

HOUSE BILL No. 5887

EXECUTIVE BUDGET BILL

February 23, 2010, Introduced by Rep. Terry Brown and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11a, 11d, 11g, 11j, 11k, 11m, 15, 18,
19, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 29, 31a,
31d, 31f, 32b, 32d, 32j, 32l, 39a, 41, 51a, 51c, 51d, 53a, 54, 56,
61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99i, 101, 104, 107, and
147(MCL 388.1606, 388.1611, 388.1611a, 388.1611d, 388.1611g,
388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1619,
388.1620, 388.1620d, 388.1622a, 388.1622b, 388.1622d, 388.1622e,
388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1629,
388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632d, 388.1632j,
388.1632l, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d,
388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1664,

388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699i, 388.1701, 388.1704, 388.1707, and 388.1747), sections 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32d, 32j, 32l, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99i, 101, 104, 107 and 147 as amended and section 11d as added by 2009 PA 121; and to repeal acts and parts of acts.

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

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

4 (3) "District and high school graduation report" means a
5 report of the number of pupils, excluding adult participants, in
6 the district for the immediately preceding school year, adjusted
7 for those pupils who have transferred into or out of the district
8 or high school, who leave high school with a diploma or other
9 credential of equal status.

10 (4) "Membership", except as otherwise provided in this act,
11 means for a district, public school academy, university school, or
12 intermediate district the sum of the product of .75 times the
13 number of full-time equated pupils in grades K to 12 actually
14 enrolled and in regular daily attendance on the pupil membership
15 count day for the current school year, plus the product of .25
16 times the final audited count from the supplemental count day for
17 the immediately preceding school year. All pupil counts used in
18 this subsection are as determined by the department and calculated
19 by adding the number of pupils registered for attendance plus
20 pupils received by transfer and minus pupils lost as defined by
21 rules promulgated by the superintendent, and as corrected by a
22 subsequent department audit. For the purposes of this section and
23 section 6a, for a school of excellence that is a cyber school, as
24 defined in section 551 of the revised school code, MCL 380.551, and
25 is in compliance with section 553a of the revised school code, MCL
26 380.553a, a pupil's participation in the cyber school's educational
27 program is considered regular daily attendance. The amount of the

1 foundation allowance for a pupil in membership is determined under
2 section 20. In making the calculation of membership, all of the
3 following, as applicable, apply to determining the membership of a
4 district, public school academy, university school, or intermediate
5 district:

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

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

21 (c) A special education pupil educated by the intermediate
22 district shall be counted in membership in the intermediate
23 district.

24 (d) A pupil placed by a court or state agency in an on-grounds
25 program of a juvenile detention facility, a child caring
26 institution, or a mental health institution, or a pupil funded
27 under section 53a, shall be counted in membership in the district

1 or intermediate district approved by the department to operate the
2 program.

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

6 (f) A pupil enrolled in a ~~vocational~~ **CAREER AND TECHNICAL**
7 education program supported by a millage levied over an area larger
8 than a single district or in an area ~~vocational-technical~~ **CAREER**
9 **AND TECHNICAL** education program established pursuant to section 690
10 of the revised school code, MCL 380.690, shall be counted only in
11 the pupil's district of residence.

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

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

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

20 (i) If operations begin before the pupil membership count day
21 for the fiscal year, membership is the average number of full-time
22 equated pupils in grades K to 12 actually enrolled and in regular
23 daily attendance on the pupil membership count day for the current
24 school year and on the supplemental count day for the current
25 school year, as determined by the department and calculated by
26 adding the number of pupils registered for attendance on the pupil
27 membership count day plus pupils received by transfer and minus

1 pupils lost as defined by rules promulgated by the superintendent,
2 and as corrected by a subsequent department audit, plus the final
3 audited count from the supplemental count day for the current
4 school year, and dividing that sum by 2.

5 (ii) If operations begin after the pupil membership count day
6 for the fiscal year and not later than the supplemental count day
7 for the fiscal year, membership is the final audited count of the
8 number of full-time equated pupils in grades K to 12 actually
9 enrolled and in regular daily attendance on the supplemental count
10 day for the current school year.

11 (j) If a district is the authorizing body for a public school
12 academy, then, in the first school year in which pupils are counted
13 in membership on the pupil membership count day in the public
14 school academy, the determination of the district's membership
15 shall exclude from the district's pupil count for the immediately
16 preceding supplemental count day any pupils who are counted in the
17 public school academy on that first pupil membership count day who
18 were also counted in the district on the immediately preceding
19 supplemental count day.

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

25 (l) Pupils to be counted in membership shall be not less than
26 5 years of age on December 1 and less than 20 years of age on
27 September 1 of the school year except a special education pupil who

1 is enrolled and receiving instruction in a special education
2 program or service approved by the department and not having a high
3 school diploma who is less than 26 years of age as of September 1
4 of the current school year shall be counted in membership.

5 (m) An individual who has obtained a high school diploma shall
6 not be counted in membership. An individual who has obtained a
7 general educational development (G.E.D.) certificate shall not be
8 counted in membership. An individual participating in a job
9 training program funded under former section 107a or a jobs program
10 funded under former section 107b, administered by the Michigan
11 strategic fund or the department of energy, labor, and economic
12 growth, or participating in any successor of either of those 2
13 programs, shall not be counted in membership.

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

26 (i) If the public school academy provides instruction for at
27 least 1/2 of the class hours specified in subdivision (q), the

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

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

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

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

26 (q) The number of class hours used to calculate full-time
27 equated memberships shall be consistent with section 101(3). In

1 determining full-time equated memberships for pupils who are
2 enrolled in a postsecondary institution, a pupil shall not be
3 considered to be less than a full-time equated pupil solely because
4 of the effect of his or her postsecondary enrollment, including
5 necessary travel time, on the number of class hours provided by the
6 district to the pupil.

7 (r) Except as otherwise provided in this subdivision, full-
8 time equated memberships for pupils in kindergarten shall be
9 determined by dividing the number of class hours scheduled and
10 provided per year per kindergarten pupil by a number equal to $1/2$
11 the number used for determining full-time equated memberships for
12 pupils in grades 1 to 12.

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

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

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

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

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

27 (iii) Course content is comparable to that in the district's

1 alternative education program.

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

4 (v) A pupil enrolled in an alternative or disciplinary
5 education program described in section 25 shall be counted in
6 membership in the district or public school academy that is
7 educating the pupil.

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

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

25 (y) If a district's membership for a particular fiscal year,
26 as otherwise calculated under this subsection, would be less than
27 1,550 pupils and the district has 4.5 or fewer pupils per square

1 mile, as determined by the department, and, beginning in 2007-2008,
2 if the district does not receive funding under section 22d(2), the
3 district's membership shall be considered to be the membership
4 figure calculated under this subdivision. If a district educates
5 and counts in its membership pupils in grades 9 to 12 who reside in
6 a contiguous district that does not operate grades 9 to 12 and if 1
7 or both of the affected districts request the department to use the
8 determination allowed under this sentence, the department shall
9 include the square mileage of both districts in determining the
10 number of pupils per square mile for each of the districts for the
11 purposes of this subdivision. The membership figure calculated
12 under this subdivision is the greater of the following:

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

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

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

1 the preceding school year.

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

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

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

27 (dd) A district that educates a pupil who attends a United

1 States Olympic education center may count the pupil in membership
2 regardless of whether or not the pupil is a resident of this state.

3 (ee) A pupil enrolled in a district other than the pupil's
4 district of residence pursuant to section 1148(2) of the revised
5 school code, MCL 380.1148, shall be counted in the educating
6 district.

7 (5) "Public school academy" means that term as defined in the
8 revised school code.

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

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

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

18 (c) A pupil enrolled in a public school academy or university
19 school.

20 (d) A pupil enrolled in a district other than the pupil's
21 district of residence under an intermediate district schools of
22 choice pilot program as described in section 91a or former section
23 91 if the intermediate district and its constituent districts have
24 been exempted from section 105.

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

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

15 (i) "At school" means in a classroom, elsewhere on school
16 premises, on a school bus or other school-related vehicle, or at a
17 school-sponsored activity or event whether or not it is held on
18 school premises.

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

24 (g) A pupil whose district of residence changed after the
25 pupil membership count day and before the supplemental count day
26 and who continues to be enrolled on the supplemental count day as a
27 nonresident in the district in which he or she was enrolled as a

1 resident on the pupil membership count day of the same school year.

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

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

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

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

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

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

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

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

19 (k) An expelled pupil who has been denied reinstatement by the
20 expelling district and is reinstated by another school board under
21 section 1311 or 1311a of the revised school code, MCL 380.1311 and
22 380.1311a.

23 (l) A pupil enrolled in a district other than the pupil's
24 district of residence in a program described in section 64 if the
25 pupil's district of residence and the enrolling district are both
26 constituent districts of the same intermediate district.

27 (m) A pupil enrolled in a district other than the pupil's

1 district of residence who attends a United States Olympic education
2 center.

3 (n) A pupil enrolled in a district other than the pupil's
4 district of residence pursuant to section 1148(2) of the revised
5 school code, MCL 380.1148.

6 (O) A PUPIL WHO TRANSFERS TO ANOTHER DISTRICT AS A REQUIREMENT
7 OF THE PUPIL'S RESIDENT DISTRICT NOT MAKING ADEQUATE YEARLY
8 PROGRESS UNDER THE FEDERAL NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC
9 LAW 107-110.

10 However, if a district educates pupils who reside in another
11 district and if the primary instructional site for those pupils is
12 established by the educating district after 2009-2010 and is
13 located within the boundaries of that other district, the educating
14 district must have the approval of that other district to count
15 those pupils in membership.

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

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

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

26 (i) Fourth Wednesday in July.

27 (ii) Fourth Wednesday after Labor day.

1 (iii) Second Wednesday in February.

2 (iv) Fourth Wednesday in April.

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

1 as 1.0 full-time equated membership due to an absence from a class
2 shall be counted as a prorated membership for the classes the pupil
3 attended. For purposes of this subsection, "class" means a period
4 of time in 1 day when pupils and a certificated teacher or legally
5 qualified substitute teacher are together and instruction is taking
6 place.

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

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

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

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

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

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

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

25 (16) "Tuition pupil" means a pupil of school age attending
26 school in a district other than the pupil's district of residence
27 for whom tuition may be charged. Tuition pupil does not include a

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

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

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

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

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

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

24 Sec. 11. (1) For the fiscal year ending September 30, 2010,
25 there is appropriated for the public schools of this state and
26 certain other state purposes relating to education the sum of
27 ~~\$10,793,954,100.00~~ \$10,617,833,500.00 from the state school aid

1 fund established by section 11 of article IX of the state
 2 constitution of 1963 and the sum of ~~\$31,800,000.00~~ **\$30,206,200.00**
 3 from the general fund. For the fiscal year ending September 30,
 4 2010, there is also appropriated the sum of \$450,000,000.00 from
 5 the federal funding awarded to this state under title XIV of the
 6 American recovery and reinvestment act of 2009, Public Law 111-5,
 7 to be used solely for the purpose of funding the primary funding
 8 formula calculated under section 20, in accordance with federal
 9 law. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011, THERE IS**
 10 **APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER**
 11 **STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$10,968,776,900.00**
 12 **FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE**
 13 **IX OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$30,206,200.00**
 14 **FROM THE GENERAL FUND. FOR THE FISCAL YEAR ENDING SEPTEMBER 30,**
 15 **2011, THERE IS ALSO APPROPRIATED THE SUM OF \$184,256,600.00, OR THE**
 16 **BALANCE REMAINING, FROM THE FEDERAL FUNDING AWARDED TO THIS STATE**
 17 **UNDER TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF**
 18 **2009, PUBLIC LAW 111-5, TO BE USED SOLELY FOR THE PURPOSE OF**
 19 **FUNDING THE PRIMARY FUNDING FORMULA CALCULATED UNDER SECTION 20, IN**
 20 **ACCORDANCE WITH FEDERAL LAW.** In addition, any money received by
 21 this state from the federal incentive grant program created under
 22 sections 14005 and 14006 of title XIV of the American recovery and
 23 reinvestment act of 2009, Public Law 111-5, known as the "race to
 24 the top" grant program, and all other available federal funds are
 25 appropriated for ~~the~~ **EACH** fiscal year ending September 30, 2010 **AND**
 26 **SEPTEMBER 30, 2011.**

27 (2) The appropriations under this section shall be allocated

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

11 (3) If the maximum amount appropriated under this section from
12 the state school aid fund and the school aid stabilization fund for
13 a fiscal year exceeds the amount available for expenditure from the
14 state school aid fund for that fiscal year, payments under sections
15 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
16 and 56 shall be made in full. In addition, for districts beginning
17 operations after 1994-95 that qualify for payments under section
18 22b, payments under section 22b shall be made so that the
19 qualifying districts receive the lesser of an amount equal to the
20 1994-95 foundation allowance of the district in which the district
21 beginning operations after 1994-95 is located or \$5,500.00. The
22 amount of the payment to be made under section 22b for these
23 qualifying districts shall be as calculated under section 22a, with
24 the balance of the payment under section 22b being subject to the
25 proration otherwise provided under this subsection and subsection
26 (4). If proration is necessary, state payments under each of the
27 other sections of this act from all state funding sources shall be

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

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

26 (a) The department shall calculate the percentage of total
27 state school aid allocated under this act for the affected fiscal

1 year for each of the following:

2 (i) Districts.

3 (ii) Intermediate districts.

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

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

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

22 (d) 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)(iii) for entities other
25 than districts and intermediate districts by reducing payments to
26 these entities. This reduction shall be made by reducing the
27 payments to each of these entities, other than payments under

1 sections 11j, 26a, and 26b, on an equal percentage basis.

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

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

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

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

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

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

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

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

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

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

18 (7) For ~~2009-2010~~ **2010-2011**, there is appropriated from the
19 school aid stabilization fund to the state school aid fund the
20 amount necessary to fully fund the allocations under this act.

21 Sec. 11d. (1) For ~~2009-2010 only~~ **2010-2011**, the department
22 shall deduct an amount equal to \$165.00 per membership pupil from
23 the total state school aid otherwise allocated under this act to
24 each district, except for money allocated under sections 11g, 22a,
25 31d, ~~32d~~, 51a(12), 51c, and 53a. ~~If a district complies with~~
26 ~~subsection (2), a~~ **A** district may choose to apply this reduction to
27 funding the district receives under any provision of this act,

1 other than sections 11g, 22a, 31d, **32d**, 51a(12), 51c, and 53a, even
 2 if the reduction chosen by the district results in a program being
 3 reduced or discontinued. If a district does not comply with
 4 subsection (2), the district shall apply this reduction to
 5 available funding under section 22b first, up to the total amount
 6 of the reduction, before reducing other funding the district
 7 receives under this act, other than sections 11g, 22a, 31d,
 8 51a(12), 51c, and 53a.

9 ~~(2) Not later than February 1, 2010, a district shall enter~~
 10 ~~into an agreement with the department to develop a service~~
 11 ~~consolidation plan to reduce school operating costs that is in~~
 12 ~~compliance with department guidelines. The department guidelines~~
 13 ~~may identify, but are not limited to, allowable cost sharing~~
 14 ~~arrangements for the provision of business services and~~
 15 ~~instructional services and the creation of joint operating~~
 16 ~~agreements between and among districts and intermediate districts.~~
 17 ~~The department shall establish guidelines for service consolidation~~
 18 ~~plans under this subsection not later than 60 days after the~~
 19 ~~effective date of this section.~~

20 **(2) DISTRICTS SHALL IMPLEMENT SERVICE CONSOLIDATION PLANS**
 21 **BEGINNING NO LATER THAN THE FIRST DAY OF THE 2011-2012 SCHOOL YEAR.**
 22 **SERVICE CONSOLIDATION PLANS SHALL CONTAIN AGREEMENTS NECESSARY TO**
 23 **IMPLEMENT THE MOST COST-EFFECTIVE METHOD OF PROVIDING AT LEAST THE**
 24 **FOLLOWING SERVICES:**

25 **(A) PURCHASING SERVICES.**

26 **(B) PAYROLL SERVICES.**

27 **(C) FINANCIAL ACCOUNTING SERVICES.**

1 (D) FACILITIES MAINTENANCE SERVICES.

2 (E) PUPIL TRANSPORTATION SERVICES, INCLUDING BUS MAINTENANCE.

3 (F) HUMAN RESOURCES SERVICES.

4 (G) TECHNOLOGY SERVICES, INCLUDING STUDENT INFORMATION
5 SERVICES SYSTEMS.

6 (H) FOOD SERVICES.

7 (3) INTERMEDIATE DISTRICTS SHALL CALCULATE A PER PUPIL COST
8 FOR PROVIDING EACH SERVICE DESCRIBED IN SUBSECTION (2). THE PER
9 PUPIL COST SHALL BE CALCULATED ASSUMING THE INTERMEDIATE DISTRICT
10 PROVIDED THE SERVICE TO ALL OF ITS CONSTITUENT DISTRICTS IN THE
11 MOST COST-EFFECTIVE METHOD POSSIBLE. IN DETERMINING THE MOST COST-
12 EFFECTIVE METHOD, INTERMEDIATE DISTRICTS MAY CHOOSE TO PROVIDE EACH
13 SERVICE DIRECTLY, OR IN CONJUNCTION WITH A CONSORTIUM OF
14 INTERMEDIATE DISTRICTS, OR ANOTHER UNIT OF LOCAL GOVERNMENT, OR
15 CONTRACT WITH ANY OTHER ENTITY FOR THE PROVISION OF EACH SERVICE.

16 (4) EACH DISTRICT SHALL CALCULATE THE PER PUPIL COST FOR
17 PROVIDING EACH OF THE SERVICES DESCRIBED IN SUBSECTION (2) IN THE
18 MOST COST-EFFECTIVE METHOD POSSIBLE. IN DETERMINING THE MOST COST-
19 EFFECTIVE METHOD, DISTRICTS MAY CHOOSE TO PROVIDE EACH SERVICE
20 DIRECTLY, IN PARTNERSHIP WITH ANOTHER DISTRICT OR DISTRICTS, AN
21 INTERMEDIATE DISTRICT OR A CONSORTIUM OF INTERMEDIATE DISTRICTS,
22 ANOTHER UNIT OF LOCAL GOVERNMENT, OR CONTRACT WITH ANY OTHER ENTITY
23 FOR THE PROVISION OF EACH SERVICE.

24 (5) PER PUPIL COSTS CALCULATED UNDER SUBSECTIONS (3) AND (4)
25 SHALL BE COMPLETED FOR EACH SERVICE DESCRIBED IN SUBSECTION (2) AND
26 SHALL BE FILED WITH THE INTERMEDIATE DISTRICT NO LATER THAN MARCH
27 1, 2011. A DESCRIPTION OF THE MOST COST-EFFECTIVE METHOD AND

1 RELATED PER PUPIL COSTS CALCULATED BY EACH CONSTITUENT DISTRICT AND
2 INTERMEDIATE DISTRICT FOR EACH SERVICE SHALL BE REPORTED PUBLICLY
3 AT THE NEXT INTERMEDIATE DISTRICT BOARD MEETING AND AT THE NEXT
4 DISTRICT BOARD MEETING.

5 (6) IF THE DISTRICT PER PUPIL COST FOR A SERVICE AS CALCULATED
6 UNDER SUBSECTION (4) IS LESS THAN OR EQUAL TO THE PER PUPIL COST
7 CALCULATED UNDER SUBSECTION (3), THAT SERVICE SHALL BE PROVIDED
8 USING THE DISTRICT'S MOST COST-EFFECTIVE METHOD.

9 (7) IF THE DISTRICT PER PUPIL COST CALCULATED FOR THE MOST
10 COST-EFFECTIVE METHOD UNDER SUBSECTION (4) IS MORE THAN THE PER
11 PUPIL COST CALCULATED FOR THE MOST COST-EFFECTIVE METHOD UNDER
12 SUBSECTION (3) FOR A SPECIFIC SERVICE AND THE DISTRICT CHOOSES NOT
13 TO ENTER INTO AN AGREEMENT WITH THE INTERMEDIATE DISTRICT FOR THAT
14 SERVICE FOR INCLUSION IN ITS SERVICE CONSOLIDATION PLAN, BEGINNING
15 IN 2011-2012, THE DISTRICT SHALL FORFEIT TO THE SCHOOL AID FUND AN
16 AMOUNT EQUAL TO 1 PERCENT OF ITS FOUNDATION ALLOWANCE AS CALCULATED
17 UNDER SECTION 20 TIMES THE NUMBER OF PUPILS IN MEMBERSHIP. IF A
18 COLLECTIVE BARGAINING AGREEMENT IS IN EFFECT FOR EMPLOYEES OF A
19 DISTRICT THAT DOES NOT ALLOW IMPLEMENTATION OF THE MOST COST-
20 EFFECTIVE METHOD FOR DELIVERING A SPECIFIED SERVICE, THEN THIS
21 SUBSECTION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE
22 EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT.

23 (8) BEGINNING IN 2011-12, INTERMEDIATE DISTRICTS MAY CHARGE
24 CONSTITUENT DISTRICTS AN EQUAL PER PUPIL CHARGE FOR THE COST OF
25 PROVIDING ANY SERVICE CONTAINED IN SUBSECTION (2) IN THE MOST COST-
26 EFFECTIVE METHOD DETERMINED UNDER SUBSECTION (3) IF THAT SERVICE IS
27 CONTAINED IN A CONSTITUENT DISTRICT'S SERVICE CONSOLIDATION PLAN.

1 IF AN INTERMEDIATE DISTRICT IS NOT PROVIDING ANY SERVICES LISTED IN
2 SUBSECTION (2) IN THE MOST COST-EFFECTIVE METHOD DETERMINED UNDER
3 SUBSECTION (3), BEGINNING IN 2011-2012, THE INTERMEDIATE DISTRICT
4 SHALL FORFEIT 10 PERCENT OF ITS FUNDING ALLOCATED UNDER SECTION 81
5 OF THIS ACT TO THE SCHOOL AID FUND. IF A COLLECTIVE BARGAINING
6 AGREEMENT IS IN EFFECT FOR EMPLOYEES OF AN INTERMEDIATE DISTRICT
7 THAT DOES NOT ALLOW IMPLEMENTATION OF THE MOST COST-EFFECTIVE
8 METHOD FOR DELIVERING A SPECIFIED SERVICE, THEN THIS SUBSECTION
9 DOES NOT APPLY TO THAT INTERMEDIATE DISTRICT UNTIL AFTER THE
10 EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT.

11 (9) DISTRICTS AND INTERMEDIATE DISTRICTS ARE ENCOURAGED TO
12 INCLUDE ALL RELEVANT STAKEHOLDERS IN DETERMINING THE MOST COST-
13 EFFECTIVE METHOD FOR PROVIDING SERVICES LISTED IN SUBSECTION (2),
14 INCLUDING, BUT NOT LIMITED TO DISTRICT AND INTERMEDIATE DISTRICT
15 BOARD MEMBERS, DISTRICT AND INTERMEDIATE DISTRICT ADMINISTRATORS,
16 DISTRICT AND INTERMEDIATE DISTRICT EMPLOYEES, UNION
17 REPRESENTATIVES, PARENTS AND COMMUNITY LEADERS, AND OTHER UNITS OF
18 LOCAL GOVERNMENT AS APPLICABLE.

19 (10) NOT LATER THAN SEPTEMBER 1, 2011, INTERMEDIATE DISTRICTS
20 SHALL PROVIDE A SUMMARY REPORT OF CONSTITUENT DISTRICT SERVICE
21 CONSOLIDATION PLANS TO THE DEPARTMENT IN A FORM AND MANNER
22 DETERMINED BY THE DEPARTMENT. THE REPORT SHALL IDENTIFY THOSE
23 DISTRICTS THAT HAVE NOT IMPLEMENTED THE MOST COST-EFFECTIVE METHOD
24 FOR DELIVERING THE SERVICES IDENTIFIED IN SUBSECTION (2).

25 (11) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PROHIBIT
26 OTHER TYPES OF COST-SHARING AGREEMENTS FOR INSTRUCTIONAL OR
27 NONINSTRUCTIONAL SERVICES.

1 Sec. 11g. (1) From the appropriation in section 11, there is
2 allocated for this section an amount not to exceed \$39,000,000.00
3 for the fiscal year ending September 30, ~~2010~~ 2011 and for each
4 succeeding fiscal year through the fiscal year ending September 30,
5 2015, after which these payments will cease. These allocations are
6 for paying the amounts described in subsection (3) to districts and
7 intermediate districts, other than those receiving a lump-sum
8 payment under section 11f(2), that were not plaintiffs in the
9 consolidated cases known as Durant v State of Michigan, Michigan
10 supreme court docket no. 104458-104492 and that, on or before March
11 2, 1998, submitted to the state treasurer a waiver resolution
12 described in section 11f. The amounts paid under this section
13 represent offers of settlement and compromise of any claim or
14 claims that were or could have been asserted by these districts and
15 intermediate districts, as described in this section.

16 (2) This section does not create any obligation or liability
17 of this state to any district or intermediate district that does
18 not submit a waiver resolution described in section 11f. This
19 section and any other provision of this act are not intended to
20 admit liability or waive any defense that is or would be available
21 to this state or its agencies, employees, or agents in any
22 litigation or future litigation with a district or intermediate
23 district regarding these claims or potential claims.

24 (3) The amount paid each fiscal year to each district or
25 intermediate district under this section shall be 1 of the
26 following:

27 (a) If the district or intermediate district does not borrow

1 money and issue bonds under section 11i, 1/30 of the total amount
2 listed in section 11h for the district or intermediate district
3 through the fiscal year ending September 30, 2013.

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

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

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

26 (b) Second, to pay debt service on other limited tax
27 obligations.

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

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

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

12 Sec. 11j. From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$40,000,000.00~~ **\$45,134,000.00** for
14 ~~2009-2010~~ **2010-2011** for payments to the school loan bond redemption
15 fund in the department of treasury on behalf of districts and
16 intermediate districts. Notwithstanding section 11 or any other
17 provision of this act, funds allocated under this section are not
18 subject to proration and shall be paid in full.

19 Sec. 11k. For ~~2009-2010~~ **2010-2011**, there is appropriated from
20 the general fund to the school loan revolving fund an amount equal
21 to the amount of school bond loans assigned to the Michigan
22 municipal bond authority, not to exceed the total amount of school
23 bond loans held in reserve as long-term assets. As used in this
24 section, "school loan revolving fund" means that fund created in
25 section 16c of the shared credit rating act, 1985 PA 227, MCL
26 141.1066c.

27 Sec. 11m. From the appropriations in section 11, there is

1 allocated for 2009-2010 an amount not to exceed ~~\$45,000,000.00~~
2 **\$30,000,000.00 AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED**
3 **\$45,000,000.00** for fiscal year cash-flow borrowing costs solely
4 related to the state school aid fund established by section 11 of
5 article IX of the state constitution of 1963.

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

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

1 department of treasury, or the office of auditor general, shall be
2 deducted from the district's apportionments when the adjustment is
3 finalized. At the request of the district and upon the district
4 presenting evidence satisfactory to the department of the hardship,
5 the department may grant up to an additional 4 years for the
6 adjustment if the district would otherwise experience a significant
7 hardship.

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

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

20 (5) In addition to funds appropriated in section 11 for all
21 programs and services, there is appropriated for ~~2009-2010~~ **2010-**
22 **2011** for obligations in excess of applicable appropriations an
23 amount equal to the collection of overpayments, but not to exceed
24 amounts available from overpayments.

25 Sec. 18. (1) Except as provided in another section of this
26 act, each district or other entity shall apply the money received
27 by the district or entity under this act to salaries and other

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

15 (2) Within 30 days after a board or intermediate board adopts
16 its annual operating budget for the following school fiscal year,
17 or after a board or intermediate board adopts a subsequent revision
18 to that budget, the district or intermediate district shall make
19 all of the following available through a link on its website home
20 page, or a district may make the information available through a
21 link on its intermediate district's website home page, in a form
22 and manner prescribed by the department:

23 (a) The annual operating budget and subsequent budget
24 revisions.

25 (b) Using data that have already been collected and submitted
26 to the department, a summary of district or intermediate district
27 expenditures for the most recent fiscal year for which they are

1 available, expressed in the following 2 pie charts:

2 (i) A chart of personnel expenditures, broken into the
3 following subcategories:

4 (A) Salaries and wages.

5 (B) Employee benefit costs, including, but not limited to,
6 medical, dental, vision, life, disability, and long-term care
7 benefits.

8 (C) Retirement benefit costs.

9 (D) All other personnel costs.

10 (ii) A chart of all district expenditures, broken into the
11 following subcategories:

12 (A) Instruction.

13 (B) Support services.

14 (C) Business and administration.

15 (D) Operations and maintenance.

16 (c) Links to all of the following:

17 (i) The current collective bargaining agreement for each
18 bargaining unit.

19 (ii) Each health care benefits plan, including, but not
20 limited to, medical, dental, vision, disability, long-term care, or
21 any other type of benefits that would constitute health care
22 services, offered to any bargaining unit or employee in the
23 district.

24 (iii) The audit report of the audit conducted under subsection
25 (3) for the most recent fiscal year for which it is available.

26 (d) The total salary and a description and cost of each fringe
27 benefit included in the compensation package for the superintendent

1 of the district or intermediate district and for each employee of
2 the district or intermediate district whose salary exceeds
3 \$100,000.00.

4 (e) The annual amount spent on dues paid to associations.

5 (f) The annual amount spent on lobbying or lobbying services.

6 As used in this subdivision, "lobbying" means that term as defined
7 in section 5 of 1978 PA 472, MCL 4.415.

8 (3) For the purpose of determining the reasonableness of
9 expenditures and whether a violation of this act has occurred, the
10 department shall require that each district and intermediate
11 district have an audit of the district's or intermediate district's
12 financial and pupil accounting records conducted at least annually
13 at the expense of the district or intermediate district, as
14 applicable, by a certified public accountant or by the intermediate
15 district superintendent, as may be required by the department, or
16 in the case of a district of the first class by a certified public
17 accountant, the intermediate superintendent, or the auditor general
18 of the city. **IF A DISTRICT OPERATES IN A SINGLE BUILDING WITH FEWER**
19 **THAN 700 FULL-TIME EQUATED PUPILS, IF THE DISTRICT HAS A STABLE**
20 **PUPIL COUNT AND IF THE ERROR RATE OF THE PREVIOUS TWO PUPIL COUNT**
21 **FIELD AUDITS IS LESS THAN 2%, THE DISTRICT MAY HAVE A PUPIL**
22 **ACCOUNTING FIELD AUDIT BIENNIALY BUT MUST CONTINUE TO HAVE DESK**
23 **AUDITS FOR EACH COUNT. FOR PURPOSES OF THIS SUBSECTION, "STABLE**
24 **PUPIL COUNT" MEANS A CHANGE FROM THE PREVIOUS YEAR OF LESS THAN 5%.**
25 **THE AUDITOR MUST DOCUMENT COMPLIANCE WITH THE AUDIT CYCLE IN THE**
26 **PUPIL AUDITING MANUAL.** An intermediate district's annual financial
27 audit shall be accompanied by the intermediate district's pupil

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

25 (4) By November 15 of each year, each district and
26 intermediate district shall submit to the center, in a manner
27 prescribed by the center, annual comprehensive financial data

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

25 (5) By September 30 of each year, each district and
26 intermediate district shall file with the department the special
27 education actual cost report, known as "SE-4096", on a form and in

1 the manner prescribed by the department.

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

6 (7) The department shall review its pupil accounting and pupil
7 auditing manuals at least annually and shall periodically update
8 those manuals to reflect changes in this act.

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

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

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

1 ~~(2) Each district and intermediate district shall provide to~~
2 ~~the department, in a form and manner prescribed by the department,~~
3 ~~information necessary for the development of an annual progress~~
4 ~~report on the required implementation of sections 1204a, 1277,~~
5 ~~1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,~~
6 ~~380.1278, and 380.1280, commonly referred to as "public act 25 of~~
7 ~~1990".~~

8 (1) ~~(3)~~ A district or intermediate district shall comply with
9 all applicable reporting requirements specified in state and
10 federal law. Data provided to the center, in a form and manner
11 prescribed by the center, shall be aggregated and disaggregated as
12 required by state and federal law. In addition, a district or
13 intermediate district shall cooperate with all measures taken by
14 the center to comply with the provisions of the American recovery
15 and reinvestment act of 2009, Public Law 111-5, requiring the
16 establishment of a statewide P-20 longitudinal data system.

17 (2) ~~(4)~~ Each district shall furnish to the center not later
18 than 5 weeks after the pupil membership count day, in a manner
19 prescribed by the center, the information necessary for the
20 preparation of the district and high school graduation report. This
21 information shall meet requirements established in the pupil
22 auditing manual approved and published by the department. The
23 center shall calculate an annual graduation and pupil dropout rate
24 for each high school, each district, and this state, in compliance
25 with nationally recognized standards for these calculations. The
26 center shall report all graduation and dropout rates to the senate
27 and house education committees and appropriations committees, the

1 state budget director, and the department not later than 30 days
2 after the publication of the list described in subsection ~~(8)~~ (6).

3 (3) ~~(5)~~ By the first business day in December and by June 30
4 of each year, a district shall furnish to the center, in a manner
5 prescribed by the center, information related to educational
6 personnel as necessary for reporting required by state and federal
7 law.

8 (4) ~~(6)~~ By June 30 of each year, a district shall furnish to
9 the center, in a manner prescribed by the center, information
10 related to safety practices and criminal incidents as necessary for
11 reporting required by state and federal law.

12 (5) ~~(7)~~ If a district or intermediate district fails to meet
13 the requirements of subsection (1), (2), (3), OR (4), ~~(5), or (6),~~
14 the department shall withhold 5% of the total funds for which the
15 district or intermediate district qualifies under this act until
16 the district or intermediate district complies with all of those
17 subsections. If the district or intermediate district does not
18 comply with all of those subsections by the end of the fiscal year,
19 the department shall place the amount withheld in an escrow account
20 until the district or intermediate district complies with all of
21 those subsections.

22 (6) ~~(8)~~ Before publishing a list of schools or districts
23 determined to have failed to make adequate yearly progress as
24 required by the no child left behind act of 2001, Public Law 107-
25 110, the department shall allow a school or district to appeal that
26 determination. The department shall consider and act upon the
27 appeal within 30 days after it is submitted and shall not publish

1 the list until after all appeals have been considered and decided.

2 Sec. 20. (1) For 2009-2010 **AND 2010-2011**, the basic foundation
3 allowance is \$8,489.00.

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

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

11 (a) For a district that had a foundation allowance for the
12 immediately preceding state fiscal year that was at least equal to
13 the sum of \$7,108.00 plus the total dollar amount of all
14 adjustments made from 2006-2007 to the immediately preceding state
15 fiscal year in the lowest foundation allowance among all districts,
16 but less than the basic foundation allowance for the immediately
17 preceding state fiscal year, the district shall receive a
18 foundation allowance in an amount equal to the sum of the
19 district's foundation allowance for the immediately preceding state
20 fiscal year plus the difference between twice the dollar amount of
21 the adjustment from the immediately preceding state fiscal year to
22 the current state fiscal year made in the basic foundation
23 allowance and [(the dollar amount of the adjustment from the
24 immediately preceding state fiscal year to the current state fiscal
25 year made in the basic foundation allowance minus \$20.00) times
26 (the difference between the district's foundation allowance for the
27 immediately preceding state fiscal year and the sum of \$7,108.00

1 plus the total dollar amount of all adjustments made from 2006-2007
2 to the immediately preceding state fiscal year in the lowest
3 foundation allowance among all districts) divided by the difference
4 between the basic foundation allowance for the current state fiscal
5 year and the sum of \$7,108.00 plus the total dollar amount of all
6 adjustments made from 2006-2007 to the immediately preceding state
7 fiscal year in the lowest foundation allowance among all
8 districts]. For 2009-2010 **AND 2010-2011**, for a district that had a
9 foundation allowance for the immediately preceding state fiscal
10 year that was at least equal to 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 foundation
13 allowance among all districts, but less than the basic foundation
14 allowance for the immediately preceding state fiscal year, the
15 district shall receive a foundation allowance in an amount equal to
16 the district's foundation allowance for the immediately preceding
17 state fiscal year. However, the foundation allowance for a district
18 that had less than the basic foundation allowance for the
19 immediately preceding state fiscal year shall not exceed the basic
20 foundation allowance for the current state fiscal year.

21 (b) Except as otherwise provided in this subsection, for a
22 district that in the immediately preceding state fiscal year had a
23 foundation allowance in an amount at least equal to the amount of
24 the basic foundation allowance for the immediately preceding state
25 fiscal year, the district shall receive a foundation allowance in
26 an amount equal to the sum of the district's foundation allowance
27 for the immediately preceding state fiscal year plus the dollar

1 amount of the adjustment from the immediately preceding state
2 fiscal year to the current state fiscal year in the basic
3 foundation allowance.

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

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

20 (e) For a district that received a payment under section 22c
21 as that section was in effect for 2001-2002, the district's 2001-
22 2002 foundation allowance shall be considered to have been an
23 amount equal to the sum of the district's actual 2001-2002
24 foundation allowance as otherwise calculated under this section
25 plus the per pupil amount of the district's equity payment for
26 2001-2002 under section 22c as that section was in effect for 2001-
27 2002.

1 (f) For a district that received a payment under section 22c
2 as that section was in effect for 2006-2007, the district's 2006-
3 2007 foundation allowance shall be considered to have been an
4 amount equal to the sum of the district's actual 2006-2007
5 foundation allowance as otherwise calculated under this section
6 plus the per pupil amount of the district's equity payment for
7 2006-2007 under section 22c as that section was in effect for 2006-
8 2007.

9 (4) Except as otherwise provided in this subsection, the state
10 portion of a district's foundation allowance is an amount equal to
11 the district's foundation allowance or the basic foundation
12 allowance for the current state fiscal year, whichever is less,
13 minus the difference between the sum of the product of the taxable
14 value per membership pupil of all property in the district that is
15 nonexempt property times the district's certified mills and, for a
16 district with certified mills exceeding 12, the product of the
17 taxable value per membership pupil of property in the district that
18 is commercial personal property times the certified mills minus 12
19 mills and the quotient of the ad valorem property tax revenue of
20 the district captured under tax increment financing acts divided by
21 the district's membership excluding special education pupils. For a
22 district described in subsection (3)(c), the state portion of the
23 district's foundation allowance is an amount equal to \$6,962.00
24 plus the difference between the district's foundation allowance for
25 the current state fiscal year and the district's foundation
26 allowance for 1998-99, minus the difference between the sum of the
27 product of the taxable value per membership pupil of all property

1 in the district that is nonexempt property times the district's
2 certified mills and, for a district with certified mills exceeding
3 12, the product of the taxable value per membership pupil of
4 property in the district that is commercial personal property times
5 the certified mills minus 12 mills and the quotient of the ad
6 valorem property tax revenue of the district captured under tax
7 increment financing acts divided by the district's membership
8 excluding special education pupils. For a district that has a
9 millage reduction required under section 31 of article IX of the
10 state constitution of 1963, the state portion of the district's
11 foundation allowance shall be calculated as if that reduction did
12 not occur. For the purposes of state law, federal funding awarded
13 to this state under title XIV of the American recovery and
14 reinvestment act of 2009, Public Law 111-5, that is appropriated
15 under section 11 and allocated under section 22b, is considered to
16 be part of the state portion of a district's foundation allowance
17 and is considered to be part of the total state school aid paid to
18 a public school academy.

19 (5) The allocation calculated under this section for a pupil
20 shall be based on the foundation allowance of the pupil's district
21 of residence. However, for a pupil enrolled in a district other
22 than the pupil's district of residence, if the foundation allowance
23 of the pupil's district of residence has been adjusted pursuant to
24 subsection ~~(19)~~ (18), the allocation calculated under this section
25 shall not include the adjustment described in subsection ~~(19)~~ (18).
26 For a pupil enrolled pursuant to section 105 or 105c in a district
27 other than the pupil's district of residence, the allocation

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

12 (6) Subject to subsection (7) and except as otherwise provided
 13 in this subsection, for pupils in membership, other than special
 14 education pupils, in a public school academy or a university
 15 school, the allocation calculated under this section is an amount
 16 per membership pupil other than special education pupils in the
 17 public school academy or university school equal to the ~~sum of the~~
 18 ~~local school operating revenue per membership pupil other than~~
 19 ~~special education pupils for~~ **FOUNDATION ALLOWANCE OF** the district
 20 in which the public school academy or university school is located
 21 ~~and the state portion of that district's foundation allowance, or~~
 22 the state maximum public school academy allocation, whichever is
 23 less. **HOWEVER, A PUBLIC SCHOOL ACADEMY OR UNIVERSITY SCHOOL THAT**
 24 **HAD AN ALLOCATION UNDER THIS SUBSECTION PRIOR TO 2009-2010 EQUAL TO**
 25 **THE SUM OF THE LOCAL SCHOOL OPERATING REVENUE PER MEMBERSHIP PUPIL**
 26 **OTHER THAN SPECIAL EDUCATION PUPILS FOR THE DISTRICT IN WHICH THE**
 27 **PUBLIC SCHOOL ACADEMY OR UNIVERSITY SCHOOL IS LOCATED AND THE STATE**

1 PORTION OF THAT DISTRICT'S FOUNDATION ALLOWANCE SHALL NOT HAVE THAT
2 ALLOCATION REDUCED.

Notwithstanding section 101, for a public school academy that begins operations after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies

1 located in the district were in membership in the district. In
2 order to receive state school aid under this act, a district
3 described in this subsection shall pay to the authorizing body that
4 is the fiscal agent for a public school academy located in the
5 district for forwarding to the public school academy an amount
6 equal to that local school operating revenue per membership pupil
7 for each resident pupil in membership other than special education
8 pupils in the public school academy, as determined by the
9 department.

10 (8) If a district does not receive an amount calculated under
11 subsection (9); if the number of mills the district may levy on a
12 principal residence, qualified agricultural property, qualified
13 forest property, industrial personal property, and commercial
14 personal property under section 1211 of the revised school code,
15 MCL 380.1211, is 0.5 mills or less; and if the district elects not
16 to levy those mills, the district instead shall receive a separate
17 supplemental amount calculated under this subsection in an amount
18 equal to the amount the district would have received had it levied
19 those mills, as determined by the department of treasury. A
20 district shall not receive a separate supplemental amount
21 calculated under this subsection for a fiscal year unless in the
22 calendar year ending in the fiscal year the district levies the
23 district's certified mills on property that is nonexempt property.

24 (9) For a district that had combined state and local revenue
25 per membership pupil in the 1993-94 state fiscal year of more than
26 \$6,500.00 and that had fewer than 350 pupils in membership, if the
27 district elects not to reduce the number of mills from which a

1 principal residence, qualified agricultural property, qualified
2 forest property, industrial personal property, and commercial
3 personal property are exempt and not to levy school operating taxes
4 on a principal residence, qualified agricultural property,
5 qualified forest property, industrial personal property, and
6 commercial personal property as provided in section 1211 of the
7 revised school code, MCL 380.1211, and not to levy school operating
8 taxes on all property as provided in section 1211(2) of the revised
9 school code, MCL 380.1211, there is calculated under this
10 subsection for 1994-95 and each succeeding fiscal year a separate
11 supplemental amount in an amount equal to the amount the district
12 would have received per membership pupil had it levied school
13 operating taxes on a principal residence, qualified agricultural
14 property, qualified forest property, industrial personal property,
15 and commercial personal property at the rate authorized for the
16 district under section 1211 of the revised school code, MCL
17 380.1211, and levied school operating taxes on all property at the
18 rate authorized for the district under section 1211(2) of the
19 revised school code, MCL 380.1211, as determined by the department
20 of treasury. If in the calendar year ending in the fiscal year a
21 district does not levy the district's certified mills on property
22 that is nonexempt property, the amount calculated under this
23 subsection will be reduced by the same percentage as the millage
24 actually levied compares to the district's certified mills.

25 (10) Subject to subsection (4), for a district that is formed
26 or reconfigured after June 1, 2002 by consolidation of 2 or more
27 districts or by annexation, the resulting district's foundation

1 allowance under this section beginning after the effective date of
2 the consolidation or annexation shall be the average of the
3 foundation allowances of each of the original or affected
4 districts, calculated as provided in this section, weighted as to
5 the percentage of pupils in total membership in the resulting
6 district who reside in the geographic area of each of the original
7 or affected districts. ~~The calculation under this subsection shall~~
8 ~~take into account a district's per pupil allocation under section~~
9 ~~20j(2).~~

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

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

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

23 (a) The pupil membership factor shall be computed by dividing
24 the estimated membership in the school year ending in the current
25 state fiscal year, excluding intermediate district membership, by
26 the estimated membership for the school year ending in the
27 subsequent state fiscal year, excluding intermediate district

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

6 (b) The revenue adjustment factor shall be computed by
7 dividing the sum of the estimated total state school aid fund
8 revenue for the subsequent state fiscal year plus the estimated
9 total state school aid fund revenue for the current state fiscal
10 year, adjusted for any change in the rate or base of a tax the
11 proceeds of which are deposited in that fund and excluding money
12 transferred into that fund from the countercyclical budget and
13 economic stabilization fund under the management and budget act,
14 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
15 total school aid fund revenue for the current state fiscal year
16 plus the estimated total state school aid fund revenue for the
17 immediately preceding state fiscal year, adjusted for any change in
18 the rate or base of a tax the proceeds of which are deposited in
19 that fund. If a consensus revenue factor is not determined at the
20 revenue estimating conference, the principals of the revenue
21 estimating conference shall report their estimates to the house and
22 senate subcommittees responsible for school aid appropriations not
23 later than 7 days after the conclusion of the revenue conference.

24 (c) The index shall be calculated by multiplying the pupil
25 membership factor by the revenue adjustment factor. However, for
26 2009-2010 **AND 2010-2011**, the index shall be 1.00. If a consensus
27 index is not determined at the revenue estimating conference, the

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

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

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

20 (15) ~~(16)~~ For a district that had combined state and local
21 revenue per membership pupil in the 1993-94 state fiscal year of
22 more than \$6,500.00, that had fewer than 7 pupils in membership in
23 the 1993-94 state fiscal year, that has at least 1 child educated
24 in the district in the current state fiscal year, and that levies
25 the number of mills of school operating taxes authorized for the
26 district under section 1211 of the revised school code, MCL
27 380.1211, a minimum amount of combined state and local revenue

1 shall be calculated for the district as provided under this
2 subsection. The minimum amount of combined state and local revenue
3 for 1999-2000 shall be \$67,000.00 plus the district's additional
4 expenses to educate pupils in grades 9 to 12 educated in other
5 districts as determined and allowed by the department. The minimum
6 amount of combined state and local revenue under this subsection,
7 before adding the additional expenses, shall increase each fiscal
8 year by the same percentage increase as the percentage increase in
9 the basic foundation allowance from the immediately preceding
10 fiscal year to the current fiscal year. The state portion of the
11 minimum amount of combined state and local revenue under this
12 subsection shall be calculated by subtracting from the minimum
13 amount of combined state and local revenue under this subsection
14 the sum of the district's local school operating revenue and an
15 amount equal to the product of the sum of the state portion of the
16 district's foundation allowance ~~plus the amount calculated under~~
17 ~~section 20j~~ times the district's membership. As used in this
18 subsection, "additional expenses" means the district's expenses for
19 tuition or fees, not to exceed the basic foundation allowance for
20 the current state fiscal year, plus a room and board stipend not to
21 exceed \$10.00 per school day for each pupil in grades 9 to 12
22 educated in another district, as approved by the department.

23 (16) ~~(17)~~ For a district in which 7.75 mills levied in 1992
24 for school operating purposes in the 1992-93 school year were not
25 renewed in 1993 for school operating purposes in the 1993-94 school
26 year, the district's combined state and local revenue per
27 membership pupil shall be recalculated as if that millage reduction

1 did not occur and the district's foundation allowance shall be
2 calculated as if its 1994-95 foundation allowance had been
3 calculated using that recalculated 1993-94 combined state and local
4 revenue per membership pupil as a base. A district is not entitled
5 to any retroactive payments for fiscal years before 2000-2001 due
6 to this subsection.

7 (17) ~~(18)~~ For a district in which an industrial facilities
8 exemption certificate that abated taxes on property with a state
9 equalized valuation greater than the total state equalized
10 valuation of the district at the time the certificate was issued or
11 \$700,000,000.00, whichever is greater, was issued under 1974 PA
12 198, MCL 207.551 to 207.572, before the calculation of the
13 district's 1994-95 foundation allowance, the district's foundation
14 allowance for 2002-2003 is an amount equal to the sum of the
15 district's foundation allowance for 2002-2003, as otherwise
16 calculated under this section, plus \$250.00.

17 (18) ~~(19)~~ For a district that received a grant under former
18 section 32e for 2001-2002, the district's foundation allowance for
19 2002-2003 and each succeeding fiscal year shall be adjusted to be
20 an amount equal to the sum of the district's foundation allowance,
21 as otherwise calculated under this section, plus the quotient of
22 100% of the amount of the grant award to the district for 2001-2002
23 under former section 32e divided by the number of pupils in the
24 district's membership for 2001-2002 who were residents of and
25 enrolled in the district. Except as otherwise provided in this
26 subsection, a district qualifying for a foundation allowance
27 adjustment under this subsection shall use the funds resulting from

1 this adjustment for at least 1 of grades K to 3 for purposes
2 allowable under former section 32e as in effect for 2001-2002, and
3 may also use these funds for an early intervening program described
4 in subsection ~~(20)~~ (19). For an individual school or schools
5 operated by a district qualifying for a foundation allowance under
6 this subsection that have been determined by the department to meet
7 the adequate yearly progress standards of the federal no child left
8 behind act of 2001, Public Law 107-110, in both mathematics and
9 English language arts at all applicable grade levels for all
10 applicable subgroups, the district may submit to the department an
11 application for flexibility in using the funds resulting from this
12 adjustment that are attributable to the pupils in the school or
13 schools. The application shall identify the affected school or
14 schools and the affected funds and shall contain a plan for using
15 the funds for specific purposes identified by the district that are
16 designed to reduce class size, but that may be different from the
17 purposes otherwise allowable under this subsection. The department
18 shall approve the application if the department determines that the
19 purposes identified in the plan are reasonably designed to reduce
20 class size. If the department does not act to approve or disapprove
21 an application within 30 days after it is submitted to the
22 department, the application is considered to be approved. If an
23 application for flexibility in using the funds is approved, the
24 district may use the funds identified in the application for any
25 purpose identified in the plan.

26 (19) ~~(20)~~ An early intervening program that uses funds
27 resulting from the adjustment under subsection ~~(19)~~ (18) shall meet

1 either or both of the following:

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

14 (b) Shall provide early intervening strategies for pupils in
15 grades K to 3 using schoolwide systems of academic and behavioral
16 supports and shall be scientifically research-based. The strategies
17 to be provided shall include at least pupil performance indicators
18 based upon response to intervention, instructional consultation for
19 teachers, and ongoing progress monitoring. A schoolwide system of
20 academic and behavioral support should be based on a support team
21 available to the classroom teachers. The members of this team could
22 include the principal, special education staff, reading teachers,
23 and other appropriate personnel who would be available to
24 systematically study the needs of the individual child and work
25 with the teacher to match instruction to the needs of the
26 individual child.

27 (20) ~~(21)~~ For a district that levied 1.9 mills in 1993 to

1 finance an operating deficit, the district's foundation allowance
2 shall be calculated as if those mills were included as operating
3 mills in the calculation of the district's 1994-1995 foundation
4 allowance. A district is not entitled to any retroactive payments
5 for fiscal years before 2006-2007 due to this subsection. A
6 district receiving an adjustment under this subsection shall not
7 receive more than \$800,000.00 for a fiscal year as a result of this
8 adjustment.

9 (21) ~~(22)~~ For a district that levied 2.23 mills in 1993 to
10 finance an operating deficit, the district's foundation allowance
11 shall be calculated as if those mills were included as operating
12 mills in the calculation of the district's 1994-1995 foundation
13 allowance. A district is not entitled to any retroactive payments
14 for fiscal years before 2006-2007 due to this subsection. A
15 district receiving an adjustment under this subsection shall not
16 receive more than \$500,000.00 for a fiscal year as a result of this
17 adjustment.

18 (22) ~~(23)~~ Payments to districts, university schools, or public
19 school academies shall not be made under this section. Rather, the
20 calculations under this section shall be used to determine the
21 amount of state payments under section 22b.

22 (23) ~~(24)~~ If an amendment to section 2 of article VIII of the
23 state constitution of 1963 allowing state aid to some or all
24 nonpublic schools is approved by the voters of this state, each
25 foundation allowance or per pupil payment calculation under this
26 section may be reduced.

27 (24) ~~(25)~~ As used in this section:

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

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

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

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

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

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

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

21 (h) "Maximum public school academy allocation", except as
22 otherwise provided in this subdivision, means the maximum per-pupil
23 allocation as calculated by adding the highest per-pupil allocation
24 among all public school academies for the immediately preceding
25 state fiscal year plus the difference between twice the dollar
26 amount of the adjustment from the immediately preceding state
27 fiscal year to the current state fiscal year made in the basic

1 foundation allowance and [(the dollar amount of the adjustment from
2 the immediately preceding state fiscal year to the current state
3 fiscal year made in the basic foundation allowance minus \$20.00)
4 times (the difference between the highest per-pupil allocation
5 among all public school academies for the immediately preceding
6 state fiscal year and the sum of \$7,108.00 plus the total dollar
7 amount of all adjustments made from 2006-2007 to the immediately
8 preceding state fiscal year in the lowest per-pupil allocation
9 among all public school academies) divided by the difference
10 between the basic foundation allowance for the current state fiscal
11 year and the sum of \$7,108.00 plus the total dollar amount of all
12 adjustments made from 2006-2007 to the immediately preceding state
13 fiscal year in the lowest per-pupil allocation among all public
14 school academies]. For 2009-2010 **AND 2010-2011**, maximum public
15 school academy allocation means \$7,580.00.

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

19 (j) "Nonexempt property" means property that is not a
20 principal residence, qualified agricultural property, qualified
21 forest property, industrial personal property, or commercial
22 personal property.

23 (k) "Principal residence", "qualified agricultural property",
24 "qualified forest property", "industrial personal property", and
25 "commercial personal property" mean those terms as defined in
26 section 7dd of the general property tax act, 1893 PA 206, MCL
27 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

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

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

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

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

Sec. 20d. In making the final determination required under former section 20a of a district's combined state and local revenue per membership pupil in 1993-94 and in making calculations under section 20 for ~~2009-2010~~ **2010-2011**, the department and the department of treasury shall comply with all of the following:

(a) For a district that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more and served as a fiscal agent for a state board designated area ~~vocational~~ **CAREER AND TECHNICAL** education center in the 1993-

1 94 school year, total state school aid received by or paid on
2 behalf of the district pursuant to this act in 1993-94 shall
3 exclude payments made under former section 146 and under section
4 147 on behalf of the district's employees who provided direct
5 services to the area ~~vocational~~ **CAREER AND TECHNICAL** education
6 center. Not later than June 30, 1996, the department shall make an
7 adjustment under this subdivision to the district's combined state
8 and local revenue per membership pupil in the 1994-95 state fiscal
9 year and the department of treasury shall make a final
10 certification of the number of mills that may be levied by the
11 district under section 1211 of the revised school code, MCL
12 380.1211, as a result of the adjustment under this subdivision.

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

1 center program and excluded nonresident pupils attending the center
2 program.

3 Sec. 22a. (1) From the appropriation in section 11, there is
4 allocated an amount not to exceed ~~\$5,882,000,000.00~~
5 **\$5,797,000,000.00** for 2009-2010 **AND AN AMOUNT NOT TO EXCEED**
6 **\$5,792,000,000.00 FOR 2010-2011** for payments to districts,
7 qualifying university schools, and qualifying public school
8 academies to guarantee each district, qualifying university school,
9 and qualifying public school academy an amount equal to its 1994-95
10 total state and local per pupil revenue for school operating
11 purposes under section 11 of article IX of the state constitution
12 of 1963. Pursuant to section 11 of article IX of the state
13 constitution of 1963, this guarantee does not apply to a district
14 in a year in which the district levies a millage rate for school
15 district operating purposes less than it levied in 1994. However,
16 subsection (2) applies to calculating the payments under this
17 section. Funds allocated under this section that are not expended
18 in the state fiscal year for which they were allocated, as
19 determined by the department, may be used to supplement the
20 allocations under sections 22b and 51c in order to fully fund those
21 calculated allocations for the same fiscal year.

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

27 (a) Except as otherwise provided in this subsection, the state

1 portion of a district's 1994-95 foundation allowance is an amount
2 equal to the district's 1994-95 foundation allowance or \$6,500.00,
3 whichever is less, 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. For
12 a district that has a millage reduction required under section 31
13 of article IX of the state constitution of 1963, the state portion
14 of the district's foundation allowance shall be calculated as if
15 that reduction did not occur.

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

1 values per membership pupil used in the calculations under this
2 subdivision are as adjusted by ad valorem property tax revenue
3 captured under tax increment financing acts divided by the
4 district's membership.

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

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

19 (5) For a district that is formed or reconfigured after June
20 1, 2000 by consolidation of 2 or more districts or by annexation,
21 the resulting district's 1994-95 foundation allowance under this
22 section beginning after the effective date of the consolidation or
23 annexation shall be the average of the 1994-95 foundation
24 allowances of each of the original or affected districts,
25 calculated as provided in this section, weighted as to the
26 percentage of pupils in total membership in the resulting district
27 in the state fiscal year in which the consolidation takes place who

1 reside in the geographic area of each of the original districts. If
2 an affected district's 1994-95 foundation allowance is less than
3 the 1994-95 basic foundation allowance, the amount of that
4 district's 1994-95 foundation allowance shall be considered for the
5 purpose of calculations under this subsection to be equal to the
6 amount of the 1994-95 basic foundation allowance.

7 (6) As used in this section:

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

12 (b) "Certified mills" means the lesser of 18 mills or the
13 number of mills of school operating taxes levied by the district in
14 1993-94.

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

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

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

1 school operating taxes that could be levied on all property as
2 provided in section 1211(2) of the revised school code, MCL
3 380.1211, as certified by the department of treasury for the 1994
4 tax year.

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

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

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

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

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

19 (k) "Qualifying university school" means a university school
20 that was in operation in the 1994-95 school year and is in
21 operation in the current fiscal year.

22 (l) "School operating taxes" means local ad valorem property
23 taxes levied under section 1211 of the revised school code, MCL
24 380.1211, and retained for school operating purposes.

25 (m) "Tax increment financing acts" means 1975 PA 197, MCL
26 125.1651 to 125.1681, the tax increment finance authority act, 1980
27 PA 450, MCL 125.1801 to 125.1830, the local development financing

act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.

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

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

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

Sec. 22b. (1) From the state funds appropriated in section 11, there is allocated for 2009-2010 an amount not to exceed ~~\$3,323,800,000.00~~ **\$3,292,000,000.00** AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED **\$3,583,000,000.00** for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to

1 supplement the allocations under sections 22a and 51c in order to
2 fully fund those calculated allocations for the same fiscal year.

3 (2) In addition to the funds allocated in subsection (1),
4 there is allocated an amount estimated at \$450,000,000.00 **FOR 2009-**
5 **2010 AND AN AMOUNT ESTIMATED AT \$184,256,600.00 FOR 2010-2011** from
6 the federal funds awarded to this state under title XIV of the
7 American recovery and reinvestment act of 2009, Public Law 111-5.
8 These funds shall be distributed in a form and manner determined by
9 the department based on an equal dollar amount per the number of
10 membership pupils used to calculate the ~~August 20, 2009~~ **FINAL** state
11 aid payment **OF THE PRIOR FISCAL YEAR** and shall be expended in a
12 manner prescribed by federal law.

13 (3) Subject to subsection (4) and section 11, the allocation
14 to a district under this section shall be an amount equal to the
15 sum of the amounts calculated under sections 20, ~~20j~~, 51a(2),
16 51a(3), and 51a(12), minus the sum of the allocations to the
17 district under sections 22a and 51c.

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

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

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

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

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

8 (5) Districts are encouraged to use funds allocated under this
9 section for the purchase and support of payroll, human resources,
10 and other business function software that is compatible with that
11 of the intermediate district in which the district is located and
12 with other districts located within that intermediate district.

13 **(6) FROM THE ALLOCATION IN SUBSECTION (1), THE DEPARTMENT**
14 **SHALL PAY UP TO \$1,000,000.00 BEGINNING IN 2010-2011 IN LITIGATION**
15 **COSTS INCURRED BY THIS STATE RELATED TO COMMERCIAL OR INDUSTRIAL**
16 **PROPERTY TAX APPEALS, INCLUDING APPEALS OF CLASSIFICATION, THAT**
17 **IMPACT REVENUES DEDICATED TO THE STATE SCHOOL AID FUND ESTABLISHED**
18 **BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.**

19 (7) ~~(6)~~ From the allocation in subsection (1), the department
20 shall pay up to \$1,000,000.00 in litigation costs incurred by this
21 state associated with lawsuits filed by 1 or more districts or
22 intermediate districts against this state. If the allocation under
23 this section is insufficient to fully fund all payments required
24 under this section, the payments under this subsection shall be
25 made in full before any proration of remaining payments under this
26 section.

27 (8) ~~(7)~~ It is the intent of the legislature that all

1 constitutional obligations of this state have been fully funded
2 under sections 22a, 31d, 51a, and 51c. If a claim is made by an
3 entity receiving funds under this act that challenges the
4 legislative determination of the adequacy of this funding or
5 alleges that there exists an unfunded constitutional requirement,
6 the state budget director may escrow or allocate from the
7 discretionary funds for nonmandated payments under this section the
8 amount as may be necessary to satisfy the claim before making any
9 payments to districts under subsection (3). If funds are escrowed,
10 the escrowed funds are a work project appropriation and the funds
11 are carried forward into the following fiscal year. The purpose of
12 the work project is to provide for any payments that may be awarded
13 to districts as a result of litigation. The work project shall be
14 completed upon resolution of the litigation.

15 (9) ~~(8)~~ If the local claims review board or a court of
16 competent jurisdiction makes a final determination that this state
17 is in violation of section 29 of article IX of the state
18 constitution of 1963 regarding state payments to districts, the
19 state budget director shall use work project funds under subsection
20 ~~(7)~~ (8) or allocate from the discretionary funds for nonmandated
21 payments under this section the amount as may be necessary to
22 satisfy the amount owed to districts before making any payments to
23 districts under subsection (3).

24 (10) ~~(9)~~ If a claim is made in court that challenges the
25 legislative determination of the adequacy of funding for this
26 state's constitutional obligations or alleges that there exists an
27 unfunded constitutional requirement, any interested party may seek

1 an expedited review of the claim by the local claims review board.
2 If the claim exceeds \$10,000,000.00, this state may remove the
3 action to the court of appeals, and the court of appeals shall have
4 and shall exercise jurisdiction over the claim.

5 (11) ~~(10)~~ If payments resulting from a final determination by
6 the local claims review board or a court of competent jurisdiction
7 that there has been a violation of section 29 of article IX of the
8 state constitution of 1963 exceed the amount allocated for
9 discretionary nonmandated payments under this section, the
10 legislature shall provide for adequate funding for this state's
11 constitutional obligations at its next legislative session.

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

1 "title XIX" means title XIX of the social security act, 42 USC 1396
2 to 1396v.

3 Sec. 22d. (1) From the appropriation in section 11, an amount
4 not to exceed \$2,025,000.00 is allocated for ~~2009-2010~~ **2010-2011**
5 for additional payments to small, geographically isolated districts
6 under this section.

7 (2) From the allocation under subsection (1), there is
8 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
9 \$750,000.00 for payments under this subsection to districts that
10 meet all of the following:

11 (a) Operates grades K to 12.

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

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

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

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

18 (3) The amount of the additional funding to each eligible
19 district under subsection (2) shall be determined under a spending
20 plan developed as provided in this subsection and approved by the
21 superintendent of public instruction. The spending plan shall be
22 developed cooperatively by the intermediate superintendents of each
23 intermediate district in which an eligible district is located. The
24 intermediate superintendents shall review the financial situation
25 of each eligible district, determine the minimum essential
26 financial needs of each eligible district, and develop and agree on
27 a spending plan that distributes the available funding under

1 subsection (2) to the eligible districts based on those financial
2 needs. The intermediate superintendents shall submit the spending
3 plan to the superintendent of public instruction for approval. Upon
4 approval by the superintendent of public instruction, the amounts
5 specified for each eligible district under the spending plan are
6 allocated under subsection (2) and shall be paid to the eligible
7 districts in the same manner as payments under section 22b.

8 (4) Subject to subsection (6), from the allocation in
9 subsection (1), there is allocated for ~~2009-2010~~ **2010-2011** an
10 amount not to exceed \$1,275,000.00 for payments under this
11 subsection to districts that meet all of the following:

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

14 (b) The district has a total square mileage greater than 200.0
15 or is 1 of 2 districts that have consolidated transportation
16 services and have a combined total square mileage greater than
17 200.0.

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

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

22 Sec. 22e. (1) Beginning in 2008-2009, an amount will be
23 allocated each fiscal year from the appropriation in section 11 for
24 additional payments under this section to districts that meet the
25 eligibility requirements under subsection (2). For 2009-2010 **AND**
26 **2010-2011**, there is allocated for this purpose from the
27 appropriation in section 11 an amount not to exceed \$1,300,000.00.

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

4 (a) The district levies 1 of the following operating millage
5 amounts:

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

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

11 (iii) The amount of operating millage it is authorized to levy
12 after a millage reduction required under the limitation of section
13 31 of article IX of the state constitution of 1963, if a ballot
14 question asking for approval to levy millage in excess of the
15 limitation has been rejected in the district.

16 (b) The district receives a reduced amount of local school
17 operating revenue under section 1211 of the revised school code,
18 MCL 380.1211, as a result of the exemptions of industrial personal
19 property and commercial personal property that were enacted in 2007
20 PA 37.

21 (c) **IN 2008-2009, The** ~~THE~~ district ~~does~~ **DID** not receive any
22 state portion of its foundation allowance, as calculated under
23 section 20(4).

24 (3) The amount of the additional funding to each eligible
25 district under this section is the **LESSER OF THE AMOUNT RECEIVED**
26 **UNDER THIS SECTION IN 2008-2009 OR THE** sum of the following and
27 shall be paid to the eligible districts in the same manner as

1 payments under section 22b:

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

7 (b) The product of the taxable value of the district's
8 commercial personal property for the calendar year ending in the
9 fiscal year multiplied by the lesser of 12 mills or the total
10 number of mills the district levies on nonexempt property under
11 section 1211 of the revised school code, MCL 380.1211, for that
12 calendar year.

13 Sec. 24. (1) From the appropriation in section 11, there is
14 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
15 \$8,000,000.00 for payments to the educating district or
16 intermediate district for educating pupils assigned by a court or
17 the department of human services to reside in or to attend a
18 juvenile detention facility or child caring institution licensed by
19 the department of human services and approved by the department to
20 provide an on-grounds education program. The amount of the payment
21 under this section to a district or intermediate district shall be
22 calculated as prescribed under subsection (2).

23 (2) The total amount allocated under this section shall be
24 allocated by paying to the educating district or intermediate
25 district an amount equal to the lesser of the district's or
26 intermediate district's added cost or the department's approved per
27 pupil allocation for the district or intermediate district. For the

1 purposes of this subsection:

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

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

22 (3) A district or intermediate district educating pupils
23 described in this section at a residential child caring institution
24 may operate, and receive funding under this section for, a
25 department-approved on-grounds educational program for those pupils
26 that is longer than 181 days, but not longer than 233 days, if the
27 child caring institution was licensed as a child caring institution

1 and offered in 1991-92 an on-grounds educational program that was
2 longer than 181 days but not longer than 233 days and that was
3 operated by a district or intermediate district.

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

6 Sec. 24a. From the appropriation in section 11, there is
7 allocated an amount not to exceed ~~\$2,523,200.00~~ **\$1,751,300.00** for
8 2009-2010 **AND AN AMOUNT NOT TO EXCEED \$1,526,200.00 FOR 2010-2011**
9 for payments to intermediate districts for pupils who are placed in
10 juvenile justice service facilities operated by the department of
11 human services. Each intermediate district shall receive an amount
12 equal to the state share of those costs that are clearly and
13 directly attributable to the educational programs for pupils placed
14 in facilities described in this section that are located within the
15 intermediate district's boundaries. The intermediate districts
16 receiving payments under this section shall cooperate with the
17 department of human services to ensure that all funding allocated
18 under this section is utilized by the intermediate district and
19 department of human services for educational programs for pupils
20 described in this section. Pupils described in this section are not
21 eligible to be funded under section 24. However, a program
22 responsibility or other fiscal responsibility associated with these
23 pupils shall not be transferred from the department of human
24 services to a district or intermediate district unless the district
25 or intermediate district consents to the transfer.

26 Sec. 24c. From the appropriation in section 11, there is
27 allocated an amount not to exceed ~~\$642,300.00~~ **\$653,200.00** for ~~2009-~~

1 ~~2010~~ **2010-2011** for payments to districts for pupils who are
2 enrolled in a nationally administered community-based education and
3 youth mentoring program, known as the youth challenge program, that
4 is located within the district and is administered by the
5 department of military and veterans affairs. A district receiving
6 payments under this section shall contract with the department of
7 military and veterans affairs to ensure that all funding allocated
8 under this section is utilized by the district and the department
9 of military and veterans affairs for the youth challenge program.

10 Sec. 26a. From the state school aid fund appropriation in
11 section 11, there is allocated an amount not to exceed
12 \$26,300,000.00 for ~~2009-2010~~ **2010-2011**, and from the general fund
13 appropriation in section 11, there is allocated an amount not to
14 exceed \$9,200,000.00 for ~~2009-2010~~ **2010-2011** to reimburse
15 districts, intermediate districts, and the state school aid fund
16 pursuant to section 12 of the Michigan renaissance zone act, 1996
17 PA 376, MCL 125.2692, for taxes levied in ~~2009~~ **2010**. The
18 allocations shall be made not later than 60 days after the
19 department of treasury certifies to the department and to the state
20 budget director that the department of treasury has received all
21 necessary information to properly determine the amounts due to each
22 eligible recipient.

23 Sec. 26b. (1) From the appropriation in section 11, there is
24 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
25 \$3,400,000.00 for payments to districts, intermediate districts,
26 and community college districts for the portion of the payment in
27 lieu of taxes obligation that is attributable to districts,

1 intermediate districts, and community college districts pursuant to
2 section 2154 of the natural resources and environmental protection
3 act, 1994 PA 451, MCL 324.2154.

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

8 Sec. 29. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed \$20,000,000.00 for ~~2009-2010~~
10 **2010-2011** for additional payments to eligible districts for
11 declining enrollment assistance.

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

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

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

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

25 (3) Payments to each eligible district shall be equal to the
26 difference between the district's average pupil membership and the
27 district's pupil membership as calculated under section 6 for the

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

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

12 Sec. 31a. (1) From the state school aid fund money
13 appropriated in section 11, there is allocated for ~~2009-2010~~ **2010-**
14 **2011** an amount not to exceed \$317,695,500.00 for payments to
15 eligible districts and eligible public school academies under this
16 section. Subject to subsection (14), the amount of the additional
17 allowance under this section, other than funding under subsection
18 (6) or (7), shall be based on the number of actual pupils in
19 membership in the district or public school academy who met the
20 income eligibility criteria for free breakfast, lunch, or milk in
21 the immediately preceding state fiscal year, as determined under
22 the Richard B. Russell national school lunch act, 42 USC 1751 to
23 1769i, and reported to the department by October 31 of the
24 immediately preceding fiscal year and adjusted not later than
25 December 31 of the immediately preceding fiscal year. However, for
26 a public school academy that began operations as a public school
27 academy after the pupil membership count day of the immediately

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

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

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

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

23 (3) Except as otherwise provided in this subsection, an
24 eligible district or eligible public school academy shall receive
25 under this section for each membership pupil in the district or
26 public school academy who met the income eligibility criteria for
27 free breakfast, lunch, or milk, as determined under the Richard B.

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

22 (4) Except as otherwise provided in this section, a district
23 or public school academy receiving funding under this section shall
24 use that money only to provide instructional programs and direct
25 noninstructional services, including, but not limited to, medical
26 or counseling services, for at-risk pupils; for school health
27 clinics; and for the purposes of subsection (5), (6), or (7). In

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

27 (5) Except as otherwise provided in subsection (12), a

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

8 (6) From the funds allocated under subsection (1), there is
9 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
10 \$3,557,300.00 to support child and adolescent health centers. These
11 grants shall be awarded for 5 consecutive years beginning with
12 2003-2004 in a form and manner approved jointly by the department
13 and the department of community health. Each grant recipient shall
14 remain in compliance with the terms of the grant award or shall
15 forfeit the grant award for the duration of the 5-year period after
16 the noncompliance. To continue to receive funding for a child and
17 adolescent health center under this section a grant recipient shall
18 ensure that the child and adolescent health center has an advisory
19 committee and that at least one-third of the members of the
20 advisory committee are parents or legal guardians of school-aged
21 children. A child and adolescent health center program shall
22 recognize the role of a child's parents or legal guardian in the
23 physical and emotional well-being of the child. Funding under this
24 subsection shall be used to support child and adolescent health
25 center services provided to children up to age 21. If any funds
26 allocated under this subsection are not used for the purposes of
27 this subsection for the fiscal year in which they are allocated,

1 those unused funds shall be used that fiscal year to avoid or
2 minimize any proration that would otherwise be required under
3 subsection (14) for that fiscal year.

4 (7) From the funds allocated under subsection (1), there is
5 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
6 \$5,150,000.00 for the state portion of the hearing and vision
7 screenings as described in section 9301 of the public health code,
8 1978 PA 368, MCL 333.9301. A local public health department shall
9 pay at least 50% of the total cost of the screenings. The frequency
10 of the screenings shall be as required under R 325.13091 to R
11 325.13096 and R 325.3271 to R 325.3276 of the Michigan
12 administrative code. Funds shall be awarded in a form and manner
13 approved jointly by the department and the department of community
14 health. Notwithstanding section 17b, payments to eligible entities
15 under this subsection shall be paid on a schedule determined by the
16 department.

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

1 academy does not comply with this subsection, the department shall
2 withhold an amount equal to the August payment due under this
3 section until the district or public school academy complies with
4 this subsection. If the district or public school academy does not
5 comply with this subsection by the end of the state fiscal year,
6 the withheld funds shall be forfeited to the school aid fund.

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

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

1 satisfaction of the department that the class size reductions would
2 be in the best interests of the district's at-risk pupils.

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

8 (12) For an individual school or schools operated by a
9 district or public school academy receiving funds under this
10 section that have been determined by the department to meet the
11 adequate yearly progress standards of the no child left behind act
12 of 2001, Public Law 107-110, in both mathematics and English
13 language arts at all applicable grade levels for all applicable
14 subgroups, the district or public school academy may submit to the
15 department an application for flexibility in using the funds
16 received under this section that are attributable to the pupils in
17 the school or schools. The application shall identify the affected
18 school or schools and the affected funds and shall contain a plan
19 for using the funds for specific purposes identified by the
20 district that are designed to benefit at-risk pupils in the school,
21 but that may be different from the purposes otherwise allowable
22 under this section. The department shall approve the application if
23 the department determines that the purposes identified in the plan
24 are reasonably designed to benefit at-risk pupils in the school. If
25 the department does not act to approve or disapprove an application
26 within 30 days after it is submitted to the department, the
27 application is considered to be approved. If an application for

1 flexibility in using the funds is approved, the district may use
2 the funds identified in the application for any purpose identified
3 in the plan.

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

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

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

1 appropriate personnel who would be available to systematically
2 study the needs of the individual child and work with the teacher
3 to match instruction to the needs of the individual child.

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

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

23 (16) A district or public school academy that does not meet
24 the eligibility requirement under subsection (2)(a) is eligible for
25 funding under this section if at least 1/4 of the pupils in
26 membership in the district or public school academy met the income
27 eligibility criteria for free breakfast, lunch, or milk in the

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

19 (17) A district that does not meet the eligibility requirement
20 under subsection (2)(a) is eligible for funding under this section
21 if at least 75% of the pupils in membership in the district met the
22 income eligibility criteria for free breakfast, lunch, or milk in
23 the immediately preceding state fiscal year, as determined and
24 reported as described in subsection (1), the district receives an
25 adjustment under section 20-~~(19)~~ (18), and the district does not
26 receive any state portion of its foundation allowance as calculated
27 under section 20. A district that is eligible for funding under

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

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

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

10 Sec. 31d. (1) From the appropriations in section 11, there is
11 allocated an amount not to exceed \$22,495,100.00 for ~~2009-2010~~
12 **2010-2011** for the purpose of making payments to districts and other
13 eligible entities under this section.

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

23 (3) The payments made under this section include all state
24 payments made to districts so that each district receives at least
25 6.0127% of the necessary costs of operating the state mandated
26 portion of the school lunch program in a fiscal year.

27 (4) The payments made under this section to districts and

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

6 (5) From the federal funds appropriated in section 11, there
 7 is allocated for ~~2009-2010~~ **2010-2011** all available federal funding,
 8 estimated at ~~\$370,000,000.00~~ **\$400,000,000.00**, for the national
 9 school lunch program and all available federal funding, estimated
 10 at \$2,506,000.00, for the emergency food assistance program.

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

14 Sec. 31f. (1) From the appropriations in section 11, there is
 15 allocated an amount not to exceed \$9,625,000.00 for ~~2009-2010~~ **2010-**
 16 **2011** for the purpose of making payments to districts to reimburse
 17 for the cost of providing breakfast.

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

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

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

26 (3) The payment for a district under this section is at a per
 27 meal rate equal to the lesser of the district's actual cost or 100%

1 of the statewide average cost of a breakfast served, as determined
2 and approved by the department, less federal reimbursement,
3 participant payments, and other state reimbursement. The statewide
4 average cost shall be determined by the department using costs as
5 reported in a manner approved by the department for the preceding
6 school year.

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

9 Sec. 32b. (1) From the funds appropriated under section 11,
10 there is allocated an amount not to exceed \$6,000,000.00 for ~~2009-~~
11 ~~2010~~ 2010-2011 for competitive grants to intermediate districts for
12 the creation and continuance of great start communities or other
13 community purposes as identified by the early childhood investment
14 corporation. These dollars may not be expended until both of the
15 following conditions have been met:

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

19 (b) The executive committee of the corporation includes, in
20 addition to the members of the executive committee provided for by
21 the interlocal agreement creating the corporation under the urban
22 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.510 to
23 124.512, 4 members appointed by the governor as provided in this
24 subdivision. Not later than 30 days after the convening of a
25 regular legislative session in an odd-numbered year, the speaker of
26 the house of representatives, the house minority leader, the senate
27 majority leader, and the senate minority leader shall each submit

1 to the governor a list of 3 or more individuals as nominees for
2 appointment as members of the executive committee of the
3 corporation. The corporation shall notify each of the legislative
4 leaders of this requirement to submit a list of nominees not later
5 than 30 days before the date that the list is due. Within 60 days
6 of the submission to the governor of nominees by each of the 4
7 legislative leaders, the governor shall appoint 1 member of the
8 executive committee from each list of nominees submitted by each of
9 the 4 legislative leaders. A member appointed under this
10 subdivision shall serve a term as a member of the executive
11 committee through the next regular legislative session unless he or
12 she resigns or is otherwise unable to serve. When a vacancy occurs
13 other than by expiration of a term, the corporation shall notify
14 the legislative leader who originally nominated the member of the
15 vacancy and that legislative leader shall submit to the governor a
16 list of 3 or more individuals as nominees for appointment to fill
17 the vacancy within 30 days after being notified by the corporation
18 of the vacancy. The governor shall make an appointment to fill that
19 vacancy in the same manner as the original appointment not later
20 than 60 days after the date the vacancy occurs.

21 (2) The early childhood investment corporation shall award
22 grants to eligible intermediate districts in an amount to be
23 determined by the corporation.

24 (3) In order to receive funding, each intermediate district
25 applicant shall agree to convene a local great start collaborative
26 to address the availability of the 6 components of a great start
27 system in its communities: physical health, social-emotional

1 health, family supports, basic needs, economic stability and
2 safety, and parenting education and early education and care, to
3 ensure that every child in the community is ready for kindergarten.

4 Specifically, each grant will fund the following:

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

9 (b) Identification of local resources and services for
10 children with disabilities, developmental delays, or special needs
11 and their families.

12 (c) Coordination and expansion of infrastructure to support
13 high-quality early childhood and childcare programs.

14 (d) Evaluation of local programs.

15 (4) Not later than December 1 of each fiscal year, for the
16 grants awarded under this section for the immediately preceding
17 fiscal year, the department shall provide to the house and senate
18 appropriations subcommittees on state school aid, the state budget
19 director, and the house and senate fiscal agencies a report
20 detailing the amount of each grant awarded under this section, the
21 grant recipients, the activities funded by each grant under this
22 section, and an analysis of each grant recipient's success in
23 addressing the development of a comprehensive system of early
24 childhood services and supports.

25 (5) An intermediate district receiving funds under this
26 section may carry over any unexpended funds received under this
27 section into the next fiscal year and may expend those unused funds

1 in the next fiscal year. A recipient of a grant shall return any
 2 unexpended grant funds to the department in the manner prescribed
 3 by the department not later than September 30 of the next fiscal
 4 year after the fiscal year in which the funds are received.

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

7 Sec. 32d. (1) For ~~2009-2010~~ **2010-2011**, from the state school
 8 aid fund appropriation in section 11, there is allocated an amount
 9 not to exceed \$88,100,000.00 to eligible districts for great start
 10 readiness programs and from the general fund appropriation in
 11 section 11, there is allocated an amount not to exceed
 12 \$7,575,000.00 for competitive great start readiness program grants.
 13 Funds allocated under this section shall be used to provide part-
 14 day or full-day comprehensive free compensatory programs designed
 15 to ~~do 1 or both of the following:~~

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

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

1 ~~year.~~

2 (2) To be eligible to receive payments under this section, a
3 district shall comply with this section and section 39. To receive
4 competitive grant payments under this section, an eligible grant
5 recipient shall comply with this section and section 321.

6 (3) In addition to the allocation under subsection (1), from
7 the general fund money appropriated under section 11, there is
8 allocated an amount not to exceed \$300,000.00 for ~~2009-2010~~ **2010-**
9 **2011** for a competitive grant to continue a longitudinal evaluation
10 of children who have participated in great start readiness
11 programs.

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

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

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

25 (c) Nutritional services for all program participants.

26 (d) Health **AND DEVELOPMENTAL** screening services for all
27 program participants.

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

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

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

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

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

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

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

25 (b) Ensure that more than ~~50%~~ 75% of the children
26 participating in an eligible great start readiness program are
27 children who live with families with a household income that is

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

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

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

14 ~~(A)~~ If a district demonstrates to the department that it is
15 unable to fully comply with this subparagraph after making
16 reasonable efforts to comply, teachers who have significant but
17 incomplete training in early childhood education or child
18 development may be employed by the district if the district
19 provides to the department, and the department approves, a plan for
20 each teacher to come into compliance with the standards in this
21 subparagraph. A teacher's compliance plan must be completed within
22 ~~4~~ 2 years of the date of employment. Progress toward completion of
23 the compliance plan shall consist of at least 2 courses per
24 calendar year.

25 ~~(B) For a subcontracted program, the department shall consider~~
26 ~~a teacher with 90 credit hours and at least 4 years' teaching~~
27 ~~experience in a qualified preschool program to meet the~~

1 ~~requirements under this subparagraph.~~

2 (ii) Paraprofessionals possessing proper training in early
3 childhood development, including an associate's degree in early
4 childhood education or child development or the equivalent, or a
5 child development associate (CDA) credential, ~~or the equivalent as~~
6 ~~approved by the state board.~~ However, if a district demonstrates to
7 the department that it is unable to fully comply with this
8 subparagraph after making reasonable efforts to comply, the
9 district may employ paraprofessionals who have completed at least 1
10 course in early childhood education or child development if the
11 district provides to the department, and the department approves, a
12 plan for each paraprofessional to come into compliance with the
13 standards in this subparagraph. A paraprofessional's compliance
14 plan must be completed within 2 years of the date of employment.
15 Progress toward completion of the compliance plan shall consist of
16 at least 2 courses or 60 clock hours of training per calendar year.
17 **COMPLIANCE PLANS APPROVED PRIOR TO 2010-2011 SHALL REMAIN IN**
18 **EFFECT.**

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

1 the capacity to serve those children.

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

14 (7) A "PART-DAY PROGRAM," AS USED IN THIS SECTION, MEANS A
15 PROGRAM THAT OPERATES AT LEAST 4 DAYS PER WEEK, 30 WEEKS PER YEAR,
16 FOR AT LEAST 3 HOURS OF TEACHER-CHILD CONTACT TIME PER DAY.

17 (8) ~~(7)~~ A district or consortium of districts receiving a
18 grant under this section may contract with for-profit or nonprofit
19 preschool center providers that meet all requirements of subsection
20 (4) and retain for administrative services an amount equal to not
21 more than 5% of the grant amount. A district or consortium of
22 districts may expend not more than 10% of the total grant amount
23 for administration of the program.

24 (9) ~~(8)~~ Any public or private for-profit or nonprofit legal
25 entity or agency may apply for a competitive grant under this
26 section. However, a district or intermediate district may not apply
27 for a competitive grant under this section unless the district,

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

4 **(10)** ~~(9)~~ A recipient of funds under this section shall report
5 to the department on the midyear report the number of children
6 participating in the program who meet the income or other
7 eligibility criteria prescribed by the department and the total
8 number of children participating in the program. For children
9 participating in the program who meet the income or other
10 eligibility criteria specified under subsection (5)(b), a recipient
11 shall also report whether or not a parent is available to provide
12 care based on employment status. For the purposes of this
13 subsection, "employment status" shall be defined by the department
14 of human services in a manner consistent with maximizing the amount
15 of spending that may be claimed for temporary assistance for needy
16 families maintenance of effort purposes.

17 **(11) A DISTRICT OR INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER**
18 **THIS SECTION IS ENCOURAGED TO ESTABLISH A SLIDING SCALE OF TUITION**
19 **RATES BASED UPON A CHILD'S FAMILY INCOME FOR THE PURPOSE OF**
20 **EXPANDING ELIGIBLE PROGRAMS UNDER THIS SECTION. A DISTRICT OR**
21 **INTERMEDIATE DISTRICT MAY CHARGE TUITION FOR PROGRAMS UNDER THIS**
22 **SECTION FROM THAT SLIDING SCALE OF TUITION RATES ON A UNIFORM BASIS**
23 **FOR ANY CHILD WHO DOES NOT MEET THE PROGRAM ELIGIBILITY**
24 **REQUIREMENTS UNDER THIS SECTION.**

25 Sec. 32j. (1) From the appropriations in section 11, there is
26 allocated an amount not to exceed \$5,000,000.00 for ~~2009-2010~~ **2010-**
27 **2011** for great parents, great start grants to intermediate

1 districts to provide programs for parents with young children. The
2 purpose of these programs is to encourage early mathematics and
3 reading literacy, improve school readiness, reduce the need for
4 special education services, and foster the maintenance of stable
5 families by encouraging positive parenting skills.

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

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

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

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

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

23 (3) To receive a grant under this section, an intermediate
24 district shall submit a plan to the department not later than
25 October 15, ~~2009~~ 2010 in the form and manner prescribed by the
26 department. The plan shall do all of the following in a manner
27 prescribed by the department:

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

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

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

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

27 (5) The department or superintendent, as applicable, shall do

1 all of the following:

2 (a) The superintendent shall approve or disapprove the plans
3 and notify the intermediate district of that decision not later
4 than November 15, ~~2009~~ 2010. The amount allocated to each
5 intermediate district shall be at least an amount equal to 100% of
6 the intermediate district's ~~2008-2009~~ 2009-2010 payment under this
7 section.

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

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

16 (6) An intermediate district receiving funds under this
17 section shall use the funds only for the program funded under this
18 section. An intermediate district receiving funds under this
19 section may carry over any unexpended funds received under this
20 section into the next fiscal year and may expend those unused funds
21 in the next fiscal year. A recipient of a grant shall return any
22 unexpended grant funds to the department in the manner prescribed
23 by the department not later than September 30 of the next fiscal
24 year after the fiscal year in which the funds are received.

25 Sec. 321. (1) The department shall establish a diverse
26 interagency committee to review the applications for competitive
27 grants under section 32d. The committee shall be composed of

1 representatives of the department, appropriate community,
2 volunteer, and social service agencies and organizations, and
3 parents.

4 (2) The superintendent shall award the competitive grants
5 under section 32d to applicants that are in compliance with that
6 section and shall give priority for awarding the competitive grants
7 to programs that offer or contract with another nonprofit or for-
8 profit early childhood program to provide supplementary day care
9 and thereby offers full-day programs as part of its early childhood
10 development program.

11 (3) The superintendent may award competitive grants under
12 section 32d at whatever level the superintendent determines
13 appropriate. However, the amount of a competitive grant under that
14 section, when combined with other sources of state revenue for this
15 program, shall not exceed \$3,400.00 per participating child or the
16 cost of the program, whichever is less.

17 (4) All grant awards under this section are contingent on the
18 availability of funds and documented evidence of grantee compliance
19 with early childhood standards of quality for prekindergarten, as
20 approved by the state board, and with all operational, fiscal,
21 administrative, and other program requirements.

22 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN
23 APPLICANT THAT RECEIVES A NEW GRANT UNDER THIS SECTION FOR 2010-
24 2011 SHALL ALSO RECEIVE PRIORITY FOR FUNDING UNDER THIS SECTION FOR
25 2011-2012 AND 2012-2013. HOWEVER, AFTER 3 FISCAL YEARS OF
26 CONTINUOUS FUNDING, AN APPLICANT IS REQUIRED TO COMPETE OPENLY WITH
27 NEW PROGRAMS AND OTHER PROGRAMS COMPLETING THEIR THIRD YEAR.

1 (6) ~~(5)~~ Notwithstanding section 17b, competitive grant
2 payments to eligible entities under section 32d shall be paid on a
3 schedule and in a manner determined by the department.

4 Sec. 39a. (1) From the federal funds appropriated in section
5 11, there is allocated for ~~2009-2010~~ **2010-2011** to districts,
6 intermediate districts, and other eligible entities all available
7 federal funding, estimated at ~~\$752,987,500.00~~ **\$761,973,600.00**, for
8 the federal programs under the no child left behind act of 2001,
9 Public Law 107-110. These funds are allocated as follows:

10 (a) An amount estimated at ~~\$8,033,600.00~~ **\$10,808,600.00** to
11 provide students with drug- and violence-prevention programs and to
12 implement strategies to improve school safety, funded from DED-
13 OESE, drug-free schools and communities funds.

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

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

22 (d) An amount estimated at \$10,322,300.00 for programs to
23 teach English to limited English proficient (LEP) children, funded
24 from DED-OESE, language acquisition state grant funds.

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

1 (f) An amount estimated at ~~\$898,300.00~~ **\$1,760,000.00** for rural
2 and low income schools, funded from DED-OESE, rural and low income
3 school funds.

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

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

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

14 (j) An amount estimated at ~~\$7,797,700.00~~ **\$8,807,200.00** for the
15 purpose of identifying and serving migrant children, funded from
16 DED-OESE, title I, migrant education funds.

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

20 (l) An amount estimated at \$2,849,000.00 for the purpose of
21 implementing innovative strategies for improving student
22 achievement, funded from DED-OESE, title VI, innovative strategies
23 funds.

24 (m) An amount estimated at ~~\$35,710,100.00~~ **\$40,050,000.00** for
25 the purpose of providing high-quality extended learning
26 opportunities, after school and during the summer, for children in
27 low-performing schools, funded from DED-OESE, twenty-first century

1 community learning center funds.

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

5 (2) From the federal funds appropriated in section 11, there
6 is allocated for ~~2009-2010~~ **2010-2011** to districts, intermediate
7 districts, and other eligible entities all available federal
8 funding, estimated at ~~\$32,559,700.00~~ **\$32,359,700.00**, for the
9 following programs that are funded by federal grants:

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

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

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

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

22 (D) ~~(e)~~ An amount estimated at \$28,500,000.00 for providing
23 career and technical education services to pupils, funded from DED-
24 OVAE, basic grants to states.

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

1 the following:

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

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

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

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

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

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

1 (5) As used in this section:

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

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

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

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

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

11 Sec. 41. From the appropriation in section 11, there is
12 allocated an amount not to exceed \$2,800,000.00 for ~~2009-2010~~ **2010-**
13 **2011** to applicant districts and intermediate districts offering
14 programs of instruction for pupils of limited English-speaking
15 ability under section 1153 of the revised school code, MCL
16 380.1153. Reimbursement shall be on a per pupil basis and shall be
17 based on the number of pupils of limited English-speaking ability
18 in membership on the pupil membership count day. Funds allocated
19 under this section shall be used solely for instruction in
20 speaking, reading, writing, or comprehension of English. A pupil
21 shall not be counted under this section or instructed in a program
22 under this section for more than 3 years.

23 Sec. 51a. (1) From the appropriation in section 11, there is
24 allocated for 2009-2010 an amount not to exceed ~~\$1,061,283,000.00~~
25 **\$1,018,583,000.00 AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED**
26 **\$1,060,683,000.00** from state sources and all available federal
27 funding under sections 611 to 619 of part B of the individuals with

1 disabilities education act, 20 USC 1411 to 1419, estimated at
2 \$350,700,000.00 **FOR 2009-2010 AND \$385,700,000.00 FOR 2010-2011,**
3 plus any carryover federal funds from previous year appropriations.
4 The allocations under this subsection are for the purpose of
5 reimbursing districts and intermediate districts for special
6 education programs, services, and special education personnel as
7 prescribed in article 3 of the revised school code, MCL 380.1701 to
8 380.1766; net tuition payments made by intermediate districts to
9 the Michigan schools for the deaf and blind; and special education
10 programs and services for pupils who are eligible for special
11 education programs and services according to statute or rule. For
12 meeting the costs of special education programs and services not
13 reimbursed under this article, a district or intermediate district
14 may use money in general funds or special education funds, not
15 otherwise restricted, or contributions from districts to
16 intermediate districts, tuition payments, gifts and contributions
17 from individuals, or federal funds that may be available for this
18 purpose, as determined by the intermediate district plan prepared
19 pursuant to article 3 of the revised school code, MCL 380.1701 to
20 380.1766. All federal funds allocated under this section in excess
21 of those allocated under this section for 2002-2003 may be
22 distributed in accordance with the flexible funding provisions of
23 the individuals with disabilities education act, Public Law 108-
24 446, including, but not limited to, 34 CFR 300.206 and 300.208.
25 Notwithstanding section 17b, payments of federal funds to
26 districts, intermediate districts, and other eligible entities
27 under this section shall be paid on a schedule determined by the

1 department.

2 (2) From the funds allocated under subsection (1), there is
 3 allocated the amount necessary, estimated at ~~\$240,300,000.00~~
 4 **\$236,500,000.00** for 2009-2010 **AND THE AMOUNT NECESSARY, ESTIMATED**
 5 **AT \$247,000,000.00 FOR 2010-2011**, for payments toward reimbursing
 6 districts and intermediate districts for 28.6138% of total approved
 7 costs of special education, excluding costs reimbursed under
 8 section 53a, and 70.4165% of total approved costs of special
 9 education transportation. Allocations under this subsection shall
 10 be made as follows:

11 (a) The initial amount allocated to a district under this
 12 subsection toward fulfilling the specified percentages shall be
 13 calculated by multiplying the district's special education pupil
 14 membership, excluding pupils described in subsection (12), times
 15 the sum of the foundation allowance under section 20 of the pupil's
 16 district of residence ~~plus the amount of the district's per pupil~~
 17 ~~allocation under section 20j(2)~~, not to exceed the basic foundation
 18 allowance under section 20 for the current fiscal year, or, for a
 19 special education pupil in membership in a district that is a
 20 public school academy or university school, times an amount equal
 21 to the amount per membership pupil calculated under section
 22 ~~20(6)(7)~~ (7). For an intermediate district, the amount allocated under
 23 this subdivision toward fulfilling the specified percentages shall
 24 be an amount per special education membership pupil, excluding
 25 pupils described in subsection (12), and shall be calculated in the
 26 same manner as for a district, using the foundation allowance under
 27 section 20 of the pupil's district of residence, not to exceed the

1 basic foundation allowance under section 20 for the current fiscal
2 year, ~~and that district's per pupil allocation under section~~
3 ~~20j(2)~~.

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

9 (3) From the funds allocated under subsection (1), there is
10 allocated for 2009-2010 the amount necessary, estimated at
11 ~~\$1,300,000.00~~ **\$1,200,000.00 AND FOR 2010-2011 THE AMOUNT NECESSARY,**
12 **ESTIMATED AT \$800,000.00**, to make payments to districts and
13 intermediate districts under this subsection. If the amount
14 allocated to a district or intermediate district for a fiscal year
15 under subsection (2)(b) is less than the sum of the amounts
16 allocated to the district or intermediate district for 1996-97
17 under sections 52 and 58, there is allocated to the district or
18 intermediate district for the fiscal year an amount equal to that
19 difference, adjusted by applying the same proration factor that was
20 used in the distribution of funds under section 52 in 1996-97 as
21 adjusted to the district's or intermediate district's necessary
22 costs of special education used in calculations for the fiscal
23 year. This adjustment is to reflect reductions in special education
24 program operations or services between 1996-97 and subsequent
25 fiscal years. Adjustments for reductions in special education
26 program operations or services shall be made in a manner determined
27 by the department and shall include adjustments for program or

1 service shifts.

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

21 (5) State funds shall be allocated on a total approved cost
22 basis. Federal funds shall be allocated under applicable federal
23 requirements, except that an amount not to exceed \$3,500,000.00 may
24 be allocated by the department for 2009-2010 **AND 2010-2011** to
25 districts, intermediate districts, or other eligible entities on a
26 competitive grant basis for programs, equipment, and services that
27 the department determines to be designed to benefit or improve

1 special education on a statewide scale.

2 (6) From the amount allocated in subsection (1), there is
3 allocated an amount not to exceed \$2,200,000.00 for 2009-2010 **AND**
4 **2010-2011** to reimburse 100% of the net increase in necessary costs
5 incurred by a district or intermediate district in implementing the
6 revisions in the administrative rules for special education that
7 became effective on July 1, 1987. As used in this subsection, "net
8 increase in necessary costs" means the necessary additional costs
9 incurred solely because of new or revised requirements in the
10 administrative rules minus cost savings permitted in implementing
11 the revised rules. Net increase in necessary costs shall be
12 determined in a manner specified by the department.

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

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

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

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

22 ~~(c) If the department determines before bookclosing for 2008-~~
23 ~~2009 that the amounts allocated for 2008-2009 under subsections~~
24 ~~(2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will~~
25 ~~exceed expenditures for 2008-2009 under subsections (2), (3), (6),~~
26 ~~(8), and (12) and sections 53a, 54, and 56, then for 2008-2009~~
27 ~~only, for a district or intermediate district whose reimbursement~~

~~for 2008-2009 would otherwise be affected by subdivision (b),
subdivision (b) does not apply to the calculation of the
reimbursement for that district or intermediate district and
reimbursement for that district or intermediate district shall be
calculated in the same manner as it was for 2003-2004. If the
amount of the excess allocations under subsections (2), (3), (6),
(8), and (12) and sections 53a, 54, and 56 is not sufficient to
fully fund the calculation of reimbursement to those districts and
intermediate districts under this subdivision, then the
calculations and resulting reimbursement under this subdivision
shall be prorated on an equal percentage basis.~~

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

(D) ~~(e)~~ Beginning with calculations for 2004-2005, if an intermediate district purchases a special education pupil transportation service from a constituent district that was previously purchased from a private entity; if the purchase from

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

11 (8) From the allocation in subsection (1), there is allocated
12 for 2009-2010 **AND 2010-2011** an amount not to exceed \$15,313,900.00
13 to intermediate districts. The payment under this subsection to
14 each intermediate district shall be equal to the amount of the
15 1996-97 allocation to the intermediate district under subsection
16 (6) of this section as in effect for 1996-97.

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

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

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

(12) From the funds allocated in subsection (1), there is allocated the amount necessary, estimated at \$7,800,000.00 for 2009-2010 **AND THE AMOUNT NECESSARY, ESTIMATED AT \$7,600,000.00 FOR 2010-2011**, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times ~~the sum of~~ the foundation allowance under section 20 of the pupil's district of residence ~~plus the amount of the district's per pupil allocation under section 20j(2)~~, not to exceed the basic foundation allowance under section 20 for the current fiscal year, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20~~(6)~~ **(7)**. The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation allowance under section 20 for the current fiscal year, ~~and that district's per pupil allocation under section 20j(2)~~. This subsection applies to all of the following

1 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.

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

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated for 2009-2010 the amount necessary, estimated at ~~\$742,300,000.00~~ **\$703,500,000.00 AND FOR 2010-2011 THE AMOUNT NECESSARY, ESTIMATED AT \$735,700,000.00**, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year

1 for which they were allocated, as determined by the department, may
2 be used to supplement the allocations under sections 22a and 22b in
3 order to fully fund those calculated allocations for the same
4 fiscal year.

5 Sec. 51d. (1) From the federal funds appropriated in section
6 11, there is allocated for ~~2009-2010~~ **2010-2011** all available
7 federal funding, estimated at \$74,000,000.00, for special education
8 programs that are funded by federal grants. All federal funds
9 allocated under this section shall be distributed in accordance
10 with federal law. Notwithstanding section 17b, payments of federal
11 funds to districts, intermediate districts, and other eligible
12 entities under this section shall be paid on a schedule determined
13 by the department.

14 (2) From the federal funds allocated under subsection (1), the
15 following amounts are allocated for ~~2009-2010~~ **2010-2011**:

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

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

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

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

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

14 (2) Reimbursement under subsection (1) is for the following
15 special education pupils:

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

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

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

26 (d) Pupils enrolled in a department-approved on-grounds
27 educational program longer than 180 days, but not longer than 233

1 days, at a residential child care institution, if the child care
2 institution offered in 1991-92 an on-grounds educational program
3 longer than 180 days but not longer than 233 days.

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

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

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

14 (5) Not more than \$13,500,000.00 of the allocation for ~~2009-~~
15 ~~2010~~ 2010-2011 in section 51a(1) shall be allocated under this
16 section.

17 Sec. 54. Each intermediate district shall receive an amount
18 per pupil for each pupil in attendance at the Michigan schools for
19 the deaf and blind. The amount shall be proportionate to the total
20 instructional cost at each school. Not more than \$1,688,000.00 of
21 the allocation for ~~2009-2010~~ 2010-2011 in section 51a(1) shall be
22 allocated under this section.

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

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

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

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

11 (2) From the allocation under section 51a(1), there is
12 allocated an amount not to exceed \$36,881,100.00 for 2009-2010 **AND**
13 **2010-2011** to reimburse intermediate districts levying millages for
14 special education pursuant to part 30 of the revised school code,
15 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
16 reimbursement shall be limited as if the funds were generated by
17 these millages and governed by the intermediate district plan
18 adopted pursuant to article 3 of the revised school code, MCL
19 380.1701 to 380.1766. As a condition of receiving funds under this
20 section, an intermediate district distributing any portion of
21 special education millage funds to its constituent districts shall
22 submit for departmental approval and implement a distribution plan.

23 (3) Reimbursement for those millages levied in 2008-2009 shall
24 be made in 2009-2010 at an amount per 2008-2009 membership pupil
25 computed by subtracting from ~~\$179,700.00~~ **\$180,600.00** the 2008-2009
26 taxable value behind each membership pupil and multiplying the
27 resulting difference by the 2008-2009 millage levied. **REIMBURSEMENT**

1 FOR THOSE MILLAGES LEVIED IN 2009-2010 SHALL BE MADE IN 2010-2011
 2 AT AN AMOUNT PER 2009-2010 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING
 3 FROM \$181,700.00 THE 2009-2010 TAXABLE VALUE BEHIND EACH MEMBERSHIP
 4 PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2009-2010
 5 MILLAGE LEVIED.

6 Sec. 61a. (1) From the appropriation in section 11, there is
 7 allocated an amount not to exceed ~~\$27,000,000.00~~ **\$26,611,300.00** for
 8 ~~2009-2010~~ **2010-2011** to reimburse on an added cost basis districts,
 9 except for a district that served as the fiscal agent for a
 10 ~~vocational~~ **CAREER AND TECHNICAL** education consortium in the 1993-94
 11 school year, and secondary area ~~vocational-technical~~ **CAREER AND**
 12 **TECHNICAL** education centers for secondary-level ~~vocational-~~
 13 ~~technical~~ **CAREER AND TECHNICAL** education programs, including
 14 ~~parenthood education programs,~~ according to rules approved by the
 15 superintendent. Applications for participation in the programs
 16 shall be submitted in the form prescribed by the department. The
 17 department shall determine the added cost for each ~~vocational-~~
 18 ~~technical~~ **CAREER AND TECHNICAL EDUCATION** program area. The
 19 allocation of added cost funds shall be based on the type of
 20 ~~vocational-technical~~ **CAREER AND TECHNICAL EDUCATION** programs
 21 provided, the number of pupils enrolled, and the length of the
 22 training period provided, and shall not exceed 75% of the added
 23 cost of any program. With the approval of the department, the board
 24 of a district maintaining a secondary ~~vocational-technical~~ **CAREER**
 25 **AND TECHNICAL** education program may offer the program for the
 26 period from the close of the school year until September 1. The
 27 program shall use existing facilities and shall be operated as

1 prescribed by rules promulgated by the superintendent.

2 (2) Except for a district that served as the fiscal agent for
3 a ~~vocational~~ **CAREER AND TECHNICAL** education consortium in the 1993-
4 94 school year, districts and intermediate districts shall be
5 reimbursed for local ~~vocational~~ **CAREER AND TECHNICAL EDUCATION**
6 administration, shared time ~~vocational~~ **CAREER AND TECHNICAL**
7 **EDUCATION** administration, and career education planning district
8 ~~vocational-technical~~ **CAREER AND TECHNICAL EDUCATION** administration.
9 The definition of what constitutes administration and reimbursement
10 shall be pursuant to guidelines adopted by the superintendent. Not
11 more than \$800,000.00 of the allocation in subsection (1) shall be
12 distributed under this subsection.

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

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

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

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

1 districts constituent to an intermediate district or area
2 ~~vocational-technical~~ **CAREER AND TECHNICAL** education program, except
3 that if a district has elected not to come under sections 681 to
4 690 of the revised school code, MCL 380.681 to 380.690, the
5 membership and taxable value of that district shall not be included
6 in the membership and taxable value of the intermediate district.
7 However, the membership and taxable value of a district that has
8 elected not to come under sections 681 to 690 of the revised school
9 code, MCL 380.681 to 380.690, shall be included in the membership
10 and taxable value of the intermediate district if the district
11 meets both of the following:

12 (i) The district operates the area ~~vocational-technical~~ **CAREER**
13 **AND TECHNICAL** education program pursuant to a contract with the
14 intermediate district.

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

20 (2) From the appropriation in section 11, there is allocated
21 an amount not to exceed \$9,000,000.00 for 2009-2010 **AND 2010-2011**
22 to reimburse intermediate districts and area ~~vocational-technical~~
23 **CAREER AND TECHNICAL** education programs established under section
24 690(3) of the revised school code, MCL 380.690, levying millages
25 for area ~~vocational-technical~~ **CAREER AND TECHNICAL** education
26 pursuant to sections 681 to 690 of the revised school code, MCL
27 380.681 to 380.690. The purpose, use, and expenditure of the

1 reimbursement shall be limited as if the funds were generated by
2 those millages.

3 (3) Reimbursement for the millages levied in 2008-2009 shall
4 be made in 2009-2010 at an amount per 2008-2009 membership pupil
5 computed by subtracting from ~~\$189,600.00~~ **\$191,000.00** the 2008-2009
6 taxable value behind each membership pupil and multiplying the
7 resulting difference by the ~~2009-2010~~ **2008-2009** millage levied.

8 **REIMBURSEMENT FOR THE MILLAGES LEVIED IN 2009-2010 SHALL BE MADE IN**
9 **2010-2011 AT AN AMOUNT PER 2009-2010 MEMBERSHIP PUPIL COMPUTED BY**
10 **SUBTRACTING FROM \$194,700.00 THE 2009-2010 TAXABLE VALUE BEHIND**
11 **EACH MEMBERSHIP PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY**
12 **THE 2009-2010 MILLAGE LEVIED.**

13 Sec. 64. (1) From the appropriation in section 11, there is
14 allocated an amount not to exceed \$2,000,000.00 for ~~2009-2010~~ **2010-**
15 **2011** for grants to intermediate districts or a district of the
16 first class that are in consortium with a community college or
17 state public university and a hospital or other appropriate entity
18 to create and implement a middle college focused on the field of
19 health sciences or other field approved by the superintendent of
20 public instruction.

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

25 (a) Outreach programs to provide information to middle school
26 and high school students about career opportunities in the health
27 sciences field or other field approved by the superintendent of

1 public instruction.

2 (b) An individualized education plan for each pupil enrolled
3 in the program.

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

5 (d) Clinical rotations that provide opportunities for pupils
6 to observe careers in the health sciences or other field approved
7 by the superintendent of public instruction.

8 (e) Instruction in mathematics, science, and language arts
9 that is integrated, where appropriate, into the courses in the
10 approved field.

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

16 (4) Beginning in 2006-2007, a district or intermediate
17 district may receive a grant under this section for up to 4
18 consecutive fiscal years. For the first 2 fiscal years of the grant
19 period, the grant amount shall be 100% of the award determined by
20 the department. For each of the remaining 2 fiscal years of the
21 grant period, the grant amount shall be an amount equal to 50% of
22 the recipient's grant amount for the previous fiscal year.

23 Sec. 65. (1) From the amount appropriated in section 11, there
24 is allocated an amount not to exceed ~~\$980,100.00~~ **\$905,100.00** for
25 ~~2009-2010~~ **2010-2011** for grants to districts or intermediate
26 districts, as determined by the department, for eligible precollege
27 programs in engineering and the sciences.

1 (2) From the funds allocated under subsection (1), the
2 department shall award \$680,100.00 for ~~2009-2010~~ **2010-2011** to the 2
3 eligible existing programs that received funds appropriated for
4 these purposes in the appropriations act containing the department
5 of energy, labor, and economic growth budget for 2005-2006.

6 (3) ~~(4)~~ From the funds allocated under subsection (1), the
7 department shall award \$225,000.00 for ~~2009-2010~~ **2010-2011** to
8 eligible intermediate districts for programs to train pupils in
9 alternative energy. The department shall award \$75,000.00 to each
10 eligible intermediate district. The intermediate district shall use
11 the funds for engineering and sciences programs with industry level
12 partnerships that are in proximity to renewable energy facilities.
13 To be eligible for funds under this subsection, an intermediate
14 district must meet all of the following requirements:

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

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

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

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

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

25 (4) ~~(5)~~ The department shall submit a report to the
26 appropriations subcommittees responsible for this act, to the state
27 budget director, and to the house and senate fiscal agencies by

1 February 1, ~~2010~~ **2011** regarding dropout rates, grade point
2 averages, enrollment in science, engineering, and math-based
3 curricula, and employment in science, engineering, and mathematics-
4 based fields for pupils who were enrolled in the programs awarded
5 funds under ~~this section~~ **SUBSECTION (2)** or under preceding
6 legislation. The report shall continue to evaluate the
7 effectiveness of the precollege programs in engineering and
8 sciences funded under this section.

9 (5) ~~(6)~~ Notwithstanding section 17b, payments under this
10 section shall be paid on a schedule and in a manner determined by
11 the department.

12 Sec. 74. (1) From the amount appropriated in section 11, there
13 is allocated an amount not to exceed ~~\$1,625,000.00~~ **\$2,078,600.00**
14 for ~~2009-2010~~ **2010-2011** for the purposes of this section.

15 (2) From the allocation in subsection (1), there is allocated
16 for ~~2009-2010~~ **2010-2011** the amount necessary for payments to state
17 supported colleges or universities and intermediate districts
18 providing school bus driver safety instruction pursuant to section
19 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
20 payments shall be in an amount determined by the department not to
21 exceed 75% of the actual cost of instruction and driver
22 compensation for each public or nonpublic school bus driver
23 attending a course of instruction. For the purpose of computing
24 compensation, the hourly rate allowed each school bus driver shall
25 not exceed the hourly rate received for driving a school bus.
26 Reimbursement compensating the driver during the course of
27 instruction shall be made by the department to the college or

1 university or intermediate district providing the course of
2 instruction.

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

10 (4) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
11 AN AMOUNT NOT TO EXCEED \$453,600.00 FOR 2010-2011 FOR REIMBURSEMENT
12 TO DISTRICTS AND INTERMEDIATE DISTRICTS FOR COSTS ASSOCIATED WITH
13 THE INSPECTION OF SCHOOL BUSES AND PUPIL TRANSPORTATION VEHICLES BY
14 THE DEPARTMENT OF STATE POLICE AS REQUIRED UNDER SECTION 715A OF
15 THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.715A, AND SECTION
16 39 OF THE PUPIL TRANSPORTATION ACT, 1990 PA 187, MCL 257.1839. THE
17 DEPARTMENT OF STATE POLICE SHALL PREPARE A STATEMENT OF COSTS
18 ATTRIBUTABLE TO EACH DISTRICT FOR WHICH BUS INSPECTIONS ARE
19 PROVIDED AND SUBMIT IT TO THE DEPARTMENT AND TO EACH AFFECTED
20 DISTRICT IN A TIME AND MANNER DETERMINED JOINTLY BY THE DEPARTMENT
21 AND THE DEPARTMENT OF STATE POLICE. THE DEPARTMENT SHALL REIMBURSE
22 EACH DISTRICT AND INTERMEDIATE DISTRICT FOR COSTS DETAILED ON THE
23 STATEMENT WITHIN 30 DAYS AFTER RECEIPT OF THE STATEMENT. DISTRICTS
24 FOR WHICH SERVICES ARE PROVIDED SHALL MAKE PAYMENT IN THE AMOUNT
25 SPECIFIED ON THE STATEMENT TO THE DEPARTMENT OF STATE POLICE WITHIN
26 45 DAYS AFTER RECEIPT OF THE STATEMENT. THE TOTAL REIMBURSEMENT OF
27 COSTS UNDER THIS SUBSECTION SHALL NOT EXCEED THE AMOUNT ALLOCATED

1 UNDER THIS SUBSECTION. NOTWITHSTANDING SECTION 17B, PAYMENTS TO
2 ELIGIBLE ENTITIES UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE
3 PRESCRIBED BY THE DEPARTMENT.

4 Sec. 81. (1) Except as otherwise provided in this section,
5 from the appropriation in section 11, there is allocated for ~~2009-~~
6 ~~2010~~ 2010-2011 to the intermediate districts the sum necessary, but
7 not to exceed \$65,376,800.00, to provide state aid to intermediate
8 districts under this section. Except as otherwise provided in this
9 section, there shall be allocated to each intermediate district for
10 ~~2009-2010~~ 2010-2011 an amount equal to ~~80%~~ 100% of the amount
11 appropriated under this subsection for ~~2008-2009~~ 2009-2010. Funding
12 provided under this section shall be used to comply with
13 requirements of this act and the revised school code that are
14 applicable to intermediate districts, and for which funding is not
15 provided elsewhere in this act, and to provide technical assistance
16 to districts as authorized by the intermediate school board.

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

22 (3) From the allocation in subsection (1), there is allocated
23 to an intermediate district, formed by the consolidation or
24 annexation of 2 or more intermediate districts or the attachment of
25 a total intermediate district to another intermediate school
26 district or the annexation of all of the constituent K-12 districts
27 of a previously existing intermediate school district which has

1 disorganized, an additional allotment of \$3,500.00 each fiscal year
2 for each intermediate district included in the new intermediate
3 district for 3 years following consolidation, annexation, or
4 attachment.

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

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

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

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

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

27 (d) Furnish data and other information required by state and

1 federal law to the center and the department in the form and manner
2 specified by the center or the department, as applicable.

3 (e) Comply with section 1230g of the revised school code, MCL
4 380.1230g.

5 (f) Comply with section 761 of the revised school code, MCL
6 380.761.

7 Sec 94a. (1) There is created within the **STATE BUDGET** office
8 ~~of the state budget director~~ in the department of **TECHNOLOGY**,
9 management, and budget the center for educational performance and
10 information. The center shall do all of the following:

11 (a) Coordinate the collection of all data required by state
12 and federal law from ~~all entities receiving funds under this act.~~
13 **DISTRICTS, INTERMEDIATE DISTRICTS AND POSTSECONDARY INSTITUTIONS.**

14 **(B) CREATE, MAINTAIN AND ENHANCE MICHIGAN'S STATEWIDE**
15 **LONGITUDINAL DATA SYSTEM THAT SHALL CONTAIN AT LEAST THE FOLLOWING**
16 **CAPABILITIES AND ELEMENTS:**

17 **(I) INCLUDES DATA AT THE INDIVIDUAL STUDENT LEVEL FROM**
18 **PRESCHOOL THROUGH POSTSECONDARY EDUCATION AND INTO THE WORKFORCE.**

19 **(II) SUPPORTS INTEROPERABILITY BY USING STANDARD DATA**
20 **STRUCTURES, DATA FORMATS, AND DATA DEFINITIONS TO ENSURE LINKAGE**
21 **AND CONNECTIVITY IN A MANNER THAT FACILITATES THE EXCHANGE OF DATA**
22 **AMONG AGENCIES AND INSTITUTIONS WITHIN THE STATE AND BETWEEN**
23 **STATES.**

24 **(III) ENABLES THE MATCHING OF INDIVIDUAL TEACHER AND STUDENT**
25 **RECORDS SO THAT AN INDIVIDUAL STUDENT MAY BE MATCHED WITH THOSE**
26 **TEACHERS PROVIDING INSTRUCTION TO THAT STUDENT.**

27 **(IV) ENABLES THE MATCHING OF INDIVIDUAL TEACHERS WITH**

1 INFORMATION ABOUT THEIR CERTIFICATION AND THE INSTITUTIONS THAT
2 PREPARED AND RECOMMENDED THOSE TEACHERS FOR STATE CERTIFICATION.

3 (V) ENABLES DATA TO BE EASILY GENERATED FOR CONTINUOUS
4 IMPROVEMENT AND DECISION-MAKING, INCLUDING TIMELY REPORTING TO
5 PARENTS, TEACHERS, AND SCHOOL LEADERS ON STUDENT ACHIEVEMENT.

6 (VI) ENSURES THE REASONABLE QUALITY, VALIDITY AND RELIABILITY
7 OF DATA CONTAINED IN THE SYSTEM.

8 (VII) PROVIDES THE STATE WITH THE ABILITY TO MEET FEDERAL AND
9 STATE REPORTING REQUIREMENTS.

10 (VIII) FOR DATA ELEMENTS RELATED TO PRESCHOOL THROUGH GRADE 12
11 AND POSTSECONDARY:

12 (A) CONTAINS A UNIQUE STATEWIDE STUDENT IDENTIFIER THAT DOES
13 NOT PERMIT A STUDENT TO BE INDIVIDUALLY IDENTIFIED BY USERS OF THE
14 SYSTEM, EXCEPT AS ALLOWED BY FEDERAL AND STATE LAW.

15 (B) CONTAINS STUDENT-LEVEL ENROLLMENT, DEMOGRAPHIC, AND
16 PROGRAM PARTICIPATION INFORMATION.

17 (C) CONTAINS STUDENT-LEVEL INFORMATION ABOUT THE POINTS AT
18 WHICH STUDENTS EXIT, TRANSFER IN, TRANSFER OUT, DROP OUT OR
19 COMPLETE EDUCATION PROGRAMS.

20 (D) HAS THE CAPACITY TO COMMUNICATE WITH HIGHER EDUCATION DATA
21 SYSTEMS.

22 (IX) FOR DATA ELEMENTS RELATED TO PRESCHOOL THROUGH GRADE 12:

23 (A) CONTAINS YEARLY TEST RECORDS OF INDIVIDUAL STUDENTS FOR
24 ASSESSMENTS APPROVED BY DED-OESE FOR ACCOUNTABILITY PURPOSES UNDER
25 SECTION 1111(B) OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF
26 1965, INCLUDING INFORMATION ON INDIVIDUAL STUDENTS NOT TESTED, BY
27 GRADE AND SUBJECT.

1 (B) CONTAINS STUDENT-LEVEL TRANSCRIPT INFORMATION, INCLUDING
2 INFORMATION ON COURSES COMPLETED AND GRADES EARNED.

3 (C) CONTAINS STUDENT-LEVEL COLLEGE READINESS TEST SCORES.

4 (X) FOR DATA ELEMENTS RELATED TO POSTSECONDARY EDUCATION:

5 (A) CONTAINS DATA THAT PROVIDE INFORMATION REGARDING THE
6 EXTENT TO WHICH INDIVIDUAL STUDENTS TRANSITION SUCCESSFULLY FROM
7 SECONDARY SCHOOL TO POSTSECONDARY EDUCATION; INCLUDING, BUT NOT
8 LIMITED TO:

9 (I) ENROLLMENT IN REMEDIAL COURSEWORK.

10 (II) COMPLETION OF 1 YEAR'S WORTH OF COLLEGE CREDIT APPLICABLE
11 TO A DEGREE WITHIN 2 YEARS OF ENROLLMENT.

12 (B) CONTAINS DATA THAT PROVIDE OTHER INFORMATION DETERMINED
13 NECESSARY TO ADDRESS ALIGNMENT AND ADEQUATE PREPARATION FOR SUCCESS
14 IN POSTSECONDARY EDUCATION.

15 (C) ~~(b)~~ Collect data in the most efficient manner possible in
16 order to reduce the administrative burden on reporting entities;
17 INCLUDING, BUT NOT LIMITED TO ELECTRONIC TRANSCRIPT SERVICES.

18 ~~(c) Establish procedures to ensure the reasonable validity and~~
19 ~~reliability of the data and the collection process.~~

20 ~~(d) Develop state and model local data collection policies,~~
21 ~~including, but not limited to, policies that ensure the privacy of~~
22 ~~individual student data. State privacy policies shall ensure that~~
23 ~~student social security numbers are not released to the public for~~
24 ~~any purpose.~~

25 (D) CREATE, MAINTAIN AND ENHANCE MICHIGAN'S WEB-BASED
26 EDUCATIONAL PORTAL TO PROVIDE INFORMATION TO SCHOOL LEADERS,
27 TEACHERS, RESEARCHERS AND THE PUBLIC IN COMPLIANCE WITH ALL FEDERAL

1 AND STATE PRIVACY LAWS. DATA SHALL INCLUDE, BUT ARE NOT LIMITED TO:

2 (I) DATA SETS THAT LINK TEACHERS TO STUDENT INFORMATION,
3 ALLOWING DISTRICTS TO ASSESS INDIVIDUAL TEACHER IMPACT ON STUDENT
4 PERFORMANCE AND CONSIDER STUDENT GROWTH FACTORS IN TEACHER AND
5 PRINCIPAL EVALUATION SYSTEMS.

6 (II) DATA ACCESS, OR WHERE PRACTICAL, DATA SETS, PROVIDED FOR
7 REGIONAL DATA WAREHOUSES THAT, IN COMBINATION WITH LOCAL DATA, CAN
8 IMPROVE TEACHING AND LEARNING IN THE CLASSROOM.

9 (III) RESEARCH-READY DATA SETS TO RESEARCHERS TO PERFORM
10 RESEARCH THAT ADVANCES MICHIGAN'S EDUCATIONAL PERFORMANCE.

11 (IV) ~~(e)~~ Provide data in a useful manner to allow state and
12 local policymakers to make informed policy decisions.

13 (V) ~~(f)~~ Provide **PUBLIC** reports to the citizens of this state
14 to allow them to assess allocation of resources and the return on
15 their investment in the education system of this state.

16 ~~(g) Assist all entities receiving funds under this act in~~
17 ~~complying with audits performed according to generally accepted~~
18 ~~accounting procedures.~~

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

25 ~~(i) In cooperation with the department, create and implement a~~
26 ~~teacher identifier system with the ability to match an individual~~
27 ~~teacher to individual pupils the teacher has taught. Subject to~~

~~applicable law regarding student privacy, the system shall do all of the following:~~

~~(i) Make accessible annual state assessment records of individual pupils.~~

~~(ii) Enable individual pupil academic achievement data, including growth in academic achievement, to be correlated to each teacher who has taught the pupil.~~

~~(iii) Enable school board members, teachers, and school administrators to have access to the data so they can make informed decisions in order to improve instruction and pupil achievement.~~

~~(E) (j) Other functions as assigned by the state budget director.~~

(2) Each state department, officer, or agency that collects information from districts or intermediate districts **OR POSTSECONDARY INSTITUTIONS** as required under state or federal law shall make arrangements with the center, ~~and with the districts or intermediate districts, to have the center collect the information and to provide it to the department, officer, or agency as necessary. To the extent that it does not cause financial hardship, the center shall arrange to collect the information in a manner that allows electronic submission of the information to the center.~~ Each affected state department, officer, or agency shall provide the center with any details necessary for the center to collect information as provided under this subsection. **SO THAT THE STATE DEPARTMENT, OFFICER OR AGENCY IS IN COMPLIANCE WITH SUBSECTION (1).** This subsection does not apply to information collected by the department of treasury under the uniform budgeting and accounting

1 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
2 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
3 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
4 388.1939; or section 1351a of the revised school code, MCL
5 380.1351a.

6 (3) The state budget director shall appoint a CEPI advisory
7 committee, ~~consisting~~ **TO PROVIDE ADVICE TO THE DIRECTOR OF THE**
8 **CENTER UNTIL A P-20 ADVISORY COUNCIL IS ESTABLISHED. THE CEPI**
9 **ADVISORY COMMITTEE SHALL CONSIST** of the following members:

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

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

12 (c) One representative from the **STATE BUDGET** office ~~of the~~
13 ~~state budget director.~~

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

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

17 (f) Three representatives from intermediate school districts.

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

20 (i) Michigan association of school boards.

21 (ii) Michigan association of school administrators.

22 (iii) Michigan school business officials.

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

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

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

1 **OR A P-20 ADVISORY COUNCIL, AS APPLICABLE,** shall provide advice to
2 the director of the center regarding the management of the center's
3 data collection activities, including, but not limited to:

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

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

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

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

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

16 (f) Establishing and maintaining state and model local
17 policies related to data collection, including, but not limited to,
18 privacy policies related to individual student data. **STATE AND**
19 **LOCAL PRIVACY POLICIES SHALL ENSURE THAT STUDENT SOCIAL SECURITY**
20 **NUMBERS ARE NOT RELEASED TO THE PUBLIC FOR ANY PURPOSE.**

21 ~~(g) Ensuring the data is made available to state and local~~
22 ~~polymakers and citizens of this state in the most useful format~~
23 ~~possible.~~

24 **(G) WORKING WITH STAKEHOLDERS TO DEVELOP A STATE RESEARCH**
25 **AGENDA.**

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

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

3 (6) From the general fund appropriation in section 11, there
4 is allocated an amount not to exceed \$3,486,100.00 for 2009-2010
5 **AND AN AMOUNT NOT TO EXCEED \$3,656,100.00 FOR 2010-2011** to the
6 department of **TECHNOLOGY**, management, and budget to support the
7 operations of the center ~~and the development and implementation of~~
8 ~~a comprehensive longitudinal data collection management and~~
9 ~~reporting system that includes student level data.~~ **IN ADDITION,**
10 **FROM THE FEDERAL FUNDS APPROPRIATED IN SECTION 11 THERE IS**
11 **ALLOCATED THE AMOUNT NECESSARY, ESTIMATED AT \$18,657,400.00 FOR**
12 **2009-2010 AND THE AMOUNT NECESSARY, ESTIMATED AT \$7,270,000.00 FOR**
13 **2010-2011 TO SUPPORT THE OPERATIONS OF THE CENTER.** The center shall
14 cooperate with the state education agency to ensure that this state
15 is in compliance with federal law and is maximizing opportunities
16 for increased federal funding to improve education in this state.
17 ~~To the extent that funding under this section allows, the center~~
18 ~~shall collect data necessary to maximize federal funding under the~~
19 ~~American recovery and reinvestment act of 2009, Public Law 111-5,~~
20 ~~and other federal statutes, including data necessary to implement a~~
21 ~~P-20 longitudinal data system. In addition, from the federal funds~~
22 ~~appropriated in section 11 for 2009-2010, there is allocated the~~
23 ~~amount necessary, estimated at \$2,793,200.00 in order to fulfill~~
24 ~~federal reporting requirements.~~

25 (7) From the federal funds allocated in subsection (6), there
26 is allocated for 2009-2010 an amount not to exceed \$750,000.00 **AND**
27 **FOR 2010-2011 AN AMOUNT NOT TO EXCEED \$850,000.00** funded from the

1 competitive grants of DED-OESE, title II, educational technology
2 funds for the purposes of this subsection. Not later than November
3 30, ~~2008~~ **OF EACH FISCAL YEAR**, the department shall award a single
4 grant to an eligible partnership that includes an intermediate
5 district with at least 1 high-need local school district and the
6 center.

7 (8) FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (6), THERE
8 IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED \$8,440,000.00 TO
9 SUPPORT THE EFFORTS OF DISTRICTS TO MATCH INDIVIDUAL TEACHER AND
10 STUDENT RECORDS. THE FUNDS SHALL BE DISTRIBUTED TO DISTRICTS IN AN
11 AMOUNT AND MANNER DETERMINED BY THE CENTER.

12 (9) FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (6), THERE
13 IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED \$1,274,000.00 TO
14 SUPPORT THE EFFORTS OF POSTSECONDARY INSTITUTIONS TO COMPLY WITH
15 THE REQUIREMENTS OF MICHIGAN'S STATEWIDE LONGITUDINAL DATA SYSTEM.
16 THE FUNDS SHALL BE DISTRIBUTED TO POSTSECONDARY INSTITUTIONS IN AN
17 AMOUNT AND MANNER DETERMINED BY THE CENTER.

18 (10) ~~(8)~~ The center and the department shall work
19 cooperatively to develop a cost allocation plan that pays for
20 center expenses from the appropriate federal fund **AND STATE**
21 **RESTRICTED FUND** revenues.

22 (11) ~~(9)~~ Funds allocated under this section that are not
23 expended in the fiscal year in which they were allocated may be
24 carried forward to a subsequent fiscal year **AND ARE APPROPRIATED**
25 **FOR THE PURPOSES FOR WHICH THE CENTER RECEIVED THE FUNDING.**

26 (12) ~~(10)~~ The center may bill departments as necessary in
27 order to fulfill reporting requirements of state and federal law.

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

9 (13) ~~(11)~~ As used in this section:

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

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

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

17 Sec. 98. (1) From the general fund money appropriated in
18 section 11, there is allocated an amount not to exceed
19 \$1,687,500.00 for ~~2009-2010~~ **2010-2011** to provide a grant to the
20 Michigan virtual university for the development, implementation,
21 and operation of the Michigan virtual high school; to provide
22 professional development opportunities for educators; and to fund
23 other purposes described in this section. In addition, from the
24 federal funds appropriated in section 11, there is allocated for
25 ~~2009-2010~~ **2010-2011** an amount estimated at \$2,700,000.00.

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

1 (a) Significantly expand curricular offerings for high schools
2 across this state through agreements with districts or licenses
3 from other recognized providers.

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

8 (c) Provide pupils with opportunities to develop skills and
9 competencies through online learning.

10 (d) Grant high school diplomas through a dual enrollment
11 method with districts.

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

16 (f) Maintain the accreditation status of the Michigan virtual
17 high school from recognized national and international accrediting
18 entities.

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

21 (a) Information technology courses.

22 (b) College level equivalent courses, as defined in section
23 1471 of the revised school code, MCL 380.1471.

24 (c) Courses and dual enrollment opportunities.

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

26 (e) General education development test preparation courses for
27 adjudicated youth.

1 (f) Special interest courses.

2 (g) Professional development programs that teach Michigan
3 educators how to develop and deliver online instructional services.

4 (4) From the federal funds allocated in subsection (1), there
5 is allocated for ~~2009-2010~~ **2010-2011** an amount estimated at
6 \$1,700,000.00 from DED-OESE, title II, improving teacher quality
7 funds for a grant to the Michigan virtual university for the
8 purpose of this subsection. With the approval of the department,
9 the Michigan virtual university shall coordinate the following
10 activities related to DED-OESE, title II, improving teacher quality
11 funds in accordance with federal law:

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

17 (b) Encourage and support the training of teachers and
18 administrators to effectively integrate technology into curricula
19 and instruction.

20 (c) Coordinate the activities of eligible partnerships that
21 include higher education institutions for the purposes of providing
22 professional development activities for teachers,
23 paraprofessionals, and principals as defined in federal law.

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

26 (e) Provide online professional development opportunities for
27 educators to update and expand knowledge and skills needed to

1 support the Michigan merit curriculum core content standards and
2 credit requirements.

3 (5) The Michigan virtual university shall offer at least 200
4 hours of online professional development for classroom teachers
5 under this section each fiscal year beginning in 2006-2007 without
6 charge to the teachers or to districts or intermediate districts.

7 (6) From the federal funds appropriated in subsection (1),
8 there is allocated for ~~2009-2010~~ **2010-2011** an amount estimated at
9 \$1,000,000.00 from the DED-OESE, title II, educational technology
10 grant funds to support e-learning and virtual school initiatives
11 consistent with the goals contained in the United States national
12 educational technology plan issued in January 2005. These funds
13 shall be used to support activities designed to build the capacity
14 of the Michigan virtual university and shall not be used to
15 supplant other funding. Not later than November 30, ~~2009~~ **2010**, from
16 the funds allocated in this subsection, the department shall award
17 a single grant of \$1,000,000.00 to a consortium or partnership
18 established by the Michigan virtual university that meets the
19 requirements of this subsection. To be eligible for this funding, a
20 consortium or partnership established by the Michigan virtual
21 university shall include at least 1 intermediate district and at
22 least 1 high-need local district. All of the following apply to
23 this funding:

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

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

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

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

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

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

10 (vi) Demonstrated technical expertise and capacity in managing
11 complex technology systems.

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

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

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

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

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

1 (iv) Continue to evaluate and conduct pilot programs for new
2 and innovative online tools, resources, and courses.

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

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

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

15 (8) Not later than December 1, ~~2009~~ 2010, the Michigan virtual
16 university shall provide a report to the house and senate
17 appropriations subcommittees on state school aid, the state budget
18 director, the house and senate fiscal agencies, and the department
19 that includes at least all of the following information related to
20 the Michigan virtual high school for the preceding state fiscal
21 year:

22 (a) A list of the Michigan schools served by the Michigan
23 virtual high school.

24 (b) A list of online course titles available to Michigan
25 schools.

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

1 (d) The overall course completion rate percentage.

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

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

6 (9) As used in this section:

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

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

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

13 Sec. 99. (1) From the state school aid fund money appropriated
14 in section 11, there is allocated an amount not to exceed
15 \$2,515,000.00 for ~~2009-2010~~ **2010-2011** and from the general fund
16 appropriation in section 11, there is allocated an amount not to
17 exceed \$110,000.00 for ~~2009-2010~~ **2010-2011** to support the
18 activities and programs of mathematics and science centers and for
19 other purposes as described in this section. In addition, from the
20 federal funds appropriated in section 11, there is allocated for
21 ~~2009-2010~~ **2010-2011** an amount estimated at \$5,249,300.00 from DED-
22 OESE, title II, mathematics and science partnership grants.

23 (2) Within a service area designated locally, approved by the
24 department, and consistent with the comprehensive master plan for
25 mathematics and science centers developed by the department and
26 approved by the state board, an established mathematics and science
27 center shall provide 2 or more of the following 6 basic services,

1 as described in the master plan, to constituent districts and
2 communities: leadership, pupil services, curriculum support,
3 community involvement, professional development, and resource
4 clearinghouse services.

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

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

16 (5) Allocations under this section to support the activities
17 and programs of mathematics and science centers shall be continuing
18 support grants to all 33 established mathematics and science
19 centers. Each established mathematics and science center that was
20 funded in ~~2008-2009~~ **2009-2010** shall receive state funding in an
21 amount equal to ~~75%~~ **100%** of the amount it was allocated under this
22 subsection for ~~2008-2009~~ **2009-2010**. If a center declines state
23 funding or a center closes, the remaining money available under
24 this section shall be distributed to the remaining centers, as
25 determined by the department.

26 (6) From the funds allocated in subsection (1), there is
27 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed

1 \$750,000.00 in a form and manner determined by the department to
2 those centers able to provide curriculum and professional
3 development support to assist districts in implementing the
4 Michigan merit curriculum components for mathematics and science.
5 Funding under this subsection is in addition to funding allocated
6 under subsection (5).

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

12 (8) Not later than September 30, 2013, the department shall
13 reevaluate and update the comprehensive master plan described in
14 subsection (1).

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

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

22 (11) As used in this section:

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

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

26 Sec. 99i. (1) From the funds appropriated in section 11, there
27 is allocated the amount of \$300,000.00 for ~~2009-2010~~ **2010-2011** to a

1 district that meets all of the following requirements:

2 (a) The district's membership is greater than 9,000 pupils.

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

5 (c) The district's foundation allowance for 2006-2007 was less
6 than \$7,310.00.

7 (2) Funds allocated to a district under this section shall be
8 used to expand the school-based crisis intervention project that
9 received funds in 2005-2006 under section 304 of 2005 PA 147.

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

12 Sec. 101. (1) To be eligible to receive state aid under this
13 act, not later than the fifth Wednesday after the pupil membership
14 count day and not later than the fifth Wednesday after the
15 supplemental count day, each district superintendent shall submit
16 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and
17 manner prescribed by the center, the number of pupils enrolled and
18 in regular daily attendance in the district as of the pupil
19 membership count day and as of the supplemental count day, as
20 applicable, for the current school year. In addition, a district
21 maintaining school during the entire year, as provided under
22 section 1561 of the revised school code, MCL 380.1561, shall submit
23 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and
24 manner prescribed by the center, the number of pupils enrolled and
25 in regular daily attendance in the district for the current school
26 year pursuant to rules promulgated by the superintendent. Not later
27 than the seventh Wednesday after the pupil membership count day and

1 not later than the seventh Wednesday after the supplemental count
2 day, the district shall certify the data in a form and manner
3 prescribed by the center **AND FILE THE CERTIFIED DATA WITH THE**
4 **INTERMEDIATE SUPERINTENDENT.** If a district fails to submit and
5 certify the attendance data, as required under this subsection, the
6 center shall notify the department and state aid due to be
7 distributed under this act shall be withheld from the defaulting
8 district immediately, beginning with the next payment after the
9 failure and continuing with each payment until the district
10 complies with this subsection. If a district does not comply with
11 this subsection by the end of the fiscal year, the district
12 forfeits the amount withheld. A person who willfully falsifies a
13 figure or statement in the certified and sworn copy of enrollment
14 shall be punished in the manner prescribed by section 161.

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

1 comply with this subsection by the end of the fiscal year, the
2 intermediate district forfeits the amount withheld.

3 (3) Except as otherwise provided in subsection (11), all of
4 the following apply to the provision of pupil instruction:

5 (a) Except as otherwise provided in this section, each
6 district shall provide at least 1,098 hours and, beginning in 2010-
7 2011, the required minimum number of days of pupil instruction. For
8 2010-2011 and for 2011-2012, the required minimum number of days of
9 pupil instruction is 165. Beginning in 2012-2013, the required
10 minimum number of days of pupil instruction is 170. However,
11 beginning in 2010-2011, a district shall not provide fewer days of
12 pupil instruction than the district provided for 2009-2010. Except
13 as otherwise provided in this act, a district failing to comply
14 with the required minimum hours and days of pupil instruction under
15 this subsection shall forfeit from its total state aid allocation
16 an amount determined by applying a ratio of the number of hours or
17 days the district was in noncompliance in relation to the required
18 minimum number of hours and days under this subsection. Not later
19 than August 1, the board of each district shall certify to the
20 department the number of hours and, beginning in 2010-2011, days of
21 pupil instruction in the previous school year. If the district did
22 not provide at least the required minimum number of hours and days
23 of pupil instruction under this subsection, the deduction of state
24 aid shall be made in the following fiscal year from the first
25 payment of state school aid. A district is not subject to
26 forfeiture of funds under this subsection for a fiscal year in
27 which a forfeiture was already imposed under subsection (6). Hours

1 or days lost because of strikes or teachers' conferences shall not
2 be counted as hours or days of pupil instruction. If a collective
3 bargaining agreement that provides a complete school calendar is in
4 effect for employees of a district as of the effective date of the
5 2009 amendatory act that amended this subsection, and if that
6 school calendar is not in compliance with this subsection, then
7 this subsection does not apply to that district until after the
8 expiration of that collective bargaining agreement.

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

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

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

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

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

7 (d) The superintendent shall promulgate rules for the
8 implementation of this subsection.

9 (4) Except as otherwise provided in this subsection, the first
10 ~~30 hours or~~ 6 days **OR EQUIVALENT HOURS** for which pupil instruction
11 is not provided because of conditions not within the control of
12 school authorities, such as severe storms, fires, epidemics,
13 utility power unavailability, water or sewer failure, or health
14 conditions as defined by the city, county, or state health
15 authorities, shall be counted as hours and days of pupil
16 instruction. With the approval of the superintendent of public
17 instruction, the department shall count as hours and days of pupil
18 instruction for a fiscal year not more than ~~30 additional hours or~~
19 6 additional days **OR EQUIVALENT HOURS** for which pupil instruction
20 is not provided in a district after April 1 of the applicable
21 school year due to unusual and extenuating occurrences resulting
22 from conditions not within the control of school authorities such
23 as those conditions described in this subsection. Subsequent such
24 hours or days shall not be counted as hours or days of pupil
25 instruction.

26 (5) A district shall not forfeit part of its state aid
27 appropriation because it adopts or has in existence an alternative

1 scheduling program for pupils in kindergarten if the program
2 provides at least the number of hours required under subsection (3)
3 for a full-time equated membership for a pupil in kindergarten as
4 provided under section 6(4).

5 (6) Not later than April 15 of each fiscal year, the board of
6 each district shall certify to the department the planned number of
7 hours and days of pupil instruction in the district for the school
8 year ending in the fiscal year. In addition to any other penalty or
9 forfeiture under this section, if at any time the department
10 determines that 1 or more of the following has occurred in a
11 district, the district shall forfeit in the current fiscal year
12 beginning in the next payment to be calculated by the department a
13 proportion of the funds due to the district under this act that is
14 equal to the proportion below the required minimum number of hours
15 and days of pupil instruction under subsection (3), as specified in
16 the following:

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

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

25 (7) In providing the minimum number of hours and days of pupil
26 instruction required under subsection (3), a district shall use the
27 following guidelines, and a district shall maintain records to

1 substantiate its compliance with the following guidelines:

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

7 (b) The time a pupil is assigned to any tutorial activity in a
8 block schedule may be considered instructional time, unless that
9 time is determined in an audit to be a study hall period.

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

21 (d) If a pupil in grades 9 to 12 who is enrolled in a
22 cooperative education program or a special education pupil cannot
23 receive the required minimum number of hours of pupil instruction
24 solely because of travel time between instructional sites during
25 the school day, that travel time, up to a maximum of 3 hours per
26 school week, shall be considered to be pupil instruction time for
27 the purpose of determining whether the pupil is receiving the

1 required minimum number of hours of pupil instruction. However, if
2 a district demonstrates to the satisfaction of the department that
3 the travel time limitation under this subdivision would create
4 undue costs or hardship to the district, the department may
5 consider more travel time to be pupil instruction time for this
6 purpose.

7 (e) In grades 7 through 12, instructional time that is part of
8 a junior reserve officer training corps (JROTC) program shall be
9 considered to be pupil instruction time regardless of whether the
10 instructor is a certificated teacher if all of the following are
11 met:

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

16 (ii) The board of the district or intermediate district
17 employing or assigning the instructor complies with the
18 requirements of sections 1230 and 1230a of the revised school code,
19 MCL 380.1230 and 380.1230a, with respect to the instructor to the
20 same extent as if employing the instructor as a regular classroom
21 teacher.

22 (8) Except as otherwise provided in subsection (11), the
23 department shall apply the guidelines under subsection (7) in
24 calculating the full-time equivalency of pupils.

25 (9) Upon application by the district for a particular fiscal
26 year, the superintendent may waive for a district the minimum
27 number of hours and days of pupil instruction requirement of

1 subsection (3) for a department-approved alternative education
 2 program or another innovative program approved by the department.
 3 If a district applies for and receives a waiver under this
 4 subsection and complies with the terms of the waiver, for the
 5 fiscal year covered by the waiver the district is not subject to
 6 forfeiture under this section for the specific program covered by
 7 the waiver. If the district does not comply with the terms of the
 8 waiver, the amount of the forfeiture shall be calculated based upon
 9 a comparison of the number of hours and days of pupil instruction
 10 actually provided to the minimum number of hours and days of pupil
 11 instruction required under subsection (3). **PUPILS ENROLLED IN A**
 12 **DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM UNDER THIS**
 13 **SUBSECTION SHALL BE REPORTED TO THE CENTER IN A FORM AND MANNER**
 14 **DETERMINED BY THE CENTER.**

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

20 **(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION AND**
 21 **SUBDIVISION (B), BEGINNING IN FISCAL YEAR 2010-2011, a district may**
 22 **count up to 38 hours of qualifying professional development for**
 23 **teachers as hours of pupil instruction IF AT LEAST 5 OF THE HOURS**
 24 **OF PROFESSIONAL DEVELOPMENT ARE PROVIDED ONLINE BY THE MICHIGAN**
 25 **VIRTUAL UNIVERSITY UNDER SECTION 98 OR BY ANOTHER DEPARTMENT-**
 26 **APPROVED INTERMEDIATE DISTRICT PROVIDER OF ONLINE PROFESSIONAL**
 27 **DEVELOPMENT. HOWEVER, IF A COLLECTIVE BARGAINING AGREEMENT IS IN**

1 EFFECT FOR EMPLOYEES OF A DISTRICT AS OF OCTOBER 1, 2009 THAT
2 PROVIDES FOR PROFESSIONAL DEVELOPMENT THAT IS NOT IN COMPLIANCE
3 WITH THE REQUIREMENT UNDER THIS SUBDIVISION WITH REGARD TO ONLINE
4 PROFESSIONAL DEVELOPMENT, THEN UNTIL THE FISCAL YEAR THAT BEGINS
5 AFTER THE EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT A
6 DISTRICT MAY COUNT UP TO 38 HOURS OF QUALIFYING PROFESSIONAL
7 DEVELOPMENT FOR TEACHERS AS HOURS OF PUPIL INSTRUCTION WITHOUT
8 MEETING THAT REQUIREMENT.

9 (B) ~~However, if~~ IF a collective bargaining agreement that
10 provides more than 38 but not more than 51 hours of professional
11 development for teachers is in effect for employees of a district
12 as of October 1, 2006, then until the fiscal year that begins after
13 the expiration of that collective bargaining agreement a district
14 may count up to 51 hours of qualifying professional development for
15 teachers, including the 5 hours of online professional development,
16 as hours of pupil instruction.

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

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

22 (i) ~~(a)~~ Achieving or improving adequate yearly progress as
23 defined under the no child left behind act of 2001, Public Law 107-
24 110.

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

1 **(iii)** ~~(e)~~ Achieving highly qualified teacher status as defined
 2 under the no child left behind act of 2001, Public Law 107-110.

3 **(iv)** ~~(d)~~ Maintaining teacher certification.

4 (11) Subsections (3) and (8) do not apply to a school of
 5 excellence that is a cyber school, as defined in section 551 of the
 6 revised school code, MCL 380.551, and is in compliance with section
 7 553a of the revised school code, MCL 380.553a.

8 Sec. 104. (1) In order to receive state aid under this act, a
 9 district shall comply with sections 1278a, 1278b, 1279, 1279g, and
 10 1280b of the revised school code, MCL 380.1278a, 380.1278b,
 11 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to
 12 388.1086. From the state school aid fund money appropriated in
 13 section 11, there is allocated for ~~2009-2010~~ **2010-2011** an amount
 14 not to exceed \$26,630,700.00 for payments on behalf of districts
 15 for costs associated with complying with those provisions of law.
 16 In addition, from the federal funds appropriated in section 11,
 17 there is allocated for ~~2009-2010~~ **2010-2011** an amount estimated at
 18 \$8,313,700.00, funded from DED-OESE, title VI, state assessments
 19 funds and DED-OSERS, section 504 of part B of the individuals with
 20 disabilities education act, Public Law 94-142, plus any carryover
 21 federal funds from previous year appropriations, for the purposes
 22 of complying with the federal no child left behind act of 2001,
 23 Public Law 107-110.

24 ~~(2) The department shall determine whether the "Explore" test~~
 25 ~~is at least as robust as the Michigan educational assessment~~
 26 ~~program social studies test. If the department determines that the~~
 27 ~~"Explore" test is at least as robust as the Michigan educational~~

~~assessment program social studies test, it is the intent of the legislature that the department shall replace the Michigan educational assessment program social studies test with the "Explore" test. If this replacement of tests requires a waiver under federal law in order to comply with federal law, then the department shall apply for that waiver to allow for this replacement.~~

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

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

(4) ~~(5)~~ Notwithstanding section 17b, payments on behalf of districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

~~(6) The department shall meet with the United States department of education and shall request a waiver to replace the current Michigan educational assessment program tests used for grades 3 to 8 with a standardized catalog version norm referenced test. Before sending the waiver request to the United States department of education, the department shall seek input on the~~

~~waiver request from the subcommittees of the senate and house of representatives appropriations committees that have jurisdiction over this act. The department shall submit the waiver request to the subcommittees for input not later than January 15, 2010 and shall submit the waiver request to the United States department of education not later than February 15, 2010. If the waiver is granted by the United States department of education, then the department shall immediately notify the subcommittees of the senate and house of representatives appropriations committees that have jurisdiction over this act of the approval.~~

(5) ~~(7)~~ As used in this section:

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

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

(c) "DED-OSERS" means the DED office of special education and rehabilitative services.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$22,000,000.00 for ~~2009-2010~~ 2010-2011 for adult education programs authorized under this section. **FUNDS APPROPRIATED UNDER THIS SECTION ARE RESTRICTED FOR ADULT EDUCATION PROGRAMS AS AUTHORIZED UNDER THIS SECTION ONLY. USE OF THESE FUNDS FOR ANY OTHER PURPOSE IS STRICTLY PROHIBITED.**

(2) To be eligible for funding under this section, a program shall employ certificated teachers and qualified administrative staff and shall offer continuing education opportunities for teachers to allow them to maintain certification.

(3) To be eligible to be a participant funded under this

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

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

10 (i) Is less than 20 years of age on September 1 of the school
11 year and is enrolled in the Michigan career and technical
12 institute.

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

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

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

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

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

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

1 (4) Except as otherwise provided in subsection (5), from the
2 amount allocated under subsection (1), at least \$21,800,000.00
3 shall be distributed as follows:

4 (a) For districts and consortia that received payments for
5 ~~2008-2009~~ **2009-2010** under this section, the amount allocated to
6 each for ~~2009-2010~~ **2010-2011** shall be based on the number of
7 participants served by the district or consortium for ~~2009-2010~~
8 **2010-2011**, using the amount allocated per full-time equated
9 participant under subsection (7), up to a maximum total allocation
10 under this subsection in an amount equal to ~~93.5%~~ **100%** of the
11 amount the district or consortium received for ~~2008-2009~~ **2009-2010**
12 under this section before any reallocations made for ~~2008-2009~~
13 **2009-2010** under subsection (5).

14 (b) A district or consortium that received funding in ~~2008-~~
15 ~~2009~~ **2009-2010** under this section may operate independently of a
16 consortium or join or form a consortium for ~~2009-2010~~ **2010-2011**.
17 The allocation for ~~2009-2010~~ **2010-2011** to the district or the newly
18 formed consortium under this subsection shall be determined by the
19 department and shall be based on the proportion of the amounts that
20 are attributable to the district or consortium that received
21 funding in ~~2008-2009~~ **2009-2010**. A district or consortium described
22 in this subdivision shall notify the department of its intention
23 with regard to ~~2009-2010~~ **2010-2011** by October 1, ~~2009~~ **2010**.

24 (c) If a district had a declaration of financial emergency in
25 place under the local government fiscal responsibility act, 1990 PA
26 72, MCL 141.1201 to 141.1291, and that declaration was revoked
27 during 2005, the district may operate a program under this section

1 independently of a consortium or may join or form a consortium to
2 operate a program under this section. The allocation for ~~2009-2010~~
3 **2010-2011** to the district or the newly formed consortium under this
4 subsection shall be determined by the department and shall be based
5 on the proportion of the amounts that are attributable to the
6 district or consortium that received funding in ~~2008-2009~~ **2009-2010**
7 or, for a district for which a declaration of financial emergency
8 was revoked during 2005, based on the amount the district received
9 under this section using a 3-year average of the 3 most recent
10 fiscal years the district received funding under this section. A
11 district or consortium described in this subdivision shall notify
12 the department of its intention with regard to ~~2009-2010~~ **2010-2011**
13 by October 1, ~~2009~~ **2010**.

14 (5) A district that operated an adult education program in
15 ~~2008-2009~~ **2009-2010** and does not intend to operate a program in
16 ~~2009-2010~~ **2010-2011** shall notify the department by October 1, ~~2009~~
17 **2010** of its intention. The money intended to be allocated under
18 this section to a district that does not operate a program in ~~2009-~~
19 ~~2010~~ **2010-2011** and the unspent money originally allocated under
20 this section to a district or consortium that subsequently operates
21 a program at less than the level of funding allocated under
22 subsection (4) and any other unallocated money under this section
23 shall instead be proportionately reallocated to the other districts
24 described in subsection (4)(a) that are operating an adult
25 education program in ~~2009-2010~~ **2010-2011** under this section.

26 (6) From the amount allocated under subsection (1), up to a
27 maximum of \$200,000.00 shall be allocated for not more than 1 grant

1 not to exceed \$200,000.00 for expansion of an existing innovative
2 community college program that focuses on educating adults. Grants
3 may be used for program operating expenses such as staffing, rent,
4 equipment, and other expenses. To be eligible for this grant
5 funding, a program must meet the following criteria:

6 (a) Collaborates with local districts and businesses to
7 determine area academic needs and to promote the learning
8 opportunities.

9 (b) Is located off-campus in an urban residential setting with
10 documented high poverty and low high school graduation rates.

11 (c) Provides general educational development (G.E.D.) test
12 preparation courses and workshops.

13 (d) Provides developmental courses taught by college faculty
14 that prepare students to be successful in college-level courses.

15 (e) Uses learning communities to allow for shared, rather than
16 isolated, learning experiences.

17 (f) Provides on-site tutoring.

18 (g) Provides access to up-to-date technology, including
19 personal computers.

20 (h) Partners with a financial institution to provide financial
21 literacy education.

22 (i) Assists students in gaining access to financial aid.

23 (j) Provides on-site academic advising to students.

24 (k) Provides vouchers for reduced G.E.D. testing costs.

25 (l) Partners with local agencies to provide referrals for
26 social services as needed.

27 (m) Enrolls participants as students of the community college.

1 (n) Partners with philanthropic and business entities to
2 provide capital funding.

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

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

11 (a) The program enrolls adults who are determined by a
12 department-approved assessment, in a form and manner prescribed by
13 the department, to be below ninth grade level in reading or
14 mathematics, or both, or to lack basic English proficiency.

15 (b) The program tests individuals for eligibility under
16 subdivision (a) before enrollment and upon completion of the
17 program in compliance with the state-approved assessment policy.

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

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

22 (ii) The participant fails to show progress on 2 successive
23 assessments after having completed at least 450 hours of
24 instruction.

25 (d) A funding recipient enrolling a participant in an English
26 as a second language program is eligible for funding according to
27 subsection (12) until the participant meets 1 of the following:

1 (i) The participant is assessed as having attained basic
2 English proficiency as determined by a department-approved
3 assessment.

4 (ii) The participant fails to show progress on 2 successive
5 department-approved assessments after having completed at least 450
6 hours of instruction. The department shall provide information to a
7 funding recipient regarding appropriate assessment instruments for
8 this program.

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

12 (a) The program enrolls adults who do not have a high school
13 diploma.

14 (b) The program shall administer a G.E.D. pre-test approved by
15 the department before enrolling an individual to determine the
16 individual's potential for success on the G.E.D. test, and shall
17 administer a post-test upon completion of the program in compliance
18 with the state-approved assessment policy.

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

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

23 (ii) The participant fails to show progress on 2 successive
24 department-approved assessments used to determine readiness to take
25 the G.E.D. test after having completed at least 450 hours of
26 instruction.

27 (10) A high school completion program operated on a year-round

1 or school year basis may be funded under this section, subject to
2 all of the following:

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

5 (b) The program tests participants described in subdivision
6 (a) before enrollment and upon completion of the program in
7 compliance with the state-approved assessment policy.

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

11 (i) The participant passes the course and earns a high school
12 diploma.

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

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

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

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

27 (i) The individual achieves the requisite skills as determined

1 by department-approved assessment instruments administered at least
2 after every 90 hours of attendance.

3 (ii) The individual fails to show progress on 2 successive
4 assessments after having completed at least 450 hours of
5 instruction. The department shall provide information to a funding
6 recipient regarding appropriate assessment instruments for this
7 program.

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

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

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

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

26 (14) A person who is not eligible to be a participant funded
27 under this section may receive adult education services upon the

1 payment of tuition. In addition, a person who is not eligible to be
2 served in a program under this section due to the program
3 limitations specified in subsection (8), (9), (10), or (11) may
4 continue to receive adult education services in that program upon
5 the payment of tuition. The tuition level shall be determined by
6 the local or intermediate district conducting the program.

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

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

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

1 (18) In order to receive funds under this section, a district
2 shall furnish to the department, in a form and manner determined by
3 the department, all information needed to administer this program
4 and meet federal reporting requirements; shall allow the department
5 or the department's designee to review all records related to the
6 program for which it receives funds; and shall reimburse the state
7 for all disallowances found in the review, as determined by the
8 department.

9 (19) All intermediate district participant audits of adult
10 education programs shall be performed pursuant to the adult
11 education participant auditing and accounting manuals published by
12 the department.

13 (20) As used in this section, "department" means the
14 department of energy, labor, and economic growth.

15 ~~(21) Not later than October 30, 2009, the department shall~~
16 ~~create an adult learning planning group. The adult education~~
17 ~~advisory board in the department shall work with the state adult~~
18 ~~education division to identify members for the adult learning~~
19 ~~planning group. Members of the adult learning planning group should~~
20 ~~include a balance of rural, urban, and suburban community adult~~
21 ~~education program directors throughout the state and advocacy~~
22 ~~leaders for adult education, English as a second language, and~~
23 ~~adult literacy.~~

24 ~~(22) Not later than December 30, 2009, the adult learning~~
25 ~~planning group shall do all of the following:~~

26 ~~(a) Evaluate the provisions of this section and make~~
27 ~~recommendations for updating this section to address the increased~~

~~1 demand for adult education, particularly in underserved areas of
2 this state, and the need to align adult education with entry level
3 requirements for postsecondary education, training, and employment.~~

~~4 (b) Develop program entry and exit requirements to facilitate
5 participant transition from an adult education program to
6 employment or a postsecondary education program.~~

~~7 (c) Submit its recommendations concerning the matters
8 considered under subdivisions (a) and (b) to the department, the
9 senate and house appropriations subcommittees responsible for this
10 act, and the senate and house fiscal agencies.~~

~~11 (23) Not later than February 1, 2010, the adult learning
12 planning group shall do all of the following:~~

~~13 (a) Assess and recommend a comprehensive statewide delivery
14 system that ensures that all areas of this state are adequately
15 served. The adult learning planning group shall give consideration
16 to using intermediate districts or countywide agencies as fiscal
17 agents to lessen the administrative burden on smaller programs and
18 service areas and to foster partnerships for creating seamless
19 transitions between educational levels of attainment, career
20 preparation, and employment in newly designated service areas. The
21 adult learning planning group shall obtain local community input
22 from adult education and training stakeholders, including adult
23 educators and adult learners, and shall combine that input with
24 current enrollment, employment, and other relevant data in
25 developing recommendations, including recommendations concerning
26 fiscal agents and service delivery locations.~~

~~27 (b) Evaluate the grant recipients in the no worker left behind~~

~~program created under 2008 PA 251 to identify lessons learned and promising practices for consideration in recommendations.~~

~~(c) Examine and evaluate the implementation of accessible services using flexible year-round scheduling and distance learning.~~

~~(d) Evaluate issues related to staffing of adult education programs.~~

~~(e) Evaluate modes of education delivery for adult learners and identify current research-based best instructional practices.~~

~~(f) Evaluate current assessment tools and the need for ongoing program evaluation using established performance measures.~~

~~(g) Submit its recommendations concerning the matters considered under subdivisions (a) to (f) to the department, the senate and house appropriations subcommittees responsible for this act, and the senate and house fiscal agencies.~~

Sec. 147. The allocation for ~~2009-2010~~ **2010-2011** for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of **TECHNOLOGY**, management, and budget. The annual level percentage of payroll contribution rate is estimated at ~~16.94%~~ **19.41%** for the ~~2009-2010~~ **2010-2011** state fiscal year. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~28~~ **27** years for ~~2009-2010~~ **2010-2011**. **HOWEVER, THE**

1 CONTRIBUTION RATE FOR 2010-2011 MAY BE REDUCED BY AN AMOUNT
2 APPROVED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM BOARD IF
3 REFORMS IN THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM ARE
4 ENACTED AND IN EFFECT BY THE END OF CALENDAR YEAR 2010. The public
5 school employees' retirement system board shall notify each
6 district and intermediate district by February 28 of each fiscal
7 year of the estimated contribution rate for the next fiscal year.

8 Enacting section 1. (1) In accordance with section 30 of
9 article I of the state constitution of 1963, total state spending
10 in this amendatory act from state sources for fiscal year 2009-2010
11 is estimated at \$10,648,039,700.00 and state appropriations to be
12 paid to local units of government for fiscal year 2009-2010 are
13 estimated at \$10,538,860,400.00.

14 (2) In accordance with section 30 of article I of the state
15 constitution of 1963, total state spending in this amendatory act
16 from state sources for fiscal year 2010-2011 is estimated at
17 \$10,998,983,100.00 and state appropriations to be paid to local
18 units of government for fiscal year 2010-2011 are estimated at
19 \$10,869,499,800.00.

20 Enacting section 2. Sections 32c, 32n, 57, 98a, 99p, and 166
21 of the state school aid act of 1979, 1979 PA 94, MCL 388.1632c, MCL
22 388.1632n, MCL 388.1657, 388.1698a, 388.1699p and 388.1766 are
23 repealed effective October 1, 2010.

24 Enacting section 3. (1) Except as otherwise provided in
25 subsection (2), this amendatory act takes effect October 1, 2010.

26 (2) Sections 11, 11m, 20, 22a, 22b, 22e, 24a, 51a, 51c, 56,
27 62, 94a, and 101 of the state school aid act of 1979, 1979 PA 94,

1 MCL 388.1611, 388.1611m, 388.1620, 388.1622a, 388.1622b, 388.1622e,
2 388.1624a, 388.1651a, 388.1651c, 388.1656, 388.1662, 388.1694a, and
3 388.1701, as amended by this amendatory act take effect upon
4 enactment of this amendatory act.