

SENATE BILL No. 637

June 11, 2009, Introduced by Senator CASSIS and referred to the Committee on Education.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 8b, 18, 18b, 18c, 20, 31a, 51a, 101, 169, and 169b (MCL 388.1603, 388.1606, 388.1608b, 388.1618, 388.1618b, 388.1618c, 388.1620, 388.1631a, 388.1651a, 388.1701, 388.1769, and 388.1769b), sections 3, 6, 18, 18b, 31a, and 51a as amended by 2008 PA 268, section 8b as amended by 2007 PA 92, section 18c as added by 2000 PA 297, section 20 as amended by 2008 PA 561, section 101 as amended by 2006 PA 342, and sections 169 and 169b as added by 1996 PA 300, and by adding section 9.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with federal law, means 92% of the pupils counted in
3 membership on the pupil membership count day, as defined in section

1 6(7).

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

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

6 (4) "Cooperative education program" means a written voluntary
7 agreement between and among districts to provide certain
8 educational programs for pupils in certain groups of districts. The
9 written agreement shall be approved by all affected districts at
10 least annually and shall specify the educational programs to be
11 provided and the estimated number of pupils from each district who
12 will participate in the educational programs.

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

15 (6) "District" means a local school district established under
16 the revised school code or, except in sections 6(4), 6(6), 11n, 13,
17 20, 22a, 23, 29, 31a, 99j, 99k, 51a(15), 105, and 105c, a public
18 school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**. Except in sections
19 6(4), 6(6), 11n, 13, 20, 22a, 29, 99j, 99k, 51a(15), 105, and 105c,
20 district also includes a university school.

21 (7) "District of residence", except as otherwise provided in
22 this subsection, means the district in which a pupil's custodial
23 parent or parents or legal guardian resides. For a pupil described
24 in section 24b, the pupil's district of residence is the district
25 in which the pupil enrolls under that section. For a pupil
26 described in section 6(4)(d), the pupil's district of residence
27 shall be considered to be the district or intermediate district in

1 which the pupil is counted in membership under that section. For a
2 pupil under court jurisdiction who is placed outside the district
3 in which the pupil's custodial parent or parents or legal guardian
4 resides, the pupil's district of residence shall be considered to
5 be the educating district or educating intermediate district.

6 (8) "District superintendent" means the superintendent of a
7 district, the chief administrator of a public school academy **OR**
8 **NEIGHBORHOOD PUBLIC SCHOOL**, or the chief administrator of a
9 university school.

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

1 in either a center program or a noncenter program.

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

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

11 (4) "Membership", except as otherwise provided in this act,
12 means for a district, public school academy, **NEIGHBORHOOD PUBLIC**
13 **SCHOOL**, university school, or intermediate district the sum of the
14 product of .75 times the number of full-time equated pupils in
15 grades K to 12 actually enrolled and in regular daily attendance on
16 the pupil membership count day for the current school year, plus
17 the product of .25 times the final audited count from the
18 supplemental count day for the immediately preceding school year.
19 All pupil counts used in this subsection are as determined by the
20 department and calculated by adding the number of pupils registered
21 for attendance plus pupils received by transfer and minus pupils
22 lost as defined by rules promulgated by the superintendent, and as
23 corrected by a subsequent department audit. **FOR THE PURPOSES OF**
24 **THIS SECTION AND SECTION 6A, FOR A NEIGHBORHOOD PUBLIC SCHOOL THAT**
25 **IS A CYBER SCHOOL AND IS IN COMPLIANCE WITH SECTION 538 OF THE**
26 **REVISED SCHOOL CODE, MCL 380.538, A PUPIL'S PARTICIPATION IN THE**
27 **CYBER SCHOOL'S EDUCATIONAL PROGRAM IS CONSIDERED REGULAR DAILY**

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

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

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

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

25 (d) A pupil placed by a court or state agency in an on-grounds
26 program of a juvenile detention facility, a child caring
27 institution, or a mental health institution, or a pupil funded

1 under section 53a, shall be counted in membership in the district
2 or intermediate district approved by the department to operate the
3 program.

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

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

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

15 (h) A pupil enrolled in a public school academy **OR**
16 **NEIGHBORHOOD PUBLIC SCHOOL** shall be counted in membership in the
17 public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**.

18 (i) For a new district, university school, ~~or~~ public school
19 academy, **OR NEIGHBORHOOD PUBLIC SCHOOL** beginning its operation
20 after December 31, 1994, membership for the first 2 full or partial
21 fiscal years of operation shall be determined as follows:

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

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

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

13 (j) If a district is the authorizing body for a public school
14 academy **OR THE SPONSORING BODY FOR A NEIGHBORHOOD PUBLIC SCHOOL**,
15 then, in the first school year in which pupils are counted in
16 membership on the pupil membership count day in the public school
17 academy **OR NEIGHBORHOOD PUBLIC SCHOOL**, the determination of the
18 district's membership shall exclude from the district's pupil count
19 for the immediately preceding supplemental count day any pupils who
20 are counted in the public school academy **OR NEIGHBORHOOD PUBLIC**
21 **SCHOOL** on that first pupil membership count day who were also
22 counted in the district on the immediately preceding supplemental
23 count day.

24 (k) In a district, public school academy, **NEIGHBORHOOD PUBLIC**
25 **SCHOOL**, university school, or intermediate district operating an
26 extended school year program approved by the superintendent, a
27 pupil enrolled, but not scheduled to be in regular daily attendance

1 on a pupil membership count day, shall be counted.

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

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

18 (n) If a pupil counted in membership in a public school
19 academy **OR NEIGHBORHOOD PUBLIC SCHOOL** is also educated by a
20 district or intermediate district as part of a cooperative
21 education program, the pupil shall be counted in membership only in
22 the public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** unless a
23 written agreement signed by all parties designates the party or
24 parties in which the pupil shall be counted in membership, and the
25 instructional time scheduled for the pupil in the district or
26 intermediate district shall be included in the full-time equated
27 membership determination under subdivision (q). However, for pupils

1 receiving instruction in both a public school academy **OR**
2 **NEIGHBORHOOD PUBLIC SCHOOL** and in a district or intermediate
3 district but not as a part of a cooperative education program, the
4 following apply:

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

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

27 (o) An individual less than 16 years of age as of September 1

1 of the current school year who is being educated in an alternative
2 education program shall not be counted in membership if there are
3 also adult education participants being educated in the same
4 program or classroom.

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

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

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

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

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

26 (t) A pupil enrolled in a cooperative education program may be
27 counted in membership in the pupil's district of residence with the

1 written approval of all parties to the cooperative agreement.

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

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

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

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

27 (iv) Credit earned is awarded to the pupil and placed on the

1 pupil's transcript.

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

6 (w) If a pupil was enrolled in a public school academy **OR**
7 **NEIGHBORHOOD PUBLIC SCHOOL** on the pupil membership count day, if
8 the public school academy's contract with its authorizing body **OR**
9 **THE NEIGHBORHOOD PUBLIC SCHOOL'S PERFORMANCE CONTRACT ISSUED BY ITS**
10 **SPONSORING BODY** is revoked, or **IF** the public school academy **OR**
11 **NEIGHBORHOOD PUBLIC SCHOOL** otherwise ceases to operate, and if the
12 pupil enrolls in a district within 45 days after the pupil
13 membership count day, the department shall adjust the district's
14 pupil count for the pupil membership count day to include the pupil
15 in the count.

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

27 (y) If a district's membership for a particular fiscal year,

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

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

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

22 (z) If a public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**
23 that is not in its first or second year of operation closes at the
24 end of a school year and does not reopen for the next school year,
25 the department shall adjust the membership count of the district in
26 which a former pupil of the public school academy **OR NEIGHBORHOOD**
27 **PUBLIC SCHOOL** enrolls and is in regular daily attendance for the

1 next school year to ensure that the district receives the same
2 amount of membership aid for the pupil as if the pupil were counted
3 in the district on the supplemental count day of the preceding
4 school year.

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

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

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

1 preceding supplemental count for purposes of determining the
2 district's membership.

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

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

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

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

15 (c) A pupil enrolled in a public school academy, **NEIGHBORHOOD**
16 **PUBLIC SCHOOL**, or university school.

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

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

25 (f) A pupil who has made an official written complaint or
26 whose parent or legal guardian has made an official written
27 complaint to law enforcement officials and to school officials of

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

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

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

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

26 (h) A pupil enrolled in an alternative education program
27 operated by a district other than his or her district of residence

1 who meets 1 or more of the following:

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

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

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

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

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

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

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

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

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

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

27 However, if a district that is not a first class district

1 educates pupils who reside in a first class district and if the
2 primary instructional site for those pupils is located within the
3 boundaries of the first class district, the educating district must
4 have the approval of the first class district to count those pupils
5 in membership. As used in this subsection, "first class district"
6 means a district organized as a school district of the first class
7 under the revised school code.

8 (7) "Pupil membership count day" of a district or intermediate
9 district means:

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

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

18 (i) Fourth Wednesday in July.

19 (ii) Fourth Wednesday after Labor day.

20 (iii) Second Wednesday in February.

21 (iv) Fourth Wednesday in April.

22 (8) "Pupils in grades K to 12 actually enrolled and in regular
23 daily attendance" means pupils in grades K to 12 in attendance and
24 receiving instruction in all classes for which they are enrolled on
25 the pupil membership count day or the supplemental count day, as
26 applicable. Except as otherwise provided in this subsection, a
27 pupil who is absent from any of the classes in which the pupil is

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

27 (9) **"NEIGHBORHOOD PUBLIC SCHOOL" MEANS A NEIGHBORHOOD PUBLIC**

1 **SCHOOL ESTABLISHED UNDER THE REVISED SCHOOL CODE.**

2 (10) ~~(9)~~—"Rule" means a rule promulgated pursuant to the
3 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
4 24.328.

5 (11) ~~(10)~~—"The revised school code" means 1976 PA 451, MCL
6 380.1 to 380.1852.

7 (12) ~~(11)~~—"School district of the first class", "first class
8 school district", and "district of the first class", except in
9 subsection (6), mean a district that had at least 60,000 pupils in
10 membership for the immediately preceding fiscal year.

11 (13) ~~(12)~~—"School fiscal year" means a fiscal year that
12 commences July 1 and continues through June 30.

13 (14) ~~(13)~~—"State board" means the state board of education.

14 (15) ~~(14)~~—"Superintendent", unless the context clearly refers
15 to a district or intermediate district superintendent, means the
16 superintendent of public instruction described in section 3 of
17 article VIII of the state constitution of 1963.

18 (16) ~~(15)~~—"Supplemental count day" means the day on which the
19 supplemental pupil count is conducted under section 6a.

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

1 (18) ~~(17)~~—"State school aid fund" means the state school aid
2 fund established in section 11 of article IX of the state
3 constitution of 1963.

4 (19) ~~(18)~~—"Taxable value" means the taxable value of property
5 as determined under section 27a of the general property tax act,
6 1893 PA 206, MCL 211.27a.

7 (20) ~~(19)~~—"Textbook" means a book that is selected and
8 approved by the governing board of a district and that contains a
9 presentation of principles of a subject, or that is a literary work
10 relevant to the study of a subject required for the use of
11 classroom pupils, or another type of course material that forms the
12 basis of classroom instruction.

13 (21) ~~(20)~~—"Total state aid" or "total state school aid" means
14 the total combined amount of all funds due to a district,
15 intermediate district, or other entity under all of the provisions
16 of this act.

17 (22) ~~(21)~~—"University school" means an instructional program
18 operated by a public university under section 23 that meets the
19 requirements of section 23.

20 Sec. 8b. (1) The department shall assign a district code to
21 each public school academy that is authorized under the revised
22 school code and is eligible to receive funding under this act
23 within 30 days after a contract is submitted to the department by
24 the authorizing body of a public school academy. **THE DEPARTMENT**
25 **SHALL ASSIGN A DISTRICT CODE TO EACH NEIGHBORHOOD PUBLIC SCHOOL**
26 **THAT IS GRANTED A PERFORMANCE CONTRACT UNDER THE REVISED SCHOOL**
27 **CODE AND IS ELIGIBLE TO RECEIVE FUNDING UNDER THIS ACT WITHIN 30**

1 **DAYS AFTER A PERFORMANCE CONTRACT IS SUBMITTED TO THE DEPARTMENT BY**
2 **THE SPONSORING BODY OF A NEIGHBORHOOD PUBLIC SCHOOL.**

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

25 **SEC. 9. ANY PROVISION OF THIS ACT OR OF A RULE PROMULGATED**
26 **UNDER THIS ACT IS SUBJECT TO WAIVER BY THE SUPERINTENDENT UNDER**
27 **SECTION 538 OF THE REVISED SCHOOL CODE, MCL 380.538, FOR A**

1 **NEIGHBORHOOD PUBLIC SCHOOL THAT IS A CYBER SCHOOL.**

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

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

27 (3) For the purpose of determining the reasonableness of

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

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

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

1 part of the comprehensive annual financial report. The department
2 shall make this information available online to districts and
3 intermediate districts, and shall include per-pupil amounts spent
4 on instruction and instructional support service functions, and
5 indicate how much of those costs were attributable to salaries.
6 Districts and intermediate districts shall include a link on their
7 websites to the website where the department posts this
8 information.

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

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

17 (7) The department shall review its pupil accounting and pupil
18 auditing manuals at least annually and shall periodically update
19 those manuals to reflect changes in this act. As part of its annual
20 review process for 2007, not later than December 31, 2007, the
21 department shall revise the pupil auditing manual to establish
22 standardized procedures and processes for auditing pupil exit
23 statuses and other pupil data used in calculating annual graduation
24 and pupil dropout rates.

25 (8) If a district that is a public school academy **OR**
26 **NEIGHBORHOOD PUBLIC SCHOOL** purchases property using money received
27 under this act, the public school academy **OR NEIGHBORHOOD PUBLIC**

1 **SCHOOL** shall retain ownership of the property unless the public
2 school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** sells the property at
3 fair market value.

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

13 Sec. 18b. (1) Property of a public school academy **OR**
14 **NEIGHBORHOOD PUBLIC SCHOOL** that was acquired substantially with
15 funds appropriated under this act shall be transferred to this
16 state by the public school academy corporation **OR NEIGHBORHOOD**
17 **PUBLIC SCHOOL CORPORATION** if any of the following occur:

18 (a) The public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**
19 has been ineligible to receive funding under this act for 18
20 consecutive months.

21 (b) The public school academy's contract **OR NEIGHBORHOOD**
22 **PUBLIC SCHOOL'S PERFORMANCE CONTRACT** has been revoked or terminated
23 for any reason.

24 (c) The public school academy's contract has not been reissued
25 by the authorizing body **OR THE NEIGHBORHOOD PUBLIC SCHOOL'S**
26 **PERFORMANCE CONTRACT HAS NOT BEEN REISSUED BY THE SPONSORING BODY.**

27 (2) Property required to be transferred to this state under

1 this section includes title to all real and personal property,
2 interests in real or personal property, and other assets owned by
3 the public school academy corporation **OR NEIGHBORHOOD PUBLIC SCHOOL**
4 **CORPORATION** that were substantially acquired with funds
5 appropriated under this act.

6 (3) The state treasurer, or his or her designee, is authorized
7 to dispose of property transferred to this state under this
8 section. Except as otherwise provided in this section, the state
9 treasurer shall deposit in the state school aid fund any money
10 included in that property and the net proceeds from the sale of the
11 property or interests in property, after payment by the state
12 treasurer of any public school academy **OR NEIGHBORHOOD PUBLIC**
13 **SCHOOL** debt secured by the property or interest in property.

14 (4) This section does not impose any liability on this state,
15 any agency of this state, or an authorizing body for any debt
16 incurred by a public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**.

17 (5) As used in this section and section 18c, "authorizing
18 body" means an authorizing body defined under section 501 or 1311b
19 of the revised school code, MCL 380.501 and 380.1311b, **AND**
20 **"SPONSORING BODY" MEANS A SPONSORING BODY DEFINED UNDER SECTION 531**
21 **OF THE REVISED SCHOOL CODE, MCL 380.531.**

22 Sec. 18c. Any contract, mortgage, loan, or other instrument of
23 indebtedness entered into by a public school academy **OR**
24 **NEIGHBORHOOD PUBLIC SCHOOL** receiving funds under this act and a
25 third party does not constitute an obligation, either general,
26 special, or moral, of this state or of an authorizing body **OR**
27 **SPONSORING BODY**. The full faith and credit or the taxing power of

1 this state or any agency of this state, or the full faith and
2 credit of an authorizing body **OR SPONSORING BODY**, shall not be
3 pledged for the payment of any contract, mortgage, loan, or other
4 instrument of indebtedness entered into by a public school academy
5 **OR NEIGHBORHOOD PUBLIC SCHOOL**.

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

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

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

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

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

26 (b) Except as otherwise provided in this subsection, beginning
27 in 2008-2009, for a district that in the immediately preceding

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

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

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

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

1 amount equal to the sum of the district's actual 2001-2002
2 foundation allowance as otherwise calculated under this section
3 plus the per pupil amount of the district's equity payment for
4 2001-2002 under section 22c as that section was in effect for 2001-
5 2002.

6 (f) For a district that received a payment under section 22c
7 as that section was in effect for 2006-2007, the district's 2006-
8 2007 foundation allowance shall be considered to have been an
9 amount equal to the sum of the district's actual 2006-2007
10 foundation allowance as otherwise calculated under this section
11 plus the per pupil amount of the district's equity payment for
12 2006-2007 under section 22c as that section was in effect for 2006-
13 2007.

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

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

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

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

11 ~~(6) For 2007-2008, subject to subsection (7) and section~~
12 ~~22b(3) and except as otherwise provided in this subsection, for~~
13 ~~pupils in membership, other than special education pupils, in a~~
14 ~~public school academy or a university school, the allocation~~
15 ~~calculated under this section is an amount per membership pupil~~
16 ~~other than special education pupils in the public school academy or~~
17 ~~university school equal to the sum of the local school operating~~
18 ~~revenue per membership pupil other than special education pupils~~
19 ~~for the district in which the public school academy or university~~
20 ~~school is located and the state portion of that district's~~
21 ~~foundation allowance, or \$7,475.00, whichever is less. Beginning in~~
22 ~~2008-2009, subject to subsection (7) and section 22b(3) and except~~
23 ~~as otherwise provided in this subsection, for pupils in membership,~~
24 ~~other than special education pupils, in a public school academy, **A**~~
25 ~~**NEIGHBORHOOD PUBLIC SCHOOL**, or a university school, the allocation~~
26 ~~calculated under this section is an amount per membership pupil~~
27 ~~other than special education pupils in the public school academy,~~

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

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

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

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

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

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

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

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

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

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

27 (13) To assist the legislature in determining the basic

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

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

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

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

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

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

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

1 a general fund/general purpose allocation sufficient to support the
2 membership in excess of 101% of the current year pupil membership.

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

1 subsection, "additional expenses" means the district's expenses for
2 tuition or fees, not to exceed the basic foundation allowance for
3 the current state fiscal year, plus a room and board stipend not to
4 exceed \$10.00 per school day for each pupil in grades 9 to 12
5 educated in another district, as approved by the department.

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

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

27 (19) For a district that received a grant under former section

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

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

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

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

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

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

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

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

26 (23) Payments to districts, university schools, ~~or~~ public
27 school academies, **OR NEIGHBORHOOD PUBLIC SCHOOLS** shall not be made

1 under this section. Rather, the calculations under this section
2 shall be used to determine the amount of state payments under
3 section 22b.

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

9 (25) As used in this section:

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

13 (b) "Combined state and local revenue" means the aggregate of
14 the district's state school aid received by or paid on behalf of
15 the district under this section and the district's local school
16 operating revenue.

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

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

22 (e) "Immediately preceding state fiscal year" means the state
23 fiscal year immediately preceding the current state fiscal year.

24 (f) "Local school operating revenue" means school operating
25 taxes levied under section 1211 of the revised school code, MCL
26 380.1211.

27 (g) "Local school operating revenue per membership pupil"

1 means a district's local school operating revenue divided by the
2 district's membership excluding special education pupils.

3 (h) "Maximum public school academy **OR NEIGHBORHOOD PUBLIC**
4 **SCHOOL** allocation" means the maximum per-pupil allocation as
5 calculated by adding the highest per-pupil allocation among all
6 public school academies **OR NEIGHBORHOOD PUBLIC SCHOOLS** for the
7 immediately preceding state fiscal year plus the difference between
8 twice the dollar amount of the adjustment from the immediately
9 preceding state fiscal year to the current state fiscal year made
10 in the basic foundation allowance and [(the dollar amount of the
11 adjustment from the immediately preceding state fiscal year to the
12 current state fiscal year made in the basic foundation allowance
13 minus \$20.00) times (the difference between the highest per-pupil
14 allocation among all public school academies **OR NEIGHBORHOOD PUBLIC**
15 **SCHOOLS** for the immediately preceding state fiscal year and the sum
16 of \$7,108.00 plus the total dollar amount of all adjustments made
17 from 2006-2007 to the immediately preceding state fiscal year in
18 the lowest per-pupil allocation among all public school academies
19 **OR NEIGHBORHOOD PUBLIC SCHOOLS**) divided by the difference between
20 the basic foundation allowance for the current state fiscal year
21 and the sum of \$7,108.00 plus the total dollar amount of all
22 adjustments made from 2006-2007 to the immediately preceding state
23 fiscal year in the lowest per-pupil allocation among all public
24 school academies **OR NEIGHBORHOOD PUBLIC SCHOOLS**].

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

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

5 (k) "Principal residence", "qualified agricultural property",
6 "qualified forest property", "industrial personal property", and
7 "commercial personal property" mean those terms as defined in
8 section 7dd of the general property tax act, 1893 PA 206, MCL
9 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

10 (l) "School operating purposes" means the purposes included in
11 the operation costs of the district as prescribed in sections 7 and
12 18.

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

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

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

1 Sec. 31a. (1) From the state school aid fund money
2 appropriated in section 11, there is allocated for 2008-2009 an
3 amount not to exceed \$320,350,000.00 for payments to eligible
4 districts, ~~and~~ eligible public school academies, **AND ELIGIBLE**
5 **NEIGHBORHOOD PUBLIC SCHOOLS** under this section. Subject to
6 subsection (14), the amount of the additional allowance under this
7 section, other than funding under subsection (6) or (7), shall be
8 based on the number of actual pupils in membership in the district,
9 ~~or~~ public school academy, **OR NEIGHBORHOOD PUBLIC SCHOOL** who met the
10 income eligibility criteria for free breakfast, lunch, or milk in
11 the immediately preceding state fiscal year, as determined under
12 the Richard B. Russell national school lunch act, 42 USC 1751 to
13 1769i, and reported to the department by October 31 of the
14 immediately preceding fiscal year and adjusted not later than
15 December 31 of the immediately preceding fiscal year. However, for
16 a public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** that began
17 operations as a public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**
18 after the pupil membership count day of the immediately preceding
19 school year, the basis for the additional allowance under this
20 section shall be the number of actual pupils in membership in the
21 public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** who met the
22 income eligibility criteria for free breakfast, lunch, or milk in
23 the current state fiscal year, as determined under the Richard B.
24 Russell national school lunch act.

25 (2) To be eligible to receive funding under this section,
26 other than funding under subsection (6) or (7), a district, ~~or~~
27 public school academy, **OR NEIGHBORHOOD PUBLIC SCHOOL** that has not

1 been previously determined to be eligible shall apply to the
2 department, in a form and manner prescribed by the department, and
3 a district, ~~or~~ public school academy, **OR NEIGHBORHOOD PUBLIC SCHOOL**
4 must meet all of the following:

5 (a) The sum of the district's, ~~or~~ public school academy's, **OR**
6 **NEIGHBORHOOD PUBLIC SCHOOL'S** combined state and local revenue per
7 membership pupil in the current state fiscal year, as calculated
8 under section 20, plus the amount of the district's per pupil
9 allocation under section 20j(2), is less than or equal to the basic
10 foundation allowance under section 20 for the current state fiscal
11 year.

12 (b) The district, ~~or~~ public school academy, **OR NEIGHBORHOOD**
13 **PUBLIC SCHOOL** agrees to use the funding only for purposes allowed
14 under this section and to comply with the program and
15 accountability requirements under this section.

16 (3) Except as otherwise provided in this subsection, an
17 eligible district, ~~or~~ eligible public school academy, **OR ELIGIBLE**
18 **NEIGHBORHOOD PUBLIC SCHOOL** shall receive under this section for
19 each membership pupil in the district, ~~or~~ public school academy, **OR**
20 **NEIGHBORHOOD PUBLIC SCHOOL** who met the income eligibility criteria
21 for free breakfast, lunch, or milk, as determined under the Richard
22 B. Russell national school lunch act and as reported to the
23 department by October 31 of the immediately preceding fiscal year
24 and adjusted not later than December 31 of the immediately
25 preceding fiscal year, an amount per pupil equal to 11.5% of the
26 sum of the district's foundation allowance or public school
27 academy's **OR NEIGHBORHOOD PUBLIC SCHOOLS** per pupil amount

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

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

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

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

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

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

1 this subsection for the fiscal year in which they are allocated,
2 those unused funds shall be used that fiscal year to avoid or
3 minimize any proration that would otherwise be required under
4 subsection (14) for that fiscal year.

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

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

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

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

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

1 subsection (1) is at least 60% of the district's aggregate
2 percentage of those pupils and at least 30% of the total number of
3 pupils enrolled in the school building. To obtain a waiver, a
4 district must apply to the department and demonstrate to the
5 satisfaction of the department that the class size reductions would
6 be in the best interests of the district's at-risk pupils.

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

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

1 department shall approve the application if the department
2 determines that the purposes identified in the plan are reasonably
3 designed to benefit at-risk pupils in the school. If the department
4 does not act to approve or disapprove an application within 30 days
5 after it is submitted to the department, the application is
6 considered to be approved. If an application for flexibility in
7 using the funds is approved, the district, **PUBLIC SCHOOL ACADEMY,**
8 **OR NEIGHBORHOOD PUBLIC SCHOOL** may use the funds identified in the
9 application for any purpose identified in the plan.

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

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

26 (b) Provides early intervening strategies using school-wide
27 systems of academic and behavioral supports and is scientifically

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

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

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

1 was eligible before the consolidation for an additional allowance
2 under this section.

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

1 (17) A district that does not meet the eligibility requirement
2 under subsection (2)(a) is eligible for funding under this section
3 if at least 75% of the pupils in membership in the district met the
4 income eligibility criteria for free breakfast, lunch, or milk in
5 the immediately preceding state fiscal year, as determined and
6 reported as described in subsection (1), the district receives an
7 adjustment under section 20(19), and the district does not receive
8 any state portion of its foundation allowance as calculated under
9 section 20. A district that is eligible for funding under this
10 section because the district meets the requirements of this
11 subsection shall receive under this section for each membership
12 pupil in the district who met the income eligibility criteria for
13 free breakfast, lunch, or milk in the immediately preceding fiscal
14 year, as determined and reported as described in subsection (1), an
15 amount per pupil equal to 11.5% of the sum of the district's
16 foundation allowance under section 20, not to exceed the basic
17 foundation allowance under section 20 for the current state fiscal
18 year.

19 (18) As used in this section, "at-risk pupil" means a pupil
20 for whom the district, **PUBLIC SCHOOL ACADEMY OR NEIGHBORHOOD PUBLIC**
21 **SCHOOL** has documentation that the pupil meets at least 2 of the
22 following criteria: is a victim of child abuse or neglect; is below
23 grade level in English language and communication skills or
24 mathematics; is a pregnant teenager or teenage parent; is eligible
25 for a federal free or reduced-price lunch subsidy; has atypical
26 behavior or attendance patterns; or has a family history of school
27 failure, incarceration, or substance abuse. For pupils for whom the

1 results of at least the applicable Michigan education assessment
2 program (MEAP) test have been received, at-risk pupil also includes
3 a pupil who does not meet the other criteria under this subsection
4 but who did not achieve at least a score of level 2 on the most
5 recent MEAP English language arts, mathematics, or science test for
6 which results for the pupil have been received. For pupils for whom
7 the results of the Michigan merit examination have been received,
8 at-risk pupil also includes a pupil who does not meet the other
9 criteria under this subsection but who did not achieve proficiency
10 on the reading component of the most recent Michigan merit
11 examination for which results for the pupil have been received, did
12 not achieve proficiency on the mathematics component of the most
13 recent Michigan merit examination for which results for the pupil
14 have been received, or did not achieve basic competency on the
15 science component of the most recent Michigan merit examination for
16 which results for the pupil have been received. For pupils in
17 grades K-3, at-risk pupil also includes a pupil who is at risk of
18 not meeting the district's, **PUBLIC SCHOOL ACADEMY'S, OR**
19 **NEIGHBORHOOD PUBLIC SCHOOL'S** core academic curricular objectives in
20 English language arts or mathematics.

21 Sec. 51a. (1) From the appropriation in section 11, there is
22 allocated for 2008-2009 an amount not to exceed \$1,023,783,000.00
23 from state sources and all available federal funding under sections
24 611 to 619 of part B of the individuals with disabilities education
25 act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any
26 carryover federal funds from previous year appropriations. The
27 allocations under this subsection are for the purpose of

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

25 (2) From the funds allocated under subsection (1), there is
26 allocated the amount necessary, estimated at \$224,800,000.00 for
27 2008-2009, for payments toward reimbursing districts and

1 intermediate districts for 28.6138% of total approved costs of
2 special education, excluding costs reimbursed under section 53a,
3 and 70.4165% of total approved costs of special education
4 transportation. Allocations under this subsection shall be made as
5 follows:

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

26 (b) After the allocations under subdivision (a), districts and
27 intermediate districts for which the payments under subdivision (a)

1 do not fulfill the specified percentages shall be paid the amount
2 necessary to achieve the specified percentages for the district or
3 intermediate district.

4 (3) From the funds allocated under subsection (1), there is
5 allocated for 2008-2009 the amount necessary, estimated at
6 \$1,600,000.00, to make payments to districts and intermediate
7 districts under this subsection. If the amount allocated to a
8 district or intermediate district for a fiscal year under
9 subsection (2)(b) is less than the sum of the amounts allocated to
10 the district or intermediate district for 1996-97 under sections 52
11 and 58, there is allocated to the district or intermediate district
12 for the fiscal year an amount equal to that difference, adjusted by
13 applying the same proration factor that was used in the
14 distribution of funds under section 52 in 1996-97 as adjusted to
15 the district's or intermediate district's necessary costs of
16 special education used in calculations for the fiscal year. This
17 adjustment is to reflect reductions in special education program
18 operations or services between 1996-97 and subsequent fiscal years.
19 Adjustments for reductions in special education program operations
20 or services shall be made in a manner determined by the department
21 and shall include adjustments for program or service shifts.

22 (4) If the department determines that the sum of the amounts
23 allocated for a fiscal year to a district or intermediate district
24 under subsection (2)(a) and (b) is not sufficient to fulfill the
25 specified percentages in subsection (2), then the shortfall shall
26 be paid to the district or intermediate district during the fiscal
27 year beginning on the October 1 following the determination and

1 payments under subsection (3) shall be adjusted as necessary. If
2 the department determines that the sum of the amounts allocated for
3 a fiscal year to a district or intermediate district under
4 subsection (2)(a) and (b) exceeds the sum of the amount necessary
5 to fulfill the specified percentages in subsection (2), then the
6 department shall deduct the amount of the excess from the
7 district's or intermediate district's payments under this act for
8 the fiscal year beginning on the October 1 following the
9 determination and payments under subsection (3) shall be adjusted
10 as necessary. However, if the amount allocated under subsection
11 (2)(a) in itself exceeds the amount necessary to fulfill the
12 specified percentages in subsection (2), there shall be no
13 deduction under this subsection.

14 (5) State funds shall be allocated on a total approved cost
15 basis. Federal funds shall be allocated under applicable federal
16 requirements, except that an amount not to exceed \$3,500,000.00 may
17 be allocated by the department for 2008-2009 to districts,
18 intermediate districts, or other eligible entities on a competitive
19 grant basis for programs, equipment, and services that the
20 department determines to be designed to benefit or improve special
21 education on a statewide scale.

22 (6) From the amount allocated in subsection (1), there is
23 allocated an amount not to exceed \$2,200,000.00 for 2008-2009 to
24 reimburse 100% of the net increase in necessary costs incurred by a
25 district or intermediate district in implementing the revisions in
26 the administrative rules for special education that became
27 effective on July 1, 1987. As used in this subsection, "net

1 increase in necessary costs" means the necessary additional costs
2 incurred solely because of new or revised requirements in the
3 administrative rules minus cost savings permitted in implementing
4 the revised rules. Net increase in necessary costs shall be
5 determined in a manner specified by the department.

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

7 (a) "Total approved costs of special education" shall be
8 determined in a manner specified by the department and may include
9 indirect costs, but shall not exceed 115% of approved direct costs
10 for section 52 and section 53a programs. The total approved costs
11 include salary and other compensation for all approved special
12 education personnel for the program, including payments for social
13 security and medicare and public school employee retirement system
14 contributions. The total approved costs do not include salaries or
15 other compensation paid to administrative personnel who are not
16 special education personnel as defined in section 6 of the revised
17 school code, MCL 380.6. Costs reimbursed by federal funds, other
18 than those federal funds included in the allocation made under this
19 article, are not included. Special education approved personnel not
20 utilized full time in the evaluation of students or in the delivery
21 of special education programs, ancillary, and other related
22 services shall be reimbursed under this section only for that
23 portion of time actually spent providing these programs and
24 services, with the exception of special education programs and
25 services provided to youth placed in child caring institutions or
26 juvenile detention programs approved by the department to provide
27 an on-grounds education program.

1 (b) Beginning with the 2004-2005 fiscal year, a district or
2 intermediate district that employed special education support
3 services staff to provide special education support services in
4 2003-2004 or in a subsequent fiscal year and that in a fiscal year
5 after 2003-2004 receives the same type of support services from
6 another district or intermediate district shall report the cost of
7 those support services for special education reimbursement purposes
8 under this act. This subdivision does not prohibit the transfer of
9 special education classroom teachers and special education
10 classroom aides if the pupils counted in membership associated with
11 those special education classroom teachers and special education
12 classroom aides are transferred and counted in membership in the
13 other district or intermediate district in conjunction with the
14 transfer of those teachers and aides.

15 (c) If the department determines before bookclosing for 2007-
16 2008 that the amounts allocated for 2007-2008 under subsections
17 (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will
18 exceed expenditures for 2007-2008 under subsections (2), (3), (6),
19 (8), and (12) and sections 53a, 54, and 56, then for 2007-2008
20 only, for a district or intermediate district whose reimbursement
21 for 2007-2008 would otherwise be affected by subdivision (b),
22 subdivision (b) does not apply to the calculation of the
23 reimbursement for that district or intermediate district and
24 reimbursement for that district or intermediate district shall be
25 calculated in the same manner as it was for 2003-2004. If the
26 amount of the excess allocations under subsections (2), (3), (6),
27 (8), and (12) and sections 53a, 54, and 56 is not sufficient to

1 fully fund the calculation of reimbursement to those districts and
2 intermediate districts under this subdivision, then the
3 calculations and resulting reimbursement under this subdivision
4 shall be prorated on an equal percentage basis.

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

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

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

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

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

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

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

27 (12) From the funds allocated in subsection (1), there is

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

21 (a) Pupils described in section 53a.

22 (b) Pupils counted in membership in an intermediate district
23 who are not special education pupils and are served by the
24 intermediate district in a juvenile detention or child caring
25 facility.

26 (c) Emotionally impaired pupils counted in membership by an
27 intermediate district and provided educational services by the

1 department of community health.

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

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

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

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

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

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

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

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

20 (15) If a public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**
21 enrolls pursuant to this section a pupil who resides outside of the
22 intermediate district in which the public school academy **OR**
23 **NEIGHBORHOOD PUBLIC SCHOOL** is located and who is eligible for
24 special education programs and services according to statute or
25 rule, or who is a child with disabilities, as defined under the
26 individuals with disabilities education act, Public Law 108-446,
27 the provision of special education programs and services and the

1 payment of the added costs of special education programs and
2 services for the pupil are the responsibility of the district and
3 intermediate district in which the pupil resides unless the
4 enrolling district or intermediate district has a written agreement
5 with the district or intermediate district in which the pupil
6 resides or the public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**
7 for the purpose of providing the pupil with a free appropriate
8 public education and the written agreement includes at least an
9 agreement on the responsibility for the payment of the added costs
10 of special education programs and services for the pupil.

11 Sec. 101. (1) To be eligible to receive state aid under this
12 act, not later than the fifth Wednesday after the pupil membership
13 count day and not later than the fifth Wednesday after the
14 supplemental count day, each district superintendent through the
15 secretary of the district's board shall file with the intermediate
16 superintendent a certified and sworn copy of the number of pupils
17 enrolled and in regular daily attendance in the district as of the
18 pupil membership count day and as of the supplemental count day, as
19 applicable, for the current school year. In addition, a district
20 maintaining school during the entire year, as provided under
21 section 1561 of the revised school code, MCL 380.1561, shall file
22 with the intermediate superintendent a certified and sworn copy of
23 the number of pupils enrolled and in regular daily attendance in
24 the district for the current school year pursuant to rules
25 promulgated by the superintendent. Not later than the seventh
26 Wednesday after the pupil membership count day and not later than
27 the seventh Wednesday after the supplemental count day, the

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

22 (2) To be eligible to receive state aid under this act, not
23 later than the twenty-fourth Wednesday after the pupil membership
24 count day and not later than the twenty-fourth Wednesday after the
25 supplemental count day, an intermediate district shall submit to
26 the center, in a form and manner prescribed by the center, the
27 audited enrollment and attendance data for the pupils of its

1 constituent districts and of the intermediate district. If an
2 intermediate district fails to transmit the audited data as
3 required under this subsection, state aid due to be distributed
4 under this act shall be withheld from the defaulting intermediate
5 district immediately, beginning with the next payment after the
6 failure and continuing with each payment until the intermediate
7 district complies with this subsection. If an intermediate district
8 does not comply with this subsection by the end of the fiscal year,
9 the intermediate district forfeits the amount withheld.

10 (3) ~~All~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (11), ALL**
11 of the following apply to the provision of pupil instruction:

12 (a) Except as otherwise provided in this section, each
13 district shall provide at least 1,098 hours of pupil instruction.
14 Except as otherwise provided in this act, a district failing to
15 comply with the required minimum hours of pupil instruction under
16 this subsection shall forfeit from its total state aid allocation
17 an amount determined by applying a ratio of the number of hours the
18 district was in noncompliance in relation to the required minimum
19 number of hours under this subsection. Not later than August 1, the
20 board of each district shall certify to the department the number
21 of hours of pupil instruction in the previous school year. If the
22 district did not provide at least the required minimum number of
23 hours of pupil instruction under this subsection, the deduction of
24 state 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 lost because of strikes or teachers' conferences shall not be
2 counted as days or hours of pupil instruction.

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

8 (c) Beginning in 2005-2006, at the request of a district that
9 operates a department-approved alternative education program and
10 that does not provide instruction for pupils in all of grades K to
11 12, the superintendent shall grant a waiver for a period of 3
12 school years from the requirements of subdivision (b) in order to
13 conduct a pilot study. The waiver shall indicate that an eligible
14 district is subject to the proration provisions of subdivision (b)
15 only if the district does not have at least 50% of the district's
16 membership in attendance on any day of pupil instruction. Not later
17 than 2008-2009, the department shall report on the impact of this
18 waiver on the academic achievement of pupils in these districts to
19 the state budget director and the senate and house appropriations
20 subcommittees on state school aid. In order to be eligible for this
21 waiver, a district must maintain records to substantiate its
22 compliance with the following requirements during the pilot study:

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

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

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

4 (d) The superintendent shall promulgate rules for the
5 implementation of this subsection.

6 (4) Except as otherwise provided in this subsection, the first
7 30 hours for which pupil instruction is not provided because of
8 conditions not within the control of school authorities, such as
9 severe storms, fires, epidemics, utility power unavailability,
10 water or sewer failure, or health conditions as defined by the
11 city, county, or state health authorities, shall be counted as
12 hours of pupil instruction. Beginning in 2003-2004, with the
13 approval of the superintendent of public instruction, the
14 department shall count as hours of pupil instruction for a fiscal
15 year not more than 30 additional hours for which pupil instruction
16 is not provided in a district after April 1 of the applicable
17 school year due to unusual and extenuating occurrences resulting
18 from conditions not within the control of school authorities such
19 as those conditions described in this subsection. Subsequent such
20 hours shall not be counted as hours of pupil instruction.

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

27 (6) Not later than April 15 of each fiscal year, the board of

1 each district shall certify to the department the planned number of
2 hours of pupil instruction in the district for the school year
3 ending in the fiscal year. In addition to any other penalty or
4 forfeiture under this section, if at any time the department
5 determines that 1 or more of the following has occurred in a
6 district, the district shall forfeit in the current fiscal year
7 beginning in the next payment to be calculated by the department a
8 proportion of the funds due to the district under this act that is
9 equal to the proportion below the required minimum number of hours
10 of pupil instruction under subsection (3), as specified in the
11 following:

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

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

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

24 (a) Except as otherwise provided in this subsection, a pupil
25 must be scheduled for at least the required minimum number of hours
26 of instruction, excluding study halls, or at least the sum of 90
27 hours plus the required minimum number of hours of instruction,

1 including up to 2 study halls.

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

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

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

1 purpose.

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

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

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

17 (8) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (11), THE**
18 department shall apply the guidelines under subsection (7) in
19 calculating the full-time equivalency of pupils.

20 (9) Upon application by the district for a particular fiscal
21 year, the superintendent may waive for a district the minimum
22 number of hours of pupil instruction requirement of subsection (3)
23 for a department-approved alternative education program. If a
24 district applies for and receives a waiver under this subsection
25 and complies with the terms of the waiver, for the fiscal year
26 covered by the waiver the district is not subject to forfeiture
27 under this section for the specific program covered by the waiver.

1 If the district does not comply with the terms of the waiver, the
2 amount of the forfeiture shall be calculated based upon a
3 comparison of the number of hours of pupil instruction actually
4 provided to the minimum number of hours of pupil instruction
5 required under subsection (3).

6 (10) A district may count up to 38 hours of qualifying
7 professional development for teachers, including the 5 hours of
8 online professional development provided by the Michigan virtual
9 university under section 98, as hours of pupil instruction.
10 However, if a collective bargaining agreement that provides more
11 than 38 but not more than 51 hours of professional development for
12 teachers is in effect for employees of a district as of the
13 effective date of the 2006 amendatory act that amended this
14 subsection, then until the fiscal year that begins after the
15 expiration of that collective bargaining agreement a district may
16 count up to 51 hours of qualifying professional development for
17 teachers, including the 5 hours of online professional development
18 provided by the Michigan virtual university under section 98, as
19 hours of pupil instruction. A district that elects to use this
20 exception shall notify the department of its election. As used in
21 this subsection, "qualifying professional development" means
22 professional development that is focused on 1 or more of the
23 following:

24 (a) Achieving or improving adequate yearly progress as defined
25 under the no child left behind act of 2001, Public Law 107-110.

26 (b) Achieving accreditation or improving a school's
27 accreditation status under section 1280 of the revised school code,

1 MCL 380.1280.

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

4 (d) Maintaining teacher certification.

5 **(11) SUBSECTIONS (3) AND (8) DO NOT APPLY TO A NEIGHBORHOOD**
6 **PUBLIC SCHOOL THAT IS A CYBER SCHOOL AND IS IN COMPLIANCE WITH**
7 **SECTION 538 OF THE REVISED SCHOOL CODE, MCL 380.538.**

8 Sec. 169. In order for a public school academy **OR NEIGHBORHOOD**
9 **PUBLIC SCHOOL** to receive state aid under this act, the public
10 school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** shall demonstrate to
11 the satisfaction of the department that the public school academy
12 **OR NEIGHBORHOOD PUBLIC SCHOOL** has made a good faith effort to
13 advertise, throughout the entire area of the intermediate district
14 in which the public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** is
15 located, that the **PUBLIC SCHOOL** academy **OR NEIGHBORHOOD PUBLIC**
16 **SCHOOL** is enrolling students and the procedures for applying for
17 enrollment. The department shall not make any payments to a public
18 school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** until the public
19 school academy **OR NEIGHBORHOOD PUBLIC SCHOOL** supplies evidence
20 satisfactory to the department demonstrating compliance with this
21 section. If a public school academy **OR NEIGHBORHOOD PUBLIC SCHOOL**
22 is a successor to a nonpublic school and more than 75% of the
23 pupils enrolled in the public school academy **OR NEIGHBORHOOD PUBLIC**
24 **SCHOOL** during its first school year of operation were previously
25 enrolled in that nonpublic school, there is a rebuttable
26 presumption that the public school academy **OR NEIGHBORHOOD PUBLIC**
27 **SCHOOL** did not make the good faith effort required under this

1 section.

2 Sec. 169b. A board member of a district, intermediate
3 district, public school academy, ~~or NEIGHBORHOOD PUBLIC SCHOOL,~~
4 public school academy corporation, **OR NEIGHBORHOOD PUBLIC SCHOOL**
5 **CORPORATION** shall abstain from voting on any contract in which the
6 board member has a conflict of interest.

7 Enacting section 1. This amendatory act does not take effect
8 unless Senate Bill No. 636

9 of the 95th Legislature is enacted into law.