

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

1 school code, MCL 380.551, and is in compliance with section 553a
2 of the revised school code, MCL 380.553a, a pupil's
3 participation in the cyber school's educational program is
4 considered regular daily attendance. The amount of the
5 foundation allowance for a pupil in membership is determined
6 under section 20. In making the calculation of membership, all
7 of the following, as applicable, apply to determining the
8 membership of a district, public school academy, university
9 school, or intermediate district:

10 (a) Except as otherwise provided in this subsection, and
11 pursuant to subsection (6), a pupil shall be counted in
12 membership in the pupil's educating district or districts. An
13 individual pupil shall not be counted for more than a total of
14 1.0 full-time equated membership.

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

1 (c) A special education pupil educated by the intermediate
2 district shall be counted in membership in the intermediate
3 district.

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

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

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

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

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

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

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

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

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

22 (j) If a district is the authorizing body for a public
23 school academy, then, in the first school year in which pupils
24 are counted in membership on the pupil membership count day in

1 the public school academy, the determination of the district's
2 membership shall exclude from the district's pupil count for the
3 immediately preceding supplemental count day any pupils who are
4 counted in the public school academy on that first pupil
5 membership count day who were also counted in the district on
6 the immediately preceding supplemental count day.

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

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

20 (m) An individual who has obtained a high school diploma
21 shall not be counted in membership. An individual who has
22 obtained a general educational development (G.E.D.) certificate
23 shall not be counted in membership. An individual participating
24 in a job training program funded under former section 107a or a

1 jobs program funded under former section 107b, administered by
2 the Michigan strategic fund or the department of energy, labor,
3 and economic growth, or participating in any successor of either
4 of those 2 programs, shall not be counted in membership.

5 (n) If a pupil counted in membership in a public school
6 academy is also educated by a district or intermediate district
7 as part of a cooperative education program, the pupil shall be
8 counted in membership only in the public school academy unless a
9 written agreement signed by all parties designates the party or
10 parties in which the pupil shall be counted in membership, and
11 the instructional time scheduled for the pupil in the district
12 or intermediate district shall be included in the full-time
13 equated membership determination under subdivision (q). However,
14 for pupils receiving instruction in both a public school academy
15 and in a district or intermediate district but not as a part of
16 a cooperative education program, the following apply:

17 (i) If the public school academy provides instruction for
18 at least 1/2 of the class hours specified in subdivision (q),
19 the public school academy 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 public school academy provides divided by the number of
23 hours specified in subdivision (q) for full-time equivalency,
24 and the remainder of the full-time membership for each of those

1 pupils shall be allocated to the district or intermediate
2 district providing the remainder of the hours of instruction.

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

14 (o) An individual less than 16 years of age as of September
15 1 of the current school year who is being educated in an
16 alternative education program shall not be counted in membership
17 if there are also adult education participants being educated in
18 the same program or classroom.

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

21 (q) The number of class hours used to calculate full-time
22 equated memberships shall be consistent with section 101(3). In
23 determining full-time equated memberships for pupils who are
24 enrolled in a postsecondary institution, a pupil shall not be

1 considered to be less than a full-time equated pupil solely
2 because of the effect of his or her postsecondary enrollment,
3 including necessary travel time, on the number of class hours
4 provided by the district to the pupil.

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

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

1 the supplemental count day for the current school year, and
2 dividing that sum by 2.

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

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

23 (i) The district provides at least 2 nonconsecutive hours
24 of instruction per week to the pupil at the pupil's home or

1 otherwise apart from the general school population under the
2 supervision of a certificated teacher.

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

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

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

11 (v) A pupil enrolled in an alternative or disciplinary
12 education program described in section 25 shall be counted in
13 membership in the district or public school academy that is
14 educating the pupil.

15 (w) If a pupil was enrolled in a public school academy on
16 the pupil membership count day, if the public school academy's
17 contract with its authorizing body is revoked or the public
18 school academy otherwise ceases to operate, and if the pupil
19 enrolls in a district within 45 days after the pupil membership
20 count day, the department shall adjust the district's pupil
21 count for the pupil membership count day to include the pupil in
22 the count.

23 (x) For a public school academy that has been in operation
24 for at least 2 years and that suspended operations for at least

1 1 semester and is resuming operations, membership is the sum of
2 the product of .75 times the number of full-time equated pupils
3 in grades K to 12 actually enrolled and in regular daily
4 attendance on the first pupil membership count day or
5 supplemental count day, whichever is first, occurring after
6 operations resume, plus the product of .25 times the final
7 audited count from the most recent pupil membership count day or
8 supplemental count day that occurred before suspending
9 operations, as determined by the superintendent.

10 (y) If a district's membership for a particular fiscal
11 year, as otherwise calculated under this subsection, would be
12 less than 1,550 pupils and the district has 4.5 or fewer pupils
13 per square mile, as determined by the department, and, beginning
14 in 2007-2008, if the district does not receive funding under
15 section 22d(2), the district's membership shall be considered to
16 be the membership figure calculated under this subdivision. If a
17 district educates and counts in its membership pupils in grades
18 9 to 12 who reside in a contiguous district that does not
19 operate grades 9 to 12 and if 1 or both of the affected
20 districts request the department to use the determination
21 allowed under this sentence, the department shall include the
22 square mileage of both districts in determining the number of
23 pupils per square mile for each of the districts for the

1 purposes of this subdivision. The membership figure calculated
2 under this subdivision is the greater of the following:

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

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

10 (z) If a public school academy that is not in its first or
11 second year of operation closes at the end of a school year and
12 does not reopen for the next school year, the department shall
13 adjust the membership count of the district in which a former
14 pupil of the public school academy enrolls and is in regular
15 daily attendance for the next school year to ensure that the
16 district receives the same amount of membership aid for the
17 pupil as if the pupil were counted in the district on the
18 supplemental count day of the preceding school year.

19 (aa) Full-time equated memberships for preprimary-aged
20 special education pupils who are not enrolled in kindergarten
21 but are enrolled in a classroom program under R 340.1754 of the
22 Michigan administrative code shall be determined by dividing the
23 number of class hours scheduled and provided per year by 450.
24 Full-time equated memberships for preprimary-aged special

1 education pupils who are not enrolled in kindergarten but are
2 receiving nonclassroom services under R 340.1755 of the Michigan
3 administrative code shall be determined by dividing the number
4 of hours of service scheduled and provided per year per pupil by
5 180.

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

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

21 (dd) A district that educates a pupil who attends a United
22 States Olympic education center may count the pupil in
23 membership regardless of whether or not the pupil is a resident
24 of this state.

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

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

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

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

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

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

18 (d) A pupil enrolled in a district other than the pupil's
19 district of residence under an intermediate district schools of
20 choice pilot program as described in section 91a or former
21 section 91 if the intermediate district and its constituent
22 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 (n) A pupil enrolled in a district other than the pupil's
16 district of residence pursuant to section 1148(2) of the revised
17 school code, MCL 380.1148.

18 **(O) A PUPIL WHO TRANSFERS TO ANOTHER DISTRICT AS A**
19 **REQUIREMENT OF THE PUPIL'S RESIDENT DISTRICT NOT MAKING ADEQUATE**
20 **YEARLY PROGRESS UNDER THE FEDERAL NO CHILD LEFT BEHIND ACT OF**
21 **2001, PUBLIC LAW 107-110.**

22 However, if a district educates pupils who reside in
23 another district and if the primary instructional site for those
24 pupils is established by the educating district after 2009-2010

1 and is located within the boundaries of that other district, the
2 educating district must have the approval of that other district
3 to count those pupils in membership.

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

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

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

14 (i) Fourth Wednesday in July.

15 (ii) Fourth Wednesday after Labor day.

16 (iii) Second Wednesday in February.

17 (iv) Fourth Wednesday in April.

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

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

1 or legally qualified substitute teacher are together and
2 instruction is taking place.

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

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

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

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

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

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

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

21 (16) "Tuition pupil" means a pupil of school age attending
22 school in a district other than the pupil's district of
23 residence for whom tuition may be charged. Tuition pupil does
24 not include a pupil who is a special education pupil or a pupil

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

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

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

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

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

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

1 Sec. 11. (1) For the fiscal year ending September 30, 2010,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 ~~\$10,793,954,100.00~~ **\$10,617,833,500.00** from the state school aid
5 fund established by section 11 of article IX of the state
6 constitution of 1963 and the sum of ~~\$31,800,000.00~~
7 **\$30,206,200.00** from the general fund. For the fiscal year ending
8 September 30, 2010, there is also appropriated the sum of
9 \$450,000,000.00 from the federal funding awarded to this state
10 under title XIV of the American recovery and reinvestment act of
11 2009, Public Law 111-5, to be used solely for the purpose of
12 funding the primary funding formula calculated under section 20,
13 in accordance with federal law. **FOR THE FISCAL YEAR ENDING**
14 **SEPTEMBER 30, 2011, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS**
15 **OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO**
16 **EDUCATION THE SUM OF \$10,968,776,900.00 FROM THE STATE SCHOOL**
17 **AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE**
18 **CONSTITUTION OF 1963 AND THE SUM OF \$30,206,200.00 FROM THE**
19 **GENERAL FUND. FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011,**
20 **THERE IS ALSO APPROPRIATED THE SUM OF \$184,256,600.00, OR THE**
21 **BALANCE REMAINING, FROM THE FEDERAL FUNDING AWARDED TO THIS**
22 **STATE UNDER TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT**
23 **ACT OF 2009, PUBLIC LAW 111-5, TO BE USED SOLELY FOR THE PURPOSE**
24 **OF FUNDING THE PRIMARY FUNDING FORMULA CALCULATED UNDER SECTION**

1 **20, IN ACCORDANCE WITH FEDERAL LAW.** In addition, any money
2 received by this state from the federal incentive grant program
3 created under sections 14005 and 14006 of title XIV of the
4 American recovery and reinvestment act of 2009, Public Law 111-
5 5, known as the "race to the top" grant program, and all other
6 available federal funds are appropriated for the **EACH** fiscal
7 year ending September 30, 2010 **AND SEPTEMBER 30, 2011.**

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

20 (3) If the maximum amount appropriated under this section
21 from the state school aid fund and the school aid stabilization
22 fund for a fiscal year exceeds the amount available for
23 expenditure from the state school aid fund for that fiscal year,
24 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,

1 51a(2), 51a(12), 51c, 53a, and 56 shall be made in full. In
2 addition, for districts beginning operations after 1994-95 that
3 qualify for payments under section 22b, payments under section
4 22b shall be made so that the qualifying districts receive the
5 lesser of an amount equal to the 1994-95 foundation allowance of
6 the district in which the district beginning operations after
7 1994-95 is located or \$5,500.00. The amount of the payment to be
8 made under section 22b for these qualifying districts shall be
9 as calculated under section 22a, with the balance of the payment
10 under section 22b being subject to the proration otherwise
11 provided under this subsection and subsection (4). If proration
12 is necessary, state payments under each of the other sections of
13 this act from all state funding sources shall be prorated in the
14 manner prescribed in subsection (4) as necessary to reflect the
15 amount available for expenditure from the state school aid fund
16 for the affected fiscal year. However, if the department of
17 treasury determines that proration will be required under this
18 subsection, or if the department of treasury determines that
19 further proration is required under this subsection after an
20 initial proration has already been made for a fiscal year, the
21 department of treasury shall notify the state budget director,
22 and the state budget director shall notify the legislature at
23 least 30 calendar days or 6 legislative session days, whichever
24 is more, before the department reduces any payments under this

1 act because of the proration. During the 30 calendar day or 6
2 legislative session day period after that notification by the
3 state budget director, the department shall not reduce any
4 payments under this act because of proration under this
5 subsection. The legislature may prevent proration from occurring
6 by, within the 30 calendar day or 6 legislative session day
7 period after that notification by the state budget director,
8 enacting legislation appropriating additional funds from the
9 general fund, countercyclical budget and economic stabilization
10 fund, state school aid fund balance, or another source to fund
11 the amount of the projected shortfall.

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

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

19 (i) Districts.

20 (ii) Intermediate districts.

21 (iii) Entities other than districts or intermediate
22 districts.

23 (b) The department shall recover a percentage of the
24 proration amount required under subsection (3) that is equal to

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

8 (c) 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)(ii) for
11 intermediate districts by reducing payments to intermediate
12 districts. This reduction shall be made by reducing the payments
13 to each intermediate district, other than payments under
14 sections 11f, 11g, 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an
15 equal percentage basis.

16 (d) The department shall recover a percentage of the
17 proration amount required under subsection (3) that is equal to
18 the percentage calculated under subdivision (a)(iii) for
19 entities other than districts and intermediate districts by
20 reducing payments to these entities. This reduction shall be
21 made by reducing the payments to each of these entities, other
22 than payments under sections 11j, 26a, and 26b, on an equal
23 percentage basis.

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

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

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

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

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

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

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

1 (4) The state treasurer shall direct the investment of the
2 school aid stabilization fund. The state treasurer shall credit
3 to the school aid stabilization fund interest and earnings from
4 fund investments.

5 (5) Money in the school aid stabilization fund at the close
6 of a fiscal year shall remain in the school aid stabilization
7 fund and shall not lapse to the unreserved school aid fund
8 balance or the general fund.

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

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

1 Sec. 11d. (1) For ~~2009-2010~~ only **2010-2011**, the department
2 shall deduct an amount equal to \$165.00 per membership pupil
3 from the total state school aid otherwise allocated under this
4 act to each district, except for money allocated under sections
5 11g, 22a, 31d, **32d**, 51a(12), 51c, and 53a. ~~If a district~~
6 ~~complies with subsection (2), a~~ **A** district may choose to apply
7 this reduction to funding the district receives under any
8 provision of this act, other than sections 11g, 22a, 31d, **32d**,
9 51a(12), 51c, and 53a, ~~even if the reduction chosen by the~~
10 ~~district results in a program being reduced or discontinued. If~~
11 ~~a district does not comply with subsection (2), the district~~
12 ~~shall apply this reduction to available funding under section~~
13 ~~22b first, up to the total amount of the reduction, before~~
14 ~~reducing other funding the district receives under this act,~~
15 ~~other than sections 11g, 22a, 31d, 51a(12), 51c, and 53a.~~

16 ~~(2) Not later than February 1, 2010, a district shall enter~~
17 ~~into an agreement with the department to develop a service~~
18 ~~consolidation plan to reduce school operating costs that is in~~
19 ~~compliance with department guidelines. The department guidelines~~
20 ~~may identify, but are not limited to, allowable cost sharing~~
21 ~~arrangements for the provision of business services and~~
22 ~~instructional services and the creation of joint operating~~
23 ~~agreements between and among districts and intermediate~~
24 ~~districts. The department shall establish guidelines for service~~

1 ~~consolidation plans under this subsection not later than 60 days~~
2 ~~after the effective date of this section.~~

3 (2) DISTRICTS SHALL IMPLEMENT SERVICE CONSOLIDATION PLANS
4 BEGINNING NO LATER THAN THE FIRST DAY OF THE 2011-2012 SCHOOL
5 YEAR. SERVICE CONSOLIDATION PLANS SHALL CONTAIN AGREEMENTS
6 NECESSARY TO IMPLEMENT THE MOST COST-EFFECTIVE METHOD OF
7 PROVIDING AT LEAST THE FOLLOWING SERVICES:

8 (A) PURCHASING SERVICES.

9 (B) PAYROLL SERVICES.

10 (C) FINANCIAL ACCOUNTING SERVICES.

11 (D) FACILITIES MAINTENANCE SERVICES.

12 (E) PUPIL TRANSPORTATION SERVICES, INCLUDING BUS
13 MAINTENANCE.

14 (F) HUMAN RESOURCES SERVICES.

15 (G) TECHNOLOGY SERVICES, INCLUDING STUDENT INFORMATION
16 SERVICES SYSTEMS.

17 (H) FOOD SERVICES.

18 (3) INTERMEDIATE DISTRICTS SHALL CALCULATE A PER PUPIL COST
19 FOR PROVIDING EACH SERVICE DESCRIBED IN SUBSECTION (2). THE PER
20 PUPIL COST SHALL BE CALCULATED ASSUMING THE INTERMEDIATE
21 DISTRICT PROVIDED THE SERVICE TO ALL OF ITS CONSTITUENT
22 DISTRICTS IN THE MOST COST-EFFECTIVE METHOD POSSIBLE. IN
23 DETERMINING THE MOST COST-EFFECTIVE METHOD, INTERMEDIATE
24 DISTRICTS MAY CHOOSE TO PROVIDE EACH SERVICE DIRECTLY, OR IN

1 CONJUNCTION WITH A CONSORTIUM OF INTERMEDIATE DISTRICTS, OR
2 ANOTHER UNIT OF LOCAL GOVERNMENT, OR CONTRACT WITH ANY OTHER
3 ENTITY FOR THE PROVISION OF EACH SERVICE.

4 (4) EACH DISTRICT SHALL CALCULATE THE PER PUPIL COST FOR
5 PROVIDING EACH OF THE SERVICES DESCRIBED IN SUBSECTION (2) IN
6 THE MOST COST-EFFECTIVE METHOD POSSIBLE. IN DETERMINING THE MOST
7 COST-EFFECTIVE METHOD, DISTRICTS MAY CHOOSE TO PROVIDE EACH
8 SERVICE DIRECTLY, IN PARTNERSHIP WITH ANOTHER DISTRICT OR
9 DISTRICTS, AN INTERMEDIATE DISTRICT OR A CONSORTIUM OF
10 INTERMEDIATE DISTRICTS, ANOTHER UNIT OF LOCAL GOVERNMENT, OR
11 CONTRACT WITH ANY OTHER ENTITY FOR THE PROVISION OF EACH
12 SERVICE.

13 (5) PER PUPIL COSTS CALCULATED UNDER SUBSECTIONS (3) AND
14 (4) SHALL BE COMPLETED FOR EACH SERVICE DESCRIBED IN SUBSECTION
15 (2) AND SHALL BE FILED WITH THE INTERMEDIATE DISTRICT NO LATER
16 THAN MARCH 1, 2011. A DESCRIPTION OF THE MOST COST-EFFECTIVE
17 METHOD AND RELATED PER PUPIL COSTS CALCULATED BY EACH
18 CONSTITUENT DISTRICT AND INTERMEDIATE DISTRICT FOR EACH SERVICE
19 SHALL BE REPORTED PUBLICLY AT THE NEXT INTERMEDIATE DISTRICT
20 BOARD MEETING AND AT THE NEXT DISTRICT BOARD MEETING.

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

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

16 (8) BEGINNING IN 2011-12, INTERMEDIATE DISTRICTS MAY CHARGE
17 CONSTITUENT DISTRICTS AN EQUAL PER PUPIL CHARGE FOR THE COST OF
18 PROVIDING ANY SERVICE CONTAINED IN SUBSECTION (2) IN THE MOST
19 COST-EFFECTIVE METHOD DETERMINED UNDER SUBSECTION (3) IF THAT
20 SERVICE IS CONTAINED IN A CONSTITUENT DISTRICT'S SERVICE
21 CONSOLIDATION PLAN. IF AN INTERMEDIATE DISTRICT IS NOT PROVIDING
22 ANY SERVICES LISTED IN SUBSECTION (2) IN THE MOST COST-EFFECTIVE
23 METHOD DETERMINED UNDER SUBSECTION (3), BEGINNING IN 2011-2012,
24 THE INTERMEDIATE DISTRICT SHALL FORFEIT 10 PERCENT OF ITS

1 FUNDING ALLOCATED UNDER SECTION 81 OF THIS ACT TO THE SCHOOL AID
2 FUND. IF A COLLECTIVE BARGAINING AGREEMENT IS IN EFFECT FOR
3 EMPLOYEES OF AN INTERMEDIATE DISTRICT THAT DOES NOT ALLOW
4 IMPLEMENTATION OF THE MOST COST-EFFECTIVE METHOD FOR DELIVERING
5 A SPECIFIED SERVICE, THEN THIS SUBSECTION DOES NOT APPLY TO THAT
6 INTERMEDIATE DISTRICT UNTIL AFTER THE EXPIRATION OF THAT
7 COLLECTIVE BARGAINING AGREEMENT.

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

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

1 **(11) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PROHIBIT**
2 **OTHER TYPES OF COST-SHARING AGREEMENTS FOR INSTRUCTIONAL OR**
3 **NONINSTRUCTIONAL SERVICES.**

4 Sec. 11g. (1) From the appropriation in section 11, there
5 is allocated for this section an amount not to exceed
6 \$39,000,000.00 for the fiscal year ending September 30, ~~2010~~
7 **2011** and for each succeeding fiscal year through the fiscal year
8 ending September 30, 2015, after which these payments will
9 cease. These allocations are for paying the amounts described in
10 subsection (3) to districts and intermediate districts, other
11 than those receiving a lump-sum payment under section 11f(2),
12 that were not plaintiffs in the consolidated cases known as
13 Durant v State of Michigan, Michigan supreme court docket no.
14 104458-104492 and that, on or before March 2, 1998, submitted to
15 the state treasurer a waiver resolution described in section
16 11f. The amounts paid under this section represent offers of
17 settlement and compromise of any claim or claims that were or
18 could have been asserted by these districts and intermediate
19 districts, as described in this section.

20 (2) This section does not create any obligation or
21 liability of this state to any district or intermediate district
22 that does not submit a waiver resolution described in section
23 11f. This section and any other provision of this act are not
24 intended to admit liability or waive any defense that is or

1 would be available to this state or its agencies, employees, or
2 agents in any litigation or future litigation with a district or
3 intermediate district regarding these claims or potential
4 claims.

5 (3) The amount paid each fiscal year to each district or
6 intermediate district under this section shall be 1 of the
7 following:

8 (a) If the district or intermediate district does not
9 borrow money and issue bonds under section 11i, 1/30 of the
10 total amount listed in section 11h for the district or
11 intermediate district through the fiscal year ending September
12 30, 2013.

13 (b) If the district or intermediate district borrows money
14 and issues bonds under section 11i, an amount in each fiscal
15 year calculated by the department of treasury that is equal to
16 the debt service amount in that fiscal year on the bonds issued
17 by that district or intermediate district under section 11i and
18 that will result in the total payments made to all districts and
19 intermediate districts in each fiscal year under this section
20 being no more than the amount appropriated under this section in
21 each fiscal year.

22 (4) The entire amount of each payment under this section
23 each fiscal year shall be paid on May 15 of the applicable
24 fiscal year or on the next business day following that date. If

1 a district or intermediate district borrows money and issues
2 bonds under section 11i, the district or intermediate district
3 shall use funds received under this section to pay debt service
4 on bonds issued under section 11i. If a district or intermediate
5 district does not borrow money and issue bonds under section
6 11i, the district or intermediate district shall use funds
7 received under this section only for the following purposes, in
8 the following order of priority:

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

12 (b) Second, to pay debt service on other limited tax
13 obligations.

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

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

23 (6) A district or intermediate district may pledge or
24 assign payments under this section as security for bonds issued

1 under section 11i, but shall not otherwise pledge or assign
2 payments under this section.

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

10 Sec. 11k. For ~~2009-2010~~ **2010-2011**, there is appropriated
11 from the general fund to the school loan revolving fund an
12 amount equal to the amount of school bond loans assigned to the
13 Michigan municipal bond authority, not to exceed the total
14 amount of school bond loans held in reserve as long-term assets.
15 As used in this section, "school loan revolving fund" means that
16 fund created in section 16c of the shared credit rating act,
17 1985 PA 227, MCL 141.1066c.

18 Sec. 11m. From the appropriations in section 11, there is
19 allocated for 2009-2010 an amount not to exceed ~~\$45,000,000.00~~
20 **\$30,000,000.00 AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED**
21 **\$45,000,000.00** for fiscal year cash-flow borrowing costs solely
22 related to the state school aid fund established by section 11
23 of article IX of the state constitution of 1963.

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

17 (2) If the result of an audit conducted by or for the
18 department affects the current fiscal year membership, affected
19 payments shall be adjusted in the current fiscal year. A
20 deduction due to an adjustment made as a result of an audit
21 conducted by or for the department, or as a result of
22 information obtained by the department from the district, an
23 intermediate district, the department of treasury, or the office
24 of auditor general, shall be deducted from the district's

1 apportionments when the adjustment is finalized. At the request
2 of the district and upon the district presenting evidence
3 satisfactory to the department of the hardship, the department
4 may grant up to an additional 4 years for the adjustment if the
5 district would otherwise experience a significant hardship.

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

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

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

23 Sec. 18. (1) Except as provided in another section of this
24 act, each district or other entity shall apply the money

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

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

1 (a) The annual operating budget and subsequent budget
2 revisions.

3 (b) Using data that have already been collected and
4 submitted to the department, a summary of district or
5 intermediate district expenditures for the most recent fiscal
6 year for which they are available, expressed in the following 2
7 pie charts:

8 (i) A chart of personnel expenditures, broken into the
9 following subcategories:

10 (A) Salaries and wages.

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

14 (C) Retirement benefit costs.

15 (D) All other personnel costs.

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

18 (A) Instruction.

19 (B) Support services.

20 (C) Business and administration.

21 (D) Operations and maintenance.

22 (c) Links to all of the following:

23 (i) The current collective bargaining agreement for each
24 bargaining unit.

1 (ii) Each health care benefits plan, including, but not
2 limited to, medical, dental, vision, disability, long-term care,
3 or any other type of benefits that would constitute health care
4 services, offered to any bargaining unit or employee in the
5 district.

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

9 (d) The total salary and a description and cost of each
10 fringe benefit included in the compensation package for the
11 superintendent of the district or intermediate district and for
12 each employee of the district or intermediate district whose
13 salary exceeds \$100,000.00.

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

15 (f) The annual amount spent on lobbying or lobbying
16 services. As used in this subdivision, "lobbying" means that
17 term as defined in section 5 of 1978 PA 472, MCL 4.415.

18 (3) For the purpose of determining the reasonableness of
19 expenditures and whether a violation of this act has occurred,
20 the department shall require that each district and intermediate
21 district have an audit of the district's or intermediate
22 district's financial and pupil accounting records conducted at
23 least annually at the expense of the district or intermediate
24 district, as applicable, by a certified public accountant or by

1 the intermediate district superintendent, as may be required by
2 the department, or in the case of a district of the first class
3 by a certified public accountant, the intermediate
4 superintendent, or the auditor general of the city. **IF A**
5 **DISTRICT OPERATES IN A SINGLE BUILDING WITH FEWER THAN 700 FULL-**
6 **TIME EQUATED PUPILS, IF THE DISTRICT HAS A STABLE PUPIL COUNT**
7 **AND IF THE ERROR RATE OF THE PREVIOUS TWO PUPIL COUNT FIELD**
8 **AUDITS IS LESS THAN 2%, THE DISTRICT MAY HAVE A PUPIL ACCOUNTING**
9 **FIELD AUDIT BIENNIALY BUT MUST CONTINUE TO HAVE DESK AUDITS FOR**
10 **EACH COUNT. FOR PURPOSES OF THIS SUBSECTION, "STABLE PUPIL**
11 **COUNT" MEANS A CHANGE FROM THE PREVIOUS YEAR OF LESS THAN 5%.**
12 **THE AUDITOR MUST DOCUMENT COMPLIANCE WITH THE AUDIT CYCLE IN THE**
13 **PUPIL AUDITING MANUAL.** An intermediate district's annual
14 financial audit shall be accompanied by the intermediate
15 district's pupil accounting procedures report. A district's or
16 intermediate district's annual financial audit shall include an
17 analysis of the financial and pupil accounting data used as the
18 basis for distribution of state school aid. The pupil accounting
19 records and reports, audits, and management letters are subject
20 to requirements established in the auditing and accounting
21 manuals approved and published by the department. Except as
22 otherwise provided in this subsection, a district shall file the
23 annual financial audit reports with the intermediate district
24 not later than 120 days after the end of each school fiscal year

1 and the intermediate district shall forward the annual financial
2 audit reports for its constituent districts and for the
3 intermediate district, and the pupil accounting procedures
4 report for the pupil membership count day and supplemental count
5 day, to the department not later than November 15 of each year.
6 The annual financial audit reports and pupil accounting
7 procedures reports shall be available to the public in
8 compliance with the freedom of information act, 1976 PA 442, MCL
9 15.231 to 15.246. Not later than December 31 of each year, the
10 department shall notify the state budget director and the
11 legislative appropriations subcommittees responsible for review
12 of the school aid budget of districts and intermediate districts
13 that have not filed an annual financial audit and pupil
14 accounting procedures report required under this section for the
15 school year ending in the immediately preceding fiscal year.

16 (4) By November 15 of each year, each district and
17 intermediate district shall submit to the center, in a manner
18 prescribed by the center, annual comprehensive financial data
19 consistent with accounting manuals and charts of accounts
20 approved and published by the department. For an intermediate
21 district, the report shall also contain the website address
22 where the department can access the report required under
23 section 620 of the revised school code, MCL 380.620. The
24 department shall ensure that the prescribed Michigan public

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

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

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

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

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

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

22 Sec. 19. ~~(1) A district shall comply with any requirements~~
23 ~~of sections 1204a, 1277, 1278, and 1280 of the revised school~~
24 ~~code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly~~

1 ~~referred to as "public act 25 of 1990" that are not also~~
2 ~~required by the no child left behind act of 2001, Public Law~~
3 ~~107-110, as determined by the department.~~

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

11 ~~(1) (3)~~ A district or intermediate district shall comply
12 with all applicable reporting requirements specified in state
13 and federal law. Data provided to the center, in a form and
14 manner prescribed by the center, shall be aggregated and
15 disaggregated as required by state and federal law. In addition,
16 a district or intermediate district shall cooperate with all
17 measures taken by the center to comply with the provisions of
18 the American recovery and reinvestment act of 2009, Public Law
19 111-5, requiring the establishment of a statewide P-20
20 longitudinal data system.

21 ~~(2) (4)~~ Each district shall furnish to the center not later
22 than 5 weeks after the pupil membership count day, in a manner
23 prescribed by the center, the information necessary for the
24 preparation of the district and high school graduation report.

1 This information shall meet requirements established in the
2 pupil auditing manual approved and published by the department.
3 The center shall calculate an annual graduation and pupil
4 dropout rate for each high school, each district, and this
5 state, in compliance with nationally recognized standards for
6 these calculations. The center shall report all graduation and
7 dropout rates to the senate and house education committees and
8 appropriations committees, the state budget director, and the
9 department not later than 30 days after the publication of the
10 list described in subsection ~~(8)~~ **(6)**.

11 **(3)** ~~(5)~~ By the first business day in December and by June
12 30 of each year, a district shall furnish to the center, in a
13 manner prescribed by the center, information related to
14 educational personnel as necessary for reporting required by
15 state and federal law.

16 **(4)** ~~(6)~~ By June 30 of each year, a district shall furnish
17 to the center, in a manner prescribed by the center, information
18 related to safety practices and criminal incidents as necessary
19 for reporting required by state and federal law.

20 **(5)** ~~(7)~~ If a district or intermediate district fails to
21 meet the requirements of subsection **(1)**, (2), (3), **OR** (4), ~~(5)~~,
22 ~~or (6)~~, the department shall withhold 5% of the total funds for
23 which the district or intermediate district qualifies under this
24 act until the district or intermediate district complies with

1 all of those subsections. If the district or intermediate
2 district does not comply with all of those subsections by the
3 end of the fiscal year, the department shall place the amount
4 withheld in an escrow account until the district or intermediate
5 district complies with all of those subsections.

6 (6) ~~(8)~~ Before publishing a list of schools or districts
7 determined to have failed to make adequate yearly progress as
8 required by the no child left behind act of 2001, Public Law
9 107-110, the department shall allow a school or district to
10 appeal that determination. The department shall consider and act
11 upon the appeal within 30 days after it is submitted and shall
12 not publish the list until after all appeals have been
13 considered and decided.

14 Sec. 20. (1) For 2009-2010 **AND 2010-2011**, the basic
15 foundation 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 a district that had a foundation allowance for the
2 immediately preceding state fiscal year that was at least equal
3 to the sum of \$7,108.00 plus the total dollar amount of all
4 adjustments made from 2006-2007 to the immediately preceding
5 state fiscal year in the lowest foundation allowance among all
6 districts, but less than the basic foundation allowance for the
7 immediately preceding state fiscal year, the district shall
8 receive a foundation allowance in an amount equal to the sum of
9 the district's foundation allowance for the immediately
10 preceding state fiscal year plus the difference between twice
11 the dollar amount of the adjustment from the immediately
12 preceding state fiscal year to the current state fiscal year
13 made in the basic foundation allowance and [(the dollar amount
14 of the adjustment from the immediately preceding state fiscal
15 year to the current state fiscal year made in the basic
16 foundation allowance minus \$20.00) times (the difference between
17 the district's foundation allowance for the immediately
18 preceding state fiscal year and the sum of \$7,108.00 plus the
19 total dollar amount of all adjustments made from 2006-2007 to
20 the immediately preceding state fiscal year in the lowest
21 foundation allowance among all districts) divided by the
22 difference between the basic foundation allowance for the
23 current state fiscal year and the sum of \$7,108.00 plus the
24 total dollar amount of all adjustments made from 2006-2007 to

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

16 (b) Except as otherwise provided in this subsection, for a
17 district that in the immediately preceding state fiscal year had
18 a foundation allowance in an amount at least equal to the amount
19 of the basic foundation allowance for the immediately preceding
20 state fiscal year, the district shall receive a foundation
21 allowance in an amount equal to the sum of the district's
22 foundation allowance for the immediately preceding state fiscal
23 year plus the dollar amount of the adjustment from the

1 immediately preceding state fiscal year to the current state
2 fiscal year in the basic foundation allowance.

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

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

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

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

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

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

1 the district's membership excluding special education pupils.
2 For a district described in subsection (3)(c), the state portion
3 of the district's foundation allowance is an amount equal to
4 \$6,962.00 plus the difference between the district's foundation
5 allowance for the current state fiscal year and the district's
6 foundation allowance for 1998-99, minus the difference between
7 the sum of the product of the taxable value per membership pupil
8 of all property in the district that is nonexempt property times
9 the district's certified mills and, for a district with
10 certified mills exceeding 12, the product of the taxable value
11 per membership pupil of property in the district that is
12 commercial personal property times the certified mills minus 12
13 mills and the quotient of the ad valorem property tax revenue of
14 the district captured under tax increment financing acts divided
15 by the district's membership excluding special education pupils.
16 For a district that has a millage reduction required under
17 section 31 of article IX of the state constitution of 1963, the
18 state portion of the district's foundation allowance shall be
19 calculated as if that reduction did not occur. For the purposes
20 of state law, federal funding awarded to this state under title
21 XIV of the American recovery and reinvestment act of 2009,
22 Public Law 111-5, that is appropriated under section 11 and
23 allocated under section 22b, is considered to be part of the
24 state portion of a district's foundation allowance and is

1 considered to be part of the total state school aid paid to a
2 public school academy.

3 (5) The allocation calculated under this section for a
4 pupil shall be based on the foundation allowance of the pupil's
5 district of residence. However, for a pupil enrolled in a
6 district other than the pupil's district of residence, if the
7 foundation allowance of the pupil's district of residence has
8 been adjusted pursuant to subsection ~~(19)~~ **(18)**, the allocation
9 calculated under this section shall not include the adjustment
10 described in subsection ~~(19)~~ **(18)**. For a pupil enrolled pursuant
11 to section 105 or 105c in a district other than the pupil's
12 district of residence, the allocation calculated under this
13 section shall be based on the lesser of the foundation allowance
14 of the pupil's district of residence or the foundation allowance
15 of the educating district. For a pupil in membership in a K-5,
16 K-6, or K-8 district who is enrolled in another district in a
17 grade not offered by the pupil's district of residence, the
18 allocation calculated under this section shall be based on the
19 foundation allowance of the educating district if the educating
20 district's foundation allowance is greater than the foundation
21 allowance of the pupil's district of residence. ~~The calculation~~
22 ~~under this subsection shall take into account a district's per~~
23 ~~pupil allocation under section 20j(2).~~

1 (6) Subject to subsection (7) and except as otherwise
2 provided in this subsection, for pupils in membership, other
3 than special education pupils, in a public school academy or a
4 university school, the allocation calculated under this section
5 is an amount per membership pupil other than special education
6 pupils in the public school academy or university school equal
7 to the ~~sum of the local school operating revenue per membership~~
8 ~~pupil other than special education pupils for~~ **FOUNDATION**
9 **ALLOWANCE OF** the district in which the public school academy or
10 university school is located ~~and the state portion of that~~
11 ~~district's foundation allowance~~, or the state maximum public
12 school academy allocation, whichever is less. **HOWEVER, A PUBLIC**
13 **SCHOOL ACADEMY OR UNIVERSITY SCHOOL THAT HAD AN ALLOCATION UNDER**
14 **THIS SUBSECTION PRIOR TO 2009-2010 EQUAL TO THE SUM OF THE LOCAL**
15 **SCHOOL OPERATING REVENUE PER MEMBERSHIP PUPIL OTHER THAN SPECIAL**
16 **EDUCATION PUPILS FOR THE DISTRICT IN WHICH THE PUBLIC SCHOOL**
17 **ACADEMY OR UNIVERSITY SCHOOL IS LOCATED AND THE STATE PORTION OF**
18 **THAT DISTRICT'S FOUNDATION ALLOWANCE SHALL NOT HAVE THAT**
19 **ALLOCATION REDUCED.** Notwithstanding section 101, for a public
20 school academy that begins operations after the pupil membership
21 count day, the amount per membership pupil calculated under this
22 subsection shall be adjusted by multiplying that amount per
23 membership pupil by the number of hours of pupil instruction
24 provided by the public school academy after it begins

1 operations, as determined by the department, divided by the
2 minimum number of hours of pupil instruction required under
3 section 101(3). The result of this calculation shall not exceed
4 the amount per membership pupil otherwise calculated under this
5 subsection.

6 (7) If more than 25% of the pupils residing within a
7 district are in membership in 1 or more public school academies
8 located in the district, then the amount per membership pupil
9 calculated under this section for a public school academy
10 located in the district shall be reduced by an amount equal to
11 the difference between the sum of the product of the taxable
12 value per membership pupil of all property in the district that
13 is nonexempt property times the district's certified mills and,
14 for a district with certified mills exceeding 12, the product of
15 the taxable value per membership pupil of property in the
16 district that is commercial personal property times the
17 certified mills minus 12 mills and the quotient of the ad
18 valorem property tax revenue of the district captured under tax
19 increment financing acts divided by the district's membership
20 excluding special education pupils, in the school fiscal year
21 ending in the current state fiscal year, calculated as if the
22 resident pupils in membership in 1 or more public school
23 academies located in the district were in membership in the
24 district. In order to receive state school aid under this act, a

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

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

23 (9) For a district that had combined state and local
24 revenue per membership pupil in the 1993-94 state fiscal year of

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

1 property that is nonexempt property, the amount calculated under
2 this subsection will be reduced by the same percentage as the
3 millage actually levied compares to the district's certified
4 mills.

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

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

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

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

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

18 (b) The revenue adjustment factor shall be computed by
19 dividing the sum of the estimated total state school aid fund
20 revenue for the subsequent state fiscal year plus the estimated
21 total state school aid fund revenue for the current state fiscal
22 year, adjusted for any change in the rate or base of a tax the
23 proceeds of which are deposited in that fund and excluding money
24 transferred into that fund from the countercyclical budget and

1 economic stabilization fund under the management and budget act,
2 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
3 total school aid fund revenue for the current state fiscal year
4 plus the estimated total state school aid fund revenue for the
5 immediately preceding state fiscal year, adjusted for any change
6 in the rate or base of a tax the proceeds of which are deposited
7 in that fund. If a consensus revenue factor is not determined at
8 the revenue estimating conference, the principals of the revenue
9 estimating conference shall report their estimates to the house
10 and senate subcommittees responsible for school aid
11 appropriations not later than 7 days after the conclusion of the
12 revenue conference.

13 (c) The index shall be calculated by multiplying the pupil
14 membership factor by the revenue adjustment factor. However, for
15 2009-2010 **AND 2010-2011**, the index shall be 1.00. If a consensus
16 index is not determined at the revenue estimating conference,
17 the principals of the revenue estimating conference shall report
18 their estimates to the house and senate subcommittees
19 responsible for school aid appropriations not later than 7 days
20 after the conclusion of the revenue conference.

21 (14) If the principals at the revenue estimating conference
22 reach a consensus on the index described in subsection (13)(c),
23 the lowest foundation allowance among all districts for the
24 subsequent state fiscal year shall be at least the amount of

1 that consensus index multiplied by the lowest foundation
2 allowance among all districts for the immediately preceding
3 state fiscal year.

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

14 **(15)** ~~(16)~~ For a district that had combined state and local
15 revenue per membership pupil in the 1993-94 state fiscal year of
16 more than \$6,500.00, that had fewer than 7 pupils in membership
17 in the 1993-94 state fiscal year, that has at least 1 child
18 educated in the district in the current state fiscal year, and
19 that levies the number of mills of school operating taxes
20 authorized for the district under section 1211 of the revised
21 school code, MCL 380.1211, a minimum amount of combined state
22 and local revenue shall be calculated for the district as
23 provided under this subsection. The minimum amount of combined
24 state and local revenue for 1999-2000 shall be \$67,000.00 plus

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

21 (16) ~~(17)~~ For a district in which 7.75 mills levied in 1992
22 for school operating purposes in the 1992-93 school year were
23 not renewed in 1993 for school operating purposes in the 1993-94
24 school year, the district's combined state and local revenue per

1 membership pupil shall be recalculated as if that millage
2 reduction did not occur and the district's foundation allowance
3 shall be calculated as if its 1994-95 foundation allowance had
4 been calculated using that recalculated 1993-94 combined state
5 and local revenue per membership pupil as a base. A district is
6 not entitled to any retroactive payments for fiscal years before
7 2000-2001 due to this subsection.

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

18 **(18)** ~~(19)~~ For a district that received a grant under former
19 section 32e for 2001-2002, the district's foundation allowance
20 for 2002-2003 and each succeeding fiscal year shall be adjusted
21 to be an amount equal to the sum of the district's foundation
22 allowance, as otherwise calculated under this section, plus the
23 quotient of 100% of the amount of the grant award to the
24 district for 2001-2002 under former section 32e divided by the

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

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

8 **(19)** ~~(20)~~ An early intervening program that uses funds
9 resulting from the adjustment under subsection ~~(19)~~ **(18)** shall
10 meet either or both of the following:

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

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

15 **(20)** ~~(21)~~ For a district that levied 1.9 mills in 1993 to
16 finance an operating deficit, the district's foundation
17 allowance shall be calculated as if those mills were included as
18 operating mills in the calculation of the district's 1994-1995
19 foundation allowance. A district is not entitled to any
20 retroactive payments for fiscal years before 2006-2007 due to
21 this subsection. A district receiving an adjustment under this
22 subsection shall not receive more than \$800,000.00 for a fiscal
23 year as a result of this adjustment.

1 **(21)** ~~(22)~~ For a district that levied 2.23 mills in 1993 to
2 finance an operating deficit, the district's foundation
3 allowance shall be calculated as if those mills were included as
4 operating mills in the calculation of the district's 1994-1995
5 foundation allowance. A district is not entitled to any
6 retroactive payments for fiscal years before 2006-2007 due to
7 this subsection. A district receiving an adjustment under this
8 subsection shall not receive more than \$500,000.00 for a fiscal
9 year as a result of this adjustment.

10 **(22)** ~~(23)~~ Payments to districts, university schools, or
11 public school academies shall not be made under this section.
12 Rather, the calculations under this section shall be used to
13 determine the amount of state payments under section 22b.

14 **(23)** ~~(24)~~ If an amendment to section 2 of article VIII of
15 the state constitution of 1963 allowing state aid to some or all
16 nonpublic schools is approved by the voters of this state, each
17 foundation allowance or per pupil payment calculation under this
18 section may be reduced.

19 **(24)** ~~(25)~~ As used in this section:

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

23 (b) "Combined state and local revenue" means the aggregate
24 of the district's state school aid received by or paid on behalf

1 of the district under this section and the district's local
2 school operating revenue.

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

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

8 (e) "Immediately preceding state fiscal year" means the
9 state fiscal year immediately preceding the current state fiscal
10 year.

11 (f) "Local school operating revenue" means school operating
12 taxes levied under section 1211 of the revised school code, MCL
13 380.1211.

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

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

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

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

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

23 (k) "Principal residence", "qualified agricultural
24 property", "qualified forest property", "industrial personal

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

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

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

11 (n) "Tax increment financing acts" means 1975 PA 197, MCL
12 125.1651 to 125.1681, the tax increment finance authority act,
13 1980 PA 450, MCL 125.1801 to 125.1830, the local development
14 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the
15 brownfield redevelopment financing act, 1996 PA 381, MCL
16 125.2651 to 125.2672, or the corridor improvement authority act,
17 2005 PA 280, MCL 125.2871 to 125.2899.

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

23 Sec. 20d. In making the final determination required under
24 former section 20a of a district's combined state and local

1 revenue per membership pupil in 1993-94 and in making
2 calculations under section 20 for ~~2009-2010~~ **2010-2011**, the
3 department and the department of treasury shall comply with all
4 of the following:

5 (a) For a district that had combined state and local
6 revenue per membership pupil in the 1994-95 state fiscal year of
7 \$6,500.00 or more and served as a fiscal agent for a state board
8 designated area ~~vocational~~ **CAREER AND TECHNICAL** education center
9 in the 1993-94 school year, total state school aid received by
10 or paid on behalf of the district pursuant to this act in 1993-
11 94 shall exclude payments made under former section 146 and
12 under section 147 on behalf of the district's employees who
13 provided direct services to the area ~~vocational~~ **CAREER AND**
14 **TECHNICAL** education center. Not later than June 30, 1996, the
15 department shall make an adjustment under this subdivision to
16 the district's combined state and local revenue per membership
17 pupil in the 1994-95 state fiscal year and the department of
18 treasury shall make a final certification of the number of mills
19 that may be levied by the district under section 1211 of the
20 revised school code, MCL 380.1211, as a result of the adjustment
21 under this subdivision.

22 (b) If a district had an adjustment made to its 1993-94
23 total state school aid that excluded payments made under former
24 section 146 and under section 147 on behalf of the district's

1 employees who provided direct services for intermediate district
2 center programs operated by the district under article 5, if
3 nonresident pupils attending the center programs were included
4 in the district's membership for purposes of calculating the
5 combined state and local revenue per membership pupil for 1993-
6 94, and if there is a signed agreement by all constituent
7 districts of the intermediate district that an adjustment under
8 this subdivision shall be made, the foundation allowances for
9 1995-96 and 1996-97 of all districts that had pupils attending
10 the intermediate district center program operated by the
11 district that had the adjustment shall be calculated as if their
12 combined state and local revenue per membership pupil for 1993-
13 94 included resident pupils attending the center program and
14 excluded nonresident pupils attending the center program.

15 Sec. 22a. (1) From the appropriation in section 11, there
16 is allocated an amount not to exceed ~~\$5,882,000,000.00~~
17 **\$5,797,000,000.00** for 2009-2010 **AND AN AMOUNT NOT TO EXCEED**
18 **\$5,792,000,000.00 FOR 2010-2011** for payments to districts,
19 qualifying university schools, and qualifying public school
20 academies to guarantee each district, qualifying university
21 school, and qualifying public school academy an amount equal to
22 its 1994-95 total state and local per pupil revenue for school
23 operating purposes under section 11 of article IX of the state
24 constitution of 1963. Pursuant to section 11 of article IX of

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

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

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

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

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

1 under tax increment financing acts divided by the district's
2 membership.

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

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

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

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

9 (6) As used in this section:

10 (a) "1994-95 foundation allowance" means a district's 1994-
11 95 foundation allowance calculated and certified by the
12 department of treasury or the superintendent under former
13 section 20a as enacted in 1993 PA 336 and as amended by 1994 PA
14 283.

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

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

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

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

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

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

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

21 (i) "Qualified agricultural property" means that term as
22 defined in section 1211 of the revised school code, MCL
23 380.1211.

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

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

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

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

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

19 (i) For the number of mills by which the exemption from the
20 levy of school operating taxes on a homestead, qualified
21 agricultural property, qualified forest property, industrial
22 personal property, and commercial personal property may be
23 reduced as provided in section 1211 of the revised school code,
24 MCL 380.1211, the taxable value of homestead, qualified

1 agricultural property, qualified forest property, industrial
2 personal property, and commercial personal property for the
3 calendar year ending in the current state fiscal year.

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

9 Sec. 22b. (1) From the state funds appropriated in section
10 11, there is allocated for 2009-2010 an amount not to exceed
11 ~~\$3,323,800,000.00~~ **\$3,292,000,000.00 AND FOR 2010-2011 AN AMOUNT**
12 **NOT TO EXCEED \$3,583,000,000.00** for discretionary nonmandated
13 payments to districts under this section. Funds allocated under
14 this section that are not expended in the state fiscal year for
15 which they were allocated, as determined by the department, may
16 be used to supplement the allocations under sections 22a and 51c
17 in order to fully fund those calculated allocations for the same
18 fiscal year.

19 (2) In addition to the funds allocated in subsection (1),
20 there is allocated an amount estimated at \$450,000,000.00 **FOR**
21 **2009-2010 AND AN AMOUNT ESTIMATED AT \$184,256,600.00 FOR 2010-**
22 **2011** from the federal funds awarded to this state under title
23 XIV of the American recovery and reinvestment act of 2009,
24 Public Law 111-5. These funds shall be distributed in a form and

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

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

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

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

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

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

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

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

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

16 (7) ~~(6)~~ From the allocation in subsection (1), the
17 department shall pay up to \$1,000,000.00 in litigation costs
18 incurred by this state associated with lawsuits filed by 1 or
19 more districts or intermediate districts against this state. If
20 the allocation under this section is insufficient to fully fund
21 all payments required under this section, the payments under
22 this subsection shall be made in full before any proration of
23 remaining payments under this section.

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

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

1 necessary to satisfy the amount owed to districts before making
2 any payments to districts under subsection (3).

3 **(10)** ~~(9)~~ If a claim is made in court that challenges the
4 legislative determination of the adequacy of funding for this
5 state's constitutional obligations or alleges that there exists
6 an unfunded constitutional requirement, any interested party may
7 seek an expedited review of the claim by the local claims review
8 board. If the claim exceeds \$10,000,000.00, this state may
9 remove the action to the court of appeals, and the court of
10 appeals shall have and shall exercise jurisdiction over the
11 claim.

12 **(11)** ~~(10)~~ If payments resulting from a final determination
13 by the local claims review board or a court of competent
14 jurisdiction that there has been a violation of section 29 of
15 article IX of the state constitution of 1963 exceed the amount
16 allocated for discretionary nonmandated payments under this
17 section, the legislature shall provide for adequate funding for
18 this state's constitutional obligations at its next legislative
19 session.

20 **(12)** ~~(11)~~ If a lawsuit challenging payments made to
21 districts related to costs reimbursed by federal title XIX
22 medicaid funds is filed against this state, then, for the
23 purpose of addressing potential liability under such a lawsuit,
24 the state budget director may place funds allocated under this

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

15 Sec. 22d. (1) From the appropriation in section 11, an
16 amount not to exceed \$2,025,000.00 is allocated for ~~2009-2010~~
17 **2010-2011** for additional payments to small, geographically
18 isolated districts under this section.

19 (2) From the allocation under subsection (1), there is
20 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
21 \$750,000.00 for payments under this subsection to districts that
22 meet all of the following:

23 (a) Operates grades K to 12.

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

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

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

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

7 (3) The amount of the additional funding to each eligible
8 district under subsection (2) shall be determined under a
9 spending plan developed as provided in this subsection and
10 approved by the superintendent of public instruction. The
11 spending plan shall be developed cooperatively by the
12 intermediate superintendents of each intermediate district in
13 which an eligible district is located. The intermediate
14 superintendents shall review the financial situation of each
15 eligible district, determine the minimum essential financial
16 needs of each eligible district, and develop and agree on a
17 spending plan that distributes the available funding under
18 subsection (2) to the eligible districts based on those
19 financial needs. The intermediate superintendents shall submit
20 the spending plan to the superintendent of public instruction
21 for approval. Upon approval by the superintendent of public
22 instruction, the amounts specified for each eligible district
23 under the spending plan are allocated under subsection (2) and

1 shall be paid to the eligible districts in the same manner as
2 payments under section 22b.

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

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

9 (b) The district has a total square mileage greater than
10 200.0 or is 1 of 2 districts that have consolidated
11 transportation services and have a combined total square mileage
12 greater than 200.0.

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

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

17 Sec. 22e. (1) Beginning in 2008-2009, an amount will be
18 allocated each fiscal year from the appropriation in section 11
19 for additional payments under this section to districts that
20 meet the eligibility requirements under subsection (2). For
21 2009-2010 **AND 2010-2011**, there is allocated for this purpose
22 from the appropriation in section 11 an amount not to exceed
23 \$1,300,000.00.

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

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

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

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

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

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

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

1 (3) The amount of the additional funding to each eligible
2 district under this section is the **LESSER OF THE AMOUNT RECEIVED**
3 **UNDER THIS SECTION IN 2008-2009 OR THE** sum of the following and
4 shall be paid to the eligible districts in the same manner as
5 payments under section 22b:

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

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

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

1 amount of the payment under this section to a district or
2 intermediate district shall be calculated as prescribed under
3 subsection (2).

4 (2) The total amount allocated under this section shall be
5 allocated by paying to the educating district or intermediate
6 district an amount equal to the lesser of the district's or
7 intermediate district's added cost or the department's approved
8 per pupil allocation for the district or intermediate district.
9 For the purposes of this subsection:

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

1 (b) "Department's approved per pupil allocation" for a
2 district or intermediate district shall be determined by
3 dividing the total amount allocated under this section for a
4 fiscal year by the full-time equated membership total for all
5 pupils approved by the department to be funded under this
6 section for that fiscal year for the district or intermediate
7 district.

8 (3) A district or intermediate district educating pupils
9 described in this section at a residential child caring
10 institution may operate, and receive funding under this section
11 for, a department-approved on-grounds educational program for
12 those pupils that is longer than 181 days, but not longer than
13 233 days, if the child caring institution was licensed as a
14 child caring institution and offered in 1991-92 an on-grounds
15 educational program that was longer than 181 days but not longer
16 than 233 days and that was operated by a district or
17 intermediate district.

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

20 Sec. 24a. From the appropriation in section 11, there is
21 allocated an amount not to exceed ~~\$2,523,200.00~~ **\$1,751,300.00**
22 for 2009-2010 **AND AN AMOUNT NOT TO EXCEED \$1,526,200.00 FOR**
23 **2010-2011** for payments to intermediate districts for pupils who
24 are placed in juvenile justice service facilities operated by

1 the department of human services. Each intermediate district
2 shall receive an amount equal to the state share of those costs
3 that are clearly and directly attributable to the educational
4 programs for pupils placed in facilities described in this
5 section that are located within the intermediate district's
6 boundaries. The intermediate districts receiving payments under
7 this section shall cooperate with the department of human
8 services to ensure that all funding allocated under this section
9 is utilized by the intermediate district and department of human
10 services for educational programs for pupils described in this
11 section. Pupils described in this section are not eligible to be
12 funded under section 24. However, a program responsibility or
13 other fiscal responsibility associated with these pupils shall
14 not be transferred from the department of human services to a
15 district or intermediate district unless the district or
16 intermediate district consents to the transfer.

17 Sec. 24c. From the appropriation in section 11, there is
18 allocated an amount not to exceed ~~\$642,300.00~~ **\$653,200.00** for
19 ~~2009-2010~~ **2010-2011** for payments to districts for pupils who are
20 enrolled in a nationally administered community-based education
21 and youth mentoring program, known as the youth challenge
22 program, that is located within the district and is administered
23 by the department of military and veterans affairs. A district
24 receiving payments under this section shall contract with the

1 department of military and veterans affairs to ensure that all
2 funding allocated under this section is utilized by the district
3 and the department of military and veterans affairs for the
4 youth challenge program.

5 Sec. 26a. From the state school aid fund appropriation in
6 section 11, there is allocated an amount not to exceed
7 \$26,300,000.00 for ~~2009-2010~~ **2010-2011**, and from the general
8 fund appropriation in section 11, there is allocated an amount
9 not to exceed \$9,200,000.00 for ~~2009-2010~~ **2010-2011** to reimburse
10 districts, intermediate districts, and the state school aid fund
11 pursuant to section 12 of the Michigan renaissance zone act,
12 1996 PA 376, MCL 125.2692, for taxes levied in ~~2009~~ **2010**. The
13 allocations shall be made not later than 60 days after the
14 department of treasury certifies to the department and to the
15 state budget director that the department of treasury has
16 received all necessary information to properly determine the
17 amounts due to each eligible recipient.

18 Sec. 26b. (1) From the appropriation in section 11, there
19 is allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
20 \$3,400,000.00 for payments to districts, intermediate districts,
21 and community college districts for the portion of the payment
22 in lieu of taxes obligation that is attributable to districts,
23 intermediate districts, and community college districts pursuant

1 to section 2154 of the natural resources and environmental
2 protection act, 1994 PA 451, MCL 324.2154.

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

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

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

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

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

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

3 (3) Payments to each eligible district shall be equal to
4 the difference between the district's average pupil membership
5 and the district's pupil membership as calculated under section
6 6 for the current fiscal year multiplied by the district's
7 foundation allowance as calculated under section 20. If the
8 total amount of the payments calculated under this subsection
9 exceeds the allocation for this section, the payment to each
10 district shall be prorated on an equal percentage basis.

11 (4) For the purposes of this section, "average pupil
12 membership" means the average of the district's membership for
13 the 3-fiscal-year period ending with the current fiscal year,
14 calculated by adding the district's actual membership for each
15 of those 3 fiscal years, as otherwise calculated under section
16 6, and dividing the sum of those 3 membership figures by 3.

17 Sec. 31a. (1) From the state school aid fund money
18 appropriated in section 11, there is allocated for ~~2009-2010~~
19 **2010-2011** an amount not to exceed \$317,695,500.00 for payments
20 to eligible districts and eligible public school academies under
21 this section. Subject to subsection (14), the amount of the
22 additional allowance under this section, other than funding
23 under subsection (6) or (7), shall be based on the number of
24 actual pupils in membership in the district or public school

1 academy who met the income eligibility criteria for free
2 breakfast, lunch, or milk in the immediately preceding state
3 fiscal year, as determined under the Richard B. Russell national
4 school lunch act, 42 USC 1751 to 1769i, and reported to the
5 department by October 31 of the immediately preceding fiscal
6 year and adjusted not later than December 31 of the immediately
7 preceding fiscal year. However, for a public school academy that
8 began operations as a public school academy after the pupil
9 membership count day of the immediately preceding school year,
10 the basis for the additional allowance under this section shall
11 be the number of actual pupils in membership in the public
12 school academy who met the income eligibility criteria for free
13 breakfast, lunch, or milk in the current state fiscal year, as
14 determined under the Richard B. Russell national school lunch
15 act.

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

22 (a) The sum of the district's or public school academy's
23 combined state and local revenue per membership pupil in the
24 current state fiscal year, as calculated under section 20, ~~plus~~

1 ~~the amount of the district's per pupil allocation under section~~
2 ~~20j(2)~~, is less than or equal to the basic foundation allowance
3 under section 20 for the current state fiscal year.

4 (b) The district or public school academy agrees to use the
5 funding only for purposes allowed under this section and to
6 comply with the program and accountability requirements under
7 this section.

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

1 public school academy after the pupil membership count day of
2 the immediately preceding school year shall receive under this
3 section for each membership pupil in the public school academy
4 who met the income eligibility criteria for free breakfast,
5 lunch, or milk, as determined under the Richard B. Russell
6 national school lunch act and as reported to the department by
7 October 31 of the current fiscal year and adjusted not later
8 than December 31 of the current fiscal year, an amount per pupil
9 equal to 11.5% of the public school academy's per membership
10 pupil amount calculated under section 20 for the current state
11 fiscal year.

12 (4) Except as otherwise provided in this section, a
13 district or public school academy receiving funding under this
14 section shall use that money only to provide instructional
15 programs and direct noninstructional services, including, but
16 not limited to, medical or counseling services, for at-risk
17 pupils; for school health clinics; and for the purposes of
18 subsection (5), (6), or (7). In addition, a district that is a
19 school district of the first class or a district or public
20 school academy in which at least 50% of the pupils in membership
21 met the income eligibility criteria for free breakfast, lunch,
22 or milk in the immediately preceding state fiscal year, as
23 determined and reported as described in subsection (1), may use
24 not more than 20% of the funds it receives under this section

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

22 (5) Except as otherwise provided in subsection (12), a
23 district or public school academy that receives funds under this
24 section and that operates a school breakfast program under

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

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

1 provided to children up to age 21. If any funds allocated under
2 this subsection are not used for the purposes of this subsection
3 for the fiscal year in which they are allocated, those unused
4 funds shall be used that fiscal year to avoid or minimize any
5 proration that would otherwise be required under subsection (14)
6 for that fiscal year.

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

20 (8) Each district or public school academy receiving funds
21 under this section shall submit to the department by July 15 of
22 each fiscal year a report, not to exceed 10 pages, on the usage
23 by the district or public school academy of funds under this
24 section, which report shall include at least a brief description

1 of each program conducted by the district or public school
2 academy using funds under this section, the amount of funds
3 under this section allocated to each of those programs, the
4 number of at-risk pupils eligible for free or reduced price
5 school lunch who were served by each of those programs, and the
6 total number of at-risk pupils served by each of those programs.
7 If a district or public school academy does not comply with this
8 subsection, the department shall withhold an amount equal to the
9 August payment due under this section until the district or
10 public school academy complies with this subsection. If the
11 district or public school academy does not comply with this
12 subsection by the end of the state fiscal year, the withheld
13 funds shall be forfeited to the school aid fund.

14 (9) In order to receive funds under this section, a
15 district or public school academy 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 those funds. The
18 district or public school academy shall reimburse the state for
19 all disallowances found in the audit.

20 (10) Subject to subsections (5), (6), (7), (12), and (13),
21 any district may use up to 100% of the funds it receives under
22 this section to reduce the ratio of pupils to teachers in grades
23 K-6, or any combination of those grades, in school buildings in
24 which the percentage of pupils described in subsection (1)

1 exceeds the district's aggregate percentage of those pupils.
2 Subject to subsections (5), (6), (7), (12), and (13), if a
3 district obtains a waiver from the department, the district may
4 use up to 100% of the funds it receives under this section to
5 reduce the ratio of pupils to teachers in grades K-6, or any
6 combination of those grades, in school buildings in which the
7 percentage of pupils described in subsection (1) is at least 60%
8 of the district's aggregate percentage of those pupils and at
9 least 30% of the total number of pupils enrolled in the school
10 building. To obtain a waiver, a district must apply to the
11 department and demonstrate to the satisfaction of the department
12 that the class size reductions would be in the best interests of
13 the district's at-risk pupils.

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

19 (12) For an individual school or schools operated by a
20 district or public school academy receiving funds under this
21 section that have been determined by the department to meet the
22 adequate yearly progress standards of the no child left behind
23 act of 2001, Public Law 107-110, in both mathematics and English
24 language arts at all applicable grade levels for all applicable

1 subgroups, the district or public school academy may submit to
2 the department an application for flexibility in using the funds
3 received under this section that are attributable to the pupils
4 in the school or schools. The application shall identify the
5 affected school or schools and the affected funds and shall
6 contain a plan for using the funds for specific purposes
7 identified by the district that are designed to benefit at-risk
8 pupils in the school, but that may be different from the
9 purposes otherwise allowable under this section. The department
10 shall approve the application if the department determines that
11 the purposes identified in the plan are reasonably designed to
12 benefit at-risk pupils in the school. If the department does not
13 act to approve or disapprove an application within 30 days after
14 it is submitted to the department, the application is considered
15 to be approved. If an application for flexibility in using the
16 funds is approved, the district may use the funds identified in
17 the application for any purpose identified in the plan.

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

23 (a) Monitors individual pupil learning and provides
24 specific support or learning strategies to pupils as early as

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

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

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

12 (15) If a district is formed by consolidation after June 1,
13 1995, and if 1 or more of the original districts was not
14 eligible before the consolidation for an additional allowance
15 under this section, the amount of the additional allowance under
16 this section for the consolidated district shall be based on the
17 number of pupils described in subsection (1) enrolled in the
18 consolidated district who reside in the territory of an original
19 district that was eligible before the consolidation for an
20 additional allowance under this section.

21 (16) A district or public school academy that does not meet
22 the eligibility requirement under subsection (2)(a) is eligible
23 for funding under this section if at least 1/4 of the pupils in
24 membership in the district or public school academy met the

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

20 (17) A district that does not meet the eligibility
21 requirement under subsection (2)(a) is eligible for funding
22 under this section if at least 75% of the pupils in membership
23 in the district met the income eligibility criteria for free
24 breakfast, lunch, or milk in the immediately preceding state

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

15 (18) As used in this section, "at-risk pupil" means a pupil
16 for whom the district has documentation that the pupil meets at
17 least 2 of the following criteria: is a victim of child abuse or
18 neglect; is below grade level in English language and
19 communication skills or mathematics; is a pregnant teenager or
20 teenage parent; is eligible for a federal free or reduced-price
21 lunch subsidy; has atypical behavior or attendance patterns; or
22 has a family history of school failure, incarceration, or
23 substance abuse. For pupils for whom the results of at least the
24 applicable Michigan education assessment program (MEAP) test

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

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

1 (2) The amounts allocated from state sources under this
2 section shall be used to pay the amount necessary to reimburse
3 districts for 6.0127% of the necessary costs of the state
4 mandated portion of the school lunch programs provided by those
5 districts. The amount due to each district under this section
6 shall be computed by the department using the methods of
7 calculation adopted by the Michigan supreme court in the
8 consolidated cases known as Durant v State of Michigan, Michigan
9 supreme court docket no. 104458-104492.

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

14 (4) The payments made under this section to districts and
15 other eligible entities that are not required under section
16 1272a of the revised school code, MCL 380.1272a, to provide a
17 school lunch program shall be in an amount not to exceed \$10.00
18 per eligible pupil plus 5 cents for each free lunch and 2 cents
19 for each reduced price lunch provided, as determined by the
20 department.

21 (5) From the federal funds appropriated in section 11,
22 there is allocated for ~~2009-2010~~ **2010-2011** all available federal
23 funding, estimated at ~~\$370,000,000.00~~ **\$400,000,000.00**, for the
24 national school lunch program and all available federal funding,

1 estimated at \$2,506,000.00, for the emergency food assistance
2 program.

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

6 Sec. 31f. (1) From the appropriations in section 11, there
7 is allocated an amount not to exceed \$9,625,000.00 for ~~2009-2010~~
8 **2010-2011** for the purpose of making payments to districts to
9 reimburse for the cost of providing breakfast.

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

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

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

18 (3) The payment for a district under this section is at a
19 per meal rate equal to the lesser of the district's actual cost
20 or 100% of the statewide average cost of a breakfast served, as
21 determined and approved by the department, less federal
22 reimbursement, participant payments, and other state
23 reimbursement. The statewide average cost shall be determined by

1 the department using costs as reported in a manner approved by
2 the department for the preceding school year.

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

6 Sec. 32b. (1) From the funds appropriated under section 11,
7 there is allocated an amount not to exceed \$6,000,000.00 for
8 ~~2009-2010~~ **2010-2011** for competitive grants to intermediate
9 districts for the creation and continuance of great start
10 communities or other community purposes as identified by the
11 early childhood investment corporation. These dollars may not be
12 expended until both of the following conditions have been met:

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

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

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

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

4 (3) In order to receive funding, each intermediate district
5 applicant shall agree to convene a local great start
6 collaborative to address the availability of the 6 components of
7 a great start system in its communities: physical health,
8 social-emotional health, family supports, basic needs, economic
9 stability and safety, and parenting education and early
10 education and care, to ensure that every child in the community
11 is ready for kindergarten. Specifically, each grant will fund
12 the following:

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

17 (b) Identification of local resources and services for
18 children with disabilities, developmental delays, or special
19 needs and their families.

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

22 (d) Evaluation of local programs.

23 (4) Not later than December 1 of each fiscal year, for the
24 grants awarded under this section for the immediately preceding

1 fiscal year, the department shall provide to the house and
2 senate appropriations subcommittees on state school aid, the
3 state budget director, and the house and senate fiscal agencies
4 a report detailing the amount of each grant awarded under this
5 section, the grant recipients, the activities funded by each
6 grant under this section, and an analysis of each grant
7 recipient's success in addressing the development of a
8 comprehensive system of early childhood services and supports.

9 (5) An intermediate district receiving funds under this
10 section may carry over any unexpended funds received under this
11 section into the next fiscal year and may expend those unused
12 funds in the next fiscal year. A recipient of a grant shall
13 return any unexpended grant funds to the department in the
14 manner prescribed by the department not later than September 30
15 of the next fiscal year after the fiscal year in which the funds
16 are received.

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

20 Sec. 32d. (1) For ~~2009-2010~~ **2010-2011**, from the state
21 school aid fund appropriation in section 11, there is allocated
22 an amount not to exceed \$88,100,000.00 to eligible districts for
23 great start readiness programs and from the general fund
24 appropriation in section 11, there is allocated an amount not to

1 exceed \$7,575,000.00 for competitive great start readiness
2 program grants. Funds allocated under this section shall be used
3 to provide part-day or full-day comprehensive free compensatory
4 programs designed to ~~do 1 or both of the following:~~

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

11 ~~(b) Provide preschool and parenting education programs~~
12 ~~similar to those under former section 32b as in effect for 2001-~~
13 ~~2002. Beginning in 2007-2008, funds spent by a district for~~
14 ~~programs described in this subdivision shall not exceed the~~
15 ~~lesser of the amount spent by the district under this~~
16 ~~subdivision for 2006-2007 or the amount spent under this~~
17 ~~subdivision in any subsequent fiscal year.~~

18 (2) To be eligible to receive payments under this section,
19 a district shall comply with this section and section 39. To
20 receive competitive grant payments under this section, an
21 eligible grant recipient shall comply with this section and
22 section 321.

23 (3) In addition to the allocation under subsection (1),
24 from the general fund money appropriated under section 11, there

1 is allocated an amount not to exceed \$300,000.00 for ~~2009-2010~~
2 **2010-2011** for a competitive grant to continue a longitudinal
3 evaluation of children who have participated in great start
4 readiness programs.

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

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

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

19 (c) Nutritional services for all program participants.

20 (d) Health **AND DEVELOPMENTAL** screening services for all
21 program participants.

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

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

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

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

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

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

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

23 (b) Ensure that more than ~~50%~~ **75%** of the children
24 participating in an eligible great start readiness program are

1 children who live with families with a household income that is
2 equal to or less than 300% of the federal poverty level.

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

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

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

1 completion of the compliance plan shall consist of at least 2
2 courses per calendar year.

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

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

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

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

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

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

12 (9) ~~(8)~~ Any public or private for-profit or nonprofit legal
13 entity or agency may apply for a competitive grant under this
14 section. However, a district or intermediate district may not
15 apply for a competitive grant under this section unless the
16 district, intermediate district, or consortium of districts or
17 intermediate districts is acting as a local grantee for the
18 federal head start program operating under the head start act,
19 42 USC 9831 to 9852.

20 (10) ~~(9)~~ A recipient of funds under this section shall
21 report to the department on the midyear report the number of
22 children participating in the program who meet the income or
23 other eligibility criteria prescribed by the department and the
24 total number of children participating in the program. For

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

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

18 Sec. 32j. (1) From the appropriations in section 11, there
19 is allocated an amount not to exceed \$5,000,000.00 for ~~2009-2010~~
20 **2010-2011** for great parents, great start grants to intermediate
21 districts to provide programs for parents with young children.
22 The purpose of these programs is to encourage early mathematics
23 and reading literacy, improve school readiness, reduce the need

1 for special education services, and foster the maintenance of
2 stable families by encouraging positive parenting skills.

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

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

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

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

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

21 (3) To receive a grant under this section, an intermediate
22 district shall submit a plan to the department not later than
23 October 15, ~~2009~~ **2010** in the form and manner prescribed by the

1 department. The plan shall do all of the following in a manner
2 prescribed by the department:

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

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

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

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

8 (5) The department or superintendent, as applicable, shall
9 do all of the following:

10 (a) The superintendent shall approve or disapprove the
11 plans and notify the intermediate district of that decision not
12 later than November 15, ~~2009~~ **2010**. The amount allocated to each
13 intermediate district shall be at least an amount equal to 100%
14 of the intermediate district's ~~2008-2009~~ **2009-2010** payment under
15 this section.

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

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

1 (6) An intermediate district receiving funds under this
2 section shall use the funds only for the program funded under
3 this section. An intermediate district receiving funds under
4 this section may carry over any unexpended funds received under
5 this section into the next fiscal year and may expend those
6 unused funds in the next fiscal year. A recipient of a grant
7 shall return any unexpended grant funds to the department in the
8 manner prescribed by the department not later than September 30
9 of the next fiscal year after the fiscal year in which the funds
10 are received.

11 Sec. 321. (1) The department shall establish a diverse
12 interagency committee to review the applications for competitive
13 grants under section 32d. The committee shall be composed of
14 representatives of the department, appropriate community,
15 volunteer, and social service agencies and organizations, and
16 parents.

17 (2) The superintendent shall award the competitive grants
18 under section 32d to applicants that are in compliance with that
19 section and shall give priority for awarding the competitive
20 grants to programs that offer or contract with another nonprofit
21 or for-profit early childhood program to provide supplementary
22 day care and thereby offers full-day programs as part of its
23 early childhood development program.

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

7 (4) All grant awards under this section are contingent on
8 the availability of funds and documented evidence of grantee
9 compliance with early childhood standards of quality for
10 prekindergarten, as approved by the state board, and with all
11 operational, fiscal, administrative, and other program
12 requirements.

13 (5) **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN**
14 **APPLICANT THAT RECEIVES A NEW GRANT UNDER THIS SECTION FOR 2010-**
15 **2011 SHALL ALSO RECEIVE PRIORITY FOR FUNDING UNDER THIS SECTION**
16 **FOR 2011-2012 AND 2012-2013. HOWEVER, AFTER 3 FISCAL YEARS OF**
17 **CONTINUOUS FUNDING, AN APPLICANT IS REQUIRED TO COMPETE OPENLY**
18 **WITH NEW PROGRAMS AND OTHER PROGRAMS COMPLETING THEIR THIRD**
19 **YEAR.**

20 (6) ~~(5)~~ Notwithstanding section 17b, competitive grant
21 payments to eligible entities under section 32d shall be paid on
22 a schedule and in a manner determined by the department.

23 Sec. 39a. (1) From the federal funds appropriated in
24 section 11, there is allocated for ~~2009-2010~~ **2010-2011** to

1 districts, intermediate districts, and other eligible entities
2 all available federal funding, estimated at ~~\$752,987,500.00~~
3 **\$761,973,600.00**, for the federal programs under the no child
4 left behind act of 2001, Public Law 107-110. These funds are
5 allocated as follows:

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

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

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

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

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

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

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

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

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

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

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

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

1 (m) An amount estimated at ~~\$35,710,100.00~~ **\$40,050,000.00**
2 for the purpose of providing high-quality extended learning
3 opportunities, after school and during the summer, for children
4 in low-performing schools, funded from DED-OESE, twenty-first
5 century community learning center funds.

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

9 (2) From the federal funds appropriated in section 11,
10 there is allocated for ~~2009-2010~~ **2010-2011** to districts,
11 intermediate districts, and other eligible entities all
12 available federal funding, estimated at ~~\$32,559,700.00~~
13 **\$32,359,700.00**, for the following programs that are funded by
14 federal grants:

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

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

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

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

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

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

11 (a) A research-based, validated, structured reading program
12 that aligns learning resources to state standards and includes
13 continuous assessment of pupils and individualized education
14 plans for pupils.

15 (b) A mentoring program that is a research-based, validated
16 program or a statewide 1-to-1 mentoring program and is designed
17 to enhance the independence and life quality of pupils who are
18 mentally impaired by providing opportunities for mentoring and
19 integrated employment.

20 (c) A cognitive development program that is a research-
21 based, validated educational service program focused on
22 assessing and building essential cognitive and perceptual
23 learning abilities to strengthen pupil concentration and
24 learning.

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

6 (4) All federal funds allocated under this section shall be
7 distributed in accordance with federal law and with flexibility
8 provisions outlined in Public Law 107-116, and in the education
9 flexibility partnership act of 1999, Public Law 106-25.
10 Notwithstanding section 17b, payments of federal funds to
11 districts, intermediate districts, and other eligible entities
12 under this section shall be paid on a schedule determined by the
13 department.

14 (5) As used in this section:

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

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

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

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

22 (e) "HHS-ACF" means the HHS administration for children and
23 families.

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

14 Sec. 51a. (1) From the appropriation in section 11, there
15 is allocated for 2009-2010 an amount not to exceed
16 ~~\$1,061,283,000.00~~ **\$1,018,583,000.00 AND FOR 2010-2011 AN AMOUNT**
17 **NOT TO EXCEED \$1,060,683,000.00** from state sources and all
18 available federal funding under sections 611 to 619 of part B of
19 the individuals with disabilities education act, 20 USC 1411 to
20 1419, estimated at \$350,700,000.00 **FOR 2009-2010 AND**
21 **\$385,700,000.00 FOR 2010-2011**, plus any carryover federal funds
22 from previous year appropriations. The allocations under this
23 subsection are for the purpose of reimbursing districts and
24 intermediate districts for special education programs, services,

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

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

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

1 subsection (12), and shall be calculated in the same manner as
2 for a district, using the foundation allowance under section 20
3 of the pupil's district of residence, not to exceed the basic
4 foundation allowance under section 20 for the current fiscal
5 year, ~~and that district's per pupil allocation under section~~
6 ~~20j(2)~~.

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

12 (3) From the funds allocated under subsection (1), there is
13 allocated for 2009-2010 the amount necessary, estimated at
14 ~~\$1,300,000.00~~ **\$1,200,000.00** **AND FOR 2010-2011 THE AMOUNT**
15 **NECESSARY, ESTIMATED AT \$800,000.00**, to make payments to
16 districts and intermediate districts under this subsection. If
17 the amount allocated to a district or intermediate district for
18 a fiscal year under subsection (2)(b) is less than the sum of
19 the amounts allocated to the district or intermediate district
20 for 1996-97 under sections 52 and 58, there is allocated to the
21 district or intermediate district for the fiscal year an amount
22 equal to that difference, adjusted by applying the same
23 proration factor that was used in the distribution of funds
24 under section 52 in 1996-97 as adjusted to the district's or

1 intermediate district's necessary costs of special education
2 used in calculations for the fiscal year. This adjustment is to
3 reflect reductions in special education program operations or
4 services between 1996-97 and subsequent fiscal years.

5 Adjustments for reductions in special education program
6 operations or services shall be made in a manner determined by
7 the department and shall include adjustments for program or
8 service shifts.

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

1 adjusted as necessary. However, if the amount allocated under
2 subsection (2)(a) in itself exceeds the amount necessary to
3 fulfill the specified percentages in subsection (2), there shall
4 be no deduction under this subsection.

5 (5) State funds shall be allocated on a total approved cost
6 basis. Federal funds shall be allocated under applicable federal
7 requirements, except that an amount not to exceed \$3,500,000.00
8 may be allocated by the department for 2009-2010 **AND 2010-2011**
9 to districts, intermediate districts, or other eligible entities
10 on a competitive grant basis for programs, equipment, and
11 services that the department determines to be designed to
12 benefit or improve special education on a statewide scale.

13 (6) From the amount allocated in subsection (1), there is
14 allocated an amount not to exceed \$2,200,000.00 for 2009-2010
15 **AND 2010-2011** to reimburse 100% of the net increase in necessary
16 costs incurred by a district or intermediate district in
17 implementing the revisions in the administrative rules for
18 special education that became effective on July 1, 1987. As used
19 in this subsection, "net increase in necessary costs" means the
20 necessary additional costs incurred solely because of new or
21 revised requirements in the administrative rules minus cost
22 savings permitted in implementing the revised rules. Net
23 increase in necessary costs shall be determined in a manner
24 specified by the department.

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

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

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

16 ~~(c) If the department determines before bookclosing for~~
17 ~~2008-2009 that the amounts allocated for 2008-2009 under~~
18 ~~subsections (2), (3), (6), (8), and (12) and sections 53a, 54,~~
19 ~~and 56 will exceed expenditures for 2008-2009 under subsections~~
20 ~~(2), (3), (6), (8), and (12) and sections 53a, 54, and 56, then~~
21 ~~for 2008-2009 only, for a district or intermediate district~~
22 ~~whose reimbursement for 2008-2009 would otherwise be affected by~~
23 ~~subdivision (b), subdivision (b) does not apply to the~~
24 ~~calculation of the reimbursement for that district or~~

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

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

23 **(D)** ~~(e)~~ Beginning with calculations for 2004-2005, if an
24 intermediate district purchases a special education pupil

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

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

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

1 of a district, but shall be counted in membership in the
2 intermediate district of residence.

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

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

15 (12) From the funds allocated in subsection (1), there is
16 allocated the amount necessary, estimated at \$7,800,000.00 for
17 2009-2010 **AND THE AMOUNT NECESSARY, ESTIMATED AT \$7,600,000.00**
18 **FOR 2010-2011**, to pay the foundation allowances for pupils
19 described in this subsection. The allocation to a district under
20 this subsection shall be calculated by multiplying the number of
21 pupils described in this subsection who are counted in
22 membership in the district times ~~the sum of~~ the foundation
23 allowance under section 20 of the pupil's district of residence
24 ~~plus the amount of the district's per pupil allocation under~~

1 ~~section 20j(2)~~, not to exceed the basic foundation allowance
2 under section 20 for the current fiscal year, or, for a pupil
3 described in this subsection who is counted in membership in a
4 district that is a public school academy or university school,
5 times an amount equal to the amount per membership pupil under
6 section 20~~(6)~~**(7)**. The allocation to an intermediate district
7 under this subsection shall be calculated in the same manner as
8 for a district, using the foundation allowance under section 20
9 of the pupil's district of residence, not to exceed the basic
10 foundation allowance under section 20 for the current fiscal
11 year, ~~and that district's per pupil allocation under section~~
12 ~~20j(2)~~. This subsection applies to all of the following pupils:

13 (a) Pupils described in section 53a.

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

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

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

1 or under section 51c in order to fully fund those allocations.
2 After payments under subsections (2) and (12) and section 51c,
3 the remaining expenditures from the allocation in subsection (1)
4 shall be made in the following order:

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

6 (b) 100% of the reimbursement required under subsection
7 (6).

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

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

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

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

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

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

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

11 Sec. 51c. As required by the court in the consolidated
12 cases known as Durant v State of Michigan, Michigan supreme
13 court docket no. 104458-104492, from the allocation under
14 section 51a(1), there is allocated for 2009-2010 the amount
15 necessary, estimated at ~~\$742,300,000.00~~ **\$703,500,000.00 AND FOR**
16 **2010-2011 THE AMOUNT NECESSARY, ESTIMATED AT \$735,700,000.00,**
17 for payments to reimburse districts for 28.6138% of total
18 approved costs of special education excluding costs reimbursed
19 under section 53a, and 70.4165% of total approved costs of
20 special education transportation. Funds allocated under this
21 section that are not expended in the state fiscal year for which
22 they were allocated, as determined by the department, may be
23 used to supplement the allocations under sections 22a and 22b in

1 order to fully fund those calculated allocations for the same
2 fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (5) Not more than \$13,500,000.00 of the allocation for
2 ~~2009-2010~~ **2010-2011** in section 51a(1) shall be allocated under
3 this section.

4 Sec. 54. Each intermediate district shall receive an amount
5 per pupil for each pupil in attendance at the Michigan schools
6 for the deaf and blind. The amount shall be proportionate to the
7 total instructional cost at each school. Not more than
8 \$1,688,000.00 of the allocation for ~~2009-2010~~ **2010-2011** in
9 section 51a(1) shall be allocated under this section.

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

11 (a) "Membership" means for a particular fiscal year the
12 total membership for the immediately preceding fiscal year of
13 the intermediate district and the districts constituent to the
14 intermediate district.

15 (b) "Millage levied" means the millage levied for special
16 education pursuant to part 30 of the revised school code, MCL
17 380.1711 to 380.1743, including a levy for debt service
18 obligations.

19 (c) "Taxable value" means the total taxable value of the
20 districts constituent to an intermediate district, except that
21 if a district has elected not to come under part 30 of the
22 revised school code, MCL 380.1711 to 380.1743, membership and
23 taxable value of the district shall not be included in the
24 membership and taxable value of the intermediate district.

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

14 (3) Reimbursement for those millages levied in 2008-2009
15 shall be made in 2009-2010 at an amount per 2008-2009 membership
16 pupil computed by subtracting from ~~\$179,700.00~~ **\$180,600.00** the
17 2008-2009 taxable value behind each membership pupil and
18 multiplying the resulting difference by the 2008-2009 millage
19 levied. **REIMBURSEMENT FOR THOSE MILLAGES LEVIED IN 2009-2010**
20 **SHALL BE MADE IN 2010-2011 AT AN AMOUNT PER 2009-2010 MEMBERSHIP**
21 **PUPIL COMPUTED BY SUBTRACTING FROM \$181,700.00 THE 2009-2010**
22 **TAXABLE VALUE BEHIND EACH MEMBERSHIP PUPIL AND MULTIPLYING THE**
23 **RESULTING DIFFERENCE BY THE 2009-2010 MILLAGE LEVIED.**

1 Sec. 61a. (1) From the appropriation in section 11, there
2 is allocated an amount not to exceed ~~\$27,000,000.00~~
3 **\$26,611,300.00** for ~~2009-2010~~ **2010-2011** to reimburse on an added
4 cost basis districts, except for a district that served as the
5 fiscal agent for a ~~vocational~~ **CAREER AND TECHNICAL** education
6 consortium in the 1993-94 school year, and secondary area
7 ~~vocational-technical~~ **CAREER AND TECHNICAL** education centers for
8 secondary-level ~~vocational-technical~~ **CAREER AND TECHNICAL**
9 education programs, ~~including parenthood education programs,~~
10 according to rules approved by the superintendent. Applications
11 for participation in the programs shall be submitted in the form
12 prescribed by the department. The department shall determine the
13 added cost for each ~~vocational-technical~~ **CAREER AND TECHNICAL**
14 **EDUCATION** program area. The allocation of added cost funds shall
15 be based on the type of ~~vocational-technical~~ **CAREER AND**
16 **TECHNICAL EDUCATION** programs provided, the number of pupils
17 enrolled, and the length of the training period provided, and
18 shall not exceed 75% of the added cost of any program. With the
19 approval of the department, the board of a district maintaining
20 a secondary ~~vocational-technical~~ **CAREER AND TECHNICAL** education
21 program may offer the program for the period from the close of
22 the school year until September 1. The program shall use
23 existing facilities and shall be operated as prescribed by rules
24 promulgated by the superintendent.

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

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

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

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

1 meeting capital projects fund requirements of area ~~vocational-~~
2 ~~technical~~ **CAREER AND TECHNICAL** education.

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

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

18 (ii) The district contributes an annual amount to the
19 operation of the program that is commensurate with the revenue
20 that would have been raised for operation of the program if
21 millage were levied in the district for the program under
22 sections 681 to 690 of the revised school code, MCL 380.681 to
23 380.690.

1 (2) From the appropriation in section 11, there is
2 allocated an amount not to exceed \$9,000,000.00 for 2009-2010
3 **AND 2010-2011** to reimburse intermediate districts and area
4 ~~vocational-technical~~ **CAREER AND TECHNICAL** education programs
5 established under section 690(3) of the revised school code, MCL
6 380.690, levying millages for area ~~vocational-technical~~ **CAREER**
7 **AND TECHNICAL** education pursuant to sections 681 to 690 of the
8 revised school code, MCL 380.681 to 380.690. The purpose, use,
9 and expenditure of the reimbursement shall be limited as if the
10 funds were generated by those millages.

11 (3) Reimbursement for the millages levied in 2008-2009
12 shall be made in 2009-2010 at an amount per 2008-2009 membership
13 pupil computed by subtracting from ~~\$189,600.00~~ **\$191,000.00** the
14 2008-2009 taxable value behind each membership pupil and
15 multiplying the resulting difference by the ~~2009-2010~~ **2008-2009**
16 millage levied. **REIMBURSEMENT FOR THE MILLAGES LEVIED IN 2009-**
17 **2010 SHALL BE MADE IN 2010-2011 AT AN AMOUNT PER 2009-2010**
18 **MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM \$194,700.00 THE**
19 **2009-2010 TAXABLE VALUE BEHIND EACH MEMBERSHIP PUPIL AND**
20 **MULTIPLYING THE RESULTING DIFFERENCE BY THE 2009-2010 MILLAGE**
21 **LEVIED.**

22 Sec. 64. (1) From the appropriation in section 11, there is
23 allocated an amount not to exceed \$2,000,000.00 for ~~2009-2010~~
24 **2010-2011** for grants to intermediate districts or a district of

1 the first class that are in consortium with a community college
2 or state public university and a hospital or other appropriate
3 entity to create and implement a middle college focused on the
4 field of health sciences or other field approved by the
5 superintendent of public instruction.

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

10 (a) Outreach programs to provide information to middle
11 school and high school students about career opportunities in
12 the health sciences field or other field approved by the
13 superintendent of public instruction.

14 (b) An individualized education plan for each pupil
15 enrolled in the program.

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

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

20 (e) Instruction in mathematics, science, and language arts
21 that is integrated, where appropriate, into the courses in the
22 approved field.

23 (3) For the purposes of this section, "middle college"
24 means a series of courses and other requirements and conditions

1 established by the consortium that allow a pupil to graduate
2 with a high school diploma and a certificate or degree from a
3 community college or state public university.

4 (4) Beginning in 2006-2007, a district or intermediate
5 district may receive a grant under this section for up to 4
6 consecutive fiscal years. For the first 2 fiscal years of the
7 grant period, the grant amount shall be 100% of the award
8 determined by the department. For each of the remaining 2 fiscal
9 years of the grant period, the grant amount shall be an amount
10 equal to 50% of the recipient's grant amount for the previous
11 fiscal year.

12 Sec. 65. (1) From the amount appropriated in section 11,
13 there is allocated an amount not to exceed ~~\$980,100.00~~
14 **\$905,100.00** for ~~2009-2010~~ **2010-2011** for grants to districts or
15 intermediate districts, as determined by the department, for
16 eligible precollege programs in engineering and the sciences.

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

23 (3) ~~(4)~~ From the funds allocated under subsection (1), the
24 department shall award \$225,000.00 for ~~2009-2010~~ **2010-2011** to

1 eligible intermediate districts for programs to train pupils in
2 alternative energy. The department shall award \$75,000.00 to
3 each eligible intermediate district. The intermediate district
4 shall use the funds for engineering and sciences programs with
5 industry level partnerships that are in proximity to renewable
6 energy facilities. To be eligible for funds under this
7 subsection, an intermediate district must meet all of the
8 following requirements:

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

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

13 (c) Had a 2007 taxable value greater than
14 \$1,500,000,000.00.

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

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

20 **(4)** ~~(5)~~ The department shall submit a report to the
21 appropriations subcommittees responsible for this act, to the
22 state budget director, and to the house and senate fiscal
23 agencies by February 1, ~~2010~~ **2011** regarding dropout rates, grade
24 point averages, enrollment in science, engineering, and math-

1 based curricula, and employment in science, engineering, and
2 mathematics-based fields for pupils who were enrolled in the
3 programs awarded funds under ~~this section~~ **SUBSECTION (2)** or
4 under preceding legislation. The report shall continue to
5 evaluate the effectiveness of the precollege programs in
6 engineering and sciences funded under this section.

7 **(5)** ~~(6)~~ Notwithstanding section 17b, payments under this
8 section shall be paid on a schedule and in a manner determined
9 by the department.

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

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

1 hourly rate received for driving a school bus. Reimbursement
2 compensating the driver during the course of instruction shall
3 be made by the department to the college or university or
4 intermediate district providing the course of instruction.

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

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

1 POLICE. THE DEPARTMENT SHALL REIMBURSE EACH DISTRICT AND
2 INTERMEDIATE DISTRICT FOR COSTS DETAILED ON THE STATEMENT WITHIN
3 30 DAYS AFTER RECEIPT OF THE STATEMENT. DISTRICTS FOR WHICH
4 SERVICES ARE PROVIDED SHALL MAKE PAYMENT IN THE AMOUNT SPECIFIED
5 ON THE STATEMENT TO THE DEPARTMENT OF STATE POLICE WITHIN 45
6 DAYS AFTER RECEIPT OF THE STATEMENT. THE TOTAL REIMBURSEMENT OF
7 COSTS UNDER THIS SUBSECTION SHALL NOT EXCEED THE AMOUNT
8 ALLOCATED UNDER THIS SUBSECTION. NOTWITHSTANDING SECTION 17B,
9 PAYMENTS TO ELIGIBLE ENTITIES UNDER THIS SUBSECTION SHALL BE
10 PAID ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT.

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

1 (2) Intermediate districts receiving funds under this
2 section shall collaborate with the department to develop
3 expanded professional development opportunities for teachers to
4 update and expand their knowledge and skills needed to support
5 the Michigan merit curriculum.

6 (3) From the allocation in subsection (1), there is
7 allocated to an intermediate district, formed by the
8 consolidation or annexation of 2 or more intermediate districts
9 or the attachment of a total intermediate district to another
10 intermediate school district or the annexation of all of the
11 constituent K-12 districts of a previously existing intermediate
12 school district which has disorganized, an additional allotment
13 of \$3,500.00 each fiscal year for each intermediate district
14 included in the new intermediate district for 3 years following
15 consolidation, annexation, or attachment.

16 (4) During a fiscal year, the department shall not increase
17 an intermediate district's allocation under subsection (1)
18 because of an adjustment made by the department during the
19 fiscal year in the intermediate district's taxable value for a
20 prior year. Instead, the department shall report the adjustment
21 and the estimated amount of the increase to the house and senate
22 fiscal agencies and the state budget director not later than
23 June 1 of the fiscal year, and the legislature shall appropriate
24 money for the adjustment in the next succeeding fiscal year.

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

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

6 (b) Demonstrate to the satisfaction of the department that
7 the intermediate district employs at least 1 person who is
8 trained in rules, regulations, and district reporting procedures
9 for the individual-level student data that serves as the basis
10 for the calculation of the district and high school graduation
11 and dropout rates.

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

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

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

19 (f) Comply with section 761 of the revised school code, MCL
20 380.761.

21 Sec 94a. (1) There is created within the **STATE BUDGET**
22 office ~~of the state budget director~~ in the department of
23 **TECHNOLOGY**, management, and budget the center for educational

1 performance and information. The center shall do all of the
2 following:

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

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

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

13 (II) **SUPPORTS INTEROPERABILITY BY USING STANDARD DATA**
14 **STRUCTURES, DATA FORMATS, AND DATA DEFINITIONS TO ENSURE LINKAGE**
15 **AND CONNECTIVITY IN A MANNER THAT FACILITATES THE EXCHANGE OF**
16 **DATA AMONG AGENCIES AND INSTITUTIONS WITHIN THE STATE AND**
17 **BETWEEN STATES.**

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

21 (IV) **ENABLES THE MATCHING OF INDIVIDUAL TEACHERS WITH**
22 **INFORMATION ABOUT THEIR CERTIFICATION AND THE INSTITUTIONS THAT**
23 **PREPARED AND RECOMMENDED THOSE TEACHERS FOR STATE CERTIFICATION.**

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

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

6 (VII) PROVIDES THE STATE WITH THE ABILITY TO MEET FEDERAL
7 AND STATE REPORTING REQUIREMENTS.

8 (VIII) FOR DATA ELEMENTS RELATED TO PRESCHOOL THROUGH GRADE
9 12 AND POSTSECONDARY:

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

13 (B) CONTAINS STUDENT-LEVEL ENROLLMENT, DEMOGRAPHIC, AND
14 PROGRAM PARTICIPATION INFORMATION.

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

18 (D) HAS THE CAPACITY TO COMMUNICATE WITH HIGHER EDUCATION
19 DATA SYSTEMS.

20 (IX) FOR DATA ELEMENTS RELATED TO PRESCHOOL THROUGH GRADE
21 12:

22 (A) CONTAINS YEARLY TEST RECORDS OF INDIVIDUAL STUDENTS FOR
23 ASSESSMENTS APPROVED BY DED-OESE FOR ACCOUNTABILITY PURPOSES
24 UNDER SECTION 1111(B) OF THE ELEMENTARY AND SECONDARY EDUCATION

1 ACT OF 1965, INCLUDING INFORMATION ON INDIVIDUAL STUDENTS NOT
2 TESTED, BY GRADE AND SUBJECT.

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

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

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

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

11 (I) ENROLLMENT IN REMEDIAL COURSEWORK.

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

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

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

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

23 ~~(d) Develop state and model local data collection policies,~~
24 ~~including, but not limited to, policies that ensure the privacy~~

1 ~~of individual student data. State privacy policies shall ensure~~
2 ~~that student social security numbers are not released to the~~
3 ~~public for any purpose.~~

4 (D) CREATE, MAINTAIN AND ENHANCE MICHIGAN'S WEB-BASED
5 EDUCATIONAL PORTAL TO PROVIDE INFORMATION TO SCHOOL LEADERS,
6 TEACHERS, RESEARCHERS AND THE PUBLIC IN COMPLIANCE WITH ALL
7 FEDERAL AND STATE PRIVACY LAWS. DATA SHALL INCLUDE, BUT ARE NOT
8 LIMITED TO:

9 (I) DATA SETS THAT LINK TEACHERS TO STUDENT INFORMATION,
10 ALLOWING DISTRICTS TO ASSESS INDIVIDUAL TEACHER IMPACT ON
11 STUDENT PERFORMANCE AND CONSIDER STUDENT GROWTH FACTORS IN
12 TEACHER AND PRINCIPAL EVALUATION SYSTEMS.

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

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

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

20 (V) ~~(f)~~ Provide PUBLIC reports to the citizens of this
21 state to allow them to assess allocation of resources and the
22 return on their investment in the education system of this
23 state.

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

4 ~~(h) To the extent funding is available, coordinate the~~
5 ~~electronic exchange of student records using a unique~~
6 ~~identification numbering system among entities receiving funds~~
7 ~~under this act and postsecondary institutions for students~~
8 ~~participating in public education programs from preschool~~
9 ~~through postsecondary education.~~

10 ~~(i) In cooperation with the department, create and~~
11 ~~implement a teacher identifier system with the ability to match~~
12 ~~an individual teacher to individual pupils the teacher has~~
13 ~~taught. Subject to applicable law regarding student privacy, the~~
14 ~~system shall do all of the following:~~

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

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

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

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

3 (2) Each state department, officer, or agency that collects
4 information from districts or intermediate districts **OR**
5 **POSTSECONDARY INSTITUTIONS** as required under state or federal
6 law shall make arrangements with the center, ~~and with the~~
7 ~~districts or intermediate districts, to have the center collect~~
8 ~~the information and to provide it to the department, officer, or~~
9 ~~agency as necessary. To the extent that it does not cause~~
10 ~~financial hardship, the center shall arrange to collect the~~
11 ~~information in a manner that allows electronic submission of the~~
12 ~~information to the center. Each affected state department,~~
13 ~~officer, or agency shall provide the center with any details~~
14 ~~necessary for the center to collect information as provided~~
15 ~~under this subsection. **SO THAT THE STATE DEPARTMENT, OFFICER OR**~~
16 ~~**AGENCY IS IN COMPLIANCE WITH SUBSECTION (1).**~~ This subsection
17 does not apply to information collected by the department of
18 treasury under the uniform budgeting and accounting act, 1968 PA
19 2, MCL 141.421 to 141.440a; the revised municipal finance act,
20 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
21 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921
22 to 388.1939; or section 1351a of the revised school code, MCL
23 380.1351a.

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

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

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

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

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

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

12 (f) Three representatives from intermediate school
13 districts.

14 (g) One representative from each of the following
15 educational organizations:

16 (i) Michigan association of school boards.

17 (ii) Michigan association of school administrators.

18 (iii) Michigan school business officials.

19 (h) One representative representing private sector firms
20 responsible for auditing school records.

21 (i) Other representatives as the state budget director
22 determines are necessary.

23 (4) The CEPI advisory committee appointed under subsection
24 (3) **OR A P-20 ADVISORY COUNCIL, AS APPLICABLE,** shall provide

1 advice to the director of the center regarding the management of
2 the center's data collection activities, including, but not
3 limited to:

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

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

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

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

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

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

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

1 **(G) WORKING WITH STAKEHOLDERS TO DEVELOP A STATE RESEARCH**
2 **AGENDA.**

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

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

7 (6) From the general fund appropriation in section 11,
8 there is allocated an amount not to exceed \$3,486,100.00 for
9 2009-2010 **AND AN AMOUNT NOT TO EXCEED \$3,656,100.00 FOR 2010-**
10 **2011** to the department of **TECHNOLOGY**, management, and budget to
11 support the operations of the center ~~and the development and~~
12 ~~implementation of a comprehensive longitudinal data collection~~
13 ~~management and reporting system that includes student-level~~
14 ~~data.~~ **IN ADDITION, FROM THE FEDERAL FUNDS APPROPRIATED IN**

15 **SECTION 11 THERE IS ALLOCATED THE AMOUNT NECESSARY, ESTIMATED AT**
16 **\$18,657,400.00 FOR 2009-2010 AND THE AMOUNT NECESSARY, ESTIMATED**
17 **AT \$7,270,000.00 FOR 2010-2011 TO SUPPORT THE OPERATIONS OF THE**

18 **CENTER.** The center shall cooperate with the state education
19 agency to ensure that this state is in compliance with federal
20 law and is maximizing opportunities for increased federal
21 funding to improve education in this state. ~~To the extent that~~
22 ~~funding under this section allows, the center shall collect data~~
23 ~~necessary to maximize federal funding under the American~~
24 ~~recovery and reinvestment act of 2009, Public Law 111-5, and~~

1 ~~other federal statutes, including data necessary to implement a~~
2 ~~P-20 longitudinal data system. In addition, from the federal~~
3 ~~funds appropriated in section 11 for 2009-2010, there is~~
4 ~~allocated the amount necessary, estimated at \$2,793,200.00 in~~
5 ~~order to fulfill federal reporting requirements.~~

6 (7) From the federal funds allocated in subsection (6),
7 there is allocated for 2009-2010 an amount not to exceed
8 \$750,000.00 **AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED**
9 **\$850,000.00** funded from the competitive grants of DED-OESE,
10 title II, educational technology funds for the purposes of this
11 subsection. Not later than November 30, ~~2008~~ **OF EACH FISCAL**
12 **YEAR**, the department shall award a single grant to an eligible
13 partnership that includes an intermediate district with at least
14 1 high-need local school district and the center.

15 (8) **FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (6),**
16 **THERE IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED**
17 **\$8,440,000.00 TO SUPPORT THE EFFORTS OF DISTRICTS TO MATCH**
18 **INDIVIDUAL TEACHER AND STUDENT RECORDS. THE FUNDS SHALL BE**
19 **DISTRIBUTED TO DISTRICTS IN AN AMOUNT AND MANNER DETERMINED BY**
20 **THE CENTER.**

21 (9) **FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (6),**
22 **THERE IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED**
23 **\$1,274,000.00 TO SUPPORT THE EFFORTS OF POSTSECONDARY**
24 **INSTITUTIONS TO COMPLY WITH THE REQUIREMENTS OF MICHIGAN'S**

1 **STATEWIDE LONGITUDINAL DATA SYSTEM. THE FUNDS SHALL BE**
2 **DISTRIBUTED TO POSTSECONDARY INSTITUTIONS IN AN AMOUNT AND**
3 **MANNER DETERMINED BY THE CENTER.**

4 (10) ~~(8)~~ The center and the department shall work
5 cooperatively to develop a cost allocation plan that pays for
6 center expenses from the appropriate federal fund **AND STATE**
7 **RESTRICTED FUND** revenues.

8 (11) ~~(9)~~ Funds allocated under this section that are not
9 expended in the fiscal year in which they were allocated may be
10 carried forward to a subsequent fiscal year **AND ARE APPROPRIATED**
11 **FOR THE PURPOSES FOR WHICH THE CENTER RECEIVED THE FUNDING.**

12 (12) ~~(10)~~ The center may bill departments as necessary in
13 order to fulfill reporting requirements of state and federal
14 law. The center may also enter into agreements to supply custom
15 data, analysis, and reporting to other principal executive
16 departments, state agencies, local units of government, and
17 other individuals and organizations. The center may receive and
18 expend funds in addition to those authorized in subsection (6)
19 to cover the costs associated with salaries, benefits, supplies,
20 materials, and equipment necessary to provide such data,
21 analysis, and reporting services.

22 (13) ~~(11)~~ As used in this section:

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

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

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

6 Sec. 98. (1) From the general fund money appropriated in
7 section 11, there is allocated an amount not to exceed
8 \$1,687,500.00 for ~~2009-2010~~ **2010-2011** to provide a grant to the
9 Michigan virtual university for the development, implementation,
10 and operation of the Michigan virtual high school; to provide
11 professional development opportunities for educators; and to
12 fund other purposes described in this section. In addition, from
13 the federal funds appropriated in section 11, there is allocated
14 for ~~2009-2010~~ **2010-2011** an amount estimated at \$2,700,000.00.

15 (2) The Michigan virtual high school shall have the
16 following goals:

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

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

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

3 (d) Grant high school diplomas through a dual enrollment
4 method with districts.

5 (e) Act as a broker for college level equivalent courses,
6 as defined in section 1471 of the revised school code, MCL
7 380.1471, and dual enrollment courses from postsecondary
8 education institutions.

9 (f) Maintain the accreditation status of the Michigan
10 virtual high school from recognized national and international
11 accrediting entities.

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

14 (a) Information technology courses.

15 (b) College level equivalent courses, as defined in section
16 1471 of the revised school code, MCL 380.1471.

17 (c) Courses and dual enrollment opportunities.

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

19 (e) General education development test preparation courses
20 for adjudicated youth.

21 (f) Special interest courses.

22 (g) Professional development programs that teach Michigan
23 educators how to develop and deliver online instructional
24 services.

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

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

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

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

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

1 (e) Provide online professional development opportunities
2 for educators to update and expand knowledge and skills needed
3 to support the Michigan merit curriculum core content standards
4 and credit requirements.

5 (5) The Michigan virtual university shall offer at least
6 200 hours of online professional development for classroom
7 teachers under this section each fiscal year beginning in 2006-
8 2007 without charge to the teachers or to districts or
9 intermediate districts.

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

1 include at least 1 intermediate district and at least 1 high-
2 need local district. All of the following apply to this funding:

3 (a) An eligible consortium or partnership must demonstrate
4 the following:

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

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

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

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

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

16 (vi) Demonstrated technical expertise and capacity in
17 managing complex technology systems.

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

20 (b) The Michigan virtual university, which operates the
21 Michigan virtual high school, shall perform the following tasks
22 related to this funding:

23 (i) Strengthen its capacity by pursuing activities,
24 policies, and practices that increase the overall number of

1 Michigan virtual high school course enrollments and course
2 completions by at-risk students.

3 (ii) Examine the curricular and specific course content
4 needs of middle and high school students in the areas of
5 mathematics and science.

6 (iii) Design, develop, and acquire online courses and
7 related supplemental resources aligned to state standards to
8 create a comprehensive and rigorous statewide catalog of online
9 courses and instructional services.

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

12 (v) Evaluate existing online teaching and learning
13 practices and develop continuous improvement strategies to
14 enhance student achievement.

15 (vi) Develop, support, and maintain the technology
16 infrastructure and related software required to deliver online
17 courses and instructional services to students statewide.

18 (7) If a home-schooled or nonpublic school student is a
19 resident of a district that subscribes to services provided by
20 the Michigan virtual high school, the student may use the
21 services provided by the Michigan virtual high school to the
22 district without charge to the student beyond what is charged to
23 a district pupil using the same services.

1 (8) Not later than December 1, ~~2009~~ **2010**, the Michigan
2 virtual university shall provide a report to the house and
3 senate appropriations subcommittees on state school aid, the
4 state budget director, the house and senate fiscal agencies, and
5 the department that includes at least all of the following
6 information related to the Michigan virtual high school for the
7 preceding state fiscal year:

8 (a) A list of the Michigan schools served by the Michigan
9 virtual high school.

10 (b) A list of online course titles available to Michigan
11 schools.

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

14 (d) The overall course completion rate percentage.

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

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

20 (9) As used in this section:

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

23 (b) "High-need local district" means a local educational
24 agency as defined in the enhancing education through technology

1 part of the no child left behind act of 2001, Public Law 107-
2 110.

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

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

15 (2) Within a service area designated locally, approved by
16 the department, and consistent with the comprehensive master
17 plan for mathematics and science centers developed by the
18 department and approved by the state board, an established
19 mathematics and science center shall provide 2 or more of the
20 following 6 basic services, as described in the master plan, to
21 constituent districts and communities: leadership, pupil
22 services, curriculum support, community involvement,
23 professional development, and resource clearinghouse services.

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

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

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

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

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

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

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

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

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

23 (11) As used in this section:

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

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

3 Sec. 99i. (1) From the funds appropriated in section 11,
4 there is allocated the amount of \$300,000.00 for ~~2009-2010~~ **2010-**
5 **2011** to a district that meets all of the following requirements:

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

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

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

11 (2) Funds allocated to a district under this section shall
12 be used to expand the school-based crisis intervention project
13 that received funds in 2005-2006 under section 304 of 2005 PA
14 147.

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

18 Sec. 101. (1) To be eligible to receive state aid under
19 this act, not later than the fifth Wednesday after the pupil
20 membership count day and not later than the fifth Wednesday
21 after the supplemental count day, each district superintendent
22 shall submit to the center **AND THE INTERMEDIATE SUPERINTENDENT**,
23 in the form and manner prescribed by the center, the number of
24 pupils enrolled and in regular daily attendance in the district

1 as of the pupil membership count day and as of the supplemental
2 count day, as applicable, for the current school year. In
3 addition, a district maintaining school during the entire year,
4 as provided under section 1561 of the revised school code, MCL
5 380.1561, shall submit to the center **AND THE INTERMEDIATE**
6 **SUPERINTENDENT**, in the form and manner prescribed by the center,
7 the number of pupils enrolled and in regular daily attendance in
8 the district for the current school year pursuant to rules
9 promulgated by the superintendent. Not later than the seventh
10 Wednesday after the pupil membership count day and not later
11 than the seventh Wednesday after the supplemental count day, the
12 district shall certify the data in a form and manner prescribed
13 by the center **AND FILE THE CERTIFIED DATA WITH THE INTERMEDIATE**
14 **SUPERINTENDENT**. If a district fails to submit and certify the
15 attendance data, as required under this subsection, the center
16 shall notify the department and state aid due to be distributed
17 under this act shall be withheld from the defaulting district
18 immediately, beginning with the next payment after the failure
19 and continuing with each payment until the district complies
20 with this subsection. If a district does not comply with this
21 subsection by the end of the fiscal year, the district forfeits
22 the amount withheld. A person who willfully falsifies a figure
23 or statement in the certified and sworn copy of enrollment shall
24 be punished in the manner prescribed by section 161.

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

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

19 (a) Except as otherwise provided in this section, each
20 district shall provide at least 1,098 hours and, beginning in
21 2010-2011, the required minimum number of days of pupil
22 instruction. For 2010-2011 and for 2011-2012, the required
23 minimum number of days of pupil instruction is 165. Beginning in
24 2012-2013, the required minimum number of days of pupil

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

1 with this subsection, then this subsection does not apply to
2 that district until after the expiration of that collective
3 bargaining agreement.

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

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

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

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

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

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

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

1 subsection. Subsequent such hours or days shall not be counted
2 as hours or days of pupil instruction.

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

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

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

1 (b) The board of the district takes formal action not to
2 operate its schools for at least the required minimum number of
3 hours and days of pupil instruction under subsection (3) in a
4 school year, including hours and days counted under subsection
5 (4).

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

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

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

19 (c) Except as otherwise provided in this subdivision, a
20 pupil in grades 9 to 12 for whom a reduced schedule is
21 determined to be in the individual pupil's best educational
22 interest must be scheduled for a number of hours equal to at
23 least 80% of the required minimum number of hours of pupil
24 instruction to be considered a full-time equivalent pupil. A

1 pupil in grades 9 to 12 who is scheduled in a 4-block schedule
2 may receive a reduced schedule under this subsection if the
3 pupil is scheduled for a number of hours equal to at least 75%
4 of the required minimum number of hours of pupil instruction to
5 be considered a full-time equivalent pupil.

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

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

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

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

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

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

1 forfeiture shall be calculated based upon a comparison of the
2 number of hours and days of pupil instruction actually provided
3 to the minimum number of hours and days of pupil instruction
4 required under subsection (3). **PUPILS ENROLLED IN A DEPARTMENT-**
5 **APPROVED ALTERNATIVE EDUCATION PROGRAM UNDER THIS SUBSECTION**
6 **SHALL BE REPORTED TO THE CENTER IN A FORM AND MANNER DETERMINED**
7 **BY THE CENTER.**

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

13 **(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION AND**
14 **SUBDIVISION (B), BEGINNING IN FISCAL YEAR 2010-2011, a district**
15 **may count up to 38 hours of qualifying professional development**
16 **for teachers as hours of pupil instruction IF AT LEAST 5 OF THE**
17 **HOURS OF PROFESSIONAL DEVELOPMENT ARE PROVIDED ONLINE BY THE**
18 **MICHIGAN VIRTUAL UNIVERSITY UNDER SECTION 98 OR BY ANOTHER**
19 **DEPARTMENT-APPROVED INTERMEDIATE DISTRICT PROVIDER OF ONLINE**
20 **PROFESSIONAL DEVELOPMENT. HOWEVER, IF A COLLECTIVE BARGAINING**
21 **AGREEMENT IS IN EFFECT FOR EMPLOYEES OF A DISTRICT AS OF OCTOBER**
22 **1, 2009 THAT PROVIDES FOR PROFESSIONAL DEVELOPMENT THAT IS NOT**
23 **IN COMPLIANCE WITH THE REQUIREMENT UNDER THIS SUBDIVISION WITH**
24 **REGARD TO ONLINE PROFESSIONAL DEVELOPMENT, THEN UNTIL THE FISCAL**

1 YEAR THAT BEGINS AFTER THE EXPIRATION OF THAT COLLECTIVE
2 BARGAINING AGREEMENT A DISTRICT MAY COUNT UP TO 38 HOURS OF
3 QUALIFYING PROFESSIONAL DEVELOPMENT FOR TEACHERS AS HOURS OF
4 PUPIL INSTRUCTION WITHOUT MEETING THAT REQUIREMENT.

5 (B) ~~However, if~~ IF a collective bargaining agreement that
6 provides more than 38 but not more than 51 hours of professional
7 development for teachers is in effect for employees of a
8 district as of October 1, 2006, 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, as hours of pupil instruction.

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

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

18 (i) ~~(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 (ii) ~~(b)~~ Achieving accreditation or improving a school's
22 accreditation status under section 1280 of the revised school
23 code, MCL 380.1280.

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

4 **(iv)** ~~(d)~~ Maintaining teacher certification.

5 (11) Subsections (3) and (8) do not apply to a school of
6 excellence that is a cyber school, as defined in section 551 of
7 the revised school code, MCL 380.551, and is in compliance with
8 section 553a of the revised school code, MCL 380.553a.

9 Sec. 104. (1) In order to receive state aid under this act,
10 a district shall comply with sections 1278a, 1278b, 1279, 1279g,
11 and 1280b of the revised school code, MCL 380.1278a, 380.1278b,
12 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081
13 to 388.1086. From the state school aid fund money appropriated
14 in section 11, there is allocated for ~~2009-2010~~ **2010-2011** an
15 amount not to exceed \$26,630,700.00 for payments on behalf of
16 districts for costs associated with complying with those
17 provisions of law. In addition, from the federal funds
18 appropriated in section 11, there is allocated for ~~2009-2010~~
19 **2010-2011** an amount estimated at \$8,313,700.00, funded from DED-
20 OESE, title VI, state assessments funds and DED-OSERS, section
21 504 of part B of the individuals with disabilities education
22 act, Public Law 94-142, plus any carryover federal funds from
23 previous year appropriations, for the purposes of complying with

1 the federal no child left behind act of 2001, Public Law 107-
2 110.

3 ~~(2) The department shall determine whether the "Explore"~~
4 ~~test is at least as robust as the Michigan educational~~
5 ~~assessment program social studies test. If the department~~
6 ~~determines that the "Explore" test is at least as robust as the~~
7 ~~Michigan educational assessment program social studies test, it~~
8 ~~is the intent of the legislature that the department shall~~
9 ~~replace the Michigan educational assessment program social~~
10 ~~studies test with the "Explore" test. If this replacement of~~
11 ~~tests requires a waiver under federal law in order to comply~~
12 ~~with federal law, then the department shall apply for that~~
13 ~~waiver to allow for this replacement.~~

14 **(2)** ~~(3)~~ The results of each test administered as part of
15 the Michigan educational assessment program, including tests
16 administered to high school students, shall include an item
17 analysis that lists all items that are counted for individual
18 pupil scores and the percentage of pupils choosing each possible
19 response.

20 **(3)** ~~(4)~~ All federal funds allocated under this section
21 shall be distributed in accordance with federal law and with
22 flexibility provisions outlined in Public Law 107-116, and in
23 the education flexibility partnership act of 1999, Public Law
24 106-25.

1 (4) ~~(5)~~ Notwithstanding section 17b, payments on behalf of
2 districts, intermediate districts, and other eligible entities
3 under this section shall be paid on a schedule determined by the
4 department.

5 ~~(6) The department shall meet with the United States~~
6 ~~department of education and shall request a waiver to replace~~
7 ~~the current Michigan educational assessment program tests used~~
8 ~~for grades 3 to 8 with a standardized catalog version norm-~~
9 ~~referenced test. Before sending the waiver request to the United~~
10 ~~States department of education, the department shall seek input~~
11 ~~on the waiver request from the subcommittees of the senate and~~
12 ~~house of representatives appropriations committees that have~~
13 ~~jurisdiction over this act. The department shall submit the~~
14 ~~waiver request to the subcommittees for input not later than~~
15 ~~January 15, 2010 and shall submit the waiver request to the~~
16 ~~United States department of education not later than February~~
17 ~~15, 2010. If the waiver is granted by the United States~~
18 ~~department of education, then the department shall immediately~~
19 ~~notify the subcommittees of the senate and house of~~
20 ~~representatives appropriations committees that have jurisdiction~~
21 ~~over this act of the approval.~~

22 (5) ~~(7)~~ As used in this section:

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

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

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

5 Sec. 107. (1) From the appropriation in section 11, there
6 is allocated an amount not to exceed \$22,000,000.00 for ~~2009-~~
7 ~~2010~~ **2010-2011** for adult education programs authorized under
8 this section. **FUNDS APPROPRIATED UNDER THIS SECTION ARE**
9 **RESTRICTED FOR ADULT EDUCATION PROGRAMS AS AUTHORIZED UNDER THIS**
10 **SECTION ONLY. USE OF THESE FUNDS FOR ANY OTHER PURPOSE IS**
11 **STRICTLY PROHIBITED.**

12 (2) To be eligible for funding under this section, a
13 program shall employ certificated teachers and qualified
14 administrative staff and shall offer continuing education
15 opportunities for teachers to allow them to maintain
16 certification.

17 (3) To be eligible to be a participant funded under this
18 section, a person shall be enrolled in an adult basic education
19 program, an adult English as a second language program, a
20 general educational development (G.E.D.) test preparation
21 program, a job or employment related program, or a high school
22 completion program, that meets the requirements of this section,
23 and shall meet 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.

14 (b) If the individual has not obtained a high school
15 diploma or G.E.D. certificate, the individual meets 1 of the
16 following:

17 (i) Is at least 20 years of age on September 1 of the
18 school year.

19 (ii) Is at least 16 years of age on September 1 of the
20 school year, has been permanently expelled from school under
21 section 1311(2) or 1311a of the revised school code, MCL
22 380.1311 and 380.1311a, and has no appropriate alternative
23 education program available through his or her district of
24 residence.

1 (4) Except as otherwise provided in subsection (5), from
2 the amount allocated under subsection (1), at least
3 \$21,800,000.00 shall be distributed as follows:

4 (a) For districts and consortia that received payments for
5 ~~2008-2009~~ **2009-2010** under this section, the amount allocated to
6 each for ~~2009-2010~~ **2010-2011** shall be based on the number of
7 participants served by the district or consortium for ~~2009-2010~~
8 **2010-2011**, using the amount allocated per full-time equated
9 participant under subsection (7), up to a maximum total
10 allocation under this subsection in an amount equal to ~~93.5%~~
11 **100%** of the amount the district or consortium received for ~~2008-~~
12 ~~2009~~ **2009-2010** under this section before any reallocations made
13 for ~~2008-2009~~ **2009-2010** under subsection (5).

14 (b) A district or consortium that received funding in ~~2008-~~
15 ~~2009~~ **2009-2010** under this section may operate independently of a
16 consortium or join or form a consortium for ~~2009-2010~~ **2010-2011**.
17 The allocation for ~~2009-2010~~ **2010-2011** to the district or the
18 newly formed consortium under this subsection shall be
19 determined by the department and shall be based on the
20 proportion of the amounts that are attributable to the district
21 or consortium that received funding in ~~2008-2009~~ **2009-2010**. A
22 district or consortium described in this subdivision shall
23 notify the department of its intention with regard to ~~2009-2010~~
24 **2010-2011** by October 1, ~~2009~~ **2010**.

1 (c) If a district had a declaration of financial emergency
2 in place under the local government fiscal responsibility act,
3 1990 PA 72, MCL 141.1201 to 141.1291, and that declaration was
4 revoked during 2005, the district may operate a program under
5 this section independently of a consortium or may join or form a
6 consortium to operate a program under this section. The
7 allocation for ~~2009-2010~~ **2010-2011** to the district or the newly
8 formed consortium under this subsection shall be determined by
9 the department and shall be based on the proportion of the
10 amounts that are attributable to the district or consortium that
11 received funding in ~~2008-2009~~ **2009-2010** or, for a district for
12 which a declaration of financial emergency was revoked during
13 2005, based on the amount the district received under this
14 section using a 3-year average of the 3 most recent fiscal years
15 the district received funding under this section. A district or
16 consortium described in this subdivision shall notify the
17 department of its intention with regard to ~~2009-2010~~ **2010-2011**
18 by October 1, ~~2009~~ **2010**.

19 (5) A district that operated an adult education program in
20 ~~2008-2009~~ **2009-2010** and does not intend to operate a program in
21 ~~2009-2010~~ **2010-2011** shall notify the department by October 1,
22 ~~2009~~ **2010** of its intention. The money intended to be allocated
23 under this section to a district that does not operate a program
24 in ~~2009-2010~~ **2010-2011** and the unspent money originally

1 allocated under this section to a district or consortium that
2 subsequently operates a program at less than the level of
3 funding allocated under subsection (4) and any other unallocated
4 money under this section shall instead be proportionately
5 reallocated to the other districts described in subsection
6 (4)(a) that are operating an adult education program in ~~2009~~
7 ~~2010~~ **2010-2011** under this section.

8 (6) 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 (7) 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 (8) An adult basic education program or an adult English as
2 a second language program operated on a year-round or school
3 year basis may be funded under this section, subject to all of
4 the following:

5 (a) The program enrolls adults who are determined by a
6 department-approved assessment, in a form and manner prescribed
7 by the department, to be below ninth grade level in reading or
8 mathematics, or both, or to lack basic English proficiency.

9 (b) The program tests individuals for eligibility under
10 subdivision (a) before enrollment and upon completion of the
11 program in compliance with the state-approved assessment policy.

12 (c) A participant in an adult basic education program is
13 eligible for reimbursement until 1 of the following occurs:

14 (i) The participant's reading and mathematics proficiency
15 are assessed at or above the ninth grade level.

16 (ii) The participant fails to show progress on 2 successive
17 assessments after having completed at least 450 hours of
18 instruction.

19 (d) A funding recipient enrolling a participant in an
20 English as a second language program is eligible for funding
21 according to subsection (12) until the participant meets 1 of
22 the following:

1 (i) The participant is assessed as having attained basic
2 English proficiency as determined by a department-approved
3 assessment.

4 (ii) The participant fails to show progress on 2 successive
5 department-approved assessments after having completed at least
6 450 hours of instruction. The department shall provide
7 information to a funding recipient regarding appropriate
8 assessment instruments for this program.

9 (9) A general educational development (G.E.D.) test
10 preparation program operated on a year-round or school year
11 basis may be funded under this section, subject to all of the
12 following:

13 (a) The program enrolls adults who do not have a high
14 school diploma.

15 (b) The program shall administer a G.E.D. pre-test approved
16 by the department before enrolling an individual to determine
17 the individual's potential for success on the G.E.D. test, and
18 shall administer a post-test upon completion of the program in
19 compliance with the state-approved assessment policy.

20 (c) A funding recipient shall receive funding according to
21 subsection (12) for a participant, and a participant may be
22 enrolled in the program until 1 of the following occurs:

23 (i) The participant passes the G.E.D. test.

1 (ii) The participant fails to show progress on 2 successive
2 department-approved assessments used to determine readiness to
3 take the G.E.D. test after having completed at least 450 hours
4 of instruction.

5 (10) A high school completion program operated on a year-
6 round or school year basis may be funded under this section,
7 subject to all of the following:

8 (a) The program enrolls adults who do not have a high
9 school diploma.

10 (b) The program tests participants described in subdivision
11 (a) before enrollment and upon completion of the program in
12 compliance with the state-approved assessment policy.

13 (c) A funding recipient shall receive funding according to
14 subsection (12) for a participant in a course offered under this
15 subsection until 1 of the following occurs:

16 (i) The participant passes the course and earns a high
17 school diploma.

18 (ii) The participant fails to earn credit in 2 successive
19 semesters or terms in which the participant is enrolled after
20 having completed at least 900 hours of instruction.

21 (11) A job or employment-related adult education program
22 operated on a year-round or school year basis may be funded
23 under this section, subject to all of the following:

1 (a) The program enrolls adults referred by their employer
2 who are less than 20 years of age, have a high school diploma,
3 are determined to be in need of remedial mathematics or
4 communication arts skills and are not attending an institution
5 of higher education.

6 (b) An individual may be enrolled in this program and the
7 grant recipient shall receive funding according to subsection
8 (12) until 1 of the following occurs:

9 (i) The individual achieves the requisite skills as
10 determined by department-approved assessment instruments
11 administered at least after every 90 hours of attendance.

12 (ii) The individual fails to show progress on 2 successive
13 assessments after having completed at least 450 hours of
14 instruction. The department shall provide information to a
15 funding recipient regarding appropriate assessment instruments
16 for this program.

17 (12) A funding recipient shall receive payments under this
18 section in accordance with the following:

19 (a) Ninety percent for enrollment of eligible participants.

20 (b) Ten percent for completion of the adult basic education
21 objectives by achieving an increase of at least 1 grade level of
22 proficiency in reading or mathematics; for achieving basic
23 English proficiency, as defined by the department in the adult
24 education guidebook; for obtaining a G.E.D. or passage of 1 or

1 more individual G.E.D. tests; for attainment of a high school
2 diploma or passage of a course required for a participant to
3 attain a high school diploma; or for completion of the course
4 and demonstrated proficiency in the academic skills to be
5 learned in the course, as applicable.

6 (13) As used in this section, "participant" means the sum
7 of the number of full-time equated individuals enrolled in and
8 attending a department-approved adult education program under
9 this section, using quarterly participant count days on the
10 schedule described in section 6(7)(b).

11 (14) A person who is not eligible to be a participant
12 funded under this section may receive adult education services
13 upon the payment of tuition. In addition, a person who is not
14 eligible to be served in a program under this section due to the
15 program limitations specified in subsection (8), (9), (10), or
16 (11) may continue to receive adult education services in that
17 program upon the payment of tuition. The tuition level shall be
18 determined by the local or intermediate district conducting the
19 program.

20 (15) An individual who is an inmate in a state correctional
21 facility shall not be counted as a participant under this
22 section.

23 (16) A district shall not commingle money received under
24 this section or from another source for adult education purposes

1 with any other funds of the district. A district receiving adult
2 education funds shall establish a separate ledger account for
3 those funds. This subsection does not prohibit a district from
4 using general funds of the district to support an adult
5 education or community education program.

6 (17) A district or intermediate district receiving funds
7 under this section may establish a sliding scale of tuition
8 rates based upon a participant's family income. A district or
9 intermediate district may charge a participant tuition to
10 receive adult education services under this section from that
11 sliding scale of tuition rates on a uniform basis. The amount of
12 tuition charged per participant shall not exceed the actual
13 operating cost per participant minus any funds received under
14 this section per participant. A district or intermediate
15 district may not charge a participant tuition under this section
16 if the participant's income is at or below 200% of the federal
17 poverty guidelines published by the United States department of
18 health and human services.

19 (18) In order to receive funds under this section, a
20 district shall furnish to the department, in a form and manner
21 determined by the department, all information needed to
22 administer this program and meet federal reporting requirements;
23 shall allow the department or the department's designee to
24 review all records related to the program for which it receives

1 funds; and shall reimburse the state for all disallowances found
2 in the review, as determined by the department.

3 (19) All intermediate district participant audits of adult
4 education programs shall be performed pursuant to the adult
5 education participant auditing and accounting manuals published
6 by the department.

7 (20) As used in this section, "department" means the
8 department of energy, labor, and economic growth.

9 ~~(21) Not later than October 30, 2009, the department shall~~
10 ~~create an adult learning planning group. The adult education~~
11 ~~advisory board in the department shall work with the state adult~~
12 ~~education division to identify members for the adult learning~~
13 ~~planning group. Members of the adult learning planning group~~
14 ~~should include a balance of rural, urban, and suburban community~~
15 ~~adult education program directors throughout the state and~~
16 ~~advocacy leaders for adult education, English as a second~~
17 ~~language, and adult literacy.~~

18 ~~(22) Not later than December 30, 2009, the adult learning~~
19 ~~planning group shall do all of the following:~~

20 ~~(a) Evaluate the provisions of this section and make~~
21 ~~recommendations for updating this section to address the~~
22 ~~increased demand for adult education, particularly in~~
23 ~~underserved areas of this state, and the need to align adult~~

1 ~~education with entry level requirements for postsecondary~~
2 ~~education, training, and employment.~~

3 ~~(b) Develop program entry and exit requirements to~~
4 ~~facilitate participant transition from an adult education~~
5 ~~program to employment or a postsecondary education program.~~

6 ~~(c) Submit its recommendations concerning the matters~~
7 ~~considered under subdivisions (a) and (b) to the department, the~~
8 ~~senate and house appropriations subcommittees responsible for~~
9 ~~this act, and the senate and house fiscal agencies.~~

10 ~~(23) Not later than February 1, 2010, the adult learning~~
11 ~~planning group shall do all of the following:~~

12 ~~(a) Assess and recommend a comprehensive statewide delivery~~
13 ~~system that ensures that all areas of this state are adequately~~
14 ~~served. The adult learning planning group shall give~~
15 ~~consideration to using intermediate districts or countywide~~
16 ~~agencies as fiscal agents to lessen the administrative burden on~~
17 ~~smaller programs and service areas and to foster partnerships~~
18 ~~for creating seamless transitions between educational levels of~~
19 ~~attainment, career preparation, and employment in newly~~
20 ~~designated service areas. The adult learning planning group~~
21 ~~shall obtain local community input from adult education and~~
22 ~~training stakeholders, including adult educators and adult~~
23 ~~learners, and shall combine that input with current enrollment,~~
24 ~~employment, and other relevant data in developing~~

1 ~~recommendations, including recommendations concerning fiscal~~
2 ~~agents and service delivery locations.~~

3 ~~(b) Evaluate the grant recipients in the no worker left~~
4 ~~behind program created under 2008 PA 251 to identify lessons~~
5 ~~learned and promising practices for consideration in~~
6 ~~recommendations.~~

7 ~~(c) Examine and evaluate the implementation of accessible~~
8 ~~services using flexible year round scheduling and distance~~
9 ~~learning.~~

10 ~~(d) Evaluate issues related to staffing of adult education~~
11 ~~programs.~~

12 ~~(e) Evaluate modes of education delivery for adult learners~~
13 ~~and identify current research-based best instructional~~
14 ~~practices.~~

15 ~~(f) Evaluate current assessment tools and the need for~~
16 ~~ongoing program evaluation using established performance~~
17 ~~measures.~~

18 ~~(g) Submit its recommendations concerning the matters~~
19 ~~considered under subdivisions (a) to (f) to the department, the~~
20 ~~senate and house appropriations subcommittees responsible for~~
21 ~~this act, and the senate and house fiscal agencies.~~

22 Sec. 147. The allocation for ~~2009-2010~~ **2010-2011** for the
23 public school employees' retirement system pursuant to the
24 public school employees retirement act of 1979, 1980 PA 300, MCL

1 38.1301 to 38.1408, shall be made using the entry age normal
2 cost actuarial method and risk assumptions adopted by the public
3 school employees retirement board and the department of
4 **TECHNOLOGY**, management, and budget. The annual level percentage
5 of payroll contribution rate is estimated at ~~16.94%~~ **19.41%** for
6 the ~~2009-2010~~ **2010-2011** state fiscal year. The portion of the
7 contribution rate assigned to districts and intermediate
8 districts for each fiscal year is all of the total percentage
9 points. This contribution rate reflects an amortization period
10 of ~~28~~ **27** years for ~~2009-2010~~ **2010-2011**. **HOWEVER, THE**
11 **CONTRIBUTION RATE FOR 2010-2011 MAY BE REDUCED BY AN AMOUNT**
12 **APPROVED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM BOARD**
13 **IF REFORMS IN THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM ARE**
14 **ENACTED AND IN EFFECT BY THE END OF CALENDAR YEAR 2010.** The
15 public school employees' retirement system board shall notify
16 each district and intermediate district by February 28 of each
17 fiscal year of the estimated contribution rate for the next
18 fiscal year.

19 Enacting section 1. (1) In accordance with section 30 of
20 article I of the state constitution of 1963, total state
21 spending in this amendatory act from state sources for fiscal
22 year 2009-2010 is estimated at \$10,648,039,700.00 and state
23 appropriations to be paid to local units of government for
24 fiscal year 2009-2010 are estimated at \$10,538,860,400.00.

1 (2) In accordance with section 30 of article I of the state
2 constitution of 1963, total state spending in this amendatory
3 act from state sources for fiscal year 2010-2011 is estimated at
4 \$10,998,983,100.00 and state appropriations to be paid to local
5 units of government for fiscal year 2010-2011 are estimated at
6 \$10,869,499,800.00.

7 Enacting section 2. Sections 32c, 32n, 57, 98a, 99p, and
8 166 of the state school aid act of 1979, 1979 PA 94, MCL
9 388.1632c, MCL 388.1632n, MCL 388.1657, 388.1698a, 388.1699p and
10 388.1766 are repealed effective October 1, 2010.

11 Enacting section 3. (1) Except as otherwise provided in
12 subsection (2), this amendatory act takes effect October 1,
13 2010.

14 (2) Sections 11, 11m, 20, 22a, 22b, 22e, 24a, 51a, 51c, 56,
15 62, 94a, and 101 of the state school aid act of 1979, 1979 PA
16 94, MCL 388.1611, 388.1611m, 388.1620, 388.1622a, 388.1622b,
17 388.1622e, 388.1624a, 388.1651a, 388.1651c, 388.1656, 388.1662,
18 388.1694a, and 388.1701, as amended by this amendatory act take
19 effect upon enactment of this amendatory act.

20