

**SUBSTITUTE FOR
HOUSE BILL NO. 4447**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 6, 8b, 11, 11a, 11g, 11j, 11k, 11m, 11n,
15, 18, 20, 20d, 20j, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b,
29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 32n, 39, 39a, 41, 51a,
51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74, 81, 94a,
98, 99, 99a, 99n, 99p, 101, 104, 107, 147, and 164c (MCL 388.1603,
388.1606, 388.1608b, 388.1611, 388.1611a, 388.1611g, 388.1611j,
388.1611k, 388.1611m, 388.1611n, 388.1615, 388.1618, 388.1620,
388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1622e,
388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1629,
388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d,
388.1632j, 388.1632l, 388.1632n, 388.1639, 388.1639a, 388.1641,
388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a,

388.1654c, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699a, 388.1699n, 388.1699p, 388.1701, 388.1704, 388.1707, 388.1747, and 388.1764c), sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 20d, 22a, 22b, 22d, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32c, 32d, 32j, 32l, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99p, 104, 107, 147, and 164c as amended and sections 11n, 22e, and 99a as added by 2008 PA 268, section 8b as amended by 2007 PA 92, sections 20, 20j, and 32b as amended by 2008 PA 561, section 32n as added by 2007 PA 137, section 99n as added by 2008 PA 112, and section 101 as amended by 2006 PA 342, and by adding sections 22f, 32a, and 98a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with federal law, means 92% of the pupils counted in
3 membership on the pupil membership count day, as defined in section
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 or, except in sections 6(4), 6(6), ~~11n~~, 13,
7 20, 22a, 23, 29, 31a, ~~99j~~, 99k, 51a(15), 105, and 105c, a public
8 school academy. Except in sections 6(4), 6(6), ~~11n~~, 13, 20, 22a,
9 29, ~~99j~~, 99k, 51a(15), 105, and 105c, district also includes a
10 university school.

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

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

26 Sec. 6. (1) "Center program" means a program operated by a
27 district or intermediate district for special education pupils from

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

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

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

27 (4) "Membership", except as otherwise provided in this act,

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

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

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

1 the requirement that the educating district must have the approval
2 of the pupil's district of residence to count the pupil in
3 membership, the pupil shall not be counted in membership in any
4 district.

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

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

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

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

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

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

27 (i) For a new district, university school, or public school

1 academy beginning its operation after December 31, 1994, membership
2 for the first 2 full or partial fiscal years of operation shall be
3 determined as follows:

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

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

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

1 public school academy on that first pupil membership count day who
2 were also counted in the district on the immediately preceding
3 supplemental count day.

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

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

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

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

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

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

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

1 the remainder of the full-time membership for each of those pupils
2 shall be allocated to the public school academy.

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

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

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

18 (r) Except as otherwise provided in this subdivision, full-
19 time equated memberships for pupils in kindergarten shall be
20 determined by dividing the number of class hours scheduled and
21 provided per year per kindergarten pupil by a number equal to 1/2
22 the number used for determining full-time equated memberships for
23 pupils in grades 1 to 12. Beginning in ~~2009-2010~~ **2011-2012**, full-
24 time equated memberships for pupils enrolled in developmental
25 kindergarten, ~~prekindergarten~~, or a similar class intended to be
26 the first of 2 school years before a pupil enters grade 1 shall be
27 determined by dividing the number of class hours scheduled and

1 provided per year per **DEVELOPMENTAL** kindergarten pupil by the
2 number used for determining full-time equated memberships for
3 pupils in grades 1 to 12. For ~~2010-2011~~**2012-2013**, full-time
4 equated memberships for pupils enrolled in kindergarten shall be
5 determined by dividing the number of class hours scheduled and
6 provided per year per kindergarten pupil by a number equal to 60%
7 of the number used for determining full-time equated memberships
8 for pupils in grades 1 to 12. Beginning in ~~2011-2012~~**2013-2014**,
9 full-time equated memberships for pupils enrolled in kindergarten
10 shall be determined by dividing the number of class hours scheduled
11 and provided per year per kindergarten pupil by a number equal to
12 70% of the number used for determining full-time equated
13 memberships for pupils in grades 1 to 12. **IN ORDER TO IMPROVE**
14 **STUDENT ACHIEVEMENT, IT IS THE INTENT OF THE LEGISLATURE THAT, IN**
15 **ADDITION TO MOVING TOWARD FULL-DAY PROGRAMS FOR DEVELOPMENTAL**
16 **KINDERGARTEN AND KINDERGARTEN, DISTRICTS SHOULD INCREASE THE AMOUNT**
17 **OF TIME SPENT ON PARENT-SCHOOL CONTACT, WHICH MAY INCLUDE, BUT IS**
18 **NOT LIMITED TO, INCREASING PARENT-TEACHER CONFERENCE TIME, HOLDING**
19 **PARENT-SCHOOL WORKSHOPS IN THE COMMUNITY, AND PROVIDING HOME**
20 **VISITS.**

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

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

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

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

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

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

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

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

12 (v) ~~For 2007-2008 only, a~~ **A** pupil enrolled in an alternative
13 or disciplinary education program described in section 25 shall be
14 counted in membership in the district or public school academy that
15 ~~expelled~~ **IS EDUCATING** the pupil.

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

23 (x) For a public school academy that has been in operation for
24 at least 2 years and that suspended operations for at least 1
25 semester and is resuming operations, membership is the sum of the
26 product of .75 times the number of full-time equated pupils in
27 grades K to 12 actually enrolled and in regular daily attendance on

1 the first pupil membership count day or supplemental count day,
2 whichever is first, occurring after operations resume, plus the
3 product of .25 times the final audited count from the most recent
4 pupil membership count day or supplemental count day that occurred
5 before suspending operations, as determined by the superintendent.

6 (y) If a district's membership for a particular fiscal year,
7 as otherwise calculated under this subsection, would be less than
8 1,550 pupils and the district has 4.5 or fewer pupils per square
9 mile, as determined by the department, and, beginning in 2007-2008,
10 if the district does not receive funding under section 22d(2), the
11 district's membership shall be considered to be the membership
12 figure calculated under this subdivision. If a district educates
13 and counts in its membership pupils in grades 9 to 12 who reside in
14 a contiguous district that does not operate grades 9 to 12 and if 1
15 or both of the affected districts request the department to use the
16 determination allowed under this sentence, the department shall
17 include the square mileage of both districts in determining the
18 number of pupils per square mile for each of the districts for the
19 purposes of this subdivision. The membership figure calculated
20 under this subdivision is the greater of the following:

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

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

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

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

20 (bb) A pupil of a district that begins its school year after
21 Labor day who is enrolled in an intermediate district program that
22 begins before Labor day shall not be considered to be less than a
23 full-time pupil solely due to instructional time scheduled but not
24 attended by the pupil before Labor day.

25 (cc) For the first year in which a pupil is counted in
26 membership on the pupil membership count day in a middle college
27 program described in section 64, the membership is the average of

1 the full-time equated membership on the pupil membership count day
2 and on the supplemental count day for the current school year, as
3 determined by the department. If a pupil was counted by the
4 operating district on the immediately preceding supplemental count
5 day, the pupil shall be excluded from the district's immediately
6 preceding supplemental count for purposes of determining the
7 district's membership.

8 **(DD) A DISTRICT THAT EDUCATES A PUPIL WHO ATTENDS A UNITED**
9 **STATES OLYMPIC EDUCATION CENTER MAY COUNT THE PUPIL IN MEMBERSHIP**
10 **REGARDLESS OF WHETHER OR NOT THE PUPIL IS A RESIDENT OF THIS STATE.**

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

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

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

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

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

25 (d) A pupil enrolled in a district other than the pupil's
26 district of residence under an intermediate district schools of
27 choice pilot program as described in section 91a or former section

1 91 if the intermediate district and its constituent districts have
2 been exempted from section 105.

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

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

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

24 (ii) "Serious assault" means an act that constitutes a felony
25 violation of chapter XI of the Michigan penal code, 1931 PA 328,
26 MCL 750.81 to 750.90g, or that constitutes an assault and
27 infliction of serious or aggravated injury under section 81a of the

1 Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

17 (v) The pupil is enrolled in an alternative or disciplinary
18 education program described in section 25.

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

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

24 (k) An expelled pupil who has been denied reinstatement by the
25 expelling district and is reinstated by another school board under
26 section 1311 or 1311a of the revised school code, MCL 380.1311 and
27 380.1311a.

1 (l) A pupil enrolled in a district other than the pupil's
2 district of residence in a program described in section 64 if the
3 pupil's district of residence and the enrolling district are both
4 constituent districts of the same intermediate district.

5 (m) A pupil enrolled in a district other than the pupil's
6 district of residence who attends a United States Olympic education
7 center.

8 However, if a district ~~that is not a first class district~~
9 educates pupils who reside in a ~~first class~~ **ANOTHER** district and if
10 the primary instructional site for those pupils **IS ESTABLISHED BY**
11 **THE EDUCATING DISTRICT AFTER 2008-2009 AND** is located within the
12 boundaries of ~~the first class~~ **THAT OTHER** district, the educating
13 district must have the approval of ~~the first class~~ **THAT OTHER**
14 district to count those pupils in membership. ~~As used in this~~
15 ~~subsection, "first class district" means a district organized as a~~
16 ~~school district of the first class under the revised school code.~~

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

19 (a) Except as provided in subdivision (b), the fourth
20 Wednesday after Labor day each school year or, for a district or
21 building in which school is not in session on that Wednesday due to
22 conditions not within the control of school authorities, with the
23 approval of the superintendent, the immediately following day on
24 which school is in session in the district or building.

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

27 (i) Fourth Wednesday in July.

1 (ii) Fourth Wednesday after Labor day.

2 (iii) Second Wednesday in February.

3 (iv) Fourth Wednesday in April.

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

1 supplemental count day of that particular year. Pupils not counted
2 as 1.0 full-time equated membership due to an absence from a class
3 shall be counted as a prorated membership for the classes the pupil
4 attended. For purposes of this subsection, "class" means a period
5 of time in 1 day when pupils and a certificated teacher or legally
6 qualified substitute teacher are together and instruction is taking
7 place.

8 (9) "Rule" means a rule promulgated pursuant to the
9 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
10 24.328.

11 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
12 380.1852.

13 (11) "School district of the first class", "first class school
14 district", and "district of the first class", except in subsection
15 (6), mean a district that had at least 60,000 pupils in membership
16 for the immediately preceding fiscal year.

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

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

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

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

26 (16) "Tuition pupil" means a pupil of school age attending
27 school in a district other than the pupil's district of residence

1 for whom tuition may be charged. Tuition pupil does not include a
2 pupil who is a special education pupil or a pupil described in
3 subsection (6)(c) to (m). A pupil's district of residence shall not
4 require a high school tuition pupil, as provided under section 111,
5 to attend another school district after the pupil has been assigned
6 to a school district.

7 (17) "State school aid fund" means the state school aid fund
8 established in section 11 of article IX of the state constitution
9 of 1963.

10 (18) "Taxable value" means the taxable value of property as
11 determined under section 27a of the general property tax act, 1893
12 PA 206, MCL 211.27a.

13 (19) "Textbook" means a book that is selected and approved by
14 the governing board of a district and that contains a presentation
15 of principles of a subject, or that is a literary work relevant to
16 the study of a subject required for the use of classroom pupils, or
17 another type of course material that forms the basis of classroom
18 instruction.

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

22 (21) "University school" means an instructional program
23 operated by a public university under section 23 that meets the
24 requirements of section 23.

25 Sec. 8b. (1) The department shall assign a district code to
26 each public school academy that is authorized under the revised
27 school code and is eligible to receive funding under this act

1 within 30 days after a **COMPLETE** contract is submitted to the
2 department by the authorizing body of a public school academy.

3 (2) If the department does not assign a district code to a
4 public school academy within the 30-day period described in
5 subsection (1), the district code the department shall use to make
6 payments under this act to the newly authorized public school
7 academy shall be a number that is equivalent to the sum of the last
8 district code assigned to a public school academy located in the
9 same county as the newly authorized public school academy plus 1.
10 However, if there is not an existing public school academy located
11 in the same county as the newly authorized public school academy,
12 then the district code the department shall use to make payments
13 under this act to the newly authorized public school academy shall
14 be a 5-digit number that has the county code in which the public
15 school academy is located as its first 2 digits, 9 as its third
16 digit, 0 as its fourth digit, and 1 as its fifth digit. If the
17 number of public school academies in a county grows to exceed 100,
18 the third digit in this 5-digit number shall then be 8 for the
19 public school academies in excess of 100.

20 Sec. 11. (1) ~~For the fiscal year ending September 30, 2008,~~
21 ~~there is appropriated for the public schools of this state and~~
22 ~~certain other state purposes relating to education the sum of~~
23 ~~\$11,386,866,600.00 from the state school aid fund established by~~
24 ~~section 11 of article IX of the state constitution of 1963 and the~~
25 ~~sum of \$34,909,600.00 from the general fund. For the fiscal year~~
26 ending September 30, 2009, there is appropriated for the public
27 schools of this state and certain other state purposes relating to

House Bill No. 4447 (H-1) as amended April 2, 2009

1 education the sum of ~~\$11,776,098,200.00~~ \$11,617,298,200.00 from the
 2 state school aid fund established by section 11 of article IX of
 3 the state constitution of 1963, and the sum of ~~\$40,800,000.00~~
 4 \$85,000,000.00 from the general fund, AND THE SUM OF \$24,533,000.00
 5 FROM THE FEDERAL FUNDING AWARDED TO THIS STATE UNDER TITLE VIII OF
 6 THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-
 7 5. FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010, THERE IS
 8 APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER
 9 STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$11,310,800,100.00
 10 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE
 11 IX OF THE STATE CONSTITUTION OF 1963, THE SUM OF [\$39,625,000.00]
 12 FROM THE GENERAL FUND, AND THE SUM OF \$220,074,275.00 FROM THE
 13 FEDERAL FUNDING AWARDED TO THIS STATE UNDER TITLE XIV OF THE
 14 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5.
 15 In addition, OTHER available federal funds are appropriated for the
 16 fiscal year ending September 30, ~~2008-2009~~ and for the fiscal year
 17 ending September 30, ~~2009-2010~~.

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

1 stabilization fund created in section 11a.

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

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

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

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

20 (i) Districts.

21 (ii) Intermediate districts.

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

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

1 recover this percentage of the proration amount and reducing each
2 district's total state school aid from state sources, other than
3 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
4 51a(2), 51a(12), 51c, and 53a, by that amount.

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

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

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

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

27 (2) The state treasurer may receive money or other assets from

1 any source for deposit into the school aid stabilization fund. The
2 state treasurer shall deposit into the school aid stabilization
3 fund all of the following:

4 (a) Unexpended and unencumbered state school aid fund revenue
5 for a fiscal year that remains in the state school aid fund as of
6 the bookclosing for that fiscal year.

7 (b) Money statutorily dedicated to the school aid
8 stabilization fund.

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

10 (3) Money available in the school aid stabilization fund may
11 not be expended without a specific appropriation from the school
12 aid stabilization fund. Money in the school aid stabilization fund
13 shall be expended only for purposes for which state school aid fund
14 money may be expended.

15 (4) The state treasurer shall direct the investment of the
16 school aid stabilization fund. The state treasurer shall credit to
17 the school aid stabilization fund interest and earnings from fund
18 investments.

19 (5) Money in the school aid stabilization fund at the close of
20 a fiscal year shall remain in the school aid stabilization fund and
21 shall not lapse to the unreserved school aid fund balance or the
22 general fund.

23 (6) If the maximum amount appropriated under section 11 from
24 the state school aid fund for a fiscal year exceeds the amount
25 available for expenditure from the state school aid fund for that
26 fiscal year, there is appropriated from the school aid
27 stabilization fund to the state school aid fund an amount equal to

1 the projected shortfall as determined by the department of
2 treasury, but not to exceed available money in the school aid
3 stabilization fund. If the money in the school aid stabilization
4 fund is insufficient to fully fund an amount equal to the projected
5 shortfall, the state budget director shall notify the legislature
6 as required under section 11(3) and state payments in an amount
7 equal to the remainder of the projected shortfall shall be prorated
8 in the manner provided under section 11(4).

9 (7) For 2008-2009 **AND FOR 2009-2010**, there is appropriated
10 from the school aid stabilization fund to the state school aid fund
11 the amount necessary to fully fund the allocations under this act.

12 Sec. 11g. (1) From the appropriation in section 11, there is
13 allocated for this section an amount not to exceed \$42,000,000.00
14 for the fiscal year ending September 30, ~~2009~~2010 and for each
15 succeeding fiscal year through the fiscal year ending September 30,
16 2015, after which these payments will cease. These allocations are
17 for paying the amounts described in subsection (3) to districts and
18 intermediate districts, other than those receiving a lump-sum
19 payment under section 11f(2), that were not plaintiffs in the
20 consolidated cases known as Durant v State of Michigan, Michigan
21 supreme court docket no. 104458-104492 and that, on or before March
22 2, 1998, submitted to the state treasurer a waiver resolution
23 described in section 11f. The amounts paid under this section
24 represent offers of settlement and compromise of any claim or
25 claims that were or could have been asserted by these districts and
26 intermediate districts, as described in this section.

27 (2) This section does not create any obligation or liability

1 of this state to any district or intermediate district that does
2 not submit a waiver resolution described in section 11f. This
3 section and any other provision of this act are not intended to
4 admit liability or waive any defense that is or would be available
5 to this state or its agencies, employees, or agents in any
6 litigation or future litigation with a district or intermediate
7 district regarding these claims or potential claims.

8 (3) The amount paid each fiscal year to each district or
9 intermediate district under this section shall be 1 of the
10 following:

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

15 (b) If the district or intermediate district borrows money and
16 issues bonds under section 11i, an amount in each fiscal year
17 calculated by the department of treasury that is equal to the debt
18 service amount in that fiscal year on the bonds issued by that
19 district or intermediate district under section 11i and that will
20 result in the total payments made to all districts and intermediate
21 districts in each fiscal year under this section being no more than
22 the amount appropriated under this section in each fiscal year.

23 (4) The entire amount of each payment under this section each
24 fiscal year shall be paid on May 15 of the applicable fiscal year
25 or on the next business day following that date. If a district or
26 intermediate district borrows money and issues bonds under section
27 11i, the district or intermediate district shall use funds received

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

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

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

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

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

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

23 Sec. 11j. From the appropriation in section 11, there is
24 allocated an amount not to exceed ~~\$3,900,000.00 for 2007-2008 and~~
25 ~~an amount not to exceed \$39,000,000.00~~ **\$40,000,000.00 EACH FISCAL**
26 **YEAR** for 2008-2009 **AND FOR 2009-2010** for payments to the school
27 loan bond redemption fund in the department of treasury on behalf

1 of districts and intermediate districts. Notwithstanding section 11
2 or any other provision of this act, funds allocated under this
3 section are not subject to proration and shall be paid in full.

4 Sec. 11k. For ~~2008-2009-2009-2010~~, there is appropriated from
5 the general fund to the school loan revolving fund an amount equal
6 to the amount of school bond loans assigned to the Michigan
7 municipal bond authority, not to exceed the total amount of school
8 bond loans held in reserve as long-term assets. As used in this
9 section, "school loan revolving fund" means that fund created in
10 section 16c of the shared credit rating act, 1985 PA 227, MCL
11 141.1066c.

12 Sec. 11m. From the appropriations in section 11, there is
13 allocated for ~~2008-2009-2009-2010~~ an amount not to exceed
14 \$45,000,000.00 for fiscal year cash-flow borrowing costs solely
15 related to the state school aid fund established by section 11 of
16 article IX of the state constitution of 1963.

17 Sec. 11n. (1) From the appropriation in section 11, there is
18 allocated \$15,000,000.00 for ~~2008-2009-2009-2010~~ for the purposes
19 of this section. Money allocated under this section shall be
20 deposited in the 21st century schools fund on November 15 of the
21 fiscal year for which it is allocated or on the next business day
22 following that date.

23 (2) The 21st century schools fund is created as a separate
24 account within the state school aid fund. The state treasurer may
25 receive money or other assets from any source for deposit into the
26 21st century schools fund. The state treasurer shall direct the
27 investment of the 21st century schools fund. The state treasurer

1 shall credit to the 21st century schools fund interest and earnings
2 from 21st century schools fund investments. Money in the 21st
3 century schools fund at the close of the fiscal year shall remain
4 in the 21st century schools fund and shall not lapse to the state
5 school aid fund or to the general fund. The department of treasury
6 shall be the administrator of the 21st century schools fund for
7 auditing purposes. Money from the 21st century schools fund shall
8 be expended, upon appropriation, only for purposes of this section.

9 (3) For ~~2008-2009~~ **2009-2010**, an amount not to exceed
10 \$15,000,000.00 is allocated from the 21st century schools fund for
11 21st century schools grants under this section of up to
12 \$3,000,000.00 for each school project to eligible districts that
13 meet the requirements of this section. The funds may be used for
14 planning and start-up costs of newly constructed or newly
15 configured schools or learning communities and renovations of
16 existing facilities as well as other expenditures outlined in the
17 applicants' proposals relating to planning and start-up costs and
18 approved by the department. Notwithstanding section 17b, the total
19 grant amount for ~~2008-2009~~ **2009-2010** to each eligible district or
20 public school academy shall be distributed over a 4-year period on
21 a schedule to be determined by the department.

22 (4) To apply for a 21st century schools grant, an eligible
23 district shall submit an application to the department, in a form
24 and manner prescribed by the department, that meets the application
25 criteria under this section. An application shall demonstrate to
26 the satisfaction of the department that the school or learning
27 community of an eligible district to be funded meets all of the

1 following:

2 (a) Will be designed to achieve the following outcomes not
3 later than the school year in which the third high school
4 graduating class graduates from the school or learning community:

5 (i) An 80% graduation rate, as determined by the department.

6 (ii) At least 80% of the high school graduates from the school
7 or learning community are enrolled in postsecondary studies within
8 6 months after high school graduation. For purposes of this
9 subparagraph, "postsecondary studies" includes 4-year colleges and
10 universities, community colleges, technical schools,
11 apprenticeships, and military enlistment.

12 (b) Will provide an open enrollment such that if there are
13 more applications to enroll than there are spaces available, pupils
14 shall be selected to attend using a random selection process.

15 However, a school or learning community may give enrollment
16 priority to a sibling of a pupil enrolled in the school or learning
17 community, and a school or learning community shall allow any pupil
18 who was enrolled in the school or learning community in the
19 immediately preceding school year to enroll in the school or
20 learning community in the next appropriate grade until the pupil
21 graduates from the school or learning community.

22 (c) Will have a maximum of 110 pupils in each high school
23 grade level and an average of at least 75 pupils in each high
24 school grade level.

25 (d) Will incorporate a relationship-building goal between the
26 teaching staff, administration, pupils, and parents.

27 (e) Has a commitment of private matching funds at least equal

1 to the amount of the grant under this section.

2 (5) If the department determines that a grant recipient has
3 failed to achieve the outcomes described in subsection (4)(a), the
4 grant recipient shall return to the state 50% of the total grant
5 awarded. To accomplish the return of these funds, the department
6 shall deduct an amount equal to 50% of the total grant awarded from
7 the grant recipient's state school aid installment payments, on a
8 schedule determined by the department. Funds returned under this
9 subsection shall be deposited in the 21st century schools fund.

10 (6) In awarding grants under this section, the department
11 shall give preference to grant applications for starting a new
12 school or learning community that will implement strategies to
13 prepare middle school students likely to attend the school or
14 learning community or that will include grades 6 to 12 rather than
15 proposals for stand-alone schools including only grades 9 to 12 and
16 not implementing strategies to prepare middle school students.

17 (7) The department shall not award more than 1/3 of the grants
18 under this section to public school academies.

19 (8) The department shall establish and publicize the
20 application process and a schedule for the application process.

21 (9) As used in this section, "eligible district" means all of
22 the following:

23 (a) A district with a districtwide cohort graduation rate for
24 high school pupils below 70%, as determined by the center for
25 educational performance and information, for its most recent
26 graduating class for which data are available.

27 (b) A public school academy if a majority of the pupils

1 enrolled in the public school academy reside in a district that
2 meets the criteria under subdivision (a).

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

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

1 presenting evidence satisfactory to the department of the hardship,
2 the department may grant up to an additional 4 years for the
3 adjustment if the district would otherwise experience a significant
4 hardship.

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

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

17 (5) In addition to funds appropriated in section 11 for all
18 programs and services, there is appropriated for ~~2008-2009-2009-~~
19 **2010** for obligations in excess of applicable appropriations an
20 amount equal to the collection of overpayments, but not to exceed
21 amounts available from overpayments.

22 Sec. 18. (1) Except as provided in another section of this
23 act, each district or other entity shall apply the money received
24 by the district or entity under this act to salaries and other
25 compensation of teachers and other employees, tuition,
26 transportation, lighting, heating, ventilation, water service, the
27 purchase of textbooks which are designated by the board to be used

1 in the schools under the board's charge, other supplies, and any
2 other school operating expenditures defined in section 7. However,
3 not more than 20% of the total amount received by a district under
4 article 2 or intermediate district under article 8 may be
5 transferred by the board to either the capital projects fund or to
6 the debt retirement fund for debt service. The money shall not be
7 applied or taken for a purpose other than as provided in this
8 section. The department shall determine the reasonableness of
9 expenditures and may withhold from a recipient of funds under this
10 act the apportionment otherwise due upon a violation by the
11 recipient.

12 (2) Within 30 days after a board or intermediate board adopts
13 its annual operating budget for the following school fiscal year,
14 or after a board or intermediate board adopts a subsequent revision
15 to that budget, the district or intermediate district shall make
16 the budget and subsequent budget revisions available on its
17 website, or a district may make the information available on its
18 intermediate district's website, in a form and manner prescribed by
19 the department.

20 (3) For the purpose of determining the reasonableness of
21 expenditures and whether a violation of this act has occurred, the
22 department shall require that each district and intermediate
23 district have an audit of the district's or intermediate district's
24 financial and pupil accounting records conducted at least annually
25 at the expense of the district or intermediate district, as
26 applicable, by a certified public accountant or by the intermediate
27 district superintendent, as may be required by the department, or

1 in the case of a district of the first class by a certified public
2 accountant, the intermediate superintendent, or the auditor general
3 of the city. An intermediate district's annual financial audit
4 shall be accompanied by the intermediate district's pupil
5 accounting procedures report. A district's or intermediate
6 district's annual financial audit shall include an analysis of the
7 financial and pupil accounting data used as the basis for
8 distribution of state school aid. The pupil accounting records and
9 reports, audits, and management letters are subject to requirements
10 established in the auditing and accounting manuals approved and
11 published by the department. Except as otherwise provided in this
12 subsection, a district shall file the annual financial audit
13 reports with the intermediate district not later than 120 days
14 after the end of each school fiscal year and the intermediate
15 district shall forward the annual financial audit reports for its
16 constituent districts and for the intermediate district, and the
17 pupil accounting procedures report for the pupil membership count
18 day and supplemental count day, to the department not later than
19 November 15 of each year. The annual financial audit reports and
20 pupil accounting procedures reports shall be available to the
21 public in compliance with the freedom of information act, 1976 PA
22 442, MCL 15.231 to 15.246. Not later than December 31 of each year,
23 the department shall notify the state budget director and the
24 legislative appropriations subcommittees responsible for review of
25 the school aid budget of districts and intermediate districts that
26 have not filed an annual financial audit and pupil accounting
27 procedures report required under this section for the school year

1 ending in the immediately preceding fiscal year.

2 (4) By November 15 of each year, each district and
3 intermediate district shall submit to the center, in a manner
4 prescribed by the center, annual comprehensive financial data
5 consistent with accounting manuals and charts of accounts approved
6 and published by the department. For an intermediate district, the
7 report shall also contain the website address where the department
8 can access the report required under section 620 of the revised
9 school code, MCL 380.620. The department shall ensure that the
10 prescribed Michigan public school accounting manual chart of
11 accounts includes standard conventions to distinguish expenditures
12 by allowable fund function and object. The functions shall include
13 at minimum categories for instruction, pupil support, instructional
14 staff support, general administration, school administration,
15 business administration, transportation, facilities operation and
16 maintenance, facilities acquisition, and debt service; and shall
17 include object classifications of salary, benefits, including
18 categories for active employee health expenditures, purchased
19 services, supplies, capital outlay, and other. Districts shall
20 report the required level of detail consistent with the manual as
21 part of the comprehensive annual financial report. The department
22 shall make this information available online to districts and
23 intermediate districts, and shall include per-pupil amounts spent
24 on instruction and instructional support service functions, and
25 indicate how much of those costs were attributable to salaries.
26 Districts and intermediate districts shall include a link on their
27 websites to the website where the department posts this

1 information.

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

6 (6) By October 7 of each year, each district and intermediate
7 district shall file with the center the transportation expenditure
8 report, known as "SE-4094", on a form and in the manner prescribed
9 by the center.

10 (7) The department shall review its pupil accounting and pupil
11 auditing manuals at least annually and shall periodically update
12 those manuals to reflect changes in this act. ~~As part of its annual
13 review process for 2007, not later than December 31, 2007, the
14 department shall revise the pupil auditing manual to establish
15 standardized procedures and processes for auditing pupil exit
16 statuses and other pupil data used in calculating annual graduation
17 and pupil dropout rates.~~

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

22 (9) If a district or intermediate district does not comply
23 with subsection (3), (4), (5), or (6), the department shall
24 withhold all state school aid due to the district or intermediate
25 district under this act, beginning with the next payment due to the
26 district or intermediate district, until the district or
27 intermediate district complies with subsections (3), (4), (5), and

1 (6). If the district or intermediate district does not comply with
2 subsections (3), (4), (5), and (6) by the end of the fiscal year,
3 the district or intermediate district forfeits the amount withheld.

4 Sec. 20. (1) ~~For 2007-2008, the basic foundation allowance is~~
5 ~~\$8,433.00.~~ For 2008-2009 **AND FOR 2009-2010**, the basic foundation
6 allowance is \$8,489.00.

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

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

14 (a) For 2007-2008, for a district that had a foundation
15 allowance for 2006-2007, including any adjustment under subdivision
16 (f), that was at least equal to \$7,108.00 but less than \$8,385.00,
17 the district shall receive a foundation allowance in an amount
18 equal to the sum of the district's foundation allowance for 2006-
19 2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00)
20 times (the difference between the district's foundation allowance
21 for 2006-2007, including any adjustment under subdivision (f), and
22 \$7,108.00) divided by \$1,325.00]. ~~Beginning in~~ **FOR** 2008-2009, for a
23 district that had a foundation allowance for the immediately
24 preceding state fiscal year that was at least equal to the sum of
25 \$7,108.00 plus the total dollar amount of all adjustments made from
26 2006-2007 to the immediately preceding state fiscal year in the
27 lowest foundation allowance among all districts, but less than the

1 basic foundation allowance for the immediately preceding state
2 fiscal year, the district shall receive a foundation allowance in
3 an amount equal to the sum of the district's foundation allowance
4 for the immediately preceding state fiscal year plus the difference
5 between twice the dollar amount of the adjustment from the
6 immediately preceding state fiscal year to the current state fiscal
7 year made in the basic foundation allowance and [(the dollar amount
8 of the adjustment from the immediately preceding state fiscal year
9 to the current state fiscal year made in the basic foundation
10 allowance minus \$20.00) times (the difference between the
11 district's foundation allowance for the immediately preceding state
12 fiscal year and the sum of \$7,108.00 plus the total dollar amount
13 of all adjustments made from 2006-2007 to the immediately preceding
14 state fiscal year in the lowest foundation allowance among all
15 districts) divided by the difference between the basic foundation
16 allowance for the current state fiscal year and the sum of
17 \$7,108.00 plus the total dollar amount of all adjustments made from
18 2006-2007 to the immediately preceding state fiscal year in the
19 lowest foundation allowance among all districts]. **FOR 2009-2010,**
20 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**
21 **PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO THE SUM OF**
22 **\$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM**
23 **2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE**
24 **LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS, BUT LESS THAN THE**
25 **BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**
26 **FISCAL YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE IN**
27 **AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE**

1 **IMMEDIATELY PRECEDING STATE FISCAL YEAR.** However, the foundation
2 allowance for a district that had less than the basic foundation
3 allowance for the immediately preceding state fiscal year shall not
4 exceed the basic foundation allowance for the current state fiscal
5 year.

6 (b) Except as otherwise provided in this subsection, beginning
7 in 2008-2009, for a district that in the immediately preceding
8 state fiscal year had a foundation allowance in an amount at least
9 equal to the amount of the basic foundation allowance for the
10 immediately preceding state fiscal year, the district shall receive
11 a foundation allowance in an amount equal to the sum of the
12 district's foundation allowance for the immediately preceding state
13 fiscal year plus the dollar amount of the adjustment from the
14 immediately preceding state fiscal year to the current state fiscal
15 year in the basic foundation allowance.

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

1 budget act, 1984 PA 431, MCL 18.1367b.

2 (d) For a district that has a foundation allowance that is not
3 a whole dollar amount, the district's foundation allowance shall be
4 rounded up to the nearest whole dollar.

5 (e) For a district that received a payment under section 22c
6 as that section was in effect for 2001-2002, the district's 2001-
7 2002 foundation allowance shall be considered to have been an
8 amount equal to the sum of the district's actual 2001-2002
9 foundation allowance as otherwise calculated under this section
10 plus the per pupil amount of the district's equity payment for
11 2001-2002 under section 22c as that section was in effect for 2001-
12 2002.

13 (f) For a district that received a payment under section 22c
14 as that section was in effect for 2006-2007, the district's 2006-
15 2007 foundation allowance shall be considered to have been an
16 amount equal to the sum of the district's actual 2006-2007
17 foundation allowance as otherwise calculated under this section
18 plus the per pupil amount of the district's equity payment for
19 2006-2007 under section 22c as that section was in effect for 2006-
20 2007.

21 (4) Except as otherwise provided in this subsection, the state
22 portion of a district's foundation allowance is an amount equal to
23 the district's foundation allowance or the basic foundation
24 allowance for the current state fiscal year, whichever is less,
25 minus the difference between the sum of the product of the taxable
26 value per membership pupil of all property in the district that is
27 nonexempt property times the district's certified mills and, for a

1 district with certified mills exceeding 12, the product of the
2 taxable value per membership pupil of property in the district that
3 is commercial personal property times the certified mills minus 12
4 mills and the quotient of the ad valorem property tax revenue of
5 the district captured under tax increment financing acts divided by
6 the district's membership excluding special education pupils. For a
7 district described in subsection (3)(c), the state portion of the
8 district's foundation allowance is an amount equal to \$6,962.00
9 plus the difference between the district's foundation allowance for
10 the current state fiscal year and the district's foundation
11 allowance for 1998-99, minus the difference between the sum of the
12 product of the taxable value per membership pupil of all property
13 in the district that is nonexempt property times the district's
14 certified mills and, for a district with certified mills exceeding
15 12, the product of the taxable value per membership pupil of
16 property in the district that is commercial personal property times
17 the certified mills minus 12 mills and the quotient of the ad
18 valorem property tax revenue of the district captured under tax
19 increment financing acts divided by the district's membership
20 excluding special education pupils. For a district that has a
21 millage reduction required under section 31 of article IX of the
22 state constitution of 1963, the state portion of the district's
23 foundation allowance shall be calculated as if that reduction did
24 not occur.

25 (5) The allocation calculated under this section for a pupil
26 shall be based on the foundation allowance of the pupil's district
27 of residence. However, for a pupil enrolled in a district other

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

18 (6) For 2007-2008, subject to subsection (7) and section
19 22b(3) and except as otherwise provided in this subsection, for
20 pupils in membership, other than special education pupils, in a
21 public school academy or a university school, the allocation
22 calculated under this section is an amount per membership pupil
23 other than special education pupils in the public school academy or
24 university school equal to the sum of the local school operating
25 revenue per membership pupil other than special education pupils
26 for the district in which the public school academy or university
27 school is located and the state portion of that district's

1 foundation allowance, or \$7,475.00, whichever is less. Beginning in
2 2008-2009, subject to subsection (7) and section 22b(3) and except
3 as otherwise provided in this subsection, for pupils in membership,
4 other than special education pupils, in a public school academy or
5 a university school, the allocation calculated under this section
6 is an amount per membership pupil other than special education
7 pupils in the public school academy or university school equal to
8 the sum of the local school operating revenue per membership pupil
9 other than special education pupils for the district in which the
10 public school academy or university school is located and the state
11 portion of that district's foundation allowance, or the state
12 maximum public school academy allocation, whichever is less.
13 Notwithstanding section 101, for a public school academy that
14 begins operations after the pupil membership count day, the amount
15 per membership pupil calculated under this subsection shall be
16 adjusted by multiplying that amount per membership pupil by the
17 number of hours of pupil instruction provided by the public school
18 academy after it begins operations, as determined by the
19 department, divided by the minimum number of hours of pupil
20 instruction required under section 101(3). The result of this
21 calculation shall not exceed the amount per membership pupil
22 otherwise calculated under this subsection.

23 (7) If more than 25% of the pupils residing within a district
24 are in membership in 1 or more public school academies located in
25 the district, then the amount per membership pupil calculated under
26 this section for a public school academy located in the district
27 shall be reduced by an amount equal to the difference between the

1 sum of the product of the taxable value per membership pupil of all
2 property in the district that is nonexempt property times the
3 district's certified mills and, for a district with certified mills
4 exceeding 12, the product of the taxable value per membership pupil
5 of property in the district that is commercial personal property
6 times the certified mills minus 12 mills and the quotient of the ad
7 valorem property tax revenue of the district captured under tax
8 increment financing acts divided by the district's membership
9 excluding special education pupils, in the school fiscal year
10 ending in the current state fiscal year, calculated as if the
11 resident pupils in membership in 1 or more public school academies
12 located in the district were in membership in the district. In
13 order to receive state school aid under this act, a district
14 described in this subsection shall pay to the authorizing body that
15 is the fiscal agent for a public school academy located in the
16 district for forwarding to the public school academy an amount
17 equal to that local school operating revenue per membership pupil
18 for each resident pupil in membership other than special education
19 pupils in the public school academy, as determined by the
20 department.

21 (8) If a district does not receive an amount calculated under
22 subsection (9); if the number of mills the district may levy on a
23 principal residence, qualified agricultural property, qualified
24 forest property, industrial personal property, and commercial
25 personal property under section 1211 of the revised school code,
26 MCL 380.1211, is 0.5 mills or less; and if the district elects not
27 to levy those mills, the district instead shall receive a separate

1 supplemental amount calculated under this subsection in an amount
2 equal to the amount the district would have received had it levied
3 those mills, as determined by the department of treasury. A
4 district shall not receive a separate supplemental amount
5 calculated under this subsection for a fiscal year unless in the
6 calendar year ending in the fiscal year the district levies the
7 district's certified mills on property that is nonexempt property.

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

1 380.1211, and levied school operating taxes on all property at the
2 rate authorized for the district under section 1211(2) of the
3 revised school code, MCL 380.1211, as determined by the department
4 of treasury. If in the calendar year ending in the fiscal year a
5 district does not levy the district's certified mills on property
6 that is nonexempt property, the amount calculated under this
7 subsection will be reduced by the same percentage as the millage
8 actually levied compares to the district's certified mills.

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

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

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

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

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

17 (b) The revenue adjustment factor shall be computed by
18 dividing the sum of the estimated total state school aid fund
19 revenue for the subsequent state fiscal year plus the estimated
20 total state school aid fund revenue for the current state fiscal
21 year, adjusted for any change in the rate or base of a tax the
22 proceeds of which are deposited in that fund and excluding money
23 transferred into that fund from the countercyclical budget and
24 economic stabilization fund under the management and budget act,
25 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
26 total school aid fund revenue for the current state fiscal year
27 plus the estimated total state school aid fund revenue for the

1 immediately preceding state fiscal year, adjusted for any change in
2 the rate or base of a tax the proceeds of which are deposited in
3 that fund. If a consensus revenue factor is not determined at the
4 revenue estimating conference, the principals of the revenue
5 estimating conference shall report their estimates to the house and
6 senate subcommittees responsible for school aid appropriations not
7 later than 7 days after the conclusion of the revenue conference.

8 (c) The index shall be calculated by multiplying the pupil
9 membership factor by the revenue adjustment factor. However, for
10 2008-2009, the index shall be 1.00. If a consensus index is not
11 determined at the revenue estimating conference, the principals of
12 the revenue estimating conference shall report their estimates to
13 the house and senate subcommittees responsible for school aid
14 appropriations not later than 7 days after the conclusion of the
15 revenue conference.

16 (14) If the principals at the revenue estimating conference
17 reach a consensus on the index described in subsection (13)(c), the
18 lowest foundation allowance among all districts for the subsequent
19 state fiscal year shall be at least the amount of that consensus
20 index multiplied by the lowest foundation allowance among all
21 districts for the immediately preceding state fiscal year.

22 (15) If at the January revenue estimating conference it is
23 estimated that pupil membership, excluding intermediate district
24 membership, for the subsequent state fiscal year will be greater
25 than 101% of the pupil membership, excluding intermediate district
26 membership, for the current state fiscal year, then it is the
27 intent of the legislature that the executive budget proposal for

1 the school aid budget for the subsequent state fiscal year include
2 a general fund/general purpose allocation sufficient to support the
3 membership in excess of 101% of the current year pupil membership.

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

1 section 20j times the district's membership. As used in this
2 subsection, "additional expenses" means the district's expenses for
3 tuition or fees, not to exceed the basic foundation allowance for
4 the current state fiscal year, plus a room and board stipend not to
5 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) FOR A DISTRICT THAT LEVIED 4.87 MILLS IN 1993 TO FINANCE**

1 AN OPERATING DEFICIT, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE
2 CALCULATED AS IF THOSE MILLS WERE INCLUDED AS OPERATING MILLS IN
3 THE CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. A
4 DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL
5 YEARS BEFORE 2009-2010 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING
6 AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN
7 \$250,000.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.

8 (24) FOR A DISTRICT THAT LEVIED 4.91 MILLS IN 1992 FOR SCHOOL
9 OPERATING PURPOSES IN THE 1992-1993 SCHOOL YEAR THAT WERE NOT
10 RENEWED IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-1994
11 SCHOOL YEAR, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE
12 CALCULATED AS IF THOSE MILLS WERE INCLUDED AS OPERATING MILLS IN
13 THE CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. A
14 DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL
15 YEARS BEFORE 2009-2010 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING
16 AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN
17 \$150,000.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.

18 (25) FOR A DISTRICT THAT RECEIVED A GRANT UNDER FORMER SECTION
19 99K(4) FOR 2008-2009, THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2009-
20 2010 AND EACH SUCCEEDING FISCAL YEAR SHALL BE ADJUSTED TO BE AN
21 AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE, AS
22 OTHERWISE CALCULATED UNDER THIS SECTION, PLUS THE QUOTIENT OF 100%
23 OF THE AMOUNT OF THE GRANT AWARD TO THE DISTRICT FOR 2008-2009
24 UNDER FORMER SECTION 99K(4) DIVIDED BY THE NUMBER OF PUPILS IN THE
25 DISTRICT'S MEMBERSHIP FOR 2008-2009 WHO WERE RESIDENTS OF AND
26 ENROLLED IN THE DISTRICT.

27 (26) FOR A DISTRICT THAT LEVIED 1.8 MILLS IN 1993 TO FINANCE

1 AN OPERATING DEFICIT, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE
2 CALCULATED AS IF THOSE MILLS WERE INCLUDED AS OPERATING MILLS IN
3 THE CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. A
4 DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL
5 YEARS BEFORE 2009-2010 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING
6 AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN
7 \$300,000.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.

8 (27) ~~(23)~~—Payments to districts, university schools, or public
9 school academies shall not be made under this section. Rather, the
10 calculations under this section shall be used to determine the
11 amount of state payments under section 22b.

12 (28) ~~(24)~~—If an amendment to section 2 of article VIII of the
13 state constitution of 1963 allowing state aid to some or all
14 nonpublic schools is approved by the voters of this state, each
15 foundation allowance or per pupil payment calculation under this
16 section may be reduced.

17 (29) ~~(25)~~—As used in this section:

18 (a) "Certified mills" means the lesser of 18 mills or the
19 number of mills of school operating taxes levied by the district in
20 1993-94.

21 (b) "Combined state and local revenue" means the aggregate of
22 the district's state school aid received by or paid on behalf of
23 the district under this section and the district's local school
24 operating revenue.

25 (c) "Combined state and local revenue per membership pupil"
26 means the district's combined state and local revenue divided by
27 the district's membership excluding special education pupils.

1 (d) "Current state fiscal year" means the state fiscal year
2 for which a particular calculation is made.

3 (e) "Immediately preceding state fiscal year" means the state
4 fiscal year immediately preceding the current state fiscal year.

5 (f) "Local school operating revenue" means school operating
6 taxes levied under section 1211 of the revised school code, MCL
7 380.1211.

8 (g) "Local school operating revenue per membership pupil"
9 means a district's local school operating revenue divided by the
10 district's membership excluding special education pupils.

11 (h) "Maximum public school academy allocation", **EXCEPT AS**
12 **OTHERWISE PROVIDED IN THIS SUBDIVISION**, means the maximum per-pupil
13 allocation as calculated by adding the highest per-pupil allocation
14 among all public school academies for the immediately preceding
15 state fiscal year plus the difference between twice the dollar
16 amount of the adjustment from the immediately preceding state
17 fiscal year to the current state fiscal year made in the basic
18 foundation allowance and [(the dollar amount of the adjustment from
19 the immediately preceding state fiscal year to the current state
20 fiscal year made in the basic foundation allowance minus \$20.00)
21 times (the difference between the highest per-pupil allocation
22 among all public school academies for the immediately preceding
23 state fiscal year and the sum of \$7,108.00 plus the total dollar
24 amount of all adjustments made from 2006-2007 to the immediately
25 preceding state fiscal year in the lowest per-pupil allocation
26 among all public school academies) divided by the difference
27 between the basic foundation allowance for the current state fiscal

1 year and the sum of \$7,108.00 plus the total dollar amount of all
2 adjustments made from 2006-2007 to the immediately preceding state
3 fiscal year in the lowest per-pupil allocation among all public
4 school academies]. **FOR 2009-2010, MAXIMUM PUBLIC SCHOOL ACADEMY**
5 **ALLOCATION MEANS \$7,580.00.**

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

9 (j) "Nonexempt property" means property that is not a
10 principal residence, qualified agricultural property, qualified
11 forest property, industrial personal property, or commercial
12 personal property.

13 (k) "Principal residence", "qualified agricultural property",
14 "qualified forest property", "industrial personal property", and
15 "commercial personal property" mean those terms as defined in
16 section 7dd of the general property tax act, 1893 PA 206, MCL
17 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

18 (l) "School operating purposes" means the purposes included in
19 the operation costs of the district as prescribed in sections 7 and
20 18.

21 (m) "School operating taxes" means local ad valorem property
22 taxes levied under section 1211 of the revised school code, MCL
23 380.1211, and retained for school operating purposes.

24 (n) "Tax increment financing acts" means 1975 PA 197, MCL
25 125.1651 to 125.1681, the tax increment finance authority act, 1980
26 PA 450, MCL 125.1801 to 125.1830, the local development financing
27 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield

1 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
2 or the corridor improvement authority act, 2005 PA 280, MCL
3 125.2871 to 125.2899.

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

9 Sec. 20d. In making the final determination required under
10 former section 20a of a district's combined state and local revenue
11 per membership pupil in 1993-94 and in making calculations under
12 section 20 for ~~2008-2009~~ **2009-2010**, the department and the
13 department of treasury shall comply with all of the following:

14 (a) For a district that had combined state and local revenue
15 per membership pupil in the 1994-95 state fiscal year of \$6,500.00
16 or more and served as a fiscal agent for a state board designated
17 area vocational education center in the 1993-94 school year, total
18 state school aid received by or paid on behalf of the district
19 pursuant to this act in 1993-94 shall exclude payments made under
20 former section 146 and under section 147 on behalf of the
21 district's employees who provided direct services to the area
22 vocational education center. Not later than June 30, 1996, the
23 department shall make an adjustment under this subdivision to the
24 district's combined state and local revenue per membership pupil in
25 the 1994-95 state fiscal year and the department of treasury shall
26 make a final certification of the number of mills that may be
27 levied by the district under section 1211 of the revised school

1 code, MCL 380.1211, as a result of the adjustment under this
2 subdivision.

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

20 Sec. 20j. (1) Foundation allowance supplemental payments for
21 ~~2008-2009-2009-2010~~ to districts that in the 1994-95 state fiscal
22 year had a foundation allowance greater than \$6,500.00 shall be
23 calculated under this section.

24 (2) The per pupil allocation to each district under this
25 section shall be the difference between the basic foundation
26 allowance for the 1998-99 state fiscal year and \$7,204.00 less
27 \$271.00 minus the dollar amount of the adjustment from the 1998-99

1 state fiscal year to 2007-2008 in the district's foundation
2 allowance.

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

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

25 Sec. 22a. (1) From the appropriation in section 11, there is
26 allocated ~~an amount not to exceed \$5,951,000,000.00 for 2007-2008~~
27 ~~and an amount not to exceed \$6,092,000,000.00~~ **\$5,998,400,000.00** for

1 2008-2009 **AND AN AMOUNT NOT TO EXCEED \$5,854,500,000.00 FOR 2009-**
2 **2010** for payments to districts, qualifying university schools, and
3 qualifying public school academies to guarantee each district,
4 qualifying university school, and qualifying public school academy
5 an amount equal to its 1994-95 total state and local per pupil
6 revenue for school operating purposes under section 11 of article
7 IX of the state constitution of 1963. Pursuant to section 11 of
8 article IX of the state constitution of 1963, this guarantee does
9 not apply to a district in a year in which the district levies a
10 millage rate for school district operating purposes less than it
11 levied in 1994. However, subsection (2) applies to calculating the
12 payments under this section. Funds allocated under this section
13 that are not expended in the state fiscal year for which they were
14 allocated, as determined by the department, may be used to
15 supplement the allocations under sections 22b and 51c in order to
16 fully fund those calculated allocations for the same fiscal year.

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

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

1 certified mills and, for a district with certified mills exceeding
2 12, the product of the taxable value per membership pupil of
3 property in the district that is commercial personal property times
4 the certified mills minus 12 mills and the quotient of the ad
5 valorem property tax revenue of the district captured under tax
6 increment financing acts divided by the district's membership. For
7 a district that has a millage reduction required under section 31
8 of article IX of the state constitution of 1963, the state portion
9 of the district's foundation allowance shall be calculated as if
10 that reduction did not occur.

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

27 (3) Beginning in 2003-2004, for pupils in membership in a

1 qualifying public school academy or qualifying university school,
2 there is allocated under this section to the authorizing body that
3 is the fiscal agent for the qualifying public school academy for
4 forwarding to the qualifying public school academy, or to the board
5 of the public university operating the qualifying university
6 school, an amount equal to the 1994-95 per pupil payment to the
7 qualifying public school academy or qualifying university school
8 under section 20.

9 (4) A district, qualifying university school, or qualifying
10 public school academy may use funds allocated under this section in
11 conjunction with any federal funds for which the district,
12 qualifying university school, or qualifying public school academy
13 otherwise would be eligible.

14 (5) For a district that is formed or reconfigured after June
15 1, 2000 by consolidation of 2 or more districts or by annexation,
16 the resulting district's 1994-95 foundation allowance under this
17 section beginning after the effective date of the consolidation or
18 annexation shall be the average of the 1994-95 foundation
19 allowances of each of the original or affected districts,
20 calculated as provided in this section, weighted as to the
21 percentage of pupils in total membership in the resulting district
22 in the state fiscal year in which the consolidation takes place who
23 reside in the geographic area of each of the original districts. If
24 an affected district's 1994-95 foundation allowance is less than
25 the 1994-95 basic foundation allowance, the amount of that
26 district's 1994-95 foundation allowance shall be considered for the
27 purpose of calculations under this subsection to be equal to the

1 amount of the 1994-95 basic foundation allowance.

2 (6) As used in this section:

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

7 (b) "Certified mills" means the lesser of 18 mills or the
8 number of mills of school operating taxes levied by the district in
9 1993-94.

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

12 (d) "Current year hold harmless school operating taxes per
13 pupil" means the per pupil revenue generated by multiplying a
14 district's 1994-95 hold harmless millage by the district's current
15 year taxable value per membership pupil.

16 (e) "Hold harmless millage" means, for a district with a 1994-
17 95 foundation allowance greater than \$6,500.00, the number of mills
18 by which the exemption from the levy of school operating taxes on a
19 homestead, qualified agricultural property, qualified forest
20 property, industrial personal property, and commercial personal
21 property could be reduced as provided in section 1211 of the
22 revised school code, MCL 380.1211, and the number of mills of
23 school operating taxes that could be levied on all property as
24 provided in section 1211(2) of the revised school code, MCL
25 380.1211, as certified by the department of treasury for the 1994
26 tax year.

27 (f) "Homestead" means that term as defined in section 1211 of

1 the revised school code, MCL 380.1211.

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

5 (h) "Nonexempt property" means property that is not a
6 principal residence, qualified agricultural property, qualified
7 forest property, industrial personal property, or commercial
8 personal property.

9 (i) "Qualified agricultural property" means that term as
10 defined in section 1211 of the revised school code, MCL 380.1211.

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

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

17 (l) "School operating taxes" means local ad valorem property
18 taxes levied under section 1211 of the revised school code, MCL
19 380.1211, and retained for school operating purposes.

20 (m) "Tax increment financing acts" means 1975 PA 197, MCL
21 125.1651 to 125.1681, the tax increment finance authority act, 1980
22 PA 450, MCL 125.1801 to 125.1830, the local development financing
23 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
24 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
25 or the corridor improvement authority act, 2005 PA 280, MCL
26 125.2871 to 125.2899.

27 (n) "Taxable value per membership pupil" means each of the

1 following divided by the district's membership:

2 (i) For the number of mills by which the exemption from the
3 levy of school operating taxes on a homestead, qualified
4 agricultural property, qualified forest property, industrial
5 personal property, and commercial personal property may be reduced
6 as provided in section 1211 of the revised school code, MCL
7 380.1211, the taxable value of homestead, qualified agricultural
8 property, qualified forest property, industrial personal property,
9 and commercial personal property for the calendar year ending in
10 the current state fiscal year.

11 (ii) For the number of mills of school operating taxes that may
12 be levied on all property as provided in section 1211(2) of the
13 revised school code, MCL 380.1211, the taxable value of all
14 property for the calendar year ending in the current state fiscal
15 year.

16 Sec. 22b. (1) From the appropriation in section 11, there is
17 allocated ~~an amount not to exceed \$3,683,275,000.00 for 2007-2008~~
18 ~~and an amount not to exceed \$3,796,750,000.00~~ **\$3,802,000,000.00** for
19 **2008-2009 AND AN AMOUNT NOT TO EXCEED \$3,766,650,000.00 FOR 2009-**
20 **2010** for discretionary nonmandated payments to districts under this
21 section. **OF THE MONEY ALLOCATED FOR 2009-2010 UNDER THIS SECTION,**
22 **AN AMOUNT NOT TO EXCEED \$3,546,575,725.00 IS ALLOCATED FROM THE**
23 **STATE SCHOOL AID FUND AND THE AMOUNT OF \$220,074,275.00 IS**
24 **ALLOCATED FROM THE FEDERAL FUNDING AWARDED TO THIS STATE UNDER**
25 **TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009,**
26 **PUBLIC LAW 111-5.** Funds allocated under this section that are not
27 expended in the state fiscal year for which they were allocated, as

1 determined by the department, may be used to supplement the
2 allocations under sections 22a and 51c in order to fully fund those
3 calculated allocations for the same fiscal year.

4 (2) Subject to subsection (3) and section 11, the allocation
5 to a district under this section shall be an amount equal to the
6 sum of the amounts calculated under sections 20, 20j, 51a(2),
7 51a(3), and 51a(12), minus the sum of the allocations to the
8 district under sections 22a and 51c.

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

11 (a) Administer in each grade level that it operates in grades
12 1 to 5 a standardized assessment approved by the department of
13 grade-appropriate basic educational skills. A district may use the
14 Michigan literacy progress profile to satisfy this requirement for
15 grades 1 to 3. Also, if the revised school code is amended to
16 require annual assessments at additional grade levels, in order to
17 receive an allocation under this section each district shall comply
18 with that requirement.

19 (b) Comply with sections 1278a and 1278b of the revised school
20 code, MCL 380.1278a and 380.1278b.

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

24 (d) Comply with section 1230g of the revised school code, MCL
25 380.1230g.

26 (4) Districts are encouraged to use funds allocated under this
27 section for the purchase and support of payroll, human resources,

1 and other business function software that is compatible with that
2 of the intermediate district in which the district is located and
3 with other districts located within that intermediate district.

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

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

27 (7) If the local claims review board or a court of competent

1 jurisdiction makes a final determination that this state is in
2 violation of section 29 of article IX of the state constitution of
3 1963 regarding state payments to districts, the state budget
4 director shall use work project funds under subsection (6) or
5 allocate from the discretionary funds for nonmandated payments
6 under this section the amount as may be necessary to satisfy the
7 amount owed to districts before making any payments to districts
8 under subsection (2).

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

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

24 (10) If a lawsuit challenging payments made to districts
25 related to costs reimbursed by federal title XIX medicaid funds is
26 filed against this state, then, for the purpose of addressing
27 potential liability under such a lawsuit, the state budget director

1 may place funds allocated under this section in escrow or allocate
2 money from the funds otherwise allocated under this section, up to
3 a maximum of 50% of the amount allocated in subsection (1). If
4 funds are placed in escrow under this subsection, those funds are a
5 work project appropriation and the funds are carried forward into
6 the following fiscal year. The purpose of the work project is to
7 provide for any payments that may be awarded to districts as a
8 result of the litigation. The work project shall be completed upon
9 resolution of the litigation. In addition, this state reserves the
10 right to terminate future federal title XIX medicaid reimbursement
11 payments to districts if the amount or allocation of reimbursed
12 funds is challenged in the lawsuit. As used in this subsection,
13 "title XIX" means title XIX of the social security act, 42 USC 1396
14 to 1396v.

15 Sec. 22d. (1) From the appropriation in section 11, an amount
16 not to exceed \$2,025,000.00 is allocated for ~~2008-2009~~**2009-2010**
17 for additional payments to small, geographically isolated districts
18 under this section.

19 (2) From the allocation under subsection (1), there is
20 allocated for ~~2008-2009~~**2009-2010** an amount not to exceed
21 \$750,000.00 for payments under this subsection to districts that
22 meet all of the following:

23 (a) Operates grades K to 12.

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

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

27 (i) Is located in the Upper Peninsula at least 30 miles from

1 any other public school building.

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

3 (3) The amount of the additional funding to each eligible
4 district under subsection (2) shall be determined under a spending
5 plan developed as provided in this subsection and approved by the
6 superintendent of public instruction. The spending plan shall be
7 developed cooperatively by the intermediate superintendents of each
8 intermediate district in which an eligible district is located. The
9 intermediate superintendents shall review the financial situation
10 of each eligible district, determine the minimum essential
11 financial needs of each eligible district, and develop and agree on
12 a spending plan that distributes the available funding under
13 subsection (2) to the eligible districts based on those financial
14 needs. The intermediate superintendents shall submit the spending
15 plan to the superintendent of public instruction for approval. Upon
16 approval by the superintendent of public instruction, the amounts
17 specified for each eligible district under the spending plan are
18 allocated under subsection (2) and shall be paid to the eligible
19 districts in the same manner as payments under section 22b.

20 (4) Subject to subsection (6), from the allocation in
21 subsection (1), there is allocated for ~~2008-2009~~ **2009-2010** an
22 amount not to exceed \$1,275,000.00 for payments under this
23 subsection to districts that meet all of the following:

24 (a) The district has 5.0 or fewer pupils per square mile as
25 determined by the department.

26 (b) The district has a total square mileage greater than 200.0
27 or is 1 of 2 districts that have consolidated transportation

1 services and have a combined total square mileage greater than
2 200.0.

3 (5) The funds allocated under subsection (4) shall be
4 allocated on an equal per pupil basis.

5 (6) A district receiving funds allocated under subsection (2)
6 is not eligible for funding allocated under subsection (4).

7 Sec. 22e. (1) Beginning in 2008-2009, an amount will be
8 allocated each fiscal year from the appropriation in section 11 for
9 additional payments under this section to districts that meet the
10 eligibility requirements under subsection (2). For ~~2008-2009-2009-~~
11 ~~2010~~, there is allocated for this purpose from the appropriation in
12 section 11 an amount not to exceed \$1,300,000.00.

13 (2) To be eligible for a payment under this section, a
14 district must be determined by the department and the department of
15 treasury to meet all of the following:

16 (a) The district levies 1 of the following operating millage
17 amounts:

18 (i) All of the operating millage it is authorized to levy under
19 section 1211 of the revised school code, MCL 380.1211.

20 (ii) The amount of operating millage it is authorized to levy
21 after a voluntary reduction of its operating millage rate adopted
22 by the board of the district.

23 (iii) The amount of operating millage it is authorized to levy
24 after a millage reduction required under the limitation of section
25 31 of article IX of the state constitution of 1963, if a ballot
26 question asking for approval to levy millage in excess of the
27 limitation has been rejected in the district.

1 (b) The district receives a reduced amount of local school
2 operating revenue under section 1211 of the revised school code,
3 MCL 380.1211, as a result of the exemptions of industrial personal
4 property and commercial personal property that were enacted in 2007
5 PA 37.

6 (c) The district does not receive any state portion of its
7 foundation allowance, as calculated under section 20(4).

8 (3) The amount of the additional funding to each eligible
9 district under this section is the sum of the following and shall
10 be paid to the eligible districts in the same manner as payments
11 under section 22b:

12 (a) The product of the taxable value of the district's
13 industrial personal property for the calendar year ending in the
14 fiscal year multiplied by the total number of mills the district
15 levies on nonexempt property under section 1211 of the revised
16 school code, MCL 380.1211, for that calendar year.

17 (b) The product of the taxable value of the district's
18 commercial personal property for the calendar year ending in the
19 fiscal year multiplied by the lesser of 12 mills or the total
20 number of mills the district levies on nonexempt property under
21 section 1211 of the revised school code, MCL 380.1211, for that
22 calendar year.

23 **SEC. 22F. FROM THE APPROPRIATION IN SECTION 11, AN AMOUNT NOT**
24 **TO EXCEED \$3,000,000.00 IS ALLOCATED FOR 2009-2010 FOR PAYMENTS TO**
25 **ELIGIBLE DISTRICTS IN AN AMOUNT EQUAL TO \$50.00 PER PUPIL FOR**
26 **TRANSITION COSTS ASSOCIATED WITH DISTRICT CONSOLIDATION. TO BE**
27 **ELIGIBLE FOR PAYMENT UNDER THIS SECTION, A DISTRICT SHALL HAVE BEEN**

1 FORMED AFTER APRIL 1, 2009 AND BEFORE JULY 1, 2010 BY CONSOLIDATION
2 OF 2 OR MORE DISTRICTS. IF THE FUNDS ALLOCATED UNDER THIS SECTION
3 ARE INSUFFICIENT, THE DEPARTMENT SHALL AWARD GRANTS GIVING PRIORITY
4 TO DISTRICTS THAT WERE FORMED FROM AT LEAST 1 DISTRICT WITH AN
5 OPERATING DEFICIT AT THE END OF THE IMMEDIATELY PRECEDING FISCAL
6 YEAR.

7 Sec. 24. (1) From the appropriation in section 11, there is
8 allocated for ~~2008-2009~~-2009-2010 an amount not to exceed
9 \$8,000,000.00 for payments to the educating district or
10 intermediate district for educating pupils assigned by a court or
11 the department of human services to reside in or to attend a
12 juvenile detention facility or child caring institution licensed by
13 the department of human services and approved by the department to
14 provide an on-grounds education program. The amount of the payment
15 under this section to a district or intermediate district shall be
16 calculated as prescribed under subsection (2).

17 (2) The total amount allocated under this section shall be
18 allocated by paying to the educating district or intermediate
19 district an amount equal to the lesser of the district's or
20 intermediate district's added cost or the department's approved per
21 pupil allocation for the district or intermediate district. For the
22 purposes of this subsection:

23 (a) "Added cost" means 100% of the added cost each fiscal year
24 for educating all pupils assigned by a court or the department of
25 human services to reside in or to attend a juvenile detention
26 facility or child caring institution licensed by the department of
27 human services or the department of **ENERGY**, labor, and economic

1 growth and approved by the department to provide an on-grounds
2 education program. Added cost shall be computed by deducting all
3 other revenue received under this act for pupils described in this
4 section from total costs, as approved by the department, in whole
5 or in part, for educating those pupils in the on-grounds education
6 program or in a program approved by the department that is located
7 on property adjacent to a juvenile detention facility or child
8 caring institution. Costs reimbursed by federal funds are not
9 included.

10 (b) "Department's approved per pupil allocation" for a
11 district or intermediate district shall be determined by dividing
12 the total amount allocated under this section for a fiscal year by
13 the full-time equated membership total for all pupils approved by
14 the department to be funded under this section for that fiscal year
15 for the district or intermediate district.

16 (3) A district or intermediate district educating pupils
17 described in this section at a residential child caring institution
18 may operate, and receive funding under this section for, a
19 department-approved on-grounds educational program for those pupils
20 that is longer than 181 days, but not longer than 233 days, if the
21 child caring institution was licensed as a child caring institution
22 and offered in 1991-92 an on-grounds educational program that was
23 longer than 181 days but not longer than 233 days and that was
24 operated by a district or intermediate district.

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

27 Sec. 24a. From the appropriation in section 11, there is

1 allocated an amount not to exceed ~~\$2,828,500.00 for 2008-2009~~
2 **\$2,523,200.00 FOR 2009-2010** for payments to intermediate districts
3 for pupils who are placed in juvenile justice service facilities
4 operated by the department of human services. Each intermediate
5 district shall receive an amount equal to the state share of those
6 costs that are clearly and directly attributable to the educational
7 programs for pupils placed in facilities described in this section
8 that are located within the intermediate district's boundaries. The
9 intermediate districts receiving payments under this section shall
10 cooperate with the department of human services to ensure that all
11 funding allocated under this section is utilized by the
12 intermediate district and department of human services for
13 educational programs for pupils described in this section. Pupils
14 described in this section are not eligible to be funded under
15 section 24. However, a program responsibility or other fiscal
16 responsibility associated with these pupils shall not be
17 transferred from the department of human services to a district or
18 intermediate district unless the district or intermediate district
19 consents to the transfer.

20 Sec. 24c. From the appropriation in section 11, there is
21 allocated an amount not to exceed ~~\$1,284,600.00 for 2008-2009~~
22 **\$1,295,100.00 FOR 2009-2010** for payments to districts for pupils
23 who are enrolled in a nationally administered community-based
24 education and youth mentoring program, known as the youth challenge
25 program, that is located within the district and is administered by
26 the department of military and veterans affairs. A district
27 receiving payments under this section shall contract with the

1 department of military and veterans affairs to ensure that all
2 funding allocated under this section is utilized by the district
3 and the department of military and veterans affairs for the youth
4 challenge program.

5 Sec. 26a. From the state school aid fund appropriation in
6 section 11, there is allocated an amount not to exceed
7 ~~\$41,400,000.00~~ **\$26,300,000.00** for 2008-2009, and from the general
8 fund appropriation in section 11, there is allocated an amount not
9 to exceed ~~\$16,100,000.00~~ **\$9,200,000.00** for 2008-2009 to reimburse
10 districts, intermediate districts, and the state school aid fund
11 pursuant to section 12 of the Michigan renaissance zone act, 1996
12 PA 376, MCL 125.2692, for taxes levied in 2008. **FROM THE STATE**
13 **SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN**
14 **AMOUNT NOT TO EXCEED \$29,400,000.00 FOR 2009-2010, AND FROM THE**
15 **GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN**
16 **AMOUNT NOT TO EXCEED \$10,100,000.00 FOR 2009-2010 TO REIMBURSE**
17 **DISTRICTS, INTERMEDIATE DISTRICTS, AND THE STATE SCHOOL AID FUND**
18 **PURSUANT TO SECTION 12 OF THE MICHIGAN RENAISSANCE ZONE ACT, 1996**
19 **PA 376, MCL 125.2692, FOR TAXES LEVIED IN 2009.** The allocations
20 shall be made not later than 60 days after the department of
21 treasury certifies to the department and to the state budget
22 director that the department of treasury has received all necessary
23 information to properly determine the amounts due to each eligible
24 recipient.

25 Sec. 26b. (1) From the appropriation in section 11, there is
26 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed
27 \$3,400,000.00 for payments to districts, intermediate districts,

1 and community college districts for the portion of the payment in
2 lieu of taxes obligation that is attributable to districts,
3 intermediate districts, and community college districts pursuant to
4 section 2154 of the natural resources and environmental protection
5 act, 1994 PA 451, MCL 324.2154.

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

10 Sec. 29. (1) From the appropriation in section 11, there is
11 allocated an amount not to exceed \$20,000,000.00 ~~each fiscal year~~
12 ~~for 2007-2008 and for 2008-2009~~ **FOR 2009-2010** for additional
13 payments to eligible districts for declining enrollment assistance.

14 (2) A district is eligible for a payment under this section if
15 all of the following apply:

16 (a) The district's pupil membership for the current fiscal
17 year is less than the district's pupil membership for the
18 immediately preceding fiscal year and the district's pupil
19 membership for the immediately preceding fiscal year is less than
20 the district's pupil membership for the previously preceding fiscal
21 year as calculated under section 6 for that fiscal year.

22 (b) The district's average pupil membership is greater than
23 the district's pupil membership for the current fiscal year as
24 calculated under section 6.

25 (c) The district is not eligible to receive funding under
26 section 6(4)(y) or 22d(2).

27 (3) Payments to each eligible district shall be equal to the

1 difference between the district's average pupil membership and the
2 district's pupil membership as calculated under section 6 for the
3 current fiscal year multiplied by the district's foundation
4 allowance as calculated under section 20. If the total amount of
5 the payments calculated under this subsection exceeds the
6 allocation for this section, the payment to each district shall be
7 prorated on an equal percentage basis.

8 (4) For the purposes of this section, "average pupil
9 membership" means the average of the district's membership for the
10 3-fiscal-year period ending with the current fiscal year,
11 calculated by adding the district's actual membership for each of
12 those 3 fiscal years, as otherwise calculated under section 6, and
13 dividing the sum of those 3 membership figures by 3.

14 Sec. 31a. (1) From the state school aid fund money
15 appropriated in section 11, there is allocated for ~~2008-2009-2009-~~
16 ~~2010~~ an amount not to exceed ~~\$320,350,000.00~~ **\$318,881,250.00** for
17 payments to eligible districts and eligible public school academies
18 under this section. Subject to subsection (14), the amount of the
19 additional allowance under this section, other than funding under
20 subsection (6) or (7), shall be based on the number of actual
21 pupils in membership in the district or public school academy who
22 met the income eligibility criteria for free breakfast, lunch, or
23 milk in the immediately preceding state fiscal year, as determined
24 under the Richard B. Russell national school lunch act, 42 USC 1751
25 to 1769i, and reported to the department by October 31 of the
26 immediately preceding fiscal year and adjusted not later than
27 December 31 of the immediately preceding fiscal year. However, for

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

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

15 (a) The sum of the district's or public school academy's
16 combined state and local revenue per membership pupil in the
17 current state fiscal year, as calculated under section 20, plus the
18 amount of the district's per pupil allocation under section 20j(2),
19 is less than or equal to the basic foundation allowance under
20 section 20 for the current state fiscal year.

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

25 (3) Except as otherwise provided in this subsection, an
26 eligible district or eligible public school academy shall receive
27 under this section for each membership pupil in the district or

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

24 (4) Except as otherwise provided in this section, a district
25 or public school academy receiving funding under this section shall
26 use that money only to provide instructional programs and direct
27 noninstructional services, including, but not limited to, medical

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

1 funding under this section.

2 (5) Except as otherwise provided in subsection (12), a
3 district or public school academy that receives funds under this
4 section and that operates a school breakfast program under section
5 1272a of the revised school code, MCL 380.1272a, shall use from the
6 funds received under this section an amount, not to exceed \$10.00
7 per pupil for whom the district or public school academy receives
8 funds under this section, necessary to pay for costs associated
9 with the operation of the school breakfast program.

10 (6) From the funds allocated under subsection (1), there is
11 allocated for ~~2008-2009-2009-2010~~ an amount not to exceed
12 \$4,743,000.00 to support child and adolescent health centers. These
13 grants shall be awarded for 5 consecutive years beginning with
14 2003-2004 in a form and manner approved jointly by the department
15 and the department of community health. Each grant recipient shall
16 remain in compliance with the terms of the grant award or shall
17 forfeit the grant award for the duration of the 5-year period after
18 the noncompliance. Beginning in 2004-2005, to continue to receive
19 funding for a child and adolescent health center under this section
20 a grant recipient shall ensure that the child and adolescent health
21 center has an advisory committee and that at least one-third of the
22 members of the advisory committee are parents or legal guardians of
23 school-aged children. A child and adolescent health center program
24 shall recognize the role of a child's parents or legal guardian in
25 the physical and emotional well-being of the child. Funding under
26 this subsection shall be used to support child and adolescent
27 health center services provided to children up to age 21. If any

1 funds allocated under this subsection are not used for the purposes
2 of this subsection for the fiscal year in which they are allocated,
3 those unused funds shall be used that fiscal year to avoid or
4 minimize any proration that would otherwise be required under
5 subsection (14) for that fiscal year.

6 (7) From the funds allocated under subsection (1), there is
7 allocated for ~~2008-2009~~**2009-2010** an amount not to exceed
8 \$5,150,000.00 for the state portion of the hearing and vision
9 screenings as described in section 9301 of the public health code,
10 1978 PA 368, MCL 333.9301. A local public health department shall
11 pay at least 50% of the total cost of the screenings. The frequency
12 of the screenings shall be as required under R 325.13091 to R
13 325.13096 and R 325.3271 to R 325.3276 of the Michigan
14 administrative code. Funds shall be awarded in a form and manner
15 approved jointly by the department and the department of community
16 health. Notwithstanding section 17b, payments to eligible entities
17 under this subsection shall be paid on a schedule determined by the
18 department.

19 (8) Each district or public school academy receiving funds
20 under this section shall submit to the department by July 15 of
21 each fiscal year a report, not to exceed 10 pages, on the usage by
22 the district or public school academy of funds under this section,
23 which report shall include at least a brief description of each
24 program conducted by the district or public school academy using
25 funds under this section, the amount of funds under this section
26 allocated to each of those programs, the number of at-risk pupils
27 eligible for free or reduced price school lunch who were served by

1 each of those programs, and the total number of at-risk pupils
2 served by each of those programs. If a district or public school
3 academy does not comply with this subsection, the department shall
4 withhold an amount equal to the August payment due under this
5 section until the district or public school academy complies with
6 this subsection. If the district or public school academy does not
7 comply with this subsection by the end of the state fiscal year,
8 the withheld funds shall be forfeited to the school aid fund.

9 (9) In order to receive funds under this section, a district
10 or public school academy shall allow access for the department or
11 the department's designee to audit all records related to the
12 program for which it receives those funds. The district or public
13 school academy shall reimburse the state for all disallowances
14 found in the audit.

15 (10) Subject to subsections (5), (6), (7), (12), and (13), any
16 district may use up to 100% of the funds it receives under this
17 section to reduce the ratio of pupils to teachers in grades K-6, or
18 any combination of those grades, in school buildings in which the
19 percentage of pupils described in subsection (1) exceeds the
20 district's aggregate percentage of those pupils. Subject to
21 subsections (5), (6), (7), (12), and (13), if a district obtains a
22 waiver from the department, the district may use up to 100% of the
23 funds it receives under this section to reduce the ratio of pupils
24 to teachers in grades K-6, or any combination of those grades, in
25 school buildings in which the percentage of pupils described in
26 subsection (1) is at least 60% of the district's aggregate
27 percentage of those pupils and at least 30% of the total number of

1 pupils enrolled in the school building. To obtain a waiver, a
2 district must apply to the department and demonstrate to the
3 satisfaction of the department that the class size reductions would
4 be in the best interests of the district's at-risk pupils.

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

10 (12) For an individual school or schools operated by a
11 district or public school academy receiving funds under this
12 section that have been determined by the department to meet the
13 adequate yearly progress standards of the federal no child left
14 behind act of 2001, Public Law 107-110, in both mathematics and
15 English language arts at all applicable grade levels for all
16 applicable subgroups, the district or public school academy may
17 submit to the department an application for flexibility in using
18 the funds received under this section that are attributable to the
19 pupils in the school or schools. The application shall identify the
20 affected school or schools and the affected funds and shall contain
21 a plan for using the funds for specific purposes identified by the
22 district that are designed to benefit at-risk pupils in the school,
23 but that may be different from the purposes otherwise allowable
24 under this section. The department shall approve the application if
25 the department determines that the purposes identified in the plan
26 are reasonably designed to benefit at-risk pupils in the school. If
27 the department does not act to approve or disapprove an application

1 within 30 days after it is submitted to the department, the
2 application is considered to be approved. If an application for
3 flexibility in using the funds is approved, the district may use
4 the funds identified in the application for any purpose identified
5 in the plan.

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

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

21 (b) Provides early intervening strategies using school-wide
22 systems of academic and behavioral supports and is scientifically
23 research-based. The strategies to be provided shall include at
24 least pupil performance indicators based upon response to
25 intervention, instructional consultation for teachers, and ongoing
26 progress monitoring. A school-wide system of academic and
27 behavioral support should be based on a support team available to

1 the classroom teachers. The members of this team could include the
2 principal, special education staff, reading teachers, and other
3 appropriate personnel who would be available to systematically
4 study the needs of the individual child and work with the teacher
5 to match instruction to the needs of the individual child.

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

16 (15) If a district is formed by consolidation after June 1,
17 1995, and if 1 or more of the original districts was not eligible
18 before the consolidation for an additional allowance under this
19 section, the amount of the additional allowance under this section
20 for the consolidated district shall be based on the number of
21 pupils described in subsection (1) enrolled in the consolidated
22 district who reside in the territory of an original district that
23 was eligible before the consolidation for an additional allowance
24 under this section.

25 (16) A district or public school academy that does not meet
26 the eligibility requirement under subsection (2)(a) is eligible for
27 funding under this section if at least 1/4 of the pupils in

1 membership in the district or public school academy met the income
2 eligibility criteria for free breakfast, lunch, or milk in the
3 immediately preceding state fiscal year, as determined and reported
4 as described in subsection (1), and at least 4,500 of the pupils in
5 membership in the district or public school academy met the income
6 eligibility criteria for free breakfast, lunch, or milk in the
7 immediately preceding state fiscal year, as determined and reported
8 as described in subsection (1). A district or public school academy
9 that is eligible for funding under this section because the
10 district meets the requirements of this subsection shall receive
11 under this section for each membership pupil in the district or
12 public school academy who met the income eligibility criteria for
13 free breakfast, lunch, or milk in the immediately preceding fiscal
14 year, as determined and reported as described in subsection (1), an
15 amount per pupil equal to ~~11.5%~~ 8.63% of the sum of the district's
16 foundation allowance or public school academy's per pupil
17 allocation under section 20, plus the amount of the district's per
18 pupil allocation under section 20j(2), not to exceed the basic
19 foundation allowance under section 20 for the current state fiscal
20 year.

21 (17) A district that does not meet the eligibility requirement
22 under subsection (2)(a) is eligible for funding under this section
23 if at least 75% of the pupils in membership in the district met the
24 income eligibility criteria for free breakfast, lunch, or milk in
25 the immediately preceding state fiscal year, as determined and
26 reported as described in subsection (1), the district receives an
27 adjustment under section 20(19), and the district does not receive

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1 any state portion of its foundation allowance as calculated under
2 section 20. A district that is eligible for funding under this
3 section because the district meets the requirements of this
4 subsection shall receive under this section for each membership
5 pupil in the district who met the income eligibility criteria for
6 free breakfast, lunch, or milk in the immediately preceding fiscal
7 year, as determined and reported as described in subsection (1), an
8 amount per pupil equal to [11.5%] of the sum of the district's
9 foundation allowance under section 20, not to exceed the basic
10 foundation allowance under section 20 for the current state fiscal
11 year.

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

1 not meet the other criteria under this subsection but who did not
2 achieve proficiency on the reading component of the most recent
3 Michigan merit examination for which results for the pupil have
4 been received, did not achieve proficiency on the mathematics
5 component of the most recent Michigan merit examination for which
6 results for the pupil have been received, or did not achieve basic
7 competency on the science component of the most recent Michigan
8 merit examination for which results for the pupil have been
9 received. For pupils in grades K-3, at-risk pupil also includes a
10 pupil who is at risk of not meeting the district's core academic
11 curricular objectives in English language arts or mathematics.

12 Sec. 31d. (1) From the appropriations in section 11, there is
13 allocated an amount not to exceed \$22,495,100.00 for ~~2008-2009~~
14 **2009-2010** for the purpose of making payments to districts and other
15 eligible entities under this section.

16 (2) The amounts allocated from state sources under this
17 section shall be used to pay the amount necessary to reimburse
18 districts for 6.0127% of the necessary costs of the state mandated
19 portion of the school lunch programs provided by those districts.
20 The amount due to each district under this section shall be
21 computed by the department using the methods of calculation adopted
22 by the Michigan supreme court in the consolidated cases known as
23 Durant v State of Michigan, Michigan supreme court docket no.
24 104458-104492.

25 (3) The payments made under this section include all state
26 payments made to districts so that each district receives at least
27 6.0127% of the necessary costs of operating the state mandated

1 portion of the school lunch program in a fiscal year.

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

8 (5) From the federal funds appropriated in section 11, there
9 is allocated for ~~2008-2009~~**2009-2010** all available federal funding,
10 estimated at \$330,000,000.00, for the national school lunch program
11 and all available federal funding, estimated at \$2,506,000.00, for
12 the emergency food assistance program.

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

16 Sec. 31f. (1) From the appropriations in section 11, there is
17 allocated an amount not to exceed \$9,625,000.00 for ~~2008-2009~~**2009-**
18 **2010** for the purpose of making payments to districts to reimburse
19 for the cost of providing breakfast.

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

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

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

1 (3) The payment for a district under this section is at a per
2 meal rate equal to the lesser of the district's actual cost or 100%
3 of the statewide average cost of a breakfast served, as determined
4 and approved by the department, less federal reimbursement,
5 participant payments, and other state reimbursement. The statewide
6 average cost shall be determined by the department using costs as
7 reported in a manner approved by the department for the preceding
8 school year.

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

11 **SEC. 32A. (1) IT IS THE INTENT OF THE LEGISLATURE THAT THE**
12 **DEPARTMENT AND THE EARLY CHILDHOOD INVESTMENT CORPORATION STUDY THE**
13 **FEASIBILITY OF CONSOLIDATING STATEWIDE EARLY CHILDHOOD FUNDING INTO**
14 **A SINGLE GREAT START STRATEGIC FUND AND DISTRIBUTING THE FUNDING**
15 **THROUGH A CENTRALIZED PROCESS. THE PURPOSE OF THE GREAT START**
16 **STRATEGIC FUND AND THE CENTRALIZED PROCESS WOULD BE TO AVOID**
17 **DUPLICATION OF SERVICES AND TO ALLOW A STREAMLINED GRANT REQUEST**
18 **PROCESS TO BE ESTABLISHED BY THE DEPARTMENT IN CONJUNCTION WITH THE**
19 **EARLY CHILDHOOD INVESTMENT CORPORATION.**

20 (2) THE GREAT START STRATEGIC FUND IS CREATED AS A RESTRICTED
21 FUND WITHIN THE STATE TREASURY. FROM THE MONEY APPROPRIATED IN
22 SECTION 11, THERE IS ALLOCATED FOR 2009-2010 TO THE GREAT START
23 STRATEGIC FUND AN AMOUNT NOT TO EXCEED \$100.00.

24 Sec. 32b. (1) From the funds appropriated under section 11,
25 there is allocated an amount not to exceed \$6,750,000.00 for ~~2008-~~
26 ~~2009-~~2009-2010 for competitive grants to intermediate districts for
27 the creation and continuance of great start communities or other

1 community purposes as identified by the early childhood investment
2 corporation. These dollars may not be expended until both of the
3 following conditions have been met:

4 (a) The early childhood investment corporation has identified
5 matching dollars of at least an amount equal to the amount of the
6 matching dollars for 2006-2007.

7 (b) The executive committee of the corporation includes, in
8 addition to the members of the executive committee provided for by
9 the interlocal agreement creating the corporation under the urban
10 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.510 to
11 124.512, 4 members appointed by the governor as provided in this
12 subdivision. Not later than 30 days after the convening of a
13 regular legislative session in an odd-numbered year, the speaker of
14 the house of representatives, the house minority leader, the senate
15 majority leader, and the senate minority leader shall each submit
16 to the governor a list of 3 or more individuals as nominees for
17 appointment as members of the executive committee of the
18 corporation. The corporation shall notify each of the legislative
19 leaders of this requirement to submit a list of nominees not later
20 than 30 days before the date that the list is due. Within 60 days
21 of the submission to the governor of nominees by each of the 4
22 legislative leaders, the governor shall appoint 1 member of the
23 executive committee from each list of nominees submitted by each of
24 the 4 legislative leaders. A member appointed under this
25 subdivision shall serve a term as a member of the executive
26 committee through the next regular legislative session unless he or
27 she resigns or is otherwise unable to serve. When a vacancy occurs

1 other than by expiration of a term, the corporation shall notify
2 the legislative leader who originally nominated the member of the
3 vacancy and that legislative leader shall submit to the governor a
4 list of 3 or more individuals as nominees for appointment to fill
5 the vacancy within 30 days after being notified by the corporation
6 of the vacancy. The governor shall make an appointment to fill that
7 vacancy in the same manner as the original appointment not later
8 than 60 days after the date the vacancy occurs.

9 (2) The early childhood investment corporation shall award
10 grants to eligible intermediate districts in an amount to be
11 determined by the corporation.

12 (3) In order to receive funding, each intermediate district
13 applicant shall agree to convene ~~A local great start eollaboratives~~
14 **COLLABORATIVE** to address the availability of the 6 components of a
15 great start system in its communities: physical health, social-
16 emotional health, family supports, basic needs, economic stability
17 and safety, and parenting education and early education and care,
18 to ensure that every child in the community is ready for
19 kindergarten. Specifically, each grant will fund the following:

20 (a) The completion of a community needs assessment and
21 strategic plan for the creation of a comprehensive system of early
22 childhood services and supports, accessible to all children from
23 birth to kindergarten and their families.

24 (b) Identification of local resources and services for
25 children with disabilities, developmental delays, or special needs
26 and their families.

27 (c) Coordination and expansion of **INFRASTRUCTURE TO SUPPORT**

1 high-quality early childhood and childcare programs.

2 (d) Evaluation of local programs.

3 (4) Not later than December 1 of each fiscal year, for the
4 grants awarded under this section for the immediately preceding
5 fiscal year, the department shall provide to the house and senate
6 appropriations subcommittees on state school aid, the state budget
7 director, and the house and senate fiscal agencies a report
8 detailing the amount of each grant awarded under this section, the
9 grant recipients, the activities funded by each grant under this
10 section, and an analysis of each grant recipient's success in
11 addressing the development of a comprehensive system of early
12 childhood services and supports.

13 (5) An intermediate district receiving funds under this
14 section may carry over any unexpended funds received under this
15 section into the next fiscal year and may expend those unused funds
16 in the next fiscal year. A recipient of a grant shall return any
17 unexpended grant funds to the department in the manner prescribed
18 by the department not later than September 30 of the next fiscal
19 year after the fiscal year in which the funds are received.

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

22 Sec. 32c. (1) From the general fund appropriation in section
23 11, there is allocated an amount not to exceed \$2,125,000.00 for
24 ~~2008-2009-2009-2010~~ to the department for grants for community-
25 based collaborative prevention services designed to foster positive
26 parenting skills; improve parent/child interaction, especially for
27 children 0-3 years of age; promote access to needed community

1 services; increase local capacity to serve families at risk;
2 improve school readiness; and support healthy family environments
3 that discourage alcohol, tobacco, and other drug use. The
4 allocation under this section is to fund secondary prevention
5 programs as defined by the children's trust fund for the prevention
6 of child abuse and neglect.

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

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

17 (b) Demonstrate that the planned services are part of a
18 community's integrated comprehensive family support strategy
19 endorsed by the community collaborative and, where there is a great
20 start collaborative, demonstrate that the planned services are part
21 of the community's great start strategic plan.

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

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

27 (4) Not later than January 30 of the next fiscal year, the

1 department shall prepare and submit to the governor and the
 2 legislature an annual report of outcomes achieved by the providers
 3 of the community-based collaborative prevention services funded
 4 under this section for a fiscal year.

5 Sec. 32d. (1) ~~From~~ **FOR 2009-2010, FROM** the state school aid
 6 fund ~~money appropriated under~~ **APPROPRIATION IN** section 11, there is
 7 allocated an amount not to exceed \$88,100,000.00 ~~for 2008-2009~~ **TO**
 8 **ELIGIBLE DISTRICTS FOR GREAT START READINESS PROGRAMS AND FROM THE**
 9 **GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN**
 10 **AMOUNT NOT TO EXCEED \$15,150,000.00** for **COMPETITIVE** great start
 11 readiness ~~or preschool and parenting program grants. to enable~~
 12 ~~eligible districts, as determined under section 37, to develop or~~
 13 ~~expand, in conjunction with whatever federal funds may be available~~
 14 ~~to the district and its community, including, but not limited to,~~
 15 ~~federal funds under title I of the elementary and secondary~~
 16 ~~education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of~~
 17 ~~the Hawkins-Stafford elementary and secondary school improvement~~
 18 ~~amendments of 1988, Public Law 100-297, and the head start act, 42~~
 19 ~~USC 9831 to 9852,~~ **FUNDS ALLOCATED UNDER THIS SECTION SHALL BE USED**
 20 **TO PROVIDE** part-day or full-day comprehensive **FREE** compensatory
 21 programs designed to do 1 or both of the following:

22 (a) Improve the readiness and subsequent achievement of
 23 educationally disadvantaged children as defined by the department
 24 who will be at least 4, but less than 5 years of age, as of
 25 December 1 of the school year in which the programs are offered,
 26 and who show evidence of 2 or more risk factors as defined ~~in~~ **BY**
 27 the state board. ~~report entitled "children at risk" that was~~

1 ~~adopted by the state board on April 5, 1988. To the extent~~
2 ~~allowable under federal law, a district shall not use funds~~
3 ~~received under this section to supplant any federal funds received~~
4 ~~by the district or its community. For the purposes of this section,~~
5 ~~"supplant" means to serve children eligible for a federally funded~~
6 ~~existing preschool program that has capacity to serve those~~
7 ~~children.~~

8 (b) Provide preschool and parenting education programs similar
9 to those under former section 32b as in effect for 2001-2002.
10 Beginning in 2007-2008, funds spent by a district for programs
11 described in this subdivision shall not exceed the lesser of the
12 amount spent by the district under this subdivision for 2006-2007
13 or the amount spent under this subdivision in any subsequent fiscal
14 year.

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

27 (2) TO BE ELIGIBLE TO RECEIVE PAYMENTS UNDER THIS SECTION, A

1 DISTRICT SHALL COMPLY WITH THIS SECTION AND SECTION 39. TO RECEIVE
2 COMPETITIVE GRANT PAYMENTS UNDER THIS SECTION, AN ELIGIBLE GRANT
3 RECIPIENT SHALL COMPLY WITH THIS SECTION AND SECTION 32/.

4 (3) In addition to the allocation under subsection (1), from
5 the general fund money appropriated under section 11, there is
6 allocated an amount not to exceed ~~\$279,100.00~~ \$300,000.00 for ~~2008-~~
7 ~~2009-~~2009-2010 for a competitive grant to continue a longitudinal
8 evaluation of children who have participated in ~~the~~ great start
9 readiness ~~program~~ PROGRAMS.

10 (4) TO BE ELIGIBLE FOR FUNDING UNDER THIS SECTION, A PROGRAM
11 SHALL PREPARE CHILDREN FOR SUCCESS IN SCHOOL THROUGH COMPREHENSIVE
12 PART-DAY OR FULL-DAY PROGRAMS THAT CONTAIN ALL OF THE FOLLOWING
13 PROGRAM COMPONENTS, AS DETERMINED BY THE DEPARTMENT:

14 (A) PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND
15 ENROLLMENT PROCESS. AT A MINIMUM, THE PROCESS SHALL INCLUDE ALL
16 OTHER FUNDED PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME
17 GEOGRAPHIC AREA, TO ASSURE THAT EACH CHILD IS ENROLLED IN THE
18 PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS AND TO MAXIMIZE THE
19 USE OF FEDERAL, STATE, AND LOCAL FUNDS.

20 (B) AN AGE-APPROPRIATE EDUCATIONAL CURRICULUM THAT IS IN
21 COMPLIANCE WITH THE EARLY CHILDHOOD STANDARDS OF QUALITY FOR
22 PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD.

23 (C) NUTRITIONAL SERVICES FOR ALL PROGRAM PARTICIPANTS.

24 (D) HEALTH SCREENING SERVICES FOR ALL PROGRAM PARTICIPANTS.

25 (E) REFERRAL SERVICES FOR FAMILIES OF PROGRAM PARTICIPANTS TO
26 COMMUNITY SOCIAL SERVICE AGENCIES, AS APPROPRIATE.

27 (F) ACTIVE AND CONTINUOUS INVOLVEMENT OF THE PARENTS OR

1 GUARDIANS OF THE PROGRAM PARTICIPANTS.

2 (G) A PLAN TO CONDUCT AND REPORT ANNUAL GREAT START READINESS
3 PROGRAM EVALUATIONS AND CONTINUOUS IMPROVEMENT PLANS USING CRITERIA
4 APPROVED BY THE DEPARTMENT.

5 (H) PARTICIPATION IN A MULTIDISTRICT, MULTIAGENCY, SCHOOL
6 READINESS ADVISORY COMMITTEE THAT PROVIDES FOR THE INVOLVEMENT OF
7 CLASSROOM TEACHERS, PARENTS OR GUARDIANS OF PROGRAM PARTICIPANTS,
8 AND COMMUNITY, VOLUNTEER, AND SOCIAL SERVICE AGENCIES AND
9 ORGANIZATIONS, AS APPROPRIATE. THE ADVISORY COMMITTEE SHALL REVIEW
10 THE PROGRAM COMPONENTS LISTED IN THIS SUBSECTION AND MAKE
11 RECOMMENDATIONS FOR CHANGES TO THE GREAT START READINESS PROGRAM
12 FOR WHICH IT IS AN ADVISORY COMMITTEE.

13 (I) FOR GREAT START READINESS PROGRAMS OPERATED BY A DISTRICT
14 OR CONSORTIUM OF DISTRICTS, PROVIDE FOR THE ONGOING ARTICULATION OF
15 THE EARLY CHILDHOOD, KINDERGARTEN, AND FIRST GRADE PROGRAMS OFFERED
16 BY THE DISTRICT OR DISTRICTS.

17 (5) AN APPLICATION FOR FUNDING UNDER THIS SECTION SHALL
18 PROVIDE FOR THE FOLLOWING, IN A FORM AND MANNER DETERMINED BY THE
19 DEPARTMENT:

20 (A) ENSURE COMPLIANCE WITH ALL PROGRAM COMPONENTS DESCRIBED IN
21 SUBSECTION (4).

22 (B) ENSURE THAT MORE THAN 50% OF THE CHILDREN PARTICIPATING IN
23 AN ELIGIBLE GREAT START READINESS PROGRAM ARE CHILDREN WHO LIVE
24 WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN
25 300% OF THE FEDERAL POVERTY LEVEL.

26 (C) ENSURE THAT THE APPLICANT ONLY EMPLOYS QUALIFIED PERSONNEL
27 FOR THIS PROGRAM, AS FOLLOWS:

1 (i) TEACHERS POSSESSING PROPER TRAINING. FOR PROGRAMS THE
2 DISTRICT MANAGES ITSELF, A VALID TEACHING CERTIFICATE AND AN EARLY
3 CHILDHOOD (ZA) ENDORSEMENT ARE REQUIRED. THIS PROVISION DOES NOT
4 APPLY TO A DISTRICT THAT SUBCONTRACTS WITH AN ELIGIBLE CHILD
5 DEVELOPMENT PROGRAM. IN THAT SITUATION, A TEACHER MUST HAVE A VALID
6 MICHIGAN TEACHING CERTIFICATE WITH AN EARLY CHILDHOOD (ZA)
7 ENDORSEMENT, A VALID MICHIGAN TEACHING CERTIFICATE WITH A CHILD
8 DEVELOPMENT ASSOCIATE CREDENTIAL, OR A BACHELOR'S DEGREE IN CHILD
9 DEVELOPMENT WITH SPECIALIZATION IN PRESCHOOL TEACHING. HOWEVER,
10 BOTH OF THE FOLLOWING APPLY TO THIS SUBPARAGRAPH:

11 (A) IF A DISTRICT DEMONSTRATES TO THE DEPARTMENT THAT IT IS
12 UNABLE TO FULLY COMPLY WITH THIS SUBPARAGRAPH AFTER MAKING
13 REASONABLE EFFORTS TO COMPLY, TEACHERS WHO HAVE SIGNIFICANT BUT
14 INCOMPLETE TRAINING IN EARLY CHILDHOOD EDUCATION OR CHILD
15 DEVELOPMENT MAY BE EMPLOYED BY THE DISTRICT IF THE DISTRICT
16 PROVIDES TO THE DEPARTMENT, AND THE DEPARTMENT APPROVES, A PLAN FOR
17 EACH TEACHER TO COME INTO COMPLIANCE WITH THE STANDARDS IN THIS
18 SUBPARAGRAPH. A TEACHER'S COMPLIANCE PLAN MUST BE COMPLETED WITHIN
19 4 YEARS OF THE DATE OF EMPLOYMENT. PROGRESS TOWARD COMPLETION OF
20 THE COMPLIANCE PLAN SHALL CONSIST OF AT LEAST 2 COURSES PER
21 CALENDAR YEAR.

22 (B) FOR A SUBCONTRACTED PROGRAM, THE DEPARTMENT SHALL CONSIDER
23 A TEACHER WITH 90 CREDIT HOURS AND AT LEAST 4 YEARS' TEACHING
24 EXPERIENCE IN A QUALIFIED PRESCHOOL PROGRAM TO MEET THE
25 REQUIREMENTS UNDER THIS SUBPARAGRAPH.

26 (ii) PARAPROFESSIONALS POSSESSING PROPER TRAINING IN EARLY
27 CHILDHOOD DEVELOPMENT, INCLUDING AN ASSOCIATE'S DEGREE IN EARLY

1 CHILDHOOD EDUCATION OR CHILD DEVELOPMENT OR THE EQUIVALENT, OR A
2 CHILD DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL, OR THE EQUIVALENT AS
3 APPROVED BY THE STATE BOARD. HOWEVER, IF A DISTRICT DEMONSTRATES TO
4 THE DEPARTMENT THAT IT IS UNABLE TO FULLY COMPLY WITH THIS
5 SUBPARAGRAPH AFTER MAKING REASONABLE EFFORTS TO COMPLY, THE
6 DISTRICT MAY EMPLOY PARAPROFESSIONALS WHO HAVE COMPLETED AT LEAST 1
7 COURSE IN EARLY CHILDHOOD EDUCATION OR CHILD DEVELOPMENT IF THE
8 DISTRICT PROVIDES TO THE DEPARTMENT, AND THE DEPARTMENT APPROVES, A
9 PLAN FOR EACH PARAPROFESSIONAL TO COME INTO COMPLIANCE WITH THE
10 STANDARDS IN THIS SUBPARAGRAPH. A PARAPROFESSIONAL'S COMPLIANCE
11 PLAN MUST BE COMPLETED WITHIN 2 YEARS OF THE DATE OF EMPLOYMENT.
12 PROGRESS TOWARD COMPLETION OF THE COMPLIANCE PLAN SHALL CONSIST OF
13 AT LEAST 2 COURSES OR 60 CLOCK HOURS OF TRAINING PER CALENDAR YEAR.

14 (D) INCLUDE A PROGRAM BUDGET THAT CONTAINS ONLY THOSE COSTS
15 THAT ARE NOT REIMBURSED OR REIMBURSABLE BY FEDERAL FUNDING, THAT
16 ARE CLEARLY AND DIRECTLY ATTRIBUTABLE TO THE GREAT START READINESS
17 PROGRAM, AND THAT WOULD NOT BE INCURRED IF THE PROGRAM WERE NOT
18 BEING OFFERED. THE PROGRAM BUDGET SHALL INDICATE THE EXTENT TO
19 WHICH THESE FUNDS WILL SUPPLEMENT OTHER FEDERAL, STATE, LOCAL, OR
20 PRIVATE FUNDS. FUNDS RECEIVED UNDER THIS SECTION SHALL NOT BE USED
21 TO SUPPLANT ANY FEDERAL FUNDS BY THE APPLICANT TO SERVE CHILDREN
22 ELIGIBLE FOR A FEDERALLY FUNDED EXISTING PRESCHOOL PROGRAM THAT HAS
23 THE CAPACITY TO SERVE THOSE CHILDREN.

24 (6) FOR A GRANT RECIPIENT THAT ENROLLS PUPILS IN A FULL-DAY
25 PROGRAM FUNDED UNDER THIS SECTION, EACH CHILD ENROLLED IN THE FULL-
26 DAY PROGRAM SHALL BE COUNTED AS 2 CHILDREN SERVED BY THE PROGRAM
27 FOR PURPOSES OF DETERMINING THE NUMBER OF CHILDREN TO BE SERVED AND

1 FOR DETERMINING THE AMOUNT OF THE GRANT AWARD. A GRANT AWARD SHALL
2 NOT BE INCREASED SOLELY ON THE BASIS OF PROVIDING A FULL-DAY
3 PROGRAM. AS USED IN THIS SUBSECTION, "FULL-DAY PROGRAM" MEANS A
4 PROGRAM THAT OPERATES FOR AT LEAST THE SAME LENGTH OF DAY AS A
5 DISTRICT'S FIRST GRADE PROGRAM FOR A MINIMUM OF 4 DAYS PER WEEK, 30
6 WEEKS PER YEAR. A CLASSROOM THAT OFFERS A FULL-DAY PROGRAM MUST
7 ENROLL ALL CHILDREN FOR THE FULL DAY TO BE CONSIDERED A FULL-DAY
8 PROGRAM.

9 (7) ~~(4)~~—A district OR CONSORTIUM OF DISTRICTS receiving a
10 grant under this section may contract with for-profit or nonprofit
11 preschool center providers that meet all ~~provisions of the early~~
12 ~~childhood standards of quality for prekindergarten children adopted~~
13 ~~by the state board for the provision of the comprehensive~~
14 ~~compensatory program~~ REQUIREMENTS OF SUBSECTION (4) and retain for
15 administrative services an amount equal to not more than 5% of the
16 grant amount. A district OR CONSORTIUM OF DISTRICTS may expend not
17 more than 10% of the total grant amount for administration of the
18 program.

19 (8) ANY PUBLIC OR PRIVATE FOR-PROFIT OR NONPROFIT LEGAL ENTITY
20 OR AGENCY MAY APPLY FOR A COMPETITIVE GRANT UNDER THIS SECTION.
21 HOWEVER, A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT APPLY FOR A
22 COMPETITIVE GRANT UNDER THIS SECTION UNLESS THE DISTRICT,
23 INTERMEDIATE DISTRICT, OR CONSORTIUM OF DISTRICTS OR INTERMEDIATE
24 DISTRICTS IS ACTING AS A LOCAL GRANTEE FOR THE FEDERAL HEAD START
25 PROGRAM OPERATING UNDER THE HEAD START ACT, 42 USC 9831 TO 9852.

26 (9) ~~(5)~~ A ~~district receiving~~ A RECIPIENT OF funds under this
27 section shall report to the department on the midyear report the

1 number of children participating in the program who meet the income
2 or other eligibility criteria ~~specified under section 37(3)(g)~~
3 **PRESCRIBED BY THE DEPARTMENT** and the total number of children
4 participating in the program. For children participating in the
5 program who meet the income or other eligibility criteria specified
6 under ~~section 37(3)(g), districts~~ **SUBSECTION (5)(B), A RECIPIENT**
7 shall also report whether or not a parent is available to provide
8 care based on employment status. For the purposes of this
9 subsection, "employment status" shall be defined by the department
10 of human services in a manner consistent with maximizing the amount
11 of spending that may be claimed for temporary assistance for needy
12 families maintenance of effort purposes.

13 Sec. 32j. (1) From the appropriations in section 11, there is
14 allocated an amount not to exceed \$5,000,000.00 for ~~2008-2009-2009-~~
15 **2010** for great parents, great start grants to intermediate
16 districts to provide programs for parents with young children. The
17 purpose of these programs is to encourage early mathematics and
18 reading literacy, improve school readiness, reduce the need for
19 special education services, and foster the maintenance of stable
20 families by encouraging positive parenting skills.

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

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

27 (b) Providing parents with methods to enhance parent-child

1 interaction that promote social and emotional development and age-
2 appropriate language, mathematics, and early reading skills for
3 young children; including, but not limited to, encouraging parents
4 to read to their preschool children at least 1/2 hour per day.

5 (c) Providing parents with examples of learning opportunities
6 to promote intellectual, physical, and social growth of young
7 children, including the acquisition of age-appropriate language,
8 mathematics, and early reading skills.

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

11 (3) To receive a grant under this section, an intermediate
12 district shall submit a plan to the department not later than
13 October 15, ~~2008~~ 2009 in the form and manner prescribed by the
14 department. The plan shall do all of the following in a manner
15 prescribed by the department:

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

22 (b) Demonstrate an adequate collaboration of local entities
23 involved in providing programs and services for preschool children
24 and their parents and, where there is a great start collaborative,
25 demonstrate that the planned services are part of the community's
26 great start strategic plan.

27 (c) Provide a projected budget for the program to be funded.

1 The intermediate district shall provide at least a 20% local match
2 from local public or private resources for the funds received under
3 this section. Not more than 1/2 of this matching requirement, up to
4 a total of 10% of the total project budget, may be satisfied
5 through in-kind services provided by participating providers of
6 programs or services. In addition, not more than 10% of the grant
7 may be used for program administration.

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

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

17 (a) The superintendent shall approve or disapprove the plans
18 and notify the intermediate district of that decision not later
19 than November 15, ~~2008-2009~~. The amount allocated to each
20 intermediate district shall be at least an amount equal to 100% of
21 the intermediate district's ~~2007-2008-2008-2009~~ payment under this
22 section.

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

27 (c) The department shall submit a report to the state budget

1 director and the senate and house fiscal agencies summarizing the
2 data collection reports described in subsection (4) by December 1
3 of each year.

4 (6) An intermediate district receiving funds under this
5 section shall use the funds only for the program funded under this
6 section. An intermediate district receiving funds under this
7 section may carry over any unexpended funds received under this
8 section into the next fiscal year and may expend those unused funds
9 in the next fiscal year. A recipient of a grant shall return any
10 unexpended grant funds to the department in the manner prescribed
11 by the department not later than September 30 of the next fiscal
12 year after the fiscal year in which the funds are received.

13 ~~Sec. 32/. (1) From the general fund money appropriated in~~
14 ~~section 11, there is allocated for 2008-2009 an amount not to~~
15 ~~exceed \$15,150,000.00 for competitive great start readiness program~~
16 ~~grants for the purposes of preparing children for success in~~
17 ~~school, through comprehensive part-day or full-day programs that~~
18 ~~include language, early literacy, early mathematics, nutritional~~
19 ~~services, and health and developmental screening, as described in~~
20 ~~the early childhood standards of quality for prekindergarten for~~
21 ~~participating children; a plan for parent and legal guardian~~
22 ~~involvement; and provision of referral services for families~~
23 ~~eligible for community social services. These grants shall be made~~
24 ~~available through a competitive application process as follows:~~
25 ~~— (a) Any public or private nonprofit legal entity or agency may~~
26 ~~apply for a grant under this section. However, a district or~~
27 ~~intermediate district may not apply for a grant under this section~~

1 ~~unless the district or intermediate district is acting as a local~~
2 ~~grantee for the federal head start program operating under the head~~
3 ~~start act, 42 USC 9831 to 9852.~~

4 ~~—— (b) An applicant shall submit an application in the form and~~
5 ~~manner prescribed by the department.~~

6 (1) ~~(e)~~—The department shall establish a diverse interagency
7 committee to review the applications **FOR COMPETITIVE GRANTS UNDER**
8 **SECTION 32D**. The committee shall be composed of representatives of
9 the department, appropriate community, volunteer, and social
10 service agencies and organizations, and parents.

11 (2) ~~(d)~~—The superintendent shall award the **COMPETITIVE** grants
12 **UNDER SECTION 32D TO APPLICANTS THAT ARE IN COMPLIANCE WITH THAT**
13 **SECTION** and shall give priority for awarding the **COMPETITIVE** grants
14 ~~based upon the following criteria:~~

15 ~~—— (i) Compliance with the state board approved early childhood~~
16 ~~standards of quality for prekindergarten.~~

17 ~~—— (ii) Active and continuous involvement of the parents or~~
18 ~~guardians of the children participating in the program.~~

19 ~~—— (iii) Employment of teachers possessing proper training,~~
20 ~~including a valid Michigan teaching certificate with an early~~
21 ~~childhood (ZA) endorsement, a valid Michigan teaching certificate~~
22 ~~with a child development associate credential (CDA), or the~~
23 ~~equivalent from another state, or a bachelor's degree in child~~
24 ~~development with a specialization in preschool teaching. However,~~
25 ~~both of the following apply to this subparagraph:~~

26 ~~—— (A) If an applicant demonstrates to the department that it is~~
27 ~~unable to fully comply with this subparagraph after making~~

~~1 reasonable efforts to comply, the superintendent may still give
2 priority to the applicant if the applicant will employ teachers who
3 have significant but incomplete training in early childhood
4 education or child development if the applicant provides to the
5 department, and the department approves, a plan for each teacher to
6 come into compliance with the standards in this subparagraph. A
7 teacher's compliance plan must be completed within 4 years of the
8 date of employment. Progress toward completion of the compliance
9 plan shall consist of at least 2 courses per calendar year.~~

~~10 ——— (B) For a subcontracted program, the department shall consider
11 a teacher with 90 credit hours and at least 4 years' teaching
12 experience in a qualified preschool program to meet the
13 requirements under this subparagraph.~~

~~14 ——— (iv) Employment of paraprofessionals possessing proper training
15 in early childhood development, including an associate's degree in
16 early childhood education or child development or the equivalent,
17 or a child development associate (CDA) credential, or the
18 equivalent, as approved by the state board. If an applicant
19 demonstrates to the department that it is unable to fully comply
20 with this subparagraph, after making reasonable efforts to comply,
21 the superintendent of public instruction may still give priority to
22 an applicant if the applicant will employ paraprofessionals who
23 have completed at least 1 course in early childhood education or
24 child development if the applicant provides to the department, and
25 the department approves, a plan for each paraprofessional to come
26 into compliance with the standards in this subparagraph. A
27 paraprofessional's compliance plan must be completed within 2 years~~

1 of the date of employment. Progress toward completion of the
2 compliance plan shall consist of at least 2 courses or 60 clock
3 hours of training per calendar year.

4 ~~—— (v) Evidence of collaboration with the community of child
5 development programs, including, but not limited to, great start
6 readiness and head start providers, including documentation of the
7 total number of children in the community who would meet the
8 criteria established in subparagraph (vii), and who are being served
9 by other providers, and the number of children who will remain
10 unserved by other community early childhood programs if this
11 program is funded.~~

12 ~~—— (vi) The extent to which these funds will supplement other
13 federal, state, local, or private funds.~~

14 ~~—— (vii) The extent to which these funds will be targeted to
15 children who will be at least 4, but less than 5, years of age as
16 of December 1 of the year in which the programs are offered and who
17 show evidence of 2 or more risk factors as defined in the state
18 board report entitled "children at risk" that was adopted by the
19 state board on April 5, 1988.~~

20 ~~—— (viii) The program offers or contracts **TO PROGRAMS THAT OFFER OR**
21 **CONTRACT** with another nonprofit **OR FOR-PROFIT** early childhood
22 program to provide supplementary day care and thereby offers full-
23 day programs as part of its early childhood development program.~~

24 ~~—— (ix) The application contains a plan approved by the department
25 to conduct and report annual school readiness program evaluations
26 and continuous improvement plans using criteria approved by the
27 department. At a minimum, the evaluations shall include a self-~~

1 ~~assessment of program quality and assessment of the gains in~~
2 ~~educational readiness and progress of the children participating in~~
3 ~~the program.~~

4 ~~—— (c) An application shall demonstrate that the program has~~
5 ~~established or has joined a multidistrict, multiagency school~~
6 ~~readiness advisory committee that is involved in the planning and~~
7 ~~evaluation of the program and that provides for the involvement of~~
8 ~~parents and appropriate community, volunteer, and social service~~
9 ~~agencies and organizations. The advisory committee shall include at~~
10 ~~least 1 parent or guardian of a program participant for every 18~~
11 ~~children enrolled in the program, with a minimum of 2 parent or~~
12 ~~guardian representatives. The advisory committee shall do all of~~
13 ~~the following:~~

14 ~~—— (i) Review the mechanisms and criteria used to determine~~
15 ~~referrals for participation in the great start readiness program.~~

16 ~~—— (ii) Review the health screening program for all participants.~~

17 ~~—— (iii) Review the nutritional services provided to all~~
18 ~~participants.~~

19 ~~—— (iv) Review the mechanisms in place for the referral of~~
20 ~~families to community social service agencies, as appropriate.~~

21 ~~—— (v) Review the collaboration with and the involvement of~~
22 ~~appropriate community, volunteer, and social service agencies and~~
23 ~~organizations in addressing all aspects of education disadvantage.~~

24 ~~—— (vi) Review, evaluate, and make recommendations for changes in~~
25 ~~the school readiness program.~~

26 ~~—— (vii) Review the agency's participation in a collaborative~~
27 ~~recruitment and enrollment process with, at a minimum, all other~~

1 ~~funded preschool programs that may serve children in the same~~
2 ~~geographic area, including school district part-day programs~~
3 ~~described under section 32d and head start programs, to assure that~~
4 ~~each child is enrolled in the program most appropriate to his or~~
5 ~~her needs and to maximize the use of federal, state, and local~~
6 ~~funds. The collaborative recruitment and enrollment process should~~
7 ~~be established to reflect the geographic service areas of the~~
8 ~~collaborative partners. An effective process includes opportunities~~
9 ~~for families to meet with and learn about each program for which~~
10 ~~their child is eligible. A child who is income eligible for head~~
11 ~~start must be referred to head start. If, after referral to head~~
12 ~~start, a family chooses to enroll a head start eligible child in~~
13 ~~the great start readiness program, a waiver indicating that the~~
14 ~~family has been informed of the child's eligibility to attend head~~
15 ~~start must be completed by the family in a form and manner~~
16 ~~determined by the department and submitted to the great start~~
17 ~~readiness program before the child may be enrolled in the great~~
18 ~~start readiness program. The great start readiness program shall~~
19 ~~retain the waiver in the child's enrollment file.~~

20 ~~—— (2) To be eligible for a grant under this section, the agency~~
21 ~~must demonstrate participation in a collaborative recruitment and~~
22 ~~enrollment process with all other funded preschool programs serving~~
23 ~~children in the same geographic area to assure that each child is~~
24 ~~enrolled in the program most appropriate to his or her needs.~~

25 ~~—— (3) To be eligible for a grant under this section, a program~~
26 ~~shall demonstrate that more than 50% of the children participating~~
27 ~~in the program live with families with a household income that is~~

1 ~~less than or equal to 300% of the federal poverty level.~~

2 (3) ~~(4)~~—The superintendent may award **COMPETITIVE** grants under
3 ~~this section 32D~~ at whatever level the superintendent determines
4 appropriate. However, the amount of a **COMPETITIVE** grant under ~~this~~
5 **THAT** section, when combined with other sources of state revenue for
6 this program, shall not exceed \$3,400.00 per participating child or
7 the cost of the program, whichever is less.

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

20 (4) ~~(6)~~—Except as otherwise provided in this subsection, an
21 applicant that received a new grant under this section for 2007-
22 2008 shall also receive priority for funding under this section for
23 2008-2009 and **COMPETITIVE GRANT FUNDING UNDER SECTION 32D FOR 2009-**
24 2010. However, after 3 fiscal years of continuous funding, an
25 applicant is required to compete openly with new programs and other
26 programs completing their third year. All grant awards under this
27 section are contingent on the availability of funds and documented

1 evidence of grantee compliance with early childhood standards of
2 quality for prekindergarten, as approved by the state board, and
3 with all operational, fiscal, administrative, and other program
4 requirements.

5 (5) ~~(7)~~—Notwithstanding section 17b, **COMPETITIVE GRANT**
6 payments to eligible entities under ~~this~~ section 32D shall be paid
7 on a schedule and in a manner determined by the department.

8 Sec. 32n. (1) From the funds appropriated in section 11, there
9 is allocated an amount not to exceed \$0.00 for a statewide before-
10 or after-school program for children and youth. Before-school
11 programs are limited to school-aged children. This allocation will
12 be distributed through grants to counties based upon demonstrated
13 need. A single county shall not receive any more than 20% of the
14 total allocation. The department shall give priority for
15 distribution of this funding to programs that have secured
16 additional governmental and nongovernmental matching funds.

17 (2) The department shall share the administrative duties of
18 operating this program with the department of human services,
19 department of community health, ~~department of history, arts, and~~
20 ~~libraries,~~ and department of **ENERGY**, labor, and economic growth.

21 (3) Funding priority in subsection (1) shall be reserved for
22 programs that use a curriculum focused upon improving academic
23 performance and healthy behavior, including abstinence from abuse
24 of alcohol and illegal drugs.

25 Sec. 39. (1) **A DISTRICT RECEIVING FUNDS UNDER SECTION 32D**
26 **SHALL SUBMIT A PREAPPLICATION, IN A FORM AND MANNER PRESCRIBED BY**
27 **THE DEPARTMENT, BY A DATE SPECIFIED BY THE DEPARTMENT IN THE**

1 IMMEDIATELY PRECEDING STATE FISCAL YEAR. THE PREAPPLICATION SHALL
2 INCLUDE A COMPREHENSIVE NEEDS ASSESSMENT AND COMMUNITY
3 COLLABORATION PLAN, WHICH IS ENDORSED BY THE LOCAL GREAT START
4 COLLABORATIVE AND IS PART OF THE COMMUNITY'S GREAT START STRATEGIC
5 PLAN THAT INCLUDES, BUT IS NOT LIMITED TO, GREAT START READINESS
6 PROGRAM AND HEAD START PROVIDERS, AND SHALL IDENTIFY ALL OF THE
7 FOLLOWING:

8 (A) THE ESTIMATED TOTAL NUMBER OF CHILDREN IN THE COMMUNITY
9 WHO MEET THE CRITERIA OF SECTION 32D AND HOW THAT CALCULATION WAS
10 MADE.

11 (B) THE ESTIMATED NUMBER OF CHILDREN IN THE COMMUNITY WHO MEET
12 THE CRITERIA OF SECTION 32D AND ARE BEING SERVED BY OTHER EARLY
13 CHILDHOOD DEVELOPMENT PROGRAMS OPERATING IN THE COMMUNITY, AND HOW
14 THAT CALCULATION WAS MADE.

15 (C) THE NUMBER OF CHILDREN THE DISTRICT WILL BE ABLE TO SERVE
16 WHO MEET THE CRITERIA OF SECTION 32D INCLUDING A VERIFICATION OF
17 PHYSICAL FACILITY AND STAFF RESOURCES CAPACITY.

18 (D) THE ESTIMATED NUMBER OF CHILDREN WHO MEET THE CRITERIA OF
19 SECTION 32D WHO WILL REMAIN UNSERVED AFTER THE DISTRICT AND
20 COMMUNITY EARLY CHILDHOOD PROGRAMS HAVE MET THEIR FUNDED
21 ENROLLMENTS. THE SCHOOL DISTRICT SHALL MAINTAIN A WAITING LIST OF
22 IDENTIFIED UNSERVED ELIGIBLE CHILDREN WHO WOULD BE SERVED WHEN
23 OPENINGS ARE AVAILABLE.

24 (2) A DISTRICT RECEIVING FUNDS UNDER SECTION 32D SHALL ALSO
25 SUBMIT A FINAL APPLICATION FOR APPROVAL, IN A FORM AND MANNER
26 PRESCRIBED BY THE DEPARTMENT, BY A DATE SPECIFIED BY THE
27 DEPARTMENT, THAT DETAILS HOW THE DISTRICT COMPLIES WITH THE PROGRAM

1 COMPONENTS ESTABLISHED BY THE DEPARTMENT PURSUANT TO SECTION 32D.

2 (3) THE NUMBER OF PREKINDERGARTEN CHILDREN CONSTRUED TO BE IN
3 NEED OF SPECIAL READINESS ASSISTANCE UNDER SECTION 32D SHALL BE
4 CALCULATED FOR EACH DISTRICT IN THE FOLLOWING MANNER: 1/2 OF THE
5 PERCENTAGE OF THE DISTRICT'S PUPILS IN GRADES 1 TO 5 WHO ARE
6 ELIGIBLE FOR FREE LUNCH, AS DETERMINED USING THE DISTRICT'S PUPIL
7 MEMBERSHIP COUNT AS OF THE PUPIL MEMBERSHIP COUNT DAY IN THE SCHOOL
8 YEAR PRIOR TO THE FISCAL YEAR FOR WHICH THE CALCULATION IS MADE,
9 UNDER THE RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT, 42 USC 1751
10 TO 1769I, SHALL BE MULTIPLIED BY THE AVERAGE KINDERGARTEN
11 ENROLLMENT OF THE DISTRICT ON THE PUPIL MEMBERSHIP COUNT DAY OF THE
12 2 IMMEDIATELY PRECEDING FISCAL YEARS.

13 (4) ~~(1)~~ Beginning in 2008-2009, the initial allocation for
14 each fiscal year to each eligible district under section 32d shall
15 be determined by multiplying the number of children determined ~~in~~
16 ~~section 38~~ BY THE FORMULA UNDER SUBSECTION (3) or the number of
17 children the district indicates it will be able to serve under
18 ~~section 37(2)(e)~~ SUBSECTION (1) (C), whichever is less, by \$3,400.00
19 and shall be distributed among districts in decreasing order of
20 concentration of eligible children as determined by ~~section 38~~ THE
21 FORMULA UNDER SUBSECTION (3). If the number of children a district
22 indicates it will be able to serve under ~~section 37(2)(e)~~
23 SUBSECTION (1) (C) includes children able to be served in a full-day
24 program, then the number able to be served in a full-day program
25 shall be doubled for the purposes of making this calculation of the
26 lesser of the number of children determined ~~in section 38~~ BY THE
27 FORMULA UNDER SUBSECTION (3) and the number of children the

1 district indicates it will be able to serve under ~~section 37(2)(e)~~
2 **SUBSECTION (1)(C)** and determining the amount of the initial
3 allocation to the district under section 32d. A district may
4 contract with a head start agency to serve children enrolled in
5 head start with a full-day program by blending head start funds
6 with a part-day great start readiness program allocation. All head
7 start and great start readiness program policies and regulations
8 apply to the blended program.

9 (5) ~~(2)~~—If funds appropriated **FOR ELIGIBLE DISTRICTS** in
10 section 32d remain after the initial allocation under subsection
11 ~~(1)(4)~~, the allocation under this subsection shall be distributed
12 to each eligible district under section 32d in decreasing order of
13 concentration of eligible children as determined by ~~section 38~~ **THE**
14 **FORMULA UNDER SUBSECTION (3)**. The allocation shall be determined by
15 multiplying the number of children each eligible district served in
16 the immediately preceding fiscal year or the number of children the
17 district indicates it will be able to serve under ~~section 37(2)(e)~~
18 **SUBSECTION (1)(C)**, whichever is less, minus the number of children
19 for which the district received funding in subsection ~~(1)(4)~~ by
20 \$3,400.00.

21 (6) ~~(3)~~—If funds appropriated **FOR ELIGIBLE DISTRICTS** in
22 section 32d remain after the allocations under subsections ~~(1)~~ and
23 ~~(2)(4)~~ **AND (5)**, remaining funds shall be distributed to each
24 eligible district under section 32d in decreasing order of
25 concentration of eligible children as determined by ~~section 38~~ **THE**
26 **FORMULA UNDER SUBSECTION (3)**. If the number of children the
27 district indicates it will be able to serve under ~~section 37(2)(e)~~

1 **SUBSECTION (1) (C)** exceeds the number of children for which funds
2 have been received under subsections ~~(1) and (2)~~ **(4) AND (5)**, the
3 allocation under this subsection shall be determined by multiplying
4 the number of children the district indicates it will be able to
5 serve under ~~section 37(2)(c)~~ **SUBSECTION (1) (C)** less the number of
6 children for which funds have been received under subsections ~~(1)~~
7 ~~and (2)~~ **(4) AND (5)** by \$3,400.00 until the funds allocated **FOR**
8 **ELIGIBLE DISTRICTS** in section 32d are distributed.

9 (7) ~~(4)~~—If a district is participating in a program under
10 section 32d for the first year, the maximum allocation under this
11 section is 32 multiplied by \$3,400.00.

12 ~~—(5) A district that received funds under this section in at~~
13 ~~least 1 of the 2 immediately preceding fiscal years shall receive~~
14 ~~priority in funding over other eligible districts. However, funding~~
15 ~~beyond 3 state fiscal years is contingent upon the availability of~~
16 ~~funds and documented evidence satisfactory to the department of~~
17 ~~compliance with all operational, fiscal, administrative, and other~~
18 ~~program requirements.~~

19 (8) ~~(6)~~—A district that offers supplementary day care funded
20 by funds other than those received under this section and therefore
21 offers full-day programs as part of its early childhood development
22 program shall receive priority in the allocation of funds under
23 ~~this section 32D~~ over other eligible districts. ~~other than those~~
24 ~~districts funded under subsection (5).~~

25 (9) ~~(7)~~—For any district with 315 or more eligible pupils, the
26 number of eligible pupils shall be 65% of the number calculated
27 ~~under section 38~~ **USING THE FORMULA UNDER SUBSECTION (3)**. However,

1 none of these districts may have less than 315 pupils for purposes
2 of calculating the tentative allocation **FOR ELIGIBLE DISTRICTS**
3 under section 32d.

4 (10) ~~(8)~~—If, taking into account the total amount to be
5 allocated to the district as calculated under this section, a
6 district determines that it is able to include additional eligible
7 children in the great start readiness program without additional
8 funds under ~~this~~ section **32D**, the district may include additional
9 eligible children but shall not receive additional funding under
10 ~~this~~ section **32D** for those children.

11 ~~—— (9) For a district that enrolls pupils in a full day program~~
12 ~~under section 32d, each child enrolled in the full day program~~
13 ~~shall be counted as 2 children served by the program for purposes~~
14 ~~of determining the number of children to be served and for~~
15 ~~determining the allocation under section 32d. A district's~~
16 ~~allocation shall not be increased solely on the basis of providing~~
17 ~~a full day program.~~

18 ~~—— (10) As used in this section, "part day program" means a~~
19 ~~program that operates at least 4 days per week, 30 weeks per year,~~
20 ~~with at least 300 hours of teacher child contact, and "full day~~
21 ~~program" means a program that operates for at least the same length~~
22 ~~of day as the district's first grade program for a minimum of 4~~
23 ~~days per week, 30 weeks per year. A classroom that offers a full-~~
24 ~~day program must enroll all children for the full day to be~~
25 ~~considered a full day program.~~

26 (11) **A CONSORTIUM OF 2 OR MORE DISTRICTS SHALL BE ELIGIBLE FOR**
27 **AN ALLOCATION UNDER SECTION 32D IF THE DISTRICTS DESIGNATE A**

1 DISTRICT OR INTERMEDIATE DISTRICT TO SERVE AS THE FISCAL AGENT FOR
2 THE CONSORTIUM'S ALLOCATION. A CONSORTIUM SHALL SUBMIT A SINGLE
3 APPLICATION FOR THE TOTAL NUMBER OF CHILDREN TO BE SERVED. THE
4 CONSORTIUM MAY DECIDE, WITH APPROVAL OF ALL CONSORTIUM MEMBERS, TO
5 SERVE NUMBERS OF CHILDREN BASED ON THE ALLOCATION TO EACH DISTRICT
6 OR BASED ON THE ALLOCATION TO THE ENTIRE CONSORTIUM, ALLOWING
7 CHILDREN RESIDING IN ANY DISTRICT IN THE CONSORTIUM TO BE SERVED BY
8 THE CONSORTIUM AT ANY LOCATION.

9 Sec. 39a. (1) From the federal funds appropriated in section
10 11, there is allocated for ~~2008-2009~~ 2009-2010 to districts,
11 intermediate districts, and other eligible entities all available
12 federal funding, estimated at \$752,987,500.00, for the federal
13 programs under the no child left behind act of 2001, Public Law
14 107-110. These funds are allocated as follows:

15 (a) An amount estimated at \$8,033,600.00 to provide students
16 with drug- and violence-prevention programs and to implement
17 strategies to improve school safety, funded from DED-OESE, drug-
18 free schools and communities funds.

19 (b) An amount estimated at \$7,461,800.00 for the purpose of
20 improving teaching and learning through a more effective use of
21 technology, funded from DED-OESE, educational technology state
22 grant funds.

23 (c) An amount estimated at \$109,411,900.00 for the purpose of
24 preparing, training, and recruiting high-quality teachers and class
25 size reduction, funded from DED-OESE, improving teacher quality
26 funds.

27 (d) An amount estimated at \$10,322,300.00 for programs to

1 teach English to limited English proficient (LEP) children, funded
2 from DED-OESE, language acquisition state grant funds.

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

6 (f) An amount estimated at \$898,300.00 for rural and low
7 income schools, funded from DED-OESE, rural and low income school
8 funds.

9 (g) An amount estimated at \$1,000.00 to help schools develop
10 and implement comprehensive school reform programs, funded from
11 DED-OESE, title I and title X, comprehensive school reform funds.

12 (h) An amount estimated at \$517,479,800.00 to provide
13 supplemental programs to enable educationally disadvantaged
14 children to meet challenging academic standards, funded from DED-
15 OESE, title I, disadvantaged children funds.

16 (i) An amount estimated at \$2,152,700.00 for the purpose of
17 providing unified family literacy programs, funded from DED-OESE,
18 title I, even start funds.

19 (j) An amount estimated at \$7,797,700.00 for the purpose of
20 identifying and serving migrant children, funded from DED-OESE,
21 title I, migrant education funds.

22 (k) An amount estimated at \$24,733,200.00 to promote high-
23 quality school reading instruction for grades K-3, funded from DED-
24 OESE, title I, reading first state grant funds.

25 (l) An amount estimated at \$2,849,000.00 for the purpose of
26 implementing innovative strategies for improving student
27 achievement, funded from DED-OESE, title VI, innovative strategies

1 funds.

2 (m) An amount estimated at \$35,710,100.00 for the purpose of
3 providing high-quality extended learning opportunities, after
4 school and during the summer, for children in low-performing
5 schools, funded from DED-OESE, twenty-first century community
6 learning center funds. Of these funds, \$50,000.00 may be used to
7 support the Michigan after-school partnership. All of the following
8 apply to the Michigan after-school partnership:

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

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

22 (iii) Participation in the Michigan after-school partnership
23 shall be expanded beyond the membership of the initial Michigan
24 after-school initiative to increase the representation of parents,
25 youth, foundations, employers, and others with experience in
26 education, child care, after-school and youth development services,
27 and crime and violence prevention, and to include representation

1 from the department of community health. Each year, on or before
2 December 31, the Michigan after-school partnership shall report its
3 progress in reaching the recommendations set forth in the Michigan
4 after-school initiative's report to the legislature and the
5 governor.

6 (n) An amount estimated at \$17,586,100.00 to help support
7 local school improvement efforts, funded from DED-OESE, title I,
8 local school improvement grants.

9 (2) From the federal funds appropriated in section 11, there
10 is allocated for ~~2008-2009~~ **2009-2010** to districts, intermediate
11 districts, and other eligible entities all available federal
12 funding, estimated at \$32,559,700.00, for the following programs
13 that are funded by federal grants:

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

17 (b) An amount estimated at \$1,814,100.00 to provide services
18 to homeless children and youth, funded from DED-OVAE, homeless
19 children and youth funds.

20 (c) An amount estimated at \$200,000.00 for refugee children
21 school impact grants, funded from HHS-ACF, refugee children school
22 impact funds.

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

26 (e) An amount estimated at \$28,500,000.00 for providing career
27 and technical education services to pupils, funded from DED-OVAE,

1 basic grants to states.

2 (3) To the extent allowed under federal law, the funds
3 allocated under subsection (1)(h), (i), (k), and (n) may be used
4 for 1 or more reading improvement programs that meet at least 1 of
5 the following:

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

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

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

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

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

1 Notwithstanding section 17b, payments of federal funds to
2 districts, intermediate districts, and other eligible entities
3 under this section shall be paid on a schedule determined by the
4 department.

5 (5) As used in this section:

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

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

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

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

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

15 Sec. 41. From the appropriation in section 11, there is
16 allocated an amount not to exceed \$2,800,000.00 for ~~2008-2009-2009-~~
17 **2010** to applicant districts and intermediate districts offering
18 programs of instruction for pupils of limited English-speaking
19 ability under section 1153 of the revised school code, MCL
20 380.1153. Reimbursement shall be on a per pupil basis and shall be
21 based on the number of pupils of limited English-speaking ability
22 in membership on the pupil membership count day. Funds allocated
23 under this section shall be used solely for instruction in
24 speaking, reading, writing, or comprehension of English. A pupil
25 shall not be counted under this section or instructed in a program
26 under this section for more than 3 years.

27 Sec. 51a. (1) From the appropriation in section 11, there is

1 allocated for 2008-2009 an amount not to exceed ~~\$1,023,783,000.00~~
2 **\$1,018,533,000.00 AND FOR 2009-2010 AN AMOUNT NOT TO EXCEED**
3 **\$1,065,483,000.00** from state sources and all available federal
4 funding under sections 611 to 619 of part B of the individuals with
5 disabilities education act, 20 USC 1411 to 1419, estimated at
6 \$350,700,000.00, plus any carryover federal funds from previous
7 year appropriations. The allocations under this subsection are for
8 the purpose of reimbursing districts and intermediate districts for
9 special education programs, services, and special education
10 personnel as prescribed in article 3 of the revised school code,
11 MCL 380.1701 to 380.1766; net tuition payments made by intermediate
12 districts to the Michigan schools for the deaf and blind; and
13 special education programs and services for pupils who are eligible
14 for special education programs and services according to statute or
15 rule. For meeting the costs of special education programs and
16 services not reimbursed under this article, a district or
17 intermediate district may use money in general funds or special
18 education funds, not otherwise restricted, or contributions from
19 districts to intermediate districts, tuition payments, gifts and
20 contributions from individuals, or federal funds that may be
21 available for this purpose, as determined by the intermediate
22 district plan prepared pursuant to article 3 of the revised school
23 code, MCL 380.1701 to 380.1766. All federal funds allocated under
24 this section in excess of those allocated under this section for
25 2002-2003 may be distributed in accordance with the flexible
26 funding provisions of the individuals with disabilities education
27 act, Public Law 108-446, including, but not limited to, 34 CFR

1 300.206 and 300.208. Notwithstanding section 17b, payments of
2 federal funds to districts, intermediate districts, and other
3 eligible entities under this section shall be paid on a schedule
4 determined by the department.

5 (2) From the funds allocated under subsection (1), there is
6 allocated **EACH FISCAL YEAR FOR 2008-2009 AND FOR 2009-2010** the
7 amount necessary, estimated at ~~\$224,800,000.00~~ **\$227,700,000.00** for
8 2008-2009 **AND ESTIMATED AT \$240,800,000.00 FOR 2009-2010**, for
9 payments toward reimbursing districts and intermediate districts
10 for 28.6138% of total approved costs of special education,
11 excluding costs reimbursed under section 53a, and 70.4165% of total
12 approved costs of special education transportation. Allocations
13 under this 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 the basic foundation
21 allowance under section 20 for the current fiscal year, or, for a
22 special education pupil in membership in a district that is a
23 public school academy or university school, times an amount equal
24 to the amount per membership pupil calculated under section 20(6).
25 For an intermediate district, the amount allocated under this
26 subdivision toward fulfilling the specified percentages shall be an
27 amount per special education membership pupil, excluding pupils

1 described in subsection (12), and shall be calculated in the same
2 manner as for a district, using the foundation allowance under
3 section 20 of the pupil's district of residence, not to exceed the
4 basic foundation allowance under section 20 for the current fiscal
5 year, and that district's per pupil allocation under section
6 20j(2).

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

12 (3) From the funds allocated under subsection (1), there is
13 allocated **EACH FISCAL YEAR** for 2008-2009 **AND FOR 2009-2010** the
14 amount necessary, estimated at ~~\$1,600,000.00~~ **\$1,200,000.00 FOR**
15 **2008-2009 AND ESTIMATED AT \$900,000.00 FOR 2009-2010**, to make
16 payments to districts and intermediate districts under this
17 subsection. If the amount allocated to a district or intermediate
18 district for a fiscal year under subsection (2)(b) is less than the
19 sum of the amounts allocated to the district or intermediate
20 district for 1996-97 under sections 52 and 58, there is allocated
21 to the district or intermediate district for the fiscal year an
22 amount equal to that difference, adjusted by applying the same
23 proration factor that was used in the distribution of funds under
24 section 52 in 1996-97 as adjusted to the district's or intermediate
25 district's necessary costs of special education used in
26 calculations for the fiscal year. This adjustment is to reflect
27 reductions in special education program operations or services

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

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

24 (5) State funds shall be allocated on a total approved cost
25 basis. Federal funds shall be allocated under applicable federal
26 requirements, except that an amount not to exceed \$3,500,000.00 may
27 be allocated by the department **EACH FISCAL YEAR** for 2008-2009 **AND**

1 **FOR 2009-2010** to districts, intermediate districts, or other
2 eligible entities on a competitive grant basis for programs,
3 equipment, and services that the department determines to be
4 designed to benefit or improve special education on a statewide
5 scale.

6 (6) From the amount allocated in subsection (1), there is
7 allocated an amount not to exceed \$2,200,000.00 **EACH FISCAL YEAR**
8 for 2008-2009 **AND FOR 2009-2010** to reimburse 100% of the net
9 increase in necessary costs incurred by a district or intermediate
10 district in implementing the revisions in the administrative rules
11 for special education that became effective on July 1, 1987. As
12 used in this subsection, "net increase in necessary costs" means
13 the necessary additional costs incurred solely because of new or
14 revised requirements in the administrative rules minus cost savings
15 permitted in implementing the revised rules. Net increase in
16 necessary costs shall be determined in a manner specified by the
17 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) Beginning with the 2004-2005 fiscal year, a district or
14 intermediate district that employed special education support
15 services staff to provide special education support services in
16 2003-2004 or in a subsequent fiscal year and that in a fiscal year
17 after 2003-2004 receives the same type of support services from
18 another district or intermediate district shall report the cost of
19 those support services for special education reimbursement purposes
20 under this act. This subdivision does not prohibit the transfer of
21 special education classroom teachers and special education
22 classroom aides if the pupils counted in membership associated with
23 those special education classroom teachers and special education
24 classroom aides are transferred and counted in membership in the
25 other district or intermediate district in conjunction with the
26 transfer of those teachers and aides.

27 (c) If the department determines before bookclosing for ~~2007-~~

1 ~~2008-2008-2009~~ that the amounts allocated for ~~2007-2008-2008-2009~~
2 under subsections (2), (3), (6), (8), and (12) and sections 53a,
3 54, and 56 will exceed expenditures for ~~2007-2008-2008-2009~~ under
4 subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and
5 56, then for ~~2007-2008-2008-2009~~ only, for a district or
6 intermediate district whose reimbursement for ~~2007-2008-2008-2009~~
7 would otherwise be affected by subdivision (b), subdivision (b)
8 does not apply to the calculation of the reimbursement for that
9 district or intermediate district and reimbursement for that
10 district or intermediate district shall be calculated in the same
11 manner as it was for 2003-2004. If the amount of the excess
12 allocations under subsections (2), (3), (6), (8), and (12) and
13 sections 53a, 54, and 56 is not sufficient to fully fund the
14 calculation of reimbursement to those districts and intermediate
15 districts under this subdivision, then the calculations and
16 resulting reimbursement under this subdivision shall be prorated on
17 an equal percentage basis.

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

1 payment of a deductible amount and for an advance payment required
2 until the time a claim is paid.

3 (e) Beginning with calculations for 2004-2005, if an
4 intermediate district purchases a special education pupil
5 transportation service from a constituent district that was
6 previously purchased from a private entity; if the purchase from
7 the constituent district is at a lower cost, adjusted for changes
8 in fuel costs; and if the cost shift from the intermediate district
9 to the constituent does not result in any net change in the revenue
10 the constituent district receives from payments under sections 22b
11 and 51c, then upon application by the intermediate district, the
12 department shall direct the intermediate district to continue to
13 report the cost associated with the specific identified special
14 education pupil transportation service and shall adjust the costs
15 reported by the constituent district to remove the cost associated
16 with that specific service.

17 (8) From the allocation in subsection (1), there is allocated
18 **EACH FISCAL YEAR** for 2008-2009 **AND FOR 2009-2010** an amount not to
19 exceed \$15,313,900.00 to intermediate districts. The payment under
20 this subsection to each intermediate district shall be equal to the
21 amount of the 1996-97 allocation to the intermediate district under
22 subsection (6) of this section as in effect for 1996-97.

23 (9) A pupil who is enrolled in a full-time special education
24 program conducted or administered by an intermediate district or a
25 pupil who is enrolled in the Michigan schools for the deaf and
26 blind shall not be included in the membership count of a district,
27 but shall be counted in membership in the intermediate district of

1 residence.

2 (10) Special education personnel transferred from 1 district
3 to another to implement the revised school code shall be entitled
4 to the rights, benefits, and tenure to which the person would
5 otherwise be entitled had that person been employed by the
6 receiving district originally.

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

13 (12) From the funds allocated in subsection (1), there is
14 allocated **FOR EACH FISCAL YEAR** the amount necessary, estimated at
15 ~~\$7,100,000.00~~ **\$7,900,000.00** for 2008-2009 **AND ESTIMATED AT**
16 **\$8,400,000.00 FOR 2009-2010**, to pay the foundation allowances for
17 pupils described in this subsection. The allocation to a district
18 under this subsection shall be calculated by multiplying the number
19 of pupils described in this subsection who are counted in
20 membership in the district times the sum of the foundation
21 allowance under section 20 of the pupil's district of residence
22 plus the amount of the district's per pupil allocation under
23 section 20j(2), not to exceed the basic foundation allowance under
24 section 20 for the current fiscal year, or, for a pupil described
25 in this subsection who is counted in membership in a district that
26 is a public school academy or university school, times an amount
27 equal to the amount per membership pupil under section 20(6). The

1 allocation to an intermediate district under this subsection shall
2 be calculated in the same manner as for a district, using the
3 foundation allowance under section 20 of the pupil's district of
4 residence, not to exceed the basic foundation allowance under
5 section 20 for the current fiscal year, and that district's per
6 pupil allocation under section 20j(2). This subsection applies to
7 all of the following pupils:

8 (a) Pupils described in section 53a.

9 (b) Pupils counted in membership in an intermediate district
10 who are not special education pupils and are served by the
11 intermediate district in a juvenile detention or child caring
12 facility.

13 (c) Emotionally impaired pupils counted in membership by an
14 intermediate district and provided educational services by the
15 department of community health.

16 (13) If it is determined that funds allocated under subsection
17 (2) or (12) or under section 51c will not be expended, funds up to
18 the amount necessary and available may be used to supplement the
19 allocations under subsection (2) or (12) or under section 51c in
20 order to fully fund those allocations. After payments under
21 subsections (2) and (12) and section 51c, the remaining
22 expenditures from the allocation in subsection (1) shall be made in
23 the following order:

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

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

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

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

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

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

3 (14) The allocations under subsections (2), (3), and (12)
4 shall be allocations to intermediate districts only and shall not
5 be allocations to districts, but instead shall be calculations used
6 only to determine the state payments under section 22b.

7 (15) If a public school academy enrolls pursuant to this
8 section a pupil who resides outside of the intermediate district in
9 which the public school academy is located and who is eligible for
10 special education programs and services according to statute or
11 rule, or who is a child with disabilities, as defined under the
12 individuals with disabilities education act, Public Law 108-446,
13 the provision of special education programs and services and the
14 payment of the added costs of special education programs and
15 services for the pupil are the responsibility of the district and
16 intermediate district in which the pupil resides unless the
17 enrolling district or intermediate district has a written agreement
18 with the district or intermediate district in which the pupil
19 resides or the public school academy for the purpose of providing
20 the pupil with a free appropriate public education and the written
21 agreement includes at least an agreement on the responsibility for
22 the payment of the added costs of special education programs and
23 services for the pupil.

24 Sec. 51c. As required by the court in the consolidated cases
25 known as Durant v State of Michigan, Michigan supreme court docket
26 no. 104458-104492, from the allocation under section 51a(1), there
27 is allocated for ~~2008-2009~~ **EACH FISCAL YEAR** the amount necessary,

1 estimated at ~~\$721,400,000.00~~ **\$712,850,000.00 FOR 2008-2009 AND**
2 **ESTIMATED AT \$746,500,000.00 FOR 2009-2010**, for payments to
3 reimburse districts for 28.6138% of total approved costs of special
4 education excluding costs reimbursed under section 53a, and
5 70.4165% of total approved costs of special education
6 transportation. Funds allocated under this section that are not
7 expended in the state fiscal year for which they were allocated, as
8 determined by the department, may be used to supplement the
9 allocations under sections 22a and 22b in order to fully fund those
10 calculated allocations for the same fiscal year.

11 Sec. 51d. (1) From the federal funds appropriated in section
12 11, there is allocated for ~~2008-2009~~ **2009-2010** all available
13 federal funding, estimated at \$74,000,000.00, for special education
14 programs that are funded by federal grants. All federal funds
15 allocated under this section shall be distributed in accordance
16 with federal law. Notwithstanding section 17b, payments of federal
17 funds to districts, intermediate districts, and other eligible
18 entities under this section shall be paid on a schedule determined
19 by the department.

20 (2) From the federal funds allocated under subsection (1), the
21 following amounts are allocated for ~~2008-2009~~ **2009-2010**:

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

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

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

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

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

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

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

27 (b) Pupils who are residents of institutions operated by the

1 department of community health.

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

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

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

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

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

20 (5) Not more than \$12,800,000.00 of the allocation for ~~2008-~~
21 ~~2009-2009-2010~~ in section 51a(1) shall be allocated under this
22 section.

23 Sec. 54. Each intermediate district shall receive an amount
24 per pupil for each pupil in attendance at the Michigan schools for
25 the deaf and blind. The amount shall be proportionate to the total
26 instructional cost at each school. Not more than \$1,688,000.00 of
27 the allocation for ~~2008-2009-2009-2010~~ in section 51a(1) shall be

1 allocated under this section.

2 Sec. 54a. (1) From the state school aid fund money
3 appropriated in section 11, there is allocated an amount not to
4 exceed \$100,000.00 for ~~2008-2009~~ **2009-2010** to the lending library
5 located at central Michigan university from which districts and
6 intermediate districts can borrow assessment materials designed
7 specifically for children with severe loss of vision or hearing,
8 severe cognitive or motor disabilities, or multiple disabilities
9 and for children who require the most specialized types of
10 psychological and educational assessment.

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

19 Sec. 54c. From the general fund appropriation in section 11,
20 there is allocated to the department an amount not to exceed
21 \$80,000.00 ~~each fiscal year for 2007-2008 and for 2008-2009~~ **2009-**
22 **2010** for the department to make Newline available electronically
23 on a statewide basis for persons who are visually impaired.

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

25 (a) "Membership" means for a particular fiscal year the total
26 membership for the immediately preceding fiscal year of the
27 intermediate district and the districts constituent to the

1 intermediate district.

2 (b) "Millage levied" means the millage levied for special
3 education pursuant to part 30 of the revised school code, MCL
4 380.1711 to 380.1743, including a levy for debt service
5 obligations.

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

12 (2) From the allocation under section 51a(1), there is
13 allocated an amount not to exceed \$36,881,100.00 for ~~2008-2009~~
14 **2009-2010** to reimburse intermediate districts levying millages for
15 special education pursuant to part 30 of the revised school code,
16 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
17 reimbursement shall be limited as if the funds were generated by
18 these millages and governed by the intermediate district plan
19 adopted pursuant to article 3 of the revised school code, MCL
20 380.1701 to 380.1766. As a condition of receiving funds under this
21 section, an intermediate district distributing any portion of
22 special education millage funds to its constituent districts shall
23 submit for departmental approval and implement a distribution plan.

24 (3) Reimbursement for those millages levied in ~~2007-2008-2008-~~
25 **2009** shall be made in ~~2008-2009-2009-2010~~ at an amount per ~~2007-~~
26 ~~2008-2008-2009~~ membership pupil computed by subtracting from
27 ~~\$172,800.00~~ **\$179,700.00** the ~~2007-2008-2008-2009~~ taxable value

1 behind each membership pupil and multiplying the resulting
2 difference by the ~~2007-2008-2008-2009~~ 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 ~~2008-2009-2009-~~
5 **2010** 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, ~~2009-2010~~ 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 2008-2009~~

1 **\$29,902,825.00 FOR 2009-2010** to reimburse on an added cost basis
2 districts, except for a district that served as the fiscal agent
3 for a vocational education consortium in the 1993-94 school year,
4 and secondary area vocational-technical education centers for
5 secondary-level vocational-technical education programs, including
6 parenthood 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 2008-2009~~ **\$291,525.00 FOR**
4 **2009-2010** to intermediate districts with constituent districts that
5 had combined state and local revenue per membership pupil in the
6 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal
7 agent for a state board designated area vocational education center
8 in the 1993-94 school year, and had an adjustment made to their
9 1994-95 combined state and local revenue per membership pupil
10 pursuant to section 20d. The payment under this subsection to the
11 intermediate district shall equal the amount of the allocation to
12 the 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 an amount not to exceed \$9,000,000.00 for ~~2008-2009~~ **2009-2010** to
20 reimburse intermediate districts and area vocational-technical
21 education programs established under section 690(3) of the revised
22 school code, MCL 380.690, levying millages for area vocational-
23 technical education pursuant to sections 681 to 690 of the revised
24 school code, MCL 380.681 to 380.690. The purpose, use, and
25 expenditure of the reimbursement shall be limited as if the funds
26 were generated by those millages.

27 (3) Reimbursement for the millages levied in ~~2007-2008~~ **2008-**

1 2009 shall be made in ~~2008-2009~~ 2009-2010 at an amount per ~~2007-~~
2 ~~2008-2008-2009~~ membership pupil computed by subtracting from
3 ~~\$181,900.00~~ \$189,600.00 the ~~2007-2008-2008-2009~~ taxable value
4 behind each membership pupil and multiplying the resulting
5 difference by the ~~2008-2009~~ 2009-2010 millage levied.

6 Sec. 64. (1) From the appropriation in section 11, there is
7 allocated an amount not to exceed \$2,000,000.00 for ~~2008-2009-2009-~~
8 2010 for grants to intermediate districts or a district of the
9 first class that are in consortium with a community college or
10 state public university and a hospital **OR OTHER APPROPRIATE ENTITY**
11 to create and implement a middle college focused on the field of
12 health sciences **OR OTHER FIELD APPROVED BY THE SUPERINTENDENT OF**
13 **PUBLIC INSTRUCTION.**

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

18 (a) Outreach programs to provide information to middle school
19 and high school students about career opportunities in the health
20 sciences field **OR OTHER FIELD APPROVED BY THE SUPERINTENDENT OF**
21 **PUBLIC INSTRUCTION.**

22 (b) An individualized education plan for each pupil enrolled
23 in the program.

24 (c) Curriculum that includes entry-level college courses.

25 (d) Clinical rotations that provide opportunities for pupils
26 to observe careers in the health sciences **OR OTHER FIELD APPROVED**
27 **BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION.**

1 (e) Instruction in mathematics, science, and language arts
2 that is integrated, where appropriate, into the ~~health sciences~~
3 courses **IN THE APPROVED FIELD**.

4 (3) For the purposes of this section, "middle college" means a
5 series of courses and other requirements and conditions established
6 by the consortium that allow a pupil to graduate with a high school
7 diploma and a certificate or degree from a community college or
8 state public university.

9 (4) Beginning in 2006-2007, a district or intermediate
10 district may receive a grant under this section for up to 4
11 consecutive fiscal years. For the first 2 fiscal years of the grant
12 period, the grant amount shall be 100% of the award determined by
13 the department. For each of the remaining 2 fiscal years of the
14 grant period, the grant amount shall be an amount equal to 50% of
15 the recipient's grant amount for the previous fiscal year.

16 Sec. 65. (1) From the amount appropriated in section 11, there
17 is allocated an amount not to exceed \$980,100.00 for ~~2008-2009~~
18 **2009-2010** for grants to districts or intermediate districts, as
19 determined by the department, for eligible precollege programs in
20 engineering and the sciences.

21 (2) From the funds allocated under subsection (1), the
22 department shall award \$680,100.00 for ~~2008-2009-2009-2010~~ to the 2
23 eligible existing programs that received funds appropriated for
24 these purposes in the appropriations act containing the department
25 of **ENERGY**, labor, and economic growth budget for 2005-2006.

26 (3) From the funds allocated under subsection (1), the
27 department shall award \$75,000.00 for ~~2008-2009-2009-2010~~ to the

1 Kalamazoo regional education service agency to support an area
2 program substantially similar to the 2 eligible existing programs
3 receiving funds under subsection (2).

4 (4) From the funds allocated under subsection (1), the
5 department shall award \$225,000.00 for ~~2008-2009~~**2009-2010** to
6 eligible intermediate districts for programs to train pupils in
7 alternative energy. The department shall award \$75,000.00 to each
8 eligible intermediate district. The intermediate district shall use
9 the funds for engineering and sciences programs with industry level
10 partnerships that are in proximity to renewable energy facilities.
11 To be eligible for funds under this subsection, an intermediate
12 district must meet all of the following requirements:

13 (a) The combined total 2007-2008 pupil membership for all of
14 its constituent districts was less than 20,000 pupils.

15 (b) Levied at least .11 but not more than .19 operating mills
16 in 2007-2008.

17 (c) Had a 2007 taxable value greater than \$1,500,000,000.00.

18 (d) At least 28% of the combined total number of pupils in
19 membership for all of its constituent districts were eligible for
20 free or reduced-price lunch for 2007-2008.

21 (e) Is contiguous to at least 1 other intermediate district
22 that meets the requirements of subdivisions (a) to (d).

23 (5) The department shall submit a report to the appropriations
24 subcommittees responsible for this act, to the state budget
25 director, and to the house and senate fiscal agencies by February
26 1, ~~2009-2010~~ regarding dropout rates, grade point averages,
27 enrollment in science, engineering, and math-based curricula, and

1 employment in science, engineering, and mathematics-based fields
2 for pupils who were enrolled in the programs awarded funds under
3 this section or under preceding legislation. The report shall
4 continue to evaluate the effectiveness of the precollege programs
5 in engineering and sciences funded under this section.

6 (6) Notwithstanding section 17b, payments under this section
7 shall be paid on a schedule and in a manner determined by the
8 department.

9 Sec. 74. (1) From the amount appropriated in section 11, there
10 is allocated an amount not to exceed ~~\$3,028,500.00 for 2008-2009~~
11 **\$3,061,500.00 FOR 2009-2010** for the purposes of this section.

12 (2) From the allocation in subsection (1), there is allocated
13 for ~~2008-2009-2009-2010~~ the amount necessary for payments to state
14 supported colleges or universities and intermediate districts
15 providing school bus driver safety instruction pursuant to section
16 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
17 payments shall be in an amount determined by the department not to
18 exceed 75% of the actual cost of instruction and driver
19 compensation for each public or nonpublic school bus driver
20 attending a course of instruction. For the purpose of computing
21 compensation, the hourly rate allowed each school bus driver shall
22 not exceed the hourly rate received for driving a school bus.
23 Reimbursement compensating the driver during the course of
24 instruction shall be made by the department to the college or
25 university or intermediate district providing the course of
26 instruction.

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

1 each fiscal year the amount necessary to pay the reasonable costs
2 of nonspecial education auxiliary services transportation provided
3 pursuant to section 1323 of the revised school code, MCL 380.1323.
4 Districts funded under this subsection shall not receive funding
5 under any other section of this act for nonspecial education
6 auxiliary services transportation.

7 (4) From the funds allocated in subsection (1), there is
8 allocated an amount not to exceed ~~\$1,403,500.00 for 2008-2009~~
9 **\$1,436,500.00 FOR 2009-2010** for reimbursement to districts and
10 intermediate districts for costs associated with the inspection of
11 school buses and pupil transportation vehicles by the department of
12 state police as required under section 715a of the Michigan vehicle
13 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
14 transportation act, 1990 PA 187, MCL 257.1839. The department of
15 state police shall prepare a statement of costs attributable to
16 each district for which bus inspections are provided and submit it
17 to the department and to each affected district in a time and
18 manner determined jointly by the department and the department of
19 state police. The department shall reimburse each district and
20 intermediate district for costs detailed on the statement within 30
21 days after receipt of the statement. Districts for which services
22 are provided shall make payment in the amount specified on the
23 statement to the department of state police within 45 days after
24 receipt of the statement. The total reimbursement of costs under
25 this subsection shall not exceed the amount allocated under this
26 subsection. Notwithstanding section 17b, payments to eligible
27 entities under this subsection shall be paid on a schedule

1 prescribed by the department.

2 Sec. 81. (1) Except as otherwise provided in this section,
3 from the appropriation in section 11, there is allocated for ~~2008-~~
4 ~~2009-2009-2010~~ to the intermediate districts the sum necessary, but
5 not to exceed \$81,721,100.00, to provide state aid to intermediate
6 districts under this section. Except as otherwise provided in this
7 section, there shall be allocated to each intermediate district for
8 ~~2008-2009-2009-2010~~ an amount equal to ~~101.0%~~ **100.0%** of the amount
9 appropriated under this subsection for ~~2007-2008-2008-2009~~. Funding
10 provided under this section shall be used to comply with
11 requirements of this act and the revised school code that are
12 applicable to intermediate districts, and for which funding is not
13 provided elsewhere in this act, and to provide technical assistance
14 to districts as authorized by the intermediate school board.

15 (2) Intermediate districts receiving funds under this section
16 shall collaborate with the department to develop expanded
17 professional development opportunities for teachers to update and
18 expand their knowledge and skills needed to support the Michigan
19 merit curriculum.

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

1 district for 3 years following consolidation, annexation, or
2 attachment.

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

12 (5) In order to receive funding under this section, an
13 intermediate district shall do all of the following:

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

17 (b) Demonstrate to the satisfaction of the department that the
18 intermediate district employs at least 1 person who is trained in
19 rules, regulations, and district reporting procedures for the
20 individual-level student data that serves as the basis for the
21 calculation of the district and high school graduation and dropout
22 rates.

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

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

1 (e) Comply with section 1230g of the revised school code, MCL
2 380.1230g.

3 (f) Comply with section 761 of the revised school code, MCL
4 380.761.

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

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

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

13 (c) Establish procedures to ensure the reasonable validity and
14 reliability of the data and the collection process.

15 (d) Develop state and model local data collection policies,
16 including, but not limited to, policies that ensure the privacy of
17 individual student data. State privacy policies shall ensure that
18 student social security numbers are not released to the public for
19 any purpose.

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

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

25 (g) Assist all entities receiving funds under this act in
26 complying with audits performed according to generally accepted
27 accounting procedures.

1 (h) To the extent funding is available, coordinate the
2 electronic exchange of student records using a unique
3 identification numbering system among entities receiving funds
4 under this act and postsecondary institutions for students
5 participating in public education programs from preschool through
6 postsecondary education.

7 (i) Other functions as assigned by the state budget director.

8 (2) Each state department, officer, or agency that collects
9 information from districts or intermediate districts as required
10 under state or federal law shall make arrangements with the center,
11 and with the districts or intermediate districts, to have the
12 center collect the information and to provide it to the department,
13 officer, or agency as necessary. To the extent that it does not
14 cause financial hardship, the center shall arrange to collect the
15 information in a manner that allows electronic submission of the
16 information to the center. Each affected state department, officer,
17 or agency shall provide the center with any details necessary for
18 the center to collect information as provided under this
19 subsection. This subsection does not apply to information collected
20 by the department of treasury under the uniform budgeting and
21 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised
22 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the
23 school bond qualification, approval, and loan act, 2005 PA 92, MCL
24 388.1921 to 388.1939; or section 1351a of the revised school code,
25 MCL 380.1351a.

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

- 1 (a) One representative from the house fiscal agency.
- 2 (b) One representative from the senate fiscal agency.
- 3 (c) One representative from the office of the state budget
4 director.
- 5 (d) One representative from the state education agency.
- 6 (e) One representative each from the department of **ENERGY**,
7 labor, and economic growth and the department of treasury.
- 8 (f) Three representatives from intermediate school districts.
- 9 (g) One representative from each of the following educational
10 organizations:
- 11 (i) Michigan association of school boards.
- 12 (ii) Michigan association of school administrators.
- 13 (iii) Michigan school business officials.
- 14 (h) One representative representing private sector firms
15 responsible for auditing school records.
- 16 (i) Other representatives as the state budget director
17 determines are necessary.
- 18 (4) The CEPI advisory committee appointed under subsection (3)
19 shall provide advice to the director of the center regarding the
20 management of the center's data collection activities, including,
21 but not limited to:
- 22 (a) Determining what data is necessary to collect and maintain
23 in order to perform the center's functions in the most efficient
24 manner possible.
- 25 (b) Defining the roles of all stakeholders in the data
26 collection system.
- 27 (c) Recommending timelines for the implementation and ongoing

1 collection of data.

2 (d) Establishing and maintaining data definitions, data
3 transmission protocols, and system specifications and procedures
4 for the efficient and accurate transmission and collection of data.

5 (e) Establishing and maintaining a process for ensuring the
6 reasonable accuracy of the data.

7 (f) Establishing and maintaining state and model local
8 policies related to data collection, including, but not limited to,
9 privacy policies related to individual student data.

10 (g) Ensuring the data is made available to state and local
11 policymakers and citizens of this state in the most useful format
12 possible.

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

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

17 (6) From the general fund appropriation in section 11, there
18 is allocated an amount not to exceed \$4,935,400.00 for 2008-2009
19 **AND AN AMOUNT NOT TO EXCEED \$4,935,400.00 FOR 2009-2010** to the
20 department of management and budget to support the operations of
21 the center and the development and implementation of a
22 comprehensive longitudinal data collection management and reporting
23 system that includes student-level data. The center shall cooperate
24 with the state education agency to ensure that this state is in
25 compliance with federal law and is maximizing opportunities for
26 increased federal funding to improve education in this state. In
27 addition, from the federal funds appropriated in section 11 for

1 2008-2009 **AND FOR 2009-2010**, there is allocated the amount
2 necessary, estimated at \$2,793,200.00 **FOR EACH FISCAL YEAR**, in
3 order to fulfill federal reporting requirements.

4 (7) From the federal funds allocated in subsection (6), there
5 is allocated **EACH FISCAL YEAR** for 2008-2009 **AND FOR 2009-2010** an
6 amount not to exceed \$750,000.00 funded from the competitive grants
7 of DED-OESE, title II, educational technology funds for the
8 purposes of this subsection. Not later than November 30 ~~, 2008~~ **OF**
9 **EACH FISCAL YEAR**, the department shall award a single grant to an
10 eligible partnership that includes an intermediate district with at
11 least 1 high-need local school district and the center.

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

15 (9) Funds allocated under this section that are not expended
16 in the fiscal year in which they were allocated may be carried
17 forward to a subsequent fiscal year.

18 (10) The center may bill departments as necessary in order to
19 fulfill reporting requirements of state and federal law. The center
20 may also enter into agreements to supply custom data, analysis, and
21 reporting to other principal executive departments, state agencies,
22 local units of government, and other individuals and organizations.
23 The center may receive and expend funds in addition to those
24 authorized in subsection (6) to cover the costs associated with
25 salaries, benefits, supplies, materials, and equipment necessary to
26 provide such data, analysis, and reporting services.

27 (11) As used in this section:

House Bill No. 4447 (H-1) as amended April 2, 2009

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

3 (b) "High-need local school district" means a local
4 educational agency as defined in the enhancing education through
5 technology part of the no child left behind act of 2001, Public Law
6 107-110.

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

8 Sec. 98. (1) From the state school aid fund money appropriated
9 in section 11, there is allocated an amount not to exceed
10 \$500,000.00 for ~~2008-2009-2009-2010~~ and from the general fund money
11 appropriated in section 11, there is allocated an amount not to
12 exceed ~~[\$1,750,000.00-\$850,000.00]~~ for ~~2008-2009-2009-2010~~ to provide
13 a grant to the Michigan virtual university for the development,
14 implementation, and operation of the Michigan virtual high school;
15 to provide professional development opportunities for educators;
16 and to fund other purposes described in this section. In addition,
17 from the federal funds appropriated in section 11, there is
18 allocated for ~~2008-2009-2009-2010~~ an amount estimated at
19 \$2,700,000.00.

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

22 (a) Significantly expand curricular offerings for high schools
23 across this state through agreements with districts or licenses
24 from other recognized providers. ~~The Michigan virtual high school~~
25 ~~shall explore options for providing rigorous civics curricula~~
26 ~~online.~~

27 (b) Create statewide instructional models using interactive

1 multimedia tools delivered by electronic means, including, but not
2 limited to, the internet, digital broadcast, or satellite network,
3 for distributed learning at the high school level.

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

6 (d) Grant high school diplomas through a dual enrollment
7 method with districts.

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

12 (f) Maintain the accreditation status of the Michigan virtual
13 high school from recognized national and international accrediting
14 entities.

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

17 (a) Information technology courses.

18 (b) College level equivalent courses, as defined in section
19 1471 of the revised school code, MCL 380.1471.

20 (c) Courses and dual enrollment opportunities.

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

22 (e) General education development test preparation courses for
23 adjudicated youth.

24 (f) Special interest courses.

25 (g) Professional development programs ~~and services for~~

26 ~~teachers~~ **THAT TEACH MICHIGAN EDUCATORS HOW TO DEVELOP AND DELIVER**
27 **ONLINE INSTRUCTIONAL SERVICES.**

1 (H) COURSES, RESOURCES, AND INTERACTIVE LEARNING MATERIALS IN
2 THE FIELDS OF SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS FOR
3 MIDDLE AND HIGH SCHOOL STUDENTS AS PART OF A COMPREHENSIVE SCIENCE,
4 TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) ACADEMY, DEVELOPED
5 IN CONJUNCTION WITH THE MATHEMATICS AND SCIENCE CENTERS NETWORK AND
6 THE DEPARTMENT.

7 (4) From the federal funds allocated in subsection (1), there
8 is allocated for ~~2008-2009-2009-2010~~ 2009-2010 an amount estimated at
9 \$1,700,000.00 from DED-OESE, title II, improving teacher quality
10 funds for a grant to the Michigan virtual university for the
11 purpose of this subsection. ~~The state education agency shall sign a~~
12 ~~memorandum of understanding with the Michigan virtual university~~
13 ~~regarding the DED-OESE, title II, improving teacher quality funds~~
14 ~~as provided under this subsection. The memorandum of understanding~~
15 ~~under this subsection shall require that~~ **WITH THE APPROVAL OF THE**
16 **DEPARTMENT**, the Michigan virtual university **SHALL** coordinate the
17 following activities related to DED-OESE, title II, improving
18 teacher quality funds in accordance with federal law:

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

24 (b) Encourage and support the training of teachers and
25 administrators to effectively integrate technology into curricula
26 and instruction.

27 (c) Coordinate the activities of eligible partnerships that

1 include higher education institutions for the purposes of providing
2 professional development activities for teachers,
3 paraprofessionals, and principals as defined in federal law.

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

6 (e) Provide online professional development opportunities for
7 educators to update and expand knowledge and skills needed to
8 support the Michigan merit curriculum core content standards and
9 credit requirements.

10 (F) IN CONJUNCTION WITH THE MATHEMATICS AND SCIENCE CENTERS
11 NETWORK AND THE DEPARTMENT, IMPLEMENT AN ALGEBRA 4 ALL INITIATIVE
12 TO OFFER ONLINE AND FACE-TO-FACE PROFESSIONAL DEVELOPMENT
13 OPPORTUNITIES FOR MATHEMATICS TEACHERS IN GRADES 8 TO 12 THAT
14 PROMOTE BEST PRACTICES FOR TEACHING ALGEBRA TO ALL STUDENTS. IT IS
15 INTENDED THAT THE ALGEBRA 4 ALL INITIATIVE BE THE FIRST PHASE OF
16 ESTABLISHING A SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS
17 (STEM) ACADEMY THAT PROVIDES ONLINE PROFESSIONAL DEVELOPMENT
18 OPPORTUNITIES FOR ALL TEACHERS IN THE FIELDS OF SCIENCE,
19 TECHNOLOGY, ENGINEERING, AND MATHEMATICS.

20 (5) The Michigan virtual university shall offer at least 200
21 hours of online professional development for classroom teachers
22 under this section each fiscal year beginning in 2006-2007 without
23 charge to the teachers or to districts or intermediate districts. A
24 ~~district or intermediate district may require a full-time teacher~~
25 ~~to participate in at least 5 hours of online professional~~
26 ~~development provided by the Michigan virtual university under~~
27 ~~subsection (4). Five hours of this professional development shall~~

1 ~~be considered to be part of the 38 hours allowed to be counted as~~
2 ~~hours of pupil instruction under section 101(10).~~ **THESE FREE HOURS**
3 **SHALL INCLUDE ALGEBRA 4 ALL AND SUBSEQUENT SCIENCE, TECHNOLOGY,**
4 **ENGINEERING, AND MATHEMATICS (STEM) ACADEMY PROFESSIONAL**
5 **DEVELOPMENT OPPORTUNITIES.**

6 (6) From the federal funds appropriated in subsection (1),
7 there is allocated for ~~2008-2009~~ **2009-2010** an amount estimated at
8 \$1,000,000.00 from the DED-OESE, title II, educational technology
9 grant funds to support e-learning and virtual school initiatives
10 consistent with the goals contained in the United States national
11 educational technology plan issued in January 2005. These funds
12 shall be used to support activities designed to build the capacity
13 of the Michigan virtual university and shall not be used to
14 supplant other funding. Not later than November 30, ~~2008-2009~~, from
15 the funds allocated in this subsection, the department shall award
16 a single grant of \$1,000,000.00 to a consortium or partnership
17 established by the Michigan virtual university that meets the
18 requirements of this subsection. To be eligible for this funding, a
19 consortium or partnership established by the Michigan virtual
20 university shall include at least 1 intermediate district and at
21 least 1 high-need local district. All of the following apply to
22 this funding:

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

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

27 (ii) Expertise in designing, developing, and evaluating online

1 K-12 course content.

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

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

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

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

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

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

15 (i) Strengthen its capacity by pursuing activities, policies,
16 and practices that increase the overall number of Michigan virtual
17 high school course enrollments and course completions by at-risk
18 students.

19 (ii) Examine the curricular and specific course content needs
20 of middle and high school students in the areas of mathematics and
21 science.

22 (iii) Design, develop, and acquire online courses and related
23 supplemental resources aligned to state standards to create a
24 comprehensive and rigorous statewide catalog of online courses and
25 instructional services.

26 (iv) ~~Conduct a demonstration pilot to promote~~ **CONTINUE TO**
27 **EVALUATE AND CONDUCT PILOT PROGRAMS FOR** new and innovative online

1 **TOOLS, RESOURCES, AND** courses. ~~and instructional services.~~

2 (v) Evaluate existing online teaching and learning practices
3 and develop continuous improvement strategies to enhance student
4 achievement.

5 (vi) Develop, support, and maintain the technology
6 infrastructure and related software required to deliver online
7 courses and instructional services to students statewide.

8 (7) From the state school aid fund allocation in subsection
9 (1), an amount not to exceed \$500,000.00 for ~~2008-2009-2009-2010~~
10 shall be awarded as a single grant to an intermediate district
11 working in partnership with the Michigan virtual high school for a
12 statewide license for "my dream explorer", a career exploration and
13 planning tool, to be made available to all pupils at no cost. The
14 Michigan virtual high school shall work collaboratively with the
15 department, the presidents council of state universities of
16 Michigan, the Michigan community college association, the
17 association of independent colleges and universities of Michigan,
18 and the appropriate K-12 education organizations to develop a
19 comprehensive outreach and communications plan that provides
20 parents and students with access to online resources designed to
21 increase postsecondary enrollments and provide current information
22 related to career planning, college selection, financial aid, and
23 dual enrollment opportunities.

24 (8) If a home-schooled or nonpublic school student is a
25 resident of a district that subscribes to services provided by the
26 Michigan virtual high school, the student may use the services
27 provided by the Michigan virtual high school to the district

1 without charge to the student beyond what is charged to a district
2 pupil using the same services.

3 (9) Not later than December 1, ~~2008~~2009, the Michigan virtual
4 university shall provide a report to the house and senate
5 appropriations subcommittees on state school aid, the state budget
6 director, the house and senate fiscal agencies, and the department
7 that includes at least all of the following information related to
8 the Michigan virtual high school for the preceding state fiscal
9 year:

10 (a) A list of the Michigan schools served by the Michigan
11 virtual high school.

12 (b) A list of online course titles available to Michigan
13 schools.

14 (c) The total number of online course enrollments and
15 information on registrations and completions by course.

16 (d) The overall course completion rate percentage.

17 (e) A summary of DED-OESE, title IIA, teacher quality grant
18 and DED-OESE, title IID, education technology grant expenditures.

19 (f) Identification of unmet educational needs that could be
20 addressed by the Michigan virtual high school.

21 (g) The total number of active users of "my dream explorer"
22 funded under subsection (7).

23 (10) As used in this section:

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

26 (b) "High-need local district" means a local educational
27 agency as defined in the enhancing education through technology

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1 part of the no child left behind act of 2001, Public Law 107-110.

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

3 [SEC. 98A. FROM THE FEDERAL FUNDING AWARDED TO THIS STATE UNDER
4 TITLE VIII OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC
5 LAW 111-5, THERE IS ALLOCATED \$24,533,000.00 FOR 2008-2009 FOR EDUCATION
6 TECHNOLOGY GRANTS. UP TO 50% OF THIS FUNDING SHALL BE USED FOR FORMULA
7 GRANTS DESCRIBED UNDER SECTION 2412(A)(2)(A) OF THE ENHANCING EDUCATION
8 THROUGH TECHNOLOGY PART OF THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC
9 LAW 107-110, 20 USC 6762(A)(2)(A), AND UP TO 50% OF THIS FUNDING SHALL BE
10 USED FOR COMPETITIVE GRANTS DESCRIBED UNDER SECTION 2412(A)(2)(B) OF THE
11 ENHANCING EDUCATION THROUGH TECHNOLOGY PART OF THE NO CHILD LEFT BEHIND
12 ACT OF 2001, PUBLIC LAW 107-110, 20 USC 6762(A)(2)(B).

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Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$3,390,000.00 for ~~2008-2009-2009-2010~~ and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$110,000.00 for ~~2008-2009 for implementing the comprehensive~~

1 ~~master plan for 2009-2010 TO SUPPORT THE ACTIVITIES AND PROGRAMS OF~~
2 ~~mathematics and science centers developed by the department and~~
3 ~~approved by the state board,~~ and for other purposes as described in
4 this section. In addition, from the federal funds appropriated in
5 section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount
6 estimated at \$5,249,300.00 from DED-OESE, title II, mathematics and
7 science partnership grants.

8 (2) Within a service area designated locally, approved by the
9 department, and consistent with the **COMPREHENSIVE** master plan
10 ~~described in subsection (1)~~ **FOR MATHEMATICS AND SCIENCE CENTERS**
11 **DEVELOPED BY THE DEPARTMENT AND APPROVED BY THE STATE BOARD**, an
12 established mathematics and science center shall ~~address~~ **PROVIDE** 2
13 or more of the following 6 basic services, as described in the
14 master plan, to constituent districts and communities: leadership,
15 pupil services, curriculum support, community involvement,
16 professional development, and resource clearinghouse services.

17 (3) The department shall not award a state grant under this
18 section to more than 1 mathematics and science center located in a
19 designated region as prescribed in the 2007 master plan unless each
20 of the grants serves a distinct target population or provides a
21 service that does not duplicate another program in the designated
22 region.

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

1 (5) Allocations under this section to support the activities
2 and programs of mathematics and science centers shall be continuing
3 support grants to all 33 established mathematics and science
4 centers. Each established mathematics and science center that was
5 funded in ~~2007-2008~~**2008-2009** shall receive state funding in an
6 amount equal to 100% of the amount it was allocated under this
7 subsection for ~~2007-2008~~**2008-2009**. If a center declines state
8 funding or a center closes, the remaining money available under
9 this section shall be distributed to the remaining centers, as
10 determined by the department.

11 (6) From the funds allocated in subsection (1), there is
12 allocated for ~~2008-2009~~**2009-2010** an amount not to exceed
13 \$1,000,000.00 in a form and manner determined by the department to
14 those centers able to provide curriculum and professional
15 development support to assist districts in implementing the
16 Michigan merit curriculum components for mathematics and science.
17 Funding under this subsection is in addition to funding allocated
18 under subsection (5).

19 **(7) IN CONJUNCTION WITH THE MICHIGAN VIRTUAL UNIVERSITY AND**
20 **THE DEPARTMENT, THE MATHEMATICS AND SCIENCE CENTERS NETWORK SHALL**
21 **IMPLEMENT AN ALGEBRA 4 ALL INITIATIVE TO OFFER ONLINE AND FACE-TO-**
22 **FACE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR MATHEMATICS**
23 **TEACHERS IN GRADES 8 TO 12 THAT PROMOTE BEST PRACTICES FOR TEACHING**
24 **ALGEBRA TO ALL STUDENTS. IT IS INTENDED THAT THE ALGEBRA 4 ALL**
25 **INITIATIVE BE THE FIRST PHASE OF ESTABLISHING A SCIENCE,**
26 **TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) ACADEMY THAT**
27 **PROVIDES ONLINE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR ALL**

1 TEACHERS IN THE FIELDS OF SCIENCE, TECHNOLOGY, ENGINEERING, AND
2 MATHEMATICS. THE DEPARTMENT SHALL IDENTIFY ADDITIONAL FUNDING TO
3 ASSIST THE MATHEMATICS AND SCIENCE CENTERS NETWORK IN FULFILLING
4 ITS RESPONSIBILITIES UNDER THIS SUBSECTION.

5 (8) ~~(7)~~—In order to receive state **OR FEDERAL** funds under this
6 section, a grant recipient shall allow access for the department or
7 the department's designee to audit all records related to the
8 program for which it receives such funds. The grant recipient shall
9 reimburse the state for all disallowances found in the audit.

10 (9) ~~(8)~~—Not later than September 30, 2013, the department
11 shall reevaluate and update the comprehensive master plan described
12 in subsection (1).

13 (10) ~~(9)~~—The department shall give preference in awarding the
14 federal grants allocated in subsection (1) to eligible existing
15 mathematics and science centers.

16 (11) ~~(10)~~—In order to receive state funds under this section,
17 a grant recipient shall provide at least a 10% local match from
18 local public or private resources for the funds received under this
19 section.

20 (12) ~~(11)~~—As used in this section:

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

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

24 Sec. 99a. (1) From the state school aid fund money
25 appropriated in section 11, there is allocated an amount not to
26 exceed \$725,000.00 for ~~2008-2009~~ **2009-2010** for grants under this
27 section.

1 (2) From the funds allocated under subsection (1), there is
2 allocated for ~~2008-2009-2009-2010~~ an amount not to exceed
3 \$725,000.00 for pilot grants to mathematics and science centers
4 funded under section 99 that are selected by the mathematics and
5 science network in conjunction with the Michigan virtual university
6 to develop and implement pilot programs for after-school and summer
7 mathematics for eighth grade students, to be made available to up
8 to 5,000 eighth grade students in this state who have experienced
9 academic difficulty in mathematics. The pilot programs shall make
10 use of highly qualified online mathematics coaches and tutors,
11 along with a robust online diagnostic tool and shall present
12 engaging, research-based prescriptive multimedia content. The goals
13 of the pilot programs shall be to do at least all of the following:

14 (a) Expand access to engaging online teaching and learning
15 resources in mathematics.

16 (b) Provide students with alternative learning options that
17 are relevant and engaging.

18 (c) Improve the likelihood of student success with the
19 Michigan high school graduation requirements in mathematics.

20 (3) Grant funds awarded under this section are intended to be
21 for the first year of 3 years of funding.

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

24 Sec. 99n. (1) It is the intent of the legislature to fund for
25 ~~2008-2009-2009-2010~~ competitive grants to districts or intermediate
26 districts that enter into cooperative arrangements with a community
27 college to establish programs to allow pupils to earn community

1 college credit while enrolled in middle school or high school.

2 (2) It is the intent of the legislature that a district that
3 formerly operated a community college program and that ceased to
4 operate that program after 1995 shall be merged with a community
5 college district located in a city with a population of more than
6 750,000.

7 Sec. 99p. (1) From the appropriation in section 11, there is
8 allocated an amount not to exceed \$100,000.00 for ~~2008-2009-2009-~~
9 **2010** for competitive grants to districts for programs that provide
10 pupils with access to cultural, art, or music resources and
11 experiences that are available in the community and that may
12 promote reading, literacy, and communications skills among pupils.

13 (2) A district applying for a grant shall submit an
14 application to the department in a form and manner determined by
15 the department. To be eligible for a grant, a district shall
16 demonstrate in its application that at least 50% of the pupils in
17 membership in the district met the income eligibility criteria for
18 free breakfast, lunch, or milk, as determined under the Richard B.
19 Russell national school lunch act and as reported to the department
20 by October 31 of the immediately preceding fiscal year and adjusted
21 not later than December 31 of the immediately preceding fiscal
22 year.

23 (3) Grant awards shall be made in a manner determined by the
24 department. However, the department may set maximum grant amounts
25 in a manner that maximizes the number of pupils that will be able
26 to participate.

27 (4) Notwithstanding section 17b, payments to eligible

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

3 Sec. 101. (1) To be eligible to receive state aid under this
4 act, not later than the fifth Wednesday after the pupil membership
5 count day and not later than the fifth Wednesday after the
6 supplemental count day, each district superintendent ~~through the~~
7 ~~secretary of the district's board shall file with the intermediate~~
8 ~~superintendent a certified and sworn copy of~~ **SHALL SUBMIT TO THE**
9 **CENTER, IN THE FORM AND MANNER PRESCRIBED BY THE CENTER,** the number
10 of pupils enrolled and in regular daily attendance in the district
11 as of the pupil membership count day and as of the supplemental
12 count day, as applicable, for the current school year. In addition,
13 a district maintaining school during the entire year, as provided
14 under section 1561 of the revised school code, MCL 380.1561, shall
15 ~~file with the intermediate superintendent a certified and sworn~~
16 ~~copy of~~ **SUBMIT TO THE CENTER, IN THE FORM AND MANNER PRESCRIBED BY**
17 **THE CENTER,** the number of pupils enrolled and in regular daily
18 attendance in the district for the current school year pursuant to
19 rules promulgated by the superintendent. Not later than the seventh
20 Wednesday after the pupil membership count day and not later than
21 the seventh Wednesday after the supplemental count day, the
22 ~~intermediate district shall transmit to the center revised data, as~~
23 ~~applicable, for each of its constituent districts~~ **DISTRICT SHALL**
24 **CERTIFY THE DATA IN A FORM AND MANNER PRESCRIBED BY THE CENTER.** If
25 a district fails to ~~file the sworn and certified copy with the~~
26 ~~intermediate superintendent in a timely manner~~ **SUBMIT AND CERTIFY**
27 **THE ATTENDANCE DATA,** as required under this subsection, the

1 ~~intermediate district~~ **CENTER** shall notify the department and state
2 aid due to be distributed under this act shall be withheld from the
3 defaulting district immediately, beginning with the next payment
4 after the failure and continuing with each payment until the
5 district complies with this subsection. ~~If an intermediate district~~
6 ~~fails to transmit the data in its possession in a timely and~~
7 ~~accurate manner to the center, as required under this subsection,~~
8 ~~state aid due to be distributed under this act shall be withheld~~
9 ~~from the defaulting intermediate district immediately, beginning~~
10 ~~with the next payment after the failure and continuing with each~~
11 ~~payment until the intermediate district complies with this~~
12 ~~subsection.~~ If a district ~~or intermediate district~~ does not comply
13 with this subsection by the end of the fiscal year, the district ~~or~~
14 ~~intermediate district~~ forfeits the amount withheld. A person who
15 willfully falsifies a figure or statement in the certified and
16 sworn copy of enrollment shall be punished in the manner prescribed
17 by section 161.

18 (2) To be eligible to receive state aid under this act, not
19 later than the twenty-fourth Wednesday after the pupil membership
20 count day and not later than the twenty-fourth Wednesday after the
21 supplemental count day, an intermediate district shall submit to
22 the center, in a form and manner prescribed by the center, the
23 audited enrollment and attendance data for the pupils of its
24 constituent districts and of the intermediate district. If an
25 intermediate district fails to ~~transmit~~ **SUBMIT** the audited data as
26 required under this subsection, state aid due to be distributed
27 under this act shall be withheld from the defaulting intermediate

1 district immediately, beginning with the next payment after the
2 failure and continuing with each payment until the intermediate
3 district complies with this subsection. If an intermediate district
4 does not comply with this subsection by the end of the fiscal year,
5 the intermediate district forfeits the amount withheld.

6 (3) All of the following apply to the provision of pupil
7 instruction:

8 (a) Except as otherwise provided in this section, each
9 district shall provide at least 1,098 hours **AND, BEGINNING IN 2009-**
10 **2010, 170 DAYS** of pupil instruction. Except as otherwise provided
11 in this act, a district failing to comply with the required minimum
12 hours **AND DAYS** of pupil instruction under this subsection shall
13 forfeit from its total state aid allocation an amount determined by
14 applying a ratio of the number of hours **OR DAYS** the district was in
15 noncompliance in relation to the required minimum number of hours
16 **AND DAYS** under this subsection. Not later than August 1, the board
17 of each district shall certify to the department the number of
18 hours **AND, BEGINNING IN 2009-2010, DAYS** of pupil instruction in the
19 previous school year. If the district did not provide at least the
20 required minimum number of hours **AND DAYS** of pupil instruction
21 under this subsection, the deduction of state aid shall be made in
22 the following fiscal year from the first payment of state school
23 aid. A district is not subject to forfeiture of funds under this
24 subsection for a fiscal year in which a forfeiture was already
25 imposed under subsection (6). Hours **OR DAYS** lost because of strikes
26 or teachers' conferences shall not be counted as ~~days or hours~~ **OR**
27 **DAYS** of pupil instruction. **FOR THE PURPOSES OF THIS SECTION, A DAY**

1 OF PUPIL INSTRUCTION IS AT LEAST 5 HOURS OF STUDENT CONTACT TIME.

2 (b) Except as otherwise provided in subdivision (c), a
3 district not having at least 75% of the district's membership in
4 attendance on any day of pupil instruction shall receive state aid
5 in that proportion of 1/180 that the actual percent of attendance
6 bears to the specified percentage.

7 (c) Beginning in 2005-2006, at the request of a district that
8 operates a department-approved alternative education program and
9 that does not provide instruction for pupils in all of grades K to
10 12, the superintendent shall grant a waiver for a period of 3
11 school years from the requirements of subdivision (b) in order to
12 conduct a pilot study. The waiver shall indicate that an eligible
13 district is subject to the proration provisions of subdivision (b)
14 only if the district does not have at least 50% of the district's
15 membership in attendance on any day of pupil instruction. ~~Not later~~
16 ~~than 2008-2009, the department shall report on the impact of this~~
17 ~~waiver on the academic achievement of pupils in these districts to~~
18 ~~the state budget director and the senate and house appropriations~~
19 ~~subcommittees on state school aid.~~ In order to be eligible for this
20 waiver, a district must maintain records to substantiate its
21 compliance with the following requirements during the pilot study:

22 (i) The district offers the minimum hours of pupil instruction
23 as required under this section.

24 (ii) For each enrolled pupil, the district uses appropriate
25 academic assessments to develop an individual education plan that
26 leads to a high school diploma.

27 (iii) The district tests each pupil to determine academic

1 progress at regular intervals and records the results of those
2 tests in that pupil's individual education plan.

3 (d) The superintendent shall promulgate rules for the
4 implementation of this subsection.

5 (4) Except as otherwise provided in this subsection, the first
6 30 hours **OR 6 DAYS** for which pupil instruction is not provided
7 because of conditions not within the control of school authorities,
8 such as severe storms, fires, epidemics, utility power
9 unavailability, water or sewer failure, or health conditions as
10 defined by the city, county, or state health authorities, shall be
11 counted as hours **AND DAYS** of pupil instruction. ~~Beginning in 2003-~~
12 ~~2004, with~~ **WITH** the approval of the superintendent of public
13 instruction, the department shall count as hours **AND DAYS** of pupil
14 instruction for a fiscal year not more than 30 additional hours **OR**
15 **6 ADDITIONAL DAYS** for which pupil instruction is not provided in a
16 district after April 1 of the applicable school year due to unusual
17 and extenuating occurrences resulting from conditions not within
18 the control of school authorities such as those conditions
19 described in this subsection. Subsequent such hours **OR DAYS** shall
20 not be counted as hours **OR DAYS** of pupil instruction.

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

27 (6) Not later than April 15 of each fiscal year, the board of

1 each district shall certify to the department the planned number of
2 hours **AND DAYS** of pupil instruction in the district for the school
3 year ending in the fiscal year. In addition to any other penalty or
4 forfeiture under this section, if at any time the department
5 determines that 1 or more of the following has occurred in a
6 district, the district shall forfeit in the current fiscal year
7 beginning in the next payment to be calculated by the department a
8 proportion of the funds due to the district under this act that is
9 equal to the proportion below the required minimum number of hours
10 **AND DAYS** of pupil instruction under subsection (3), as specified in
11 the following:

12 (a) The district fails to operate its schools for at least the
13 required minimum number of hours **AND DAYS** of pupil instruction
14 under subsection (3) in a school year, including hours **AND DAYS**
15 counted under subsection (4).

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

20 (7) In providing the minimum number of hours **AND DAYS** of pupil
21 instruction required under subsection (3), a district shall use the
22 following guidelines, and a district shall maintain records to
23 substantiate its compliance with the following guidelines:

24 (a) Except as otherwise provided in this subsection, a pupil
25 must be scheduled for at least the required minimum number of hours
26 of instruction, excluding study halls, or at least the sum of 90
27 hours plus the required minimum number of hours of instruction,

1 including up to 2 study halls.

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

5 (c) Except as otherwise provided in this subdivision, a pupil
6 in grades 9 to 12 for whom a reduced schedule is determined to be
7 in the individual pupil's best educational interest must be
8 scheduled for a number of hours equal to at least 80% of the
9 required minimum number of hours of pupil instruction to be
10 considered a full-time equivalent pupil. A pupil in grades 9 to 12
11 who is scheduled in a 4-block schedule may receive a reduced
12 schedule under this subsection if the pupil is scheduled for a
13 number of hours equal to at least 75% of the required minimum
14 number of hours of pupil instruction to be considered a full-time
15 equivalent pupil.

16 (d) If a pupil in grades 9 to 12 who is enrolled in a
17 cooperative education program or a special education pupil cannot
18 receive the required minimum number of hours of pupil instruction
19 solely because of travel time between instructional sites during
20 the school day, that travel time, up to a maximum of 3 hours per
21 school week, shall be considered to be pupil instruction time for
22 the purpose of determining whether the pupil is receiving the
23 required minimum number of hours of pupil instruction. However, if
24 a district demonstrates to the satisfaction of the department that
25 the travel time limitation under this subdivision would create
26 undue costs or hardship to the district, the department may
27 consider more travel time to be pupil instruction time for this

1 purpose.

2 (e) In grades 7 through 12, instructional time that is part of
3 a junior reserve officer training corps (JROTC) program shall be
4 considered to be pupil instruction time regardless of whether the
5 instructor is a certificated teacher if all of the following are
6 met:

7 (i) The instructor has met all of the requirements established
8 by the United States department of defense and the applicable
9 branch of the armed services for serving as an instructor in the
10 junior reserve officer training corps program.

11 (ii) The board of the district or intermediate district
12 employing or assigning the instructor complies with the
13 requirements of sections 1230 and 1230a of the revised school code,
14 MCL 380.1230 and 380.1230a, with respect to the instructor to the
15 same extent as if employing the instructor as a regular classroom
16 teacher.

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

19 (9) Upon application by the district for a particular fiscal
20 year, the superintendent may waive for a district the minimum
21 number of hours **AND DAYS** of pupil instruction requirement of
22 subsection (3) for a department-approved alternative education
23 program **OR ANOTHER INNOVATIVE PROGRAM APPROVED BY THE DEPARTMENT.**
24 If a district applies for and receives a waiver under this
25 subsection and complies with the terms of the waiver, for the
26 fiscal year covered by the waiver the district is not subject to
27 forfeiture under this section for the specific program covered by

1 the waiver. If the district does not comply with the terms of the
2 waiver, the amount of the forfeiture shall be calculated based upon
3 a comparison of the number of hours **AND DAYS** of pupil instruction
4 actually provided to the minimum number of hours **AND DAYS** of pupil
5 instruction required under subsection (3).

6 (10) ~~A~~ **IF AT LEAST 5 OF THE HOURS OF PROFESSIONAL DEVELOPMENT**
7 **ARE PROVIDED ONLINE BY THE MICHIGAN VIRTUAL UNIVERSITY UNDER**
8 **SECTION 98 OR BY ANOTHER DEPARTMENT-APPROVED INTERMEDIATE DISTRICT**
9 **PROVIDER OF ONLINE PROFESSIONAL DEVELOPMENT, A** district may count
10 up to 38 hours of qualifying professional development for teachers
11 ~~, including the 5 hours of online professional development provided~~
12 ~~by the Michigan virtual university under section 98,~~ as hours of
13 pupil instruction. However, if a collective bargaining agreement
14 that provides more than 38 but not more than 51 hours of
15 professional development for teachers is in effect for employees of
16 a district as of ~~the effective date of the 2006 amendatory act that~~
17 ~~amended this subsection~~ **OCTOBER 1, 2006**, then until the fiscal year
18 that begins after the expiration of that collective bargaining
19 agreement a district may count up to 51 hours of qualifying
20 professional development for teachers, including the 5 hours of
21 online professional development, ~~provided by the Michigan virtual~~
22 ~~university under section 98,~~ as hours of pupil instruction. A
23 district that elects to use this exception shall notify the
24 department of its election. As used in this subsection, "qualifying
25 professional development" means professional development that is
26 focused on 1 or more of the following:

27 (a) Achieving or improving adequate yearly progress as defined

1 under the no child left behind act of 2001, Public Law 107-110.

2 (b) Achieving accreditation or improving a school's
3 accreditation status under section 1280 of the revised school code,
4 MCL 380.1280.

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

7 (d) Maintaining teacher certification.

8 Sec. 104. (1) **IN ORDER TO RECEIVE STATE AID UNDER THIS ACT, A**
9 **DISTRICT SHALL COMPLY WITH SECTIONS 1278A, 1278B, 1279, 1279G, AND**
10 **1280B OF THE REVISED SCHOOL CODE, MCL 380.1278A, 380.1278B,**
11 **380.1279, 380.1279G, AND 380.1280B, AND 1970 PA 38, MCL 388.1081 TO**
12 **388.1086.** From the state school aid fund money appropriated in
13 section 11, there is allocated for ~~2008-2009-2009-2010~~ an amount
14 not to exceed ~~\$28,872,800.00~~ **\$28,130,700.00** for payments on behalf
15 of districts for costs associated with complying with ~~sections 104a~~
16 ~~and 104b, sections 1278a, 1278b, 1279, 1279g, and 1280b of the~~
17 ~~revised school code, MCL 380.1278a, 380.1278b, 380.1279, 380.1279g,~~
18 ~~and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086~~ **THOSE**
19 **PROVISIONS OF LAW.** In addition, from the federal funds appropriated
20 in section 11, there is allocated for ~~2008-2009-2009-2010~~ an amount
21 estimated at ~~\$8,512,900.00~~ **\$8,313,700.00**, funded from DED-OESE,
22 title VI, state assessments funds and DED-OSERS, section 504 of
23 part B of the individuals with disabilities education act, Public
24 Law 94-142, plus any carryover federal funds from previous year
25 appropriations, for the purposes of complying with the federal no
26 child left behind act of 2001, Public Law 107-110.

27 (2) The results of each test administered as part of the

1 Michigan educational assessment program, including tests
2 administered to high school students, shall include an item
3 analysis that lists all items that are counted for individual pupil
4 scores and the percentage of pupils choosing each possible
5 response.

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

10 (4) Notwithstanding section 17b, payments on behalf of
11 districts, intermediate districts, and other eligible entities
12 under this section shall be paid on a schedule determined by the
13 department.

14 (5) As used in this section:

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

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

18 (c) "DED-OSERS" means the DED office of special education and
19 rehabilitative services.

20 Sec. 107. (1) From the appropriation in section 11, there is
21 allocated an amount not to exceed ~~\$24,000,000.00 for 2008-2009~~
22 **\$23,700,000.00 FOR 2009-2010** for adult education programs
23 authorized under this section.

24 (2) To be eligible to be a participant funded under this
25 section, a person shall be enrolled in an adult basic education
26 program, an adult English as a second language program, a general
27 educational development (G.E.D.) test preparation program, a job or

1 employment related program, or a high school completion program,
2 that meets the requirements of this section, and shall meet either
3 of the following, as applicable:

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

7 (i) Is less than 20 years of age on September 1 of the school
8 year and is enrolled in the Michigan career and technical
9 institute.

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

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

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

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

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

20 (ii) Is at least 16 years of age on September 1 of the school
21 year, has been permanently expelled from school under section
22 1311(2) or 1311a of the revised school code, MCL 380.1311 and
23 380.1311a, and has no appropriate alternative education program
24 available through his or her district of residence.

25 (3) Except as otherwise provided in subsection (4), ~~from the~~
26 amount allocated under subsection (1) ~~, at least \$23,300,000.00~~
27 shall be distributed as follows:

1 (a) For districts and consortia that received payments for
2 ~~2007-2008-2008-2009~~ under this section, the amount allocated to
3 each for ~~2008-2009-2009-2010~~ shall be based on the number of
4 participants served by the district or consortium for ~~2008-2009~~
5 **2009-2010**, using the amount allocated per full-time equated
6 participant under subsection ~~(6)~~**(5)**, up to a maximum total
7 allocation under this subsection in an amount equal to the amount
8 the district or consortium received for ~~2007-2008-2008-2009~~ under
9 this section before any reallocations made for ~~2007-2008-2008-2009~~
10 under subsection (4).

11 (b) A district or consortium that received funding in ~~2007-~~
12 ~~2008-2008-2009~~ under this section may operate independently of a
13 consortium or join or form a consortium for ~~2008-2009-2009-2010~~.
14 The allocation for ~~2008-2009-2009-2010~~ to the district or the newly
15 formed consortium under this subsection shall be determined by the
16 department and shall be based on the proportion of the amounts that
17 are attributable to the district or consortium that received
18 funding in ~~2007-2008-2008-2009~~. A district or consortium described
19 in this subdivision shall notify the department of its intention
20 with regard to ~~2008-2009-2009-2010~~ by October 1, ~~2008-2009~~.

21 (c) If a district had a declaration of financial emergency in
22 place under the local government fiscal responsibility act, 1990 PA
23 72, MCL 141.1201 to 141.1291, and that declaration was revoked
24 during 2005, the district may operate a program under this section
25 independently of a consortium or may join or form a consortium to
26 operate a program under this section. The allocation for ~~2008-2009~~
27 **2009-2010** to the district or the newly formed consortium under this

1 subsection shall be determined by the department and shall be based
2 on the proportion of the amounts that are attributable to the
3 district or consortium that received funding in ~~2007-2008-2008-2009~~
4 or, for a district for which a declaration of financial emergency
5 was revoked during 2005, based on the amount the district received
6 under this section using a 3-year average of the 3 most recent
7 fiscal years the district received funding under this section. A
8 district or consortium described in this subdivision shall notify
9 the department of its intention with regard to ~~2008-2009-2009-2010~~
10 by October 1, ~~2008-2009~~.

11 (4) A district that operated an adult education program in
12 ~~2007-2008-2008-2009~~ and does not intend to operate a program in
13 ~~2008-2009-2009-2010~~ shall notify the department by October 1, ~~2008~~
14 ~~2009~~ of its intention. The ~~funds-MONEY~~ intended to be allocated
15 under this section to a district that does not operate a program in
16 ~~2008-2009-2009-2010~~ and the unspent ~~funds-MONEY~~ originally
17 allocated under this section to a district or consortium that
18 subsequently operates a program at less than the level of funding
19 allocated under subsection (3) **AND ANY OTHER UNALLOCATED MONEY**
20 **UNDER THIS SECTION** shall instead be proportionately reallocated to
21 the other districts described in subsection (3)(a) that are
22 operating an adult education program in ~~2008-2009-2009-2010~~ under
23 this section.

24 ~~—— (5) From the amount allocated under subsection (1), up to a~~
25 ~~maximum of \$200,000.00 shall be allocated for not more than 1 grant~~
26 ~~not to exceed \$200,000.00 for expansion of an existing innovative~~
27 ~~community college program that focuses on educating adults. Grants~~

1 ~~may be used for program operating expenses such as staffing, rent,~~
2 ~~equipment, and other expenses. To be eligible for this grant~~
3 ~~funding, a program must meet the following criteria:~~

4 ~~—— (a) Collaborates with local districts and businesses to~~
5 ~~determine area academic needs and to promote the learning~~
6 ~~opportunities.~~

7 ~~—— (b) Is located off campus in an urban residential setting with~~
8 ~~documented high poverty and low high school graduation rates.~~

9 ~~—— (c) Provides general educational development (G.E.D.) test~~
10 ~~preparation courses and workshops.~~

11 ~~—— (d) Provides developmental courses taught by college faculty~~
12 ~~that prepare students to be successful in college level courses.~~

13 ~~—— (e) Uses learning communities to allow for shared, rather than~~
14 ~~isolated, learning experiences.~~

15 ~~—— (f) Provides on-site tutoring.~~

16 ~~—— (g) Provides access to up-to-date technology, including~~
17 ~~personal computers.~~

18 ~~—— (h) Partners with a financial institution to provide financial~~
19 ~~literacy education.~~

20 ~~—— (i) Assists students in gaining access to financial aid.~~

21 ~~—— (j) Provides on-site academic advising to students.~~

22 ~~—— (k) Provides vouchers for reduced G.E.D. testing costs.~~

23 ~~—— (l) Partners with local agencies to provide referrals for~~
24 ~~social services as needed.~~

25 ~~—— (m) Enrolls participants as students of the community college.~~

26 ~~—— (n) Partners with philanthropic and business entities to~~
27 ~~provide capital funding.~~

1 (5) ~~(6)~~—The amount allocated under this section per full-time
2 equated participant is \$2,850.00 for a 450-hour program. The amount
3 shall be proportionately reduced for a program offering less than
4 450 hours of instruction.

5 (6) ~~(7)~~—An adult basic education program or an adult English
6 as a second language program operated on a year-round or school
7 year basis may be funded under this section, subject to all of the
8 following:

9 (a) The program enrolls adults who are determined by an
10 appropriate assessment, in a form and manner prescribed by the
11 department, to be below ninth grade level in reading or
12 mathematics, or both, or to lack basic English proficiency.

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

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

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

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

25 (d) A funding recipient enrolling a participant in an English
26 as a second language program is eligible for funding according to
27 subsection ~~(11)~~—(10) until the participant meets 1 of the

1 following:

2 (i) The participant is assessed as having attained basic
3 English proficiency as defined by the department.

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

9 (7) ~~(8)~~—A general educational development (G.E.D.) test
10 preparation program operated on a year-round or school year basis
11 may be funded under this section, subject to all of the following:

12 (a) The program enrolls adults who do not have a high school
13 diploma.

14 (b) The program shall administer a G.E.D. pre-test approved by
15 the department before enrolling an individual to determine the
16 individual's potential for success on the G.E.D. test, and shall
17 administer other tests after every 90 hours of attendance to
18 determine a participant's readiness to take the G.E.D. test.

19 (c) A funding recipient shall receive funding according to
20 subsection ~~(11)~~ (10) for a participant, and a participant may be
21 enrolled in the program until 1 of the following occurs:

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

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

26 (8) ~~(9)~~—A high school completion program operated on a year-
27 round or school year basis may be funded under this section,

1 subject to all of the following:

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

4 (b) A funding recipient shall receive funding according to
5 subsection ~~(11)~~-(10) for a participant in a course offered under
6 this subsection until 1 of the following occurs:

7 (i) The participant passes the course and earns a high school
8 diploma.

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

12 (9) ~~(10)~~-A job or employment-related adult education program
13 operated on a year-round or school year basis may be funded under
14 this section, subject to all of the following:

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

20 (b) An individual may be enrolled in this program and the
21 grant recipient shall receive funding according to subsection ~~(11)~~
22 (10) until 1 of the following occurs:

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

26 (ii) The individual fails to show progress on 2 successive
27 assessments after having completed at least 450 hours of

1 instruction. The department shall provide information to a funding
2 recipient regarding appropriate assessment instruments for this
3 program.

4 (10) ~~(11)~~—A funding recipient shall receive payments under
5 this section in accordance with the following:

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

7 (b) Ten percent for completion of the adult basic education
8 objectives by achieving an increase of at least 1 grade level of
9 proficiency in reading or mathematics; for achieving basic English
10 proficiency, as defined by the department in the adult education
11 guidebook; for obtaining a G.E.D. or passage of 1 or more
12 individual G.E.D. tests; for attainment of a high school diploma or
13 passage of a course required for a participant to attain a high
14 school diploma; or for completion of the course and demonstrated
15 proficiency in the academic skills to be learned in the course, as
16 applicable.

17 (11) ~~(12)~~—As used in this section, "participant" means the sum
18 of the number of full-time equated individuals enrolled in and
19 attending a department-approved adult education program under this
20 section, using quarterly participant count days on the schedule
21 described in section 6(7)(b).

22 (12) ~~(13)~~—A person who is not eligible to be a participant
23 funded under this section may receive adult education services upon
24 the payment of tuition. In addition, a person who is not eligible
25 to be served in a program under this section due to the program
26 limitations specified in subsection ~~(7), (8), (9), or (10)~~ (6),
27 (7), (8), OR (9) may continue to receive adult education services

1 in that program upon the payment of tuition. The tuition level
2 shall be determined by the local or intermediate district
3 conducting the program.

4 (13) ~~(14)~~—An individual who is an inmate in a state
5 correctional facility shall not be counted as a participant under
6 this section. ~~However, from the amount allocated under subsection~~
7 ~~(1), up to a maximum of \$500,000.00 shall be made available as~~
8 ~~competitive grants to districts that enroll adults who do not have~~
9 ~~a high school diploma or G.E.D. and who are incarcerated in a state~~
10 ~~correctional facility in general education development (G.E.D.)~~
11 ~~test preparation courses and workshops or high school completion~~
12 ~~programs. Districts applying for grants under this subsection shall~~
13 ~~do so in a form and manner determined by the department. Districts~~
14 ~~receiving funding under this subsection shall provide G.E.D. and~~
15 ~~high school diploma programs substantially similar to those~~
16 ~~programs as described in this section and shall receive \$2,850.00~~
17 ~~per participant enrolled in the programs.~~

18 (14) ~~(15)~~—A district shall not commingle money received under
19 this section or from another source for adult education purposes
20 with any other funds of the district. A district receiving adult
21 education funds shall establish a separate ledger account for those
22 funds. This subsection does not prohibit a district from using
23 general funds of the district to support an adult education or
24 community education program.

25 (15) ~~(16)~~—A district or intermediate district receiving funds
26 under this section may establish a sliding scale of tuition rates
27 based upon a participant's family income. A district or

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

10 (16) ~~(17)~~—In order to receive funds under this section, a
11 district shall furnish to the department, in a form and manner
12 determined by the department, all information needed to administer
13 this program and meet federal reporting requirements; shall allow
14 the department or the department's designee to review all records
15 related to the program for which it receives funds; and shall
16 reimburse the state for all disallowances found in the review, as
17 determined by the department.

18 (17) ~~(18)~~—All intermediate district participant audits of
19 adult education programs shall be performed pursuant to the adult
20 education participant auditing and accounting manuals published by
21 the department.

22 (18) ~~(19)~~—As used in this section, "department" means the
23 department of **ENERGY**, labor, and economic growth.

24 (19) **NOT LATER THAN SEPTEMBER 30, 2009, THE DEPARTMENT SHALL**
25 **CREATE AN ADULT LEARNING PLANNING GROUP. THE ADULT EDUCATION**
26 **ADVISORY BOARD IN THE DEPARTMENT SHALL WORK WITH THE STATE ADULT**
27 **EDUCATION DIVISION TO IDENTIFY MEMBERS FOR THE ADULT LEARNING**

1 PLANNING GROUP. MEMBERS OF THE ADULT LEARNING PLANNING GROUP SHOULD
2 INCLUDE A BALANCE OF RURAL, URBAN, AND SUBURBAN COMMUNITY ADULT
3 EDUCATION PROGRAM DIRECTORS THROUGHOUT THE STATE AND ADVOCACY
4 LEADERS FOR ADULT EDUCATION, ENGLISH AS A SECOND LANGUAGE, AND
5 ADULT LITERACY.

6 (20) NOT LATER THAN DECEMBER 1, 2009, THE ADULT LEARNING
7 PLANNING GROUP SHALL DO ALL OF THE FOLLOWING:

8 (A) EVALUATE THE PROVISIONS OF THIS SECTION AND MAKE
9 RECOMMENDATIONS FOR UPDATING THIS SECTION TO ADDRESS THE INCREASED
10 DEMAND FOR ADULT EDUCATION, PARTICULARLY IN UNDERSERVED AREAS OF
11 THIS STATE, AND THE NEED TO ALIGN ADULT EDUCATION WITH ENTRY-LEVEL
12 REQUIREMENTS FOR POSTSECONDARY EDUCATION, TRAINING, AND EMPLOYMENT.

13 (B) DEVELOP PROGRAM ENTRY AND EXIT REQUIREMENTS TO FACILITATE
14 PARTICIPANT TRANSITION FROM AN ADULT EDUCATION PROGRAM TO
15 EMPLOYMENT OR A POSTSECONDARY EDUCATION PROGRAM.

16 (C) SUBMIT ITS RECOMMENDATIONS CONCERNING THE MATTERS
17 CONSIDERED UNDER SUBDIVISIONS (A) AND (B) TO THE DEPARTMENT, THE
18 SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS
19 ACT, AND THE SENATE AND HOUSE FISCAL AGENCIES.

20 (21) NOT LATER THAN MARCH 31, 2010, THE ADULT LEARNING
21 PLANNING GROUP SHALL DO ALL OF THE FOLLOWING:

22 (A) ASSESS AND RECOMMEND A COMPREHENSIVE STATEWIDE DELIVERY
23 SYSTEM THAT ENSURES THAT ALL AREAS OF THIS STATE ARE ADEQUATELY
24 SERVED. THE ADULT LEARNING PLANNING GROUP SHALL GIVE CONSIDERATION
25 TO USING INTERMEDIATE DISTRICTS OR COUNTYWIDE AGENCIES AS FISCAL
26 AGENTS TO LESSEN THE ADMINISTRATIVE BURDEN ON SMALLER PROGRAMS AND
27 SERVICE AREAS AND TO FOSTER PARTNERSHIPS FOR CREATING SEAMLESS

1 TRANSITIONS BETWEEN EDUCATIONAL LEVELS OF ATTAINMENT, CAREER
2 PREPARATION, AND EMPLOYMENT IN NEWLY DESIGNATED SERVICE AREAS. THE
3 ADULT LEARNING PLANNING GROUP SHALL OBTAIN LOCAL COMMUNITY INPUT
4 FROM ADULT EDUCATION AND TRAINING STAKEHOLDERS, INCLUDING ADULT
5 EDUCATORS AND ADULT LEARNERS, AND SHALL COMBINE THAT INPUT WITH
6 CURRENT ENROLLMENT, EMPLOYMENT, AND OTHER RELEVANT DATA IN
7 DEVELOPING RECOMMENDATIONS, INCLUDING RECOMMENDATIONS CONCERNING
8 FISCAL AGENTS AND SERVICE DELIVERY LOCATIONS.

9 (B) EVALUATE THE GRANT RECIPIENTS IN THE NO WORKER LEFT BEHIND
10 PROGRAM CREATED UNDER 2008 PA 251 TO IDENTIFY LESSONS LEARNED AND
11 PROMISING PRACTICES FOR CONSIDERATION IN RECOMMENDATIONS.

12 (C) EXAMINE AND EVALUATE THE IMPLEMENTATION OF ACCESSIBLE
13 SERVICES USING FLEXIBLE YEAR-ROUND SCHEDULING AND DISTANCE
14 LEARNING.

15 (D) EVALUATE THE CURRENT ABILITY OF ADULT EDUCATION PROGRAMS
16 TO EMPLOY AND THE NECESSITY OF HAVING CERTIFIED TEACHERS AND STAFF.

17 (E) EVALUATE MODES OF EDUCATION DELIVERY FOR ADULT LEARNERS
18 AND IDENTIFY CURRENT RESEARCH-BASED BEST INSTRUCTIONAL PRACTICES.

19 (F) EVALUATE CURRENT ASSESSMENT TOOLS AND THE NEED FOR ONGOING
20 PROGRAM EVALUATION USING ESTABLISHED PERFORMANCE MEASURES.

21 (G) SUBMIT ITS RECOMMENDATIONS CONCERNING THE MATTERS
22 CONSIDERED UNDER SUBDIVISIONS (A) TO (F) TO THE DEPARTMENT, THE
23 SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS
24 ACT, AND THE SENATE AND HOUSE FISCAL AGENCIES.

25 Sec. 147. The allocation for ~~2008-2009~~ 2009-2010 for the
26 public school employees' retirement system pursuant to the public
27 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301

1 to 38.1408, shall be made using the entry age normal cost actuarial
2 method and risk assumptions adopted by the public school employees
3 retirement board and the department of management and budget. The
4 annual level percentage of payroll contribution rate is estimated
5 at ~~16.54%~~ **16.94%** for the ~~2008-2009~~ **2009-2010** state fiscal year. The
6 portion of the contribution rate assigned to districts and
7 intermediate districts for each fiscal year is all of the total
8 percentage points. This contribution rate reflects an amortization
9 period of ~~29~~ **28** years for ~~2008-2009~~ **2009-2010**. The public school
10 employees' retirement system board shall notify each district and
11 intermediate district by February 28 of each fiscal year of the
12 estimated contribution rate for the next fiscal year.

13 Sec. 164c. A district or intermediate district shall not use
14 funds appropriated under this act to purchase foreign goods or
15 services, or both, if American goods or services, or both, are
16 available and are competitively priced and of comparable quality.
17 Preference ~~should~~ **SHALL** be given to goods or services, or both,
18 manufactured or provided by Michigan businesses if they are
19 competitively priced and of comparable quality. In addition,
20 preference ~~shall~~ **SHOULD** be given to goods or services, or both,
21 that are manufactured or provided by Michigan businesses owned and
22 operated by veterans, if they are competitively priced and of
23 comparable quality.

24 Enacting section 1. (1) In accordance with section 30 of
25 article I of the state constitution of 1963, total state spending
26 in this amendatory act from state sources for fiscal year 2008-2009
27 is estimated at \$11,702,298,200.00 and state appropriations to be

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1 paid to local units of government for fiscal year 2008-2009 are
2 estimated at \$11,564,105,900.00.

3 (2) In accordance with section 30 of article I of the state
4 constitution of 1963, total state spending in this amendatory act
5 from state sources for fiscal year 2009-2010 is estimated at
6 [\$11,350,425,100.00] and state appropriations to be paid to local
7 units of government for fiscal year 2009-2010 are estimated at
8 \$11,116,249,800.00.

9 Enacting section 2. Sections 37, 38, 99e, 99i, 99j, 99k, 104a,
10 and 104b, of the state school aid act of 1979, 1979 PA 94, MCL
11 388.1637, 388.1638, 388.1699e, 388.1699i, 388.1699j, 388.1699k,
12 388.1704a, and 388.1704b, are repealed effective October 1, 2009.

13 Enacting section 3. (1) Except as otherwise provided in
14 subsection (2), this amendatory act takes effect October 1, 2009.

15 (2) Sections 11, 11j, 22a, 22b, 26a, 51a, and 51c of the state
16 school aid act of 1979, 1979 PA 94, MCL 388.1611, 388.1611j,
17 388.1622a, 388.1622b, 388.1626a, 388.1651a, and 388.1651c, as
18 amended by this amendatory act, and section 98a as added by this
19 amendatory act, take effect upon enactment of this amendatory act.