

SUBSTITUTE FOR
HOUSE BILL NO. 4860

(As amended November 5, 2009)

[A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 20j, 20k, 22b, 32d, 74, and 101 (MCL 388.1611,
388.1620j, 388.1620k, 388.1622b, 388.1632d, 388.1674, and 388.1701),
sections 11, 22b, 32d, 74, and 101 as amended by 2009 PA 121, section 20j
as amended by 2008 PA 561, and section 20k as added by 2003 PA 158, and
by adding section 20/.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For the fiscal year ending September 30, 2010,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 ~~\$10,793,954,100.00~~ **\$10,556,680,600.00** from the state school aid
5 fund established by section 11 of article IX of the state
6 constitution of 1963 **[, THE SUM OF \$59,075,000.00 FROM THE MICHIGAN FUTURE**
7 **FUND,]** and the sum of \$31,800,000.00 from the general
 fund. For the fiscal year ending September 30, 2010, there is also

1 appropriated the sum of ~~\$450,000,000.00~~ **\$634,131,000.00** from the
2 federal funding awarded to this state under title XIV of the
3 American recovery and reinvestment act of 2009, Public Law 111-5,
4 to be used solely for the purpose of funding the primary funding
5 formula calculated under section 20, in accordance with federal
6 law. In addition, other available federal funds are appropriated
7 for the fiscal year ending September 30,2010.

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

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

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

1 economic stabilization fund, state school aid fund balance, or
2 another source to fund the amount of the projected shortfall.

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

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

10 (i) Districts.

11 (ii) Intermediate districts.

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

13 (b) The department shall recover a percentage of the proration
14 amount required under subsection (3) that is equal to the
15 percentage calculated under subdivision (a)(i) for districts by
16 reducing payments to districts. This reduction shall be made by
17 calculating an equal dollar amount per pupil as necessary to
18 recover this percentage of the proration amount and reducing each
19 district's total state school aid from state sources, other than
20 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
21 51a(2), 51a(12), 51c, and 53a, by that amount.

22 (c) The department shall recover a percentage of the proration
23 amount required under subsection (3) that is equal to the
24 percentage calculated under subdivision (a)(ii) for intermediate
25 districts by reducing payments to intermediate districts. This
26 reduction shall be made by reducing the payments to each
27 intermediate district, other than payments under sections 11f, 11g,

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 1 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
 2 basis.

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

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

**[(6) IT IS THE INTENT OF THE LEGISLATURE THAT, BEGINNING WITH
 APPROPRIATIONS FOR 2010-2011, THE LEGISLATURE SHALL ENACT THE
 APPROPRIATIONS BILL MAKING GENERAL APPROPRIATIONS FOR THE ENSUING FISCAL
 YEAR FOR THE PURPOSES OF THIS ACT NOT LATER THAN JUNE 1 EACH YEAR.]**

**Sec. 20j. (1) ~~Foundation~~FROM THE MONEY APPROPRIATED IN SECTION 11
 FROM THE MICHIGAN FUTURE FUND, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED
 \$25,750,000.00 FOR 2009-2010 TO MAKE FOUNDATION allowance supplemental
 payments ~~for 2008-2009~~UNDER THIS SECTION to districts that in the 1994-
 95 state fiscal year had a foundation allowance greater than \$6,500.00.
~~shall be calculated under this section.~~**

**(2) The per pupil allocation to each district under this section
 shall be AN AMOUNT EQUAL TO THE PRODUCT OF the difference between the
 basic foundation allowance for the 1998-99 state fiscal year and
 \$7,204.00 less \$271.00 minus the dollar amount of the adjustment from the
 1998-99 state fiscal year to 2007-2008 in the district's foundation
 allowance, TIMES 50%.**

**(3) If a district's local revenue per pupil does not exceed the sum
 of its foundation allowance under section 20 plus the per pupil
 allocation under subsection (2), the total payment to the district
 calculated under this section shall be the product of the per pupil
 allocation under subsection (2) multiplied by the district's membership
 excluding special education pupils. If a district's local revenue per
 pupil exceeds the foundation allowance under section 20 but does not
 exceed the sum of the foundation allowance under section 20 plus the per
 pupil allocation under subsection (2), the total payment to the district
 calculated under this section shall be the product of the difference
 between the sum of the foundation allowance under section 20 plus the per
 pupil allocation under subsection (2) minus the local revenue per pupil
 multiplied by the district's membership excluding special education**

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 pupils. If a district's local revenue per pupil exceeds the sum of the
 foundation allowance under section 20 plus the per pupil allocation under
 subsection (2), there is no payment calculated under this section for the
 district.

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

Sec. 20k. If the maximum amount appropriated under section 11 from
 the state school aid fund for a fiscal year exceeds the amount available
 for expenditure from the state school aid fund for that fiscal year so
 that a district's state school aid is reduced pursuant to section 11(3),
 the payments ~~calculated~~ **ALLOCATED** under section 20j ~~and made under~~
~~section 22b~~ shall be considered to be foundation allowance payments for
 the purpose of determining the maximum number of mills a district may
 levy under section 1211(3) of the revised school code, MCL 380.1211.
 However, the amount to be considered a foundation allowance payment for
 this purpose shall not exceed the amount reduced from the district's
 state aid payment as a result of the implementation of section 11(3).

**SEC. 20l. FROM THE MONEY APPROPRIATED IN SECTION 11 FROM THE
 MICHIGAN FUTURE FUND, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED
 \$25,750,000.00 FOR 2009-2010 TO MAKE EQUITY PAYMENTS TO DISTRICTS THAT
 HAVE A FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT CALCULATED UNDER SECTION
 20, INCLUDING ANY ADJUSTMENT UNDER SECTION 20(19), FOR 2009-2010 OF LESS
 THAN \$7,356.00. THE EQUITY PAYMENT FOR A DISTRICT SHALL BE AN AMOUNT PER
 MEMBERSHIP PUPIL EQUAL TO THE LESSER OF \$40.00 OR THE DIFFERENCE BETWEEN
 \$7,356.00 AND THE DISTRICT'S 2009-2010 FOUNDATION ALLOWANCE OR PER PUPIL
 PAYMENT AS CALCULATED UNDER SECTION 20, INCLUDING ANY ADJUSTMENT UNDER
 SECTION 20(19). IT IS THE INTENT OF THE LEGISLATURE THAT, BEGINNING IN
 2010-2011, THESE PAYMENTS WILL BE INCLUDED IN THE CALCULATION OF A
 DISTRICT'S FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT UNDER SECTION 20.]**

14 Sec. 22b. (1) From the state funds appropriated in section 11,
 15 there is allocated for 2009-2010 an amount not to exceed
 16 ~~\$3,323,800,000.00~~ **\$3,088,169,000.00** for discretionary nonmandated
 17 payments to districts under this section. Funds allocated under
 18 this section that are not expended in the state fiscal year for
 19 which they were allocated, as determined by the department, may be
 20 used to supplement the allocations under sections 22a and 51c in
 21 order to fully fund those calculated allocations for the same
 22 fiscal year.

23 (2) In addition to the funds allocated in subsection (1),
 24 there is allocated an amount estimated at ~~\$450,000,000.00~~
 25 **\$634,131,000.00** from the federal funds awarded to this state under
 26 title XIV of the American recovery and reinvestment act of 2009,
 27 Public Law 111-5. These funds shall be distributed in a form and

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1 manner determined by the department based on an equal dollar amount
2 per the number of membership pupils used to calculate the August
3 20, 2009 state aid payment and shall be expended in a manner
4 prescribed by federal law.

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

10 (4) In order to receive an allocation under subsection (1),
11 each district shall do all of the following:

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

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

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

25 (d) Comply with section 1230g of the revised school code, MCL
26 380.1230g.

27 (5) Districts are encouraged to use funds allocated under this

1 section for the purchase and support of payroll, human resources,
2 and other business function software that is compatible with that
3 of the intermediate district in which the district is located and
4 with other districts located within that intermediate district.

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

13 (7) It is the intent of the legislature that all
14 constitutional obligations of this state have been fully funded
15 under sections 22a, 31d, 51a, and 51c. If a claim is made by an
16 entity receiving funds under this act that challenges the
17 legislative determination of the adequacy of this funding or
18 alleges that there exists an unfunded constitutional requirement,
19 the state budget director may escrow or allocate from the
20 discretionary funds for nonmandated payments under this section the
21 amount as may be necessary to satisfy the claim before making any
22 payments to districts under subsection (3). If funds are escrowed,
23 the escrowed funds are a work project appropriation and the funds
24 are carried forward into the following fiscal year. The purpose of
25 the work project is to provide for any payments that may be awarded
26 to districts as a result of litigation. The work project shall be
27 completed upon resolution of the litigation.

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

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

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

25 (11) If a lawsuit challenging payments made to districts
26 related to costs reimbursed by federal title XIX medicaid funds is
27 filed against this state, then, for the purpose of addressing

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

[Sec. 32d. (1) For 2009-2010, from the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$88,100,000.00 to eligible districts for great start readiness programs. ~~and FOR 2009-2010, from the general fund appropriation in section 11, there is allocated an amount not to exceed \$7,575,000.00, AND FROM THE MICHIGAN FUTURE FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$7,575,000.00,~~ for competitive great start readiness program grants. Funds allocated under this section shall be used to provide part-day or full-day comprehensive free compensatory programs designed to do 1 or both of the following:

(a) Improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined by the state board.

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

(2) To be eligible to receive payments under this section, a district shall comply with this section and section 39. To receive competitive grant payments under this section, an eligible grant recipient shall comply with this section and section 32/.

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(3) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated an amount not to exceed \$300,000.00 for 2009-2010 for a competitive grant to continue a longitudinal evaluation of children who have participated in great start readiness programs.

(4) To be eligible for funding under this section, a program shall prepare children for success in school through comprehensive part-day or full-day programs that contain all of the following program components, as determined by the department:

(a) Participation in a collaborative recruitment and enrollment process. At a minimum, the process shall include all other funded preschool programs that may serve children in the same geographic area, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds.

(b) An age-appropriate educational curriculum that is in compliance with the early childhood standards of quality for prekindergarten children adopted by the state board.

(c) Nutritional services for all program participants.

(d) Health screening services for all program participants.

(e) Referral services for families of program participants to community social service agencies, as appropriate.

(f) Active and continuous involvement of the parents or guardians of the program participants.

(g) A plan to conduct and report annual great start readiness program evaluations and continuous improvement plans using criteria approved by the department.

(h) Participation in a multidistrict, multiagency, school readiness advisory committee that provides for the involvement of classroom teachers, parents or guardians of program participants, and community, volunteer, and social service agencies and organizations, as appropriate. The advisory committee shall review the program components listed in this subsection and make recommendations for changes to the great start readiness program for which it is an advisory committee.

(i) For great start readiness programs operated by a district or consortium of districts, provide for the ongoing articulation of the early childhood, kindergarten, and first grade programs offered by the district or districts.

(5) An application for funding under this section shall provide for the following, in a form and manner determined by the department:

(a) Ensure compliance with all program components described in subsection (4).

(b) Ensure that more than 50% of the children participating in an eligible great start readiness program are children who live with families with a household income that is equal to or less than 300% of the federal poverty level.

(c) Ensure that the applicant only employs qualified personnel for this program, as follows:

(i) Teachers possessing proper training. For programs the district manages itself, a valid teaching certificate and an early childhood (ZA)

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

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

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

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

(d) Include a program budget that contains only those costs that are not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the great start readiness program, and that would not be incurred if the program were not being offered. The program budget shall indicate the extent to which these funds will supplement other federal, state, local, or private funds. Funds received under this section shall not be used to supplant any federal funds by the applicant to serve children eligible for a federally funded existing preschool program that has the capacity to serve those children.

(6) For a grant recipient that enrolls pupils in a full-day program funded under this section, each child enrolled in the full-day program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for determining the amount of the grant award. A grant award shall not be increased solely on the basis of providing a full-day program. As used in this subsection, "full-day program" means a program that operates for at least the same

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length of day as a district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full-day program must enroll all children for the full day to be considered a full-day program.

(7) A district or consortium of districts receiving a grant under this section may contract with for-profit or nonprofit preschool center providers that meet all requirements of subsection (4) and retain for administrative services an amount equal to not more than 5% of the grant amount. A district or consortium of districts may expend not more than 10% of the total grant amount for administration of the program.

(8) Any public or private for-profit or nonprofit legal entity or agency may apply for a competitive grant under this section. However, a district or intermediate district may not apply for a competitive grant under this section unless the district, intermediate district, or consortium of districts or intermediate districts is acting as a local grantee for the federal head start program operating under the head start act, 42 USC 9831 to 9852.

(9) A recipient of funds under this section shall report to the department on the midyear report the number of children participating in the program who meet the income or other eligibility criteria prescribed by the department and the total number of children participating in the program. For children participating in the program who meet the income or other eligibility criteria specified under subsection (5)(b), a recipient shall also report whether or not a parent is available to provide care based on employment status. For the purposes of this subsection, "employment status" shall be defined by the department of human services in a manner consistent with maximizing the amount of spending that may be claimed for temporary assistance for needy families maintenance of effort purposes.]

16 Sec. 74. (1) From the amount appropriated in section 11, there
17 is allocated an amount not to exceed ~~\$1,625,000.00~~ **\$2,425,000.00**
18 for 2009-2010 for the purposes of this section.

19 (2) From the allocation in subsection (1), there is allocated
20 for 2009-2010 the amount necessary for payments to state supported
21 colleges or universities and intermediate districts providing
22 school bus driver safety instruction pursuant to section 51 of the
23 pupil transportation act, 1990 PA 187, MCL 257.1851. The payments
24 shall be in an amount determined by the department not to exceed
25 75% of the actual cost of instruction and driver compensation for
26 each public or nonpublic school bus driver attending a course of
27 instruction. For the purpose of computing compensation, the hourly

1 rate allowed each school bus driver shall not exceed the hourly
2 rate received for driving a school bus. Reimbursement compensating
3 the driver during the course of instruction shall be made by the
4 department to the college or university or intermediate district
5 providing the course of instruction.

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

13 (4) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS
14 ALLOCATED AN AMOUNT NOT TO EXCEED \$800,000.00 FOR 2009-2010 FOR
15 REIMBURSEMENT TO DISTRICTS AND INTERMEDIATE DISTRICTS FOR COSTS
16 ASSOCIATED WITH THE INSPECTION OF SCHOOL BUSES AND PUPIL
17 TRANSPORTATION VEHICLES BY THE DEPARTMENT OF STATE POLICE AS
18 REQUIRED UNDER SECTION 715A OF THE MICHIGAN VEHICLE CODE, 1949 PA
19 300, MCL 257.715A, AND SECTION 39 OF THE PUPIL TRANSPORTATION ACT,
20 1990 PA 187, MCL 257.1839. THE DEPARTMENT OF STATE POLICE SHALL
21 PREPARE A STATEMENT OF COSTS ATTRIBUTABLE TO EACH DISTRICT FOR
22 WHICH BUS INSPECTIONS ARE PROVIDED AND SUBMIT IT TO THE DEPARTMENT
23 AND TO EACH AFFECTED DISTRICT IN A TIME AND MANNER DETERMINED
24 JOINTLY BY THE DEPARTMENT AND THE DEPARTMENT OF STATE POLICE. THE
25 DEPARTMENT SHALL REIMBURSE EACH DISTRICT AND INTERMEDIATE DISTRICT
26 FOR COSTS DETAILED ON THE STATEMENT WITHIN 30 DAYS AFTER RECEIPT OF
27 THE STATEMENT. DISTRICTS FOR WHICH SERVICES ARE PROVIDED SHALL MAKE

1 PAYMENT IN THE AMOUNT SPECIFIED ON THE STATEMENT TO THE DEPARTMENT
2 OF STATE POLICE WITHIN 45 DAYS AFTER RECEIPT OF THE STATEMENT. THE
3 TOTAL REIMBURSEMENT OF COSTS UNDER THIS SUBSECTION SHALL NOT EXCEED
4 THE AMOUNT ALLOCATED UNDER THIS SUBSECTION. NOTWITHSTANDING SECTION
5 17B, PAYMENTS TO ELIGIBLE ENTITIES UNDER THIS SUBSECTION SHALL BE
6 PAID ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT.

7 Sec. 101. (1) To be eligible to receive state aid under this
8 act, not later than the fifth Wednesday after the pupil membership
9 count day and not later than the fifth Wednesday after the
10 supplemental count day, each district superintendent shall submit
11 to the center, in the form and manner prescribed by the center, the
12 number of pupils enrolled and in regular daily attendance in the
13 district as of the pupil membership count day and as of the
14 supplemental count day, as applicable, for the current school year.
15 In addition, a district maintaining school during the entire year,
16 as provided under section 1561 of the revised school code, MCL
17 380.1561, shall submit to the center, in the form and manner
18 prescribed by the center, the number of pupils enrolled and in
19 regular daily attendance in the district for the current school
20 year pursuant to rules promulgated by the superintendent. Not later
21 than the seventh Wednesday after the pupil membership count day and
22 not later than the seventh Wednesday after the supplemental count
23 day, the district shall certify the data in a form and manner
24 prescribed by the center. If a district fails to submit and certify
25 the attendance data, as required under this subsection, the center
26 shall notify the department and state aid due to be distributed
27 under this act shall be withheld from the defaulting district

1 immediately, beginning with the next payment after the failure and
2 continuing with each payment until the district complies with this
3 subsection. If a district does not comply with this subsection by
4 the end of the fiscal year, the district forfeits the amount
5 withheld. A person who willfully falsifies a figure or statement in
6 the certified and sworn copy of enrollment shall be punished in the
7 manner prescribed by section 161.

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

23 (3) All of the following apply to the provision of pupil
24 instruction:

25 (a) Except as otherwise provided in this section, each
26 district shall provide at least 1,098 hours and, beginning in 2010-
27 2011, the required minimum number of days of pupil instruction. For

1 2010-2011 and for 2011-2012, the required minimum number of days of
2 pupil instruction is 165. Beginning in 2012-2013, the required
3 minimum number of days of pupil instruction is 170. However,
4 beginning in 2010-2011, a district shall not provide fewer days of
5 pupil instruction than the district provided for 2009-2010. Except
6 as otherwise provided in this act, a district failing to comply
7 with the required minimum hours and days of pupil instruction under
8 this subsection shall forfeit from its total state aid allocation
9 an amount determined by applying a ratio of the number of hours or
10 days the district was in noncompliance in relation to the required
11 minimum number of hours and days under this subsection. Not later
12 than August 1, the board of each district shall certify to the
13 department the number of hours and, beginning in 2010-2011, days of
14 pupil instruction in the previous school year. If the district did
15 not provide at least the required minimum number of hours and days
16 of pupil instruction under this subsection, the deduction of state
17 aid shall be made in the following fiscal year from the first
18 payment of state school aid. A district is not subject to
19 forfeiture of funds under this subsection for a fiscal year in
20 which a forfeiture was already imposed under subsection (6). Hours
21 or days lost because of strikes or teachers' conferences shall not
22 be counted as hours or days of pupil instruction. If a collective
23 bargaining agreement that provides a complete school calendar is in
24 effect for employees of a district as of the effective date of the
25 2009 amendatory act that amended this subsection, and if that
26 school calendar is not in compliance with this subsection, then
27 this subsection does not apply to that district until after the

1 expiration of that collective bargaining agreement.

2 (b) Except as otherwise provided in subdivision (c), a
3 district not having at least 75% of the district's membership in
4 attendance on any day of pupil instruction shall receive state aid
5 in that proportion of 1/180 that the actual percent of attendance
6 bears to the specified percentage.

7 (c) Beginning in 2005-2006, at the request of a district that
8 operates a department-approved alternative education program and
9 that does not provide instruction for pupils in all of grades K to
10 12, the superintendent shall grant a waiver for a period of 3
11 school years from the requirements of subdivision (b) in order to
12 conduct a pilot study. The waiver shall indicate that an eligible
13 district is subject to the proration provisions of subdivision (b)
14 only if the district does not have at least 50% of the district's
15 membership in attendance on any day of pupil instruction. In order
16 to be eligible for this waiver, a district must maintain records to
17 substantiate its compliance with the following requirements during
18 the pilot study:

19 (i) The district offers the minimum hours of pupil instruction
20 as required under this section.

21 (ii) For each enrolled pupil, the district uses appropriate
22 academic assessments to develop an individual education plan that
23 leads to a high school diploma.

24 (iii) The district tests each pupil to determine academic
25 progress at regular intervals and records the results of those
26 tests in that pupil's individual education plan.

27 (d) The superintendent shall promulgate rules for the

1 implementation of this subsection.

2 (4) Except as otherwise provided in this subsection, the first
3 30 hours or 6 days for which pupil instruction is not provided
4 because of conditions not within the control of school authorities,
5 such as severe storms, fires, epidemics, utility power
6 unavailability, water or sewer failure, or health conditions as
7 defined by the city, county, or state health authorities, shall be
8 counted as hours and days of pupil instruction. With the approval
9 of the superintendent of public instruction, the department shall
10 count as hours and days of pupil instruction for a fiscal year not
11 more than 30 additional hours or 6 additional days for which pupil
12 instruction is not provided in a district after April 1 of the
13 applicable school year due to unusual and extenuating occurrences
14 resulting from conditions not within the control of school
15 authorities such as those conditions described in this subsection.
16 Subsequent such hours or days shall not be counted as hours or days
17 of pupil instruction.

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

24 (6) Not later than April 15 of each fiscal year, the board of
25 each district shall certify to the department the planned number of
26 hours and days of pupil instruction in the district for the school
27 year ending in the fiscal year. In addition to any other penalty or

1 forfeiture under this section, if at any time the department
2 determines that 1 or more of the following has occurred in a
3 district, the district shall forfeit in the current fiscal year
4 beginning in the next payment to be calculated by the department a
5 proportion of the funds due to the district under this act that is
6 equal to the proportion below the required minimum number of hours
7 and days of pupil instruction under subsection (3), as specified in
8 the following:

9 (a) The district fails to operate its schools for at least the
10 required minimum number of hours and days of pupil instruction
11 under subsection (3) in a school year, including hours and days
12 counted under subsection (4).

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

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

21 (a) Except as otherwise provided in this subsection, a pupil
22 must be scheduled for at least the required minimum number of hours
23 of instruction, excluding study halls, or at least the sum of 90
24 hours plus the required minimum number of hours of instruction,
25 including up to 2 study halls.

26 (b) The time a pupil is assigned to any tutorial activity in a
27 block schedule may be considered instructional time, unless that

1 time is determined in an audit to be a study hall period.

2 (c) Except as otherwise provided in this subdivision, a pupil
3 in grades 9 to 12 for whom a reduced schedule is determined to be
4 in the individual pupil's best educational interest must be
5 scheduled for a number of hours equal to at least 80% of the
6 required minimum number of hours of pupil instruction to be
7 considered a full-time equivalent pupil. A pupil in grades 9 to 12
8 who is scheduled in a 4-block schedule may receive a reduced
9 schedule under this subsection if the pupil is scheduled for a
10 number of hours equal to at least 75% of the required minimum
11 number of hours of pupil instruction to be considered a full-time
12 equivalent pupil.

13 (d) If a pupil in grades 9 to 12 who is enrolled in a
14 cooperative education program or a special education pupil cannot
15 receive the required minimum number of hours of pupil instruction
16 solely because of travel time between instructional sites during
17 the school day, that travel time, up to a maximum of 3 hours per
18 school week, shall be considered to be pupil instruction time for
19 the purpose of determining whether the pupil is receiving the
20 required minimum number of hours of pupil instruction. However, if
21 a district demonstrates to the satisfaction of the department that
22 the travel time limitation under this subdivision would create
23 undue costs or hardship to the district, the department may
24 consider more travel time to be pupil instruction time for this
25 purpose.

26 (e) In grades 7 through 12, instructional time that is part of
27 a junior reserve officer training corps (JROTC) program shall be

1 considered to be pupil instruction time regardless of whether the
2 instructor is a certificated teacher if all of the following are
3 met:

4 (i) The instructor has met all of the requirements established
5 by the United States department of defense and the applicable
6 branch of the armed services for serving as an instructor in the
7 junior reserve officer training corps program.

8 (ii) The board of the district or intermediate district
9 employing or assigning the instructor complies with the
10 requirements of sections 1230 and 1230a of the revised school code,
11 MCL 380.1230 and 380.1230a, with respect to the instructor to the
12 same extent as if employing the instructor as a regular classroom
13 teacher.

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

16 (9) Upon application by the district for a particular fiscal
17 year, the superintendent may waive for a district the minimum
18 number of hours and days of pupil instruction requirement of
19 subsection (3) for a department-approved alternative education
20 program or another innovative program approved by the department.
21 If a district applies for and receives a waiver under this
22 subsection and complies with the terms of the waiver, for the
23 fiscal year covered by the waiver the district is not subject to
24 forfeiture under this section for the specific program covered by
25 the waiver. If the district does not comply with the terms of the
26 waiver, the amount of the forfeiture shall be calculated based upon
27 a comparison of the number of hours and days of pupil instruction

1 actually provided to the minimum number of hours and days of pupil
2 instruction required under subsection (3).

3 ~~(10) If at least 5 of the hours of professional development~~
4 ~~are provided online by the Michigan virtual university under~~
5 ~~section 98 or by another department approved intermediate district~~
6 ~~provider of online professional development~~ **ALL OF THE FOLLOWING**
7 **APPLY TO COUNTING HOURS OF PUPIL INSTRUCTION:**

8 **(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION AND**
9 **SUBDIVISION (B), BEGINNING IN 2010-2011,** a district may count up to
10 38 hours of qualifying professional development for teachers as
11 hours of pupil instruction **IF AT LEAST 5 OF THE HOURS OF**
12 **PROFESSIONAL DEVELOPMENT ARE PROVIDED ONLINE BY THE MICHIGAN**
13 **VIRTUAL UNIVERSITY UNDER SECTION 98 OR BY ANOTHER DEPARTMENT-**
14 **APPROVED INTERMEDIATE DISTRICT PROVIDER OF ONLINE PROFESSIONAL**
15 **DEVELOPMENT. HOWEVER, IF A COLLECTIVE BARGAINING AGREEMENT IS IN**
16 **EFFECT FOR EMPLOYEES OF A DISTRICT AS OF OCTOBER 1, 2009 THAT**
17 **PROVIDES FOR PROFESSIONAL DEVELOPMENT THAT IS NOT IN COMPLIANCE**
18 **WITH THE REQUIREMENT UNDER THIS SUBDIVISION WITH REGARD TO ONLINE**
19 **PROFESSIONAL DEVELOPMENT, THEN UNTIL THE FISCAL YEAR THAT BEGINS**
20 **AFTER THE EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT A**
21 **DISTRICT MAY COUNT UP TO 38 HOURS OF QUALIFYING PROFESSIONAL**
22 **DEVELOPMENT FOR TEACHERS AS HOURS OF PUPIL INSTRUCTION WITHOUT**
23 **MEETING THAT REQUIREMENT.**

24 ~~(B) However, if~~ **IF** a collective bargaining agreement that
25 provides more than 38 but not more than 51 hours of professional
26 development for teachers is in effect for employees of a district
27 as of October 1, 2006, then until the fiscal year that begins after

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1 the expiration of that collective bargaining agreement a district
2 may count up to 51 hours of qualifying professional development for
3 teachers, including the 5 hours of online professional development,
4 as hours of pupil instruction.

5 (C) A district that elects to use ~~this~~ **AN** exception **UNDER THIS**
6 **SUBSECTION** shall notify the department of its election.

7 (D) As used in this subsection, "qualifying professional
8 development" means professional development that is focused on 1 or
9 more of the following:

10 (i) ~~(a)~~ Achieving or improving adequate yearly progress as
11 defined under the no child left behind act of 2001, Public Law 107-
12 110.

13 (ii) ~~(b)~~ Achieving accreditation or improving a school's
14 accreditation status under section 1280 of the revised school code,
15 MCL 380.1280.

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

18 (iv) ~~(d)~~ Maintaining teacher certification.

19 Enacting section 1. In accordance with section 30 of article I
20 of the state constitution of 1963, total state spending in this
21 amendatory act and in 2009 PA 121 from state sources for fiscal
22 year 2009-2010 is estimated at [\$10,647,555,600.00] and state
23 appropriations to be paid to local units of government for fiscal
24 year 2009-2010 are estimated at [\$10,531,822,000.00].