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**FISCAL YEAR 2010 SCHOOL AID**

**EXECUTIVE BUDGET BILL**

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 3, 6, 8b, 11, 11a, 11g, 11j, 11k, 11m, 11n,  
15, 18, 20, 20d, 20j, 22a, 22b, 24, 24a, 24c, 26a, 26b, 29, 31a,  
31d, 31f, 32b, 32d, 32l, 32n, 39, 39a, 51a, 51c, 51d, 53a, 54,  
54a, 56, 61a, 62, 64, 74, 81, 94a, 98, 99, 101, 104, 107, 147,  
and 164c (MCL 388.1603, 388.1606, 388.1608b, 388.1611,  
388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m,  
388.1611n, 388.1615, 388.1618, 388.1620, 388.1620d, 388.1620j,  
388.1622a, 388.1622b, 388.1624, 388.1624a, 388.1624c, 388.1626a,  
388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b,  
388.1632d, 388.1632l, 388.1632n, 388.1639, 388.1639a, 388.1651a,  
388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656,  
388.1661a, 388.1662, 388.1664, 388.1674, 388.1681, 388.1694a,  
388.1698, 388.1699, 388.1701, 388.1704, 388.1707, 388.1747, and  
388.1764c), sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18,  
20d, 22a, 22b, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32d,  
32l, 39, 39a, 51a, 51c, 51d, 53a, 54, 54a, 56, 61a, 62, 64, 74,  
81, 94a, 98, 99, 104, 107, 147, and 164c as amended and section  
11n as added by 2008 PA 268, section 8b as amended by 2007 PA

1 92, sections 20, 20j, and 32b as amended by 2008 PA 561, section  
2 32n as added by 2007 PA 137, and section 101 as amended by 2006  
3 PA 342; and to repeal acts and parts of acts.

4  
5

6 **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

7 Sec. 3. (1) "Average daily attendance", for the purposes of  
8 complying with federal law, means 92% of the pupils counted in  
9 membership on the pupil membership count day, as defined in  
10 section 6(7).

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

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

15 (4) "Cooperative education program" means a written  
16 voluntary agreement between and among districts to provide  
17 certain educational programs for pupils in certain groups of  
18 districts. The written agreement shall be approved by all  
19 affected districts at least annually and shall specify the  
20 educational programs to be provided and the estimated number of  
21 pupils from each district who will participate in the  
22 educational programs.

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

1           (6) "District" means a local school district established  
2 under the revised school code or, except in sections 6(4), 6(6),  
3 ~~11n~~, 13, 20, 22a, 23, 29, 31a, ~~99j, 99k~~, 51a(15), 105, and 105c,  
4 a public school academy. Except in sections 6(4), 6(6), ~~11n~~, 13,  
5 20, 22a, 29, ~~99j, 99k~~, 51a(15), 105, and 105c, district also  
6 includes a university school.

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

20           (8) "District superintendent" means the superintendent of a  
21 district, the chief administrator of a public school academy, or  
22 the chief administrator of a university school.

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

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

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

22 (3) "District and high school graduation report" means a  
23 report of the number of pupils, excluding adult participants, in  
24 the district for the immediately preceding school year, adjusted

1 for those pupils who have transferred into or out of the  
2 district or high school, who leave high school with a diploma or  
3 other credential of equal status.

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

22 (a) Except as otherwise provided in this subsection, and  
23 pursuant to subsection (6), a pupil shall be counted in  
24 membership in the pupil's educating district or districts. An

1 individual pupil shall not be counted for more than a total of  
2 1.0 full-time equated membership.

3 (b) If a pupil is educated in a district other than the  
4 pupil's district of residence, if the pupil is not being  
5 educated as part of a cooperative education program, if the  
6 pupil's district of residence does not give the educating  
7 district its approval to count the pupil in membership in the  
8 educating district, and if the pupil is not covered by an  
9 exception specified in subsection (6) to the requirement that  
10 the educating district must have the approval of the pupil's  
11 district of residence to count the pupil in membership, the  
12 pupil shall not be counted in membership in any district.

13 (c) A special education pupil educated by the intermediate  
14 district shall be counted in membership in the intermediate  
15 district.

16 (d) A pupil placed by a court or state agency in an on-  
17 grounds program of a juvenile detention facility, a child caring  
18 institution, or a mental health institution, or a pupil funded  
19 under section 53a, shall be counted in membership in the  
20 district or intermediate district approved by the department to  
21 operate the program.

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

1 (f) A pupil enrolled in a vocational education program  
2 supported by a millage levied over an area larger than a single  
3 district or in an area vocational-technical education program  
4 established pursuant to section 690 of the revised school code,  
5 MCL 380.690, shall be counted only in the pupil's district of  
6 residence.

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

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

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

15 (i) If operations begin before the pupil membership count  
16 day for the fiscal year, membership is the average number of  
17 full-time equated pupils in grades K to 12 actually enrolled and  
18 in regular daily attendance on the pupil membership count day  
19 for the current school year and on the supplemental count day  
20 for the current school year, as determined by the department and  
21 calculated by adding the number of pupils registered for  
22 attendance on the pupil membership count day plus pupils  
23 received by transfer and minus pupils lost as defined by rules  
24 promulgated by the superintendent, and as corrected by a

1 subsequent department audit, plus the final audited count from  
2 the supplemental count day for the current school year, and  
3 dividing that sum by 2.

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

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

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

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

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

18           (n) If a pupil counted in membership in a public school  
19 academy is also educated by a district or intermediate district  
20 as part of a cooperative education program, the pupil shall be  
21 counted in membership only in the public school academy unless a  
22 written agreement signed by all parties designates the party or  
23 parties in which the pupil shall be counted in membership, and  
24 the instructional time scheduled for the pupil in the district

1 or intermediate district shall be included in the full-time  
2 equated membership determination under subdivision (q). However,  
3 for pupils receiving instruction in both a public school academy  
4 and in a district or intermediate district but not as a part of  
5 a cooperative education program, the following apply:

6 (i) If the public school academy provides instruction for  
7 at least 1/2 of the class hours specified in subdivision (q),  
8 the public school academy shall receive as its prorated share of  
9 the full-time equated membership for each of those pupils an  
10 amount equal to 1 times the product of the hours of instruction  
11 the public school academy provides divided by the number of  
12 hours specified in subdivision (q) for full-time equivalency,  
13 and the remainder of the full-time membership for each of those  
14 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 provides instruction for  
17 less than 1/2 of the class hours specified in subdivision (q),  
18 the district or intermediate district providing the remainder of  
19 the hours of instruction shall receive as its prorated share of  
20 the full-time equated membership for each of those pupils an  
21 amount equal to 1 times the product of the hours of instruction  
22 the district or intermediate district provides divided by the  
23 number of hours specified in subdivision (q) for full-time  
24 equivalency, and the remainder of the full-time membership for

1 each of those pupils shall be allocated to the public school  
2 academy.

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

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

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

18 (r) Except as otherwise provided in this subdivision, full-  
19 time equated memberships for pupils in kindergarten shall be  
20 determined by dividing the number of class hours scheduled and  
21 provided per year per kindergarten pupil by a number equal to  
22 1/2 the number used for determining full-time equated  
23 memberships for pupils in grades 1 to 12. Beginning in 2009-  
24 2010, full-time equated memberships for pupils enrolled in

1 developmental kindergarten ~~, prekindergarten,~~ or a similar class  
2 intended to be the first of 2 school years before a pupil enters  
3 grade 1 shall be determined by dividing the number of class  
4 hours scheduled and provided per year per **DEVELOPMENTAL**  
5 kindergarten pupil by the number used for determining full-time  
6 equated memberships for pupils in grades 1 to 12. For 2010-2011,  
7 full-time equated memberships for pupils enrolled in  
8 kindergarten shall be determined by dividing the number of class  
9 hours scheduled and provided per year per kindergarten pupil by  
10 a number equal to 60% of the number used for determining full-  
11 time equated memberships for pupils in grades 1 to 12. Beginning  
12 in 2011-2012, full-time equated memberships for pupils enrolled  
13 in kindergarten shall be determined by dividing the number of  
14 class hours scheduled and provided per year per kindergarten  
15 pupil by a number equal to 70% of the number used for  
16 determining full-time equated memberships for pupils in grades 1  
17 to 12.

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

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

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

14 (u) If, as a result of a disciplinary action, a district  
15 determines through the district's alternative or disciplinary  
16 education program that the best instructional placement for a  
17 pupil is in the pupil's home or otherwise apart from the general  
18 school population, if that placement is authorized in writing by  
19 the district superintendent and district alternative or  
20 disciplinary education supervisor, and if the district provides  
21 appropriate instruction as described in this subdivision to the  
22 pupil at the pupil's home or otherwise apart from the general  
23 school population, the district may count the pupil in  
24 membership on a pro rata basis, with the proration based on the

1 number of hours of instruction the district actually provides to  
2 the pupil divided by the number of hours specified in  
3 subdivision (q) for full-time equivalency. For the purposes of  
4 this subdivision, a district shall be considered to be providing  
5 appropriate instruction if all of the following are met:

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

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

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

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

18 (v) ~~For 2007-2008 only, a~~ **A** pupil enrolled in an  
19 alternative or disciplinary education program described in  
20 section 25 shall be counted in membership in the **PUPIL'S**  
21 **EDUCATING** district or public school academy ~~that expelled the~~  
22 ~~pupil.~~

23 (w) If a pupil was enrolled in a public school academy on  
24 the pupil membership count day, if the public school academy's

1 contract with its authorizing body is revoked or the public  
2 school academy otherwise ceases to operate, and if the pupil  
3 enrolls in a district within 45 days after the pupil membership  
4 count day, the department shall adjust the district's pupil  
5 count for the pupil membership count day to include the pupil in  
6 the count.

7 (x) For a public school academy that has been in operation  
8 for at least 2 years and that suspended operations for at least  
9 1 semester and is resuming operations, membership is the sum of  
10 the product of .75 times the number of full-time equated pupils  
11 in grades K to 12 actually enrolled and in regular daily  
12 attendance on the first pupil membership count day or  
13 supplemental count day, whichever is first, occurring after  
14 operations resume, plus the product of .25 times the final  
15 audited count from the most recent pupil membership count day or  
16 supplemental count day that occurred before suspending  
17 operations, as determined by the superintendent.

18 (y) If a district's membership for a particular fiscal  
19 year, as otherwise calculated under this subsection, would be  
20 less than 1,550 pupils and the district has 4.5 or fewer pupils  
21 per square mile, as determined by the department, ~~and, beginning~~  
22 ~~in 2007-2008, if the district does not receive funding under~~  
23 ~~section 22d(2),~~ the district's membership shall be considered to  
24 be the membership figure calculated under this subdivision. If a

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

10 (i) The average of the district's membership for the ~~3~~ **2**-  
11 fiscal-year period ending with that fiscal year, calculated by  
12 adding the district's actual membership for each of those ~~3~~ **2**  
13 fiscal years, as otherwise calculated under this subsection, and  
14 dividing the sum of those ~~3~~ **2** membership figures by ~~3~~ **2**.

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

17 (z) If a public school academy that is not in its first or  
18 second year of operation closes at the end of a school year and  
19 does not reopen for the next school year, the department shall  
20 adjust the membership count of the district in which a former  
21 pupil of the public school academy enrolls and is in regular  
22 daily attendance for the next school year to ensure that the  
23 district receives the same amount of membership aid for the

1 pupil as if the pupil were counted in the district on the  
2 supplemental count day of the preceding school year.

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

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

19 (cc) For the first year in which a pupil is counted in  
20 membership on the pupil membership count day in a middle college  
21 program described in section 64, the membership is the average  
22 of the full-time equated membership on the pupil membership  
23 count day and on the supplemental count day for the current  
24 school year, as determined by the department. If a pupil was

1 counted by the operating district on the immediately preceding  
2 supplemental count day, the pupil shall be excluded from the  
3 district's immediately preceding supplemental count for purposes  
4 of determining the district's membership.

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

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

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

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

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

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

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

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

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

23 (ii) "Serious assault" means an act that constitutes a  
24 felony violation of chapter XI of the Michigan penal code, 1931

1 PA 328, MCL 750.81 to 750.90g, or that constitutes an assault  
2 and infliction of serious or aggravated injury under section 81a  
3 of the Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

13 (i) The pupil has been suspended or expelled from his or  
14 her district of residence for any reason, including, but not  
15 limited to, a suspension or expulsion under section 1310, 1311,  
16 or 1311a of the revised school code, MCL 380.1310, 380.1311, and  
17 380.1311a.

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

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

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

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

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

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

4 (k) An expelled pupil who has been denied reinstatement by  
5 the expelling district and is reinstated by another school board  
6 under section 1311 or 1311a of the revised school code, MCL  
7 380.1311 and 380.1311a.

8 (l) A pupil enrolled in a district other than the pupil's  
9 district of residence in a program described in section 64 if  
10 the pupil's district of residence and the enrolling district are  
11 both constituent districts of the same intermediate district.

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

15 However, if a district that is not a first class district  
16 educates pupils who reside in a first class district and if the  
17 primary instructional site for those pupils is located within  
18 the boundaries of the first class district, the educating  
19 district must have the approval of the first class district to  
20 count those pupils in membership. ~~As used in this subsection,~~  
21 ~~"first class district" means a district organized as a school~~  
22 ~~district of the first class under the revised school code.~~

23 (7) "Pupil membership count day" of a district or  
24 intermediate district means:

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

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

9           (i) Fourth Wednesday in July.

10          (ii) Fourth Wednesday after Labor day.

11          (iii) Second Wednesday in February.

12          (iv) Fourth Wednesday in April.

13          (8) "Pupils in grades K to 12 actually enrolled and in  
14 regular daily attendance" means pupils in grades K to 12 in  
15 attendance and receiving instruction in all classes for which  
16 they are enrolled on the pupil membership count day or the  
17 supplemental count day, as applicable. Except as otherwise  
18 provided in this subsection, a pupil who is absent from any of  
19 the classes in which the pupil is enrolled on the pupil  
20 membership count day or supplemental count day and who does not  
21 attend each of those classes during the 10 consecutive school  
22 days immediately following the pupil membership count day or  
23 supplemental count day, except for a pupil who has been excused  
24 by the district, shall not be counted as 1.0 full-time equated

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

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

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

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

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

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

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

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

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

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

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

13           (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  
16 provisions of this act.

17           (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 **COMPLETE** contract is submitted to the  
24 department by the authorizing body of a public school academy.

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

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

1 year ending September 30, 2009, there is appropriated for the  
2 public schools of this state and certain other state purposes  
3 relating to education the sum of ~~\$11,776,098,200.00~~  
4 **\$11,615,798,200.00** from the state school aid fund established by  
5 section 11 of article IX of the state constitution of 1963 and  
6 the sum of ~~\$40,800,000.00~~ **\$85,000,000.00** from the general fund.  
7 **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010, THERE IS**  
8 **APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN**  
9 **OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF**  
10 **\$11,360,990,600.00 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY**  
11 **SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND**  
12 **THE SUM OF \$40,800,000.00 FROM THE GENERAL FUND.** In addition,  
13 available federal funds are appropriated for the fiscal year  
14 ending September 30, ~~2008~~ **2009** and for the fiscal year ending  
15 September 30, ~~2009~~ **2010**.

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

1 in that state fiscal year and shall not lapse to the general  
2 fund, but instead shall be deposited into the school aid  
3 stabilization fund created in section 11a.

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

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

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

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

4 (i) Districts.

5 (ii) Intermediate districts.

6 (iii) Entities other than districts or intermediate  
7 districts.

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

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

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

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

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

17           (2) The state treasurer may receive money or other assets  
18 from any source for deposit into the school aid stabilization  
19 fund. The state treasurer shall deposit into the school aid  
20 stabilization fund all of the following:

21           (a) Unexpended and unencumbered state school aid fund  
22 revenue for a fiscal year that remains in the state school aid  
23 fund as of the bookclosing for that fiscal year.

1 (b) Money statutorily dedicated to the school aid  
2 stabilization fund.

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

5 (3) Money available in the school aid stabilization fund  
6 may not be expended without a specific appropriation from the  
7 school aid stabilization fund. Money in the school aid  
8 stabilization fund shall be expended only for purposes for which  
9 state school aid fund money may be expended.

10 (4) The state treasurer shall direct the investment of the  
11 school aid stabilization fund. The state treasurer shall credit  
12 to the school aid stabilization fund interest and earnings from  
13 fund investments.

14 (5) Money in the school aid stabilization fund at the close  
15 of a fiscal year shall remain in the school aid stabilization  
16 fund and shall not lapse to the unreserved school aid fund  
17 balance or the general fund.

18 (6) If the maximum amount appropriated under section 11  
19 from the state school aid fund for a fiscal year exceeds the  
20 amount available for expenditure from the state school aid fund  
21 for that fiscal year, there is appropriated from the school aid  
22 stabilization fund to the state school aid fund an amount equal  
23 to the projected shortfall as determined by the department of  
24 treasury, but not to exceed available money in the school aid

1 stabilization fund. If the money in the school aid stabilization  
2 fund is insufficient to fully fund an amount equal to the  
3 projected shortfall, the state budget director shall notify the  
4 legislature as required under section 11(3) and state payments  
5 in an amount equal to the remainder of the projected shortfall  
6 shall be prorated in the manner provided under section 11(4).

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

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

1 could have been asserted by these districts and intermediate  
2 districts, as described in this section.

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

12 (3) The amount paid each fiscal year to each district or  
13 intermediate district under this section shall be 1 of the  
14 following:

15 (a) If the district or intermediate district does not  
16 borrow money and issue bonds under section 11i, 1/30 of the  
17 total amount listed in section 11h for the district or  
18 intermediate district through the fiscal year ending September  
19 30, 2013.

20 (b) If the district or intermediate district borrows money  
21 and issues bonds under section 11i, an amount in each fiscal  
22 year calculated by the department of treasury that is equal to  
23 the debt service amount in that fiscal year on the bonds issued  
24 by that district or intermediate district under section 11i and

1 that will result in the total payments made to all districts and  
2 intermediate districts in each fiscal year under this section  
3 being no more than the amount appropriated under this section in  
4 each fiscal year.

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

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

19 (b) Second, to pay debt service on other limited tax  
20 obligations.

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

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

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

11           Sec. 11j. From the appropriation in section 11, there is  
12 allocated an amount not to exceed ~~\$3,900,000.00 for 2007-2008~~  
13 ~~and an amount not to exceed \$39,000,000.00~~ **\$40,000,000.00 EACH**  
14 **YEAR** for 2008-2009 **AND 2009-2010** for payments to the school loan  
15 bond redemption fund in the department of treasury on behalf of  
16 districts and intermediate districts. Notwithstanding section 11  
17 or any other provision of this act, funds allocated under this  
18 section are not subject to proration and shall be paid in full.

19           Sec. 11k. For ~~2008-2009,~~ **2009-2010,** there is appropriated  
20 from the general fund to the school loan revolving fund an  
21 amount equal to the amount of school bond loans assigned to the  
22 Michigan municipal bond authority, not to exceed the total  
23 amount of school bond loans held in reserve as long-term assets.  
24 As used in this section, "school loan revolving fund" means that

1 fund created in section 16c of the shared credit rating act,  
2 1985 PA 227, MCL 141.1066c.

3 Sec. 11m. From the appropriations in section 11, there is  
4 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed  
5 \$45,000,000.00 for fiscal year cash-flow borrowing costs solely  
6 related to the state school aid fund established by section 11  
7 of article IX of the state constitution of 1963.

8 Sec. 11n. (1) From the appropriation in section 11, there  
9 is allocated \$15,000,000.00 for ~~2008-2009~~ **2009-2010** for the  
10 purposes of this section. Money allocated under this section  
11 shall be deposited in the 21st century schools fund on November  
12 15 of the fiscal year for which it is allocated or on the next  
13 business day following that date.

14 (2) The 21st century schools fund is created as a separate  
15 account within the state school aid fund. The state treasurer  
16 may receive money or other assets from any source for deposit  
17 into the 21st century schools fund. The state treasurer shall  
18 direct the investment of the 21st century schools fund. The  
19 state treasurer shall credit to the 21st century schools fund  
20 interest and earnings from 21st century schools fund  
21 investments. Money in the 21st century schools fund at the close  
22 of the fiscal year shall remain in the 21st century schools fund  
23 and shall not lapse to the state school aid fund or to the  
24 general fund. The department of treasury shall be the

1 administrator of the 21st century schools fund for auditing  
2 purposes. Money from the 21st century schools fund shall be  
3 expended, upon appropriation, only for purposes of this section.

4 (3) For ~~2008-2009~~, **2009-2010**, an amount not to exceed  
5 \$15,000,000.00 is allocated from the 21st century schools fund  
6 for 21st century schools grants under this section of up to  
7 \$3,000,000.00 for each school project to eligible districts that  
8 meet the requirements of this section. The funds may be used for  
9 planning and start-up costs of newly constructed or newly  
10 configured schools or learning communities and renovations of  
11 existing facilities as well as other expenditures outlined in  
12 the applicants' proposals relating to planning and start-up  
13 costs and approved by the department. Notwithstanding section  
14 17b, the total grant amount for ~~2008-2009~~ **2009-2010** to each  
15 eligible district or public school academy shall be distributed  
16 over a 4-year period on a schedule to be determined by the  
17 department.

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

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

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

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

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

1 (c) Will have a maximum of 110 pupils in each high school  
2 grade level and an average of at least 75 pupils in each high  
3 school grade level.

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

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

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

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

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

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

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

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

11           (b) A public school academy if a majority of the pupils  
12 enrolled in the public school academy reside in a district that  
13 meets the criteria under subdivision (a).

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

1 from any payment made under this act other than a special  
2 education or special education transportation payment. State aid  
3 overpayments made in special education or special education  
4 transportation payments may be recovered from subsequent special  
5 education or special education transportation payments.

6 (2) If the result of an audit conducted by or for the  
7 department affects the current fiscal year membership, affected  
8 payments shall be adjusted in the current fiscal year. A  
9 deduction due to an adjustment made as a result of an audit  
10 conducted by or for the department, or as a result of  
11 information obtained by the department from the district, an  
12 intermediate district, the department of treasury, or the office  
13 of auditor general, shall be deducted from the district's  
14 apportionments when the adjustment is finalized. At the request  
15 of the district and upon the district presenting evidence  
16 satisfactory to the department of the hardship, the department  
17 may grant up to an additional 4 years for the adjustment if the  
18 district would otherwise experience a significant hardship.

19 (3) If, because of the receipt of new or updated data, the  
20 department determines during a fiscal year that the amount paid  
21 to a district or intermediate district under this act for a  
22 prior fiscal year was incorrect under the law in effect for that  
23 year, the department may make the appropriate deduction or  
24 payment in the district's or intermediate district's allocation

1 for the fiscal year in which the determination is made. The  
2 deduction or payment shall be calculated according to the law in  
3 effect in the fiscal year in which the improper amount was paid.

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

7 (5) In addition to funds appropriated in section 11 for all  
8 programs and services, there is appropriated for ~~2008-2009~~ **2009-**  
9 **2010** for obligations in excess of applicable appropriations an  
10 amount equal to the collection of overpayments, but not to  
11 exceed amounts available from overpayments.

12 Sec. 18. (1) Except as provided in another section of this  
13 act, each district or other entity shall apply the money  
14 received by the district or entity under this act to salaries  
15 and other compensation of teachers and other employees, tuition,  
16 transportation, lighting, heating, ventilation, water service,  
17 the purchase of textbooks which are designated by the board to  
18 be used in the schools under the board's charge, other supplies,  
19 and any other school operating expenditures defined in section  
20 7. However, not more than 20% of the total amount received by a  
21 district under article 2 or intermediate district under article  
22 8 may be transferred by the board to either the capital projects  
23 fund or to the debt retirement fund for debt service. The money  
24 shall not be applied or taken for a purpose other than as

1 provided in this section. The department shall determine the  
2 reasonableness of expenditures and may withhold from a recipient  
3 of funds under this act the apportionment otherwise due upon a  
4 violation by the recipient.

5 (2) Within 30 days after a board or intermediate board  
6 adopts its annual operating budget for the following school  
7 fiscal year, or after a board or intermediate board adopts a  
8 subsequent revision to that budget, the district or intermediate  
9 district shall make the budget and subsequent budget revisions  
10 available on its website, or a district may make the information  
11 available on its intermediate district's website, in a form and  
12 manner prescribed by the department.

13 (3) For the purpose of determining the reasonableness of  
14 expenditures and whether a violation of this act has occurred,  
15 the department shall require that each district and intermediate  
16 district have an audit of the district's or intermediate  
17 district's financial and pupil accounting records conducted at  
18 least annually at the expense of the district or intermediate  
19 district, as applicable, by a certified public accountant or by  
20 the intermediate district superintendent, as may be required by  
21 the department, or in the case of a district of the first class  
22 by a certified public accountant, the intermediate  
23 superintendent, or the auditor general of the city. An  
24 intermediate district's annual financial audit shall be

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

1 required under this section for the school year ending in the  
2 immediately preceding fiscal year.

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

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

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

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

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

23 (8) If a district that is a public school academy purchases  
24 property using money received under this act, the public school

1 academy shall retain ownership of the property unless the public  
2 school academy sells the property at fair market value.

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

13 Sec. 20. (1) ~~For 2007-2008, the basic foundation allowance~~  
14 ~~is \$8,433.00.~~ For 2008-2009 **AND 2009-2010**, the basic foundation  
15 allowance is \$8,489.00.

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

19 (3) Except as otherwise provided in this section, the  
20 amount of a district's foundation allowance shall be calculated  
21 as follows, using in all calculations the total amount of the  
22 district's foundation allowance as calculated before any  
23 proration:

1           (a) For 2007-2008, for a district that had a foundation  
2 allowance for 2006-2007, including any adjustment under  
3 subdivision (f), that was at least equal to \$7,108.00 but less  
4 than \$8,385.00, the district shall receive a foundation  
5 allowance in an amount equal to the sum of the district's  
6 foundation allowance for 2006-2007 plus the difference between  
7 \$96.00 and [(\$48.00 minus \$20.00) times (the difference between  
8 the district's foundation allowance for 2006-2007, including any  
9 adjustment under subdivision (f), and \$7,108.00) divided by  
10 \$1,325.00]. ~~Beginning in~~ **FOR** 2008-2009, for a district that had  
11 a foundation allowance for the immediately preceding state  
12 fiscal year that was at least equal to the sum of \$7,108.00 plus  
13 the total dollar amount of all adjustments made from 2006-2007  
14 to the immediately preceding state fiscal year in the lowest  
15 foundation allowance among all districts, but less than the  
16 basic foundation allowance for the immediately preceding state  
17 fiscal year, the district shall receive a foundation allowance  
18 in an amount equal to the sum of the district's foundation  
19 allowance for the immediately preceding state fiscal year plus  
20 the difference between twice the dollar amount of the adjustment  
21 from the immediately preceding state fiscal year to the current  
22 state fiscal year made in the basic foundation allowance and  
23 [(the dollar amount of the adjustment from the immediately  
24 preceding state fiscal year to the current state fiscal year

1 made in the basic foundation allowance minus \$20.00) times (the  
2 difference between the district's foundation allowance for the  
3 immediately preceding state fiscal year and the sum of \$7,108.00  
4 plus the total dollar amount of all adjustments made from 2006-  
5 2007 to the immediately preceding state fiscal year in the  
6 lowest foundation allowance among all districts) divided by the  
7 difference between the basic foundation allowance for the  
8 current state fiscal year and the sum of \$7,108.00 plus the  
9 total dollar amount of all adjustments made from 2006-2007 to  
10 the immediately preceding state fiscal year in the lowest  
11 foundation allowance among all districts]. **FOR 2009-2010, FOR A**  
12 **DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**  
13 **PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO THE SUM**  
14 **OF \$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS**  
15 **MADE FROM 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL**  
16 **YEAR IN THE LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS, BUT**  
17 **LESS THAN THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**  
18 **PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE A**  
19 **FOUNDATION ALLOWANCE IN AN AMOUNT EQUAL TO THE DISTRICT'S**  
20 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**  
21 **YEAR.** However, the foundation allowance for a district that had  
22 less than the basic foundation allowance for the immediately  
23 preceding state fiscal year shall not exceed the basic  
24 foundation allowance for the current state fiscal year.

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

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

1 under section 367b of the management and budget act, 1984 PA  
2 431, MCL 18.1367b.

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

6 (e) For a district that received a payment under section  
7 22c as that section was in effect for 2001-2002, the district's  
8 2001-2002 foundation allowance shall be considered to have been  
9 an amount equal to the sum of the district's actual 2001-2002  
10 foundation allowance as otherwise calculated under this section  
11 plus the per pupil amount of the district's equity payment for  
12 2001-2002 under section 22c as that section was in effect for  
13 2001-2002.

14 (f) For a district that received a payment under section  
15 22c as that section was in effect for 2006-2007, the district's  
16 2006-2007 foundation allowance shall be considered to have been  
17 an amount equal to the sum of the district's actual 2006-2007  
18 foundation allowance as otherwise calculated under this section  
19 plus the per pupil amount of the district's equity payment for  
20 2006-2007 under section 22c as that section was in effect for  
21 2006-2007.

22 (4) Except as otherwise provided in this subsection, the  
23 state portion of a district's foundation allowance is an amount  
24 equal to the district's foundation allowance or the basic

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

1 by the district's membership excluding special education pupils.  
2 For a district that has a millage reduction required under  
3 section 31 of article IX of the state constitution of 1963, the  
4 state portion of the district's foundation allowance shall be  
5 calculated as if that reduction did not occur.

6 (5) The allocation calculated under this section for a  
7 pupil shall be based on the foundation allowance of the pupil's  
8 district of residence. However, for a pupil enrolled in a  
9 district other than the pupil's district of residence, if the  
10 foundation allowance of the pupil's district of residence has  
11 been adjusted pursuant to subsection ~~(19)~~ **(13)**, the allocation  
12 calculated under this section shall not include the adjustment  
13 described in subsection ~~(19)~~ **(13)**. For a pupil enrolled pursuant  
14 to section 105 or 105c in a district other than the pupil's  
15 district of residence, the allocation calculated under this  
16 section shall be based on the lesser of the foundation allowance  
17 of the pupil's district of residence or the foundation allowance  
18 of the educating district. For a pupil in membership in a K-5,  
19 K-6, or K-8 district who is enrolled in another district in a  
20 grade not offered by the pupil's district of residence, the  
21 allocation calculated under this section shall be based on the  
22 foundation allowance of the educating district if the educating  
23 district's foundation allowance is greater than the foundation  
24 allowance of the pupil's district of residence. The calculation

1 under this subsection shall take into account a district's per  
2 pupil allocation under section 20j(2).

3 (6) For 2007-2008, subject to subsection (7) and section  
4 22b(3) and except as otherwise provided in this subsection, for  
5 pupils in membership, other than special education pupils, in a  
6 public school academy or a university school, the allocation  
7 calculated under this section is an amount per membership pupil  
8 other than special education pupils in the public school academy  
9 or university school equal to the sum of the local school  
10 operating revenue per membership pupil other than special  
11 education pupils for the district in which the public school  
12 academy or university school is located and the state portion of  
13 that district's foundation allowance, or \$7,475.00, whichever is  
14 less. Beginning in 2008-2009, subject to subsection (7) and  
15 section 22b(3) and except as otherwise provided in this  
16 subsection, for pupils in membership, other than special  
17 education pupils, in a public school academy or a university  
18 school, the allocation calculated under this section is an  
19 amount per membership pupil other than special education pupils  
20 in the public school academy or university school equal to the  
21 sum of the local school operating revenue per membership pupil  
22 other than special education pupils for the district in which  
23 the public school academy or university school is located and  
24 the state portion of that district's foundation allowance, or

1 the state maximum public school academy allocation, whichever is  
2 less. Notwithstanding section 101, for a public school academy  
3 that begins operations after the pupil membership count day, the  
4 amount per membership pupil calculated under this subsection  
5 shall be adjusted by multiplying that amount per membership  
6 pupil by the number of hours of pupil instruction provided by  
7 the public school academy after it begins operations, as  
8 determined by the department, divided by the minimum number of  
9 hours of pupil instruction required under section 101(3). The  
10 result of this calculation shall not exceed the amount per  
11 membership pupil otherwise calculated under this subsection.

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

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

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

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

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

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

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

23 ~~(11)~~ **(9)** Each fraction used in making calculations under  
24 this section shall be rounded to the fourth decimal place and

1 the dollar amount of an increase in the basic foundation  
2 allowance shall be rounded to the nearest whole dollar.

3 ~~(12)~~ **(10)** State payments related to payment of the  
4 foundation allowance for a special education pupil are not  
5 calculated under this section but are instead calculated under  
6 section 51a.

7 ~~(13)~~ **(11)** To assist the legislature in determining the  
8 basic foundation allowance for the subsequent state fiscal year,  
9 each revenue estimating conference conducted under section 367b  
10 of the management and budget act, 1984 PA 431, MCL18.1367b,  
11 shall calculate a pupil membership factor, a revenue adjustment  
12 factor, and an index as follows:

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

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

20           (c) The index shall be calculated by multiplying the pupil  
21 membership factor by the revenue adjustment factor. ~~However, for~~  
22 ~~2008-2009, the index shall be 1.00.~~ If a consensus index is not  
23 determined at the revenue estimating conference, the principals  
24 of the revenue estimating conference shall report their

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

4 ~~(14)~~ **(12)** If the principals at the revenue estimating  
5 conference reach a consensus on the index described in  
6 subsection~~(13)~~**(11)**(c), the lowest foundation allowance among all  
7 districts for the subsequent state fiscal year shall be at least  
8 the amount of that consensus index multiplied by the lowest  
9 foundation allowance among all districts for the immediately  
10 preceding state fiscal year.

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

21 ~~(16)~~ For a district that had combined state and local  
22 revenue per membership pupil in the 1993-94 state fiscal year of  
23 more than \$6,500.00, that had fewer than 7 pupils in membership  
24 in the 1993-94 state fiscal year, that has at least 1 child

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

1 ~~current state fiscal year, plus a room and board stipend not to~~  
2 ~~exceed \$10.00 per school day for each pupil in grades 9 to 12~~  
3 ~~educated in another district, as approved by the department.~~

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

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

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

1 school or schools. The application shall identify the affected  
2 school or schools and the affected funds and shall contain a  
3 plan for using the funds for specific purposes identified by the  
4 district that are designed to reduce class size, but that may be  
5 different from the purposes otherwise allowable under this  
6 subsection. The department shall approve the application if the  
7 department determines that the purposes identified in the plan  
8 are reasonably designed to reduce class size. If the department  
9 does not act to approve or disapprove an application within 30  
10 days after it is submitted to the department, the application is  
11 considered to be approved. If an application for flexibility in  
12 using the funds is approved, the district may use the funds  
13 identified in the application for any purpose identified in the  
14 plan.

15 ~~(20)~~ **(14)** An early intervening program that uses funds  
16 resulting from the adjustment under subsection ~~(19)~~ **(13)** shall  
17 meet either or both of the following:

18 (a) Shall monitor individual pupil learning for pupils in  
19 grades K to 3 and provide specific support or learning  
20 strategies to pupils in grades K to 3 as early as possible in  
21 order to reduce the need for special education placement. The  
22 program shall include literacy and numeracy supports, sensory  
23 motor skill development, behavior supports, instructional  
24 consultation for teachers, and the development of a

1 parent/school learning plan. Specific support or learning  
2 strategies may include support in or out of the general  
3 classroom in areas including reading, writing, math, visual  
4 memory, motor skill development, behavior, or language  
5 development. These would be provided based on an understanding  
6 of the individual child's learning needs.

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

21 ~~(21) For a district that levied 1.9 mills in 1993 to~~  
22 ~~finance an operating deficit, the district's foundation~~  
23 ~~allowance shall be calculated as if those mills were included as~~  
24 ~~operating mills in the calculation of the district's 1994-1995~~

1 ~~foundation allowance. A district is not entitled to any~~  
2 ~~retroactive payments for fiscal years before 2006-2007 due to~~  
3 ~~this subsection. A district receiving an adjustment under this~~  
4 ~~subsection shall not receive more than \$800,000.00 for a fiscal~~  
5 ~~year as a result of this adjustment.~~

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

15 ~~(23)~~ **(15)** Payments to districts, university schools, or  
16 public school academies shall not be made under this section.  
17 Rather, the calculations under this section shall be used to  
18 determine the amount of state payments under section 22b.

19 ~~(24)~~ **(16)** If an amendment to section 2 of article VIII of  
20 the state constitution of 1963 allowing state aid to some or all  
21 nonpublic schools is approved by the voters of this state, each  
22 foundation allowance or per pupil payment calculation under this  
23 section may be reduced.

24 ~~(25)~~ **(17)** As used in this section:

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

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

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

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

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

16 (f) "Local school operating revenue" means school operating  
17 taxes levied under section 1211 of the revised school code, MCL  
18 380.1211.

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

22 (h) "Maximum public school academy allocation" **EXCEPT AS**  
23 **OTHERWISE PROVIDED IN THIS SUBDIVISION,** means the maximum per-  
24 pupil allocation as calculated by adding the highest per-pupil

1 allocation among all public school academies for the immediately  
2 preceding state fiscal year plus the difference between twice  
3 the dollar amount of the adjustment from the immediately  
4 preceding state fiscal year to the current state fiscal year  
5 made in the basic foundation allowance and [(the dollar amount  
6 of the adjustment from the immediately preceding state fiscal  
7 year to the current state fiscal year made in the basic  
8 foundation allowance minus \$20.00) times (the difference between  
9 the highest per-pupil allocation among all public school  
10 academies for the immediately preceding state fiscal year and  
11 the sum of \$7,108.00 plus the total dollar amount of all  
12 adjustments made from 2006-2007 to the immediately preceding  
13 state fiscal year in the lowest per-pupil allocation among all  
14 public school academies) divided by the difference between the  
15 basic foundation allowance for the current state fiscal year and  
16 the sum of \$7,108.00 plus the total dollar amount of all  
17 adjustments made from 2006-2007 to the immediately preceding  
18 state fiscal year in the lowest per-pupil allocation among all  
19 public school academies]. **FOR 2009-2010, "MAXIMUM PUBLIC SCHOOL  
20 ACADEMY ALLOCATION" MEANS \$7,580.00.**

21 (i) "Membership" means the definition of that term under  
22 section 6 as in effect for the particular fiscal year for which  
23 a 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  
6 property", "qualified forest property", "industrial personal  
7 property", and "commercial personal property" mean those terms  
8 as defined in section 7dd of the general property tax act, 1893  
9 PA 206, MCL 211.7dd, and section 1211 of the revised school  
10 code, MCL 380.1211.

11           (l) "School operating purposes" means the purposes included  
12 in the operation costs of the district as prescribed in sections  
13 7 and 18.

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

17           (n) "Tax increment financing acts" means 1975 PA 197, MCL  
18 125.1651 to 125.1681, the tax increment finance authority act,  
19 1980 PA 450, MCL 125.1801 to 125.1830, the local development  
20 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the  
21 brownfield redevelopment financing act, 1996 PA 381, MCL  
22 125.2651 to 125.2672, or the corridor improvement authority act,  
23 2005 PA 280, MCL 125.2871 to 125.2899.

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

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

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

1 of the number of mills that may be levied by the district under  
2 section 1211 of the revised school code, MCL 380.1211, as a  
3 result of the adjustment under this subdivision.

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

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

1           (2) **FOR 2008-2009**, The per pupil allocation to each  
2 district under this section shall be the difference between the  
3 basic foundation allowance for the 1998-99 state fiscal year and  
4 \$7,204.00 less \$271.00 minus the dollar amount of the adjustment  
5 from the 1998-99 state fiscal year to 2007-2008 in the  
6 district's foundation allowance. **BEGINNING IN 2009-2010, THE PER**  
7 **PUPIL ALLOCATION TO EACH DISTRICT UNDER THIS SECTION SHALL BE**  
8 **THE DISTRICT'S PER-PUPIL ALLOCATION UNDER THIS SECTION FOR THE**  
9 **2008-2009 STATE FISCAL YEAR MINUS (THE DIFFERENCE BETWEEN THE**  
10 **BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**  
11 **FISCAL YEAR AND THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE**  
12 **AS CALCULATED UNDER SECTION 20 AND THE AMOUNT OF THE PER-PUPIL**  
13 **ALLOCATION UNDER THIS SECTION FOR THE IMMEDIATELY PRECEDING**  
14 **STATE FISCAL YEAR DIVIDED BY THE BASIC FOUNDATION ALLOWANCE FOR**  
15 **THE IMMEDIATELY PRECEDING STATE FISCAL YEAR TIMES THE DISTRICT'S**  
16 **PER-PUPIL ALLOCATION UNDER THIS SECTION FOR THE 2008-2009 STATE**  
17 **FISCAL YEAR TIMES 1.8).**

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

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

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

17 Sec. 22a. (1) From the appropriation in section 11, there  
18 is allocated an amount not to exceed ~~\$5,951,000,000.00~~  
19 **\$5,998,400,000.00** for ~~2007-2008~~ and an amount not to exceed  
20 ~~\$6,092,000,000.00~~ for 2008-2009 **AND AN AMOUNT NOT TO EXCEED**  
21 **\$5,849,300,000.00 FOR 2009-2010** for payments to districts,  
22 qualifying university schools, and qualifying public school  
23 academies to guarantee each district, qualifying university  
24 school, and qualifying public school academy an amount equal to

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

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

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

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

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

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

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

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

19 (5) For a district that is formed or reconfigured after  
20 June 1, 2000 by consolidation of 2 or more districts or by  
21 annexation, the resulting district's 1994-95 foundation  
22 allowance under this section beginning after the effective date  
23 of the consolidation or annexation shall be the average of the  
24 1994-95 foundation allowances of each of the original or

1 affected districts, calculated as provided in this section,  
2 weighted as to the percentage of pupils in total membership in  
3 the resulting district in the state fiscal year in which the  
4 consolidation takes place who reside in the geographic area of  
5 each of the original districts. If an affected district's 1994-  
6 95 foundation allowance is less than the 1994-95 basic  
7 foundation allowance, the amount of that district's 1994-95  
8 foundation allowance shall be considered for the purpose of  
9 calculations under this subsection to be equal to the amount of  
10 the 1994-95 basic foundation allowance.

11 (6) As used in this section:

12 (a) "1994-95 foundation allowance" means a district's 1994-  
13 95 foundation allowance calculated and certified by the  
14 department of treasury or the superintendent under former  
15 section 20a as enacted in 1993 PA 336 and as amended by 1994 PA  
16 283.

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

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

22 (d) "Current year hold harmless school operating taxes per  
23 pupil" means the per pupil revenue generated by multiplying a

1 district's 1994-95 hold harmless millage by the district's  
2 current year taxable value per membership pupil.

3 (e) "Hold harmless millage" means, for a district with a  
4 1994-95 foundation allowance greater than \$6,500.00, the number  
5 of mills by which the exemption from the levy of school  
6 operating taxes on a homestead, qualified agricultural property,  
7 qualified forest property, industrial personal property, and  
8 commercial personal property could be reduced as provided in  
9 section 1211 of the revised school code, MCL 380.1211, and the  
10 number of mills of school operating taxes that could be levied  
11 on all property as provided in section 1211(2) of the revised  
12 school code, MCL 380.1211, as certified by the department of  
13 treasury for the 1994 tax year.

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

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

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

1 (i) "Qualified agricultural property" means that term as  
2 defined in section 1211 of the revised school code, MCL  
3 380.1211.

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

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

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

13 (m) "Tax increment financing acts" means 1975 PA 197, MCL  
14 125.1651 to 125.1681, the tax increment finance authority act,  
15 1980 PA 450, MCL 125.1801 to 125.1830, the local development  
16 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the  
17 brownfield redevelopment financing act, 1996 PA 381, MCL  
18 125.2651 to 125.2672, or the corridor improvement authority act,  
19 2005 PA 280, MCL 125.2871 to 125.2899.

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

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

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

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

12 Sec. 22b. (1) From the appropriation in section 11, there  
13 is allocated an amount not to exceed ~~\$3,683,275,000.00~~  
14 **\$3,802,000,000.00** for ~~2007-2008~~ and an amount not to exceed  
15 ~~\$3,796,750,000.00~~ for 2008-2009 **AND AN AMOUNT NOT TO EXCEED**  
16 **\$3,647,677,700.00 FOR 2009-2010** for discretionary nonmandated  
17 payments to districts under this section. Funds allocated under  
18 this section that are not expended in the state fiscal year for  
19 which they were allocated, as determined by the department, may  
20 be used to supplement the allocations under sections 22a and 51c  
21 in order to fully fund those calculated allocations for the same  
22 fiscal year.

23 (2) Subject to subsection (3) and section 11, the  
24 allocation to a district under this section shall be an amount

1 equal to the sum of the amounts calculated under sections 20,  
2 20j, 51a(2), 51a(3), and 51a(12), minus the sum of the  
3 allocations to the district under sections 22a and 51c **AND, FOR**  
4 **2009-2010 ONLY, MINUS AN ADDITIONAL AMOUNT EQUAL TO \$59.00 TIMES**  
5 **THE DISTRICT'S 2009-2010 MEMBERSHIP.**

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

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

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

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

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

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

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

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

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

1 following fiscal year. The purpose of the work project is to  
2 provide for any payments that may be awarded to districts as a  
3 result of litigation. The work project shall be completed upon  
4 resolution of the litigation.

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

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

23 (9) If payments resulting from a final determination by the  
24 local claims review board or a court of competent jurisdiction

1 that there has been a violation of section 29 of article IX of  
2 the state constitution of 1963 exceed the amount allocated for  
3 discretionary nonmandated payments under this section, the  
4 legislature shall provide for adequate funding for this state's  
5 constitutional obligations at its next legislative session.

6 (10) If a lawsuit challenging payments made to districts  
7 related to costs reimbursed by federal title XIX medicaid funds  
8 is filed against this state, then, for the purpose of addressing  
9 potential liability under such a lawsuit, the state budget  
10 director may place funds allocated under this section in escrow  
11 or allocate money from the funds otherwise allocated under this  
12 section, up to a maximum of 50% of the amount allocated in  
13 subsection (1). If funds are placed in escrow under this  
14 subsection, those funds are a work project appropriation and the  
15 funds are carried forward into the following fiscal year. The  
16 purpose of the work project is to provide for any payments that  
17 may be awarded to districts as a result of the litigation. The  
18 work project shall be completed upon resolution of the  
19 litigation. In addition, this state reserves the right to  
20 terminate future federal title XIX medicaid reimbursement  
21 payments to districts if the amount or allocation of reimbursed  
22 funds is challenged in the lawsuit. As used in this subsection,  
23 "title XIX" means title XIX of the social security act, 42 USC  
24 1396 to 1396v.

1           Sec. 24. (1) From the appropriation in section 11, there is  
2 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed  
3 \$8,000,000.00 for payments to the educating district or  
4 intermediate district for educating pupils assigned by a court  
5 or the department of human services to reside in or to attend a  
6 juvenile detention facility or child caring institution licensed  
7 by the department of human services and approved by the  
8 department to provide an on-grounds education program. The  
9 amount of the payment under this section to a district or  
10 intermediate district shall be calculated as prescribed under  
11 subsection (2).

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

18           (a) "Added cost" means 100% of the added cost each fiscal  
19 year for educating all pupils assigned by a court or the  
20 department of human services to reside in or to attend a  
21 juvenile detention facility or child caring institution licensed  
22 by the department of human services or the department of **ENERGY,**  
23 labor and economic growth and approved by the department to  
24 provide an on-grounds education program. Added cost shall be

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

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

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

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

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

23 Sec. 24c. From the appropriation in section 11, there is  
24 allocated an amount not to exceed ~~\$1,284,600.00~~ **\$1,295,100.00**

1 for ~~2008-2009~~ **2009-2010** for payments to districts for pupils who  
2 are enrolled in a nationally administered community-based  
3 education and youth mentoring program, known as the youth  
4 challenge program, that is located within the district and is  
5 administered by the department of military and veterans affairs.  
6 A district receiving payments under this section shall contract  
7 with the department of military and veterans affairs to ensure  
8 that all funding allocated under this section is utilized by the  
9 district and the department of military and veterans affairs for  
10 the youth challenge program.

11       Sec. 26a. From the state school aid fund appropriation in  
12 section 11, there is allocated an amount not to exceed  
13 ~~\$41,400,000.00~~ **\$26,300,000.00** for 2008-2009, and from the  
14 general fund appropriation in section 11, there is allocated an  
15 amount not to exceed ~~\$16,100,000.00~~ **\$9,200,000.00** for 2008-2009  
16 to reimburse districts, intermediate districts, and the state  
17 school aid fund pursuant to section 12 of the Michigan  
18 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes  
19 levied in 2008. **FROM THE STATE SCHOOL AID FUND APPROPRIATION IN**  
20 **SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**  
21 **\$29,400,000.00 FOR 2009-2010, AND FROM THE GENERAL FUND**  
22 **APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO**  
23 **EXCEED \$10,100,000.00 FOR 2009-2010 TO REIMBURSE DISTRICTS,**  
24 **INTERMEDIATE DISTRICTS, AND THE STATE SCHOOL AID FUND PURSUANT**

1 TO SECTION 12 OF THE MICHIGAN RENAISSANCE ZONE ACT, 1996 PA 376,  
2 MCL 125.2692, FOR TAXES LEVIED IN 2009. The allocations shall be  
3 made not later than 60 days after the department of treasury  
4 certifies to the department and to the state budget director  
5 that the department of treasury has received all necessary  
6 information to properly determine the amounts due to each  
7 eligible recipient.

8       Sec. 26b. (1) From the appropriation in section 11, there  
9 is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed  
10 \$3,400,000.00 for payments to districts, intermediate districts,  
11 and community college districts for the portion of the payment  
12 in lieu of taxes obligation that is attributable to districts,  
13 intermediate districts, and community college districts pursuant  
14 to section 2154 of the natural resources and environmental  
15 protection act, 1994 PA 451, MCL 324.2154.

16       (2) If the amount appropriated under this section is not  
17 sufficient to fully pay obligations under this section, payments  
18 shall be prorated on an equal basis among all eligible  
19 districts, intermediate districts, and community college  
20 districts.

21       Sec. 29. (1) From the appropriation in section 11, there is  
22 allocated an amount not to exceed \$20,000,000.00 ~~each fiscal~~  
23 ~~year for 2007-2008 and for 2008-2009~~ **FOR 2009-2010** for

1 additional payments to eligible districts for declining  
2 enrollment assistance.

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

5 (a) The district's pupil membership for the current fiscal  
6 year is less than the district's pupil membership for the  
7 immediately preceding fiscal year and the district's pupil  
8 membership for the immediately preceding fiscal year is less  
9 than the district's pupil membership for the previously  
10 preceding fiscal year as calculated under section 6 for that  
11 fiscal year.

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

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

17 (3) Payments to each eligible district shall be equal to  
18 the difference between the district's average pupil membership  
19 and the district's pupil membership as calculated under section  
20 6 for the current fiscal year multiplied by the district's  
21 foundation allowance as calculated under section 20. If the  
22 total amount of the payments calculated under this subsection  
23 exceeds the allocation for this section, the payment to each  
24 district shall be prorated on an equal percentage basis.

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

7           Sec. 31a. (1) From the state school aid fund money  
8 appropriated in section 11, there is allocated for ~~2008-2009~~  
9 **2009-2010** an amount not to exceed ~~\$320,350,000.00~~  
10 **\$314,475,000.00** for payments to eligible districts and eligible  
11 public school academies under this section. Subject to  
12 subsection (14), the amount of the additional allowance under  
13 this section, other than funding under subsection (6) or (7),  
14 shall be based on the number of actual pupils in membership in  
15 the district or public school academy who met the income  
16 eligibility criteria for free breakfast, lunch, or milk in the  
17 immediately preceding state fiscal year, as determined under the  
18 Richard B. Russell national school lunch act, 42 USC 1751 to  
19 1769i, and reported to the department by October 31 of the  
20 immediately preceding fiscal year and adjusted not later than  
21 December 31 of the immediately preceding fiscal year. However,  
22 for a public school academy that began operations as a public  
23 school academy after the pupil membership count day of the  
24 immediately preceding school year, the basis for the additional

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

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

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

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

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

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

1 pupil amount calculated under section 20 for the current state  
2 fiscal year.

3 (4) Except as otherwise provided in this section, a  
4 district or public school academy receiving funding under this  
5 section shall use that money only to provide instructional  
6 programs and direct noninstructional services, including, but  
7 not limited to, medical or counseling services, for at-risk  
8 pupils; for school health clinics; and for the purposes of  
9 subsection (5), (6), or (7). In addition, a district that is a  
10 school district of the first class or a district or public  
11 school academy in which at least 50% of the pupils in membership  
12 met the income eligibility criteria for free breakfast, lunch,  
13 or milk in the immediately preceding state fiscal year, as  
14 determined and reported as described in subsection (1), may use  
15 not more than 15% of the funds it receives under this section  
16 for school security. A district or public school academy shall  
17 not use any of that money for administrative costs or to  
18 supplant another program or other funds, except for funds  
19 allocated to the district or public school academy under this  
20 section in the immediately preceding year and already being used  
21 by the district or public school academy for at-risk pupils. The  
22 instruction or direct noninstructional services provided under  
23 this section may be conducted before or after regular school  
24 hours or by adding extra school days to the school year and may

1 include, but are not limited to, tutorial services, early  
2 childhood programs to serve children age 0 to 5, and reading  
3 programs as described in former section 32f as in effect for  
4 2001-2002. A tutorial method may be conducted with  
5 paraprofessionals working under the supervision of a  
6 certificated teacher. The ratio of pupils to paraprofessionals  
7 shall be between 10:1 and 15:1. Only 1 certificated teacher is  
8 required to supervise instruction using a tutorial method. As  
9 used in this subsection, "to supplant another program" means to  
10 take the place of a previously existing instructional program or  
11 direct noninstructional services funded from a funding source  
12 other than funding under this section.

13 (5) Except as otherwise provided in subsection (12), a  
14 district or public school academy that receives funds under this  
15 section and that operates a school breakfast program under  
16 section 1272a of the revised school code, MCL 380.1272a, shall  
17 use from the funds received under this section an amount, not to  
18 exceed \$10.00 per pupil for whom the district or public school  
19 academy receives funds under this section, necessary to pay for  
20 costs associated with the operation of the school breakfast  
21 program.

22 (6) From the funds allocated under subsection (1), there is  
23 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed  
24 \$4,743,000.00 to support child and adolescent health centers.

1 These grants shall be awarded for 5 consecutive years beginning  
2 with 2003-2004 in a form and manner approved jointly by the  
3 department and the department of community health. Each grant  
4 recipient shall remain in compliance with the terms of the grant  
5 award or shall forfeit the grant award for the duration of the  
6 5-year period after the noncompliance. Beginning in 2004-2005,  
7 to continue to receive funding for a child and adolescent health  
8 center under this section a grant recipient shall ensure that  
9 the child and adolescent health center has an advisory committee  
10 and that at least one-third of the members of the advisory  
11 committee are parents or legal guardians of school-aged  
12 children. A child and adolescent health center program shall  
13 recognize the role of a child's parents or legal guardian in the  
14 physical and emotional well-being of the child. Funding under  
15 this subsection shall be used to support child and adolescent  
16 health center services provided to children up to age 21. If any  
17 funds allocated under this subsection are not used for the  
18 purposes of this subsection for the fiscal year in which they  
19 are allocated, those unused funds shall be used that fiscal year  
20 to avoid or minimize any proration that would otherwise be  
21 required under subsection (14) for that fiscal year.

22 (7) From the funds allocated under subsection (1), there is  
23 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed  
24 \$5,150,000.00 for the state portion of the hearing and vision

1 screenings as described in section 9301 of the public health  
2 code, 1978 PA 368, MCL 333.9301. A local public health  
3 department shall pay at least 50% of the total cost of the  
4 screenings. The frequency of the screenings shall be as required  
5 under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of  
6 the Michigan administrative code. Funds shall be awarded in a  
7 form and manner approved jointly by the department and the  
8 department of community health. Notwithstanding section 17b,  
9 payments to eligible entities under this subsection shall be  
10 paid on a schedule determined by the department.

11 (8) Each district or public school academy receiving funds  
12 under this section shall submit to the department by July 15 of  
13 each fiscal year a report, not to exceed 10 pages, on the usage  
14 by the district or public school academy of funds under this  
15 section, which report shall include at least a brief description  
16 of each program conducted by the district or public school  
17 academy using funds under this section, the amount of funds  
18 under this section allocated to each of those programs, the  
19 number of at-risk pupils eligible for free or reduced price  
20 school lunch who were served by each of those programs, and the  
21 total number of at-risk pupils served by each of those programs.  
22 If a district or public school academy does not comply with this  
23 subsection, the department shall withhold an amount equal to the  
24 August payment due under this section until the district or

1 public school academy complies with this subsection. If the  
2 district or public school academy does not comply with this  
3 subsection by the end of the state fiscal year, the withheld  
4 funds shall be forfeited to the school aid fund.

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

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

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

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

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

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

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

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

1 development. These would be provided based on an understanding  
2 of the individual child's learning needs.

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

16 (14) If necessary, and before any proration required under  
17 section 11, the department shall prorate payments under this  
18 section by reducing the amount of the per pupil payment under  
19 this section by a dollar amount calculated by determining the  
20 amount by which the amount necessary to fully fund the  
21 requirements of this section exceeds the maximum amount  
22 allocated under this section and then dividing that amount by  
23 the total statewide number of pupils who met the income  
24 eligibility criteria for free breakfast, lunch, or milk in the

1 immediately preceding fiscal year, as described in subsection  
2 (1).

3 (15) If a district is formed by consolidation after June 1,  
4 1995, and if 1 or more of the original districts was not  
5 eligible before the consolidation for an additional allowance  
6 under this section, the amount of the additional allowance under  
7 this section for the consolidated district shall be based on the  
8 number of pupils described in subsection (1) enrolled in the  
9 consolidated district who reside in the territory of an original  
10 district that was eligible before the consolidation for an  
11 additional allowance under this section.

12 ~~(16) A district or public school academy that does not meet~~  
13 ~~the eligibility requirement under subsection (2)(a) is eligible~~  
14 ~~for funding under this section if at least 1/4 of the pupils in~~  
15 ~~membership in the district or public school academy met the~~  
16 ~~income eligibility criteria for free breakfast, lunch, or milk~~  
17 ~~in the immediately preceding state fiscal year, as determined~~  
18 ~~and reported as described in subsection (1), and at least 4,500~~  
19 ~~of the pupils in membership in the district or public school~~  
20 ~~academy met the income eligibility criteria for free breakfast,~~  
21 ~~lunch, or milk in the immediately preceding state fiscal year,~~  
22 ~~as determined and reported as described in subsection (1). A~~  
23 ~~district or public school academy that is eligible for funding~~  
24 ~~under this section because the district meets the requirements~~

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

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

1 ~~year, as determined and reported as described in subsection (1),~~  
2 ~~an amount per pupil equal to 11.5% of the sum of the district's~~  
3 ~~foundation allowance under section 20, not to exceed the basic~~  
4 ~~foundation allowance under section 20 for the current state~~  
5 ~~fiscal year.~~

6       ~~(18)~~ **(16)** As used in this section, "at-risk pupil" means a  
7 pupil for whom the district has documentation that the pupil  
8 meets at least 2 of the following criteria: is a victim of child  
9 abuse or neglect; is below grade level in English language and  
10 communication skills or mathematics; is a pregnant teenager or  
11 teenage parent; is eligible for a federal free or reduced-price  
12 lunch subsidy; has atypical behavior or attendance patterns; or  
13 has a family history of school failure, incarceration, or  
14 substance abuse. For pupils for whom the results of at least the  
15 applicable Michigan education assessment program (MEAP) test  
16 have been received, at-risk pupil also includes a pupil who does  
17 not meet the other criteria under this subsection but who did  
18 not achieve at least a score of level 2 on the most recent MEAP  
19 English language arts, mathematics, or science test for which  
20 results for the pupil have been received. For pupils for whom  
21 the results of the Michigan merit examination have been  
22 received, at-risk pupil also includes a pupil who does not meet  
23 the other criteria under this subsection but who did not achieve  
24 proficiency on the reading component of the most recent Michigan

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

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

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

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

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

12           (5) From the federal funds appropriated in section 11,  
13 there is allocated for ~~2008-2009~~ **2009-2010** all available federal  
14 funding, estimated at \$330,000,000.00, for the national school  
15 lunch program and all available federal funding, estimated at  
16 \$2,506,000.00, for the emergency food assistance program.

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

20           Sec. 31f. (1) From the appropriations in section 11, there  
21 is allocated an amount not to exceed \$9,625,000.00 for ~~2008-2009~~  
22 **2009-2010** for the purpose of making payments to districts to  
23 reimburse for the cost of providing breakfast.

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

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

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

9 (3) The payment for a district under this section is at a  
10 per meal rate equal to the lesser of the district's actual cost  
11 or 100% of the statewide average cost of a breakfast served, as  
12 determined and approved by the department, less federal  
13 reimbursement, participant payments, and other state  
14 reimbursement. The statewide average cost shall be determined by  
15 the department using costs as reported in a manner approved by  
16 the department for the preceding school year.

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

20 Sec. 32b. (1) From the funds appropriated under section 11,  
21 there is allocated an amount not to exceed \$6,750,000.00 for  
22 ~~2008-2009~~ **2009-2010** for competitive grants to intermediate  
23 districts for the creation and continuance of great start  
24 communities or other community purposes as identified by the

1 early childhood investment corporation. These dollars may not be  
2 expended until both of the following conditions have been met:

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

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

1 term as a member of the executive committee through the next  
2 regular legislative session unless he or she resigns or is  
3 otherwise unable to serve. When a vacancy occurs other than by  
4 expiration of a term, the corporation shall notify the  
5 legislative leader who originally nominated the member of the  
6 vacancy and that legislative leader shall submit to the governor  
7 a list of 3 or more individuals as nominees for appointment to  
8 fill the vacancy within 30 days after being notified by the  
9 corporation of the vacancy. The governor shall make an  
10 appointment to fill that vacancy in the same manner as the  
11 original appointment not later than 60 days after the date the  
12 vacancy occurs.

13 (2) The early childhood investment corporation shall award  
14 grants to eligible intermediate districts in an amount to be  
15 determined by the corporation.

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

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

5 (b) Identification of local resources and services for  
6 children with disabilities, developmental delays, or special  
7 needs and their families.

8 (c) Coordination and expansion of **INFRASTRUCTURE TO SUPPORT**  
9 high-quality early childhood and childcare programs.

10 (d) Evaluation of local programs.

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

21 (5) An intermediate district receiving funds under this  
22 section may carry over any unexpended funds received under this  
23 section into the next fiscal year and may expend those unused  
24 funds in the next fiscal year. A recipient of a grant shall

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

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

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

1 **PROVIDE** part-day or full-day comprehensive **FREE** compensatory  
2 programs designed to ~~do 1 or both of the following:~~

3 ~~(a) Improve~~ **IMPROVE** the readiness and subsequent  
4 achievement of educationally disadvantaged children as defined  
5 by the department who will be at least 4, but less than 5 years  
6 of age, as of December 1 of the school year in which the  
7 programs are offered, and who show evidence of 2 or more risk  
8 factors as defined in **BY** the state board. ~~report entitled~~  
9 ~~"children at risk" that was adopted by the state board on April~~  
10 ~~5, 1988. To the extent allowable under federal law, a district~~  
11 ~~shall not use funds received under this section to supplant any~~  
12 ~~federal funds received by the district or its community. For the~~  
13 ~~purposes of this section, "supplant" means to serve children~~  
14 ~~eligible for a federally funded existing preschool program that~~  
15 ~~has capacity to serve those children.~~

16 ~~(b) Provide preschool and parenting education programs~~  
17 ~~similar to those under former section 32b as in effect for 2001-~~  
18 ~~2002. Beginning in 2007-2008, funds spent by a district for~~  
19 ~~programs described in this subdivision shall not exceed the~~  
20 ~~lesser of the amount spent by the district under this~~  
21 ~~subdivision for 2006-2007 or the amount spent under this~~  
22 ~~subdivision in any subsequent fiscal year.~~

23 ~~(2) A comprehensive free compensatory program funded under~~  
24 ~~this section shall include an age appropriate educational~~

1 ~~curriculum, as described in the early childhood standards of~~  
2 ~~quality for prekindergarten children adopted by the state board,~~  
3 ~~that prepares children for success in school, including~~  
4 ~~language, early literacy, and early mathematics. In addition,~~  
5 ~~the comprehensive program shall include nutritional services,~~  
6 ~~health and developmental screening as described in the early~~  
7 ~~childhood standards of quality for prekindergarten for~~  
8 ~~participating children, a plan for parent and legal guardian~~  
9 ~~involvement, and provision of referral services for families~~  
10 ~~eligible for community social services. **DISTRICTS SHALL COMPLY**~~  
11 **WITH THIS SECTION AND SECTION 39 IN ORDER TO BE ELIGIBLE TO**  
12 **RECEIVE PAYMENTS. ELIGIBLE COMPETITIVE GRANT RECIPIENTS SHALL**  
13 **COMPLY WITH THIS SECTION AND SECTION 32L IN ORDER TO RECEIVE**  
14 **COMPETITIVE GRANT PAYMENTS.**

15 ~~(3)~~ (2) In addition to the allocation under subsection (1),  
16 from the general fund money appropriated under section 11, there  
17 is allocated an amount not to exceed ~~\$279,100.00~~ **\$300,000.00** for  
18 ~~2008-2009~~ **2009-1010** for a competitive grant to continue a  
19 longitudinal evaluation of children who have participated in the  
20 great start readiness ~~program~~ **PROGRAMS.**

21 (3) **PROGRAMS ELIGIBLE FOR FUNDING UNDER THIS SECTION SHALL**  
22 **PREPARE CHILDREN FOR SUCCESS IN SCHOOL THROUGH COMPREHENSIVE**  
23 **PART-DAY OR FULL-DAY PROGRAMS THAT CONTAIN ALL OF THE FOLLOWING**  
24 **PROGRAM COMPONENTS, AS DETERMINED BY THE DEPARTMENT:**

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

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

10 (C) NUTRITIONAL SERVICES FOR ALL PROGRAM PARTICIPANTS.

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

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

14 (F) ACTIVE AND CONTINUOUS INVOLVEMENT OF THE PARENTS OR  
15 GUARDIANS OF THE PROGRAM PARTICIPANTS.

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

19 (H) PARTICIPATION IN A MULTIDISTRICT, MULTIAGENCY, SCHOOL  
20 READINESS ADVISORY COMMITTEE THAT PROVIDES FOR THE INVOLVEMENT  
21 OF CLASSROOM TEACHERS, PARENTS OR GUARDIANS OF PROGRAM  
22 PARTICIPANTS, AND COMMUNITY, VOLUNTEER, AND SOCIAL SERVICE  
23 AGENCIES AND ORGANIZATIONS, AS APPROPRIATE. THE ADVISORY  
24 COMMITTEE SHALL REVIEW THE PROGRAM COMPONENTS LISTED IN THIS

1 SUBSECTION AND MAKE RECOMMENDATIONS FOR CHANGES TO THE GREAT  
2 START READINESS PROGRAM FOR WHICH IT IS AN ADVISORY COMMITTEE.

3 (I) FOR GREAT START READINESS PROGRAMS OPERATED BY A  
4 DISTRICT OR CONSORTIUM OF DISTRICTS, PROVIDE FOR THE ONGOING  
5 ARTICULATION OF THE EARLY CHILDHOOD, KINDERGARTEN, AND FIRST  
6 GRADE PROGRAMS OFFERED BY THE DISTRICT OR DISTRICTS.

7 (4) AN APPLICATION FOR FUNDING UNDER THIS SECTION SHALL  
8 PROVIDE FOR THE FOLLOWING, IN A FORM AND MANNER DETERMINED BY  
9 THE DEPARTMENT:

10 (A) ENSURE COMPLIANCE WITH ALL PROGRAM COMPONENTS DESCRIBED  
11 IN SUBSECTION (3).

12 (B) ENSURE THAT MORE THAN 50% OF THE CHILDREN PARTICIPATING  
13 IN AN ELIGIBLE GREAT START READINESS PROGRAM LIVE WITH FAMILIES  
14 WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN 300% OF  
15 THE FEDERAL POVERTY LEVEL.

16 (C) ENSURE THAT THE APPLICANT EMPLOYS QUALIFIED TEACHERS  
17 AND PARAPROFESSIONALS PURSUANT TO ADMINISTRATIVE RULES  
18 PROMULGATED BY THE DEPARTMENT.

19 (D) INCLUDE A PROGRAM BUDGET THAT CONTAINS ONLY THOSE COSTS  
20 NOT REIMBURSED OR REIMBURSABLE BY FEDERAL FUNDING, THAT ARE  
21 CLEARLY AND DIRECTLY ATTRIBUTABLE TO THE GREAT START READINESS  
22 PROGRAM, AND THAT WOULD NOT BE INCURRED IF THE PROGRAM WERE NOT  
23 BEING OFFERED. THE PROGRAM BUDGET SHALL INDICATE THE EXTENT TO  
24 WHICH THESE FUNDS WILL SUPPLEMENT OTHER FEDERAL, STATE, LOCAL,

1 OR PRIVATE FUNDS. FUNDS RECEIVED UNDER THIS SECTION SHALL NOT BE  
2 USED TO SUPPLANT ANY FEDERAL FUNDS BY THE APPLICANT TO SERVE  
3 CHILDREN ELIGIBLE FOR A FEDERALLY FUNDED EXISTING PRESCHOOL  
4 PROGRAM THAT HAS THE CAPACITY TO SERVE THOSE CHILDREN.

5 (5) FOR A GRANT RECIPIENT THAT ENROLLS PUPILS IN A FULL-DAY  
6 PROGRAM FUNDED UNDER THIS SECTION, EACH CHILD ENROLLED IN THE  
7 FULL-DAY PROGRAM SHALL BE COUNTED AS 2 CHILDREN SERVED BY THE  
8 PROGRAM FOR PURPOSES OF DETERMINING THE NUMBER OF CHILDREN TO BE  
9 SERVED AND FOR DETERMINING THE AMOUNT OF THE GRANT AWARD. A  
10 GRANT AWARD SHALL NOT BE INCREASED SOLELY ON THE BASIS OF  
11 PROVIDING A FULL-DAY PROGRAM. AS USED IN THIS SUBSECTION, "FULL-  
12 DAY PROGRAM" MEANS A PROGRAM THAT OPERATES FOR AT LEAST THE SAME  
13 LENGTH OF DAY AS A DISTRICT'S FIRST GRADE PROGRAM FOR A MINIMUM  
14 OF 4 DAYS PER WEEK, 30 WEEKS PER YEAR. A CLASSROOM THAT OFFERS A  
15 FULL-DAY PROGRAM MUST ENROLL ALL CHILDREN FOR THE FULL DAY TO BE  
16 CONSIDERED A FULL-DAY PROGRAM.

17 ~~(4)~~ (6) A district OR CONSORTIUM OF DISTRICTS receiving a  
18 grant under this section may contract with for-profit or  
19 nonprofit preschool center providers that meet all provisions of  
20 ~~the early childhood standards of quality for prekindergarten~~  
21 ~~children adopted by the state board for the provision of the~~  
22 ~~comprehensive compensatory program~~ SUBSECTION (3) and retain for  
23 administrative services an amount equal to not more than 5% of  
24 the grant amount. A district OR CONSORTIUM OF DISTRICTS may

1 expend not more than 10% of the total grant amount for  
2 administration of the program.

3       **(7) ANY PUBLIC OR PRIVATE FOR-PROFIT OR NONPROFIT LEGAL**  
4 **ENTITY OR AGENCY MAY APPLY FOR A COMPETITIVE GRANT UNDER THIS**  
5 **SECTION. HOWEVER, A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT**  
6 **APPLY FOR A COMPETITIVE GRANT UNDER THIS SECTION UNLESS THE**  
7 **DISTRICT, INTERMEDIATE DISTRICT, OR CONSORTIUM IS ACTING AS A**  
8 **LOCAL GRANTEE FOR THE FEDERAL HEAD START PROGRAM OPERATING UNDER**  
9 **THE HEAD START ACT, 42 USC 9831 TO 9852.**

10       ~~(5)~~ **(8) A district receiving RECIPIENT OF** funds under this  
11 section shall report to the department on the midyear report the  
12 number of children participating in the program who meet the  
13 income or other eligibility criteria ~~specified under section~~  
14 ~~37(3)(g)~~ **PRESCRIBED BY THE DEPARTMENT** and the total number of  
15 children participating in the program. For children  
16 participating in the program who meet the income or other  
17 eligibility criteria specified under ~~section 37(3)(g)~~ **SUBSECTION**  
18 **(4)(B), districts RECIPIENTS** shall also report whether or not a  
19 parent is available to provide care based on employment status.  
20 For the purposes of this subsection, "employment status" shall  
21 be defined by the department of human services in a manner  
22 consistent with maximizing the amount of spending that may be  
23 claimed for temporary assistance for needy families maintenance  
24 of effort purposes.

1           Sec. 321. ~~(1) From the general fund money appropriated in~~  
2 ~~section 11, there is allocated for 2008-2009 an amount not to~~  
3 ~~exceed \$15,150,000.00 for competitive great start readiness~~  
4 ~~program grants for the purposes of preparing children for~~  
5 ~~success in school, through comprehensive part-day or full-day~~  
6 ~~programs that include language, early literacy, early~~  
7 ~~mathematics, nutritional services, and health and developmental~~  
8 ~~screening, as described in the early childhood standards of~~  
9 ~~quality for prekindergarten for participating children; a plan~~  
10 ~~for parent and legal guardian involvement; and provision of~~  
11 ~~referral services for families eligible for community social~~  
12 ~~services. These grants shall be made available through a~~  
13 ~~competitive application process as follows:~~

14           ~~(a) Any public or private nonprofit legal entity or agency~~  
15 ~~may apply for a grant under this section. However, a district or~~  
16 ~~intermediate district may not apply for a grant under this~~  
17 ~~section unless the district or intermediate district is acting~~  
18 ~~as a local grantee for the federal head start program operating~~  
19 ~~under the head start act, 42 USC 9831 to 9852.~~

20           ~~(b) An applicant shall submit an application in the form~~  
21 ~~and manner prescribed by the department.~~

22           ~~(c)~~ **(1)** The department shall establish a diverse  
23 interagency committee to review the applications **FOR COMPETITIVE**  
24 **GRANTS ALLOCATED UNDER SECTION 32D.** The committee shall be

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

4 ~~(d)~~ **(2)** The superintendent shall award the **COMPETITIVE**  
5 grants **TO APPLICANTS THAT ARE IN COMPLIANCE WITH SECTION 32D** and  
6 shall give priority for awarding the **COMPETITIVE** grants based  
7 ~~upon the following criteria:~~

8 ~~(i) Compliance with the state board approved early~~  
9 ~~childhood standards of quality for prekindergarten.~~

10 ~~(ii) Active and continuous involvement of the parents or~~  
11 ~~guardians of the children participating in the program.~~

12 ~~(iii) Employment of teachers possessing proper training,~~  
13 ~~including a valid Michigan teaching certificate with an early~~  
14 ~~childhood (ZA) endorsement, a valid Michigan teaching~~  
15 ~~certificate with a child development associate credential (CDA),~~  
16 ~~or the equivalent from another state, or a bachelor's degree in~~  
17 ~~child development with a specialization in preschool teaching.~~

18 ~~However, both of the following apply to this subparagraph:~~

19 ~~(A) If an applicant demonstrates to the department that it~~  
20 ~~is unable to fully comply with this subparagraph after making~~  
21 ~~reasonable efforts to comply, the superintendent may still give~~  
22 ~~priority to the applicant if the applicant will employ teachers~~  
23 ~~who have significant but incomplete training in early childhood~~  
24 ~~education or child development if the applicant provides to the~~

1 ~~department, and the department approves, a plan for each teacher~~  
2 ~~to come into compliance with the standards in this subparagraph.~~  
3 ~~A teacher's compliance plan must be completed within 4 years of~~  
4 ~~the date of employment. Progress toward completion of the~~  
5 ~~compliance plan shall consist of at least 2 courses per calendar~~  
6 ~~year.~~

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

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

1 ~~paraprofessional's compliance plan must be completed within 2~~  
2 ~~years of the date of employment. Progress toward completion of~~  
3 ~~the compliance plan shall consist of at least 2 courses or 60~~  
4 ~~clock hours of training per calendar year.~~

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

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

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

21 ~~(viii) The program offers or contracts **TO PROGRAMS THAT**~~  
22 ~~**OFFER OR CONTRACT** with another nonprofit **OR FOR-PROFIT** early~~  
23 ~~childhood program to provide supplementary day care and thereby~~

1 offers full-day programs as part of its early childhood  
2 development program.

3 ~~(ix) The application contains a plan approved by the~~  
4 ~~department to conduct and report annual school readiness program~~  
5 ~~evaluations and continuous improvement plans using criteria~~  
6 ~~approved by the department. At a minimum, the evaluations shall~~  
7 ~~include a self-assessment of program quality and assessment of~~  
8 ~~the gains in educational readiness and progress of the children~~  
9 ~~participating in the program.~~

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

20 ~~(i) Review the mechanisms and criteria used to determine~~  
21 ~~referrals for participation in the great start readiness~~  
22 ~~program.~~

23 ~~(ii) Review the health screening program for all~~  
24 ~~participants.~~

1       ~~(iii) Review the nutritional services provided to all~~  
2 ~~participants.~~

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

5       ~~(v) Review the collaboration with and the involvement of~~  
6 ~~appropriate community, volunteer, and social service agencies~~  
7 ~~and organizations in addressing all aspects of education~~  
8 ~~disadvantage.~~

9       ~~(vi) Review, evaluate, and make recommendations for changes~~  
10 ~~in the school readiness program.~~

11       ~~(vii) Review the agency's participation in a collaborative~~  
12 ~~recruitment and enrollment process with, at a minimum, all other~~  
13 ~~funded preschool programs that may serve children in the same~~  
14 ~~geographic area, including school district part day programs~~  
15 ~~described under section 32d and head start programs, to assure~~  
16 ~~that each child is enrolled in the program most appropriate to~~  
17 ~~his or her needs and to maximize the use of federal, state, and~~  
18 ~~local funds. The collaborative recruitment and enrollment~~  
19 ~~process should be established to reflect the geographic service~~  
20 ~~areas of the collaborative partners. An effective process~~  
21 ~~includes opportunities for families to meet with and learn about~~  
22 ~~each program for which their child is eligible. A child who is~~  
23 ~~income-eligible for head start must be referred to head start.~~  
24 ~~If, after referral to head start, a family chooses to enroll a~~

1 ~~head start eligible child in the great start readiness program,~~  
2 ~~a waiver indicating that the family has been informed of the~~  
3 ~~child's eligibility to attend head start must be completed by~~  
4 ~~the family in a form and manner determined by the department and~~  
5 ~~submitted to the great start readiness program before the child~~  
6 ~~may be enrolled in the great start readiness program. The great~~  
7 ~~start readiness program shall retain the waiver in the child's~~  
8 ~~enrollment file.~~

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

15       ~~(3) To be eligible for a grant under this section, a~~  
16 ~~program shall demonstrate that more than 50% of the children~~  
17 ~~participating in the program live with families with a household~~  
18 ~~income that is less than or equal to 300% of the federal poverty~~  
19 ~~level.~~

20       ~~(4)~~ **(3)** The superintendent may award **COMPETITIVE** grants  
21 ~~under this section~~ **ALLOCATED UNDER SECTION 32D** at whatever level  
22 the superintendent determines appropriate. However, the amount  
23 of a **COMPETITIVE** grant ~~under this section~~, when combined with  
24 other sources of state revenue for this program, shall not

1 exceed \$3,400.00 per participating child or the cost of the  
2 program, whichever is less.

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

15 ~~(6)~~ **(4)** Except as otherwise provided in this subsection, an  
16 applicant that received a new grant under this section for 2007-  
17 2008 shall also receive priority for funding under this section  
18 for 2008-2009 and 2009-2010. However, after 3 fiscal years of  
19 continuous funding, an applicant is required to compete openly  
20 with new programs and other programs completing their third  
21 year. All grant awards under this section are contingent on the  
22 availability of funds and documented evidence of grantee  
23 compliance with early childhood standards of quality for  
24 prekindergarten, as approved by the state board, and with all

1 operational, fiscal, administrative, and other program  
2 requirements.

3 ~~(7)~~ (5) Notwithstanding section 17b, **COMPETITIVE GRANT**  
4 payments to eligible entities under ~~this section~~ **SECTION 32D**  
5 shall be paid on a schedule and in a manner determined by the  
6 department.

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

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

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

1           Sec. 39. (1) A DISTRICT RECEIVING FUNDS UNDER SECTION 32D  
2 SHALL SUBMIT A PREAPPLICATION, IN A FORM AND MANNER PRESCRIBED  
3 BY THE DEPARTMENT, BY A DATE SPECIFIED BY THE DEPARTMENT IN THE  
4 IMMEDIATELY PRECEDING STATE FISCAL YEAR. THE PREAPPLICATION  
5 SHALL INCLUDE A COMPREHENSIVE NEEDS ASSESSMENT AND COMMUNITY  
6 COLLABORATION PLAN, WHICH IS ENDORSED BY THE LOCAL GREAT START  
7 COLLABORATIVE AND IS PART OF THE COMMUNITY'S GREAT START  
8 STRATEGIC PLAN THAT INCLUDES, BUT IS NOT LIMITED TO, GREAT START  
9 READINESS PROGRAM AND HEAD START PROVIDERS, AND SHALL IDENTIFY  
10 ALL OF THE FOLLOWING:

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

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

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

21           (D) THE ESTIMATED NUMBER OF CHILDREN WHO MEET THE CRITERIA  
22 OF SECTION 32D WHO WILL REMAIN UNSERVED AFTER THE DISTRICT AND  
23 COMMUNITY EARLY CHILDHOOD PROGRAMS HAVE MET THEIR FUNDED  
24 ENROLLMENTS. THE SCHOOL DISTRICT SHALL MAINTAIN A WAITING LIST

1 OF IDENTIFIED UNSERVED ELIGIBLE CHILDREN WHO WOULD BE SERVED  
2 WHEN OPENINGS ARE AVAILABLE.

3 (2) A DISTRICT RECEIVING FUNDS UNDER SECTION 32D SHALL ALSO  
4 SUBMIT A FINAL APPLICATION FOR APPROVAL, IN A FORM AND MANNER  
5 PRESCRIBED BY THE DEPARTMENT, BY A DATE SPECIFIED BY THE  
6 DEPARTMENT, THAT DETAILS HOW THE DISTRICT COMPLIES WITH THE  
7 PROGRAM COMPONENTS ESTABLISHED BY THE DEPARTMENT PURSUANT TO  
8 SECTION 32D.

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

19 (4) Beginning in 2008-2009, the initial allocation for each  
20 fiscal year to each eligible district under section 32d shall be  
21 determined by multiplying the number of children determined in  
22 ~~section 38~~ BY THE FORMULA UNDER SUBSECTION (3) or the number of  
23 children the district indicates it will be able to serve under  
24 ~~section 37(2)(e)~~ SUBSECTION (1)(C), whichever is less, by

1 \$3,400.00 and shall be distributed among districts in decreasing  
2 order of concentration of eligible children as determined by  
3 ~~section 38~~ **THE FORMULA UNDER SUBSECTION (3)**. If the number of  
4 children a district indicates it will be able to serve under  
5 ~~section 37(2)(e)~~ **SUBSECTION (1)(C)** includes children able to be  
6 served in a full-day program, then the number able to be served  
7 in a full-day program shall be doubled for the purposes of  
8 making this calculation of the lesser of the number of children  
9 determined **BY THE FORMULA** ~~in section 38~~ **UNDER SUBSECTION (3)** and  
10 the number of children the district indicates it will be able to  
11 serve under ~~section 37(2)(e)~~ **SUBSECTION (1)(C)** and determining  
12 the amount of the initial allocation to the district under  
13 section 32d. A district may contract with a head start agency to  
14 serve children enrolled in head start with a full-day program by  
15 blending head start funds with a part-day great start readiness  
16 program allocation. All head start and great start readiness  
17 program policies and regulations apply to the blended program.

18 ~~(2)~~ **(5)** If funds appropriated **FOR ELIGIBLE DISTRICTS** in  
19 section 32d remain after the initial allocation under subsection  
20 ~~(1)~~ **(4)**, the allocation under this subsection shall be  
21 distributed to each eligible district under section 32d in  
22 decreasing order of concentration of eligible children as  
23 determined by ~~section 38~~ **THE FORMULA UNDER SUBSECTION (3)**. The  
24 allocation shall be determined by multiplying the number of

1 children each eligible district served in the immediately  
2 preceding fiscal year or the number of children the district  
3 indicates it will be able to serve under ~~section 37(2)(e)~~,  
4 **SUBSECTION (1)(C)** whichever is less, minus the number of  
5 children for which the district received funding in subsection  
6 ~~(1)~~ **(4)** by \$3,400.00.

7 ~~(3)~~ **(6)** If funds appropriated **FOR ELIGIBLE DISTRICTS** in  
8 section 32d remain after the allocations under subsections ~~(1)~~  
9 **(4)** and ~~(2)~~ **(5)**, remaining funds shall be distributed to each  
10 eligible district under section 32d in decreasing order of  
11 concentration of eligible children as determined by ~~section 38~~  
12 **THE FORMULA UNDER SUBSECTION (3)**. If the number of children the  
13 district indicates it will be able to serve under ~~section~~  
14 ~~37(2)(e)~~ **SUBSECTION (1)(C)** exceeds the number of children for  
15 which funds have been received under subsections ~~(1)~~ **(4)** and ~~(2)~~  
16 **(5)**, the allocation under this subsection shall be determined by  
17 multiplying the number of children the district indicates it  
18 will be able to serve under ~~section 37(2)(e)~~ **SUBSECTION (1)(C)**  
19 less the number of children for which funds have been received  
20 under subsections ~~(1)~~ **(4)** and ~~(2)~~ **(5)** by \$3,400.00 until the  
21 funds allocated **FOR ELIGIBLE DISTRICTS** in section 32d are  
22 distributed.

1       ~~(4)~~ **(7)** If a district is participating in a program under  
2 section 32d for the first year, the maximum allocation under  
3 this section is 32 multiplied by \$3,400.00.

4       ~~(5)~~ ~~A district that received funds under this section in at~~  
5 ~~least 1 of the 2 immediately preceding fiscal years shall~~  
6 ~~receive priority in funding over other eligible districts.~~  
7 ~~However, funding beyond 3 state fiscal years is contingent upon~~  
8 ~~the availability of funds and documented evidence satisfactory~~  
9 ~~to the department of compliance with all operational, fiscal,~~  
10 ~~administrative, and other program requirements.~~

11       ~~(6)~~ **(8)** A district that offers supplementary day care  
12 funded by funds other than those received under this section and  
13 therefore offers full-day programs as part of its early  
14 childhood development program shall receive priority in the  
15 allocation of funds under ~~this~~ section **32D** over other eligible  
16 districts ~~other than those districts funded under subsection~~  
17 ~~(5)~~.

18       ~~(7)~~ **(9)** For any district with 315 or more eligible pupils,  
19 the number of eligible pupils shall be 65% of the number  
20 calculated ~~under section 38~~ **USING THE FORMULA UNDER SUBSECTION**  
21 **(3)**. However, none of these districts may have less than 315  
22 pupils for purposes of calculating the tentative allocation **FOR**  
23 **ELIGIBLE DISTRICTS** under section 32d.

1       ~~(8)~~ **(10)** If, taking into account the total amount to be  
2 allocated to the district as calculated under this section, a  
3 district determines that it is able to include additional  
4 eligible children in the great start readiness program without  
5 additional funds under ~~this~~ section **32D**, the district may  
6 include additional eligible children but shall not receive  
7 additional funding under ~~this~~ section **32D** for those children.

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

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

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

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

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

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

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

23       (c) An amount estimated at \$109,411,900.00 for the purpose  
24 of preparing, training, and recruiting high-quality teachers and

1 class size reduction, funded from DED-OESE, improving teacher  
2 quality funds.

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

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

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

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

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

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

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

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

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

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

18           (i) The department shall collaborate with the department of  
19 human services to extend the duration of the Michigan after-  
20 school initiative, to be renamed the Michigan after-school  
21 partnership and oversee its efforts to implement the policy  
22 recommendations and strategic next steps identified in the  
23 Michigan after-school initiative's report of December 15, 2003.

1           (ii) Funds shall be used to leverage other private and  
2 public funding to engage the public and private sectors in  
3 building and sustaining high-quality out-of-school-time programs  
4 and resources. The co-chairs, representing the department and  
5 the department of human services, shall name a fiduciary agent  
6 and may authorize the fiduciary to expend funds and hire people  
7 to accomplish the work of the Michigan after-school partnership.

8           (iii) Participation in the Michigan after-school  
9 partnership shall be expanded beyond the membership of the  
10 initial Michigan after-school initiative to increase the  
11 representation of parents, youth, foundations, employers, and  
12 others with experience in education, child care, after-school  
13 and youth development services, and crime and violence  
14 prevention, and to include representation from the department of  
15 community health. Each year, on or before December 31, the  
16 Michigan after-school partnership shall report its progress in  
17 reaching the recommendations set forth in the Michigan after-  
18 school initiative's report to the legislature and the governor.

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

22           (2) From the federal funds appropriated in section 11,  
23 there is allocated for ~~2008-2009~~ **2009-2010** to districts,  
24 intermediate districts, and other eligible entities all

1 available federal funding, estimated at \$32,559,700.00, for the  
2 following programs that are funded by federal grants:

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

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

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

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

15 (e) An amount estimated at \$28,500,000.00 for providing  
16 career and technical education services to pupils, funded from  
17 DED-OVAE, basic grants to states.

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

22 (a) A research-based, validated, structured reading program  
23 that aligns learning resources to state standards and includes

1 continuous assessment of pupils and individualized education  
2 plans for pupils.

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

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

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

18 (4) All federal funds allocated under this section shall be  
19 distributed in accordance with federal law and with flexibility  
20 provisions outlined in Public Law 107-116, and in the education  
21 flexibility partnership act of 1999, Public Law 106-25.  
22 Notwithstanding section 17b, payments of federal funds to  
23 districts, intermediate districts, and other eligible entities

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

3 (5) As used in this section:

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

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

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

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

11 (e) "HHS-ACF" means the HHS administration for children and  
12 families.

13 Sec. 51a. (1) From the appropriation in section 11, there  
14 is allocated for 2008-2009 an amount not to exceed  
15 ~~\$1,023,783,000.00~~ **\$1,018,533,000.00** AND FOR 2009-2010 AN AMOUNT  
16 **NOT TO EXCEED \$1,064,683,000.00** from state sources and all  
17 available federal funding under sections 611 to 619 of part B of  
18 the individuals with disabilities education act, 20 USC 1411 to  
19 1419, estimated at \$350,700,000.00, plus any carryover federal  
20 funds from previous year appropriations. The allocations under  
21 this subsection are for the purpose of reimbursing districts and  
22 intermediate districts for special education programs, services,  
23 and special education personnel as prescribed in article 3 of  
24 the revised school code, MCL 380.1701 to 380.1766; net tuition

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

23 (2) From the funds allocated under subsection (1), there is  
24 allocated the amount necessary, estimated at ~~\$224,800,000.00~~

1 **\$227,700,000.00** for 2008-2009 **AND THE AMOUNT NECESSARY,**  
2 **ESTIMATED AT \$240,800,000.00 FOR 2009-2010,** for payments toward  
3 reimbursing districts and intermediate districts for 28.6138% of  
4 total approved costs of special education, excluding costs  
5 reimbursed under section 53a, and 70.4165% of total approved  
6 costs of special education transportation. Allocations under  
7 this subsection shall be made as follows:

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

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

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

10 (3) From the funds allocated under subsection (1), there is  
11 allocated for 2008-2009 the amount necessary, estimated at  
12 ~~\$1,600,000.00~~, **\$1,200,000.00 AND FOR 2009-2010 THE AMOUNT**  
13 **NECESSARY, ESTIMATED AT \$300,000.00** to make payments to  
14 districts and intermediate districts under this subsection. If  
15 the amount allocated to a district or intermediate district for  
16 a fiscal year under subsection (2)(b) is less than the sum of  
17 the amounts allocated to the district or intermediate district  
18 for 1996-97 under sections 52 and 58, there is allocated to the  
19 district or intermediate district for the fiscal year an amount  
20 equal to that difference, adjusted by applying the same  
21 proration factor that was used in the distribution of funds  
22 under section 52 in 1996-97 as adjusted to the district's or  
23 intermediate district's necessary costs of special education  
24 used in calculations for the fiscal year. This adjustment is to

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

7 (4) If the department determines that the sum of the  
8 amounts allocated for a fiscal year to a district or  
9 intermediate district under subsection (2)(a) and (b) is not  
10 sufficient to fulfill the specified percentages in subsection  
11 (2), then the shortfall shall be paid to the district or  
12 intermediate district during the fiscal year beginning on the  
13 October 1 following the determination and payments under  
14 subsection (3) shall be adjusted as necessary. If the department  
15 determines that the sum of the amounts allocated for a fiscal  
16 year to a district or intermediate district under subsection  
17 (2)(a) and (b) exceeds the sum of the amount necessary to  
18 fulfill the specified percentages in subsection (2), then the  
19 department shall deduct the amount of the excess from the  
20 district's or intermediate district's payments under this act  
21 for the fiscal year beginning on the October 1 following the  
22 determination and payments under subsection (3) shall be  
23 adjusted as necessary. However, if the amount allocated under  
24 subsection (2)(a) in itself exceeds the amount necessary to

1 fulfill the specified percentages in subsection (2), there shall  
2 be no deduction under this subsection.

3 (5) State funds shall be allocated on a total approved cost  
4 basis. Federal funds shall be allocated under applicable federal  
5 requirements, except that an amount not to exceed \$3,500,000.00  
6 may be allocated by the department for 2008-2009 **AND 2009-2010**  
7 to districts, intermediate districts, or other eligible entities  
8 on a competitive grant basis for programs, equipment, and  
9 services that the department determines to be designed to  
10 benefit or improve special education on a statewide scale.

11 (6) From the amount allocated in subsection (1), there is  
12 allocated an amount not to exceed \$2,200,000.00 for 2008-2009  
13 **AND 2009-2010** to reimburse 100% of the net increase in necessary  
14 costs incurred by a district or intermediate district in  
15 implementing the revisions in the administrative rules for  
16 special education that became effective on July 1, 1987. As used  
17 in this subsection, "net increase in necessary costs" means the  
18 necessary additional costs incurred solely because of new or  
19 revised requirements in the administrative rules minus cost  
20 savings permitted in implementing the revised rules. Net  
21 increase in necessary costs shall be determined in a manner  
22 specified by the department.

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

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

23           (b) Beginning with the 2004-2005 fiscal year, a district or  
24 intermediate district that employed special education support

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

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

1 ~~it was for 2003-2004. If the amount of the excess allocations~~  
2 ~~under subsections (2), (3), (6), (8), and (12) and sections 53a,~~  
3 ~~54, and 56 is not sufficient to fully fund the calculation of~~  
4 ~~reimbursement to those districts and intermediate districts~~  
5 ~~under this subdivision, then the calculations and resulting~~  
6 ~~reimbursement under this subdivision shall be prorated on an~~  
7 ~~equal percentage basis.~~

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

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

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

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

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

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

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

13           (12) From the funds allocated in subsection (1), there is  
14 allocated the amount necessary, estimated at ~~\$7,100,000.00~~  
15 **\$7,900,000.00** for 2008-2009 **AND AN AMOUNT NECESSARY, ESTIMATED**  
16 **AT \$8,500,000.00 FOR 2009-2010**, to pay the foundation allowances  
17 for pupils described in this subsection. The allocation to a  
18 district under this subsection shall be calculated by  
19 multiplying the number of pupils described in this subsection  
20 who are counted in membership in the district times the sum of  
21 the foundation allowance under section 20 of the pupil's  
22 district of residence plus the amount of the district's per  
23 pupil allocation under section 20j(2), not to exceed the basic  
24 foundation allowance under section 20 for the current fiscal

1 year, or, for a pupil described in this subsection who is  
2 counted in membership in a district that is a public school  
3 academy or university school, times an amount equal to the  
4 amount per membership pupil under section 20(6). The allocation  
5 to an intermediate district under this subsection shall be  
6 calculated in the same manner as for a district, using the  
7 foundation allowance under section 20 of the pupil's district of  
8 residence, not to exceed the basic foundation allowance under  
9 section 20 for the current fiscal year, and that district's per  
10 pupil allocation under section 20j(2). This subsection applies  
11 to all of the following pupils:

12 (a) Pupils described in section 53a.

13 (b) Pupils counted in membership in an intermediate  
14 district who are not special education pupils and are served by  
15 the intermediate district in a juvenile detention or child  
16 caring facility.

17 (c) Emotionally impaired pupils counted in membership by an  
18 intermediate district and provided educational services by the  
19 department of community health.

20 (13) If it is determined that funds allocated under  
21 subsection (2) or (12) or under section 51c will not be  
22 expended, funds up to the amount necessary and available may be  
23 used to supplement the allocations under subsection (2) or (12)  
24 or under section 51c in order to fully fund those allocations.

1 After payments under subsections (2) and (12) and section 51c,  
2 the remaining expenditures from the allocation in subsection (1)  
3 shall be made in the following order:

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

5 (b) 100% of the reimbursement required under subsection

6 (6).

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

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

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

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

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

16 (15) If a public school academy enrolls pursuant to this  
17 section a pupil who resides outside of the intermediate district  
18 in which the public school academy is located and who is  
19 eligible for special education programs and services according  
20 to statute or rule, or who is a child with disabilities, as  
21 defined under the individuals with disabilities education act,  
22 Public Law 108-446, the provision of special education programs  
23 and services and the payment of the added costs of special  
24 education programs and services for the pupil are the

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

10       Sec. 51c. As required by the court in the consolidated  
11 cases known as Durant v State of Michigan, Michigan supreme  
12 court docket no. 104458-104492, from the allocation under  
13 section 51a(1), there is allocated for 2008-2009 the amount  
14 necessary, estimated at ~~\$721,400,000.00~~ **\$712,850,000.00, AND FOR**  
15 **2009-2010 THE AMOUNT NECESSARY, ESTIMATED AT \$746,200,000.00** for  
16 payments to reimburse districts for 28.6138% of total approved  
17 costs of special education excluding costs reimbursed under  
18 section 53a, and 70.4165% of total approved costs of special  
19 education transportation. Funds allocated under this section  
20 that are not expended in the state fiscal year for which they  
21 were allocated, as determined by the department, may be used to  
22 supplement the allocations under sections 22a and 22b in order  
23 to fully fund those calculated allocations for the same fiscal  
24 year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1           Sec. 54. Each intermediate district shall receive an amount  
2 per pupil for each pupil in attendance at the Michigan schools  
3 for the deaf and blind. The amount shall be proportionate to the  
4 total instructional cost at each school. Not more than  
5 \$1,688,000.00 of the allocation for ~~2008-2009~~ **2009-2010** in  
6 section 51a(1) shall be allocated under this section.

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

16           (2) The lending library shall make test assessment  
17 materials available through borrowing to districts and  
18 intermediate districts. The lending library shall also provide  
19 information about the lending library at meetings and  
20 conferences for school personnel and shall develop a website to  
21 describe the services offered by the lending library. The  
22 lending library also shall mail information about the services  
23 offered by the lending library to all districts and intermediate  
24 districts.

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

2           (a) "Membership" means for a particular fiscal year the  
3 total membership for the immediately preceding fiscal year of  
4 the intermediate district and the districts constituent to the  
5 intermediate district.

6           (b) "Millage levied" means the millage levied for special  
7 education pursuant to part 30 of the revised school code, MCL  
8 380.1711 to 380.1743, including a levy for debt service  
9 obligations.

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

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

1 receiving funds under this section, an intermediate district  
2 distributing any portion of special education millage funds to  
3 its constituent districts shall submit for departmental approval  
4 and implement a distribution plan.

5 (3) Reimbursement for those millages levied in ~~2007-2008~~  
6 **2008-2009** shall be made in ~~2008-2009~~ **2009-2010** at an amount per  
7 ~~2007-2008~~ **2008-2009** membership pupil computed by subtracting  
8 from ~~\$172,800.00~~ **\$179,700.00** the ~~2007-2008~~ **2008-2009** taxable  
9 value behind each membership pupil and multiplying the resulting  
10 difference by the ~~2007-2008~~ **2008-2009** millage levied.

11 Sec. 61a. (1) From the appropriation in section 11, there  
12 is allocated an amount not to exceed ~~\$30,000,000.00~~  
13 **\$29,611,300.00** for ~~2008-2009~~ **2009-2010** to reimburse on an added  
14 cost basis districts, except for a district that served as the  
15 fiscal agent for a vocational education consortium in the 1993-  
16 94 school year, and secondary area vocational-technical  
17 education centers for secondary-level vocational-technical  
18 education programs, including parenthood education programs,  
19 according to rules approved by the superintendent. Applications  
20 for participation in the programs shall be submitted in the form  
21 prescribed by the department. The department shall determine the  
22 added cost for each vocational-technical program area. The  
23 allocation of added cost funds shall be based on the type of  
24 vocational-technical programs provided, the number of pupils

1 enrolled, and the length of the training period provided, and  
2 shall not exceed 75% of the added cost of any program. With the  
3 approval of the department, the board of a district maintaining  
4 a secondary vocational-technical education program may offer the  
5 program for the period from the close of the school year until  
6 September 1. The program shall use existing facilities and shall  
7 be operated as prescribed by rules promulgated by the  
8 superintendent.

9 (2) Except for a district that served as the fiscal agent  
10 for a vocational education consortium in the 1993-94 school  
11 year, districts and intermediate districts shall be reimbursed  
12 for local vocational administration, shared time vocational  
13 administration, and career education planning district  
14 vocational-technical administration. The definition of what  
15 constitutes administration and reimbursement shall be pursuant  
16 to guidelines adopted by the superintendent. Not more than  
17 \$800,000.00 of the allocation in subsection (1) shall be  
18 distributed under this subsection.

19 ~~(3) From the allocation in subsection (1), there is~~  
20 ~~allocated an amount not to exceed \$388,700.00 for 2008-2009 to~~  
21 ~~intermediate districts with constituent districts that had~~  
22 ~~combined state and local revenue per membership pupil in the~~  
23 ~~1994-95 state fiscal year of \$6,500.00 or more, served as a~~  
24 ~~fiscal agent for a state board designated area vocational~~

1 ~~education center in the 1993-94 school year, and had an~~  
2 ~~adjustment made to their 1994-95 combined state and local~~  
3 ~~revenue per membership pupil pursuant to section 20d. The~~  
4 ~~payment under this subsection to the intermediate district shall~~  
5 ~~equal the amount of the allocation to the intermediate district~~  
6 ~~for 1996-97 under this subsection.~~

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

8       (a) "Membership" means for a particular fiscal year the  
9 total membership for the immediately preceding fiscal year of  
10 the intermediate district and the districts constituent to the  
11 intermediate district or the total membership for the  
12 immediately preceding fiscal year of the area vocational-  
13 technical program.

14       (b) "Millage levied" means the millage levied for area  
15 vocational-technical education pursuant to sections 681 to 690  
16 of the revised school code, MCL 380.681 to 380.690, including a  
17 levy for debt service obligations incurred as the result of  
18 borrowing for capital outlay projects and in meeting capital  
19 projects fund requirements of area vocational-technical  
20 education.

21       (c) "Taxable value" means the total taxable value of the  
22 districts constituent to an intermediate district or area  
23 vocational-technical education program, except that if a  
24 district has elected not to come under sections 681 to 690 of

1 the revised school code, MCL 380.681 to 380.690, the membership  
2 and taxable value of that district shall not be included in the  
3 membership and taxable value of the intermediate district.

4 However, the membership and taxable value of a district that has  
5 elected not to come under sections 681 to 690 of the revised  
6 school code, MCL 380.681 to 380.690, shall be included in the  
7 membership and taxable value of the intermediate district if the  
8 district meets both of the following:

9 (i) The district operates the area vocational-technical  
10 education program pursuant to a contract with the intermediate  
11 district.

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

18 (2) From the appropriation in section 11, there is  
19 allocated an amount not to exceed \$9,000,000.00 for ~~2008-2009~~  
20 **2009-2010** to reimburse intermediate districts and area  
21 vocational-technical education programs established under  
22 section 690(3) of the revised school code, MCL 380.690, levying  
23 millages for area vocational-technical education pursuant to  
24 sections 681 to 690 of the revised school code, MCL 380.681 to

1 380.690. The purpose, use, and expenditure of the reimbursement  
2 shall be limited as if the funds were generated by those  
3 millages.

4 (3) Reimbursement for the millages levied in ~~2007-2008~~  
5 **2008-2009** shall be made in ~~2008-2009~~ **2009-2010** at an amount per  
6 ~~2007-2008~~ **2008-2009** membership pupil computed by subtracting  
7 from ~~\$181,900.00~~ **\$189,600.00** the ~~2007-2008~~ **2008-2009** taxable  
8 value behind each membership pupil and multiplying the resulting  
9 difference by the ~~2008-2009~~ **2009-2010** millage levied.

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

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

22 (a) Outreach programs to provide information to middle  
23 school and high school students about career opportunities in

1 the health sciences field **OR OTHER FIELD APPROVED BY THE**  
2 **SUPERINTENDENT OF PUBLIC INSTRUCTION.**

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

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

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

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

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

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

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

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

20           (3) From the allocation in subsection (1), there is  
21 allocated each fiscal year the amount necessary to pay the  
22 reasonable costs of nonspecial education auxiliary services  
23 transportation provided pursuant to section 1323 of the revised  
24 school code, MCL 380.1323. Districts funded under this

1 subsection shall not receive funding under any other section of  
2 this act for nonspecial education auxiliary services  
3 transportation.

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

1 entities under this subsection shall be paid on a schedule  
2 prescribed by the department.

3       Sec. 81. (1) Except as otherwise provided in this section,  
4 from the appropriation in section 11, there is allocated for  
5 ~~2008-2009~~ **2009-2010** to the intermediate districts the sum  
6 necessary, but not to exceed ~~\$81,721,100.00~~ **\$65,376,900.00**, to  
7 provide state aid to intermediate districts under this section.  
8 Except as otherwise provided in this section, there shall be  
9 allocated to each intermediate district for ~~2008-2009~~ **2009-2010**  
10 an amount equal to ~~101.0%~~ **80.0%** of the amount appropriated under  
11 this subsection for ~~2007-2008~~ **2008-2009**. Funding provided under  
12 this section shall be used to comply with requirements of this  
13 act and the revised school code that are applicable to  
14 intermediate districts, and for which funding is not provided  
15 elsewhere in this act, and to provide technical assistance to  
16 districts as authorized by the intermediate school board.

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

22       (3) From the allocation in subsection (1), there is  
23 allocated to an intermediate district, formed by the  
24 consolidation or annexation of 2 or more intermediate districts

1 or the attachment of a total intermediate district to another  
2 intermediate school district or the annexation of all of the  
3 constituent K-12 districts of a previously existing intermediate  
4 school district which has disorganized, an additional allotment  
5 of \$3,500.00 each fiscal year for each intermediate district  
6 included in the new intermediate district for 3 years following  
7 consolidation, annexation, or attachment.

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

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

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

22 (b) Demonstrate to the satisfaction of the department that  
23 the intermediate district employs at least 1 person who is  
24 trained in rules, regulations, and district reporting procedures

1 for the individual-level student data that serves as the basis  
2 for the calculation of the district and high school graduation  
3 and dropout rates.

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

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

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

11 (f) Comply with section 761 of the revised school code, MCL  
12 380.761.

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

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

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

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

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

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

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

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

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

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

22 (2) Each state department, officer, or agency that collects  
23 information from districts or intermediate districts as required  
24 under state or federal law shall make arrangements with the

1 center, and with the districts or intermediate districts, to  
2 have the center collect the information and to provide it to the  
3 department, officer, or agency as necessary. To the extent that  
4 it does not cause financial hardship, the center shall arrange  
5 to collect the information in a manner that allows electronic  
6 submission of the information to the center. Each affected state  
7 department, officer, or agency shall provide the center with any  
8 details necessary for the center to collect information as  
9 provided under this subsection. This subsection does not apply  
10 to information collected by the department of treasury under the  
11 uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to  
12 141.440a; the revised municipal finance act, 2001 PA 34, MCL  
13 141.2101 to 141.2821; the school bond qualification, approval,  
14 and loan act, 2005 PA 92, MCL 388.1921 to 388.1939; or section  
15 1351a of the revised school code, MCL 380.1351a.

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

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

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

20 (c) One representative from the office of the state budget  
21 director.

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

23 (e) One representative each from the department of **ENERGY,**  
24 labor and economic growth and the department of treasury.

1           (f) Three representatives from intermediate school  
2 districts.

3           (g) One representative from each of the following  
4 educational organizations:

5           (i) Michigan association of school boards.

6           (ii) Michigan association of school administrators.

7           (iii) Michigan school business officials.

8           (h) One representative representing private sector firms  
9 responsible for auditing school records.

10          (i) Other representatives as the state budget director  
11 determines are necessary.

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

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

19          (b) Defining the roles of all stakeholders in the data  
20 collection system.

21          (c) Recommending timelines for the implementation and  
22 ongoing collection of data.

23          (d) Establishing and maintaining data definitions, data  
24 transmission protocols, and system specifications and procedures

1 for the efficient and accurate transmission and collection of  
2 data.

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

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

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

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

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

15 (6) From the general fund appropriation in section 11,  
16 there is allocated an amount not to exceed ~~\$4,935,400.00~~  
17 **\$3,435,400.00** for 2008-2009 **AND \$3,486,100.00 FOR 2009-2010** to  
18 the department of management and budget to support the  
19 operations of the center and the development and implementation  
20 of a comprehensive longitudinal data collection management and  
21 reporting system that includes student-level data. The center  
22 shall cooperate with the state education agency to ensure that  
23 this state is in compliance with federal law and is maximizing  
24 opportunities for increased federal funding to improve education

1 in this state. In addition, from the federal funds appropriated  
2 in section 11 for 2008-2009 **AND 2009-2010**, there is allocated  
3 the amount necessary, estimated at \$2,793,200.00, in order to  
4 fulfill federal reporting requirements.

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

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

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

20 (10) The center may bill departments as necessary in order  
21 to fulfill reporting requirements of state and federal law. The  
22 center may also enter into agreements to supply custom data,  
23 analysis, and reporting to other principal executive  
24 departments, state agencies, local units of government, and

1 other individuals and organizations. The center may receive and  
2 expend funds in addition to those authorized in subsection (6)  
3 to cover the costs associated with salaries, benefits, supplies,  
4 materials, and equipment necessary to provide such data,  
5 analysis, and reporting services.

6 (11) As used in this section:

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

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

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

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

1 appropriated in section 11, there is allocated for ~~2008-2009~~  
2 **2009-2010** an amount estimated at \$2,700,000.00.

3 (2) The Michigan virtual high school shall have the  
4 following goals:

5 (a) Significantly expand curricular offerings for high  
6 schools across this state through agreements with districts or  
7 licenses from other recognized providers. ~~The Michigan virtual~~  
8 ~~high school shall explore options for providing rigorous civics~~  
9 ~~curricula online.~~

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

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

16 (d) Grant high school diplomas through a dual enrollment  
17 method with districts.

18 (e) Act as a broker for college level equivalent courses,  
19 as defined in section 1471 of the revised school code, MCL  
20 380.1471, and dual enrollment courses from postsecondary  
21 education institutions.

22 (f) Maintain the accreditation status of the Michigan  
23 virtual high school from recognized national and international  
24 accrediting entities.

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

3 (a) Information technology courses.

4 (b) College level equivalent courses, as defined in section  
5 1471 of the revised school code, MCL 380.1471.

6 (c) Courses and dual enrollment opportunities.

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

8 (e) General education development test preparation courses  
9 for adjudicated youth.

10 (f) Special interest courses.

11 (g) Professional development programs ~~and services for~~  
12 ~~teachers~~ **THAT TEACH MICHIGAN EDUCATORS HOW TO DEVELOP AND**  
13 **DELIVER ONLINE INSTRUCTIONAL SERVICES.**

14 **(H) COURSES, RESOURCES AND INTERACTIVE LEARNING MATERIALS**  
15 **IN THE FIELDS OF SCIENCE, TECHNOLOGY, ENGINEERING AND**  
16 **MATHEMATICS FOR MIDDLE AND HIGH SCHOOL STUDENTS AS PART OF A**  
17 **COMPREHENSIVE STEM ACADEMY, DEVELOPED IN CONJUNCTION WITH THE**  
18 **MATHEMATICS AND SCIENCE CENTERS NETWORK AND THE DEPARTMENT.**

19 (4) From the federal funds allocated in subsection (1),  
20 there is allocated for ~~2008-2009~~ **2009-2010** an amount estimated  
21 at \$1,700,000.00 from DED-OESE, title II, improving teacher  
22 quality funds for a grant to the Michigan virtual university for  
23 the purpose of this subsection. ~~The state education agency shall~~  
24 ~~sign a memorandum of understanding with the Michigan virtual~~

1 ~~university regarding the DED-OESE, title II, improving teacher~~  
2 ~~quality funds as provided under this subsection. The memorandum~~  
3 ~~of understanding under this subsection shall require that~~ **WITH**  
4 **THE APPROVAL OF THE DEPARTMENT,** the Michigan virtual university  
5 **SHALL** coordinate the following activities related to DED-OESE,  
6 title II, improving teacher quality funds in accordance with  
7 federal law:

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

14 (b) Encourage and support the training of teachers and  
15 administrators to effectively integrate technology into  
16 curricula and instruction.

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

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

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

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

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

13           (5) The Michigan virtual university shall offer at least  
14 200 hours of online professional development for classroom  
15 teachers under this section each fiscal year beginning in 2006-  
16 2007 without charge to the teachers or to districts or  
17 intermediate districts. **THESE FREE HOURS SHALL INCLUDE ALGEBRA 4**  
18 **ALL AND SUBSEQUENT STEM ACADEMY PROFESSIONAL DEVELOPMENT**  
19 **OPPORTUNITIES. ~~A district or intermediate district may require a~~**  
20 **~~full time teacher to participate in at least 5 hours of online~~**  
21 **~~professional development provided by the Michigan virtual~~**  
22 **~~university under subsection (4). Five hours of this professional~~**  
23 **~~development shall be considered to be part of the 38 hours~~**

1 ~~allowed to be counted as hours of pupil instruction under~~  
2 ~~section 101(10).~~

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

20 (a) An eligible consortium or partnership must demonstrate  
21 the following:

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

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

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

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

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

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

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

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

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

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

1           (iii) Design, develop, and acquire online courses and  
2 related supplemental resources aligned to state standards to  
3 create a comprehensive and rigorous statewide catalog of online  
4 courses and instructional services.

5           (iv) ~~Conduct a demonstration pilot to promote~~ **CONTINUE TO**  
6 **EVALUATE AND PILOT** new and innovative online **TOOLS, RESOURCES**  
7 **AND** courses ~~and instructional services~~.

8           (v) Evaluate existing online teaching and learning  
9 practices and develop continuous improvement strategies to  
10 enhance student achievement.

11          (vi) Develop, support, and maintain the technology  
12 infrastructure and related software required to deliver online  
13 courses and instructional services to students statewide.

14          (7) From the state school aid fund allocation in subsection  
15 (1), an amount not to exceed \$500,000.00 for ~~2008-2009~~ **2009-2010**  
16 shall be awarded as a single grant to an intermediate district  
17 working in partnership with the Michigan virtual high school for  
18 a statewide license for "my dream explorer", a career  
19 exploration and planning tool, to be made available to all  
20 pupils at no cost. The Michigan virtual high school shall work  
21 collaboratively with the department, the presidents council of  
22 state universities of Michigan, the Michigan community college  
23 association, the association of independent colleges and  
24 universities of Michigan, and the appropriate K-12 education

1 organizations to develop a comprehensive outreach and  
2 communications plan that provides parents and students with  
3 access to online resources designed to increase postsecondary  
4 enrollments and provide current information related to career  
5 planning, college selection, financial aid, and dual enrollment  
6 opportunities.

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

13 (9) Not later than December 1, ~~2008~~, **2009**, the Michigan  
14 virtual university shall provide a report to the house and  
15 senate appropriations subcommittees on state school aid, the  
16 state budget director, the house and senate fiscal agencies, and  
17 the department that includes at least all of the following  
18 information related to the Michigan virtual high school for the  
19 preceding state fiscal year:

20 (a) A list of the Michigan schools served by the Michigan  
21 virtual high school.

22 (b) A list of online course titles available to Michigan  
23 schools.

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

3 (d) The overall course completion rate percentage.

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

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

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

11 (10) As used in this section:

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

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

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

19 Sec. 99. (1) From the state school aid fund money  
20 appropriated in section 11, there is allocated an amount not to  
21 exceed \$3,390,000.00 for ~~2008-2009~~ **2009-2010** and from the  
22 general fund appropriation in section 11, there is allocated an  
23 amount not to exceed \$110,000.00 for ~~2008-2009 for implementing~~  
24 ~~the comprehensive master plan for~~ **2009-2010 TO SUPPORT THE**

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

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

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

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

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

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

1           (7) IN CONJUNCTION WITH THE MICHIGAN VIRTUAL UNIVERSITY AND  
2 THE DEPARTMENT, THE MATHEMATICS AND SCIENCE CENTERS NETWORK  
3 SHALL IMPLEMENT AN ALGEBRA 4 ALL INITIATIVE TO OFFER ONLINE AND  
4 FACE-TO-FACE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR  
5 MATHEMATICS TEACHERS IN GRADES 8 THROUGH 12 THAT PROMOTE BEST  
6 PRACTICES FOR TEACHING ALGEBRA TO ALL STUDENTS. IT IS INTENDED  
7 THAT THE ALGEBRA 4 ALL INITIATIVE BE THE FIRST PHASE OF  
8 ESTABLISHING A STEM ACADEMY THAT PROVIDES ONLINE PROFESSIONAL  
9 DEVELOPMENT OPPORTUNITIES FOR ALL TEACHERS IN THE FIELDS OF  
10 SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS. THE DEPARTMENT  
11 SHALL IDENTIFY ADDITIONAL FUNDING TO ASSIST THE MATHEMATICS AND  
12 SCIENCE CENTERS NETWORK IN FULFILLING ITS RESPONSIBILITIES UNDER  
13 THIS SUBSECTION.

14       ~~(7)~~ (8) In order to receive state **OR FEDERAL** funds under  
15 this section, a grant recipient shall allow access for the  
16 department or the department's designee to audit all records  
17 related to the program for which it receives such funds. The  
18 grant recipient shall reimburse the state for all disallowances  
19 found in the audit.

20       ~~(8)~~ (9) Not later than September 30, 2013, the department  
21 shall reevaluate and update the comprehensive master plan  
22 described in subsection (1).

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

4       ~~(10)~~ (11) In order to receive state funds under this  
5 section, a grant recipient shall provide at least a 10% local  
6 match from local public or private resources for the funds  
7 received under this section.

8       ~~(11)~~ (12) As used in this section:

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

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

12       Sec. 101. (1) To be eligible to receive state aid under  
13 this act, not later than the fifth Wednesday after the pupil  
14 membership count day and not later than the fifth Wednesday  
15 after the supplemental count day, each district superintendent  
16 ~~through the secretary of the district's board shall file with~~  
17 ~~the intermediate superintendent a certified and sworn copy of~~  
18 **SUBMIT TO THE CENTER, IN A FORM AND MANNER PRESCRIBED BY THE**  
19 **CENTER,** the number of pupils enrolled and in regular daily  
20 attendance in the district as of the pupil membership count day  
21 and as of the supplemental count day, as applicable, for the  
22 current school year. In addition, a district maintaining school  
23 during the entire year, as provided under section 1561 of the  
24 revised school code, MCL 380.1561, shall ~~file with the~~

1 ~~intermediate superintendent a certified and sworn copy of~~ **SUBMIT**  
2 **TO THE CENTER, IN A FORM AND MANNER PRESCRIBED BY THE CENTER,**  
3 the number of pupils enrolled and in regular daily attendance in  
4 the district for the current school year pursuant to rules  
5 promulgated by the superintendent. Not later than the seventh  
6 Wednesday after the pupil membership count day and not later  
7 than the seventh Wednesday after the supplemental count day, the  
8 intermediate district shall ~~transmit to~~ **CERTIFY** the center  
9 ~~revised data, as applicable, for each of its constituent~~  
10 ~~districts~~ **IN A FORM AND MANNER PRESCRIBED BY THE CENTER.** If a  
11 district fails to ~~file the sworn and certified copy with the~~  
12 ~~intermediate superintendent in a timely manner~~ **SUBMIT AND**  
13 **CERTIFY THE DATA,** as required under this subsection, the  
14 ~~intermediate district~~ **CENTER** shall notify the department and  
15 state aid due to be distributed under this act shall be withheld  
16 from the defaulting district immediately, beginning with the  
17 next payment after the failure and continuing with each payment  
18 until the district complies with this subsection. ~~If an~~  
19 ~~intermediate district fails to transmit the data in its~~  
20 ~~possession in a timely and accurate manner to the center, as~~  
21 ~~required under this subsection, state aid due to be distributed~~  
22 ~~under this act shall be withheld from the defaulting~~  
23 ~~intermediate district immediately, beginning with the next~~  
24 ~~payment after the failure and continuing with each payment until~~

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

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

1           (3) All of the following apply to the provision of pupil  
2 instruction:

3           (a) Except as otherwise provided in this section, each  
4 district shall provide at least 1,098 hours of pupil  
5 instruction. Except as otherwise provided in this act, a  
6 district failing to comply with the required minimum hours of  
7 pupil instruction under this subsection shall forfeit from its  
8 total state aid allocation an amount determined by applying a  
9 ratio of the number of hours the district was in noncompliance  
10 in relation to the required minimum number of hours under this  
11 subsection. Not later than August 1, the board of each district  
12 shall certify to the department the number of hours of pupil  
13 instruction in the previous school year. If the district did not  
14 provide at least the required minimum number of hours of pupil  
15 instruction under this subsection, the deduction of state aid  
16 shall be made in the following fiscal year from the first  
17 payment of state school aid. A district is not subject to  
18 forfeiture of funds under this subsection for a fiscal year in  
19 which a forfeiture was already imposed under subsection (6).  
20 Hours lost because of strikes or teachers' conferences shall not  
21 be counted as days or hours of pupil instruction.

22           (b) Except as otherwise provided in subdivision (c), a  
23 district not having at least 75% of the district's membership in  
24 attendance on any day of pupil instruction shall receive state

1 aid in that proportion of 1/180 that the actual percent of  
2 attendance bears to the specified percentage.

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

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

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

22           (5) A district shall not forfeit part of its state aid  
23 appropriation because it adopts or has in existence an  
24 alternative scheduling program for pupils in kindergarten if the

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

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

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

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

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

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

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

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

1           (d) If a pupil in grades 9 to 12 who is enrolled in a  
2 cooperative education program or a special education pupil  
3 cannot receive the required minimum number of hours of pupil  
4 instruction solely because of travel time between instructional  
5 sites during the school day, that travel time, up to a maximum  
6 of 3 hours per school week, shall be considered to be pupil  
7 instruction time for the purpose of determining whether the  
8 pupil is receiving the required minimum number of hours of pupil  
9 instruction. However, if a district demonstrates to the  
10 satisfaction of the department that the travel time limitation  
11 under this subdivision would create undue costs or hardship to  
12 the district, the department may consider more travel time to be  
13 pupil instruction time for this purpose.

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

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

23           (ii) The board of the district or intermediate district  
24 employing or assigning the instructor complies with the

1 requirements of sections 1230 and 1230a of the revised school  
2 code, MCL 380.1230 and 380.1230a, with respect to the instructor  
3 to the same extent as if employing the instructor as a regular  
4 classroom teacher.

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

8 (9) Upon application by the district for a particular  
9 fiscal year, the superintendent may waive for a district the  
10 minimum number of hours of pupil instruction requirement of  
11 subsection (3) for a department-approved alternative education  
12 program **OR ANOTHER INNOVATIVE PROGRAM APPROVED BY THE**  
13 **DEPARTMENT**. If a district applies for and receives a waiver  
14 under this subsection and complies with the terms of the waiver,  
15 for the fiscal year covered by the waiver the district is not  
16 subject to forfeiture under this section for the specific  
17 program covered by the waiver. If the district does not comply  
18 with the terms of the waiver, the amount of the forfeiture shall  
19 be calculated based upon a comparison of the number of hours of  
20 pupil instruction actually provided to the minimum number of  
21 hours of pupil instruction required under subsection (3).

22 (10) A district may count up to 38 hours of qualifying  
23 professional development for teachers, ~~including the~~ **PROVIDED**  
24 **THAT AT LEAST** 5 hours of ~~online~~ professional development **IS**

1 provided **ONLINE** by the Michigan virtual university under section  
2 **98 OR ANOTHER DEPARTMENT-APPROVED INTERMEDIATE DISTRICT PROVIDER**  
3 **OF ONLINE PROFESSIONAL DEVELOPMENT**, as hours of pupil  
4 instruction. However, if a collective bargaining agreement that  
5 provides more than 38 but not more than 51 hours of professional  
6 development for teachers is in effect for employees of a  
7 district as of the effective date of the 2006 amendatory act  
8 that amended this subsection, then until the fiscal year that  
9 begins after the expiration of that collective bargaining  
10 agreement a district may count up to 51 hours of qualifying  
11 professional development for teachers, including the 5 hours of  
12 online professional development ~~provided by the Michigan virtual~~  
13 ~~university under section 98~~, as hours of pupil instruction. A  
14 district that elects to use this exception shall notify the  
15 department of its election. As used in this subsection,  
16 "qualifying professional development" means professional  
17 development that is focused on 1 or more of the following:  
18       (a) Achieving or improving adequate yearly progress as  
19 defined under the no child left behind act of 2001, Public Law  
20 107-110.  
21       (b) Achieving accreditation or improving a school's  
22 accreditation status under section 1280 of the revised school  
23 code, MCL 380.1280.

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

3 (d) Maintaining teacher certification.

4 Sec. 104. (1) **IN ORDER TO RECEIVE STATE AID UNDER THIS ACT,**  
5 **A DISTRICT SHALL ADMINISTER STUDENT ASSESSMENTS PURSUANT TO**  
6 **SECTIONS 1278A, 1278B, 1279, 1279G, AND 1280B OF THE REVISED**  
7 **SCHOOL CODE, MCL 380.1278A, 380.1278B, 380.1279, 380.1279G, AND**  
8 **380.1280B, AND 1970 PA 38, MCL 388.1081 TO 388.1086.** From the  
9 state school aid fund money appropriated in section 11, there is  
10 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed  
11 ~~\$28,872,800.00~~ **\$28,130,700.00** for payments on behalf of  
12 districts for costs associated with complying with ~~sections 104a~~  
13 ~~and 104b, sections 1278a, 1278b, 1279, 1279g, and 1280b of the~~  
14 ~~revised school code, MCL 380.1278a, 380.1278b, 380.1279,~~  
15 ~~380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to~~  
16 ~~388.1086~~ **THIS SECTION.** In addition, from the federal funds  
17 appropriated in section 11, there is allocated for ~~2008-2009~~  
18 **2009-2010** an amount estimated at ~~\$8,512,900.00~~ **\$8,313,700.00,**  
19 funded from DED-OESE, title VI, state assessments funds and DED-  
20 OSERS, section 504 of part B of the individuals with  
21 disabilities education act, Public Law 94-142, plus any  
22 carryover federal funds from previous year appropriations, for  
23 the purposes of complying with the federal no child left behind  
24 act of 2001, Public Law 107-110.

1 (2) The results of each test administered as part of the  
2 Michigan educational assessment program, including tests  
3 administered to high school students, shall include an item  
4 analysis that lists all items that are counted for individual  
5 pupil scores and the percentage of pupils choosing each possible  
6 response.

7 (3) All federal funds allocated under this section shall be  
8 distributed in accordance with federal law and with flexibility  
9 provisions outlined in Public Law 107-116, and in the education  
10 flexibility partnership act of 1999, Public Law 106-25.

11 (4) Notwithstanding section 17b, payments on behalf of  
12 districts, intermediate districts, and other eligible entities  
13 under this section shall be paid on a schedule determined by the  
14 department.

15 (5) As used in this section:

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

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

19 (c) "DED-OSERS" means the DED office of special education  
20 and rehabilitative services.

21 Sec. 107. (1) From the appropriation in section 11, there  
22 is allocated an amount not to exceed ~~\$24,000,000.00~~  
23 **\$20,000,000.00** for ~~2008-2009~~ **2009-2010** for ~~adult education~~  
24 ~~programs authorized under this section~~ **GRANTS TO ELIGIBLE**

1 DISTRICTS AND INTERMEDIATE DISTRICTS FOR COMPREHENSIVE PROGRAMS  
2 THAT IMPROVE BASIC SKILLS AND INCREASE EDUCATIONAL ATTAINMENT.  
3 THESE GRANTS SHALL BE MADE AVAILABLE THROUGH A COMPETITIVE  
4 APPLICATION PROCESS AS FOLLOWS:

5 (A) THE APPLICANT MUST BE A DISTRICT OR INTERMEDIATE  
6 DISTRICT SERVING AS THE FISCAL AGENT OF A REGIONAL PARTNERSHIP  
7 THAT INCLUDES OTHER ENTITIES IN THE COMMUNITY THAT ARE  
8 POSITIONED TO DETERMINE THE BASIC SKILLS DEVELOPMENT NEEDS OF  
9 THE REGION. THE REGIONAL PARTNERSHIP, IN ADDITION TO THE  
10 APPLICANT DISTRICT OR INTERMEDIATE DISTRICT, MUST ALSO INCLUDE  
11 AT LEAST ONE POSTSECONDARY INSTITUTION AND ONE WORKFORCE  
12 DEVELOPMENT PARTNER. PARTNERS MAY ALSO INCLUDE, BUT ARE NOT  
13 LIMITED TO, EMPLOYERS, LITERACY COUNCILS, LIBRARIES, COMMUNITY-  
14 BASED ORGANIZATIONS, FAITH-BASED ORGANIZATIONS, LOCAL OFFICES OF  
15 STATE GOVERNMENT, AND LOCAL FOUNDATIONS.

16 (B) THE APPLICANT SHALL DEMONSTRATE THE PARTNERSHIP'S  
17 ABILITY TO LEVERAGE OTHER RESOURCES THAT COMPLEMENT FUNDING  
18 RECEIVED UNDER THIS SECTION TO SUPPORT A COMPREHENSIVE AND  
19 INTEGRATED APPROACH OF DELIVERING EDUCATIONAL PROGRAMS TO ADULT  
20 LEARNERS IN THE REGION AND SHALL IDENTIFY A PLAN TO COORDINATE  
21 THOSE RESOURCES IN A WAY THAT PROVIDES GREATER LEARNING  
22 OPPORTUNITIES.

23 (C) APPLICANTS SHALL APPLY FOR GRANTS UNDER THIS SECTION IN  
24 A FORM AND MANNER DETERMINED BY THE DEPARTMENT. PROGRAMS

1 ELIGIBLE FOR FUNDING UNDER THIS SECTION SHALL COMPLY WITH  
2 DEPARTMENT-APPROVED ADULT LEARNING OBJECTIVES AND CONTAIN ALL OF  
3 THE FOLLOWING PROGRAM COMPONENTS, AS DETERMINED BY THE  
4 DEPARTMENT:

5 (I) EMPLOYS CERTIFIED TEACHERS AND ADMINISTRATIVE STAFF AND  
6 OFFERS CONTINUING EDUCATION OPPORTUNITIES TO MAINTAIN  
7 CERTIFICATION.

8 (II) OFFERS COMPREHENSIVE ASSESSMENTS AND DEVELOPS  
9 INDIVIDUALIZED ADULT LEARNING PLANS THAT PROVIDE FOR CUSTOMIZED  
10 LEARNING PROGRAMS.

11 (III) PROVIDES FOR MULTIPLE MODES OF EDUCATIONAL DELIVERY  
12 FOR ADULT LEARNERS USING CAREER PATHWAYS TO STRENGTHEN THE  
13 CONNECTION BETWEEN LEARNING AND EMPLOYMENT.

14 (IV) UTILIZES CURRENT RESEARCH-BASED INSTRUCTIONAL  
15 PRACTICES THAT ARE PROVEN TO BE EFFECTIVE IN TEACHING ADULT  
16 LEARNERS.

17 (V) SERVES PARTICIPANTS DETERMINED TO BE MOST IN NEED BASED  
18 ON DEPARTMENT-APPROVED ASSESSMENTS OF ADULT LEARNERS' BARRIERS  
19 TO EDUCATIONAL PROGRESS.

20 (VI) DEVELOPS PROGRAM ENTRY AND EXIT REQUIREMENTS TO  
21 FACILITATE PARTICIPANT TRANSITION FROM AN ADULT EDUCATION  
22 PROGRAM TO EMPLOYMENT OR OTHER EDUCATIONAL PROGRAMS.

23 (VII) PROVIDES HIGH QUALITY CAREER COUNSELING AND SUPPORT  
24 SERVICES FOR ALL PARTICIPANTS INCLUDING THOSE WITH DISABILITIES,

1 LEARNING DIFFICULTIES, SPECIAL NEEDS OR BARRIERS TO ATTENDING  
2 AND COMPLETING PROGRAMS.

3 (VIII) PERFORMS ONGOING PROGRAM EVALUATION USING  
4 DEPARTMENT-ESTABLISHED PERFORMANCE MEASURES, AND TAKES  
5 CORRECTIVE MEASURES AS NECESSARY.

6 (IX) PROVIDES ACCESSIBLE SERVICES USING CONVENIENT  
7 LOCATIONS, DISTANCE LEARNING, AND FLEXIBLE YEAR-ROUND  
8 SCHEDULING.

9 (D) THE DEPARTMENT SHALL ESTABLISH A DIVERSE COMMITTEE TO  
10 REVIEW THE APPLICATIONS. THE COMMITTEE SHALL BE COMPOSED OF  
11 REPRESENTATIVES OF THE DEPARTMENT, OTHER STATE DEPARTMENTS, AND  
12 REPRESENTATIVES OF VARIOUS AGENCIES THAT HAVE WORKING KNOWLEDGE  
13 AND EXPERTISE IN THE AREA OF ADULT EDUCATION, POSTSECONDARY,  
14 COMMUNITY AND WORKFORCE DEVELOPMENT, AS APPROPRIATE.

15 (2) To be eligible to be a participant ENROLLED IN A  
16 PROGRAM funded under this section, ~~a person~~ AN INDIVIDUAL shall  
17 be enrolled in an adult basic education program, an adult  
18 English as a second language program, a general educational  
19 development (G.E.D.) test preparation program, a job or  
20 employment related program, or a high school completion program,  
21 that meets the requirements of this section, and shall meet  
22 either of the following, as applicable:

1 (a) If the individual has obtained a high school diploma or  
2 a general educational development (G.E.D.) certificate, the  
3 individual meets 1 of the following:

4 (i) Is less than 20 years of age on September 1 of the  
5 school year and is enrolled in the Michigan career and technical  
6 institute.

7 (ii) Is less than 20 years of age on September 1 of the  
8 school year, is not attending an institution of higher  
9 education, and is enrolled in a job or employment-related  
10 program through a referral by an employer.

11 (iii) Is enrolled in an English as a second language  
12 program.

13 (iv) Is enrolled in a high school completion program **AFTER**  
14 **HAVING OBTAINED A G.E.D.**

15 **(V) IS ENROLLED IN AN ADULT BASIC EDUCATION PROGRAM AND IS**  
16 **DETERMINED BY A DEPARTMENT-APPROVED ASSESSMENT TO BE BELOW NINTH**  
17 **GRADE LEVEL IN READING OR MATHEMATICS, OR BOTH.**

18 (b) If the individual has not obtained a high school  
19 diploma or G.E.D. certificate, the individual meets 1 of the  
20 following:

21 (i) Is at least 20 years of age on September 1 of the  
22 school year.

23 (ii) Is at least 16 years of age on September 1 of the  
24 school year, has been permanently expelled from school under

1 section 1311(2) or 1311a of the revised school code, MCL  
2 380.1311 and 380.1311a, and has no appropriate alternative  
3 education program available through his or her district of  
4 residence.

5 ~~(3) Except as otherwise provided in subsection (4), from~~  
6 ~~the amount allocated under subsection (1), at least~~  
7 ~~\$23,300,000.00 shall be distributed as follows:~~

8 ~~(a) For districts and consortia that received payments for~~  
9 ~~2007-2008 under this section, the amount allocated to each for~~  
10 ~~2008-2009 shall be based on the number of participants served by~~  
11 ~~the district or consortium for 2008-2009, using the amount~~  
12 ~~allocated per full-time equated participant under subsection~~  
13 ~~(6), up to a maximum total allocation under this subsection in~~  
14 ~~an amount equal to the amount the district or consortium~~  
15 ~~received for 2007-2008 under this section before any~~  
16 ~~reallocations made for 2007-2008 under subsection (4).~~

17 ~~(b) A district or consortium that received funding in 2007-~~  
18 ~~2008 under this section may operate independently of a~~  
19 ~~consortium or join or form a consortium for 2008-2009. The~~  
20 ~~allocation for 2008-2009 to the district or the newly formed~~  
21 ~~consortium under this subsection shall be determined by the~~  
22 ~~department and shall be based on the proportion of the amounts~~  
23 ~~that are attributable to the district or consortium that~~  
24 ~~received funding in 2007-2008. A district or consortium~~

1 ~~described in this subdivision shall notify the department of its~~  
2 ~~intention with regard to 2008-2009 by October 1, 2008.~~

3 ~~(c) If a district had a declaration of financial emergency~~  
4 ~~in place under the local government fiscal responsibility act,~~  
5 ~~1990 PA 72, MCL 141.1201 to 141.1291, and that declaration was~~  
6 ~~revoked during 2005, the district may operate a program under~~  
7 ~~this section independently of a consortium or may join or form a~~  
8 ~~consortium to operate a program under this section. The~~  
9 ~~allocation for 2008-2009 to the district or the newly formed~~  
10 ~~consortium under this subsection shall be determined by the~~  
11 ~~department and shall be based on the proportion of the amounts~~  
12 ~~that are attributable to the district or consortium that~~  
13 ~~received funding in 2007-2008 or, for a district for which a~~  
14 ~~declaration of financial emergency was revoked during 2005,~~  
15 ~~based on the amount the district received under this section~~  
16 ~~using a 3 year average of the 3 most recent fiscal years the~~  
17 ~~district received funding under this section. A district or~~  
18 ~~consortium described in this subdivision shall notify the~~  
19 ~~department of its intention with regard to 2008-2009 by October~~  
20 ~~1, 2008.~~

21 ~~(4) A district that operated an adult education program in~~  
22 ~~2007-2008 and does not intend to operate a program in 2008-2009~~  
23 ~~shall notify the department by October 1, 2008 of its intention.~~  
24 ~~The funds intended to be allocated under this section to a~~

1 ~~district that does not operate a program in 2008-2009 and the~~  
2 ~~unspent funds originally allocated under this section to a~~  
3 ~~district or consortium that subsequently operates a program at~~  
4 ~~less than the level of funding allocated under subsection (3)~~  
5 ~~shall instead be proportionately reallocated to the other~~  
6 ~~districts described in subsection (3)(a) that are operating an~~  
7 ~~adult education program in 2008-2009 under this section.~~

8 ~~(5) From the amount allocated under subsection (1), up to a~~  
9 ~~maximum of \$200,000.00 shall be allocated for not more than 1~~  
10 ~~grant not to exceed \$200,000.00 for expansion of an existing~~  
11 ~~innovative community college program that focuses on educating~~  
12 ~~adults. Grants may be used for program operating expenses such~~  
13 ~~as staffing, rent, equipment, and other expenses. To be eligible~~  
14 ~~for this grant funding, a program must meet the following~~  
15 ~~criteria:~~

16 ~~(a) Collaborates with local districts and businesses to~~  
17 ~~determine area academic needs and to promote the learning~~  
18 ~~opportunities.~~

19 ~~(b) Is located off-campus in an urban residential setting~~  
20 ~~with documented high poverty and low high school graduation~~  
21 ~~rates.~~

22 ~~(c) Provides general educational development (G.E.D.) test~~  
23 ~~preparation courses and workshops.~~

1       ~~(d) Provides developmental courses taught by college~~  
2 ~~faculty that prepare students to be successful in college level~~  
3 ~~courses.~~

4       ~~(e) Uses learning communities to allow for shared, rather~~  
5 ~~than isolated, learning experiences.~~

6       ~~(f) Provides on site tutoring.~~

7       ~~(g) Provides access to up-to-date technology, including~~  
8 ~~personal computers.~~

9       ~~(h) Partners with a financial institution to provide~~  
10 ~~financial literacy education.~~

11       ~~(i) Assists students in gaining access to financial aid.~~

12       ~~(j) Provides on site academic advising to students.~~

13       ~~(k) Provides vouchers for reduced G.E.D. testing costs.~~

14       ~~(l) Partners with local agencies to provide referrals for~~  
15 ~~social services as needed.~~

16       ~~(m) Enrolls participants as students of the community~~  
17 ~~college.~~

18       ~~(n) Partners with philanthropic and business entities to~~  
19 ~~provide capital funding.~~

20       ~~(6) The amount allocated under this section per full time~~  
21 ~~equated participant is \$2,850.00 for a 450-hour program. The~~  
22 ~~amount shall be proportionately reduced for a program offering~~  
23 ~~less than 450 hours of instruction.~~

1       ~~(7)~~ **(3)** An adult basic education program ~~or an adult~~  
2 ~~English as a second language program~~ operated on a year-round or  
3 school year basis may be funded under this section, subject to  
4 all of the following:

5       (a) The program enrolls ~~adults~~ **PARTICIPANTS** who are  
6 determined by an ~~appropriate~~ **A DEPARTMENT-APPROVED** assessment,  
7 ~~in a form and manner prescribed by the department,~~ to be below  
8 ninth grade level in reading or mathematics, or both, ~~or to lack~~  
9 ~~basic English proficiency.~~

10       (b) The program tests ~~individuals~~ **PARTICIPANTS** for  
11 eligibility under subdivision (a) before enrollment ~~and tests~~  
12 ~~participants to determine progress after every 90 hours of~~  
13 ~~attendance, using assessment instruments approved by the~~  
14 ~~department of labor and economic growth~~ **AND UPON COMPLETION OF**  
15 **THE PROGRAM IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT.**

16       (c) A participant in an adult basic education program is  
17 eligible ~~for reimbursement~~ **TO BE ENROLLED IN THE PROGRAM** until 1  
18 of the following occurs:

19       (i) The participant's reading and mathematics proficiency  
20 are assessed at or above the ninth grade level.

21       (ii) The participant fails to show ~~progress~~ **IMPROVEMENT** on  
22 2 successive **DEPARTMENT-APPROVED** assessments after having  
23 completed at least 450 hours of instruction.

1           (4) AN ADULT ENGLISH AS A SECOND LANGUAGE PROGRAM OPERATED  
2 ON A YEAR-ROUND OR SCHOOL YEAR BASIS MAY BE FUNDED UNDER THIS  
3 SECTION, SUBJECT TO ALL OF THE FOLLOWING:

4           (A) THE PROGRAM ENROLLS PARTICIPANTS WHO ARE DETERMINED BY  
5 A DEPARTMENT-APPROVED ASSESSMENT TO LACK BASIC ENGLISH  
6 PROFICIENCY.

7           (B) THE PROGRAM TESTS PARTICIPANTS UNDER SUBDIVISION (A)  
8 BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN A FORM  
9 AND MANNER DETERMINED BY THE DEPARTMENT.

10         ~~(d)~~ (C) A ~~funding recipient enrolling a~~ participant in an  
11 English as a second language program is eligible ~~for funding~~  
12 ~~according to subsection (11)~~ **TO BE ENROLLED IN THE PROGRAM** until  
13 the participant meets 1 of the following:

14           (i) The participant is assessed as having attained basic  
15 English proficiency as defined by the department.

16           (ii) The participant fails to show ~~progress~~ **IMPROVEMENT** on  
17 2 successive **DEPARTMENT-APPROVED** assessments after having  
18 completed at least 450 hours of instruction. ~~The department~~  
19 ~~shall provide information to a funding recipient regarding~~  
20 ~~appropriate assessment instruments for this program.~~

21         ~~(8)~~ (5) A general educational development (G.E.D.) test  
22 preparation program operated on a year-round or school year  
23 basis may be funded under this section, subject to all of the  
24 following:

1 (a) The program enrolls ~~adults~~ **PARTICIPANTS** who do not have  
2 a high school diploma **AND ARE ASSESSED TO BE AT OR ABOVE THE**  
3 **NINTH GRADE LEVEL IN READING AS DETERMINED BY A DEPARTMENT-**  
4 **APPROVED ASSESSMENT.**

5 (b) The program shall administer a G.E.D. pre-test approved  
6 by the department before enrolling ~~an individual~~ **A PARTICIPANT**  
7 to determine the individual's potential for success on the  
8 G.E.D. test, and shall administer ~~other tests after every 90~~  
9 ~~hours of attendance to determine a participant's readiness to~~  
10 ~~take the G.E.D. test~~ **A POST-TEST UPON COMPLETION OF THE PROGRAM**  
11 **IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT.**

12 (c) A ~~funding recipient shall receive funding according to~~  
13 ~~subsection (11) for a participant, and a participant may be~~  
14 enrolled in ~~the program~~ **A G.E.D. PROGRAM** until 1 of the  
15 following occurs:

16 (i) The participant ~~passes the~~ **OBTAINS A G.E.D. test.**

17 (ii) The participant fails to show ~~progress~~ **IMPROVEMENT** on  
18 2 successive ~~tests used to determine readiness to take the~~  
19 ~~G.E.D. test~~ **DEPARTMENT-APPROVED ASSESSMENTS** after having  
20 completed at least 450 hours of instruction.

21 ~~(9)~~ **(6)** A high school completion program operated on a  
22 year-round or school year basis may be funded under this  
23 section, subject to all of the following:

1 (a) The program enrolls ~~adults~~ **PARTICIPANTS** who do not have  
2 a high school diploma **AND ARE ASSESSED TO BE AT OR ABOVE THE**  
3 **NINTH GRADE LEVEL IN READING AS DETERMINED BY A DEPARTMENT-**  
4 **APPROVED ASSESSMENT.**

5 (B) **THE PROGRAM TESTS PARTICIPANTS UNDER SUBDIVISION (A)**  
6 **BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN A FORM**  
7 **AND MANNER DETERMINED BY THE DEPARTMENT.**

8 ~~(b)~~ (C) ~~A funding recipient shall receive funding according~~  
9 ~~to subsection (11) for a participant in a course offered under~~  
10 ~~this subsection~~ **MAY BE ENROLLED IN A HIGH SCHOOL COMPLETION**  
11 **PROGRAM** until 1 of the following occurs:

12 (i) The participant ~~passes the course and earns~~ **OBTAINS** a  
13 high school diploma.

14 (ii) The participant fails to earn credit in 2 successive  
15 semesters or terms in which the participant is enrolled after  
16 having completed at least 900 hours of instruction.

17 ~~(10)~~ (7) A job or employment-related adult education  
18 program operated on a year-round or school year basis may be  
19 funded under this section, subject to all of the following:

20 (a) The program enrolls ~~adults~~ **PARTICIPANTS** referred by  
21 their employer who are less than 20 years of age, have a high  
22 school diploma, are determined to be in need of remedial  
23 mathematics or communication arts skills and are not attending  
24 an institution of higher education.

1           (b) ~~An individual~~ **A PARTICIPANT** may be enrolled in this  
2 program and the grant recipient shall receive funding according  
3 to ~~subsection (11)~~ until 1 of the following occurs:

4           (i) The individual **PARTICIPANT** achieves the requisite  
5 skills as determined by appropriate **DEPARTMENT-APPROVED**  
6 assessment instruments administered at least after every 90  
7 hours of attendance.

8           (ii) The individual **PARTICIPANT** fails to show progress  
9 **IMPROVEMENT** on 2 successive **DEPARTMENT-APPROVED** assessments  
10 after having completed at least 450 hours of instruction. The  
11 department shall provide information to a funding recipient  
12 regarding appropriate assessment instruments for this program.

13           ~~(11)~~ **(8)** A funding recipient shall receive payments **FUNDING**  
14 under this section in accordance with the following **PERFORMANCE**  
15 **STANDARDS ESTABLISHED BY THE DEPARTMENT THAT MEASURE ALL OF THE**  
16 **FOLLOWING:**

17           ~~(a) Ninety percent for enrollment of eligible participants.~~

18           ~~(b) Ten percent for completion of the adult basic education~~  
19 ~~objectives by achieving an increase of at least 1 grade level of~~  
20 ~~proficiency in reading or mathematics; for achieving basic~~  
21 ~~English proficiency, as defined by the department in the adult~~  
22 ~~education guidebook; for obtaining a G.E.D. or passage of 1 or~~  
23 ~~more individual G.E.D. tests; for attainment of a high school~~  
24 ~~diploma or passage of a course required for a participant to~~

1 ~~attain a high school diploma; or for completion of the course~~  
2 ~~and demonstrated proficiency in the academic skills to be~~  
3 ~~learned in the course, as applicable.~~

4 (A) PROGRAM EFFECTIVENESS, INCLUDING THE NUMBER OF  
5 PARTICIPANTS THAT MEET OR EXCEED MINIMUM PROGRAM REQUIREMENTS,  
6 AS MEASURED BY DEPARTMENT-APPROVED STANDARDS.

7 (B) ACHIEVEMENT OF BASIC SKILLS, INCLUDING THE NUMBER OF  
8 PARTICIPANTS THAT OBTAIN A HIGH SCHOOL DIPLOMA OR A G.E.D.,  
9 ATTAIN BASIC ENGLISH PROFICIENCY, OR INCREASE THEIR EDUCATIONAL  
10 FUNCTIONING LEVEL TO A LEVEL REQUIRED FOR TRANSITION TO  
11 CONTINUING EDUCATION OR EMPLOYMENT.

12 (C) TRANSITION TO POSTSECONDARY EDUCATION, INCLUDING THE  
13 NUMBER OF PARTICIPANTS THAT TRANSITION INTO JOB TRAINING OR  
14 POSTSECONDARY EDUCATION PROGRAMS.

15 (D) TRANSITION TO EMPLOYMENT, INCLUDING THE NUMBER OF  
16 PARTICIPANTS THAT TRANSITION INTO EMPLOYMENT AND RETAIN  
17 EMPLOYMENT FOR A PERIOD OF ONE YEAR OR, IF ALREADY EMPLOYED, ARE  
18 SUCCESSFUL IN ADVANCING THEIR CAREERS.

19 ~~(12) As used in this section, "participant" means the sum~~  
20 ~~of the number of full time equated individuals enrolled in and~~  
21 ~~attending a department-approved adult education program under~~  
22 ~~this section, using quarterly participant count days on the~~  
23 ~~schedule described in section 6(7)(b).~~

1        ~~(13)~~ **(9)** A person who is not eligible to be a participant  
2 funded under this section may receive adult education services  
3 upon the payment of tuition. In addition, a person who is not  
4 eligible to be served in a program under this section due to the  
5 program limitations specified in subsection ~~(7)~~ **(3)**, ~~(8)~~ **(4)**,  
6 ~~(9)~~ **(5)**, **(6)**, or ~~(10)~~ **(7)** may continue to receive adult  
7 education services in that program upon the payment of tuition.  
8 The tuition level shall be determined by the local or  
9 intermediate district conducting the program.

10        ~~(14)~~ **(10)** An individual who is an inmate in a state  
11 correctional facility shall not be counted as a participant  
12 under this section. ~~However, from the amount allocated under~~  
13 ~~subsection (1), up to a maximum of \$500,000.00 shall be made~~  
14 ~~available as competitive grants to districts that enroll adults~~  
15 ~~who do not have a high school diploma or G.E.D. and who are~~  
16 ~~incarcerated in a state correctional facility in general~~  
17 ~~education development (G.E.D.) test preparation courses and~~  
18 ~~workshops or high school completion programs. Districts applying~~  
19 ~~for grants under this subsection shall do so in a form and~~  
20 ~~manner determined by the department. Districts receiving funding~~  
21 ~~under this subsection shall provide G.E.D. and high school~~  
22 ~~diploma programs substantially similar to those programs as~~  
23 ~~described in this section and shall receive \$2,850.00 per~~  
24 ~~participant enrolled in the programs.~~

1       ~~(15)~~ **(11)** A district **OR INTERMEDIATE DISTRICT** shall not  
2 commingle money received under this section or from another  
3 source for adult education purposes with any other funds ~~of the~~  
4 ~~district~~. A district **OR INTERMEDIATE DISTRICT** receiving adult  
5 education funds shall establish a separate ledger account for  
6 those funds. This subsection does not prohibit a district **OR**  
7 **INTERMEDIATE DISTRICT** from using general funds of the district  
8 to support an adult education or community education program.

9       ~~(16)~~ **(12)** A ~~district or intermediate district~~ receiving  
10 ~~funds~~ **PARTNERSHIP SUPPORTED BY FUNDING** under this section may  
11 establish a sliding scale of tuition rates based upon a  
12 participant's family income. A ~~district or intermediate district~~  
13 **PARTNERSHIP** may charge a participant tuition to receive adult  
14 education services under this section from that sliding scale of  
15 tuition rates on a uniform basis. The amount of tuition charged  
16 per participant shall not exceed the actual operating cost per  
17 participant minus any funds received under this section per  
18 participant. A ~~district or intermediate district~~ **PARTNERSHIP** may  
19 not charge a participant tuition under this section if the  
20 participant's income is at or below 200% of the federal poverty  
21 guidelines published by the United States department of health  
22 and human services.

23       ~~(17)~~ **(13)** In order to receive funds under this section, a  
24 district **OR INTERMEDIATE DISTRICT SERVING AS THE FISCAL AGENT OF**

1 **A PARTNERSHIP** shall furnish to the department, in a form and  
2 manner determined by the department, all information needed to  
3 administer this program and meet **STATE AND** federal reporting  
4 requirements; shall allow the department or the department's  
5 designee to review all records related to the program for which  
6 it receives funds; and shall reimburse the state for all  
7 disallowances found in the review, as determined by the  
8 department.

9 ~~(18)~~ **(14)** All intermediate district participant audits **AND**  
10 **INDEPENDENT AUDITS** of adult education programs shall be  
11 performed pursuant to the adult education participant auditing  
12 and accounting manuals published by the department.

13 ~~(19)~~ **(15)** As used in this section, "department" means the  
14 department of **ENERGY**, labor and economic growth.

15 **(16) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS**  
16 **SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE**  
17 **DEPARTMENT.**

18 Sec. 147. The allocation for ~~2008-2009~~ **2009-2010** for the  
19 public school employees' retirement system pursuant to the  
20 public school employees retirement act of 1979, 1980 PA 300, MCL  
21 38.1301 to 38.1408, shall be made using the entry age normal  
22 cost actuarial method and risk assumptions adopted by the public  
23 school employees retirement board and the department of  
24 management and budget. The annual level percentage of payroll

1 contribution rate is estimated at ~~16.54%~~ **16.94%** for the ~~2008-~~  
2 ~~2009~~ **2009-2010** state fiscal year. The portion of the  
3 contribution rate assigned to districts and intermediate  
4 districts for each fiscal year is all of the total percentage  
5 points. This contribution rate reflects an amortization period  
6 of ~~29~~ **28** years for ~~2008-2009~~ **2009-2010**. The public school  
7 employees' retirement system board shall notify each district  
8 and intermediate district by February 28 of each fiscal year of  
9 the estimated contribution rate for the next fiscal year.

10       Sec. 164c. A district or intermediate district shall not  
11 use funds appropriated under this act to purchase foreign goods  
12 or services, or both, if **COMPETITIVELY PRICED AND OF COMPARABLE**  
13 **QUALITY** American goods or services, or both, are available ~~and~~  
14 ~~are competitively priced and of comparable quality~~. Preference  
15 ~~should~~ **SHALL** be given to goods or services, or both,  
16 manufactured or provided by Michigan businesses, if they are  
17 competitively priced and of comparable quality. In addition,  
18 preference ~~shall~~ **SHOULD** be given to goods or services, or both,  
19 that are manufactured or provided by Michigan businesses owned  
20 and operated by veterans, if they are competitively priced and  
21 of comparable quality.

22       Enacting section 1. (1) In accordance with section 30 of  
23 article I of the state constitution of 1963, total state  
24 spending in this amendatory act from state sources for fiscal

1 year 2008-2009 is estimated at \$11,700,798,200.00 and state  
2 appropriations to be paid to local units of government for  
3 fiscal year 2008-2009 are estimated at \$11,564,105,900.00.

4 (2) In accordance with section 30 of article I of the state  
5 constitution of 1963, total state spending in this amendatory  
6 act from state sources for fiscal year 2009-2010 is estimated at  
7 \$11,401,790,600.00 and state appropriations to be paid to local  
8 units of government for fiscal year 2009-2010 are estimated at  
9 \$11,267,973,800.00.

10 Enacting section 2. Sections 22d, 22e, 32c, 32j, 37, 38,  
11 41, 54c, 57, 65, 99a, 99e, 99i, 99j, 99k, 99n, 99p, 104a, 104b,  
12 and 166 of the state school aid act of 1979, 1979 PA 94, MCL  
13 388.1622d, 388.1622e, 388.1632c, 388.1632j, 388.1637, 388.1638,  
14 388.1641, 388.1654c, 388.1657, 388.1665, 388.1699a, 388.1699e,  
15 388.1699i, 388.1699j, 388.1699k, 388.1699n, 388.1699p,  
16 388.1704a, 388.1704b, and 388.1766 are repealed effective  
17 October 1, 2009.

18 Enacting section 3. (1) Except as otherwise provided in  
19 subsection (2), this amendatory act takes effect October 1,  
20 2009.

21 (2) Sections 11, 11j, 22a, 22b, 26a, 51a, 51c, and 94a of  
22 the state school aid act of 1979, 1979 PA 94, MCL 388.1611,  
23 388.1611j, 388.1622a, 388.1622b, 388.1626a, 388.1651a,

1 388.1651c, and 388.1694a, as amended by this amendatory act,  
2 take effect upon enactment of this amendatory act.