

**SUBSTITUTE FOR
HOUSE BILL NO. 4721**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11j, 11n, 20, 22a, 22b, 26a, 51a, 51c,
53a, and 94a (MCL 388.1606, 388.1611, 388.1611j, 388.1611n,
388.1620, 388.1622a, 388.1622b, 388.1626a, 388.1651a, 388.1651c,
388.1653a, and 388.1694a), sections 6, 11, 11j, 22a, 22b, 26a, 51a,
51c, 53a, and 94a as amended and section 11n as added by 2008 PA
268 and section 20 as amended by 2008 PA 561, and by adding section
98a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 shall be allocated to the public school academy.

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

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

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

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

1 ~~equated memberships for pupils in grades 1 to 12. For 2010-2011,~~
2 ~~full-time equated memberships for pupils enrolled in kindergarten~~
3 ~~shall be determined by dividing the number of class hours scheduled~~
4 ~~and provided per year per kindergarten pupil by a number equal to~~
5 ~~60% of the number used for determining full-time equated~~
6 ~~memberships for pupils in grades 1 to 12. Beginning in 2011-2012,~~
7 ~~full-time equated memberships for pupils enrolled in kindergarten~~
8 ~~shall be determined by dividing the number of class hours scheduled~~
9 ~~and provided per year per kindergarten pupil by a number equal to~~
10 ~~70% of the number used for determining full-time equated~~
11 ~~memberships for pupils in grades 1 to 12.~~

12 (s) For a district, university school, or public school
13 academy that has pupils enrolled in a grade level that was not
14 offered by the district, university school, or public school
15 academy in the immediately preceding school year, the number of
16 pupils enrolled in that grade level to be counted in membership is
17 the average of the number of those pupils enrolled and in regular
18 daily attendance on the pupil membership count day and the
19 supplemental count day of the current school year, as determined by
20 the department. Membership shall be calculated by adding the number
21 of pupils registered for attendance in that grade level on the
22 pupil membership count day plus pupils received by transfer and
23 minus pupils lost as defined by rules promulgated by the
24 superintendent, and as corrected by subsequent department audit,
25 plus the final audited count from the supplemental count day for
26 the current school year, and dividing that sum by 2.

27 (t) A pupil enrolled in a cooperative education program may be

1 counted in membership in the pupil's district of residence with the
2 written approval of all parties to the cooperative agreement.

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

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

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

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

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

3 (v) For 2007-2008 only, a pupil enrolled in an alternative or
4 disciplinary education program described in section 25 shall be
5 counted in membership in the district or public school academy that
6 expelled the pupil.

7 (w) If a pupil was enrolled in a public school academy on the
8 pupil membership count day, if the public school academy's contract
9 with its authorizing body is revoked or the public school academy
10 otherwise ceases to operate, and if the pupil enrolls in a district
11 within 45 days after the pupil membership count day, the department
12 shall adjust the district's pupil count for the pupil membership
13 count day to include the pupil in the count.

14 (x) For a public school academy that has been in operation for
15 at least 2 years and that suspended operations for at least 1
16 semester and is resuming operations, membership is the sum of the
17 product of .75 times the number of full-time equated pupils in
18 grades K to 12 actually enrolled and in regular daily attendance on
19 the first pupil membership count day or supplemental count day,
20 whichever is first, occurring after operations resume, plus the
21 product of .25 times the final audited count from the most recent
22 pupil membership count day or supplemental count day that occurred
23 before suspending operations, as determined by the superintendent.

24 (y) If a district's membership for a particular fiscal year,
25 as otherwise calculated under this subsection, would be less than
26 1,550 pupils and the district has 4.5 or fewer pupils per square
27 mile, as determined by the department, and, beginning in 2007-2008,

1 if the district does not receive funding under section 22d(2), the
2 district's membership shall be considered to be the membership
3 figure calculated under this subdivision. If a district educates
4 and counts in its membership pupils in grades 9 to 12 who reside in
5 a contiguous district that does not operate grades 9 to 12 and if 1
6 or both of the affected districts request the department to use the
7 determination allowed under this sentence, the department shall
8 include the square mileage of both districts in determining the
9 number of pupils per square mile for each of the districts for the
10 purposes of this subdivision. The membership figure calculated
11 under this subdivision is the greater of the following:

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

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

19 (z) If a public school academy that is not in its first or
20 second year of operation closes at the end of a school year and
21 does not reopen for the next school year, the department shall
22 adjust the membership count of the district in which a former pupil
23 of the public school academy enrolls and is in regular daily
24 attendance for the next school year to ensure that the district
25 receives the same amount of membership aid for the pupil as if the
26 pupil were counted in the district on the supplemental count day of
27 the preceding school year.

1 (aa) Full-time equated memberships for preprimary-aged special
2 education pupils who are not enrolled in kindergarten but are
3 enrolled in a classroom program under R 340.1754 of the Michigan
4 administrative code shall be determined by dividing the number of
5 class hours scheduled and provided per year by 450. Full-time
6 equated memberships for preprimary-aged special education pupils
7 who are not enrolled in kindergarten but are receiving nonclassroom
8 services under R 340.1755 of the Michigan administrative code shall
9 be determined by dividing the number of hours of service scheduled
10 and provided per year per pupil by 180.

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

16 (cc) For the first year in which a pupil is counted in
17 membership on the pupil membership count day in a middle college
18 program described in section 64, the membership is the average of
19 the full-time equated membership on the pupil membership count day
20 and on the supplemental count day for the current school year, as
21 determined by the department. If a pupil was counted by the
22 operating district on the immediately preceding supplemental count
23 day, the pupil shall be excluded from the district's immediately
24 preceding supplemental count for purposes of determining the
25 district's membership.

26 (5) "Public school academy" means a public school academy,
27 urban high school academy, or strict discipline academy operating

1 under the revised school code.

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

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

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

11 (c) A pupil enrolled in a public school academy or university
12 school.

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

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

21 (f) A pupil who has made an official written complaint or
22 whose parent or legal guardian has made an official written
23 complaint to law enforcement officials and to school officials of
24 the pupil's district of residence that the pupil has been the
25 victim of a criminal sexual assault or other serious assault, if
26 the official complaint either indicates that the assault occurred
27 at school or that the assault was committed by 1 or more other

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (k) An expelled pupil who has been denied reinstatement by the
13 expelling district and is reinstated by another school board under
14 section 1311 or 1311a of the revised school code, MCL 380.1311 and
15 380.1311a.

16 (l) A pupil enrolled in a district other than the pupil's
17 district of residence in a program described in section 64 if the
18 pupil's district of residence and the enrolling district are both
19 constituent districts of the same intermediate district.

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

23 However, if a district that is not a first class district
24 educates pupils who reside in a first class district and if the
25 primary instructional site for those pupils is located within the
26 boundaries of the first class district, the educating district must
27 have the approval of the first class district to count those pupils

1 in membership. As used in this subsection, "first class district"
2 means a district organized as a school district of the first class
3 under the revised school code.

4 (7) "Pupil membership count day" of a district or intermediate
5 district means:

6 (a) Except as provided in subdivision (b), the fourth
7 Wednesday after Labor day each school year or, for a district or
8 building in which school is not in session on that Wednesday due to
9 conditions not within the control of school authorities, with the
10 approval of the superintendent, the immediately following day on
11 which school is in session in the district or building.

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

14 (i) Fourth Wednesday in July.

15 (ii) Fourth Wednesday after Labor day.

16 (iii) Second Wednesday in February.

17 (iv) Fourth Wednesday in April.

18 (8) "Pupils in grades K to 12 actually enrolled and in regular
19 daily attendance" means pupils in grades K to 12 in attendance and
20 receiving instruction in all classes for which they are enrolled on
21 the pupil membership count day or the supplemental count day, as
22 applicable. Except as otherwise provided in this subsection, a
23 pupil who is absent from any of the classes in which the pupil is
24 enrolled on the pupil membership count day or supplemental count
25 day and who does not attend each of those classes during the 10
26 consecutive school days immediately following the pupil membership
27 count day or supplemental count day, except for a pupil who has

1 been excused by the district, shall not be counted as 1.0 full-time
2 equated membership. A pupil who is excused from attendance on the
3 pupil membership count day or supplemental count day and who fails
4 to attend each of the classes in which the pupil is enrolled within
5 30 calendar days after the pupil membership count day or
6 supplemental count day shall not be counted as 1.0 full-time
7 equated membership. In addition, a pupil who was enrolled and in
8 attendance in a district, intermediate district, or public school
9 academy before the pupil membership count day or supplemental count
10 day of a particular year but was expelled or suspended on the pupil
11 membership count day or supplemental count day shall only be
12 counted as 1.0 full-time equated membership if the pupil resumed
13 attendance in the district, intermediate district, or public school
14 academy within 45 days after the pupil membership count day or
15 supplemental count day of that particular year. Pupils not counted
16 as 1.0 full-time equated membership due to an absence from a class
17 shall be counted as a prorated membership for the classes the pupil
18 attended. For purposes of this subsection, "class" means a period
19 of time in 1 day when pupils and a certificated teacher or legally
20 qualified substitute teacher are together and instruction is taking
21 place.

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

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

27 (11) "School district of the first class", "first class school

1 district", and "district of the first class", except in subsection
2 (6), mean a district that had at least 60,000 pupils in membership
3 for the immediately preceding fiscal year.

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

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

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

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

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

21 (17) "State school aid fund" means the state school aid fund
22 established in section 11 of article IX of the state constitution
23 of 1963.

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

27 (19) "Textbook" means a book that is selected and approved by

1 the governing board of a district and that contains a presentation
2 of principles of a subject, or that is a literary work relevant to
3 the study of a subject required for the use of classroom pupils, or
4 another type of course material that forms the basis of classroom
5 instruction.

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

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

12 Sec. 11. (1) ~~For the fiscal year ending September 30, 2008,~~
13 ~~there is appropriated for the public schools of this state and~~
14 ~~certain other state purposes relating to education the sum of~~
15 ~~\$11,386,866,600.00 from the state school aid fund established by~~
16 ~~section 11 of article IX of the state constitution of 1963 and the~~
17 ~~sum of \$34,909,600.00 from the general fund. For the fiscal year~~
18 ~~ending September 30, 2009, there is appropriated for the public~~
19 ~~schools of this state and certain other state purposes relating to~~
20 ~~education the sum of \$11,776,098,200.00~~ **\$11,019,798,200.00** from the
21 state school aid fund established by section 11 of article IX of
22 the state constitution of 1963 and the sum of ~~\$40,800,000.00~~
23 **\$78,000,000.00** from the general fund. **FOR THE FISCAL YEAR ENDING**
24 **SEPTEMBER 30, 2009, THERE IS ALSO APPROPRIATED THE SUM OF**
25 **\$600,000,000.00 FROM THE FEDERAL FUNDING AWARDED TO THIS STATE**
26 **UNDER TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF**
27 **2009, PUBLIC LAW 111-5, TO BE USED SOLELY FOR THE PURPOSE OF**

1 **FUNDING THE PRIMARY FUNDING FORMULA CALCULATED UNDER SECTION 20, IN**
2 **ACCORDANCE WITH FEDERAL LAW.** In addition, **OTHER** available federal
3 funds are appropriated ~~for the fiscal year ending September 30,~~
4 ~~2008 and~~ for the fiscal year ending September 30, 2009.

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

16 (3) If the maximum amount appropriated under this section from
17 the state school aid fund and the school aid stabilization fund for
18 a fiscal year exceeds the amount available for expenditure from the
19 state school aid fund for that fiscal year, payments under sections
20 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
21 and 56 shall be made in full. In addition, for districts beginning
22 operations after 1994-95 that qualify for payments under section
23 22b, payments under section 22b shall be made so that the
24 qualifying districts receive the lesser of an amount equal to the
25 1994-95 foundation allowance of the district in which the district
26 beginning operations after 1994-95 is located or \$5,500.00. The
27 amount of the payment to be made under section 22b for these

1 qualifying districts shall be as calculated under section 22a, with
2 the balance of the payment under section 22b being subject to the
3 proration otherwise provided under this subsection and subsection
4 (4). If proration is necessary, state payments under each of the
5 other sections of this act from all state funding sources shall be
6 prorated in the manner prescribed in subsection (4) as necessary to
7 reflect the amount available for expenditure from the state school
8 aid fund for the affected fiscal year. However, if the department
9 of treasury determines that proration will be required under this
10 subsection, or if the department of treasury determines that
11 further proration is required under this subsection after an
12 initial proration has already been made for a fiscal year, the
13 department of treasury shall notify the state budget director, and
14 the state budget director shall notify the legislature at least 30
15 calendar days or 6 legislative session days, whichever is more,
16 before the department reduces any payments under this act because
17 of the proration. During the 30 calendar day or 6 legislative
18 session day period after that notification by the state budget
19 director, the department shall not reduce any payments under this
20 act because of proration under this subsection. The legislature may
21 prevent proration from occurring by, within the 30 calendar day or
22 6 legislative session day period after that notification by the
23 state budget director, enacting legislation appropriating
24 additional funds from the general fund, countercyclical budget and
25 economic stabilization fund, state school aid fund balance, or
26 another source to fund the amount of the projected shortfall.

27 (4) If proration is necessary under subsection (3), the

1 department shall calculate the proration in district and
2 intermediate district payments that is required under subsection
3 (3) as follows:

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

7 (i) Districts.

8 (ii) Intermediate districts.

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

10 (b) The department shall recover a percentage of the proration
11 amount required under subsection (3) that is equal to the
12 percentage calculated under subdivision (a) (i) for districts by
13 reducing payments to districts. This reduction shall be made by
14 calculating an equal dollar amount per pupil as necessary to
15 recover this percentage of the proration amount and reducing each
16 district's total state school aid from state sources, other than
17 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
18 51a(2), 51a(12), 51c, and 53a, by that amount.

19 (c) The department shall recover a percentage of the proration
20 amount required under subsection (3) that is equal to the
21 percentage calculated under subdivision (a) (ii) for intermediate
22 districts by reducing payments to intermediate districts. This
23 reduction shall be made by reducing the payments to each
24 intermediate district, other than payments under sections 11f, 11g,
25 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
26 basis.

27 (d) The department shall recover a percentage of the proration

1 amount required under subsection (3) that is equal to the
2 percentage calculated under subdivision (a) (iii) for entities other
3 than districts and intermediate districts by reducing payments to
4 these entities. This reduction shall be made by reducing the
5 payments to each of these entities, other than payments under
6 sections 11j, 26a, and 26b, on an equal percentage basis.

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

11 Sec. 11j. From the appropriation in section 11, there is
12 allocated ~~an amount not to exceed \$3,900,000.00 for 2007-2008 and~~
13 an amount not to exceed ~~\$39,000,000.00~~ **\$40,000,000.00** for 2008-2009
14 for payments to the school loan bond redemption fund in the
15 department of treasury on behalf of districts and intermediate
16 districts. Notwithstanding section 11 or any other provision of
17 this act, funds allocated under this section are not subject to
18 proration and shall be paid in full.

19 Sec. 11n. (1) From the appropriation in section 11, there is
20 allocated ~~\$15,000,000.00~~ **\$8,000,000.00** for 2008-2009 for the
21 purposes of this section. Money allocated under this section shall
22 be deposited in the 21st century schools fund on November 15 of the
23 fiscal year for which it is allocated or on the next business day
24 following that date.

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

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

11 (3) For 2008-2009, an amount not to exceed ~~\$15,000,000.00~~
12 **\$8,000,000.00** is allocated from the 21st century schools fund for
13 21st century schools grants under this section of up to
14 \$3,000,000.00 for each school project to eligible districts that
15 meet the requirements of this section. The funds may be used for
16 planning and start-up costs of newly constructed or newly
17 configured schools or learning communities and renovations of
18 existing facilities as well as other expenditures outlined in the
19 applicants' proposals relating to planning and start-up costs and
20 approved by the department. Notwithstanding section 17b, the total
21 grant amount for 2008-2009 to each eligible district or public
22 school academy shall be distributed over a 4-year period on a
23 schedule to be determined by the department.

24 (4) To apply for a 21st century schools grant, an eligible
25 district shall submit an application to the department, in a form
26 and manner prescribed by the department, that meets the application
27 criteria under this section. An application shall demonstrate to

1 the satisfaction of the department that the school or learning
2 community of an eligible district to be funded meets all of the
3 following:

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

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

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

14 (b) Will provide an open enrollment such that if there are
15 more applications to enroll than there are spaces available, pupils
16 shall be selected to attend using a random selection process.
17 However, a school or learning community may give enrollment
18 priority to a sibling of a pupil enrolled in the school or learning
19 community, and a school or learning community shall allow any pupil
20 who was enrolled in the school or learning community in the
21 immediately preceding school year to enroll in the school or
22 learning community in the next appropriate grade until the pupil
23 graduates from the school or learning community.

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

27 (d) Will incorporate a relationship-building goal between the

1 teaching staff, administration, pupils, and parents.

2 (e) Has a commitment of private matching funds at least equal
3 to the amount of the grant under this section.

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

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

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

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

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

25 (a) A district with a districtwide cohort graduation rate for
26 high school pupils below 70%, as determined by the center for
27 educational performance and information, for its most recent

1 graduating class for which data are available.

2 (b) A public school academy if a majority of the pupils
3 enrolled in the public school academy reside in a district that
4 meets the criteria under subdivision (a).

5 Sec. 20. (1) ~~For 2007-2008, the basic foundation allowance is~~
6 ~~\$8,433.00.~~ For 2008-2009, the basic foundation allowance is
7 \$8,489.00.

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

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

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

1 lowest foundation allowance among all districts, but less than the
2 basic foundation allowance for the immediately preceding state
3 fiscal year, the district shall receive a foundation allowance in
4 an amount equal to the sum of the district's foundation allowance
5 for the immediately preceding state fiscal year plus the difference
6 between twice the dollar amount of the adjustment from the
7 immediately preceding state fiscal year to the current state fiscal
8 year made in the basic foundation allowance and [(the dollar amount
9 of the adjustment from the immediately preceding state fiscal year
10 to the current state fiscal year made in the basic foundation
11 allowance minus \$20.00) times (the difference between the
12 district's foundation allowance for the immediately preceding state
13 fiscal year and the sum of \$7,108.00 plus the total dollar amount
14 of all adjustments made from 2006-2007 to the immediately preceding
15 state fiscal year in the lowest foundation allowance among all
16 districts) divided by the difference between the basic foundation
17 allowance for the current state fiscal year and the sum of
18 \$7,108.00 plus the total dollar amount of all adjustments made from
19 2006-2007 to the immediately preceding state fiscal year in the
20 lowest foundation allowance among all districts]. However, the
21 foundation allowance for a district that had less than the basic
22 foundation allowance for the immediately preceding state fiscal
23 year shall not exceed the basic foundation allowance for the
24 current state fiscal year.

25 (b) Except as otherwise provided in this subsection, beginning
26 in 2008-2009, for a district that in the immediately preceding
27 state fiscal year had a foundation allowance in an amount at least

1 equal to the amount of the basic foundation allowance for the
2 immediately preceding state fiscal year, the district shall receive
3 a foundation allowance in an amount equal to the sum of the
4 district's foundation allowance for the immediately preceding state
5 fiscal year plus the dollar amount of the adjustment from the
6 immediately preceding state fiscal year to the current state fiscal
7 year in the basic foundation allowance.

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

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

24 (e) For a district that received a payment under section 22c
25 as that section was in effect for 2001-2002, the district's 2001-
26 2002 foundation allowance shall be considered to have been an
27 amount equal to the sum of the district's actual 2001-2002

1 foundation allowance as otherwise calculated under this section
2 plus the per pupil amount of the district's equity payment for
3 2001-2002 under section 22c as that section was in effect for 2001-
4 2002.

5 (f) For a district that received a payment under section 22c
6 as that section was in effect for 2006-2007, the district's 2006-
7 2007 foundation allowance shall be considered to have been an
8 amount equal to the sum of the district's actual 2006-2007
9 foundation allowance as otherwise calculated under this section
10 plus the per pupil amount of the district's equity payment for
11 2006-2007 under section 22c as that section was in effect for 2006-
12 2007.

13 (4) Except as otherwise provided in this subsection, the state
14 portion of a district's foundation allowance is an amount equal to
15 the district's foundation allowance or the basic foundation
16 allowance for the current state fiscal year, whichever is less,
17 minus the difference between the sum of the product of the taxable
18 value per membership pupil of all property in the district that is
19 nonexempt property times the district's certified mills and, for a
20 district with certified mills exceeding 12, the product of the
21 taxable value per membership pupil of property in the district that
22 is commercial personal property times the certified mills minus 12
23 mills and the quotient of the ad valorem property tax revenue of
24 the district captured under tax increment financing acts divided by
25 the district's membership excluding special education pupils. For a
26 district described in subsection (3)(c), the state portion of the
27 district's foundation allowance is an amount equal to \$6,962.00

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1 plus the difference between the district's foundation allowance for
2 the current state fiscal year and the district's foundation
3 allowance for 1998-99, minus the difference between the sum of the
4 product of the taxable value per membership pupil of all property
5 in the district that is nonexempt property times the district's
6 certified mills and, for a district with certified mills exceeding
7 12, the product of the taxable value per membership pupil of
8 property in the district that is commercial personal property times
9 the certified mills minus 12 mills and the quotient of the ad
10 valorem property tax revenue of the district captured under tax
11 increment financing acts divided by the district's membership
12 excluding special education pupils. For a district that has a
13 millage reduction required under section 31 of article IX of the
14 state constitution of 1963, the state portion of the district's
15 foundation allowance shall be calculated as if that reduction did
16 not occur. **FOR THE PURPOSES OF [STATE LAW], FEDERAL FUNDING**
17 **AWARDED TO THIS STATE UNDER TITLE XIV OF THE AMERICAN RECOVERY AND**
18 **REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, THAT IS APPROPRIATED**
19 **UNDER SECTION 11 AND ALLOCATED UNDER SECTION 22B, IS CONSIDERED TO**
20 **BE PART OF THE STATE PORTION OF A DISTRICT'S FOUNDATION ALLOWANCE [AND IS**
CONSIDERED TO BE PART OF THE TOTAL STATE SCHOOL AID PAID TO A PUBLIC
SCHOOL ACADEMY].

21 (5) The allocation calculated under this section for a pupil
22 shall be based on the foundation allowance of the pupil's district
23 of residence. However, for a pupil enrolled in a district other
24 than the pupil's district of residence, if the foundation allowance
25 of the pupil's district of residence has been adjusted pursuant to
26 subsection (19), the allocation calculated under this section shall
27 not include the adjustment described in subsection (19). For a

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

14 ~~(6) For 2007-2008, subject to subsection (7) and section~~
15 ~~22b(3) and except as otherwise provided in this subsection, for~~
16 ~~pupils in membership, other than special education pupils, in a~~
17 ~~public school academy or a university school, the allocation~~
18 ~~calculated under this section is an amount per membership pupil~~
19 ~~other than special education pupils in the public school academy or~~
20 ~~university school equal to the sum of the local school operating~~
21 ~~revenue per membership pupil other than special education pupils~~
22 ~~for the district in which the public school academy or university~~
23 ~~school is located and the state portion of that district's~~
24 ~~foundation allowance, or \$7,475.00, whichever is less. Beginning in~~
25 2008-2009, subject to subsection (7) and section 22b(3) and except
26 as otherwise provided in this subsection, for pupils in membership,
27 other than special education pupils, in a public school academy or

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

19 (7) If more than 25% of the pupils residing within a district
20 are in membership in 1 or more public school academies located in
21 the district, then the amount per membership pupil calculated under
22 this section for a public school academy located in the district
23 shall be reduced by an amount equal to the difference between the
24 sum of the product of the taxable value per membership pupil of all
25 property in the district that is nonexempt property times the
26 district's certified mills and, for a district with certified mills
27 exceeding 12, the product of the taxable value per membership pupil

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

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

1 calculated under this subsection for a fiscal year unless in the
2 calendar year ending in the fiscal year the district levies the
3 district's certified mills on property that is nonexempt property.

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

1 district does not levy the district's certified mills on property
2 that is nonexempt property, the amount calculated under this
3 subsection will be reduced by the same percentage as the millage
4 actually levied compares to the district's certified mills.

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

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

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

24 (13) To assist the legislature in determining the basic
25 foundation allowance for the subsequent state fiscal year, each
26 revenue estimating conference conducted under section 367b of the
27 management and budget act, 1984 PA 431, MCL 18.1367b, shall

1 calculate a pupil membership factor, a revenue adjustment factor,
2 and an index as follows:

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

13 (b) The revenue adjustment factor shall be computed by
14 dividing the sum of the estimated total state school aid fund
15 revenue for the subsequent state fiscal year plus the estimated
16 total state school aid fund revenue for the current state fiscal
17 year, adjusted for any change in the rate or base of a tax the
18 proceeds of which are deposited in that fund and excluding money
19 transferred into that fund from the countercyclical budget and
20 economic stabilization fund under the management and budget act,
21 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
22 total school aid fund revenue for the current state fiscal year
23 plus the estimated total state school aid fund revenue for the
24 immediately preceding state fiscal year, adjusted for any change in
25 the rate or base of a tax the proceeds of which are deposited in
26 that fund. If a consensus revenue factor is not determined at the
27 revenue estimating conference, the principals of the revenue

1 estimating conference shall report their estimates to the house and
2 senate subcommittees responsible for school aid appropriations not
3 later than 7 days after the conclusion of the revenue conference.

4 (c) The index shall be calculated by multiplying the pupil
5 membership factor by the revenue adjustment factor. However, for
6 2008-2009, the index shall be 1.00. If a consensus index is not
7 determined at the revenue estimating conference, the principals of
8 the revenue estimating conference shall report their estimates to
9 the house and senate subcommittees responsible for school aid
10 appropriations not later than 7 days after the conclusion of the
11 revenue conference.

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

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

27 (16) For a district that had combined state and local revenue

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

1 exceed \$10.00 per school day for each pupil in grades 9 to 12
2 educated in another district, as approved by the department.

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

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

24 (19) For a district that received a grant under former section
25 32e for 2001-2002, the district's foundation allowance for 2002-
26 2003 and each succeeding fiscal year shall be adjusted to be an
27 amount equal to the sum of the district's foundation allowance, as

1 otherwise calculated under this section, plus the quotient of 100%
2 of the amount of the grant award to the district for 2001-2002
3 under former section 32e divided by the number of pupils in the
4 district's membership for 2001-2002 who were residents of and
5 enrolled in the district. Except as otherwise provided in this
6 subsection, a district qualifying for a foundation allowance
7 adjustment under this subsection shall use the funds resulting from
8 this adjustment for at least 1 of grades K to 3 for purposes
9 allowable under former section 32e as in effect for 2001-2002, and
10 may also use these funds for an early intervening program described
11 in subsection (20). For an individual school or schools operated by
12 a district qualifying for a foundation allowance under this
13 subsection that have been determined by the department to meet the
14 adequate yearly progress standards of the federal no child left
15 behind act of 2001, Public Law 107-110, in both mathematics and
16 English language arts at all applicable grade levels for all
17 applicable subgroups, the district may submit to the department an
18 application for flexibility in using the funds resulting from this
19 adjustment that are attributable to the pupils in the school or
20 schools. The application shall identify the affected school or
21 schools and the affected funds and shall contain a plan for using
22 the funds for specific purposes identified by the district that are
23 designed to reduce class size, but that may be different from the
24 purposes otherwise allowable under this subsection. The department
25 shall approve the application if the department determines that the
26 purposes identified in the plan are reasonably designed to reduce
27 class size. If the department does not act to approve or disapprove

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

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

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

21 (b) Shall provide early intervening strategies for pupils in
22 grades K to 3 using schoolwide systems of academic and behavioral
23 supports and shall be scientifically research-based. The strategies
24 to be provided shall include at least pupil performance indicators
25 based upon response to intervention, instructional consultation for
26 teachers, and ongoing progress monitoring. A schoolwide system of
27 academic and behavioral support should be based on a support team

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

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

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

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

27 (24) If an amendment to section 2 of article VIII of the state

1 constitution of 1963 allowing state aid to some or all nonpublic
2 schools is approved by the voters of this state, each foundation
3 allowance or per pupil payment calculation under this section may
4 be reduced.

5 (25) As used in this section:

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

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

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

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

18 (e) "Immediately preceding state fiscal year" means the state
19 fiscal year immediately preceding the current state fiscal year.

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

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

26 (h) "Maximum public school academy allocation" means the
27 maximum per-pupil allocation as calculated by adding the highest

1 per-pupil allocation among all public school academies for the
2 immediately preceding state fiscal year plus the difference between
3 twice the dollar amount of the adjustment from the immediately
4 preceding state fiscal year to the current state fiscal year made
5 in the basic foundation allowance and [(the dollar amount of the
6 adjustment from the immediately preceding state fiscal year to the
7 current state fiscal year made in the basic foundation allowance
8 minus \$20.00) times (the difference between the highest per-pupil
9 allocation among all public school academies for the immediately
10 preceding state fiscal year and the sum of \$7,108.00 plus the total
11 dollar amount of all adjustments made from 2006-2007 to the
12 immediately preceding state fiscal year in the lowest per-pupil
13 allocation among all public school academies) divided by the
14 difference between the basic foundation allowance for the current
15 state fiscal year and the sum of \$7,108.00 plus the total dollar
16 amount of all adjustments made from 2006-2007 to the immediately
17 preceding state fiscal year in the lowest per-pupil allocation
18 among all public school academies].

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

22 (j) "Nonexempt property" means property that is not a
23 principal residence, qualified agricultural property, qualified
24 forest property, industrial personal property, or commercial
25 personal property.

26 (k) "Principal residence", "qualified agricultural property",
27 "qualified forest property", "industrial personal property", and

1 "commercial personal property" mean those terms as defined in
2 section 7dd of the general property tax act, 1893 PA 206, MCL
3 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

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

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

10 (n) "Tax increment financing acts" means 1975 PA 197, MCL
11 125.1651 to 125.1681, the tax increment finance authority act, 1980
12 PA 450, MCL 125.1801 to 125.1830, the local development financing
13 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
14 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
15 or the corridor improvement authority act, 2005 PA 280, MCL
16 125.2871 to 125.2899.

17 (o) "Taxable value per membership pupil" means taxable value,
18 as certified by the department of treasury, for the calendar year
19 ending in the current state fiscal year divided by the district's
20 membership excluding special education pupils for the school year
21 ending in the current state fiscal year.

22 Sec. 22a. (1) From the appropriation in section 11, there is
23 allocated ~~an amount not to exceed \$5,951,000,000.00 for 2007-2008~~
24 ~~and an amount not to exceed \$6,092,000,000.00~~ **\$6,008,000,000.00** for
25 2008-2009 for payments to districts, qualifying university schools,
26 and qualifying public school academies to guarantee each district,
27 qualifying university school, and qualifying public school academy

1 an amount equal to its 1994-95 total state and local per pupil
2 revenue for school operating purposes under section 11 of article
3 IX of the state constitution of 1963. Pursuant to section 11 of
4 article IX of the state constitution of 1963, this guarantee does
5 not apply to a district in a year in which the district levies a
6 millage rate for school district operating purposes less than it
7 levied in 1994. However, subsection (2) applies to calculating the
8 payments under this section. Funds allocated under this section
9 that are not expended in the state fiscal year for which they were
10 allocated, as determined by the department, may be used to
11 supplement the allocations under sections 22b and 51c in order to
12 fully fund those calculated allocations for the same fiscal year.

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

18 (a) Except as otherwise provided in this subsection, the state
19 portion of a district's 1994-95 foundation allowance is an amount
20 equal to the district's 1994-95 foundation allowance or \$6,500.00,
21 whichever is less, minus the difference between the sum of the
22 product of the taxable value per membership pupil of all property
23 in the district that is nonexempt property times the district's
24 certified mills and, for a district with certified mills exceeding
25 12, the product of the taxable value per membership pupil of
26 property in the district that is commercial personal property times
27 the certified mills minus 12 mills and the quotient of the ad

1 valorem property tax revenue of the district captured under tax
2 increment financing acts divided by the district's membership. For
3 a district that has a millage reduction required under section 31
4 of article IX of the state constitution of 1963, the state portion
5 of the district's foundation allowance shall be calculated as if
6 that reduction did not occur.

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

23 (3) Beginning in 2003-2004, for pupils in membership in a
24 qualifying public school academy or qualifying university school,
25 there is allocated under this section to the authorizing body that
26 is the fiscal agent for the qualifying public school academy for
27 forwarding to the qualifying public school academy, or to the board

1 of the public university operating the qualifying university
2 school, an amount equal to the 1994-95 per pupil payment to the
3 qualifying public school academy or qualifying university school
4 under section 20.

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

10 (5) For a district that is formed or reconfigured after June
11 1, 2000 by consolidation of 2 or more districts or by annexation,
12 the resulting district's 1994-95 foundation allowance under this
13 section beginning after the effective date of the consolidation or
14 annexation shall be the average of the 1994-95 foundation
15 allowances of each of the original or affected districts,
16 calculated as provided in this section, weighted as to the
17 percentage of pupils in total membership in the resulting district
18 in the state fiscal year in which the consolidation takes place who
19 reside in the geographic area of each of the original districts. If
20 an affected district's 1994-95 foundation allowance is less than
21 the 1994-95 basic foundation allowance, the amount of that
22 district's 1994-95 foundation allowance shall be considered for the
23 purpose of calculations under this subsection to be equal to the
24 amount of the 1994-95 basic foundation allowance.

25 (6) As used in this section:

26 (a) "1994-95 foundation allowance" means a district's 1994-95
27 foundation allowance calculated and certified by the department of

1 treasury or the superintendent under former section 20a as enacted
2 in 1993 PA 336 and as amended by 1994 PA 283.

3 (b) "Certified mills" means the lesser of 18 mills or the
4 number of mills of school operating taxes levied by the district in
5 1993-94.

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

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

12 (e) "Hold harmless millage" means, for a district with a 1994-
13 95 foundation allowance greater than \$6,500.00, the number of mills
14 by which the exemption from the levy of school operating taxes on a
15 homestead, qualified agricultural property, qualified forest
16 property, industrial personal property, and commercial personal
17 property could be reduced as provided in section 1211 of the
18 revised school code, MCL 380.1211, and the number of mills of
19 school operating taxes that could be levied on all property as
20 provided in section 1211(2) of the revised school code, MCL
21 380.1211, as certified by the department of treasury for the 1994
22 tax year.

23 (f) "Homestead" means that term as defined in section 1211 of
24 the revised school code, MCL 380.1211.

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

1 (h) "Nonexempt property" means property that is not a
2 principal residence, qualified agricultural property, qualified
3 forest property, industrial personal property, or commercial
4 personal property.

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

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

10 (k) "Qualifying university school" means a university school
11 that was in operation in the 1994-95 school year and is in
12 operation in the current fiscal year.

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

16 (m) "Tax increment financing acts" means 1975 PA 197, MCL
17 125.1651 to 125.1681, the tax increment finance authority act, 1980
18 PA 450, MCL 125.1801 to 125.1830, the local development financing
19 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
20 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
21 or the corridor improvement authority act, 2005 PA 280, MCL
22 125.2871 to 125.2899.

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

25 (i) For the number of mills by which the exemption from the
26 levy of school operating taxes on a homestead, qualified
27 agricultural property, qualified forest property, industrial

1 personal property, and commercial personal property may be reduced
2 as provided in section 1211 of the revised school code, MCL
3 380.1211, the taxable value of homestead, qualified agricultural
4 property, qualified forest property, industrial personal property,
5 and commercial personal property for the calendar year ending in
6 the current state fiscal year.

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

12 Sec. 22b. (1) From the appropriation in section 11, there is
13 allocated ~~an amount not to exceed \$3,683,275,000.00 for 2007-2008~~
14 ~~and FOR 2008-2009 an amount not to exceed \$3,796,750,000.00 for~~
15 ~~2008-2009~~ **\$3,198,000,000.00** for discretionary nonmandated payments
16 to districts under this section. Funds allocated under this section
17 that are not expended in the state fiscal year for which they were
18 allocated, as determined by the department, may be used to
19 supplement the allocations under sections 22a and 51c in order to
20 fully fund those calculated allocations for the same fiscal year.

21 (2) **IN ADDITION TO THE FUNDS ALLOCATED IN SUBSECTION (1),**
22 **THERE IS ALLOCATED AN AMOUNT ESTIMATED AT \$600,000,000.00 FROM THE**
23 **FEDERAL FUNDS AWARDED TO THIS STATE UNDER TITLE XIV OF THE AMERICAN**
24 **RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5. THESE**
25 **FUNDS SHALL BE DISTRIBUTED IN A FORM AND MANNER DETERMINED BY THE**
26 **DEPARTMENT BASED ON AN EQUAL DOLLAR AMOUNT PER THE NUMBER OF**
27 **MEMBERSHIP PUPILS USED TO CALCULATE THE MAY 20, 2009 STATE AID**

1 PAYMENT AND SHALL BE EXPENDED IN A MANNER PRESCRIBED BY FEDERAL
2 LAW.

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

8 (4) ~~(3)~~—In order to receive an allocation under ~~this section~~
9 **SUBSECTION (1)**, each district shall do all of the following:

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

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

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

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

25 (5) ~~(4)~~—Districts are encouraged to use funds allocated under
26 this section for the purchase and support of payroll, human
27 resources, and other business function software that is compatible

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

4 (6) ~~(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 (7) ~~(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)~~—(3). If funds are
22 escrowed, the escrowed funds are a work project appropriation and
23 the funds are carried forward into the following fiscal year. The
24 purpose of the work project is to provide for any payments that may
25 be awarded to districts as a result of litigation. The work project
26 shall be completed upon resolution of the litigation.

27 (8) ~~(7)~~—If the local claims review board or a court of

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

9 (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 (10) ~~(9)~~—If payments resulting from a final determination by
18 the local claims review board or a court of competent jurisdiction
19 that there has been a violation of section 29 of article IX of the
20 state constitution of 1963 exceed the amount allocated for
21 discretionary nonmandated payments under this section, the
22 legislature shall provide for adequate funding for this state's
23 constitutional obligations at its next legislative session.

24 (11) ~~(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. 26a. From the state school aid fund appropriation in
16 section 11, there is allocated an amount not to exceed
17 ~~\$41,400,000.00~~ **\$26,300,000.00** for 2008-2009, and from the general
18 fund appropriation in section 11, there is allocated an amount not
19 to exceed ~~\$16,100,000.00~~ **\$9,200,000.00** for 2008-2009 to reimburse
20 districts, intermediate districts, and the state school aid fund
21 pursuant to section 12 of the Michigan renaissance zone act, 1996
22 PA 376, MCL 125.2692, for taxes levied in 2008. The allocations
23 shall be made not later than 60 days after the department of
24 treasury certifies to the department and to the state budget
25 director that the department of treasury has received all necessary
26 information to properly determine the amounts due to each eligible
27 recipient.

1 Sec. 51a. (1) From the appropriation in section 11, there is
2 allocated for 2008-2009 an amount not to exceed ~~\$1,023,783,000.00~~
3 **\$1,016,933,000.00** 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 the amount necessary, estimated at ~~\$224,800,000.00~~
7 **\$228,500,000.00** for 2008-2009, for payments toward reimbursing
8 districts and intermediate districts for 28.6138% of total approved
9 costs of special education, excluding costs reimbursed under
10 section 53a, and 70.4165% of total approved costs of special
11 education transportation. Allocations under this subsection shall
12 be made as follows:

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

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

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

11 (3) From the funds allocated under subsection (1), there is
12 allocated for 2008-2009 the amount necessary, estimated at
13 ~~\$1,600,000.00~~ **\$1,700,000.00**, to make payments to districts and
14 intermediate districts under this subsection. If the amount
15 allocated to a district or intermediate district for a fiscal year
16 under subsection (2)(b) is less than the sum of the amounts
17 allocated to the district or intermediate district for 1996-97
18 under sections 52 and 58, there is allocated to the district or
19 intermediate district for the fiscal year an amount equal to that
20 difference, adjusted by applying the same proration factor that was
21 used in the distribution of funds under section 52 in 1996-97 as
22 adjusted to the district's or intermediate district's necessary
23 costs of special education used in calculations for the fiscal
24 year. This adjustment is to reflect reductions in special education
25 program operations or services between 1996-97 and subsequent
26 fiscal years. Adjustments for reductions in special education
27 program operations or services shall be made in a manner determined

1 by the department and shall include adjustments for program or
2 service shifts.

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

22 (5) State funds shall be allocated on a total approved cost
23 basis. Federal funds shall be allocated under applicable federal
24 requirements, except that an amount not to exceed \$3,500,000.00 may
25 be allocated by the department for 2008-2009 to districts,
26 intermediate districts, or other eligible entities on a competitive
27 grant basis for programs, equipment, and services that the

1 department determines to be designed to benefit or improve special
2 education on a statewide scale.

3 (6) From the amount allocated in subsection (1), there is
4 allocated an amount not to exceed \$2,200,000.00 for 2008-2009 to
5 reimburse 100% of the net increase in necessary costs incurred by a
6 district or intermediate district in implementing the revisions in
7 the administrative rules for special education that became
8 effective on July 1, 1987. As used in this subsection, "net
9 increase in necessary costs" means the necessary additional costs
10 incurred solely because of new or revised requirements in the
11 administrative rules minus cost savings permitted in implementing
12 the revised rules. Net increase in necessary costs shall be
13 determined in a manner specified by the department.

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

15 (a) "Total approved costs of special education" shall be
16 determined in a manner specified by the department and may include
17 indirect costs, but shall not exceed 115% of approved direct costs
18 for section 52 and section 53a programs. The total approved costs
19 include salary and other compensation for all approved special
20 education personnel for the program, including payments for social
21 security and medicare and public school employee retirement system
22 contributions. The total approved costs do not include salaries or
23 other compensation paid to administrative personnel who are not
24 special education personnel as defined in section 6 of the revised
25 school code, MCL 380.6. Costs reimbursed by federal funds, other
26 than those federal funds included in the allocation made under this
27 article, are not included. Special education approved personnel not

1 utilized full time in the evaluation of students or in the delivery
2 of special education programs, ancillary, and other related
3 services shall be reimbursed under this section only for that
4 portion of time actually spent providing these programs and
5 services, with the exception of special education programs and
6 services provided to youth placed in child caring institutions or
7 juvenile detention programs approved by the department to provide
8 an on-grounds education program.

9 (b) Beginning with the 2004-2005 fiscal year, a district or
10 intermediate district that employed special education support
11 services staff to provide special education support services in
12 2003-2004 or in a subsequent fiscal year and that in a fiscal year
13 after 2003-2004 receives the same type of support services from
14 another district or intermediate district shall report the cost of
15 those support services for special education reimbursement purposes
16 under this act. This subdivision does not prohibit the transfer of
17 special education classroom teachers and special education
18 classroom aides if the pupils counted in membership associated with
19 those special education classroom teachers and special education
20 classroom aides are transferred and counted in membership in the
21 other district or intermediate district in conjunction with the
22 transfer of those teachers and aides.

23 (c) If the department determines before bookclosing for 2007-
24 2008 that the amounts allocated for 2007-2008 under subsections
25 (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will
26 exceed expenditures for 2007-2008 under subsections (2), (3), (6),
27 (8), and (12) and sections 53a, 54, and 56, then for 2007-2008

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

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

25 (e) Beginning with calculations for 2004-2005, if an
26 intermediate district purchases a special education pupil
27 transportation service from a constituent district that was

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

12 (8) From the allocation in subsection (1), there is allocated
13 for 2008-2009 an amount not to exceed \$15,313,900.00 to
14 intermediate districts. The payment under this subsection to each
15 intermediate district shall be equal to the amount of the 1996-97
16 allocation to the intermediate district under subsection (6) of
17 this section as in effect for 1996-97.

18 (9) A pupil who is enrolled in a full-time special education
19 program conducted or administered by an intermediate district or a
20 pupil who is enrolled in the Michigan schools for the deaf and
21 blind shall not be included in the membership count of a district,
22 but shall be counted in membership in the intermediate district of
23 residence.

24 (10) Special education personnel transferred from 1 district
25 to another to implement the revised school code shall be entitled
26 to the rights, benefits, and tenure to which the person would
27 otherwise be entitled had that person been employed by the

1 receiving district originally.

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

8 (12) From the funds allocated in subsection (1), there is
9 allocated the amount necessary, estimated at ~~\$7,100,000.00~~
10 **\$8,000,000.00** for 2008-2009, to pay the foundation allowances for
11 pupils described in this subsection. The allocation to a district
12 under this subsection shall be calculated by multiplying the number
13 of pupils described in this subsection who are counted in
14 membership in the district times the sum of the foundation
15 allowance under section 20 of the pupil's district of residence
16 plus the amount of the district's per pupil allocation under
17 section 20j(2), not to exceed the basic foundation allowance under
18 section 20 for the current fiscal year, or, for a pupil described
19 in this subsection who is counted in membership in a district that
20 is a public school academy or university school, times an amount
21 equal to the amount per membership pupil under section 20(6). The
22 allocation to an intermediate district under this subsection shall
23 be calculated in the same manner as for a district, using the
24 foundation allowance under section 20 of the pupil's district of
25 residence, not to exceed the basic foundation allowance under
26 section 20 for the current fiscal year, and that district's per
27 pupil allocation under section 20j(2). This subsection applies to

1 all of the following pupils:

2 (a) Pupils described in section 53a.

3 (b) Pupils counted in membership in an intermediate district
4 who are not special education pupils and are served by the
5 intermediate district in a juvenile detention or child caring
6 facility.

7 (c) Emotionally impaired pupils counted in membership by an
8 intermediate district and provided educational services by the
9 department of community health.

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

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

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

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

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

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

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

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

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

18 Sec. 51c. As required by the court in the consolidated cases
19 known as Durant v State of Michigan, Michigan supreme court docket
20 no. 104458-104492, from the allocation under section 51a(1), there
21 is allocated for 2008-2009 the amount necessary, estimated at
22 ~~\$721,400,000.00~~ **\$709,150,000.00**, for payments to reimburse
23 districts for 28.6138% of total approved costs of special education
24 excluding costs reimbursed under section 53a, and 70.4165% of total
25 approved costs of special education transportation. Funds allocated
26 under this section that are not expended in the state fiscal year
27 for which they were allocated, as determined by the department, may

1 be used to supplement the allocations under sections 22a and 22b in
2 order to fully fund those calculated allocations for the same
3 fiscal year.

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

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

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

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

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

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

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

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

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

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

17 (5) Not more than ~~\$12,800,000.00~~ **\$13,500,000.00** of the
18 allocation for 2008-2009 in section 51a(1) shall be allocated under
19 this section.

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

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

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

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

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

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

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

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

16 (h) To the extent funding is available, coordinate the
17 electronic exchange of student records using a unique
18 identification numbering system among entities receiving funds
19 under this act and postsecondary institutions for students
20 participating in public education programs from preschool through
21 postsecondary education.

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

23 (2) Each state department, officer, or agency that collects
24 information from districts or intermediate districts as required
25 under state or federal law shall make arrangements with the center,
26 and with the districts or intermediate districts, to have the
27 center collect the information and to provide it to the department,

1 officer, or agency as necessary. To the extent that it does not
2 cause financial hardship, the center shall arrange to collect the
3 information in a manner that allows electronic submission of the
4 information to the center. Each affected state department, officer,
5 or agency shall provide the center with any details necessary for
6 the center to collect information as provided under this
7 subsection. This subsection does not apply to information collected
8 by the department of treasury under the uniform budgeting and
9 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised
10 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the
11 school bond qualification, approval, and loan act, 2005 PA 92, MCL
12 388.1921 to 388.1939; or section 1351a of the revised school code,
13 MCL 380.1351a.

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

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

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

18 (c) One representative from the office of the state budget
19 director.

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

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

23 (f) Three representatives from intermediate school districts.

24 (g) One representative from each of the following educational
25 organizations:

26 (i) Michigan association of school boards.

27 (ii) Michigan association of school administrators.

1 (iii) Michigan school business officials.

2 (h) One representative representing private sector firms
3 responsible for auditing school records.

4 (i) Other representatives as the state budget director
5 determines are necessary.

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

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

13 (b) Defining the roles of all stakeholders in the data
14 collection system.

15 (c) Recommending timelines for the implementation and ongoing
16 collection of data.

17 (d) Establishing and maintaining data definitions, data
18 transmission protocols, and system specifications and procedures
19 for the efficient and accurate transmission and collection of data.

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

22 (f) Establishing and maintaining state and model local
23 policies related to data collection, including, but not limited to,
24 privacy policies related to individual student data.

25 (g) Ensuring the data is made available to state and local
26 policymakers and citizens of this state in the most useful format
27 possible.

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

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

5 (6) From the general fund appropriation in section 11, there
6 is allocated an amount not to exceed ~~\$4,935,400.00~~ **\$3,435,400.00**
7 for 2008-2009 to the department of management and budget to support
8 the operations of the center and the development and implementation
9 of a comprehensive longitudinal data collection management and
10 reporting system that includes student-level data. The center shall
11 cooperate with the state education agency to ensure that this state
12 is in compliance with federal law and is maximizing opportunities
13 for increased federal funding to improve education in this state.
14 In addition, from the federal funds appropriated in section 11 for
15 2008-2009, there is allocated the amount necessary, estimated at
16 \$2,793,200.00, in order to fulfill federal reporting requirements.

17 (7) From the federal funds allocated in subsection (6), there
18 is allocated for 2008-2009 an amount not to exceed \$750,000.00
19 funded from the competitive grants of DED-OESE, title II,
20 educational technology funds for the purposes of this subsection.
21 Not later than November 30, 2008, the department shall award a
22 single grant to an eligible partnership that includes an
23 intermediate district with at least 1 high-need local school
24 district and the center.

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

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

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

13 (11) As used in this section:

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

16 (b) "High-need local school district" means a local
17 educational agency as defined in the enhancing education through
18 technology part of the no child left behind act of 2001, Public Law
19 107-110.

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

21 **SEC. 98A. (1) IT IS THE INTENT OF THE LEGISLATURE THAT FOR**
22 **2009-2010 THERE WILL BE ALLOCATED AN AMOUNT NOT TO EXCEED**
23 **\$11,500,000.00 FROM THE COMPETITIVE EDUCATION TECHNOLOGY GRANT**
24 **FUNDS AWARDED UNDER TITLE II OF THE AMERICAN RECOVERY AND**
25 **REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, TO BE USED FOR THE 21ST**
26 **CENTURY LEARNING ENVIRONMENT INITIATIVE DESCRIBED IN THIS SECTION.**

27 **(2) THE DEPARTMENT SHALL USE THE ALLOCATIONS IN SUBSECTION (1)**

1 TO MAKE COMPETITIVE GRANTS TO LOCAL EDUCATION AGENCIES AND ELIGIBLE
2 PARTNERSHIPS FOR THE 21ST CENTURY LEARNING ENVIRONMENT INITIATIVE
3 IN ACCORDANCE WITH SECTION 2412 (A) (2) (B) OF THE ENHANCING EDUCATION
4 THROUGH TECHNOLOGY PART OF THE NO CHILD LEFT BEHIND ACT OF 2001,
5 PUBLIC LAW 107-110, 20 USC 6762 (A) (2) (B) .

6 (3) THE PROGRAM FUNDED UNDER THIS SECTION SHALL FOCUS ON WAYS
7 TO USE 21ST CENTURY LEARNING ENVIRONMENTS THAT INCLUDE HIGH ACCESS
8 TO MOBILE TECHNOLOGY TO ENABLE INNOVATIVE TEACHING AND LEARNING
9 STRATEGIES THAT HELP ACCELERATE ACHIEVEMENT IN CORE ACADEMIC
10 SUBJECT AREAS, CLOSE ACHIEVEMENT GAPS, AND PREPARE MICHIGAN
11 STUDENTS FOR 21ST CENTURY JOBS.

12 (4) THE DEPARTMENT SHALL FUND AT LEAST 1 GRANT IN EACH OF THE
13 FOLLOWING AREAS:

14 (A) RESEARCH-BASED DROPOUT PREVENTION AND REENGAGEMENT
15 INITIATIVES THAT UTILIZE DIGITAL ENVIRONMENTS TO ENABLE PROJECT-
16 BASED LEARNING, NONTRADITIONAL INSTRUCTIONAL METHODS,
17 CYBERLEARNING, AND OTHER METHODS AIMED AT ENGAGING STUDENTS WHO
18 HAVE DROPPED OUT OR WHO ARE AT-RISK OF DROPPING OUT. WHEREVER
19 POSSIBLE, THE DEPARTMENT SHALL TAKE THE NECESSARY STEPS TO REMOVE
20 REGULATORY BARRIERS TO ALLOW LOCAL EDUCATION AGENCIES OR ELIGIBLE
21 PARTNERSHIPS TO RECEIVE GRANTS UNDER THIS SUBSECTION.

22 (B) RESEARCH-BASED UBIQUITOUS DIGITAL LEARNING ENVIRONMENT
23 PROGRAMS ACTING AS A SCHOOL IMPROVEMENT OR INTERVENTION TECHNIQUE
24 TO ENABLE LEARNING TRANSFORMATIONS AND PROVEN STRATEGIES FOR
25 ACCELERATING ACHIEVEMENT FOR SCHOOLS NOT MEETING ADEQUATE YEARLY
26 PROGRESS OR WITH HIGH CONCENTRATIONS OF AT-RISK STUDENTS. THESE
27 STRATEGIES MAY INCLUDE PROJECT-BASED LEARNING OR INDIVIDUALIZED AND

1 STUDENT-CENTERED INSTRUCTION ENABLED BY USING LAPTOPS AND OTHER
2 MOBILE TECHNOLOGY.

3 (C) PROGRAMS AIMED AT PREPARING HIGH SCHOOL STUDENTS FOR
4 MICHIGAN'S 21ST CENTURY JOBS IN THE DIGITAL MEDIA ARTS, FILM
5 PRODUCTION, OR CREATIVE ARTS FIELDS. THESE PROJECTS SHALL INCLUDE
6 PROGRAMS THAT COMBINE INSTRUCTION IN CORE SUBJECT AREAS WITH
7 INSTRUCTION AND INDUSTRY CERTIFICATION IN DIGITAL MEDIA PRODUCTION
8 TECHNOLOGIES.

9 (D) ONLINE LEARNING PROGRAMS THAT INCLUDE A CONSORTIUM OR
10 PARTNERSHIP THAT IS ESTABLISHED BY AN ORGANIZATION DEDICATED TO
11 ONLINE LEARNING AND AT LEAST 1 INTERMEDIATE DISTRICT AND AT LEAST 1
12 HIGH-NEED DISTRICT, AS DEFINED BY THE DEPARTMENT. THESE PROGRAMS
13 SHALL USE STRATEGIES THAT USE MULTIPLE EDUCATION DELIVERY SYSTEMS
14 INCLUDING INTERNET-BASED ONLINE APPROACHES. PROGRAM GOALS SHALL
15 INCLUDE INCREASING THE NUMBER OF ONLINE COURSE ENROLLMENTS AND
16 COMPLETIONS BY AT-RISK STUDENTS.

17 (5) A GRANT RECIPIENT SHALL USE 25% OF GRANT FUNDS FOR
18 PROFESSIONAL DEVELOPMENT THAT FOCUSES ON UTILIZING DIGITAL
19 ENVIRONMENTS TO ENABLE NEW TEACHING AND LEARNING METHODS SUCH AS
20 INDIVIDUALIZING INSTRUCTION AND PROJECT-BASED LEARNING.

21 (6) THE DEPARTMENT SHALL LIMIT THE NUMBER OF GRANTS AWARDED
22 UNDER THIS SECTION TO NOT MORE THAN 10 SO THAT EACH GRANT RECIPIENT
23 RECEIVES AN AMOUNT THAT IS SUFFICIENT TO CREATE LARGE-SCALE
24 LEARNING ENVIRONMENT CHANGES THAT FACILITATE THE GOALS OF THIS
25 SECTION.

26 (7) THE DEPARTMENT SHALL ASSIST GRANT RECIPIENTS AND OTHER
27 DISTRICTS THAT DO NOT RECEIVE AWARDS BUT THAT WANT TO ACHIEVE THE

1 GOALS OF THIS SECTION IN WAYS TO UTILIZE OTHER STATE, LOCAL, AND
2 FEDERAL FUNDS TO PURCHASE OR LEASE TECHNOLOGY THAT CREATES 21ST
3 CENTURY LEARNING ENVIRONMENTS THAT ENABLE THE GOALS AND TYPES OF
4 PROJECTS DESCRIBED IN THIS SECTION.

5 Enacting section 1. In accordance with section 30 of article
6 IX of the state constitution of 1963, total state spending in this
7 amendatory act and in 2008 PA 268 from state sources for fiscal
8 year 2008-2009 is estimated at \$11,097,798,200.00 and state
9 appropriations to be paid to local units of government for fiscal
10 year 2008-2009 are estimated at \$10,890,765,900.00.