course of  
2 instruction or driver skills road tests shall be made by the  
3 department to the college or university or intermediate district  
4 providing the course of instruction.

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

12 (4) From the funds allocated in subsection (1), there is  
13 allocated an amount not to exceed ~~\$1,340,000.00 for 2006-2007~~  
14 **\$1,400,800.00 FOR 2007-2008** for reimbursement to districts and  
15 intermediate districts for costs associated with the inspection of  
16 school buses and pupil transportation vehicles by the department of  
17 state police as required under section 715a of the Michigan vehicle  
18 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil  
19 transportation act, 1990 PA 187, MCL 257.1839. The department of  
20 state police shall prepare a statement of costs attributable to  
21 each district for which bus inspections are provided and submit it  
22 to the department and to each affected district in a time and  
23 manner determined jointly by the department and the department of  
24 state police. The department shall reimburse each district and  
25 intermediate district for costs detailed on the statement within 30  
26 days after receipt of the statement. Districts for which services  
27 are provided shall make payment in the amount specified on the

1 statement to the department of state police within 45 days after  
 2 receipt of the statement. The total reimbursement of costs under  
 3 this subsection shall not exceed the amount allocated under this  
 4 subsection. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE**  
 5 **ENTITIES UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE**  
 6 **PRESCRIBED BY THE DEPARTMENT.**

7       Sec. 76. If a district received money in 1993-94 attributable  
 8 to nonspecial education transportation under former section 71 and  
 9 that money was included in calculating the district's combined  
 10 state and local revenue per membership pupil in 1993-94 under  
 11 section 20(21), as that section was in effect for 1994-95, then the  
 12 district shall use ~~money received~~ **FUNDING AS CALCULATED** under  
 13 section 20 as the funding for transporting nonpublic school  
 14 students as required under section 1321 of the revised school code,  
 15 ~~being section MCL 380.1321. of the Michigan Compiled Laws.~~

16       Sec. 81. (1) Except as otherwise provided in this section,  
 17 from the appropriation in section 11, there is allocated for ~~2006-~~  
 18 ~~2007-2007-2008~~ to the intermediate districts the sum necessary, but  
 19 not to exceed \$80,110,900.00, to provide state aid to intermediate  
 20 districts under this section. Except as otherwise provided in this  
 21 section, there shall be allocated to each intermediate district for  
 22 ~~2006-2007-2007-2008~~ an amount equal to ~~103.1%~~ **100%** of the amount  
 23 appropriated under this subsection for ~~2005-2006-2006-2007~~. Funding  
 24 provided under this section shall be used to comply with  
 25 requirements of this act and the revised school code that are  
 26 applicable to intermediate districts, and for which funding is not  
 27 provided elsewhere in this act, and to provide technical assistance

1 to districts as authorized by the intermediate school board.

2 ~~(2) It is the intent of the legislature that intermediate~~  
3 **INTERMEDIATE** districts receiving funds under this section shall  
4 collaborate with the department to develop expanded professional  
5 development opportunities for teachers to update and expand their  
6 knowledge and skills needed to support the Michigan merit  
7 curriculum.

8 (3) From the allocation in subsection (1), there is allocated  
9 to an intermediate district, formed by the consolidation or  
10 annexation of 2 or more intermediate districts or the attachment of  
11 a total intermediate district to another intermediate school  
12 district or the annexation of all of the constituent K-12 districts  
13 of a previously existing intermediate school district which has  
14 disorganized, an additional allotment of \$3,500.00 each fiscal year  
15 for each intermediate district included in the new intermediate  
16 district for 3 years following consolidation, annexation, or  
17 attachment.

18 (4) During a fiscal year, the department shall not increase an  
19 intermediate district's allocation under subsection (1) because of  
20 an adjustment made by the department during the fiscal year in the  
21 intermediate district's taxable value for a prior year. Instead,  
22 the department shall report the adjustment and the estimated amount  
23 of the increase to the house and senate fiscal agencies and the  
24 state budget director not later than June 1 of the fiscal year, and  
25 the legislature shall appropriate money for the adjustment in the  
26 next succeeding fiscal year.

27 (5) In order to receive funding under this section, an

1 intermediate district shall do all of the following:

2 (a) Demonstrate to the satisfaction of the department that the  
3 intermediate district employs at least 1 person who is trained in  
4 pupil counting procedures, rules, and regulations.

5 (b) Demonstrate to the satisfaction of the department that the  
6 intermediate district employs at least 1 person who is trained in  
7 rules, regulations, and district reporting procedures for the  
8 individual-level ~~pupil~~-**STUDENT** data that serves as the basis for  
9 the calculation of the district and high school graduation and  
10 dropout rates.

11 (c) Comply with sections 1278a and 1278b of the revised school  
12 code, MCL 380.1278a and 380.1278b.

13 (d) Furnish data and other information required by state and  
14 federal law to the center and the department in the form and manner  
15 specified by the center or the department, as applicable.

16 (e) Comply with section 1230g of the revised school code, MCL  
17 380.1230g.

18 **(F) COMPLY WITH SECTION 761 OF THE REVISED SCHOOL CODE, MCL**  
19 **380.761.**

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

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

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

1 (c) Establish procedures to ensure the **REASONABLE** validity and  
2 reliability of the data and the collection process.

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

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

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

13 (g) Assist all entities receiving funds under this act in  
14 complying with audits performed according to generally accepted  
15 accounting procedures.

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

17 (2) Each state department, officer, or agency that collects  
18 information from districts or intermediate districts as required  
19 under state or federal law shall make arrangements with the center,  
20 and with the districts or intermediate districts, to have the  
21 center collect the information and to provide it to the department,  
22 officer, or agency as necessary. To the extent that it does not  
23 cause financial hardship, the center shall arrange to collect the  
24 information in a manner that allows electronic submission of the  
25 information to the center. Each affected state department, officer,  
26 or agency shall provide the center with any details necessary for  
27 the center to collect information as provided under this

1 subsection. This subsection does not apply to information collected  
2 by the department of treasury under the uniform budgeting and  
3 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised  
4 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the  
5 school bond qualification, approval, and loan act, 2005 PA 92, MCL  
6 388.1921 to 388.1939; or section 1351a of the revised school code,  
7 MCL 380.1351a.

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

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

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

12 (c) One representative from the office of the state budget  
13 director.

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

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

17 (f) Three representatives from intermediate school districts.

18 (g) One representative from each of the following educational  
19 organizations:

20 (i) Michigan association of school boards.

21 (ii) Michigan association of school administrators.

22 (iii) Michigan school business officials.

23 (h) One representative representing private sector firms  
24 responsible for auditing school records.

25 (i) Other representatives as the state budget director  
26 determines are necessary.

27 (4) The CEPI advisory committee appointed under subsection (3)

1 shall provide advice to the director of the center regarding the  
2 management of the center's data collection activities, including,  
3 but not limited to:

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

7 (b) Defining the roles of all stakeholders in the data  
8 collection system.

9 (c) Recommending timelines for the implementation and ongoing  
10 collection of data.

11 (d) Establishing and maintaining data definitions, data  
12 transmission protocols, and system specifications and procedures  
13 for the efficient and accurate transmission and collection of data.

14 (e) Establishing and maintaining a process for ensuring the  
15 **REASONABLE** accuracy of the data.

16 (f) Establishing and maintaining state and model local  
17 policies related to data collection, including, but not limited to,  
18 privacy policies related to individual student data.

19 (g) Ensuring the data is made available to state and local  
20 policymakers and citizens of this state in the most useful format  
21 possible.

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

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

26 (6) From the general fund appropriation in section 11, there  
27 is allocated an amount not to exceed ~~\$2,350,000.00 for 2006-2007~~



1   **\$2,435,400.00 FOR 2007-2008** to the department of management and  
2 budget to support the operations of the center and the development  
3 and implementation of a comprehensive data management and student  
4 tracking system. The center shall cooperate with the state  
5 education agency to ensure that this state is in compliance with  
6 federal law and is maximizing opportunities for increased federal  
7 funding to improve education in this state. In addition, from the  
8 federal funds appropriated in section 11 for ~~2006-2007~~**2007-2008**,  
9 there is allocated the amount necessary, estimated at  
10 \$3,543,200.00, in order to fulfill federal reporting requirements.

11       (7) From the ~~general fund~~ allocation under subsection (6),  
12 there is allocated for ~~2006-2007~~**2007-2008** an amount ~~not to exceed~~  
13 ~~\$1,850,000.00~~ to support the development and implementation of a  
14 comprehensive longitudinal educational data management and student  
15 tracking system. In addition, from the federal funds allocated in  
16 subsection (6), there is allocated for ~~2006-2007~~**2007-2008** an  
17 amount not to exceed \$1,500,000.00 funded from the competitive  
18 grants of DED-OESE, title II, educational technology funds for the  
19 purposes of this subsection. Not later than November 30, ~~2006-2007~~,  
20 the department shall award a single grant to an eligible  
21 partnership that includes an intermediate district with at least 1  
22 high-need local school district and the center.

23       (8) The center and the department shall work cooperatively to  
24 develop a cost allocation plan that pays for center expenses from  
25 the appropriate federal fund revenues.

26       (9) Funds allocated under this section that are not expended  
27 in the fiscal year in which they were allocated may be carried

1 forward to a subsequent fiscal year.

2 (10) The center may bill departments as necessary in order to  
3 fulfill reporting requirements of state and federal law. The center  
4 may also enter into agreements to supply custom data, analysis, and  
5 reporting to other principal executive departments, state agencies,  
6 local units of government, and other individuals and organizations.  
7 The center may receive and expend funds in addition to those  
8 authorized in subsection (6) to cover the costs associated with  
9 salaries, benefits, supplies, materials, and equipment necessary to  
10 provide such data, analysis, and reporting services.

11 (11) As used in this section:

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

14 (b) "High-need local school district" means a local  
15 educational agency as defined in the enhancing education through  
16 technology part of the no child left behind act of 2001, Public Law  
17 107-110.

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

19 Sec. 98. (1) From the ~~state school aid fund money appropriated~~  
20 ~~in section 11, there is allocated an amount not to exceed~~  
21 ~~\$500,000.00 for 2006-2007 and from the general fund money~~  
22 ~~appropriated in section 11, there is allocated an amount not to~~  
23 ~~exceed \$2,250,000.00 for 2006-2007-2007-2008~~ to provide a grant to  
24 the Michigan virtual university for the development,  
25 implementation, and operation of the Michigan virtual high school;  
26 to provide professional development opportunities for educators;  
27 and to fund other purposes described in this section. In addition,

1 from the federal funds appropriated in section 11, there is  
2 allocated for ~~2006-2007~~ **2007-2008** an amount estimated at  
3 \$3,250,000.00.

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

6 (a) Significantly expand curricular offerings for high schools  
7 across this state through agreements with districts or licenses  
8 from other recognized providers. The Michigan virtual high school  
9 shall explore options for providing rigorous civics curricula  
10 online.

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

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

17 (d) Provide online test preparation resources for pupils.

18 (e) Grant high school diplomas through a dual enrollment  
19 method with districts.

20 (f) Act as a broker for college level equivalent courses, as  
21 defined in section 1471 of the revised school code, MCL 380.1471,  
22 and dual enrollment courses from postsecondary education  
23 institutions.

24 (3) From the general fund money allocated in subsection (1),  
25 an amount estimated at, but not to exceed \$500,000.00, shall be  
26 used by the Michigan virtual high school to provide online test  
27 preparation resources for all Michigan high school pupils using

1 web-based tools that align with the Michigan merit exam  
2 requirements, including the ACT and the revised MEAP exam. These  
3 resources shall include the following:

- 4 (a) Practice test opportunities for students.
- 5 (b) Information on effective test taking strategies.
- 6 (c) Diagnostic tools to identify student learning gaps.
- 7 (d) Self-paced online instructional tutorials.
- 8 (e) Electronic reports that provide feedback for students and  
9 school personnel.

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

- 12 (a) Information technology courses.
- 13 (b) College level equivalent courses, as defined in section  
14 1471 of the revised school code, MCL 380.1471.
- 15 (c) Courses and dual enrollment opportunities.
- 16 (d) Programs and services for at-risk pupils.
- 17 (e) General education development test preparation courses for  
18 adjudicated youth.
- 19 (f) Special interest courses.
- 20 (g) Professional development programs and services for  
21 teachers.

22 (5) From the federal funds allocated in subsection (1), there  
23 is allocated for ~~2006-2007~~**2007-2008** an amount estimated at  
24 \$2,250,000.00 from DED-OESE, title II, improving teacher quality  
25 funds for a grant to the Michigan virtual university for the  
26 purpose of this subsection. The state education agency shall sign a  
27 memorandum of understanding with the Michigan virtual university

1 regarding the DED-OESE, title II, improving teacher quality funds  
2 as provided under this subsection. The memorandum of understanding  
3 under this subsection shall require that the Michigan virtual  
4 university coordinate the following activities related to DED-OESE,  
5 title II, improving teacher quality funds in accordance with  
6 federal law:

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

12 (b) Encourage and support the training of teachers and  
13 administrators to effectively integrate technology into curricula  
14 and instruction.

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

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

21 (e) Provide online professional development opportunities for  
22 educators to update and expand knowledge and skills needed to  
23 support the Michigan merit curriculum core content standards and  
24 credit requirements.

25 (6) The Michigan virtual university shall offer at least 200  
26 hours of online professional development for classroom teachers  
27 under this section each fiscal year beginning in 2006-2007 without

1 charge to the teachers or to districts or intermediate districts. A  
2 district or intermediate district may require a full-time teacher  
3 to participate in at least 5 hours of online professional  
4 development provided by the Michigan virtual university under  
5 subsection (5). Five hours of this professional development shall  
6 be considered to be part of the 38 hours allowed to be counted as  
7 hours of pupil instruction under section 101(10).

8 (7) From the federal funds appropriated in subsection (1),  
9 there is allocated for ~~2006-2007~~**2007-2008** an amount estimated at  
10 \$1,000,000.00 from the DED-OESE, title II, educational technology  
11 grant funds to support e-learning and virtual school initiatives  
12 consistent with the goals contained in the United States national  
13 educational technology plan issued in January 2005. Not later than  
14 November 30, ~~2006-2007~~, from the funds allocated in this  
15 subsection, the department shall award a single grant of  
16 \$1,000,000.00 to a consortium or partnership established by the  
17 Michigan virtual university that meets the requirements of this  
18 subsection. To be eligible for this funding, a consortium or  
19 partnership established by the Michigan virtual university shall  
20 include at least 1 intermediate district and at least 1 high-need  
21 local district. All of the following apply to this funding:

22 (a) An eligible consortium or partnership must demonstrate the  
23 following:

24 (i) Prior success in delivering online courses and  
25 instructional services to K-12 pupils throughout this state.

26 (ii) Expertise in designing, developing, and evaluating online  
27 K-12 course content.

1           (iii) Experience in maintaining a statewide help desk service  
2 for pupils, online teachers, and other school personnel.

3           (iv) Knowledge and experience in providing technical assistance  
4 and support to K-12 schools in the area of online education.

5           (v) Experience in training and supporting K-12 educators in  
6 this state to teach online courses.

7           (vi) Demonstrated technical expertise and capacity in managing  
8 complex technology systems.

9           (vii) Experience promoting twenty-first century learning skills  
10 through the use of online technologies.

11           (b) The Michigan virtual university, which operates the  
12 Michigan virtual high school, shall perform the following tasks  
13 related to this funding:

14           (i) Examine the curricular and specific course content needs of  
15 middle and high school students in the areas of mathematics and  
16 science.

17           (ii) Design, develop, and acquire online courses and related  
18 supplemental resources aligned to state standards to create a  
19 comprehensive and rigorous statewide catalog of online courses and  
20 instructional services.

21           (iii) Conduct a demonstration pilot to promote new and  
22 innovative online courses and instructional services.

23           (iv) Evaluate existing online teaching and learning practices  
24 and develop continuous improvement strategies to enhance student  
25 achievement.

26           (v) Develop, support, and maintain the technology  
27 infrastructure and related software required to deliver online

1 courses and instructional services to students statewide.

2 ~~—— (8) From the state school aid fund allocation in subsection~~  
3 ~~(1), an amount not to exceed \$500,000.00 for 2006-2007 shall be~~  
4 ~~awarded as a single grant to an intermediate district working in~~  
5 ~~partnership with the Michigan virtual high school for a statewide~~  
6 ~~license for "my dream explorer", a career exploration and planning~~  
7 ~~tool, to be made available to all pupils at no cost.~~

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

14 ~~—— (10) All activities funded under this section relating to~~  
15 ~~science shall include the use of the scientific method to~~  
16 ~~critically evaluate scientific theories and the use of relevant~~  
17 ~~scientific data to assess the validity of those theories.~~

18 (9) ~~(11)~~ As used in this section:

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

21 (b) "High-need local district" means a local educational  
22 agency as defined in the enhancing education through technology  
23 part of the no child left behind act of 2001, Public Law 107-110.

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

25 Sec. 99. (1) From the state school aid fund money appropriated  
26 in section 11, there is allocated an amount not to exceed  
27 ~~\$3,416,000.00 for 2006-2007~~ **\$3,390,000.00 FOR 2007-2008** and from



1 the general fund appropriation in section 11, there is allocated an  
2 amount not to exceed ~~\$84,000.00 for 2006-2007~~ **\$110,000.00 FOR 2007-**  
3 **2008** for implementing the comprehensive master plan for mathematics  
4 and science centers developed by the department and approved by the  
5 state board on August 8, 2002, and for other purposes as described  
6 in this section. In addition, from the federal funds appropriated  
7 in section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount  
8 estimated at \$4,456,000.00 from DED-OESE, title II, mathematics and  
9 science partnership grants.

10 (2) Within a service area designated locally, approved by the  
11 department, and consistent with the master plan described in  
12 subsection (1), an established mathematics and science center shall  
13 address 2 or more of the following 6 basic services, as described  
14 in the master plan, to constituent districts and communities:  
15 leadership, pupil services, curriculum support, community  
16 involvement, professional development, and resource clearinghouse  
17 services.

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

24 (4) As part of the technical assistance process, the  
25 department shall provide minimum standard guidelines that may be  
26 used by the mathematics and science center for providing fair  
27 access for qualified pupils and professional staff as prescribed in

1 this section.

2 (5) Allocations under this section to support the activities  
3 and programs of mathematics and science centers shall be continuing  
4 support grants to all 33 established mathematics and science  
5 centers. Each established mathematics and science center that was  
6 funded in ~~2005-2006-2006-2007~~ shall receive state funding in an  
7 amount equal to 100% of the amount it ~~received under this section~~  
8 ~~for 2005-2006~~ **WAS ALLOCATED UNDER THIS SUBSECTION FOR 2006-2007**. If  
9 a center declines state funding or a center closes, the remaining  
10 money available under this section shall be distributed on a pro  
11 rata basis to the remaining centers, as determined by the  
12 department.

13 (6) From the funds allocated in subsection (1), there is  
14 allocated **FOR 2007-2008 AN AMOUNT NOT TO EXCEED** \$1,000,000.00 in a  
15 form and manner determined by the department to those centers able  
16 to provide curriculum and professional development support to  
17 assist districts in implementing the Michigan merit curriculum  
18 components for mathematics and science. Funding under this  
19 subsection is in addition to funding **ALLOCATED** under subsection  
20 (5).

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

26 (8) Not later than September 30, ~~2007-2008~~, the department  
27 shall reevaluate and update the comprehensive master plan described

1 in subsection (1).

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

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

9 ~~—— (11) All activities funded under this section relating to~~  
10 ~~science shall include the use of the scientific method to~~  
11 ~~critically evaluate scientific theories and the use of relevant~~  
12 ~~scientific data to assess the validity of those theories.~~

13 (11) ~~(12)~~ 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  
16 secondary education.

17 Sec. 99e. (1) From the funds appropriated in section 11, there  
18 is allocated the amount of \$125,000.00 for ~~2006-2007~~ **2007-2008** to a  
19 district that meets all of the following requirements:

20 (a) The district's membership ~~has grown~~ **INCREASED** by at least  
21 20% between 2004-2005 and 2005-2006.

22 (b) At least 60% of the pupils in the district were eligible  
23 for free or reduced lunch for 2005-2006.

24 (c) The district levies at least 10 mills for the purpose of  
25 debt retirement.

26 (d) The district had an emergency financial manager in place  
27 during 2004-2005.

1           (2) The funds allocated under subsection (1) shall be used to  
2 supplement the district's operational funds as compensation for  
3 having received a reduced foundation allowance due to proration  
4 while having had an emergency financial manager in place.

5           **(3) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED**  
6 **FOR 3 CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND**  
7 **MANNER APPROVED BY THE DEPARTMENT.**

8           **(4)** ~~(3)~~ Notwithstanding section 17b, payments under this  
9 section may be made pursuant to an agreement with the department.

10          Sec. 104. (1) From the state school aid fund money  
11 appropriated in section 11, there is allocated for ~~2006-2007-2007-~~  
12 ~~2008~~ an amount not to exceed ~~\$19,500,000.00 for reimbursement to~~  
13 ~~districts of~~ **\$29,800,000.00 FOR PAYMENTS ON BEHALF OF DISTRICTS FOR**  
14 costs associated with complying with sections 104a and 104b,  
15 sections 1279, 1279g, and 1280b of the revised school code, MCL  
16 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to  
17 388.1086. In addition, from the federal funds appropriated in  
18 section 11, there is allocated for ~~2006-2007-2007-2008~~ an amount  
19 estimated at ~~\$8,425,200.00~~ **\$8,800,000.00**, funded from DED-OESE,  
20 title VI, state assessments funds for the purposes of complying  
21 with the federal no child left behind act of 2001, Public Law 107-  
22 110.

23          (2) The results of each test administered as part of the  
24 Michigan educational assessment program, including tests  
25 administered to high school students, shall include an item  
26 analysis that lists all items that are counted for individual pupil  
27 scores and the percentage of pupils choosing each possible

1 response.

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

6 (4) Notwithstanding section 17b, payments ~~of federal funds to~~  
7 **ON BEHALF OF** districts, intermediate districts, and other eligible  
8 entities under this section shall be paid on a schedule determined  
9 by the department.

10 Sec. 107. (1) From the appropriation in section 11, there is  
11 allocated an amount not to exceed \$24,000,000.00 for ~~2006-2007~~  
12 **2007-2008** for adult education programs authorized under this  
13 section.

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

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

24 (i) Is less than 20 years of age on September 1 of the school  
25 year and is enrolled in the ~~state technical institute and~~  
26 ~~rehabilitation center~~ **MICHIGAN CAREER AND TECHNICAL INSTITUTE.**

27 (ii) Is less than 20 years of age on September 1 of the school

1 year, is not attending an institution of higher education, and is  
 2 enrolled in a job or employment-related program through a referral  
 3 by an employer.

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

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

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

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

10 (ii) Is at least 16 years of age on September 1 of the school  
 11 year, has been permanently expelled from school under section  
 12 1311(2) or 1311a of the revised school code, MCL 380.1311 and  
 13 380.1311a, and has no appropriate alternative education program  
 14 available through his or her district of residence.

15 (3) Except as otherwise provided in subsection (4), from the  
 16 amount allocated under subsection (1), ~~\$22,500,000.00~~  
 17 **\$23,800,000.00** shall be distributed as follows:

18 (a) For districts and consortia that received payments for  
 19 ~~2005-2006-2006-2007~~ under this section, the amount allocated to  
 20 each for ~~2006-2007-2007-2008~~ shall be based on the number of  
 21 participants served by the district or consortium for ~~2006-2007~~  
 22 **2007-2008**, using the amount allocated per full-time equated  
 23 participant under subsection (6), up to a maximum total allocation  
 24 under this subsection in an amount equal to ~~107.1%~~ **104.3%** of the  
 25 amount the district or consortium received for ~~2005-2006-2006-2007~~  
 26 under this section before any reallocations made for ~~2005-2006~~  
 27 **2006-2007** under subsection (4).

(b) A district or consortium that received funding in 2003-2004 under this section may operate independently of a consortium or join or form a consortium for ~~2006-2007-2007-2008~~. The allocation for ~~2006-2007-2007-2008~~ to the district or the newly formed consortium under this subsection shall be determined by the department of labor and economic growth and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in ~~2005-2006-2006-2007~~. A district or consortium described in this subdivision shall notify the department of labor and economic growth of its intention with regard to ~~2006-2007-2007-2008~~ by October 1, ~~2006-2007~~.

(4) A district that operated an adult education program in ~~2005-2006-2006-2007~~ and does not intend to operate a program in ~~2006-2007-2007-2008~~ shall notify the department of labor and economic growth by October 1, ~~2006-2007~~ of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2006-2007-2007-2008~~ and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in ~~2006-2007-2007-2008~~ under this section.

(5) From the amount allocated under subsection (1), ~~\$1,500,000.00 shall be allocated as follows:~~

~~—— (a) At least \$1,300,000.00 shall be allocated for districts or consortia that did not receive payments for 2005-2006 under this~~

~~section and that notify the department of labor and economic growth by October 1, 2006 of an intention to operate a program in 2006-2007 and provide an estimate of full time equated participants to be served. The allocation for 2006-2007 shall be based on the number of participants served by the district or consortium for 2006-2007, using the amount allocated per full time equated participant under subsection (6), up to a maximum total allocation under this subsection in an amount equal to \$1,400,000.00.~~

~~—— (b) Up~~ **UP** to a maximum of \$200,000.00 shall be allocated for not more than 1 grant not to exceed \$200,000.00 for expansion of an existing innovative community college program that focuses on educating adults. Grants may be used for program operating expenses such as staffing, rent, equipment, and other expenses. To be eligible for this grant funding, a program must meet the following criteria:

**(A)** ~~(i)~~ Collaborates with local districts and businesses to determine area academic needs and to promote the learning opportunities.

**(B)** ~~(ii)~~ Is located off-campus in an urban residential setting with documented high poverty and low high school graduation rates.

**(C)** ~~(iii)~~ Provides general educational development (G.E.D.) test preparation courses and workshops.

**(D)** ~~(iv)~~ Provides developmental courses taught by college faculty that prepare students to be successful in college-level courses.

**(E)** ~~(v)~~ Uses learning communities to allow for shared, rather than isolated, learning experiences.



1           (F) ~~(vi)~~ Provides on-site tutoring.

2           (G) ~~(vii)~~ Provides access to up-to-date technology, including  
3 personal computers.

4           (H) ~~(viii)~~ Partners with a financial institution to provide  
5 financial literacy education.

6           (I) ~~(ix)~~ Assists students in gaining access to financial aid.

7           (J) ~~(x)~~ Provides on-site academic advising to students.

8           (K) ~~(xi)~~ Provides vouchers for reduced G.E.D. testing costs.

9           (L) ~~(xii)~~ Partners with local agencies to provide referrals for  
10 social services as needed.

11          (M) ~~(xiii)~~ Enrolls participants as students of the community  
12 college.

13          (N) ~~(xiv)~~ Partners with philanthropic and business entities to  
14 provide capital funding.

15 ~~—— (c) After October 1, 2006, if the department of labor and~~  
16 ~~economic growth determines that there will be unspent funds under~~  
17 ~~this subsection, then those unspent funds shall instead be~~  
18 ~~proportionally reallocated to the districts or consortia that~~  
19 ~~receive funds under subsection (3) (a) and under this subsection.~~

20          (6) The amount allocated under this section per full-time  
21 equated participant is \$2,850.00 for a 450-hour program. The amount  
22 shall be proportionately reduced for a program offering less than  
23 450 hours of instruction.

24          (7) An adult basic education program or an adult English as a  
25 second language program operated on a year-round or school year  
26 basis may be funded under this section, subject to all of the  
27 following:

1           (a) The program enrolls adults who are determined by an  
2 appropriate assessment, **IN A FORM AND MANNER PRESCRIBED BY THE**  
3 **DEPARTMENT**, to be below ninth grade level in reading or  
4 mathematics, or both, or to lack basic English proficiency.

5           (b) The program tests individuals for eligibility under  
6 subdivision (a) before enrollment and tests participants to  
7 determine progress after every 90 hours of attendance, using  
8 assessment instruments approved by the department of labor and  
9 economic growth.

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

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

14           (ii) The participant fails to show progress on 2 successive  
15 assessments after having completed at least 450 hours of  
16 instruction.

17          (d) A funding recipient enrolling a participant in an English  
18 as a second language program is eligible for funding according to  
19 subsection (11) until the participant meets 1 of the following:

20           (i) The participant is assessed as having attained basic  
21 English proficiency.

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

27          (8) A general educational development (G.E.D.) test

1 preparation program operated on a year-round or school year basis  
2 may be funded under this section, subject to all of the following:

3 (a) The program enrolls adults who do not have a high school  
4 diploma.

5 (b) The program shall administer a G.E.D. pre-test approved by  
6 the department of labor and economic growth before enrolling an  
7 individual to determine the individual's potential for success on  
8 the G.E.D. test, and shall administer other tests after every 90  
9 hours of attendance to determine a participant's readiness to take  
10 the G.E.D. test.

11 (c) A funding recipient shall receive funding according to  
12 subsection (11) for a participant, and a participant may be  
13 enrolled in the program until 1 of the following occurs:

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

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

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

21 (a) The program enrolls adults who do not have a high school  
22 diploma.

23 (b) A funding recipient shall receive funding according to  
24 subsection (11) for a participant in a course offered under this  
25 subsection until 1 of the following occurs:

26 (i) The participant passes the course and earns a high school  
27 diploma.

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

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

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

12           (b) An individual may be enrolled in this program and the  
13 grant recipient shall receive funding according to subsection (11)  
14 until 1 of the following occurs:

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

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

23           (11) A funding recipient shall receive payments under this  
24 section in accordance with the following:

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

26           (b) Ten percent for completion of the adult basic education  
27 objectives by achieving an increase of at least 1 grade level of

1 proficiency in reading or mathematics; for achieving basic English  
2 proficiency; for passage of the G.E.D. test; for passage of a  
3 course required for a participant to attain a high school diploma;  
4 or for completion of the course and demonstrated proficiency in the  
5 academic skills to be learned in the course, as applicable.

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

11 (13) A person who is not eligible to be a participant funded  
12 under this section may receive adult education services upon the  
13 payment of tuition. In addition, a person who is not eligible to be  
14 served in a program under this section due to the program  
15 limitations specified in subsection (7), (8), (9), or (10) may  
16 continue to receive adult education services in that program upon  
17 the payment of tuition. The tuition level shall be determined by  
18 the local or intermediate district conducting the program.

19 (14) An individual who is an inmate in a state correctional  
20 facility shall not be counted as a participant under this section.

21 (15) A district shall not commingle money received under this  
22 section or from another source for adult education purposes with  
23 any other funds of the district. A district receiving adult  
24 education funds shall establish a separate ledger account for those  
25 funds. This subsection does not prohibit a district from using  
26 general funds of the district to support an adult education or  
27 community education program.

1           (16) A district or intermediate district receiving funds under  
2 this section may establish a sliding scale of tuition rates based  
3 upon a participant's family income. A district or intermediate  
4 district may charge a participant tuition to receive adult  
5 education services under this section from that sliding scale of  
6 tuition rates on a uniform basis. The amount of tuition charged per  
7 participant shall not exceed the actual operating cost per  
8 participant minus any funds received under this section per  
9 participant. A district or intermediate district may not charge a  
10 participant tuition under this section if the participant's income  
11 is at or below 200% of the federal poverty guidelines published by  
12 the United States department of health and human services.

13           **(17) IN ORDER TO RECEIVE FUNDS UNDER THIS SECTION, A DISTRICT**  
14 **SHALL FURNISH TO THE DEPARTMENT, IN A FORM AND MANNER DETERMINED BY**  
15 **THE DEPARTMENT, ALL INFORMATION NEEDED TO ADMINISTER THIS PROGRAM;**  
16 **SHALL ALLOW THE DEPARTMENT OR THE DEPARTMENT'S DESIGNEE TO REVIEW**  
17 **ALL RECORDS RELATED TO THE PROGRAM FOR WHICH IT RECEIVES FUNDS; AND**  
18 **SHALL REIMBURSE THE STATE FOR ALL DISALLOWANCES FOUND IN THE**  
19 **REVIEW, AS DETERMINED BY THE DEPARTMENT.**

20           **(18) AS USED IN THIS SECTION, "DEPARTMENT" MEANS THE**  
21 **DEPARTMENT OF LABOR AND ECONOMIC GROWTH.**

22           Sec. 147. ~~(1)~~The allocation for ~~2006-2007~~**2007-2008** for the  
23 public school employees' retirement system pursuant to the public  
24 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301  
25 to 38.1408, shall be made using the entry age normal cost actuarial  
26 method and risk assumptions adopted by the public school employees  
27 retirement board and the department of management and budget. The

1 annual level percentage of payroll contribution rate is estimated  
2 at ~~17.74%~~ **16.72%** for the ~~2006-2007~~ **2007-2008** state fiscal year. The  
3 portion of the contribution rate assigned to districts and  
4 intermediate districts for each fiscal year is all of the total  
5 percentage points. This contribution rate reflects an amortization  
6 period of 30 years for ~~2006-2007~~ **2007-2008**. The public school  
7 employees' retirement system board shall notify each district and  
8 intermediate district by February 28 of each fiscal year of the  
9 estimated contribution rate for the next fiscal year.

10 ~~—— (2) Upon enactment of legislation reducing pension~~  
11 ~~contributions of each district or intermediate district to the~~  
12 ~~public school employees' retirement system that would otherwise be~~  
13 ~~due from that district or intermediate district, the director of~~  
14 ~~the department of management and budget shall direct the public~~  
15 ~~school employees' retirement system to issue credits for the fiscal~~  
16 ~~year ending September 30, 2007 not to exceed an aggregate of~~  
17 ~~\$276,000,000.00. The credits shall be used to meet the required~~  
18 ~~pension obligations of each district or intermediate district and~~  
19 ~~shall reduce the amount of pension contributions otherwise due from~~  
20 ~~that district or intermediate district based on the original~~  
21 ~~contribution rate. The portion of a credit issued on behalf of a~~  
22 ~~district related to nonfederal wages as reported to the public~~  
23 ~~school employees' retirement system for the state fiscal year~~  
24 ~~ending September 30, 2006 shall be considered to be a payment on~~  
25 ~~behalf of the district for the purposes of calculating payments~~  
26 ~~made under section 22b for 2006-2007. The portion of a credit~~  
27 ~~issued on behalf of an intermediate district related to nonfederal~~

1 ~~wages as reported to the public school employees' retirement system~~  
2 ~~for the state fiscal year ending September 30, 2006 shall be~~  
3 ~~considered to be a payment on behalf of the intermediate district~~  
4 ~~for the purpose of calculating payments made under section 81 for~~  
5 ~~2006-2007. The portion of credits issued by the public school~~  
6 ~~employees' retirement system attributable to nonfederal wages in~~  
7 ~~aggregate shall equal the appropriation under section 11(6). The~~  
8 ~~total credit provided under this subsection for a particular~~  
9 ~~district or intermediate district shall be determined based on that~~  
10 ~~district's or intermediate district's percentage of the total~~  
11 ~~statewide payroll for all districts and intermediate districts for~~  
12 ~~the state fiscal year ending September 30, 2006.~~

13       Sec. 163. (1) Except as provided in the revised school code,  
14 ~~or in section 107b,~~ the board of a district or intermediate  
15 district shall not permit any of the following:

16       (a) A noncertificated teacher to teach in an elementary or  
17 secondary school or in an adult basic education or high school  
18 completion program.

19       (b) A noncertificated counselor to provide counseling services  
20 to pupils in an elementary or secondary school or in an adult basic  
21 education or high school completion program.

22       (2) Except as provided in the revised school code, ~~or in~~  
23 ~~section 107b,~~ a district or intermediate district employing  
24 teachers or counselors not legally certificated shall have deducted  
25 the sum equal to the amount paid the teachers or counselors for the  
26 period of noncertificated or illegal employment. Each intermediate  
27 superintendent shall notify the department of the name of the



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1 noncertificated teacher or counselor, and the district employing  
2 that individual and the amount of salary the noncertificated  
3 teacher or counselor was paid within a constituent district.

4 (3) If a school official is notified by the department that he  
5 or she is employing a nonapproved noncertificated teacher or  
6 counselor in violation of this section and knowingly continues to  
7 employ that teacher or counselor, the school official is guilty of  
8 a misdemeanor, punishable by a fine of \$1,500.00 for each  
9 incidence.

10 Enacting section 1. In accordance with section 30 of article I  
11 of the state constitution of 1963, total state spending in this  
12 amendatory act from state sources for fiscal year 2007-2008 is  
13 estimated at <<\$11,340,943,600.00>> and state appropriations to be paid  
14 to local units of government for fiscal year 2007-2008 are  
estimated at <<\$11,266,417,200.00>>.

15 Enacting section 2. Sections 8a, 22c, 29, 41a, 54b, 98b, 99c,  
16 and 99h of the state school aid act of 1979, 1979 PA 94, MCL  
17 388.1608a, 388.1622c, 388.1629, 388.1641a, 388.1654b, 388.1698b,  
18 388.1699c, and 388.1699h, are repealed.