

SENATE BILL No. 1095

February 28, 2006, Introduced by Senators SWITALSKI and EMERSON and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 6, 11, 11a, 11f, 11g, 11j, 11k, 14, 15,
17a, 17b, 18, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 25a, 26a, 26b,
31a, 31d, 31f, 32c, 32d, 32j, 32l, 39a, 41, 41a, 51a, 51c, 51d, 53a,
54, 54a, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 107, 121,
147, 161a, and 167 (MCL 388.1603, 388.1606, 388.1611, 388.1611a,
388.1611f, 388.1611g, 388.1611j, 388.1611k, 388.1614, 388.1615,
388.1617a, 388.1617b, 388.1618, 388.1619, 388.1620, 388.1620d,

388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1625a, 388.1626a, 388.1626b, 388.1631a, 388.1631d, 388.1631f, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1701, 388.1707, 388.1721, 388.1747, 388.1761a, and 388.1767), sections 3, 6, 11, 11a, 11f, 11g, 11j, 15, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 26a, 31a, 31d, 32c, 32d, 32j, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 107, 147, and 167 as amended and sections 11k, 26b, 31f, 32l, and 54a as added by 2005 PA 155, section 14 as amended by 1993 PA 336, section 17a as amended by 2005 PA 95, section 17b as amended by 2005 PA 150, section 20d as amended by 1997 PA 93, sections 25a and 161a as added by 1998 PA 553, and section 121 as amended by 1995 PA 130, and by adding sections 22e, 24a, 24c, 29, 32, 32b, 34, 35, 64, 65, 66, 99c, and 104; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with federal law and except as used in section 6(4)~~(ee)~~
3 **(BB)**, means 92% of the membership as defined in section 6(4).

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

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

8 (4) "Cooperative education program" means a written voluntary
9 agreement between and among districts to provide certain

1 educational programs for pupils in certain groups of districts. The
2 written agreement shall be approved by all affected districts at
3 least annually and shall specify the educational programs to be
4 provided and the estimated number of pupils from each district who
5 will participate in the educational programs.

6 (5) "Department", except in ~~sections~~ **SECTION** 107 and ~~107b~~,
7 means the department of education.

8 (6) "District" means a local school district established under
9 the revised school code, a local act school district, or, except in
10 sections 6(4), 6(6), 13, 20, 22a, 23, **29**, 31a, 105, and 105c, a
11 public school academy. Except in sections 6(4), 6(6), 13, 20, 22a,
12 **29**, 105, and 105c, district also includes a university school.

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

25 (8) "District superintendent" means the superintendent of a
26 district, the chief administrator of a public school academy, or
27 the chief administrator of a university school.

1 Sec. 6. (1) "Center program" means a program operated by a
 2 district or intermediate district for special education pupils from
 3 several districts in programs for ~~the autistically impaired,~~
 4 ~~trainable mentally impaired, severely mentally impaired, severely~~
 5 ~~multiply impaired, hearing impaired, physically and otherwise~~
 6 ~~health impaired, and visually impaired~~ **PUPILS WITH AUTISM SPECTRUM**
 7 **DISORDER, PUPILS WITH SEVERE COGNITIVE IMPAIRMENT, PUPILS WITH**
 8 **MODERATE COGNITIVE IMPAIRMENT, PUPILS WITH SEVERE MULTIPLE**
 9 **IMPAIRMENTS, PUPILS WITH HEARING IMPAIRMENT, PUPILS WITH VISUAL**
 10 **IMPAIRMENT, AND PUPILS WITH PHYSICAL IMPAIRMENT OR OTHER HEALTH**
 11 **IMPAIRMENT.** Programs for ~~emotionally impaired~~ pupils **WITH EMOTIONAL**
 12 **IMPAIRMENT** housed in buildings that do not serve regular education
 13 pupils also qualify. Unless otherwise approved by the department, a
 14 center program either shall serve all constituent districts within
 15 an intermediate district or shall serve several districts with less
 16 than 50% of the pupils residing in the operating district. In
 17 addition, special education center program pupils placed part-time
 18 in noncenter programs to comply with the least restrictive
 19 environment provisions of section 612 of part B of the individuals
 20 with disabilities education act, 20 USC 1412, may be considered
 21 center program pupils for pupil accounting purposes for the time
 22 scheduled in either a center program or a noncenter program.

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

26 (3) "District and high school graduation report" means a
 27 report of the number of pupils, excluding adult participants, in

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

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

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

27 (b) If a pupil is educated in a district other than the

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

10 (c) A special education pupil educated by the intermediate
11 district shall be counted in membership in the intermediate
12 district.

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

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

22 (f) A pupil enrolled in a vocational education program
23 supported by a millage levied over an area larger than a single
24 district or in an area vocational-technical education program
25 established pursuant to section 690 of the revised school code, MCL
26 380.690, shall be counted only in the pupil's district of
27 residence.

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

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

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

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

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

1 (j) If a district is the authorizing body for a public school
2 academy, then, in the first school year in which pupils are counted
3 in membership on the pupil membership count day in the public
4 school academy, the determination of the district's membership
5 shall exclude from the district's pupil count for the immediately
6 preceding supplemental count day any pupils who are counted in the
7 public school academy on that first pupil membership count day who
8 were also counted in the district on the immediately preceding
9 supplemental count day.

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

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

22 (m) An individual who has obtained a high school diploma shall
23 not be counted in membership. An individual who has obtained a
24 general educational development (G.E.D.) certificate shall not be
25 counted in membership. An individual participating in a job
26 training program funded under former section 107a or a jobs program
27 funded under former section 107b, administered by the Michigan

1 strategic fund or the department of labor and economic growth, or
2 participating in any successor of either of those 2 programs, shall
3 not be counted in membership.

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

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

26 (ii) If the public school academy provides instruction for less
27 than 1/2 of the class hours specified in subdivision (q), the

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

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

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

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

24 (r) Full-time equated memberships for pupils in kindergarten
25 shall be determined by dividing the number of class hours scheduled
26 and provided per year per kindergarten pupil by a number equal to
27 $1/2$ the number used for determining full-time equated memberships

1 for pupils in grades 1 to 12. ~~However, beginning in 2006-2007, if a~~
2 ~~pupil is eligible to enroll in kindergarten but is enrolled in a~~
3 ~~prekindergarten, developmental kindergarten, or similar class, the~~
4 ~~pupil shall not be counted as a pupil in membership, and the costs~~
5 ~~associated with educating the pupil shall instead be reported and~~
6 ~~reimbursed under section 31b.~~

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

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

25 (u) If, as a result of a disciplinary action, a district
26 determines through the district's alternative or disciplinary
27 education program that the best instructional placement for a pupil

1 is in the pupil's home **OR OTHERWISE APART FROM THE GENERAL SCHOOL**
2 **POPULATION**, if that placement is authorized in writing by the
3 district superintendent and district alternative or disciplinary
4 education supervisor, and if the district provides appropriate
5 instruction as described in this subdivision to the pupil at the
6 pupil's home **OR OTHERWISE APART FROM THE GENERAL SCHOOL POPULATION**,
7 the district may count the pupil in membership on a pro rata basis,
8 with the proration based on the number of hours of instruction the
9 district actually provides to the pupil divided by the number of
10 hours specified in subdivision (q) for full-time equivalency. For
11 the purposes of this subdivision, a district shall be considered to
12 be providing appropriate instruction if all of the following are
13 met:

14 (i) The district provides at least 2 nonconsecutive hours of
15 instruction per week to the pupil at the pupil's home **OR OTHERWISE**
16 **APART FROM THE GENERAL SCHOOL POPULATION** under the supervision of a
17 certificated teacher.

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

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

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

25 (v) A pupil enrolled in an alternative or disciplinary
26 education program described in section 25 shall be counted in
27 membership in the district or public school academy that expelled

1 the pupil.

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

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

19 (y) If a district's membership for a particular fiscal year,
20 as otherwise calculated under this subsection, would be less than
21 1,550 pupils and the district has 4.5 or fewer pupils per square
22 mile, as determined by the department, and if the district does not
23 receive funding under section 22d, the district's membership shall
24 be considered to be the membership figure calculated under this
25 subdivision. If a district educates and counts in its membership
26 pupils in grades 9 to 12 who reside in a contiguous district that
27 does not operate grades 9 to 12 and if 1 or both of the affected

1 districts request the department to use the determination allowed
2 under this sentence, the department shall include the square
3 mileage of both districts in determining the number of pupils per
4 square mile for each of the districts for the purposes of this
5 subdivision. The membership figure calculated under this
6 subdivision is the greater of the following:

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

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

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

23 ~~—— (aa) For 2005-2006 only, if a pupil who has been evacuated~~
24 ~~from another state and has relocated in this state due to a natural~~
25 ~~disaster enrolls in a district within 60 days after the pupil~~
26 ~~membership count day, the department shall adjust the district's~~
27 ~~pupil count for the pupil membership count day to include the pupil~~

1 ~~in the count.~~

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

12 **(BB)** ~~(ee)~~ Full-time equated memberships for pupils enrolled in
13 a public school academy that is wholly contained within a county
14 juvenile detention facility shall be considered to be the average
15 daily attendance of pupils enrolled in the public school academy
16 for the immediately preceding fiscal year, as reported by the
17 public school academy and audited by the intermediate district in
18 which the public school academy is located. However, if a public
19 school academy described in this subdivision does not provide
20 definitive information to the auditing intermediate district to
21 support the pupil memberships generated by average daily
22 attendance, then full-time equated memberships for pupils enrolled
23 in that public school academy shall be calculated as otherwise
24 provided under this subsection.

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

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

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

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

10 (c) A pupil enrolled in a public school academy or university
11 school.

12 (d) A pupil enrolled in a district other than the pupil's
13 district of residence under an intermediate district schools of
14 choice pilot program as described in section 91a or former section
15 91 if the intermediate district and its constituent districts have
16 been exempted from section 105.

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

20 (f) A pupil who has made an official written complaint or
21 whose parent or legal guardian has made an official written
22 complaint to law enforcement officials and to school officials of
23 the pupil's district of residence that the pupil has been the
24 victim of a criminal sexual assault or other serious assault, if
25 the official complaint either indicates that the assault occurred
26 at school or that the assault was committed by 1 or more other
27 pupils enrolled in the school the pupil would otherwise attend in

1 the district of residence or by an employee of the district of
2 residence. A person who intentionally makes a false report of a
3 crime to law enforcement officials for the purposes of this
4 subdivision is subject to section 411a of the Michigan penal code,
5 1931 PA 328, MCL 750.411a, which provides criminal penalties for
6 that conduct. As used in this subdivision:

7 (i) "At school" means in a classroom, elsewhere on school
8 premises, on a school bus or other school-related vehicle, or at a
9 school-sponsored activity or event whether or not it is held on
10 school premises.

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

16 (g) A pupil whose district of residence changed after the
17 pupil membership count day and before the supplemental count day
18 and who continues to be enrolled on the supplemental count day as a
19 nonresident in the district in which he or she was enrolled as a
20 resident on the pupil membership count day of the same school year.

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

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

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

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

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

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

6 (j) A pupil who is the child of a person who is employed by
7 the district. As used in this subdivision, "child" includes an
8 adopted child, **STEPCHILD**, or legal ward. However, if a district
9 that is not a first class district educates pupils who reside in a
10 first class district and if the primary instructional site for
11 those pupils is located within the boundaries of the first class
12 district, the educating district must have the approval of the
13 first class district to count those pupils in membership. As used
14 in this subsection, "first class district" means a district
15 organized as a school district of the first class under the revised
16 school code.

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

19 (a) Except as provided in subdivision (b), the fourth
20 ~~Wednesday in September each school year.~~ **FOLLOWING LABOR DAY EACH**
21 **SCHOOL YEAR OR, FOR A DISTRICT OR BUILDING THAT IS NOT IN SESSION**
22 **ON THAT DAY, WITH THE APPROVAL OF THE STATE SUPERINTENDENT OF**
23 **PUBLIC INSTRUCTION, THE IMMEDIATELY FOLLOWING DAY ON WHICH THE**
24 **DISTRICT OR BUILDING IS IN SESSION.**

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

27 (i) Fourth Wednesday in July.

1 (ii) Fourth Wednesday ~~in September.~~ **FOLLOWING LABOR DAY.**

2 (iii) Second Wednesday in February.

3 (iv) Fourth Wednesday in April.

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

1 supplemental count day **OF THAT PARTICULAR YEAR**. Pupils not counted
2 as 1.0 full-time equated membership due to an absence from a class
3 shall be counted as a prorated membership for the classes the pupil
4 attended. For purposes of this subsection, "class" means a period
5 of time in 1 day when pupils and a certificated teacher or legally
6 qualified substitute teacher are together and instruction is taking
7 place.

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

11 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
12 380.1852.

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

15 (12) "State board" means the state board of education.

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

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

22 (15) "Tuition pupil" means a pupil of school age attending
23 school in a district other than the pupil's district of residence
24 for whom tuition may be charged. Tuition pupil does not include a
25 pupil who is a special education pupil or a pupil described in
26 subsection (6)(d) to (j). A pupil's district of residence shall not
27 require a high school tuition pupil, as provided under section 111,

1 to attend another school district after the pupil has been assigned
2 to a school district.

3 (16) "State school aid fund" means the state school aid fund
4 established in section 11 of article IX of the state constitution
5 of 1963.

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

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

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

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

21 Sec. 11. (1) ~~For the fiscal year ending September 30, 2005,~~
22 ~~there is appropriated for the public schools of this state and~~
23 ~~certain other state purposes relating to education the sum of~~
24 ~~\$10,907,222,200.00 from the state school aid fund established by~~
25 ~~section 11 of article IX of the state constitution of 1963, the sum~~
26 ~~of \$41,100,000.00 from the proceeds of capitalization of the school~~
27 ~~bond loan fund revolving fund, and the sum of \$165,200,000.00 from~~

1 ~~the general fund.~~ For the fiscal year ending September 30, 2006,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 ~~\$11,257,600,000.00~~ **\$11,247,363,200.00** from the state school aid
5 fund established by section 11 of article IX of the state
6 constitution of 1963, the sum of \$44,500,000.00 from the proceeds
7 of capitalization of the school bond loan fund revolving fund, and
8 the sum of \$62,714,000.00 from the general fund. **FOR THE FISCAL**
9 **YEAR ENDING SEPTEMBER 30, 2007, THERE IS APPROPRIATED FOR THE**
10 **PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES**
11 **RELATING TO EDUCATION THE SUM OF \$11,671,277,800.00 FROM THE STATE**
12 **SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE**
13 **STATE CONSTITUTION OF 1963 AND THE SUM OF \$35,000,000.00 FROM THE**
14 **GENERAL FUND.** In addition, available federal funds are appropriated
15 for each fiscal year.

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

27 (3) If the maximum amount appropriated under this section from

1 the state school aid fund and the school aid stabilization fund for
2 a fiscal year exceeds the amount available for expenditure from the
3 state school aid fund for that fiscal year, payments under sections
4 11f, 11g, 11j, 22a, 26a, 26b, 31d, **31F**, 51a(2), 51a(12), 51c, 53a,
5 and 56 shall be made in full. In addition, for districts beginning
6 operations after 1994-95 that qualify for payments under section
7 22b, payments under section 22b shall be made so that the
8 qualifying districts receive the lesser of an amount equal to the
9 1994-95 foundation allowance of the district in which the district
10 beginning operations after 1994-95 is located or \$5,500.00. The
11 amount of the payment to be made under section 22b for these
12 qualifying districts shall be as calculated under section 22a, with
13 the balance of the payment under section 22b being subject to the
14 proration otherwise provided under this subsection and subsection
15 (4). If proration is necessary ~~after 2002-2003~~, state payments
16 under each of the other sections of this act from all state funding
17 sources shall be prorated in the manner prescribed in subsection
18 (4) as necessary to reflect the amount available for expenditure
19 from the state school aid fund for the affected fiscal year.
20 However, if the department of treasury determines that proration
21 will be required under this subsection, or if the department of
22 treasury determines that further proration is required under this
23 subsection after an initial proration has already been made for a
24 fiscal year, the department of treasury shall notify the state
25 budget director, and the state budget director shall notify the
26 legislature at least 30 calendar days or 6 legislative session
27 days, whichever is more, before the department reduces any payments

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

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

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

18 (i) Districts.

19 (ii) Intermediate districts.

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

21 (b) The department shall recover a percentage of the proration
22 amount required under subsection (3) that is equal to the
23 percentage calculated under subdivision (a)(i) for districts by
24 reducing payments to districts. This reduction shall be made by
25 calculating an equal dollar amount per pupil as necessary to
26 recover this percentage of the proration amount and reducing each
27 district's total state school aid from state sources, other than

1 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, **31F**,
2 51a(2), 51a(12), 51c, and 53a, by that amount.

3 (c) The department shall recover a percentage of the proration
4 amount required under subsection (3) that is equal to the
5 percentage calculated under subdivision (a)(ii) for intermediate
6 districts by reducing payments to intermediate districts. This
7 reduction shall be made by reducing the payments to each
8 intermediate district, other than payments under sections 11f, 11g,
9 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
10 basis.

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

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

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

25 (2) The state treasurer may receive money or other assets from
26 any source for deposit into the school aid stabilization fund. The
27 state treasurer shall deposit into the school aid stabilization

1 fund all of the following:

2 (a) Unexpended and unencumbered state school aid fund revenue
3 for a fiscal year that remains in the state school aid fund as of
4 the bookclosing for that fiscal year.

5 (b) Money statutorily dedicated to the school aid
6 stabilization fund.

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

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

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

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

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

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

7 ~~(7) Each school fiscal year for 2004-2005 and for 2005-2006~~
8 **FOR 2006-2007**, there is ~~transferred~~ **APPROPRIATED** from the school
9 aid stabilization fund to the state school aid fund the amount
10 necessary to fully fund the allocations under this act.

11 Sec. 11f. (1) From the appropriations under section 11, there
12 is allocated for the purposes of this section an amount not to
13 exceed \$32,000,000.00 for the fiscal year ending September 30, ~~2006~~
14 **2007** and for each succeeding fiscal year through the fiscal year
15 ending September 30, 2008. Payments under this section will cease
16 after September 30, 2008. These allocations are for paying the
17 amounts described in subsection (4) to districts and intermediate
18 districts, other than those receiving a lump sum payment under
19 subsection (2), that were not plaintiffs in the consolidated cases
20 known as Durant v State of Michigan, Michigan supreme court docket
21 no. 104458-104492 and that, on or before March 2, 1998, submitted
22 to the state treasurer a board resolution waiving any right or
23 interest the district or intermediate district has or may have in
24 any claim or litigation based on or arising out of any claim or
25 potential claim through September 30, 1997 that is or was similar
26 to the claims asserted by the plaintiffs in the consolidated cases
27 known as Durant v State of Michigan. The waiver resolution shall be

1 in form and substance as required under subsection (7). The state
2 treasurer is authorized to accept such a waiver resolution on
3 behalf of this state. The amounts described in this subsection
4 represent offers of settlement and compromise of any claim or
5 claims that were or could have been asserted by these districts and
6 intermediate districts, as described in this subsection.

7 (2) In addition to any other money appropriated under this
8 act, there was appropriated from the state school aid fund an
9 amount not to exceed \$1,700,000.00 for the fiscal year ending
10 September 30, 1999. This appropriation was for paying the amounts
11 described in this subsection to districts and intermediate
12 districts that were not plaintiffs in the consolidated cases known
13 as Durant v State of Michigan; that, on or before March 2, 1998,
14 submitted to the state treasurer a board resolution waiving any
15 right or interest the district or intermediate district had or may
16 have had in any claim or litigation based on or arising out of any
17 claim or potential claim through September 30, 1997 that is or was
18 similar to the claims asserted by the plaintiffs in the
19 consolidated cases known as Durant v State of Michigan; and for
20 which the total amount listed in section 11h and paid under this
21 section was less than \$75,000.00. For a district or intermediate
22 district qualifying for a payment under this subsection, the entire
23 amount listed for the district or intermediate district in section
24 11h was paid in a lump sum on November 15, 1998 or on the next
25 business day following that date. The amounts paid under this
26 subsection represent offers of settlement and compromise of any
27 claim or claims that were or could have been asserted by these

1 districts and intermediate districts, as described in this
2 subsection.

3 (3) This section does not create any obligation or liability
4 of this state to any district or intermediate district that does
5 not submit a waiver resolution described in this section. This
6 section, any other provision of this act, and section 353e of the
7 management and budget act, 1984 PA 431, MCL 18.1353e, are not
8 intended to admit liability or waive any defense that is or would
9 be available to this state or its agencies, employees, or agents in
10 any litigation or future litigation with a district or intermediate
11 district.

12 (4) The amount paid each fiscal year to each district or
13 intermediate district under subsection (1) shall be 1/20 of the
14 total amount listed in section 11h for each listed district or
15 intermediate district that qualifies for a payment under subsection
16 (1). The amounts listed in section 11h and paid in part under this
17 subsection and in a lump sum under subsection (2) are offers of
18 settlement and compromise to each of these districts or
19 intermediate districts to resolve, in their entirety, any claim or
20 claims that these districts or intermediate districts may have
21 asserted for violations of section 29 of article IX of the state
22 constitution of 1963 through September 30, 1997, which claims are
23 or were similar to the claims asserted by the plaintiffs in the
24 consolidated cases known as Durant v State of Michigan. This
25 section, any other provision of this act, and section 353e of the
26 management and budget act, 1984 PA 431, MCL 18.1353e, shall not be
27 construed to constitute an admission of liability to the districts

1 or intermediate districts listed in section 11h or a waiver of any
2 defense that is or would have been available to the state or its
3 agencies, employees, or agents in any litigation or future
4 litigation with a district or intermediate district.

5 (5) The entire amount of each payment under subsection (1)
6 each fiscal year shall be paid on November 15 of the applicable
7 fiscal year or on the next business day following that date.

8 (6) Funds paid to a district or intermediate district under
9 this section shall be used only for textbooks, electronic
10 instructional material, software, technology, infrastructure or
11 infrastructure improvements, school buses, school security,
12 training for technology, or to pay debt service on voter-approved
13 bonds issued by the district or intermediate district before the
14 effective date of this section. For intermediate districts only,
15 funds paid under this section may also be used for other
16 nonrecurring instructional expenditures including, but not limited
17 to, nonrecurring instructional expenditures for vocational
18 education, or for debt service for acquisition of technology for
19 academic support services. Funds received by an intermediate
20 district under this section may be used for projects conducted for
21 the benefit of its constituent districts at the discretion of the
22 intermediate board. To the extent payments under this section are
23 used by a district or intermediate district to pay debt service on
24 debt payable from millage revenues, and to the extent permitted by
25 law, the district or intermediate district may make a corresponding
26 reduction in the number of mills levied for that debt service.

27 (7) The resolution to be adopted and submitted by a district

1 or intermediate district under this section and section 11g shall
2 read as follows:

3 "Whereas, the board of _____ (name of district
4 or intermediate district) desires to settle and compromise, in
5 their entirety, any claim or claims that the district (or
6 intermediate district) has or had for violations of section 29 of
7 article IX of the state constitution of 1963, which claim or claims
8 are or were similar to the claims asserted by the plaintiffs in the
9 consolidated cases known as Durant v State of Michigan, Michigan
10 supreme court docket no. 104458-104492.

11 Whereas, the district (or intermediate district) agrees to
12 settle and compromise these claims for the consideration described
13 in sections 11f and 11g of the state school aid act of 1979, 1979
14 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for
15 the district (or intermediate district) in section 11h of the state
16 school aid act of 1979, 1979 PA 94, MCL 388.1611h.

17 Whereas, the board of _____ (name of district or
18 intermediate district) is authorized to adopt this resolution.

19 Now, therefore, be it resolved as follows:

20 1. The board of _____ (name of district or
21 intermediate district) waives any right or interest it may have in
22 any claim or potential claim through September 30, 1997 relating to
23 the amount of funding the district or intermediate district is, or
24 may have been, entitled to receive under the state school aid act
25 of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or any other source
26 of state funding, by reason of the application of section 29 of
27 article IX of the state constitution of 1963, which claims or

1 potential claims are or were similar to the claims asserted by the
2 plaintiffs in the consolidated cases known as Durant v State of
3 Michigan, Michigan supreme court docket no. 104458-104492.

4 2. The board of _____ (name of district or
5 intermediate district) directs its secretary to submit a certified
6 copy of this resolution to the state treasurer no later than 5 p.m.
7 eastern standard time on March 2, 1998, and agrees that it will not
8 take any action to amend or rescind this resolution.

9 3. The board of _____ (name of district or
10 intermediate district) expressly agrees and understands that, if it
11 takes any action to amend or rescind this resolution, the state,
12 its agencies, employees, and agents shall have available to them
13 any privilege, immunity, and/or defense that would otherwise have
14 been available had the claims or potential claims been actually
15 litigated in any forum.

16 4. This resolution is contingent on continued payments by the
17 state each fiscal year as determined under sections 11f and 11g of
18 the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and
19 388.1611g. However, this resolution shall be an irrevocable waiver
20 of any claim to amounts actually received by the school district or
21 intermediate school district under sections 11f and 11g of the
22 state school aid act of 1979."

23 Sec. 11g. (1) From the ~~general fund~~ appropriation in section
24 11, there is allocated for this section an amount not to exceed
25 \$34,961,000.00 for the fiscal year ending September 30, ~~2006~~ 2007.
26 There is allocated for this section an amount not to exceed
27 \$35,000,000.00 for each succeeding fiscal year through the fiscal

1 year ending September 30, 2013. Payments under this section will
2 cease after September 30, 2013. These allocations are for paying
3 the amounts described in subsection (3) to districts and
4 intermediate districts, other than those receiving a lump sum
5 payment under section 11f(2), that were not plaintiffs in the
6 consolidated cases known as Durant v State of Michigan, Michigan
7 supreme court docket no. 104458-104492 and that, on or before March
8 2, 1998, submitted to the state treasurer a waiver resolution
9 described in section 11f. The amounts paid under this section
10 represent offers of settlement and compromise of any claim or
11 claims that were or could have been asserted by these districts and
12 intermediate districts, as described in this section.

13 (2) This section does not create any obligation or liability
14 of this state to any district or intermediate district that does
15 not submit a waiver resolution described in section 11f. This
16 section, any other provision of this act, and section 353e of the
17 management and budget act, 1984 PA 431, MCL 18.1353e, are not
18 intended to admit liability or waive any defense that is or would
19 be available to this state or its agencies, employees, or agents in
20 any litigation or future litigation with a district or intermediate
21 district regarding these claims or potential claims.

22 (3) The amount paid each fiscal year to each district or
23 intermediate district under this section shall be the sum of the
24 following:

25 (a) 1/30 of the total amount listed in section 11h for the
26 district or intermediate district.

27 (b) If the district or intermediate district borrows money and

1 issues bonds under section 11i, an additional amount in each fiscal
2 year calculated by the department of treasury that, when added to
3 the amount described in subdivision (a), will cause the net present
4 value as of November 15, 1998 of the total of the 15 annual
5 payments made to the district or intermediate district under this
6 section, discounted at a rate as determined by the state treasurer,
7 to equal the amount of the bonds issued by that district or
8 intermediate district under section 11i and that will result in the
9 total payments made to all districts and intermediate districts in
10 each fiscal year under this section being no more than the amount
11 appropriated under this section in each fiscal year.

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

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

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

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

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

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

12 Sec. 11j. From the appropriation in section 11 ~~from the~~
13 ~~proceeds of capitalization of the school bond loan fund revolving~~
14 ~~fund,~~ there is allocated an amount not to exceed ~~\$41,100,000.00 for~~
15 ~~2004-2005, and there is allocated an amount not to exceed~~
16 ~~\$44,500,000.00~~ **\$48,000,000.00** for ~~2005-2006,~~ **2006-2007,** for
17 payments to the school loan bond redemption fund in the department
18 of treasury on behalf of districts and intermediate districts.
19 Notwithstanding section 11 or any other provision of this act,
20 funds allocated under this section are not subject to proration and
21 shall be paid in full.

22 Sec. 11k. For ~~2004-2005 and~~ 2005-2006 **AND 2006-2007,** there is
23 appropriated from the general fund to the school loan revolving
24 fund an amount equal to the amount of school bond loans assigned to
25 the Michigan municipal bond authority, not to exceed the total
26 amount of school bond loans held in reserve as long-term assets. As
27 used in this section, "school loan revolving fund" means that fund

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

3 Sec. 14. If the ~~returns~~ **DATA** from an intermediate district or
4 district upon which a statement of the amount to be disbursed or
5 paid are **DEEMED TO BE** defective **OR INCOMPLETE**, making it
6 impracticable to ascertain the apportionment to be disbursed or
7 paid, the department shall withhold the amount of the apportionment
8 that cannot be ascertained until the department is able to
9 ascertain by the best evidence available the facts upon which the
10 ratio and amount of the apportionment depend, and then shall make
11 the apportionment accordingly.

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

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

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

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

26 (5) In addition to funds appropriated in section 11 for all
27 programs and services, there is appropriated each fiscal year for

1 ~~2004-2005 and 2005-2006~~ **AND 2006-2007** for ~~prior-year~~ obligations in
2 excess of applicable ~~prior-year~~ appropriations, an amount equal to
3 the collection of ~~prior-year~~ overpayments, but not to exceed
4 amounts available from ~~prior-year~~ overpayments.

5 Sec. 17a. (1) The department may withhold all or part of any
6 payment that a district or intermediate district is entitled to
7 receive under this act to the extent the withholdings are a
8 component part of a plan, developed and implemented pursuant to the
9 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
10 141.2821, or other statutory authority, for financing an
11 outstanding obligation upon which the district or intermediate
12 district defaulted. Amounts withheld shall be used to pay, on
13 behalf of the district or intermediate district, unpaid amounts or
14 subsequently due amounts, or both, of principal and interest on the
15 outstanding obligation upon which the district or intermediate
16 district defaulted.

17 (2) The state treasurer may withhold all or part of any
18 payment that a district or intermediate district is entitled to
19 receive under this act to the extent authorized or required under
20 section 15 of the school bond qualification, approval, and loan
21 act, **2005 PA 92, MCL 388.1935.**

22 (3) Under an agreement entered into by a district or
23 intermediate district assigning all or a portion of the payment
24 that it is eligible to receive under this act to the Michigan
25 municipal bond authority or to the trustee of a pooled arrangement
26 or pledging the amount for payment of an obligation it incurred
27 with the Michigan municipal bond authority or with the trustee of a

1 pooled arrangement, the state treasurer shall transmit to the
2 Michigan municipal bond authority or a trustee designated by the
3 authority or to the trustee of a pooled arrangement the amount of
4 the payment that is assigned or pledged under the agreement.
5 Notwithstanding the payment dates prescribed by this act for
6 distributions under this act, the state treasurer may advance all
7 or part of a payment that is dedicated for distribution or for
8 which the appropriation authorizing the payment has been made if
9 and to the extent, under the terms of an agreement entered into by
10 a district or intermediate district and the Michigan municipal bond
11 authority, the payment that the district or intermediate district
12 is eligible to receive has been assigned to or pledged for payment
13 of an obligation it incurred with the Michigan municipal bond
14 authority. This subsection does not require the state to make an
15 appropriation to any school district or intermediate school
16 district and shall not be construed as creating an indebtedness of
17 the state, and any agreement made pursuant to this subsection shall
18 contain a statement to that effect. As used in this subsection,
19 "trustee of a pooled arrangement" means the trustee of a trust
20 approved by the state treasurer and, subject to the conditions and
21 requirements of that approval, established for the purpose of
22 offering for sale, as part of a pooled arrangement, certificates
23 representing undivided interests in notes issued by districts or
24 intermediate districts under section 1225 of the revised school
25 code, 1976 PA 451, MCL 380.1225. If a trustee applies to the state
26 treasurer for approval of a trust for the purposes of this
27 subsection, the state treasurer shall approve or disapprove the

1 trust within 10 days after receipt of the application.

2 Sec. 17b. (1) Not later than October 20, November 20, December
3 20, January 20, February 20, March 20, April 20, May 20, June 20,
4 July 20, and August 20, the department shall prepare ~~a statement~~
5 **ELECTRONIC FILES** of the amount to be distributed under this act in
6 the installment to the districts and intermediate districts and
7 deliver the ~~statement~~ **ELECTRONIC FILES** to the state treasurer,
8 and the state treasurer shall pay the installments on each of those
9 dates or, if the date is not a business day, on the immediately
10 preceding business day before that date. Except as otherwise
11 provided in this act, the portion of the district's or intermediate
12 district's state fiscal year entitlement to be included in each
13 installment shall be 1/11. A district or intermediate district
14 shall accrue the payments received in July and August to the school
15 fiscal year ending the immediately preceding June 30.

16 (2) The state treasurer shall make payment under this section
17 by drawing a warrant in favor of the treasurer of each district or
18 intermediate district for the amount payable to the district or
19 intermediate district according to the statement and delivering the
20 warrant to the treasurer of each district or intermediate district,
21 or if the state treasurer receives a written request by the
22 treasurer of the district or intermediate district specifying an
23 account, by electronic funds transfer to that account of the amount
24 payable to the district or intermediate district according to ~~the~~
25 ~~statement~~ **ELECTRONIC FILES**. The department may make adjustments in
26 payments made under this section through additional payments when
27 changes in law or errors in computation cause the regularly

1 scheduled payment to be less than the amount to which the district
2 or intermediate district is entitled pursuant to this act.

3 (3) Except as otherwise provided in this act, grant payments
4 under this act shall be paid according to subsection (1).

5 (4) Upon the written request of a district or intermediate
6 district and the submission of proof satisfactory to the department
7 of a need of a temporary and nonrecurring nature, the
8 superintendent, with the written concurrence of the state treasurer
9 and the state budget director, may authorize an advance release of
10 funds due a district or intermediate district under this act. An
11 advance authorized under this subsection shall not cause funds to
12 be paid to a district or intermediate district more than 30 days
13 earlier than the established payment date for those funds.

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

1 expenditures and may withhold from a recipient of funds under this
2 act the apportionment otherwise due for the fiscal year following
3 the discovery by the department of a violation by the recipient.

4 (2) WITHIN 30 DAYS OF BOARD ADOPTION OF THE ANNUAL OPERATING
5 BUDGET FOR THE FOLLOWING SCHOOL FISCAL YEAR, AND ANY SUBSEQUENT
6 REVISIONS TO THAT BUDGET ADOPTED BY THE BOARD, EACH DISTRICT AND
7 INTERMEDIATE DISTRICT SHALL MAKE THE BUDGET AND SUBSEQUENT BUDGET
8 REVISIONS AVAILABLE ON ITS WEBSITE IN A FORM AND MANNER PRESCRIBED
9 BY THE DEPARTMENT. IN THE EVENT A DISTRICT DOES NOT HAVE A WEBSITE,
10 THE DISTRICT SHALL ENSURE THE INFORMATION DESCRIBED IN THIS
11 SUBSECTION IS AVAILABLE ON THE INTERMEDIATE DISTRICT'S WEBSITE.

12 (3) ~~(2)~~ For the purpose of determining the reasonableness of
13 expenditures and whether a violation of this act has occurred, the
14 department shall require that each district and intermediate
15 district have an audit of the district's or intermediate district's
16 financial and pupil accounting records conducted at least annually
17 at the expense of the district or intermediate district, as
18 applicable, by a certified public accountant or by the intermediate
19 district superintendent, as may be required by the department, or
20 in the case of a district of the first class by a certified public
21 accountant, the intermediate superintendent, or the auditor general
22 of the city. An intermediate district's annual financial audit
23 shall be accompanied by the intermediate district's pupil
24 accounting procedures report. A district's or intermediate
25 district's annual financial audit shall include an analysis of the
26 financial and pupil accounting data used as the basis for
27 distribution of state school aid. The pupil accounting records and

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

21 (4) ~~(3)~~ By November 15 of each year, each district and
22 intermediate district shall submit to the center, in a manner
23 prescribed by the center, annual comprehensive financial data
24 consistent with accounting manuals and charts of accounts approved
25 and published by the department. Effective with the report due on
26 November 15, 2006, for an intermediate district, the report shall
27 also contain the website address where the department can access

1 the report required under section 620 of the revised school code,
2 MCL 380.620.

3 (5) ~~(4)~~ By September 30 of each year, each district and
4 intermediate district shall file with the department the special
5 education actual cost report, known as "SE-4096", on a form and in
6 the manner prescribed by the department.

7 (6) ~~(5)~~ By October 7 of each year, each district and
8 intermediate district shall file with the department the
9 transportation expenditure report, known as "SE-4094", on a form
10 and in the manner prescribed by the department.

11 (7) ~~(6) Not later than July 1, 1999, the department shall~~
12 ~~approve and publish pupil accounting and pupil auditing manuals.~~
13 The department shall review **THE PUPIL ACCOUNTING AND PUPIL AUDITING**
14 **MANUALS** ~~those manuals~~ at least annually and shall periodically
15 update those manuals to reflect changes in this act. ~~The pupil~~
16 ~~accounting manuals in effect for the 1996-97 school year, including~~
17 ~~subsequent revisions issued by the superintendent, shall be the~~
18 ~~interim manuals in effect until new manuals are approved and~~
19 ~~published. However, the clarification of class by class accounting~~
20 ~~provided in the department's April 15, 1998 memorandum on pupil~~
21 ~~accounting procedures shall be excluded from the interim manuals.~~

22 (8) ~~(7)~~ If a district that is a public school academy
23 purchases property using money received under this act, the public
24 school academy shall retain ownership of the property unless the
25 public school academy sells the property at fair market value.

26 (9) ~~(8)~~ If a district or intermediate district does not comply
27 with subsection ~~(2)~~, (3), (4), ~~or~~ ~~(5)~~, **OR (6)** the department shall

1 withhold all state school aid due to the district or intermediate
2 district under this act, beginning with the next payment due to the
3 district or intermediate district, until the district or
4 intermediate district complies with subsections ~~(2)~~, (3), (4), and
5 (5) **AND (6)**. If the district or intermediate district does not
6 comply with subsections ~~(2)~~, (3), (4), and (5) **AND (6)** by the end
7 of the fiscal year, the district or intermediate district forfeits
8 the amount withheld.

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

15 (2) Each district and intermediate district shall ~~provide~~ **MAKE**
16 **AVAILABLE** to the department, in a form and manner prescribed by the
17 department, information ~~necessary for the development of an annual~~
18 ~~progress report~~ on the required implementation of sections 1204a,
19 1277, 1278, and 1280 of the revised school code, MCL 380.1204a,
20 380.1277, 380.1278, and 380.1280, commonly referred to as "public
21 act 25 of 1990".

22 (3) A district or intermediate district shall comply with all
23 applicable reporting requirements specified in state and federal
24 law. Data provided to the center, in a form and manner prescribed
25 by the center, shall be aggregated and disaggregated as required by
26 state and federal law.

27 (4) Each district shall furnish to the center not later than 7

1 weeks after the pupil membership count day, in a manner prescribed
2 by the center, the information necessary for the preparation of the
3 district and high school graduation report. The center shall
4 calculate an annual graduation and pupil dropout rate for each high
5 school, each district, and this state, in compliance with
6 nationally recognized standards for these calculations. The center
7 shall report all graduation and dropout rates to the senate and
8 house education committees and appropriations committees, the state
9 budget director, and the department not later than 30 days after
10 the publication of the list described in subsection (8).

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

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

20 (7) If a district or intermediate district fails to meet the
21 requirements of subsection (2), (3), (4), (5), or (6), the
22 department shall withhold 5% of the total funds for which the
23 district or intermediate district qualifies under this act until
24 the district or intermediate district complies with all of those
25 subsections. If the district or intermediate district does not
26 comply with all of those subsections by the end of the fiscal year,
27 the department shall place the amount withheld in an escrow account

1 until the district or intermediate district complies with all of
2 those subsections.

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

11 Sec. 20. (1) ~~For 2003-2004 and for 2004-2005, the basic~~
12 ~~foundation allowance is \$6,700.00 per membership pupil. For 2005-~~
13 ~~2006, the basic foundation allowance is \$6,875.00. FOR 2006-2007,~~
14 **THE BASIC FOUNDATION ALLOWANCE IS \$7,075.00 PER MEMBERSHIP PUPIL.**

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

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

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

1 for the immediately preceding state fiscal year plus the dollar
2 amount of the adjustment from the immediately preceding state
3 fiscal year to the current state fiscal year in the basic
4 foundation allowance. However, for 2002-2003, the foundation
5 allowance for a district under this subdivision is an amount equal
6 to the sum of the district's foundation allowance for the
7 immediately preceding state fiscal year plus \$200.00.

8 (b) For a district that in the 1994-95 state fiscal year had a
9 foundation allowance greater than \$6,500.00, the district's
10 foundation allowance is an amount equal to the sum of the
11 district's foundation allowance for the immediately preceding state
12 fiscal year plus the lesser of the increase in the basic foundation
13 allowance for the current state fiscal year, as compared to the
14 immediately preceding state fiscal year, or the product of the
15 district's foundation allowance for the immediately preceding state
16 fiscal year times the percentage increase in the United States
17 consumer price index in the calendar year ending in the immediately
18 preceding fiscal year as reported by the May revenue estimating
19 conference conducted under section 367b of the management and
20 budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a
21 district that in the 1994-95 state fiscal year had a foundation
22 allowance greater than \$6,500.00, the district's foundation
23 allowance is an amount equal to the sum of the district's
24 foundation allowance for the immediately preceding state fiscal
25 year plus the lesser of \$200.00 or the product of the district's
26 foundation allowance for the immediately preceding state fiscal
27 year times the percentage increase in the United States consumer

1 price index in the calendar year ending in the immediately
2 preceding fiscal year as reported by the May revenue estimating
3 conference conducted under section 367b of the management and
4 budget act, 1984 PA 431, MCL 18.1367b.

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

8 (d) For a district that received a payment under former
9 section 22c for 2001-2002, the district's 2001-2002 foundation
10 allowance shall be considered to have been an amount equal to the
11 sum of the district's actual 2001-2002 foundation allowance as
12 otherwise calculated under this section plus the per pupil amount
13 of the district's equity payment for 2001-2002 under former section
14 22c.

15 (4) Except as otherwise provided in this subsection, the state
16 portion of a district's foundation allowance is an amount equal to
17 the district's foundation allowance or \$6,500.00, whichever is
18 less, minus the difference between the product of the taxable value
19 per membership pupil of all property in the district that is not a
20 principal residence or qualified agricultural property times the
21 lesser of 18 mills or the number of mills of school operating taxes
22 levied by the district in 1993-94 and the quotient of the ad
23 valorem property tax revenue of the district captured under 1975 PA
24 197, MCL 125.1651 to 125.1681, the tax increment finance authority
25 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development
26 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the
27 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651

1 to 125.2672, divided by the district's membership excluding special
2 education pupils. For a district described in subsection (3)(b),
3 the state portion of the district's foundation allowance is an
4 amount equal to \$6,962.00 plus the difference between the
5 district's foundation allowance for the current state fiscal year
6 and the district's foundation allowance for 1998-99, minus the
7 difference between the product of the taxable value per membership
8 pupil of all property in the district that is not a principal
9 residence or qualified agricultural property times the lesser of 18
10 mills or the number of mills of school operating taxes levied by
11 the district in 1993-94 and the quotient of the ad valorem property
12 tax revenue of the district captured under 1975 PA 197, MCL
13 125.1651 to 125.1681, the tax increment finance authority act, 1980
14 PA 450, MCL 125.1801 to 125.1830, the local development financing
15 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield
16 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
17 divided by the district's membership excluding special education
18 pupils. For a district that has a millage reduction required under
19 section 31 of article IX of the state constitution of 1963, the
20 state portion of the district's foundation allowance shall be
21 calculated as if that reduction did not occur. The \$6,500.00 amount
22 prescribed in this subsection shall be adjusted each year by an
23 amount equal to the dollar amount of the difference between the
24 basic foundation allowance for the current state fiscal year and
25 \$5,000.00, minus \$200.00.

26 (5) The allocation calculated under this section for a pupil
27 shall be based on the foundation allowance of the pupil's district

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

19 (6) Subject to subsection (7) and section 22b(3) and except as
20 otherwise provided in this subsection, for pupils in membership,
21 other than special education pupils, in a public school academy or
22 a university school, the allocation calculated under this section
23 is an amount per membership pupil other than special education
24 pupils in the public school academy or university school equal to
25 the sum of the local school operating revenue per membership pupil
26 other than special education pupils for the district in which the
27 public school academy or university school is located and the state

1 portion of that district's foundation allowance, or the sum of the
2 basic foundation allowance under subsection (1) plus \$300.00,
3 whichever is less. Notwithstanding section 101(2), for a public
4 school academy that begins operations after the pupil membership
5 count day, the amount per membership pupil calculated under this
6 subsection shall be adjusted by multiplying that amount per
7 membership pupil by the number of hours of pupil instruction
8 provided by the public school academy after it begins operations,
9 as determined by the department, divided by the minimum number of
10 hours of pupil instruction required under section 101(3). The
11 result of this calculation shall not exceed the amount per
12 membership pupil otherwise calculated under this subsection.

13 (7) If more than 25% of the pupils residing within a district
14 are in membership in 1 or more public school academies located in
15 the district, then the amount per membership pupil calculated under
16 this section for a public school academy located in the district
17 shall be reduced by an amount equal to the difference between the
18 product of the taxable value per membership pupil of all property
19 in the district that is not a principal residence or qualified
20 agricultural property times the lesser of 18 mills or the number of
21 mills of school operating taxes levied by the district in 1993-94
22 and the quotient of the ad valorem property tax revenue of the
23 district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the
24 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to
25 125.1830, the local development financing act, 1986 PA 281, MCL
26 125.2151 to 125.2174, or the brownfield redevelopment financing
27 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the

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

13 (8) If a district does not receive an amount calculated under
14 subsection (9); if the number of mills the district may levy on a
15 principal residence and qualified agricultural property under
16 section 1211(1) of the revised school code, MCL 380.1211, is 0.5
17 mills or less; and if the district elects not to levy those mills,
18 the district instead shall receive a separate supplemental amount
19 calculated under this subsection in an amount equal to the amount
20 the district would have received had it levied those mills, as
21 determined by the department of treasury. A district shall not
22 receive a separate supplemental amount calculated under this
23 subsection for a fiscal year unless in the calendar year ending in
24 the fiscal year the district levies 18 mills or the number of mills
25 of school operating taxes levied by the district in 1993, whichever
26 is less, on property that is not a principal residence or qualified
27 agricultural property.

1 (9) For a district that had combined state and local revenue
2 per membership pupil in the 1993-94 state fiscal year of more than
3 \$6,500.00 and that had fewer than 350 pupils in membership, if the
4 district elects not to reduce the number of mills from which a
5 principal residence and qualified agricultural property are exempt
6 and not to levy school operating taxes on a principal residence and
7 qualified agricultural property as provided in section 1211(1) of
8 the revised school code, MCL 380.1211, and not to levy school
9 operating taxes on all property as provided in section 1211(2) of
10 the revised school code, MCL 380.1211, there is calculated under
11 this subsection for 1994-95 and each succeeding fiscal year a
12 separate supplemental amount in an amount equal to the amount the
13 district would have received per membership pupil had it levied
14 school operating taxes on a principal residence and qualified
15 agricultural property at the rate authorized for the district under
16 section 1211(1) of the revised school code, MCL 380.1211, and
17 levied school operating taxes on all property at the rate
18 authorized for the district under section 1211(2) of the revised
19 school code, MCL 380.1211, as determined by the department of
20 treasury. If in the calendar year ending in the fiscal year a
21 district does not levy 18 mills or the number of mills of school
22 operating taxes levied by the district in 1993, whichever is less,
23 on property that is not a principal residence or qualified
24 agricultural property, the amount calculated under this subsection
25 will be reduced by the same percentage as the millage actually
26 levied compares to the 18 mills or the number of mills levied in
27 1993, whichever is less.

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

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

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

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

26 (a) The pupil membership factor shall be computed by dividing
27 the estimated membership in the school year ending in the current

1 state fiscal year, excluding intermediate district membership, by
2 the estimated membership for the school year ending in the
3 subsequent state fiscal year, excluding intermediate district
4 membership. If a consensus membership factor is not determined at
5 the revenue estimating conference, the principals of the revenue
6 estimating conference shall report their estimates to the house and
7 senate subcommittees responsible for school aid appropriations not
8 later than 7 days after the conclusion of the revenue conference.

9 (b) The revenue adjustment factor shall be computed by
10 dividing the sum of the estimated total state school aid fund
11 revenue for the subsequent state fiscal year plus the estimated
12 total state school aid fund revenue for the current state fiscal
13 year, adjusted for any change in the rate or base of a tax the
14 proceeds of which are deposited in that fund and excluding money
15 transferred into that fund from the countercyclical budget and
16 economic stabilization fund under section 353e of the management
17 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
18 estimated total school aid fund revenue for the current state
19 fiscal year plus the estimated total state school aid fund revenue
20 for the immediately preceding state fiscal year, adjusted for any
21 change in the rate or base of a tax the proceeds of which are
22 deposited in that fund. If a consensus revenue factor is not
23 determined at the revenue estimating conference, the principals of
24 the revenue estimating conference shall report their estimates to
25 the house and senate subcommittees responsible for school aid
26 appropriations not later than 7 days after the conclusion of the
27 revenue conference.

1 (c) The index shall be calculated by multiplying the pupil
2 membership factor by the revenue adjustment factor. ~~However, for~~
3 ~~2005-2006, the index shall be 1.00.~~ If a consensus index is not
4 determined at the revenue estimating conference, the principals of
5 the revenue estimating conference shall report their estimates to
6 the house and senate subcommittees responsible for school aid
7 appropriations not later than 7 days after the conclusion of the
8 revenue conference.

9 ~~—— (14) If the principals at the revenue estimating conference~~
10 ~~reach a consensus on the index described in subsection (13)(c), the~~
11 ~~basic foundation allowance for the subsequent state fiscal year~~
12 ~~shall be at least the amount of that consensus index multiplied by~~
13 ~~the basic foundation allowance specified in subsection (1).~~

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

23 (14) ~~(16)~~ For a district that had combined state and local
24 revenue per membership pupil in the 1993-94 state fiscal year of
25 more than \$6,500.00, that had fewer than 7 pupils in membership in
26 the 1993-94 state fiscal year, that has at least 1 child educated
27 in the district in the current state fiscal year, and that levies

1 the number of mills of school operating taxes authorized for the
2 district under section 1211 of the revised school code, MCL
3 380.1211, a minimum amount of combined state and local revenue
4 shall be calculated for the district as provided under this
5 subsection. The minimum amount of combined state and local revenue
6 for 1999-2000 shall be \$67,000.00 plus the district's additional
7 expenses to educate pupils in grades 9 to 12 educated in other
8 districts as determined and allowed by the department. The minimum
9 amount of combined state and local revenue under this subsection,
10 before adding the additional expenses, shall increase each fiscal
11 year by the same percentage increase as the percentage increase in
12 the basic foundation allowance from the immediately preceding
13 fiscal year to the current fiscal year. The state portion of the
14 minimum amount of combined state and local revenue under this
15 subsection shall be calculated by subtracting from the minimum
16 amount of combined state and local revenue under this subsection
17 the sum of the district's local school operating revenue and an
18 amount equal to the product of the sum of the state portion of the
19 district's foundation allowance plus the amount calculated under
20 section 20j times the district's membership. As used in this
21 subsection, "additional expenses" means the district's expenses for
22 tuition or fees, not to exceed \$6,500.00 as adjusted each year by
23 an amount equal to the dollar amount of the difference between the
24 basic foundation allowance for the current state fiscal year and
25 \$5,000.00, minus \$200.00, plus a room and board stipend not to
26 exceed \$10.00 per school day for each pupil in grades 9 to 12
27 educated in another district, as approved by the department.

1 (15) ~~(17)~~ For a district in which 7.75 mills levied in 1992
2 for school operating purposes in the 1992-93 school year were not
3 renewed in 1993 for school operating purposes in the 1993-94 school
4 year, the district's combined state and local revenue per
5 membership pupil shall be recalculated as if that millage reduction
6 did not occur and the district's foundation allowance shall be
7 calculated as if its 1994-95 foundation allowance had been
8 calculated using that recalculated 1993-94 combined state and local
9 revenue per membership pupil as a base. A district is not entitled
10 to any retroactive payments for fiscal years before 2000-2001 due
11 to this subsection.

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

22 (17) ~~(19)~~ For a district that received a grant under former
23 section 32e for 2001-2002, the district's foundation allowance for
24 2002-2003 and each succeeding fiscal year shall be adjusted to be
25 an amount equal to the sum of the district's foundation allowance,
26 as otherwise calculated under this section, plus the quotient of
27 100% of the amount of the grant award to the district for 2001-2002

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

1 district may use the funds identified in the application for any
2 purpose identified in the plan.

3 ~~—— (20) For a district that is a qualifying school district with~~
4 ~~a school reform board in place under part 5a of the revised school~~
5 ~~code, MCL 380.371 to 380.376, the district's foundation allowance~~
6 ~~for 2002-2003 shall be adjusted to be an amount equal to the sum of~~
7 ~~the district's foundation allowance, as otherwise calculated under~~
8 ~~this section, plus the quotient of \$15,000,000.00 divided by the~~
9 ~~district's membership for 2002-2003. If a district ceases to meet~~
10 ~~the requirements of this subsection, the department shall adjust~~
11 ~~the district's foundation allowance in effect at that time based on~~
12 ~~a 2002-2003 foundation allowance for the district that does not~~
13 ~~include the 2002-2003 adjustment under this subsection. This~~
14 ~~subsection only applies for 2002-2003, 2003-2004, and 2004-2005.~~
15 ~~Beginning in 2005-2006, the foundation allowance of a district that~~
16 ~~received an adjustment under this subsection for those fiscal years~~
17 ~~shall be calculated as if those adjustments did not occur.~~

18 (18) FOR A DISTRICT THAT LEVIED MILLS IN 1993 TO FINANCE THE
19 PAYMENT OF PRINCIPAL OR INTEREST ON NOTES OR BONDS ISSUED TO FUND
20 AN OPERATING DEFICIT PURSUANT TO SECTION 1356 OF THE REVISED SCHOOL
21 CODE, MCL 380.1356, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE
22 CALCULATED AS IF THOSE MILLS WERE INCLUDED AS OPERATING MILLS IN
23 THE CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. A
24 DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL
25 YEARS BEFORE 2006-2007 DUE TO THIS SUBSECTION.

26 (19) ~~(21)~~ Payments to districts, university schools, or public
27 school academies shall not be made under this section. Rather, the

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

3 (20) ~~(22)~~ If an amendment to section 2 of article VIII of the
4 state constitution of 1963 allowing state aid to some or all
5 nonpublic schools is approved by the voters of this state, each
6 foundation allowance or per pupil payment calculation under this
7 section may be reduced.

8 (21) ~~(23)~~ As used in this section:

9 (a) "Combined state and local revenue" means the aggregate of
10 the district's state school aid received by or paid on behalf of
11 the district under this section and the district's local school
12 operating revenue.

13 (b) "Combined state and local revenue per membership pupil"
14 means the district's combined state and local revenue divided by
15 the district's membership excluding special education pupils.

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

18 (d) "Immediately preceding state fiscal year" means the state
19 fiscal year immediately preceding the current state fiscal year.

20 (e) "Local school operating revenue" means school operating
21 taxes levied under section 1211 of the revised school code, MCL
22 380.1211.

23 (f) "Local school operating revenue per membership pupil"
24 means a district's local school operating revenue divided by the
25 district's membership excluding special education pupils.

26 (g) "Membership" means the definition of that term under
27 section 6 as in effect for the particular fiscal year for which a

1 particular calculation is made.

2 (h) "Principal residence" and "qualified agricultural
3 property" mean those terms as defined in section 7dd of the general
4 property tax act, 1893 PA 206, MCL 211.7dd.

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

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

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

16 Sec. 20d. In making the final determination required under
17 former section 20a of a district's combined state and local revenue
18 per membership pupil in 1993-94 and in making calculations under
19 section 20 **FOR 2006-2007**, the department and the department of
20 treasury shall comply with all of the following:

21 (a) For a district that had combined state and local revenue
22 per membership pupil in the 1994-95 state fiscal year of \$6,500.00
23 or more and served as a fiscal agent for a state board designated
24 area vocational education center in the 1993-94 school year, total
25 state school aid received by or paid on behalf of the district
26 pursuant to this act in 1993-94 shall exclude payments made under
27 former section 146 and under section 147 on behalf of the

1 district's employees who provided direct services to the area
2 vocational education center. Not later than June 30, 1996, the
3 department shall make an adjustment under this subdivision to the
4 district's combined state and local revenue per membership pupil in
5 the 1994-95 state fiscal year and the department of treasury shall
6 make a final certification of the number of mills that may be
7 levied by the district under section 1211 of the revised school
8 code, MCL 380.1211, as a result of the adjustment under this
9 subdivision.

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

27 Sec. 20j. (1) Foundation allowance supplemental payments for

1 ~~2005-2006~~ **2006-2007** to districts that in the 1994-95 state fiscal
2 year had a foundation allowance greater than \$6,500.00 shall be
3 calculated under this section.

4 (2) The per pupil allocation to each district under this
5 section shall be the difference between the dollar amount of the
6 adjustment from the 1998-99 state fiscal year to the current state
7 fiscal year in the basic foundation allowance minus the dollar
8 amount of the adjustment from the 1998-99 state fiscal year to the
9 current state fiscal year in the district's foundation allowance.

10 (3) If a district's local revenue per pupil does not exceed
11 the sum of its foundation allowance under section 20 plus the per
12 pupil allocation under subsection (2), the total payment to the
13 district calculated under this section shall be the product of the
14 per pupil allocation under subsection (2) multiplied by the
15 district's membership excluding special education pupils. If a
16 district's local revenue per pupil exceeds the foundation allowance
17 under section 20 but does not exceed the sum of the foundation
18 allowance under section 20 plus the per pupil allocation under
19 subsection (2), the total payment to the district calculated under
20 this section shall be the product of the difference between the sum
21 of the foundation allowance under section 20 plus the per pupil
22 allocation under subsection (2) minus the local revenue per pupil
23 multiplied by the district's membership excluding special education
24 pupils. If a district's local revenue per pupil exceeds the sum of
25 the foundation allowance under section 20 plus the per pupil
26 allocation under subsection (2), there is no payment calculated
27 under this section for the district.

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

5 Sec. 22a. (1) From the appropriation in section 11, there is
6 allocated an amount not to exceed ~~\$6,615,000,000.00 for 2004-2005~~
7 ~~and an amount not to exceed \$6,459,000,000.00~~ **\$6,407,500,000.00** for
8 2005-2006 **AND AN AMOUNT NOT TO EXCEED \$6,214,000,000.00 FOR 2006-**
9 **2007** for payments to districts, qualifying university schools, and
10 qualifying public school academies to guarantee each district,
11 qualifying university school, and qualifying public school academy
12 an amount equal to its 1994-95 total state and local per pupil
13 revenue for school operating purposes under section 11 of article
14 IX of the state constitution of 1963. Pursuant to section 11 of
15 article IX of the state constitution of 1963, this guarantee does
16 not apply to a district in a year in which the district levies a
17 millage rate for school district operating purposes less than it
18 levied in 1994. However, subsection (2) applies to calculating the
19 payments under this section. Funds allocated under this section
20 that are not expended in the state fiscal year for which they were
21 allocated, as determined by the department, may be used to
22 supplement the allocations under sections 22b and 51c in order to
23 fully fund those calculated allocations for the same fiscal year.

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

1 amount calculated as follows:

2 (a) Except as otherwise provided in this subsection, the state
3 portion of a district's 1994-95 foundation allowance is an amount
4 equal to the district's 1994-95 foundation allowance or \$6,500.00,
5 whichever is less, minus the difference between the product of the
6 taxable value per membership pupil of all property in the district
7 that is not a homestead or qualified agricultural property times
8 the lesser of 18 mills or the number of mills of school operating
9 taxes levied by the district in 1993-94 and the quotient of the ad
10 valorem property tax revenue of the district captured under 1975 PA
11 197, MCL 125.1651 to 125.1681, the tax increment finance authority
12 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development
13 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the
14 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
15 to 125.2672, divided by the district's membership. For a district
16 that has a millage reduction required under section 31 of article
17 IX of the state constitution of 1963, the state portion of the
18 district's foundation allowance shall be calculated as if that
19 reduction did not occur.

20 (b) For a district that had a 1994-95 foundation allowance
21 greater than \$6,500.00, the state payment under this subsection
22 shall be the sum of the amount calculated under subdivision (a)
23 plus the amount calculated under this subdivision. The amount
24 calculated under this subdivision shall be equal to the difference
25 between the district's 1994-95 foundation allowance minus \$6,500.00
26 and the current year hold harmless school operating taxes per
27 pupil. If the result of the calculation under subdivision (a) is

1 negative, the negative amount shall be an offset against any state
2 payment calculated under this subdivision. If the result of a
3 calculation under this subdivision is negative, there shall not be
4 a state payment or a deduction under this subdivision. The taxable
5 values per membership pupil used in the calculations under this
6 subdivision are as adjusted by ad valorem property tax revenue
7 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
8 increment finance authority act, 1980 PA 450, MCL 125.1801 to
9 125.1830, the local development financing act, 1986 PA 281, MCL
10 125.2151 to 125.2174, or the brownfield redevelopment financing
11 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
12 district's membership.

13 (3) Beginning in 2003-2004, for pupils in membership in a
14 qualifying public school academy or qualifying university school,
15 there is allocated under this section to the authorizing body that
16 is the fiscal agent for the qualifying public school academy for
17 forwarding to the qualifying public school academy, or to the board
18 of the public university operating the qualifying university
19 school, an amount equal to the 1994-95 per pupil payment to the
20 qualifying public school academy or qualifying university school
21 under section 20.

22 (4) A district, qualifying university school, or qualifying
23 public school academy may use funds allocated under this section in
24 conjunction with any federal funds for which the district,
25 qualifying university school, or qualifying public school academy
26 otherwise would be eligible.

27 (5) For a district that is formed or reconfigured after June

1 1, 2000 by consolidation of 2 or more districts or by annexation,
2 the resulting district's 1994-95 foundation allowance under this
3 section beginning after the effective date of the consolidation or
4 annexation shall be the average of the 1994-95 foundation
5 allowances of each of the original or affected districts,
6 calculated as provided in this section, weighted as to the
7 percentage of pupils in total membership in the resulting district
8 in the state fiscal year in which the consolidation takes place who
9 reside in the geographic area of each of the original districts. If
10 an affected district's 1994-95 foundation allowance is less than
11 the 1994-95 basic foundation allowance, the amount of that
12 district's 1994-95 foundation allowance shall be considered for the
13 purpose of calculations under this subsection to be equal to the
14 amount of the 1994-95 basic foundation allowance.

15 (6) As used in this section:

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

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

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

26 (d) "Hold harmless millage" means, for a district with a 1994-
27 95 foundation allowance greater than \$6,500.00, the number of mills

1 by which the exemption from the levy of school operating taxes on a
2 homestead and qualified agricultural property could be reduced as
3 provided in section 1211(1) of the revised school code, MCL
4 380.1211, and the number of mills of school operating taxes that
5 could be levied on all property as provided in section 1211(2) of
6 the revised school code, MCL 380.1211, as certified by the
7 department of treasury for the 1994 tax year.

8 (e) "Homestead" means that term as defined in section 1211 of
9 the revised school code, MCL 380.1211.

10 (f) "Membership" means the definition of that term under
11 section 6 as in effect for the particular fiscal year for which a
12 particular calculation is made.

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

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

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

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

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

26 (i) For the number of mills by which the exemption from the
27 levy of school operating taxes on a homestead and qualified

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

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

10 Sec. 22b. (1) From the appropriation in section 11, there is
11 allocated an amount not to exceed ~~\$2,923,200,000.00 for 2004-2005~~
12 ~~and an amount not to exceed \$3,197,736,800.00~~ **\$3,217,550,000.00** for
13 2005-2006 **AND AN AMOUNT NOT TO EXCEED \$3,577,000,000.00 FOR 2006-**
14 **2007** for discretionary nonmandated payments to districts under this
15 section. Funds allocated under this section that are not expended
16 in the state fiscal year for which they were allocated, as
17 determined by the department, may be used to supplement the
18 allocations under sections 22a and 51c in order to fully fund those
19 calculated allocations for the same fiscal year.

20 (2) Subject to subsection (3) and section 11, the allocation
21 to a district under this section shall be an amount equal to the
22 sum of the amounts calculated under sections 20, 20j, 51a(2),
23 51a(3), and 51a(12), minus the sum of the allocations to the
24 district under sections 22a and 51c.

25 (3) In order to receive an allocation under this section, each
26 district shall administer in each grade level that it operates in
27 grades 1 to 5 a standardized assessment approved by the department

1 of grade-appropriate basic educational skills. A district may use
2 the Michigan literacy progress profile to satisfy this requirement
3 for grades 1 to 3. Also, if the revised school code is amended to
4 require annual assessments at additional grade levels, in order to
5 receive an allocation under this section each district shall comply
6 with that requirement.

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

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

1 to districts as a result of litigation. The work project shall be
2 completed upon resolution of the litigation.

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

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

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

27 (9) If a lawsuit challenging payments made to districts

1 related to costs reimbursed by federal title XIX medicaid funds is
2 filed against this state during 2001-2002, 2002-2003, or 2003-2004,
3 50% of the amount allocated in subsection (1) not previously paid
4 out for 2002-2003, 2003-2004, and each succeeding fiscal year is a
5 work project appropriation and the funds are carried forward into
6 the 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 upon
9 resolution of the litigation. In addition, this state reserves the
10 right to terminate future federal title XIX medicaid reimbursement
11 payments to districts if the amount or allocation of reimbursed
12 funds is challenged in the lawsuit. As used in this subsection,
13 "title XIX" means title XIX of the social security act, 42 USC 1396
14 to 1396v.

15 Sec. 22d. (1) From the amount allocated under section 22b, an
16 amount not to exceed \$750,000.00 is allocated for ~~2005-2006~~ **2006-**
17 **2007** for additional payments to small, geographically isolated
18 districts under this section.

19 (2) To be eligible for a payment under this section, a
20 district shall meet all of the following:

21 (a) Operates grades K to 12.

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

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

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

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

(3) The amount of the additional funding to each eligible district under this section shall be determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan shall be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each eligible district, and develop and agree on a spending plan that distributes the available funding under this section to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under this section and shall be paid to the eligible districts in the same manner as payments under section 22b.

SEC. 22E. (1) FROM THE APPROPRIATION IN SECTION 11 FOR 2005-2006, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$41,500,000.00 FOR 2005-2006 FOR PAYMENTS TO DISTRICTS UNDER THIS SECTION.

(2) THE AMOUNT OF THE PAYMENT TO EACH DISTRICT UNDER THIS SECTION SHALL BE AN AMOUNT EQUAL TO \$25.00 PER 2005-2006 MEMBERSHIP PUPIL OF THE DISTRICT. THIS AMOUNT SHALL BE IN ADDITION TO THE FOUNDATION ALLOWANCE CALCULATED UNDER SECTION 20 AND SHALL BE CONSIDERED DISCRETIONARY NONMANDATED PAYMENTS IN ADDITION TO THOSE ALLOCATED UNDER SECTION 22B.

1 (3) THE PER PUPIL ALLOCATION UNDER THIS SECTION SHALL BE
2 CONSIDERED FOUNDATION ALLOWANCE DOLLARS FOR THE PURPOSES OF THE
3 CALCULATION UNDER SECTION 51A(2).

4 Sec. 24. (1) From the appropriation in section 11, there is
5 allocated for ~~2005-2006~~ 2006-2007 an amount not to exceed
6 ~~\$8,000,000.00~~ \$10,000,000.00 for payments to the educating district
7 or intermediate district for educating pupils assigned by a court
8 or the department of human services to reside in or to attend a
9 juvenile detention facility or child caring institution licensed by
10 the department of human services and approved by the department to
11 provide an on-grounds education program. The amount of the payment
12 under this section to a district or intermediate district shall be
13 calculated as prescribed under subsection (2).

14 (2) ~~For 2005-2006, 70% of the total amount allocated under~~
15 ~~this section shall be allocated by paying to the educating district~~
16 ~~or intermediate district an amount equal to the lesser of the~~
17 ~~district's or intermediate district's added cost or the~~
18 ~~department's approved per pupil allocation for the district or~~
19 ~~intermediate district, and 30% of the total amount allocated under~~
20 ~~this section shall be allocated by paying to the educating district~~
21 ~~or intermediate district an amount equal to the district's or~~
22 ~~intermediate district's added cost. For 2006-2007, 80% of the total~~
23 amount allocated under this section shall be allocated by paying to
24 the educating district or intermediate district an amount equal to
25 the lesser of the district's or intermediate district's added cost
26 or the department's approved per pupil allocation for the district
27 or intermediate district, and 20% of the total amount allocated

1 under this section shall be allocated by paying to the educating
2 district or intermediate district an amount equal to the district's
3 or intermediate district's added cost. For 2007-2008, 90% of the
4 total amount allocated under this section shall be allocated by
5 paying to the educating district or intermediate district an amount
6 equal to the lesser of the district's or intermediate district's
7 added cost or the department's approved per pupil allocation for
8 the district or intermediate district, and 10% of the total amount
9 allocated under this section shall be allocated by paying to the
10 educating district or intermediate district an amount equal to the
11 district's or intermediate district's added cost. Beginning with
12 allocations for 2008-2009, 100% of the total amount allocated under
13 this section shall be allocated by paying to the educating district
14 or intermediate district an amount equal to the lesser of the
15 district's or intermediate district's added cost or the
16 department's approved per pupil allocation for the district or
17 intermediate district. For the purposes of this subsection:

18 (a) "Added cost" means 100% of the added cost each fiscal year
19 for educating all pupils assigned by a court or the department of
20 human services to reside in or to attend a juvenile detention
21 facility or child caring institution licensed by the department of
22 human services or the department of labor and economic growth and
23 approved by the department to provide an on-grounds education
24 program. Added cost shall be computed by deducting all other
25 revenue received under this act for pupils described in this
26 section from total costs, as approved by the department, in whole
27 or in part, for educating those pupils in the on-grounds education

1 program or in a program approved by the department that is located
2 on property adjacent to a juvenile detention facility or child
3 caring institution. Costs reimbursed by federal funds are not
4 included.

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

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

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

22 **SEC. 24A. FROM THE APPROPRIATION IN SECTION 11, THERE IS**
23 **ALLOCATED AN AMOUNT NOT TO EXCEED \$3,000,000.00 FOR 2006-2007 FOR**
24 **PAYMENTS TO INTERMEDIATE SCHOOL DISTRICTS FOR PUPILS WHO ARE PLACED**
25 **IN JUVENILE JUSTICE SERVICE FACILITIES OPERATED BY THE DEPARTMENT**
26 **OF HUMAN SERVICES. EACH INTERMEDIATE DISTRICT SHALL RECEIVE AN**
27 **AMOUNT EQUAL TO THE STATE SHARE OF THOSE COSTS THAT ARE CLEARLY AND**

1 DIRECTLY ATTRIBUTABLE TO THE EDUCATIONAL PROGRAMS FOR PUPILS PLACED
2 IN FACILITIES DESCRIBED IN THIS SECTION THAT ARE LOCATED WITHIN THE
3 INTERMEDIATE DISTRICT'S BOUNDARIES. THE INTERMEDIATE DISTRICTS
4 RECEIVING PAYMENTS UNDER THIS SECTION SHALL COOPERATE WITH THE
5 DEPARTMENT OF HUMAN SERVICES TO ENSURE THAT ALL FUNDING
6 APPROPRIATED UNDER THIS SECTION IS UTILIZED BY THE DEPARTMENT OF
7 HUMAN SERVICES FOR EDUCATIONAL PROGRAMS FOR PUPILS DESCRIBED IN
8 THIS SECTION. PUPILS DESCRIBED IN THIS SECTION ARE NOT ELIGIBLE TO
9 BE FUNDED UNDER SECTION 24.

10 SEC. 24C. FROM THE APPROPRIATION IN SECTION 11, THERE IS
11 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,253,100.00 FOR 2006-2007 FOR
12 PAYMENTS TO SCHOOL DISTRICTS FOR PUPILS WHO ARE ENROLLED IN A
13 NATIONALLY ADMINISTERED COMMUNITY BASED EDUCATION AND YOUTH
14 MENTORING PROGRAM, KNOWN AS THE YOUTH CHALLENGE PROGRAM, THAT IS
15 LOCATED WITHIN THE DISTRICT AND IS ADMINISTERED BY THE DEPARTMENT
16 OF MILITARY AND VETERAN'S AFFAIRS. SCHOOL DISTRICTS RECEIVING
17 PAYMENTS UNDER THIS SECTION SHALL CONTRACT WITH THE DEPARTMENT OF
18 MILITARY AND VETERAN'S AFFAIRS TO ENSURE THAT ALL FUNDING
19 APPROPRIATED UNDER THIS SECTION IS UTILIZED BY THE DEPARTMENT OF
20 MILITARY AND VETERAN'S AFFAIRS FOR THE YOUTH CHALLENGE PROGRAM.

21 Sec. 25a. If a pupil described in section 6(6)-~~(g)~~ (F) enrolls
22 pursuant to section 6(6)-~~(g)~~ (F) during a school year in a district
23 other than the district in which the pupil is counted in
24 membership, the educating district shall report the enrollment
25 information to the department and to the district in which the
26 pupil is counted in membership, and the district in which the pupil
27 is counted in membership shall pay to the educating district an

1 amount equal to the amount of the foundation allowance received by
2 the district in which the pupil is counted in membership, prorated
3 according to the number of days of the school year ending in the
4 fiscal year the pupil is educated in the educating district
5 compared to the number of days of the school year ending in the
6 fiscal year the pupil was actually enrolled in the district in
7 which the pupil is counted in membership. If a district does not
8 make the payment required under this section within 30 days after
9 receipt of the report, the department shall calculate the amount
10 owed, shall deduct that amount from the remaining state school aid
11 payments to the district for that fiscal year under this act, and
12 shall pay that amount to the educating district. The district in
13 which the pupil is counted in membership and the educating district
14 shall provide to the department all information the department
15 requires to enforce this section.

16 Sec. 26a. From the **STATE SCHOOL AID** appropriation in section
17 11, there is allocated an amount not to exceed ~~\$45,000,000.00~~
18 **\$37,650,000.00** for ~~2005-2006~~ **2006-2007 AND FROM THE GENERAL FUND**
19 **APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO**
20 **EXCEED \$12,550,000.00 FOR 2006-2007** to reimburse districts,
21 intermediate districts, and the state school aid fund pursuant to
22 section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL
23 125.2692, for taxes levied in ~~2005~~ **2006** or for payments to
24 districts as reimbursement for interest paid as a result of
25 property tax refunds. The allocations shall be made not later than
26 60 days after the department of treasury certifies to the
27 department and to the state budget director that the department of

1 treasury has received all necessary information to properly
2 determine the amounts due to each eligible recipient.

3 Sec. 26b. (1) ~~Beginning in 2005-2006 there is allocated from~~
4 **FROM** the general fund appropriation in section 11, **THERE IS**
5 **ALLOCATED FOR 2006-2007** an amount not to exceed \$2,400,000.00 for
6 payments to districts, intermediate districts, and community
7 college districts for the portion of the payment in lieu of taxes
8 obligation that is attributable to districts, intermediate
9 districts, and community college districts pursuant to section 2154
10 of the natural resources and environmental protection act, 1994 PA
11 451, MCL 324.2154.

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

16 **SEC. 29. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
17 **ALLOCATED AN AMOUNT NOT TO EXCEED \$50,000,000.00 FOR 2006-2007 FOR**
18 **ADDITIONAL PAYMENTS TO ELIGIBLE DISTRICTS FOR DECLINING ENROLLMENT**
19 **ASSISTANCE.**

20 (2) **A DISTRICT IS ELIGIBLE FOR A PAYMENT UNDER THIS SECTION IF**
21 **ALL OF THE FOLLOWING APPLY:**

22 **(A) THE DISTRICT'S PUPIL MEMBERSHIP FOR THE CURRENT FISCAL**
23 **YEAR IS LESS THAN THE DISTRICT'S PUPIL MEMBERSHIP FOR THE**
24 **IMMEDIATELY PRECEDING FISCAL YEAR AND THE DISTRICT'S PUPIL**
25 **MEMBERSHIP FOR THE IMMEDIATELY PRECEDING FISCAL YEAR IS LESS THAN**
26 **THE DISTRICT'S PUPIL MEMBERSHIP FOR THE PREVIOUSLY PRECEDING FISCAL**
27 **YEAR AS CALCULATED UNDER SECTION 6 FOR THAT FISCAL YEAR.**

1 (B) THE DISTRICT'S AVERAGE PUPIL MEMBERSHIP IS GREATER THAN
2 THE DISTRICT'S PUPIL MEMBERSHIP FOR THE CURRENT FISCAL YEAR AS
3 CALCULATED UNDER SECTION 6.

4 (C) THE DISTRICT IS NOT ELIGIBLE TO RECEIVE FUNDING UNDER
5 SECTIONS 6(4)(Y) OR 22D OF THIS ACT.

6 (3) PAYMENTS TO EACH ELIGIBLE DISTRICT SHALL BE EQUAL TO THE
7 DIFFERENCE BETWEEN THE DISTRICT'S AVERAGE PUPIL MEMBERSHIP AND THE
8 DISTRICT'S PUPIL MEMBERSHIP AS CALCULATED UNDER SECTION 6 FOR THE
9 CURRENT FISCAL YEAR MULTIPLIED BY THE DISTRICT'S FOUNDATION
10 ALLOWANCE AS CALCULATED UNDER SECTION 20. IF THE TOTAL AMOUNT OF
11 THE PAYMENTS CALCULATED UNDER THIS SUBSECTION EXCEEDS THE
12 ALLOCATION FOR THIS SECTION, THE PAYMENT TO EACH DISTRICT SHALL BE
13 PRORATED ON AN EQUAL PERCENTAGE BASIS.

14 (4) FOR THE PURPOSES OF THIS SECTION, "AVERAGE PUPIL
15 MEMBERSHIP" MEANS THE AVERAGE OF THE DISTRICT'S MEMBERSHIP FOR THE
16 3-FISCAL-YEAR PERIOD ENDING WITH THE CURRENT FISCAL YEAR,
17 CALCULATED BY ADDING THE DISTRICT'S ACTUAL MEMBERSHIP FOR EACH OF
18 THOSE 3 FISCAL YEARS, AS OTHERWISE CALCULATED UNDER SECTION 6, AND
19 DIVIDING THE SUM OF THOSE 3 MEMBERSHIP FIGURES BY 3.

20 Sec. 31a. (1) From the ~~money appropriated~~ APPROPRIATION in
21 section 11, there is allocated for ~~2005-2006~~ 2006-2007 an amount
22 not to exceed ~~\$314,200,000.00~~ \$319,350,000.00 for payments to
23 eligible districts and eligible public school academies under this
24 section. Subject to subsection ~~(12)~~ (13), the amount of the
25 additional allowance under this section shall be based on the
26 number of actual pupils in membership in the district or public
27 school academy who met the income eligibility criteria for free

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

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

20 (a) The sum of the district's or public school academy's
21 combined state and local revenue per membership pupil in the
22 current state fiscal year, as calculated under section 20, plus the
23 amount of the district's per pupil allocation under section 20j(2),
24 is less than or equal to \$6,500.00 adjusted by the dollar amount of
25 the difference between the basic foundation allowance under section
26 20 for the current state fiscal year and \$5,000.00, minus \$200.00.

27 (b) The district or public school academy agrees to use the

1 funding only for purposes allowed under this section and to comply
2 with the program and accountability requirements under this
3 section.

4 (3) Except as otherwise provided in this subsection, an
5 eligible district or eligible public school academy shall receive
6 under this section for each membership pupil in the district or
7 public school academy who met the income eligibility criteria for
8 free breakfast, lunch, or milk, as determined under the Richard B.
9 Russell national school lunch act and as reported to the department
10 by October 31 of the immediately preceding fiscal year and adjusted
11 not later than December 31 of the immediately preceding fiscal
12 year, an amount per pupil equal to 11.5% of the sum of the
13 district's foundation allowance or public school academy's per
14 pupil amount calculated under section 20, plus the amount of the
15 district's per pupil allocation under section 20j(2), not to exceed
16 \$6,500.00 adjusted by the dollar amount of the difference between
17 the basic foundation allowance under section 20 for the current
18 state fiscal year and \$5,000.00, minus \$200.00, or of the public
19 school academy's per membership pupil amount calculated under
20 section 20 for the current state fiscal year. A public school
21 academy that began operations as a public school academy after the
22 pupil membership count day of the immediately preceding school year
23 shall receive under this section for each membership pupil in the
24 public school academy who met the income eligibility criteria for
25 free breakfast, lunch, or milk, as determined under the Richard B.
26 Russell national school lunch act and as reported to the department
27 by October 31 of the current fiscal year and adjusted not later

1 than December 31 of the current fiscal year, an amount per pupil
2 equal to 11.5% of the public school academy's per membership pupil
3 amount calculated under section 20 for the current state fiscal
4 year.

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

1 age 0 to 5, and reading programs as described in former section 32f
2 as in effect for 2001-2002. A tutorial method may be conducted with
3 paraprofessionals working under the supervision of a certificated
4 teacher. The ratio of pupils to paraprofessionals shall be between
5 10:1 and 15:1. Only 1 certificated teacher is required to supervise
6 instruction using a tutorial method. As used in this subsection,
7 "to supplant another program" means to take the place of a
8 previously existing instructional program or direct
9 noninstructional services funded from a funding source other than
10 funding under this section.

11 (5) Except as otherwise provided in subsection ~~(11)~~ (12), a
12 district or public school academy that receives funds under this
13 section and that operates a school breakfast program under section
14 1272a of the revised school code, MCL 380.1272a, shall use from the
15 funds received under this section an amount, not to exceed \$10.00
16 per pupil for whom the district or public school academy receives
17 funds under this section, necessary to operate the school breakfast
18 program.

19 (6) From the funds allocated under subsection (1), there is
20 allocated for ~~2005-2006~~ **2006-2007** an amount not to exceed
21 \$3,743,000.00 to support teen health centers. These grants shall be
22 awarded for 3 consecutive years ~~beginning with 2003-2004~~ in a form
23 and manner approved jointly by the department and the department of
24 community health. Each grant recipient shall remain in compliance
25 with the terms of the grant award or shall forfeit the grant award
26 for the duration of the 3-year period after the noncompliance.
27 Beginning in 2004-2005, to continue to receive funding for a teen

1 health center under this section a grant recipient shall ensure
2 that the teen health center has an advisory committee and that at
3 least one-third of the members of the advisory committee are
4 parents or legal guardians of school-aged children. A teen health
5 center program shall recognize the role of a child's parents or
6 legal guardian in the physical and emotional well-being of the
7 child. If any funds allocated under this subsection are not used
8 for the purposes of this subsection for the fiscal year in which
9 they are allocated, those unused funds shall be used that fiscal
10 year to avoid or minimize any proration that would otherwise be
11 required under subsection ~~(12)~~ (13) for that fiscal year.

12 (7) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THERE IS
13 ALLOCATED FOR 2006-2007 AN AMOUNT NOT TO EXCEED \$5,150,000.00 FOR
14 THE STATE PORTION OF THE HEARING AND VISION SCREENINGS AS DESCRIBED
15 IN SECTION 9301 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
16 333.9301. A LOCAL PUBLIC HEALTH DEPARTMENT SHALL PAY AT LEAST 50%
17 OF THE TOTAL COST OF THE SCREENINGS. THE FREQUENCY OF THE
18 SCREENINGS SHALL BE AS REQUIRED UNDER R 325.13091 TO R 325.13096
19 AND R 325.3271 TO R 325.3276 OF THE MICHIGAN ADMINISTRATIVE CODE.

20 (8) ~~(7)~~ 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 by
23 the district or public school academy of funds under this section,
24 which report shall include at least a brief description of each
25 program conducted by the district or public school academy using
26 funds under this section, the amount of funds under this section
27 allocated to each of those programs, the number of at-risk pupils

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

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

16 (10) ~~(9)~~ Subject to subsections (5), (6), (7) and ~~(11)~~ (12),
17 any district may use up to 100% of the funds it receives under this
18 section to reduce the ratio of pupils to teachers in grades K-6, or
19 any combination of those grades, in school buildings in which the
20 percentage of pupils described in subsection (1) exceeds the
21 district's aggregate percentage of those pupils. Subject to
22 subsections (5), (6), (7) and ~~(11)~~ (12), if a district obtains a
23 waiver from the department, the district may use up to 100% of the
24 funds it receives under this section to reduce the ratio of pupils
25 to teachers in grades K-6, or any combination of those grades, in
26 school buildings in which the percentage of pupils described in
27 subsection (1) is at least 60% of the district's aggregate

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

6 (11) ~~(10)~~ A district or public school academy may use funds
7 received under this section for adult high school completion,
8 general educational development (G.E.D.) test preparation, adult
9 English as a second language, or adult basic education programs
10 described in section 107.

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

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

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

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

26 (15) ~~(14)~~ A district or public school academy that does not
27 meet the eligibility requirement under subsection (2)(a) is

1 eligible for funding under this section if at least 1/4 of the
2 pupils in membership in the district or public school academy met
3 the income eligibility criteria for free breakfast, lunch, or milk
4 in the immediately preceding state fiscal year, as determined and
5 reported as described in subsection (1), and at least 4,500 of the
6 pupils in membership in the district or public school academy met
7 the income eligibility criteria for free breakfast, lunch, or milk
8 in the immediately preceding state fiscal year, as determined and
9 reported as described in subsection (1). A district or public
10 school academy that is eligible for funding under this section
11 because the district meets the requirements of this subsection
12 shall receive under this section for each membership pupil in the
13 district or public school academy who met the income eligibility
14 criteria for free breakfast, lunch, or milk in the immediately
15 preceding fiscal year, as determined and reported as described in
16 subsection (1), an amount per pupil equal to 11.5% of the sum of
17 the district's foundation allowance or public school academy's per
18 pupil allocation under section 20, plus the amount of the
19 district's per pupil allocation under section 20j(2), not to exceed
20 \$6,500.00 adjusted by the dollar amount of the difference between
21 the basic foundation allowance under section 20 for the current
22 state fiscal year and \$5,000.00, minus \$200.00

23 (16) ~~(15)~~ As used in this section, "at-risk pupil" means a
24 pupil for whom the district has documentation that the pupil meets
25 at least 2 of the following criteria: is a victim of child abuse or
26 neglect; is below grade level in English language and communication
27 skills or mathematics; is a pregnant teenager or teenage parent; is

1 eligible for a federal free or reduced-price lunch subsidy; has
2 atypical behavior or attendance patterns; or has a family history
3 of school failure, incarceration, or substance abuse. For pupils
4 for whom the results of at least the applicable Michigan education
5 assessment program (MEAP) test have been received, at-risk pupil
6 also includes a pupil who does not meet the other criteria under
7 this subsection but who did not achieve at least a score of level 2
8 on the most recent MEAP English language arts, mathematics, or
9 science test for which results for the pupil have been received.
10 For pupils for whom the results of the Michigan merit examination
11 have been received, at-risk pupil also includes a pupil who does
12 not meet the other criteria under this subsection but who did not
13 achieve proficiency on the reading component of the most recent
14 Michigan merit examination for which results for the pupil have
15 been received, did not achieve proficiency on the mathematics
16 component of the most recent Michigan merit examination for which
17 results for the pupil have been received, or did not achieve basic
18 competency on the science component of the most recent Michigan
19 merit examination for which results for the pupil have been
20 received. For pupils in grades K-3, at-risk pupil also includes a
21 pupil who is at risk of not meeting the district's core academic
22 curricular objectives in English language arts or mathematics.

23 Sec. 31d. (1) From the appropriations in section 11, there is
24 allocated an amount not to exceed \$22,495,100.00 for ~~2005-2006~~
25 **2006-2007** for the purpose of making payments to districts and other
26 eligible entities under this section.

27 (2) The amounts allocated from state sources under this

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

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

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

19 (5) From the federal funds appropriated in section 11, there
20 is allocated for ~~2005-2006~~ **2006-2007** all available federal funding,
21 estimated at ~~\$303,684,000.00,~~ **\$320,000,000.00** for the national
22 school lunch program and all available federal funding, estimated
23 at \$2,506,000.00, for the emergency food assistance program.

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

27 Sec. 31f. (1) From the appropriations in section 11, there is

1 allocated an amount not to exceed ~~\$0.00~~ \$9,625,000.00 for ~~2004-2005~~
2 2006-2007 for the purpose of making payments to districts to
3 reimburse for the cost of providing breakfast. ~~The funds~~
4 ~~appropriated under this section shall be made available to all~~
5 ~~eligible applicant districts as determined under section 702 of~~
6 ~~2004 PA 346.~~

7 (2) THE FUNDS ALLOCATED UNDER THIS SECTION FOR SCHOOL
8 BREAKFAST PROGRAMS SHALL BE MADE AVAILABLE TO ALL ELIGIBLE
9 APPLICANT DISTRICTS THAT MEET ALL OF THE FOLLOWING CRITERIA:

10 (A) THE DISTRICT PARTICIPATES IN THE FEDERAL SCHOOL BREAKFAST
11 PROGRAM AND MEETS ALL STANDARDS AS PRESCRIBED BY 7 CFR PARTS 220
12 AND 245.

13 (B) EACH BREAKFAST ELIGIBLE FOR PAYMENT MEETS THE FEDERAL
14 STANDARDS SPECIFIED IN SUBDIVISION (A).

15 (C) THE PAYMENT FOR A DISTRICT IS AT A PER MEAL RATE EQUAL TO
16 THE LESSER OF THE DISTRICT'S ACTUAL COST, OR 100% OF THE COST OF A
17 BREAKFAST SERVED BY AN EFFICIENTLY OPERATED BREAKFAST PROGRAM AS
18 DETERMINED BY THE DEPARTMENT, LESS FEDERAL REIMBURSEMENT,
19 PARTICIPANT PAYMENTS, AND OTHER STATE REIMBURSEMENT. DETERMINATION
20 OF EFFICIENT COST BY THE DEPARTMENT SHALL BE DETERMINED BY USING A
21 STATISTICAL SAMPLING OF STATEWIDE AND REGIONAL COST AS REPORTED IN
22 A MANNER APPROVED BY THE DEPARTMENT FOR THE PRECEDING SCHOOL YEAR.

23 SEC. 32. FROM THE APPROPRIATIONS IN SECTION 11 FOR 2006-2007,
24 THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$112,400,000.00 FROM THE
25 STATE SCHOOL AID FUND AND AN AMOUNT NOT TO EXCEED \$12,700,000.00
26 FROM THE GENERAL FUND TO FUND THE GREAT START EARLY CHILDHOOD
27 PROGRAMS, AS PROVIDED UNDER SECTIONS 32B, 32C, 32D, 32J AND 32L.

1 THE PROGRAMS FUNDED UNDER THIS SECTION PROVIDE A COMPREHENSIVE
2 EARLY CHILDHOOD SYSTEM WITH THE PURPOSES OF CREATING A COORDINATED
3 COLLABORATIVE SYSTEM FOR EARLY LEARNING, IMPROVING PARENTING
4 SKILLS, ENCOURAGING EARLY MATHEMATICS AND READING LITERACY
5 TRAINING, IMPROVING SCHOOL READINESS AND MITIGATING THE NEED FOR
6 SPECIAL EDUCATION SERVICES.

7 SEC 32B. (1) FROM THE FUNDS ALLOCATED UNDER SECTION 32, THERE
8 IS ALLOCATED AN AMOUNT NOT TO EXCEED \$1,000,000.00 FOR 2006-2007
9 FOR COMPETITIVE GRANTS TO INTERMEDIATE DISTRICTS FOR THE CREATION
10 OF GREAT START COMMUNITIES OR OTHER COMMUNITY PURPOSES AS
11 IDENTIFIED BY THE EARLY CHILDHOOD INVESTMENT CORPORATION. THESE
12 DOLLARS MAY NOT BE EXPENDED UNTIL THE EARLY CHILDHOOD INVESTMENT
13 CORPORATION HAS IDENTIFIED MATCHING DOLLARS OF AT LEAST AN EQUAL
14 AMOUNT.

15 (2) THE EARLY CHILDHOOD INVESTMENT CORPORATION SHALL AWARD
16 GRANTS TO ELIGIBLE INTERMEDIATE DISTRICTS IN AN AMOUNT TO BE
17 DETERMINED BY THE CORPORATION.

18 (3) IN ORDER TO RECEIVE FUNDING, EACH INTERMEDIATE DISTRICT
19 APPLICANT SHALL AGREE TO CONVENE LOCAL GREAT START COLLABORATIVES
20 TO ADDRESS THE AVAILABILITY OF THE SIX COMPONENTS OF A GREAT START
21 SYSTEM IN THEIR COMMUNITIES: PHYSICAL HEALTH, SOCIAL-EMOTIONAL
22 HEALTH, FAMILY SUPPORTS, BASIC NEEDS, ECONOMIC STABILITY AND
23 SAFETY, PARENTING EDUCATION AND EARLY EDUCATION AND CARE TO ENSURE
24 EVERY CHILD IN THE COMMUNITY IS READY FOR KINDERGARTEN.
25 SPECIFICALLY, EACH GRANT WILL FUND:

26 (A) A COMMUNITY NEEDS ASSESSMENT AND STRATEGIC PLAN FOR THE
27 DEVELOPMENT OF A COMPREHENSIVE SYSTEM OF EARLY CHILDHOOD SERVICES

1 AND SUPPORTS, ACCESSIBLE TO ALL CHILDREN FROM BIRTH TO KINDERGARTEN
2 AND THEIR FAMILIES.

3 (B) IDENTIFICATION OF LOCAL RESOURCES AND SERVICES FOR
4 CHILDREN WITH DISABILITIES, DEVELOPMENTAL DELAYS OR SPECIAL NEEDS
5 AND THEIR FAMILIES.

6 (C) COORDINATION AND EXPANSION OF HIGH QUALITY EARLY CHILDHOOD
7 AND CHILDCARE PROGRAMS.

8 (D) EVALUATION OF LOCAL PROGRAMS.

9 Sec. 32c. (1) From the general fund ~~appropriation in section~~
10 ~~11~~, **ALLOCATION UNDER SECTION 32**, there is allocated an amount not
11 to exceed \$250,000.00 for ~~2005-2006~~ **2006-2007** to the department for
12 grants for community-based collaborative prevention services
13 designed to promote ~~marriage~~ **FAMILIES** and foster positive parenting
14 skills; improve parent/child interaction, especially for children
15 0-3 years of age; promote access to needed community services;
16 increase local capacity to serve families at risk; improve school
17 readiness; and support healthy family environments that discourage
18 alcohol, tobacco, and other drug use. The allocation under this
19 section is to fund secondary prevention programs as defined by the
20 children's trust fund for the prevention of child abuse and
21 neglect.

22 (2) The funds allocated under subsection (1) shall be
23 distributed through a joint request for proposals process
24 established by the department in conjunction with the children's
25 trust fund and the ~~state's interagency systems reform workgroup~~
26 **INTERAGENCY DIRECTOR'S WORKGROUP**. Projects funded with grants
27 awarded under this section shall meet all of the following:

1 (a) Be secondary prevention initiatives and voluntary to
 2 consumers. This appropriation is not intended to serve the needs of
 3 children for whom and families in which neglect or abuse has been
 4 substantiated.

5 (b) Demonstrate that the planned services are part of a
 6 community's integrated comprehensive family support strategy
 7 endorsed by the ~~local multi-purpose collaborative body~~ **COMMUNITY**
 8 **COLLABORATIVE**.

9 (c) Provide a 25% local match, of which not more than 10% may
 10 be in-kind services, unless this requirement is waived by the
 11 ~~interagency systems reform workgroup~~ **INTERAGENCY DIRECTOR'S**
 12 **WORKGROUP**.

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

15 (4) Not later than January 30 of the next fiscal year, the
 16 department shall prepare and submit to the governor and the
 17 legislature an annual report of outcomes achieved by the providers
 18 of the community-based collaborative prevention services funded
 19 under this section for a fiscal year.

20 Sec. 32d. (1) From the state school aid fund ~~money~~
 21 ~~appropriated~~ **ALLOCATION** under ~~section 11,~~ **SECTION 32**, there is
 22 allocated an amount not to exceed ~~\$72,600,000.00~~ **\$101,400,000.00**
 23 for ~~2005-2006~~ **2006-2007** for **GREAT START** school readiness ~~or~~
 24 ~~preschool and parenting program~~ grants to enable eligible
 25 districts, as determined under section 37, to develop or expand, in
 26 conjunction with whatever federal funds may be available,
 27 including, but not limited to, federal funds under title I of the

1 elementary and secondary education act of 1965, 20 USC 6301 to
 2 6578, chapter 1 of title I of the Hawkins-Stafford elementary and
 3 secondary school improvement amendments of 1988, Public Law 100-
 4 297, and the head start act, 42 USC 9831 to 9852a, comprehensive
 5 compensatory programs designed to ~~do 1 or both of the following:~~

6 ~~—— (a) Improve~~ **IMPROVE** the readiness and subsequent achievement
 7 of educationally disadvantaged children as defined by the
 8 department who will be at least 4, but less than 5 years of age, as
 9 of December 1 of the school year in which the programs are offered,
 10 and who show evidence of 2 or more risk factors as defined in the
 11 state board report entitled "children at risk" that was adopted by
 12 the state board on April 5, 1988.

13 ~~—— (b) Provide preschool and parenting education programs similar~~
 14 ~~to those under former section 32b as in effect for 2001-2002.~~

15 (2) A comprehensive compensatory program funded under this
 16 section ~~may~~ **SHALL** include an age-appropriate educational
 17 curriculum, **AS DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF**
 18 **QUALITY FOR PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD,**
 19 **THAT PREPARES CHILDREN FOR SUCCESS IN SCHOOL, INCLUDING LANGUAGE,**
 20 **EARLY LITERACY, AND EARLY MATHEMATICS. IN ADDITION, THE**
 21 **COMPREHENSIVE PROGRAM SHALL INCLUDE** nutritional services, health
 22 screening for participating children, a plan for parent and legal
 23 guardian involvement, and provision of referral services for
 24 families eligible for community social services.

25 (3) In addition to the allocation under subsection (1), from
 26 the general fund money allocated under ~~section 11,~~ **SECTION 32,**
 27 there is allocated an amount not to exceed \$200,000.00 for ~~2005-~~

1 ~~2006~~ **2006-2007** for a competitive grant to continue a longitudinal
 2 evaluation of children who have participated in the Michigan school
 3 readiness program.

4 (4) A district receiving a grant under this section may
 5 contract for the provision of the comprehensive compensatory
 6 program and retain for administrative services an amount equal to
 7 not more than 5% of the grant amount. A district may expend not
 8 more than 10% of the total grant amount for administration of the
 9 program.

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

23 Sec. 32j. (1) From the ~~appropriations in section 11,~~ **STATE**
 24 **SCHOOL AID ALLOCATION UNDER SECTION 32**, there is allocated an
 25 amount not to exceed ~~\$3,326,000.00~~ **\$10,000,000.00** for ~~2005-2006~~
 26 **2006-2007** for great parents, great start grants to intermediate
 27 districts to provide programs for parents with preschool children.

1 The purpose of these programs is to encourage early **MATHEMATICS AND**
2 **READING** literacy, improve school readiness, reduce the need for
3 special education services, and foster the maintenance of stable
4 families by encouraging positive parenting skills.

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

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

11 (b) Providing parents with methods to enhance parent-child
12 interaction **THAT PROMOTE AGE-APPROPRIATE LANGUAGE, MATHEMATICS AND**
13 **EARLY READING SKILLS**; including, but not limited to, encouraging
14 parents to read to their preschool children at least 1/2 hour per
15 day.

16 (c) Providing parents with examples of learning opportunities
17 to promote intellectual, physical, and social growth of
18 preschoolers, **INCLUDING THE ACQUISITION OF AGE-APPROPRIATE**
19 **LANGUAGE, MATHEMATICS AND EARLY READING SKILLS.**

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

22 (e) Promoting ~~marriage-~~ **FAMILIES.**

23 (3) To receive a grant under this section, an intermediate
24 district shall submit a plan to the department not later than
25 October 1, ~~2005~~ **2006** in the form and manner prescribed by the
26 department. The plan shall do all of the following in a manner
27 prescribed by the department:

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

6 (b) Demonstrate an adequate collaboration of local entities
7 involved in providing programs and services for preschool children
8 and their parents.

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

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

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

26 (a) The superintendent shall approve or disapprove the plans
27 and notify the intermediate district of that decision not later

1 than November 15, ~~2005~~ 2006. The amount allocated by each
 2 intermediate district shall be at least an amount equal to ~~3.5%~~
 3 **300.66%** of the intermediate district's ~~2002-2003~~ **2005-2006** payment
 4 under **THIS** section ~~81~~.

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

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

13 (6) An intermediate district receiving funds under this
 14 section shall use the funds only for the program funded under this
 15 section. An intermediate district receiving funds under this
 16 section may carry over any unexpended funds received under this
 17 section to subsequent fiscal years and may expend those unused
 18 funds in subsequent fiscal years.

19 Sec. 32/. (1) From the general fund money ~~appropriated in~~
 20 ~~section 11,~~ **ALLOCATED UNDER SECTION 32,** there is allocated for
 21 ~~2005-2006~~ **2006-2007** an amount not to exceed \$12,250,000.00 for
 22 competitive school readiness program grants **FOR THE PURPOSES OF**
 23 **PREPARING CHILDREN FOR SUCCESS IN SCHOOL, INCLUDING LANGUAGE, EARLY**
 24 **LITERACY, AND EARLY MATHEMATICS.** These grants shall be made
 25 available through a competitive application process as follows:

26 (a) Any public or private nonprofit legal entity or agency may
 27 apply for a grant under this section. However, a district or

1 intermediate district may not apply for a grant under this section
2 unless the district or intermediate district is acting as a fiscal
3 agent for a child caring organization regulated under 1973 PA 116,
4 MCL 722.111 to 722.128.

5 (b) An applicant shall submit an application in the form and
6 manner prescribed by the department.

7 (c) The department shall establish a diverse interagency
8 committee to review the applications. The committee shall be
9 composed of representatives of the department, appropriate
10 community, volunteer, and social service agencies and
11 organizations, and parents.

12 (d) The superintendent shall award the grants and shall give
13 priority for awarding the grants based upon the following criteria:

14 (i) Compliance with the state board-approved early childhood
15 standards of quality for prekindergarten.

16 (ii) Active and continuous involvement of the parents or
17 guardians of the children participating in the program.

18 (iii) Employment of teachers possessing proper training,
19 including a valid Michigan teaching certificate with an early
20 childhood (ZA) endorsement, a valid Michigan teaching certificate
21 with a child development associate credential, or a bachelor's
22 degree in child development with a specialization in preschool
23 teaching, and employment of paraprofessionals possessing proper
24 training in early childhood development, including an associate's
25 degree in early childhood education or child development or the
26 equivalent, or a child development associate (CDA) credential, or
27 the equivalent, as approved by the state board. A paraprofessional

1 who does not meet these requirements may be employed for not more
2 than 2 years while obtaining proper credentials if he or she has
3 completed at least 1 course in an appropriate training program.

4 (iv) Evidence of collaboration with the community of providers
5 in early childhood development programs including documentation of
6 the total number of children in the community who would meet the
7 criteria established in subparagraph (vi), and who are being served
8 by other providers, and the number of children who will remain
9 unserved by other community early childhood programs if this
10 program is funded.

11 (v) The extent to which these funds will supplement other
12 federal, state, local, or private funds.

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

19 (vii) The program offers supplementary day care and thereby
20 offers full-day programs as part of its early childhood development
21 program.

22 (viii) The application contains a plan approved by the
23 department to conduct and report annual school readiness program
24 evaluations and continuous improvement plans using criteria
25 approved by the department. At a minimum, the evaluations shall
26 include a self-assessment of program quality and assessment of the
27 gains in educational readiness and progress of the children

1 participating in the program.

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

12 (i) Review the mechanisms and criteria used to determine
13 referrals for participation in the school readiness program.

14 (ii) Review the health screening program for all participants.

15 (iii) Review the nutritional services provided to all
16 participants.

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

19 (v) Review the collaboration with and the involvement of
20 appropriate community, volunteer, and social service agencies and
21 organizations in addressing all aspects of education disadvantage.

22 (vi) Review, evaluate, and make recommendations for changes in
23 the school readiness program.

24 (2) To be eligible for a grant under this section, a program
25 shall demonstrate that more than 50% of the children participating
26 in the program live with families with a household income that is
27 less than or equal to 250% of the federal poverty level.

1 (3) The superintendent may award grants under this section at
2 whatever level the superintendent determines appropriate. However,
3 the amount of a grant under this section, when combined with other
4 sources of state revenue for this program, shall not exceed
5 \$3,300.00 per participating child or the cost of the program,
6 whichever is less.

7 (4) Except as otherwise provided in this subsection, an
8 applicant that receives a **NEW** grant under this section for ~~2005-~~
9 ~~2006~~ **2006-2007** shall also receive priority for funding under this
10 section for ~~2006-2007~~ and 2007-2008 **AND 2008-2009**. However, after 3
11 fiscal years of continuous funding, an applicant is required to
12 compete openly with new programs and other programs completing
13 their third year. All grant awards under this section are
14 contingent on the availability of funds and documented evidence of
15 grantee compliance with early childhood standards of quality for
16 prekindergarten, as approved by the state board, and with all
17 operational, fiscal, administrative, and other program
18 requirements.

19 **(5) NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE ENTITIES**
20 **UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE AND IN A MANNER**
21 **DETERMINED BY THE DEPARTMENT.**

22 **SEC. 34. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
23 **ALLOCATED AN AMOUNT NOT TO EXCEED \$10,000,000.00 FOR 2006-2007 FOR**
24 **COMPETITIVE GRANTS TO ELIGIBLE DISTRICTS FOR MATHEMATICS AND**
25 **READING LITERACY PROGRAMS FOR PUPILS IN GRADES K TO 3 TO PREPARE**
26 **ALL STUDENTS TO ACHIEVE ADEQUATE YEARLY PROGRESS AS DEFINED UNDER**
27 **THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC LAW 107-110.**

1 (2) DISTRICTS MAY SUBMIT APPLICATIONS FOR A MAXIMUM OF FIVE
2 ELEMENTARY SCHOOL BUILDINGS PER APPLICATION. THE DEPARTMENT SHALL
3 GIVE PRIORITY TO THOSE APPLICATIONS THAT MEET THE FOLLOWING
4 CRITERIA:

5 (A) DISTRICTS WITH ELEMENTARY SCHOOL BUILDINGS THAT DID NOT
6 ACHIEVE ADEQUATE YEARLY PROGRESS AS DEFINED UNDER THE NO CHILD LEFT
7 BEHIND ACT OF 2001, PUBLIC LAW 107-110, FOR TWO OUT OF THE LAST
8 THREE SCHOOL YEARS DUE TO STUDENT PROFICIENCY IN MATHEMATICS OR
9 READING.

10 (B) IN ADDITION, PRIORITY IN AWARDING GRANTS SHALL BE GIVEN TO
11 PROGRAMS THAT:

12 (i) REDUCE THE NUMBER OF PUPILS REQUIRING SPECIAL EDUCATION
13 PROGRAMS AND SERVICES.

14 (ii) IMPROVE STANDARDIZED ASSESSMENT SCORES IN THE AREAS OF
15 MATHEMATICS AND READING.

16 (iii) CAN BE REPLICATED IN OTHER ELEMENTARY SCHOOLS IN THE STATE
17 IF FOUND TO BE SUCCESSFUL IN MEETING THE GOALS OF THIS SECTION.

18 (3) TO QUALIFY FOR FUNDING UNDER THIS SECTION, A PROPOSED
19 MATHEMATICS OR READING IMPROVEMENT PROGRAM MUST MEET ALL OF THE
20 FOLLOWING CRITERIA:

21 (A) BE A RESEARCH-BASED, VALIDATED, STRUCTURED PROGRAM.

22 (B) PROVIDE AN ASSESSMENT OF MATHEMATICS OR READING SKILLS OF
23 PUPILS IN GRADES K TO 3 TO IDENTIFY THOSE PUPILS WHO ARE PERFORMING
24 BELOW GRADE-LEVEL STATE STANDARDS IN MATHEMATICS OR READING AND
25 MUST PROVIDE SPECIAL ASSISTANCE TO SUCH PUPILS.

26 (C) INCLUDE CONTINUOUS ASSESSMENT OF PUPILS AND INDIVIDUALIZED
27 EDUCATION PLANS FOR PUPILS.

1 (D) BE PART OF A LOCAL BOARD-APPROVED SCHOOL IMPROVEMENT PLAN.

2 (4) A GRANT APPLICATION SHALL BE SUBMITTED TO THE DEPARTMENT
3 IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT. TO BE CONSIDERED
4 FOR A GRANT UNDER THIS SECTION, A GRANT APPLICATION MUST PROVIDE AT
5 LEAST ALL OF THE FOLLOWING:

6 (A) IDENTIFICATION OF A MATHEMATICS OR READING IMPROVEMENT
7 PROGRAM THAT MEETS ALL OF THE CRITERIA IN SUBSECTION (3).

8 (B) A PROJECTED BUDGET FOR THE PROGRAM. ALLOWABLE EXPENSES
9 SHALL BE DETERMINED BY THE DEPARTMENT, BUT MAY INCLUDE CURRICULA
10 AND MATERIAL AND SUPPLY PURCHASES, AS WELL AS TEACHER PROFESSIONAL
11 DEVELOPMENT.

12 (C) DISTRICTS MUST PROVIDE AT LEAST A 20% LOCAL MATCH FROM
13 LOCAL PUBLIC OR PRIVATE RESOURCES FOR THE FUNDS RECEIVED UNDER THIS
14 SECTION. NOT MORE THAN ONE HALF OF THIS MATCHING REQUIREMENT, UP
15 TO A TOTAL OF 10% OF THE TOTAL PROJECT BUDGET, MAY BE SATISFIED
16 THROUGH IN-KIND SERVICES PROVIDED BY PARTICIPATING PROVIDERS OF
17 PROGRAMS OR SERVICES.

18 (D) DISTRICTS RECEIVING A GRANT UNDER THIS SECTION MUST AGREE
19 TO SET ASIDE ONE AND ONE HALF PERCENT OF THE GRANT AWARD FOR DATA
20 COLLECTION AND STATEWIDE EVALUATION ACTIVITIES.

21 (E) A DISTRICT MAY EXPEND NOT MORE THAN 5% OF THE TOTAL GRANT
22 AMOUNT FOR ADMINISTRATION OF THE PROGRAM.

23 (F) FOR EACH SCHOOL BUILDING RECEIVING FUNDING UNDER THIS
24 SECTION, THE AMOUNT OF THE GRANT SHALL NOT EXCEED \$100,000.00 PER
25 SCHOOL BUILDING ANNUALLY.

26 (5) A PROGRAM RECEIVING FUNDING UNDER THIS SECTION MAY BE
27 CONDUCTED OUTSIDE OF REGULAR SCHOOL HOURS OR OUTSIDE OF THE REGULAR

1 SCHOOL CALENDAR.

2 (6) SUBJECT TO AVAILABLE REVENUES, FUNDING TO DISTRICTS UNDER
3 THIS SECTION IS INTENDED TO BE THE FIRST YEAR OF 3 YEARS OF
4 FUNDING. FUNDS ALLOCATED UNDER THIS SECTION MAY BE EXPENDED THROUGH
5 THE END OF THE FOLLOWING FISCAL YEAR.

6 SEC 35. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
7 ALLOCATED AN AMOUNT NOT TO EXCEED \$15,000,000.00 FOR 2006-2007 FOR
8 COMPETITIVE GRANTS TO ELIGIBLE DISTRICTS TO IMPLEMENT, EXPAND OR
9 ENHANCE MIDDLE SCHOOL AFTERSCHOOL PROGRAMS THAT PROVIDE ACADEMIC
10 ENRICHMENT OPPORTUNITIES DESIGNED TO HELP STUDENTS MEET LOCAL,
11 STATE AND FEDERAL STANDARDS IN MATHEMATICS, SCIENCE AND COMPUTER
12 TECHNOLOGY AND TO PREPARE STUDENTS FOR A MORE RIGOROUS HIGH SCHOOL
13 CURRICULUM.

14 (2) DISTRICTS MAY SUBMIT APPLICATIONS FOR A MAXIMUM OF FIVE
15 SCHOOL BUILDINGS PER APPLICATION FOR MIDDLE SCHOOL AFTERSCHOOL
16 PROGRAMS. ALL STUDENTS WHO ATTEND THOSE SCHOOLS ARE ELIGIBLE TO
17 ATTEND THE AFTERSCHOOL PROGRAM. THE DEPARTMENT SHALL GIVE PRIORITY
18 TO APPLICATIONS THAT MEET THE FOLLOWING CRITERIA:

19 (A) DISTRICTS WITH ENROLLMENT AREAS HAVING A 50 PERCENT OR
20 HIGHER POVERTY RATE AS DETERMINED BY THE MOST RECENT U.S. CENSUS
21 DATA.

22 (B) SCHOOL BUILDINGS WITH 30 PERCENT OR MORE ENROLLED STUDENTS
23 ELIGIBLE FOR FREE OR REDUCED PRICE LUNCH, AS DETERMINED UNDER THE
24 RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT, 42 USC 1751 TO 1769H.

25 (C) SCHOOL BUILDINGS THAT DID NOT ACHIEVE ADEQUATE YEARLY
26 PROGRESS AS DEFINED UNDER THE NO CHILD LEFT BEHIND ACT OF 2001,
27 PUBLIC LAW 107-110, FOR TWO OUT OF THE LAST THREE SCHOOL YEARS DUE

1 TO STUDENT PROFICIENCY IN MATHEMATICS OR SCIENCE.

2 (D) SCHOOL BUILDINGS THAT ARE IN CONSORTIUM WITH AT LEAST ONE
3 COMMUNITY-BASED ORGANIZATION THAT PROVIDES SERVICES TO YOUTH THAT
4 ARE CONSISTENT WITH THE GOALS OF THIS PROGRAM.

5 (3) ELIGIBLE PROGRAMS MUST PROVIDE THE FOLLOWING COMPONENTS:

6 (A) OPERATE A MINIMUM OF THREE HOURS EACH DAY AFTER REGULARLY
7 SCHEDULED SCHOOL DAYS, FIVE SCHOOL DAYS PER WEEK, DURING THE SCHOOL
8 YEAR. ELIGIBLE PROGRAMS MAY ALSO OPERATE DURING ANY OTHER HOURS OR
9 PERIODS WHEN SCHOOL IS NOT IN SESSION.

10 (B) INCLUDE AN ARRAY OF SUPERVISED SERVICES SUCH AS TUTORIAL
11 SERVICES, HOMEWORK ASSISTANCE, AND ACADEMIC ENRICHMENT ACTIVITIES
12 THAT ARE DESIGNED TO HELP STUDENTS MEET LOCAL, STATE AND FEDERAL
13 STANDARDS IN MATHEMATICS, SCIENCE AND COMPUTER TECHNOLOGY AND TO
14 PREPARE STUDENTS FOR A RIGOROUS HIGH SCHOOL CURRICULUM. IN
15 ADDITION, ELIGIBLE PROGRAMS ARE ENCOURAGED TO INCLUDE OTHER
16 ACTIVITIES THAT PROVIDE OPPORTUNITIES FOR LEARNING MATHEMATICS,
17 SCIENCE AND COMPUTER TECHNOLOGY SKILLS, INCLUDING BUT NOT LIMITED
18 TO:

19 (i) RECREATIONAL ACTIVITIES

20 (ii) MUSICAL AND ARTISTIC ACTIVITIES

21 (iii) OPPORTUNITIES TO USE ADVANCED TECHNOLOGY, PARTICULARLY FOR
22 THOSE STUDENTS WHO DO NOT HAVE ACCESS TO COMPUTERS OR
23 TELECOMMUNICATIONS AT HOME.

24 (iv) ACTIVITIES THAT ENCOURAGE ADULT FAMILY MEMBERS TO SUPPORT
25 THEIR CHILDREN'S ACADEMIC ACHIEVEMENT.

26 (v) YOUTH DEVELOPMENT ACTIVITIES, INCLUDING DRUG AND VIOLENCE
27 PREVENTION PROGRAMS.

1 (C) IN ADDITION TO THE COMPONENTS DESCRIBED IN SUBDIVISION
2 (B), ELIGIBLE MIDDLE SCHOOL AFTERSCHOOL PROGRAMS MUST PROVIDE
3 CAREER PATHWAY AND POSTSECONDARY EDUCATION GUIDANCE AND COUNSELING.

4 (4) A GRANT APPLICATION SHALL BE SUBMITTED TO THE DEPARTMENT
5 IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT. TO BE CONSIDERED
6 FOR A GRANT UNDER THIS SECTION, A GRANT APPLICATION MUST PROVIDE AT
7 LEAST ALL OF THE FOLLOWING:

8 (A) A PLAN FOR THE DELIVERY OF THE PROGRAM COMPONENTS
9 DESCRIBED IN SUBSECTION (3).

10 (B) EVIDENCE OF ADEQUATE COLLABORATION OF LOCAL ENTITIES
11 INVOLVED IN PROVIDING PROGRAMS AND SERVICES FOR SCHOOL AGE
12 CHILDREN. A LETTER OF SUPPORT OR COLLABORATION FROM AN AREA MULTI-
13 PURPOSE COLLABORATIVE BODY IS ONE FORM OF SUFFICIENT EVIDENCE.

14 (C) A PROJECTED BUDGET FOR EACH OF THE PROGRAM SITES TO BE
15 FUNDED. ALLOWABLE EXPENSES SHALL BE DETERMINED BY THE DEPARTMENT.

16 (D) FOR THOSE SCHOOL BUILDINGS THAT DO NOT MEET THE PRIORITY
17 DESCRIBED IN SUBSECTION (2) (B), DISTRICTS MUST PROVIDE AT LEAST A
18 20% LOCAL MATCH FROM LOCAL PUBLIC OR PRIVATE RESOURCES FOR THAT
19 SCHOOL BUILDING, WHICH MAY BE SATISFIED THROUGH IN-KIND SERVICES
20 PROVIDED BY COMMUNITY-BASED ORGANIZATIONS.

21 (E) DISTRICTS RECEIVING A GRANT UNDER THIS SECTION MUST AGREE
22 TO SET ASIDE ONE AND ONE-HALF PERCENT OF THE GRANT AWARD FOR DATA
23 COLLECTION AND STATEWIDE EVALUATION.

24 (F) DISTRICTS RECEIVING A GRANT UNDER THIS SECTION MAY
25 CONTRACT FOR THE PROVISION OF THE AFTERSCHOOL PROGRAM AND RETAIN
26 FOR ADMINISTRATIVE SERVICES AN AMOUNT EQUAL TO NOT MORE THAN 5% OF
27 THE GRANT AMOUNT. A DISTRICT MAY EXPEND NOT MORE THAN 10% OF THE

1 TOTAL GRANT AMOUNT FOR ADMINISTRATION OF THE PROGRAM.

2 (G) A PROVISION FOR IMPLEMENTING A SLIDING SCALE OF TUITION
3 BASED UPON A STUDENT'S FAMILY INCOME. TUITION MAY NOT BE CHARGED TO
4 A STUDENT WHOSE FAMILY INCOME IS AT OR BELOW 250% OF THE FEDERAL
5 POVERTY GUIDELINES PUBLISHED BY THE UNITED STATES DEPARTMENT OF
6 HEALTH AND HUMAN SERVICES.

7 (H) IF THE PROGRAM IS PROVIDED IN A NON-SCHOOL FACILITY, THE
8 FACILITY MUST BE LICENSED AS A CHILD CARE CENTER AND MUST BE AT
9 LEAST AS AVAILABLE AND AS ACCESSIBLE TO STUDENTS AS THE SCHOOL
10 BUILDING. APPLICATIONS MUST ADDRESS HOW STUDENTS WILL BE SAFELY
11 TRANSPORTED OR ESCORTED TO AND FROM OFF-CAMPUS LOCATIONS.

12 (5) SUBJECT TO AVAILABLE REVENUES, FUNDING TO DISTRICTS UNDER
13 THIS SECTION IS INTENDED TO BE THE FIRST YEAR OF 5 YEARS OF
14 FUNDING. FUNDS ALLOCATED UNDER THIS SECTION MAY BE EXPENDED THROUGH
15 THE END OF THE FOLLOWING FISCAL YEAR.

16 (6) FOR THE PURPOSES OF THIS SECTION, "MIDDLE SCHOOL
17 AFTERSCHOOL PROGRAM" IS DEFINED AS A PROGRAM SERVING STUDENTS IN
18 GRADES 6, 7, OR 8, EXCEPT IN A K-6 BUILDING OR AN 8-12 BUILDING.

19 Sec. 39a. (1) From the federal funds appropriated in section
20 11, there is allocated for ~~2005-2006~~ 2006-2007 to districts,
21 intermediate districts, and other eligible entities all available
22 federal funding, estimated at ~~\$652,919,600.00~~ \$636,978,000.00, for
23 the federal programs under the no child left behind act of 2001,
24 Public Law 107-110. These funds are allocated as follows:

25 (a) An amount estimated at ~~\$12,050,500.00~~ \$9,625,800.00 to
26 provide ~~students~~ PUPILS with drug-and violence-prevention programs
27 and to implement strategies to improve school safety, funded from

1 DED-OESE, drug-free schools and communities funds.

2 (b) An amount estimated at ~~\$9,401,400.00~~ **\$6,140,900.00** for the
3 purpose of improving teaching and learning through a more effective
4 use of technology, funded from DED-OESE, educational technology
5 state grant funds.

6 (c) An amount estimated at \$106,249,200.00 for the purpose of
7 preparing, training, and recruiting high-quality teachers and class
8 size reduction, funded from DED-OESE, improving teacher quality
9 funds.

10 (d) An amount estimated at \$7,627,400.00 for programs to teach
11 English to limited English proficient (LEP) children, funded from
12 DED-OESE, language acquisition state grant funds.

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

16 (f) An amount estimated at \$58,000.00 for Michigan model
17 partnership for character education programs, funded from DED-OESE,
18 title X, fund for improvement of education funds.

19 (g) An amount estimated at \$468,700.00 for rural and low
20 income schools, funded from DED-OESE, rural and low income school
21 funds.

22 (h) An amount estimated at ~~\$6,231,800.00~~ **\$3,115,900.00** to help
23 schools develop and implement comprehensive school reform programs,
24 funded from DED-OESE, title I and title X, comprehensive school
25 reform funds.

26 (i) An amount estimated at \$428,860,300.00 to provide
27 supplemental programs to enable educationally disadvantaged

1 children to meet challenging academic standards, funded from DED-
2 OESE, title I, disadvantaged children funds.

3 (j) An amount estimated at ~~\$6,314,100.00~~ **\$3,022,700.00** for the
4 purpose of providing unified family literacy programs, funded from
5 DED-OESE, title I, even start funds.

6 (k) An amount estimated at \$8,186,200.00 for the purpose of
7 identifying and serving migrant children, funded from DED-OESE,
8 title I, migrant education funds.

9 (l) An amount estimated at \$22,928,000.00 to promote high-
10 quality school reading instruction for grades K-3, funded from DED-
11 OESE, title I, reading first state grant funds.

12 (m) An amount estimated at ~~\$5,698,000.00~~ **\$2,848,900.00** for the
13 purpose of implementing innovative strategies for improving ~~student~~
14 **PUPIL** achievement, funded from DED-OESE, title VI, innovative
15 strategies funds.

16 (n) An amount estimated at \$29,296,000.00 for the purpose of
17 providing high-quality extended learning opportunities, after
18 school and during the summer, for children in low-performing
19 schools, funded from DED-OESE, twenty-first century community
20 learning center funds. Of these funds, \$25,000.00 may be used to
21 support the Michigan after-school partnership. All of the following
22 apply to the Michigan after-school partnership:

23 (i) The department shall collaborate with the department of
24 human services to extend the duration of the Michigan after-school
25 initiative, to be renamed the Michigan after-school partnership and
26 oversee its efforts to implement the policy recommendations and
27 strategic next steps identified in the Michigan after-school

1 initiative's report of December 15, 2003.

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

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

20 ~~—— (e) An amount estimated at \$1,000,000.00 for community service~~
21 ~~state grants, funded from DED OESE, community service state grant~~
22 ~~funds.~~

23 (2) From the federal funds appropriated in section 11, there
24 is allocated for ~~2005-2006~~ **2006-2007** to districts, intermediate
25 districts, and other eligible entities all available federal
26 funding, estimated at \$4,646,400.00, for the following programs
27 that are funded by federal grants:

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

4 (b) An amount estimated at \$1,500,100.00 to provide services
5 to homeless children and youth, funded from DED-OVAE, homeless
6 children and youth funds.

7 (c) An amount estimated at \$1,000,000.00 for refugee children
8 school impact grants, funded from HHS-ACF, refugee children school
9 impact funds.

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

13 (e) An amount estimated at \$100,700.00 to encourage interstate
14 and intrastate coordination of migrant education, funded from DED-
15 OESE, title I, migrant education program funds.

16 (3) To the extent allowed under federal law, the funds
17 allocated under subsection (1)(i), (j), and (l) may be used for 1 or
18 more reading improvement programs that meet at least 1 of the
19 following:

20 (a) A research-based, validated, structured reading program
21 that aligns learning resources to state standards and includes
22 continuous assessment of pupils and individualized education plans
23 for pupils.

24 (b) A mentoring program that is a research-based, validated
25 program or a statewide 1-to-1 mentoring program and is designed to
26 enhance the independence and life quality of pupils who are
27 mentally impaired by providing opportunities for mentoring and

1 integrated employment.

2 (c) A cognitive development program that is a research-based,
3 validated educational service program focused on assessing and
4 building essential cognitive and perceptual learning abilities to
5 strengthen pupil concentration and learning.

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

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

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

19 (5) As used in this section:

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

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

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

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

27 (e) "HHS-ACF" means the HHS administration for children and

1 families.

2 Sec. 41. From the appropriation in section 11, there is
3 allocated an amount not to exceed \$2,800,000.00 for ~~2005-2006~~ **2006-**
4 **2007** to applicant districts and intermediate districts offering
5 programs of instruction for pupils of limited English-speaking
6 ability under section 1153 of the revised school code, MCL
7 380.1153. Reimbursement shall be on a per pupil basis and shall be
8 based on the number of pupils of limited English-speaking ability
9 in membership on the pupil membership count day. Funds allocated
10 under this section shall be used solely for instruction in
11 speaking, reading, writing, or comprehension of English. A pupil
12 shall not be counted under this section or instructed in a program
13 under this section for more than 3 years.

14 Sec. 41a. From the federal funds appropriated in section 11,
15 there is allocated an amount estimated at \$1,232,100.00 for ~~2005-~~
16 ~~2006~~ **2006-2007** from the United States department of education -
17 office of elementary and secondary education, language acquisition
18 state grant funds, to districts and intermediate districts offering
19 programs of instruction for pupils of limited English-speaking
20 ability.

21 Sec. 51a. (1) From the appropriation in section 11, there is
22 allocated for ~~2004-2005~~ **2005-2006** an amount not to exceed
23 ~~\$896,383,000.00~~ **\$936,083,000.00** from state sources and all
24 available federal funding under sections 611 to 619 of part B of
25 the individuals with disabilities education act, 20 USC 1411 to
26 1419, estimated at ~~\$329,850,000.00~~ **\$345,850,000.00** plus any
27 carryover federal funds from previous year appropriations. From the

1 appropriation in section 11, there is allocated for ~~2005-2006~~ **2006-**
2 **2007** an amount not to exceed ~~\$955,883,000.00~~ **\$991,683,000.00** from
3 state sources and all available federal funding under sections 611
4 to 619 of part B of the individuals with disabilities education
5 act, 20 USC 1411 to 1419, estimated at ~~\$345,850,000.00,~~
6 **\$350,700,000.00** plus any carryover federal funds from previous year
7 appropriations. The allocations under this subsection are for the
8 purpose of reimbursing districts and intermediate districts for
9 special education programs, services, and special education
10 personnel as prescribed in article 3 of the revised school code,
11 MCL 380.1701 to 380.1766; net tuition payments made by intermediate
12 districts to the Michigan schools for the deaf and blind; and
13 special education programs and services for pupils who are eligible
14 for special education programs and services according to statute or
15 rule. For meeting the costs of special education programs and
16 services not reimbursed under this article, a district or
17 intermediate district may use money in general funds or special
18 education funds, not otherwise restricted, or contributions from
19 districts to intermediate districts, tuition payments, gifts and
20 contributions from individuals, or federal funds that may be
21 available for this purpose, as determined by the intermediate
22 district plan prepared pursuant to article 3 of the revised school
23 code, MCL 380.1701 to 380.1766. All federal funds allocated under
24 this section in excess of those allocated under this section for
25 2002-2003 may be distributed in accordance with the flexible
26 funding provisions of the individuals with disabilities education
27 act, ~~title VI of Public Law 91-230~~ **108-446**, including, but not

1 limited to, 34 CFR 300.234 and 300.235. Notwithstanding section
2 17b, payments of federal funds to districts, intermediate
3 districts, and other eligible entities under this section shall be
4 paid on a schedule determined by the department.

5 (2) From the funds allocated under subsection (1), there is
6 allocated each fiscal year ~~for 2004-2005 and for 2005-2006~~ **AND**
7 **2006-2007** the amount necessary, estimated at ~~\$175,500,000.00 for~~
8 ~~2004-2005 and \$187,700,000.00~~ **\$193,500,000.00** for 2005-2006 **AND**
9 **\$207,300,000.00 FOR 2006-2007**, for payments toward reimbursing
10 districts and intermediate districts for 28.6138% of total approved
11 costs of special education, excluding costs reimbursed under
12 section 53a, and 70.4165% of total approved costs of special
13 education transportation. Allocations under this subsection shall
14 be made as follows:

15 (a) The initial amount allocated to a district under this
16 subsection toward fulfilling the specified percentages shall be
17 calculated by multiplying the district's special education pupil
18 membership, excluding pupils described in subsection (12), times
19 the sum of the foundation allowance under section 20 of the pupil's
20 district of residence plus the amount of the district's per pupil
21 allocation under section 20j(2), not to exceed \$6,500.00 adjusted
22 by the dollar amount of the difference between the basic foundation
23 allowance under section 20 for the current fiscal year and
24 \$5,000.00 minus \$200.00, or, for a special education pupil in
25 membership in a district that is a public school academy or
26 university school, times an amount equal to the amount per
27 membership pupil calculated under section 20(6). For an

1 intermediate district, the amount allocated under this subdivision
 2 toward fulfilling the specified percentages shall be an amount per
 3 special education membership pupil, excluding pupils described in
 4 subsection (12), and shall be calculated in the same manner as for
 5 a district, using the foundation allowance under section 20 of the
 6 pupil's district of residence, not to exceed \$6,500.00 adjusted by
 7 the dollar amount of the difference between the basic foundation
 8 allowance under section 20 for the current fiscal year and
 9 \$5,000.00 minus \$200.00, and that district's per pupil allocation
 10 under section 20j(2).

11 (b) After the allocations under subdivision (a), districts and
 12 intermediate districts for which the payments under subdivision (a)
 13 do not fulfill the specified percentages shall be paid the amount
 14 necessary to achieve the specified percentages for the district or
 15 intermediate district.

16 (3) From the funds allocated under subsection (1), there is
 17 allocated each fiscal year ~~for 2004-2005 and for 2005-2006~~ **AND**
 18 **2006-2007** the amount necessary, estimated at ~~\$3,000,000.00 for~~
 19 ~~2004-2005 and \$2,500,000.00~~ **\$1,900,000.00** for 2005-2006 **AND**
 20 **\$1,900,000.00 FOR 2006-2007**, to make payments to districts and
 21 intermediate districts under this subsection. If the amount
 22 allocated to a district or intermediate district for a fiscal year
 23 under subsection (2)(b) is less than the sum of the amounts
 24 allocated to the district or intermediate district for 1996-97
 25 under sections 52 and 58, there is allocated to the district or
 26 intermediate district for the fiscal year an amount equal to that
 27 difference, adjusted by applying the same proration factor that was

1 used in the distribution of funds under section 52 in 1996-97 as
2 adjusted to the district's or intermediate district's necessary
3 costs of special education used in calculations for the fiscal
4 year. This adjustment is to reflect reductions in special education
5 program operations or services between 1996-97 and subsequent
6 fiscal years. Adjustments for reductions in special education
7 program operations or services shall be made in a manner determined
8 by the department and shall include adjustments for program or
9 service shifts.

10 (4) If the department determines that the sum of the amounts
11 allocated for a fiscal year to a district or intermediate district
12 under subsection (2)(a) and (b) is not sufficient to fulfill the
13 specified percentages in subsection (2), then the shortfall shall
14 be paid to the district or intermediate district during the fiscal
15 year beginning on the October 1 following the determination and
16 payments under subsection (3) shall be adjusted as necessary. If
17 the department determines that the sum of the amounts allocated for
18 a fiscal year to a district or intermediate district under
19 subsection (2)(a) and (b) exceeds the sum of the amount necessary
20 to 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 for
23 the fiscal year beginning on the October 1 following the
24 determination and payments under subsection (3) shall be adjusted
25 as necessary. However, if the amount allocated under subsection
26 (2)(a) in itself exceeds the amount necessary to fulfill the
27 specified percentages in subsection (2), there shall be no

1 deduction under this subsection.

2 (5) State funds shall be allocated on a total approved cost
3 basis. Federal funds shall be allocated under applicable federal
4 requirements, except that an amount not to exceed \$3,500,000.00 may
5 be allocated by the department each fiscal year ~~for 2004-2005 and~~
6 for 2005-2006 **AND FOR 2006-2007** to districts, intermediate
7 districts, or other eligible entities on a competitive grant basis
8 for programs, equipment, and services that the department
9 determines to be designed to benefit or improve special education
10 on a statewide scale.

11 (6) From the amount allocated in subsection (1), there is
12 allocated an amount not to exceed \$2,200,000.00 each fiscal year
13 ~~for 2004-2005 and for 2005-2006~~ **AND FOR 2006-2007** to reimburse 100%
14 of the net increase in necessary costs incurred by a district or
15 intermediate district in implementing the revisions in the
16 administrative rules for special education that became effective on
17 July 1, 1987. As used in this subsection, "net increase in
18 necessary costs" means the necessary additional costs incurred
19 solely because of new or revised requirements in the administrative
20 rules minus cost savings permitted in implementing the revised
21 rules. Net increase in necessary costs shall be determined in a
22 manner specified by the department.

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

24 (a) "Total approved costs of special education" shall be
25 determined in a manner specified by the department and may include
26 indirect costs, but shall not exceed 115% of approved direct costs
27 for section 52 and section 53a programs. The total approved costs

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

18 (b) Except as otherwise provided in subdivision (c), beginning
19 with the 2004-2005 fiscal year, a district or intermediate district
20 that employed special education support services staff to provide
21 special education support services in 2003-2004 or in a subsequent
22 fiscal year and that in a fiscal year after 2003-2004 receives the
23 same type of support services from another district or intermediate
24 district shall report the cost of those support services for
25 special education reimbursement purposes under this act. This
26 subdivision does not prohibit the transfer of special education
27 classroom teachers and special education classroom aides if the

1 pupils counted in membership associated with those special
2 education classroom teachers and special education classroom aides
3 are transferred and counted in membership in the other district or
4 intermediate district in conjunction with the transfer of those
5 teachers and aides.

6 ~~—— (c) If the department determines before bookclosing for 2004-~~
7 ~~2005 that the amounts allocated under this section for 2004-2005~~
8 ~~will exceed expenditures under this section for 2004-2005, then for~~
9 ~~2004-2005 only, for a district or intermediate district whose~~
10 ~~reimbursement for 2004-2005 would otherwise be affected by~~
11 ~~subdivision (b), subdivision (b) does not apply to the calculation~~
12 ~~of the reimbursement for that district or intermediate district and~~
13 ~~reimbursement for that district or intermediate district shall be~~
14 ~~calculated in the same manner as it was for 2003-2004. If the~~
15 ~~amount of the excess allocations under this section is not~~
16 ~~sufficient to fully fund the calculation of reimbursement to those~~
17 ~~districts and intermediate districts under this subdivision, then~~
18 ~~the calculations and resulting reimbursement under this subdivision~~
19 ~~shall be prorated on an equal percentage basis.~~

20 (C) ~~(d)~~ Reimbursement for ancillary and other related
21 services, as defined by R 340.1701c of the Michigan administrative
22 code, shall not be provided when those services are covered by and
23 available through private group health insurance carriers or
24 federal reimbursed program sources unless the department and
25 district or intermediate district agree otherwise and that
26 agreement is approved by the state budget director. Expenses, other
27 than the incidental expense of filing, shall not be borne by the

1 parent. In addition, the filing of claims shall not delay the
2 education of a pupil. A district or intermediate district shall be
3 responsible for payment of a deductible amount and for an advance
4 payment required until the time a claim is paid.

5 (8) From the allocation in subsection (1), there is allocated
6 each fiscal year ~~for 2004-2005 and for 2005-2006~~ **AND FOR 2006-2007**
7 an amount not to exceed \$15,313,900.00 to intermediate districts.
8 The payment under this subsection to each intermediate district
9 shall be equal to the amount of the 1996-97 allocation to the
10 intermediate district under subsection (6) of this section as in
11 effect for 1996-97.

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

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

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

1 state treasury to the credit of the state school aid fund.

2 (12) From the funds allocated in subsection (1), there is
3 allocated each fiscal year ~~for 2004-2005 and for 2005-2006~~ **AND FOR**
4 **2006-2007** the amount necessary, estimated at ~~\$7,000,000.00 for~~
5 ~~2004-2005 and \$6,600,000.00~~ **\$6,500,000.00** for 2005-2006 **AND**
6 **\$6,800,000.00 FOR 2006-2007**, to pay the foundation allowances for
7 pupils described in this subsection. The allocation to a district
8 under this subsection shall be calculated by multiplying the number
9 of pupils described in this subsection who are counted in
10 membership in the district times the sum of the foundation
11 allowance under section 20 of the pupil's district of residence
12 plus the amount of the district's per pupil allocation under
13 section 20j(2), not to exceed \$6,500.00 adjusted by the dollar
14 amount of the difference between the basic foundation allowance
15 under section 20 for the current fiscal year and \$5,000.00 minus
16 \$200.00, or, for a pupil described in this subsection who is
17 counted in membership in a district that is a public school academy
18 or university school, times an amount equal to the amount per
19 membership pupil under section 20(6). The allocation to an
20 intermediate district under this subsection shall be calculated in
21 the same manner as for a district, using the foundation allowance
22 under section 20 of the pupil's district of residence, not to
23 exceed \$6,500.00 adjusted by the dollar amount of the difference
24 between the basic foundation allowance under section 20 for the
25 current fiscal year and \$5,000.00 minus \$200.00, and that
26 district's per pupil allocation under section 20j(2). This
27 subsection applies to all of the following pupils:

1 (a) Pupils described in section 53a.

2 (b) Pupils counted in membership in an intermediate district
3 who are not special education pupils and are served by the
4 intermediate district in a juvenile detention or child caring
5 facility.

6 (c) Emotionally impaired pupils counted in membership by an
7 intermediate district and provided educational services by the
8 department of community health.

9 (13) After payments under subsections (2) and (12) and section
10 51c, the remaining expenditures from the allocation in subsection
11 (1) shall be made in the following order:

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

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

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

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

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

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

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

23 Sec. 51c. As required by the court in the consolidated cases
24 known as Durant v State of Michigan, Michigan supreme court docket
25 no. 104458-104492, from the allocation under section 51a(1), there
26 is allocated each fiscal year ~~for 2004-2005 and for 2005-2006~~ **AND**
27 **FOR 2006-2007** the amount necessary, estimated at ~~\$642,000,000.00~~

1 ~~for 2004-2005 and \$690,200,000.00~~ **\$665,300,000.00** for 2005-2006 **AND**
 2 **\$706,800,000.00 FOR 2006-2007**, for payments to reimburse districts
 3 for 28.6138% of total approved costs of special education excluding
 4 costs reimbursed under section 53a, and 70.4165% of total approved
 5 costs of special education transportation. Funds allocated under
 6 this section that are not expended in the state fiscal year for
 7 which they were allocated, as determined by the department, may be
 8 used to supplement the allocations under sections 22a and 22b in
 9 order to fully fund those calculated allocations for the same
 10 fiscal year.

11 Sec. 51d. (1) From the federal funds appropriated in section
 12 11, there is allocated for ~~2005-2006~~ **2006-2007** all available
 13 federal funding, estimated at ~~\$65,000,000.00,~~ **\$74,000,000.00** for
 14 special education programs that are funded by federal grants. All
 15 federal funds allocated under this section shall be distributed in
 16 accordance with federal law. Notwithstanding section 17b, payments
 17 of federal funds to districts, intermediate districts, and other
 18 eligible entities under this section shall be paid on a schedule
 19 determined by the department.

20 (2) From the federal funds allocated under subsection (1), the
 21 following amounts are allocated for ~~2005-2006~~ **2006-2007**:

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

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

1 (c) An amount estimated at ~~\$36,000,000.00~~ **\$45,000,000.00** for
2 special education programs funded by DED-OSERS, handicapped
3 program, individuals with disabilities act funds.

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

7 Sec. 53a. (1) For districts, reimbursement for pupils
8 described in subsection (2) shall be 100% of the total approved
9 costs of operating special education programs and services approved
10 by the department and included in the intermediate district plan
11 adopted pursuant to article 3 of the revised school code, MCL
12 380.1701 to 380.1766, minus the district's foundation allowance
13 calculated under section 20, and minus the amount calculated for
14 the district under section 20j. For intermediate districts,
15 reimbursement for pupils described in ~~section~~ **SUBSECTION** (2) shall
16 be calculated in the same manner as for a district, using the
17 foundation allowance under section 20 of the pupil's district of
18 residence, not to exceed \$6,500.00 adjusted by the dollar amount of
19 the difference between the basic foundation allowance under section
20 20 for the current fiscal year and \$5,000.00, minus \$200.00, and
21 under section 20j.

22 (2) Reimbursement under subsection (1) is for the following special
23 education pupils:

24 (a) Pupils assigned to a district or intermediate district
25 through the community placement program of the courts or a state
26 agency, if the pupil was a resident of another intermediate
27 district at the time the pupil came under the jurisdiction of the

1 court or a state agency.

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

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

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

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

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

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

22 (5) Not more than \$12,800,000.00 of the allocation for ~~2005-~~
23 ~~2006~~ **2006-2007** in section 51a(1) shall be allocated under this
24 section.

25 Sec. 54. ~~In addition to the aid received under section 52,~~
26 ~~each~~ **EACH** intermediate district shall receive an amount per pupil
27 for each pupil in attendance at the Michigan schools for the deaf

1 and blind. The amount shall be proportionate to the total
2 instructional cost at each school. Not more than \$1,688,000.00 of
3 the allocation for ~~2005-2006~~ **2006-2007** in section 51a(1) shall be
4 allocated under this section.

5 Sec. 54a. From the state school aid fund money appropriated in
6 section 11, there is allocated an amount not to exceed \$250,000.00
7 for ~~2005-2006~~ **2006-2007** to the lending library located at central
8 michigan university from which districts and intermediate districts
9 can borrow assessment materials designed specifically for children
10 with severe loss of vision or hearing, severe cognitive or motor
11 disabilities, or multiple disabilities and for children who require
12 the most specialized types of psychological and educational
13 assessment. The lending library shall make test assessment
14 materials available through borrowing to districts and intermediate
15 districts. The lending library shall also provide information about
16 the lending library at meetings and conferences for school
17 personnel and shall develop a website to describe the services
18 offered by the lending library. The lending library **SHALL** also
19 ~~should~~ mail information about the services offered by the lending
20 library to all districts and intermediate districts.

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

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

26 (b) "Millage levied" means the millage levied for special
27 education pursuant to part 30 of the revised school code, MCL

1 380.1711 to 380.1743, including a levy for debt service
2 obligations.

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

9 (2) From the allocation under section 51a(1), there is
10 allocated **FOR EACH FISCAL YEAR** an amount not to exceed
11 \$36,881,100.00 for 2005-2006 **AND 2006-2007** to reimburse
12 intermediate districts levying millages for special education
13 pursuant to part 30 of the revised school code, MCL 380.1711 to
14 380.1743. The purpose, use, and expenditure of the reimbursement
15 shall be limited as if the funds were generated by these millages
16 and governed by the intermediate district plan adopted pursuant to
17 article 3 of the revised school code, MCL 380.1701 to 380.1766. As
18 a condition of receiving funds under this section, an intermediate
19 district distributing any portion of special education millage
20 funds to its constituent districts shall submit for departmental
21 approval and implement a distribution plan.

22 (3) Reimbursement for those millages levied in 2004-2005 shall
23 be made in 2005-2006 at an amount per 2004-2005 membership pupil
24 computed by subtracting from ~~\$142,100.00~~ **\$142,900.00** the 2004-2005
25 taxable value behind each membership pupil and multiplying the
26 resulting difference by the 2004-2005 millage levied. **REIMBURSEMENT**
27 **FOR THOSE MILLAGES LEVIED IN 2005-2006 SHALL BE MADE IN 2006-2007**

1 AT AN AMOUNT PER 2005-2006 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING
2 FROM \$150,900.00 THE 2005-2006 TAXABLE VALUE BEHIND EACH MEMBERSHIP
3 PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2005-2006
4 MILLAGE LEVIED.

5 Sec. 57. (1) From the appropriation in section 11, there is
6 allocated an amount not to exceed \$285,000.00 for ~~2005-2006~~ 2006-
7 2007 for grants to intermediate districts for advanced and
8 accelerated ~~students~~ PUPILS.

9 (2) To qualify for funding under this section, a grant
10 recipient shall support part of the cost of summer institutes for
11 advanced and accelerated ~~students~~ PUPILS and, to the extent the
12 funding allows, provide comprehensive programs for advanced and
13 accelerated pupils.

14 (3) Except as otherwise provided in this subsection, the
15 amount of a single grant award under this section shall not exceed
16 \$5,000.00. Intermediate districts may form a consortium, and that
17 consortium may receive a maximum grant amount of \$5,000.00 for each
18 participant intermediate district. Each intermediate district or
19 consortium must apply for grant funding by April 1, ~~2006~~ 2007 and
20 demonstrate compliance with subsection (2).

21 (4) A district, intermediate district, or consortium that
22 receives a grant under this section shall provide at least a 25%
23 match for grant money received under this section from local public
24 or private resources.

25 (5) Any unallocated grant funds may be allocated to
26 intermediate districts and consortia receiving grants under this
27 section in an equal amount per intermediate district.

1 Sec. 61a. (1) From the appropriation in section 11, there is
2 allocated an amount not to exceed \$30,000,000.00 for ~~2005-2006~~
3 **2006-2007** to reimburse on an added cost basis districts, except for
4 a district that served as the fiscal agent for a vocational
5 education consortium in the 1993-94 school year, and secondary area
6 vocational-technical education centers for secondary-level
7 vocational-technical education programs, including parenthood
8 education programs, according to rules approved by the
9 superintendent. Applications for participation in the programs
10 shall be submitted in the form prescribed by the department. The
11 department shall determine the added cost for each vocational-
12 technical program area. The allocation of added cost funds shall be
13 based on the type of vocational-technical programs provided, the
14 number of pupils enrolled, and the length of the training period
15 provided, and shall not exceed 75% of the added cost of any
16 program. With the approval of the department, the board of a
17 district maintaining a secondary vocational-technical education
18 program may offer the program for the period from the close of the
19 school year until September 1. The program shall use existing
20 facilities and shall be operated as prescribed by rules promulgated
21 by the superintendent.

22 (2) Except for a district that served as the fiscal agent for
23 a vocational education consortium in the 1993-94 school year,
24 districts and intermediate districts shall be reimbursed for local
25 vocational administration, shared time vocational administration,
26 and career education planning district vocational-technical
27 administration. The definition of what constitutes administration

1 and reimbursement shall be pursuant to guidelines adopted by the
2 superintendent. Not more than \$800,000.00 of the allocation in
3 subsection (1) shall be distributed under this subsection.

4 (3) From the allocation in subsection (1), there is allocated
5 an amount not to exceed \$388,700.00 for ~~2005-2006~~ **2006-2007** to
6 intermediate districts with constituent districts that had combined
7 state and local revenue per membership pupil in the 1994-95 state
8 fiscal year of \$6,500.00 or more, served as a fiscal agent for a
9 state board designated area vocational education center in the
10 1993-94 school year, and had an adjustment made to their 1994-95
11 combined state and local revenue per membership pupil pursuant to
12 section 20d. The payment under this subsection to the intermediate
13 district shall equal the amount of the allocation to the
14 intermediate district for 1996-97 under this subsection.

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

16 (a) "Membership" means for a particular fiscal year the total
17 membership for the immediately preceding fiscal year of the
18 intermediate district and the districts constituent to the
19 intermediate district or the total membership for the immediately
20 preceding fiscal year of the area vocational-technical program.

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

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

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

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

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

20 (2) From the appropriation in section 11, there is allocated
21 **FOR EACH FISCAL YEAR** an amount not to exceed \$9,000,000.00 for
22 2005-2006 **AND FOR 2006-2007** to reimburse intermediate districts and
23 area vocational-technical education programs established under
24 section 690(3) of the revised school code, MCL 380.690, levying
25 millages for area vocational-technical education pursuant to
26 sections 681 to 690 of the revised school code, MCL 380.681 to
27 380.690. The purpose, use, and expenditure of the reimbursement

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

2 (3) Reimbursement for the millages levied in 2004-2005 shall
3 be made in 2005-2006 at an amount per 2004-2005 membership pupil
4 computed by subtracting from ~~\$151,200.00~~ \$152,000.00 the 2004-2005
5 taxable value behind each membership pupil and multiplying the
6 resulting difference by the 2004-2005 millage levied. **REIMBURSEMENT**
7 **FOR THE MILLAGES LEVIED IN 2005-2006 SHALL BE MADE IN 2006-2007 AT**
8 **AN AMOUNT PER 2005-2006 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING**
9 **FROM \$160,300.00 THE 2005-2006 TAXABLE VALUE BEHIND EACH MEMBERSHIP**
10 **PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2005-2006**
11 **MILLAGE LEVIED.**

12 SEC. 64. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
13 ALLOCATED AN AMOUNT NOT TO EXCEED \$5,000,000.00 FOR GRANTS TO
14 INTERMEDIATE DISTRICTS OR A DISTRICT OF THE FIRST CLASS THAT ARE IN
15 CONSORTIUM WITH A COMMUNITY COLLEGE AND A HOSPITAL TO CREATE AND
16 IMPLEMENT A MIDDLE COLLEGE FOCUSED ON THE FIELD OF HEALTH SCIENCES.

17 (2) AWARDS SHALL BE MADE IN A MANNER AND FORM AS DETERMINED BY
18 THE DEPARTMENT; HOWEVER, AT A MINIMUM, ELIGIBLE CONSORTIA FUNDED
19 UNDER THIS SECTION SHALL ENSURE THE MIDDLE COLLEGE PROVIDES ALL OF
20 THE FOLLOWING:

21 (A) OUTREACH PROGRAMS TO PROVIDE INFORMATION TO MIDDLE SCHOOL
22 AND HIGH SCHOOL STUDENTS ABOUT CAREER OPPORTUNITIES IN THE HEALTH
23 SCIENCES FIELD.

24 (B) AN INDIVIDUALIZED EDUCATION PLAN FOR EACH PUPIL ENROLLED
25 IN THE PROGRAM.

26 (C) CURRICULUM THAT INCLUDES ENTRY-LEVEL COLLEGE COURSES.

27 (D) CLINICAL ROTATIONS THAT PROVIDE OPPORTUNITIES FOR PUPILS

1 TO OBSERVE CAREERS IN THE HEALTH SCIENCES.

2 (3) FOR THE PURPOSES OF THIS SECTION, "MIDDLE COLLEGE" IS
3 DEFINED AS A SERIES OF COURSES AND OTHER REQUIREMENTS AND
4 CONDITIONS ESTABLISHED BY THE CONSORTIUM THAT ALLOW A PUPIL TO
5 GRADUATE WITH A HIGH SCHOOL DIPLOMA AND A CERTIFICATE OR ASSOCIATE
6 DEGREE FROM A COMMUNITY COLLEGE.

7 SEC. 65. (1) FROM THE AMOUNT APPROPRIATED IN SECTION 11, THERE
8 IS ALLOCATED AN AMOUNT NOT TO EXCEED \$680,100.00 FOR 2006-2007 FOR
9 2 GRANTS TO DISTRICTS OR INTERMEDIATE DISTRICTS, AS DETERMINED BY
10 THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH, FOR ELIGIBLE
11 PRECOLLEGE PROGRAMS IN ENGINEERING AND THE SCIENCES.

12 (2) THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH SHALL GIVE
13 PREFERENCE IN AWARDING THE GRANTS ALLOCATED IN SUBSECTION (1) TO
14 ELIGIBLE EXISTING PRECOLLEGE PROGRAMS IN ENGINEERING AND SCIENCES
15 THAT RECEIVED FUNDS APPROPRIATED IN THE DEPARTMENT OF LABOR AND
16 ECONOMIC GROWTH BUDGET FOR SUCH PURPOSES IN 2005-2006.

17 (3) THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH SHALL SUBMIT A
18 REPORT TO THE SUBCOMMITTEES AND THE FISCAL AGENCIES BY FEBRUARY 1,
19 2007 REGARDING DROPOUT RATES, GRADE POINT AVERAGES, ENROLLMENT IN
20 SCIENCE, ENGINEERING, AND MATH-BASED CURRICULA, AND EMPLOYMENT IN
21 SCIENCE, ENGINEERING, AND MATH-BASED FIELDS FOR STUDENTS ENROLLED
22 IN THE PROGRAMS AWARDED FUNDS UNDER THIS SECTION. THE REPORT SHALL
23 CONTINUE TO EVALUATE THE EFFECTIVENESS OF THE PRECOLLEGE PROGRAMS
24 IN ENGINEERING AND SCIENCES FUNDED UNDER THIS SECTION.

25 SEC. 66. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
26 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,000,000.00 FOR GRANTS TO
27 INTERMEDIATE DISTRICTS OR CONSORTIUMS OF INTERMEDIATE DISTRICTS AND

1 COMMUNITY COLLEGES TO AID THE DEPARTMENT AND THE DEPARTMENT OF
2 LABOR AND ECONOMIC GROWTH IN IDENTIFYING EXISTING CAREER AND
3 TECHNICAL EDUCATION CURRICULA AND DEVELOPING NEW CAREER AND
4 TECHNICAL EDUCATION CURRICULA THAT INCORPORATE THE MICHIGAN MERIT
5 CORE CONTENT STANDARDS AND CREDIT REQUIREMENTS.

6 (2) GRANT APPLICATIONS SHALL BE SUBMITTED TO THE DEPARTMENT IN
7 A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT.

8 (3) CURRICULA, CLASSROOM MATERIALS, AND RELATED PROFESSIONAL
9 DEVELOPMENT DESIGNS AND MATERIALS CREATED USING THESE GRANT FUNDS
10 MUST BE MADE AVAILABLE TO ALL DISTRICTS.

11 (4) THE DEPARTMENT SHALL AWARD GRANTS TO ELIGIBLE RECIPIENTS
12 IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT; HOWEVER, THE
13 DEPARTMENT SHALL GIVE PRIORITY TO GRANT PROPOSALS THAT PROVIDE THE
14 MOST INNOVATIVE AND COST-EFFECTIVE APPROACHES TO REVOLUTIONIZING
15 CAREER AND TECHNICAL EDUCATION TO PREPARE STUDENTS FOR WORK AND
16 POSTSECONDARY EDUCATION IN THE 21ST CENTURY.

17 Sec. 74. (1) From the amount appropriated in section 11, there
18 is allocated an amount not to exceed ~~\$1,625,000.00~~ \$2,965,000.00
19 for ~~2005-2006~~ 2006-2007 for the purposes of subsections (2) and
20 ~~(3)~~. PUPIL TRANSPORTATION SAFETY PROGRAMS.

21 (2) From the allocation in subsection (1), there is allocated
22 each fiscal year the amount necessary for payments to state
23 supported colleges or universities and intermediate districts
24 providing school bus driver safety instruction or driver skills
25 road tests pursuant to sections 51 and 52 of the pupil
26 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The
27 payments shall be in an amount determined by the department not to

1 exceed 75% of the actual cost of instruction and driver
2 compensation for each public or nonpublic school bus driver
3 attending a course of instruction. For the purpose of computing
4 compensation, the hourly rate allowed each school bus driver shall
5 not exceed the hourly rate received for driving a school bus.
6 Reimbursement compensating the driver during the course of
7 instruction or driver skills road tests shall be made by the
8 department to the college or university or intermediate district
9 providing the course of instruction.

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

17 (4) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS
18 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,340,000.00 FOR 2006-2007 FOR
19 REIMBURSEMENT TO DISTRICTS AND INTERMEDIATE DISTRICTS FOR COSTS
20 ASSOCIATED WITH THE INSPECTION OF SCHOOL BUSES AND PUPIL
21 TRANSPORTATION VEHICLES BY THE DEPARTMENT OF STATE POLICE AS
22 REQUIRED UNDER SECTION 715A OF THE MICHIGAN VEHICLE CODE, 1949 PA
23 300, MCL 257.715A, AND SECTION 39 OF THE PUPIL TRANSPORTATION ACT,
24 1990 PA 187, MCL 257.1839. THE DEPARTMENT OF STATE POLICE SHALL
25 PREPARE A STATEMENT OF COSTS ATTRIBUTABLE TO EACH DISTRICT FOR
26 WHICH BUS INSPECTIONS ARE PROVIDED AND SUBMIT IT TO THE DEPARTMENT
27 AND TO EACH AFFECTED DISTRICT IN A TIME AND MANNER DETERMINED

1 JOINTLY BY THE DEPARTMENT AND THE DEPARTMENT OF STATE POLICE. THE
2 DEPARTMENT SHALL REIMBURSE EACH DISTRICT AND INTERMEDIATE DISTRICT
3 FOR COSTS DETAILED ON THE STATEMENT WITHIN 30 DAYS AFTER RECEIPT OF
4 THE STATEMENT. DISTRICTS FOR WHICH SERVICES ARE PROVIDED SHALL MAKE
5 PAYMENT IN THE AMOUNT SPECIFIED ON THE STATEMENT TO THE DEPARTMENT
6 OF STATE POLICE WITHIN 45 DAYS AFTER RECEIPT OF THE STATEMENT. THE
7 TOTAL REIMBURSEMENT OF COSTS UNDER THIS SUBSECTION SHALL NOT EXCEED
8 THE AMOUNT ALLOCATED UNDER THIS SUBSECTION.

9 Sec. 81. (1) Except as otherwise provided in this section,
10 from the appropriation in section 11, there is allocated for ~~2005-~~
11 ~~2006~~ 2006-2007 to the intermediate districts the sum necessary, but
12 not to exceed ~~\$77,702,100.00~~ \$80,455,500.00, to provide state aid
13 to intermediate districts under this section. Except as otherwise
14 provided in this section, there shall be allocated to each
15 intermediate district for ~~2005-2006~~ 2006-2007 an amount equal to
16 ~~100.0%~~ 102.9% of the amount appropriated under this subsection for
17 ~~2004-2005, excluding the portion that was allocated for the~~
18 ~~purposes of section 32j.~~ 2005-2006. Funding provided under this
19 section shall be used to comply with requirements of this act and
20 the revised school code that are applicable to intermediate
21 districts, and for which funding is not provided elsewhere in this
22 act, and to provide technical assistance to districts as authorized
23 by the intermediate school board.

24 (2) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
25 AN AMOUNT NOT TO EXCEED \$500,000.00 FOR 2006-2007 FOR PAYMENTS TO
26 INTERMEDIATE DISTRICTS FOR PURPOSES OF THIS SUBSECTION.
27 INTERMEDIATE DISTRICTS RECEIVING FUNDS UNDER THIS SECTION SHALL

1 COLLABORATE WITH THE DEPARTMENT TO DEVELOP EXPANDED PROFESSIONAL
2 DEVELOPMENT OPPORTUNITIES FOR TEACHERS TO UPDATE AND EXPAND THEIR
3 KNOWLEDGE AND SKILLS NEEDED TO SUPPORT THE MICHIGAN MERIT CORE
4 CONTENT STANDARDS AND CREDIT REQUIREMENTS.

5 (3) ~~(2)~~ From the allocation in subsection (1), there is
6 allocated to an intermediate district, formed by the consolidation
7 or annexation of 2 or more intermediate districts or the attachment
8 of a total intermediate district to another intermediate school
9 district or the annexation of all of the constituent K-12 districts
10 of a previously existing intermediate school district which has
11 disorganized, an additional allotment of \$3,500.00 each fiscal year
12 for each intermediate district included in the new intermediate
13 district for 3 years following consolidation, annexation, or
14 attachment.

15 (4) ~~(3)~~ During a fiscal year, the department shall not
16 increase an intermediate district's allocation under subsection (1)
17 because of an adjustment made by the department during the fiscal
18 year in the intermediate district's taxable value for a prior year.
19 Instead, the department shall report the adjustment and the
20 estimated amount of the increase to the house and senate fiscal
21 agencies and the state budget director not later than June 1 of the
22 fiscal year, and the legislature shall appropriate money for the
23 adjustment in the next succeeding fiscal year.

24 (5) ~~(4)~~ In order to receive funding under this section, an
25 intermediate district shall demonstrate to the satisfaction of the
26 department that the intermediate district employs at least 1 person
27 who is trained in pupil counting procedures, rules, and

1 regulations.

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

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

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

10 (c) Establish procedures to ensure the validity and
11 reliability of the data and the collection process.

12 (d) Develop state and model local data collection policies,
13 including, but not limited to, policies that ensure the privacy of
14 individual student data. State privacy policies shall ensure that
15 student social security numbers are not released to the public for
16 any purpose.

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

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

22 (g) Assist all entities receiving funds under this act in
23 complying with audits performed according to generally accepted
24 accounting procedures.

25 (h) Other functions as assigned by the state budget director.

26 (2) Each state department, officer, or agency that collects
27 information from districts or intermediate districts as required

1 under state or federal law shall make arrangements with the center,
2 and with the districts or intermediate districts, to have the
3 center collect the information and to provide it to the department,
4 officer, or agency as necessary. To the extent that it does not
5 cause financial hardship, the center shall arrange to collect the
6 information in a manner that allows electronic submission of the
7 information to the center. Each affected state department, officer,
8 or agency shall provide the center with any details necessary for
9 the center to collect information as provided under this
10 subsection. This subsection does not apply to information collected
11 by the department of treasury under the uniform budgeting and
12 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised
13 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; 1961
14 PA 108, MCL 388.951 to 388.963; or section 1351a of the revised
15 school code, MCL 380.1351a.

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

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

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

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

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

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

25 (f) Three representatives from intermediate school districts.

26 (g) One representative from each of the following educational
27 organizations:

1 (i) Michigan association of school boards.

2 (ii) Michigan association of school administrators.

3 (iii) Michigan school business officials.

4 (h) One representative representing private sector firms
5 responsible for auditing school records.

6 (i) Other representatives as the state budget director
7 determines are necessary.

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

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

15 (b) Defining the roles of all stakeholders in the data
16 collection system.

17 (c) Recommending timelines for the implementation and ongoing
18 collection of data.

19 (d) Establishing and maintaining data definitions, data
20 transmission protocols, and system specifications and procedures
21 for the efficient and accurate transmission and collection of data.

22 (e) Establishing and maintaining a process for ensuring the
23 accuracy of the data.

24 (f) Establishing and maintaining state and model local
25 policies related to data collection, including, but not limited to,
26 privacy policies related to individual student data.

27 (g) Ensuring the data is made available to state and local

1 policymakers and citizens of this state in the most useful format
2 possible.

3 (h) Other matters as determined by the state budget director
4 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, there
8 is allocated an amount not to exceed ~~\$2,000,000.00~~ **\$4,500,000.00**
9 for ~~2005-2006~~ **2006-2007** to the department of management and budget

10 to support the operations of the center **AND THE DEVELOPMENT AND**
11 **IMPLEMENTATION OF A COMPREHENSIVE DATA MANAGEMENT AND STUDENT**

12 **TRACKING SYSTEM.** The center shall cooperate with the state
13 education agency to ensure that this state is in compliance with
14 federal law and is maximizing opportunities for increased federal
15 funding to improve education in this state. In addition, from the
16 federal funds appropriated in section 11 for ~~2005-2006~~ **2006-2007**,
17 there is allocated the amount necessary, estimated at \$3,543,200.00
18 in order to fulfill federal reporting requirements+.

19 ~~—— (a) An amount not to exceed \$839,000.00 funded from DED OESE,~~
20 ~~title I, disadvantaged children funds.~~

21 ~~—— (b) An amount not to exceed \$55,700.00 funded from DED OESE,~~
22 ~~title I, reading first state grant funds.~~

23 ~~—— (c) An amount not to exceed \$47,000.00 funded from DED OESE,~~
24 ~~title I, migrant education funds.~~

25 ~~—— (d) An amount not to exceed \$285,000.00 funded from DED OESE,~~
26 ~~improving teacher quality funds.~~

27 ~~—— (e) An amount not to exceed \$73,000.00 funded from DED OESE,~~

~~drug free schools and communities funds.~~

~~—— (f) An amount not to exceed \$150,000.00 funded under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 USC 1411 to 1419.~~

~~—— (g) An amount not to exceed \$13,500.00 for data collection systems, funded from DED-NCES, common core data funds.~~

~~—— (h) An amount not to exceed \$400,000.00 for the collection and dissemination of state assessment data, funded from DED-OESE, title VI, state assessments funds.~~

~~—— (i) An amount not to exceed \$80,000.00 for data collection systems, funded from DED-NCES, task award funds.~~

~~—— (j) An amount not to exceed \$100,000.00 for data collection systems development funded from DED-NCES, performance based data management initiative.~~

(7) ~~(k)~~ **FROM THE GENERAL FUND ALLOCATION IN SUBSECTION (6), An**
THERE IS ALLOCATED FOR 2006-2007 AN AMOUNT NOT TO EXCEED
\$2,500,000.00 ~~amount not to exceed \$1,500,000.00~~ to support the
 development and implementation of a comprehensive K-12 **LONGITUDINAL**
EDUCATIONAL data management and student tracking system. ~~7~~ **IN**
ADDITION, FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (6), THERE
IS ALLOCATED FOR 2006-2007, AN AMOUNT NOT TO EXCEED \$1,500,000.00,
 funded from the competitive grants of DED-OESE, title II,
 educational technology funds **FOR THE PURPOSES OF THIS SUBSECTION.**
 Not later than November 30, 2005, **2006**, the department shall award
 a single grant to an eligible partnership that includes an
 intermediate district with at least 1 high-need local school
 district and the center.

1 ~~(7) If the center, in partnership with the department,~~
2 ~~receives a federal grant appropriated in the department's budget to~~
3 ~~support the development and implementation of a comprehensive data~~
4 ~~management and pupil tracking system, the center shall first expend~~
5 ~~those funds before expending funds allocated under this section.~~

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

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

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

21 (11) As used in this section:

22 ~~(a) "DED-NCES" means the United States department of education~~
23 ~~national center for education statistics.~~

24 **(A)** ~~(b)~~ "DED-OESE" means the United States department of
25 education office of elementary and secondary education.

26 **(B)** ~~(c)~~ "High-need local school district" means a local
27 educational agency as defined in the enhancing education through

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

3 (C) ~~(d)~~ "State education agency" means the department.

4 Sec. 98. (1) From the **STATE SCHOOL AID FUND MONEY APPROPRIATED**
5 **IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
6 **\$525,000.00 FOR 2006-2007 AND FROM THE** general fund money
7 appropriated in section 11, there is allocated an amount not to
8 exceed ~~\$1,750,000.00~~ **\$2,750,000.00** for ~~2005-2006~~ **2006-2007** to
9 provide a grant to the Michigan virtual university for the
10 development, implementation, and operation of the Michigan virtual
11 high school; **TO PROVIDE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR**
12 **EDUCATORS;** and to fund other purposes described in this section. In
13 addition, from the federal funds appropriated in section 11, there
14 is allocated for ~~2005-2006~~ **2006-2007** an amount estimated at
15 ~~\$2,250,000.00 from DED OESE, title II, improving teacher quality~~
16 ~~funds.~~ **\$3,250,000.00.**

17 (2) The Michigan virtual high school shall have the following
18 goals:

19 (a) Significantly expand curricular offerings for high schools
20 across this state through agreements with districts or licenses
21 from other recognized providers. The Michigan virtual high school
22 shall explore options for providing rigorous civics curricula
23 online.

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

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

3 ~~—— (d) Offer teachers opportunities to learn new skills and~~
4 ~~strategies for developing and delivering instructional services.~~

5 ~~—— (e) Accelerate this state's ability to respond to current and~~
6 ~~emerging educational demands.~~

7 (D) PROVIDE ONLINE TEST PREPARATION RESOURCES FOR PUPILS.

8 (E) ~~(f)~~ Grant high school diplomas through a dual enrollment
9 method with districts.

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

14 (3) FROM THE GENERAL FUND MONEY ALLOCATED IN SUBSECTION (1),
15 AN AMOUNT ESTIMATED AT, BUT NOT TO EXCEED \$1,000,000.00 SHALL BE
16 USED BY THE MICHIGAN VIRTUAL HIGH SCHOOL TO PROVIDE ONLINE TEST
17 PREPARATION RESOURCES FOR ALL MICHIGAN HIGH SCHOOL PUPILS USING
18 WEB-BASED TOOLS THAT ALIGN WITH THE MICHIGAN MERIT EXAM
19 REQUIREMENTS, INCLUDING THE ACT AND THE REVISED MEAP EXAM. THESE
20 RESOURCES SHALL INCLUDE THE FOLLOWING:

21 (A) PRACTICE TEST OPPORTUNITIES FOR STUDENTS.

22 (B) INFORMATION ON EFFECTIVE TEST TAKING STRATEGIES.

23 (C) DIAGNOSTIC TOOLS TO IDENTIFY STUDENT LEARNING GAPS.

24 (D) SELF-PACED ONLINE INSTRUCTIONAL TUTORIALS.

25 (E) ELECTRONIC REPORTS THAT PROVIDE FEEDBACK FOR STUDENTS AND
26 SCHOOL PERSONNEL.

27 (4) ~~(3)~~ The Michigan virtual high school course offerings

1 shall include, but are not limited to, all of the following:

2 (a) Information technology courses.

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

5 (c) Courses and dual enrollment opportunities.

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

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

9 (f) Special interest courses.

10 (g) Professional development programs and services for
11 teachers.

12 (5) ~~(4)~~ FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (1),
13 THERE IS ALLOCATED FOR 2006-2007 AN AMOUNT ESTIMATED AT
14 \$2,250,000.00 FROM DED-OESE, TITLE II, IMPROVING TEACHER QUALITY
15 FUNDS FOR A GRANT TO THE MICHIGAN VIRTUAL UNIVERSITY FOR THE
16 PURPOSE OF THIS SUBSECTION. The state education agency shall sign a
17 memorandum of understanding with the Michigan virtual university
18 regarding the DED-OESE, title II, improving teacher quality funds
19 as provided under this subsection. The memorandum of understanding
20 under this subsection shall require that the Michigan virtual
21 university coordinate the following activities related to DED-OESE,
22 title II, improving teacher quality funds in accordance with
23 federal law:

24 (a) Develop, and assist districts in the development and use
25 of, proven, innovative strategies to deliver intensive professional
26 development programs that are both cost-effective and easily
27 accessible, such as strategies that involve delivery through the

1 use of technology, peer networks, and distance learning.

2 (b) Encourage and support the training of teachers and
3 administrators to effectively integrate technology into curricula
4 and instruction.

5 (c) Coordinate the activities of eligible partnerships that
6 include higher education institutions for the purposes of providing
7 professional development activities for teachers,
8 paraprofessionals, and principals as defined in federal law.

9 (D) OFFER TEACHERS OPPORTUNITIES TO LEARN NEW SKILLS AND
10 STRATEGIES FOR DEVELOPING AND DELIVERING INSTRUCTIONAL SERVICES.

11 (E) PROVIDE ONLINE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR
12 EDUCATORS TO UPDATE AND EXPAND KNOWLEDGE AND SKILLS NEEDED TO
13 SUPPORT THE MICHIGAN MERIT CORE CONTENT STANDARDS AND CREDIT
14 REQUIREMENTS.

15 ~~—— (5) If a home schooled or nonpublic school student is a~~
16 ~~resident of a district that subscribes to services provided by the~~
17 ~~Michigan virtual high school, the student may use the services~~
18 ~~provided by the Michigan virtual high school to the district~~
19 ~~without charge to the student beyond what is charged to a district~~
20 ~~pupil using the same services.~~

21 ~~—— (6) From the allocations in subsection (1), the amount~~
22 ~~necessary, not to exceed \$1,250,000.00, shall be used to provide~~
23 ~~online professional development for classroom teachers. This~~
24 ~~allocation is intended to be for the last of 3 years. These funds~~
25 ~~may be used for designing and building courses, marketing and~~
26 ~~outreach, workshops and evaluation, content acquisition, technical~~
27 ~~assistance, project management, and customer support. The Michigan~~

~~virtual university shall offer at least 5 hours of online professional development for classroom teachers under this section each fiscal year beginning in 2004-2005 without charge to the teachers or to districts or intermediate districts.~~

(6) ~~(7)~~ THE MICHIGAN VIRTUAL UNIVERSITY SHALL OFFER AT LEAST 200 HOURS OF ONLINE PROFESSIONAL DEVELOPMENT FOR CLASSROOM TEACHERS UNDER THIS SECTION EACH FISCAL YEAR BEGINNING IN 2006-2007 WITHOUT CHARGE TO THE TEACHERS OR TO DISTRICTS OR INTERMEDIATE DISTRICTS. A

district or intermediate district may require a full-time teacher to participate in at least 5 hours of online professional development provided by the Michigan virtual university under subsection ~~(6)~~ (5). Five hours of this professional development shall be considered to be part of the 51 hours allowed to be counted as hours of pupil instruction under section 101(10).

(7) ~~(8)~~ In addition to the other funds allocated under this section, from FROM the federal funds appropriated in section 11, SUBSECTION (1), there is allocated for 2005-2006 2006-2007 an amount estimated at \$1,000,000.00 from the DED-OESE, title II, educational technology grant funds to support e-learning and virtual school initiatives consistent with the goals contained in the United States national educational technology plan issued in January 2005. NOT LATER THAN NOVEMBER 30, 2006, FROM THE FUNDS ALLOCATED IN THIS SUBSECTION, THE DEPARTMENT SHALL AWARD A SINGLE GRANT OF \$1,000,000.00 TO A CONSORTIUM OR PARTNERSHIP ESTABLISHED BY THE MICHIGAN VIRTUAL UNIVERSITY THAT MEETS THE REQUIREMENTS OF THIS SUBSECTION. TO BE ELIGIBLE FOR THIS FUNDING, A CONSORTIUM OR PARTNERSHIP ESTABLISHED BY THE MICHIGAN VIRTUAL UNIVERSITY SHALL

1 INCLUDE AT LEAST 1 INTERMEDIATE DISTRICT AND AT LEAST 1 HIGH-NEED
2 LOCAL DISTRICT.

3 (A) AN ELIGIBLE CONSORTIUM OR PARTNERSHIP MUST DEMONSTRATE THE
4 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 ONLINE
8 K-12 COURSE CONTENT.

9 (iii) EXPERIENCE IN MAINTAINING A STATEWIDE HELP DESK SERVICE
10 FOR PUPILS, ONLINE TEACHERS, AND OTHER SCHOOL PERSONNEL.

11 (iv) KNOWLEDGE AND EXPERIENCE IN PROVIDING TECHNICAL ASSISTANCE
12 AND SUPPORT TO K-12 SCHOOLS IN THE AREA OF ONLINE EDUCATION.

13 (v) EXPERIENCE IN TRAINING AND SUPPORTING K-12 EDUCATORS IN
14 THIS STATE TO TEACH ONLINE COURSES.

15 (vi) DEMONSTRATED TECHNICAL EXPERTISE AND CAPACITY IN MANAGING
16 COMPLEX TECHNOLOGY SYSTEMS.

17 (vii) EXPERIENCE PROMOTING TWENTY-FIRST CENTURY LEARNING SKILLS
18 THROUGH THE USE OF ONLINE TECHNOLOGIES.

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

22 (i) ~~(a)~~ Examine the curricular and specific course content
23 needs of middle and high school ~~students~~ PUPILS in the areas of
24 mathematics and science.

25 (ii) ~~(b)~~ Design, develop, and acquire online courses and
26 related supplemental resources aligned to state standards to create
27 a comprehensive and rigorous statewide catalog of online courses

1 and instructional services.

2 *(iii)* ~~(e)~~ Conduct a demonstration pilot to promote new and
3 innovative online courses and instructional services.

4 *(iv)* ~~(d)~~ Evaluate existing online teaching and learning
5 practices and develop continuous improvement strategies to enhance
6 student **PUPIL** achievement.

7 *(v)* ~~(e)~~ Develop, support, and maintain the technology
8 infrastructure and related software required to deliver online
9 courses and instructional services to students **PUPILS** statewide.

10 ~~—— (f) Begin to develop a web-based practice assessment and~~
11 ~~classroom remediation program that includes reading, mathematics,~~
12 ~~social science, and science for pupils in grades 3 to 8. The~~
13 ~~Michigan virtual high school may contract with an outside provider~~
14 ~~to provide the services under this subdivision. The program must~~
15 ~~meet all of the following:~~

16 ~~—— (i) Have the ability to register pupils online.~~

17 ~~—— (ii) Be accessible on the internet.~~

18 ~~—— (iii) Provide test results immediately upon completion of the~~
19 ~~test.~~

20 ~~—— (iv) Provide remedial services by linking to textbooks in the~~
21 ~~classroom.~~

22 ~~—— (v) Provide results that are reported to the district~~
23 ~~superintendent, the school principal, and the department and are~~
24 ~~made available to parents, and that are tracked by pupil,~~
25 ~~classroom, school, and district.~~

26 ~~—— (9) Not later than November 30, 2005, from the funds allocated~~
27 ~~in subsection (8), the department shall award a single grant of~~

~~\$1,000,000.00 to a consortium or partnership established by the Michigan virtual university that meets the requirements of this section. To be eligible for this funding, a consortium or partnership established by the Michigan virtual university shall include at least 1 intermediate district and at least 1 high-need local district. An eligible consortium or partnership must demonstrate the following:~~

~~—— (a) Prior success in delivering online courses and instructional services to K-12 students throughout this state.~~

~~—— (b) Expertise in designing, developing, and evaluating online K-12 course content.~~

~~—— (c) Experience in maintaining a statewide help desk service for students, online teachers, and other school personnel.~~

~~—— (d) Knowledge and experience in providing technical assistance and support to K-12 schools in the area of online education.~~

~~—— (e) Experience in training and supporting K-12 educators in this state to teach online courses.~~

~~—— (f) Demonstrated technical expertise and capacity in managing complex technology systems.~~

~~—— (g) Experience promoting twenty-first century learning skills through the innovative use of online technologies.~~

(8) FROM THE STATE SCHOOL AID ALLOCATION IN SUBSECTION (1), AN AMOUNT NOT TO EXCEED \$525,000.00 SHALL BE AWARDED AS A SINGLE GRANT TO AN INTERMEDIATE DISTRICT WORKING IN PARTNERSHIP WITH THE MICHIGAN VIRTUAL HIGH SCHOOL FOR A STATEWIDE LICENSE FOR MY DREAM EXPLORER, A CAREER EXPLORATION AND PLANNING TOOL, TO BE MADE AVAILABLE TO ALL PUPILS AT NO COST.

1 (9) IF A HOME-SCHOOLED OR NONPUBLIC SCHOOL STUDENT IS A
2 RESIDENT OF A DISTRICT THAT SUBSCRIBES TO SERVICES PROVIDED BY THE
3 MICHIGAN VIRTUAL HIGH SCHOOL, THE STUDENT MAY USE THE SERVICES
4 PROVIDED BY THE MICHIGAN VIRTUAL HIGH SCHOOL TO THE DISTRICT
5 WITHOUT CHARGE TO THE STUDENT BEYOND WHAT IS CHARGED TO A DISTRICT
6 PUPIL USING THE SAME SERVICES.

7 (10) As used in this section:

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

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

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

14 Sec. 98b. (1) From the federal funds appropriated in section
15 11 there is allocated for ~~2005-2006~~ **2006-2007** an amount ~~not to~~
16 ~~exceed \$2,500,000.00 from the competitive grants of DED-OESE, title~~
17 ~~II, educational technology grants funds, and an amount not to~~
18 ~~exceed~~ **ESTIMATED AT** \$3,000,000.00 from funds carried forward from
19 ~~2003-2004~~ **2005-2006** from unexpended DED-OESE, title II, educational
20 technology grants funds, for the freedom to learn program described
21 in this section.

22 (2) The allocations in subsection (1) shall be used to
23 develop, implement, and operate the freedom to learn program and
24 make program grants. The goal of the program is to achieve one-to-
25 one access to wireless technology for K-12 pupils through statewide
26 and local public-private partnerships. To implement the program,
27 the state education agency shall sign a memorandum of understanding

1 with Ferris state university that provides for joint administration
2 of program grants under this subsection and authorizes the creation
3 of an independent institute. If sufficient private funds are
4 obtained for this purpose, Ferris state university shall create an
5 independent institute to assume responsibility for the freedom to
6 learn program and to use the allocations in subsection (1) and any
7 funds from alternative sources to do all of the following:

8 (a) Carry out all goals and activities of the freedom to learn
9 program described in this section.

10 (b) Establish itself as a national leadership organization in
11 1-to-1 research, development, and mentoring.

12 (c) Garner new public and private resources for school
13 participation in the freedom to learn program and other 1-to-1
14 learning programs.

15 (3) Ferris state university and the state education agency
16 shall make grants to districts as described in this section. In
17 awarding the grants, Ferris state university and the state
18 education agency shall give priority to applications that
19 demonstrate that the district's program will meet all of the
20 following:

21 (a) Will be ready for immediate implementation and will have
22 begun professional development on technology integration in the
23 classroom.

24 (b) Will utilize state structure and resources for
25 professional development, as coordinated by Ferris state
26 university.

27 (c) Will opt to participate in the statewide partnership

1 described in subsection (10) or will participate in an approved
2 alternative 1-to-1 deployment described in subsection (11).

3 (d) Will agree to participate in the program and its
4 professional development and evaluation components for 4 years.

5 (4) The amount of program grants to districts is estimated at
6 \$250.00 per pupil in membership in grade 6 in ~~2005-2006~~ **2006-2007**,
7 or in another grade allowed in this section, or per grade 6 teacher
8 if the funding is awarded in a ratio of at least 20 pupils funded
9 for each teacher funded. The state education agency and Ferris
10 state university shall establish grant criteria that maximize the
11 distribution of federal funds to achieve the \$250.00 per pupil or
12 teacher in districts that qualify for federal funds. To qualify for
13 a grant under this section, a district shall submit an application
14 to the state education agency and Ferris state university and
15 complete the application process established by the state education
16 agency and Ferris state university. The application shall include
17 at least all of the following:

18 (a) If the district is applying for federal funds, how the
19 district will meet the requirements of the competitive grants under
20 DED-OESE, title II, part D.

21 (b) How the district will provide the opportunity for each
22 pupil in membership in grade 6 to receive a wireless computing
23 device. If the district has already achieved one-to-one wireless
24 access in grade 6 or if the district's school building grade
25 configuration makes implementation of the program for grade 6
26 impractical, the district may apply for a grant for the next
27 highest grade. If the district does not have a grade 6 or higher,

1 the district may apply for funding for the next lowest grade level.
2 If the district operates 1 or more schools that are not meeting
3 adequate yearly progress, as determined by the department, and that
4 contain grade 6, the district may apply for funding for a school
5 building-wide program for 1 or more of those schools. A public
6 school academy that does not offer a grade higher than grade 5 may
7 apply to receive a grant under this section for pupils in the
8 highest grade offered by the public school academy.

9 (c) The district shall submit a plan describing the uses of
10 the grant funds. The plan shall describe a plan for professional
11 development on technology integration, content and curriculum, and
12 local partnerships with the other districts and representatives
13 from businesses, industry, and higher education. The plan shall
14 include at least the following:

15 (i) The academic achievement goals, which may include, but are
16 not limited to, goals related to mathematics, science, and language
17 arts.

18 (ii) The engagement goals, which may include, but are not
19 limited to, goals related to retention rates, dropout rates,
20 detentions, and suspensions.

21 (iii) The professional development goals, which may include, but
22 are not limited to, goals related to staff and teacher development
23 and performance indicators.

24 (d) A 3- to 5-year plan or funding model for increasing the
25 share that is borne locally of the expenditures for one-to-one
26 wireless access. Ferris state university shall provide districts
27 with sample local plans and funding models for the purposes of this

1 subdivision and with information on available federal and private
2 resources.

3 (e) How the district will amend its local technology plan as
4 required under state and federal law to reflect the program under
5 this section.

6 (5) A district that receives a grant under this section shall
7 provide at least a \$25.00 per pupil match for grant money received
8 under this section from local public or private resources.

9 (6) The amount of a grant under this section to a single
10 district for a fiscal year shall not exceed 25% of the total amount
11 available for grants under this section for that fiscal year.

12 (7) A district that received money under section 98 in 2002-
13 2003 for a wireless technology grant is eligible to receive a grant
14 under this section.

15 (8) The federal funding under subsection (1) shall be used
16 first to provide the grants under this subsection. A district
17 described in this subsection shall apply to Ferris state university
18 and the state education agency for a grant in the form and manner
19 prescribed by the department. An application under this section is
20 not subject to the requirements of subsection (3) if the
21 application demonstrates that the program will meet all of the
22 following:

23 (a) Will continue as a demonstration program.

24 (b) Will provide regional assistance to schools that are not
25 meeting adequate yearly progress, as determined by the department,
26 and to new grant recipients, as directed by the state education
27 agency and Ferris state university.

1 (c) Will seek to expand its existing wireless technology
2 initiatives.

3 (9) Not more than 25% of the DED-OESE, title II, educational
4 technology grants funds under subsection (1) that are allocated for
5 grants to districts that participate in the statewide public-
6 private partnership under subsection (10) may be used to provide
7 statewide professional development that will be coordinated by
8 Ferris state university.

9 (10) The department of management and budget shall maintain a
10 statewide public-private partnership to implement the program.

11 (11) A district may elect to purchase or lease wireless
12 computing devices from a vendor other than the statewide
13 partnership described in subsection (10) if Ferris state university
14 determines that the vendor meets or exceeds minimum requirements
15 and the vendor is identified in the district's grant application.
16 Districts may apply to receive additional grants of \$250.00 per
17 pupil for use in professional development activities specific to
18 the alternative deployment solution instead of the statewide
19 professional development as described under subsection (9).

20 (12) The state education agency shall sign a memorandum of
21 understanding with Ferris state university regarding DED-OESE,
22 title II, educational technology grants, as provided under this
23 subsection not later than October 1, ~~2005-~~ **2006**. Ferris state
24 university shall coordinate activities described in this subsection
25 with the freedom to learn grants described under this section. The
26 memorandum of understanding shall require that Ferris state
27 university coordinate the following state activities related to

1 DED-OESE, title II, educational technology grants in accordance
2 with federal law:

3 (a) Assist in the development of innovative strategies for the
4 delivery of specialized or rigorous academic courses and curricula
5 through the use of technology, including distance learning
6 technologies.

7 (b) Establish and support public-private initiatives for the
8 acquisition of educational technology.

9 (13) Funds allocated under this section that are not expended
10 in the state fiscal year for which they were allocated may be
11 carried forward to a subsequent state fiscal year.

12 (14) It is the intent of the legislature that all plans or
13 applications submitted by the state education agency to the United
14 States department of education relating to the distribution of
15 federal funds under this section are for the purposes described in
16 this section.

17 (15) The state education agency shall ensure that the program
18 goals and plans for the freedom to learn program are contained in
19 the state technology plan required by federal law.

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

22 (17) It is the intent of the legislature that this state will
23 seek to raise private funds for the current and future funding of
24 the freedom to learn program under this section and all of the
25 program components.

26 (18) As used in this section:

27 (a) "DED-OESE" means the United States department of education

1 office of elementary and secondary education.

2 (b) "State education agency" means the department.

3 Sec. 99. (1) From the state school aid fund money appropriated
4 in section 11, there is allocated an amount not to exceed
5 ~~\$2,416,000.00~~ **\$3,416,000.00** for ~~2005-2006~~ **2006-2007** and from the
6 general fund appropriation in section 11, there is allocated an
7 amount not to exceed \$84,000.00 for ~~2005-2006~~ **2006-2007** for
8 implementing the comprehensive master plan for mathematics and
9 science centers developed by the department and approved by the
10 state board on August 8, 2002 **AND FOR OTHER PURPOSES AS DESCRIBED**
11 **IN THIS SECTION.** In addition, from the federal funds appropriated
12 in section 11, there is allocated for ~~2005-2006~~ **2006-2007** an amount
13 estimated at \$4,456,000.00 from DED-OESE, title II, mathematics and
14 science partnership grants.

15 (2) Within a service area designated locally, approved by the
16 department, and consistent with the master plan described in
17 subsection (1), an established mathematics and science center shall
18 address 2 or more of the following 6 basic services, as described
19 in the master plan, to constituent districts and communities:
20 leadership, pupil services, curriculum support, community
21 involvement, professional development, and resource clearinghouse
22 services.

23 (3) The department shall not award a state grant under this
24 section to more than 1 mathematics and science center located in a
25 designated region as prescribed in the 2002 master plan unless each
26 of the grants serves a distinct target population or provides a
27 service that does not duplicate another program in the designated

1 region.

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

7 (5) Allocations under this section to support the activities
8 and programs of mathematics and science centers shall be continuing
9 support grants to all 33 established mathematics and science
10 centers. Each established mathematics and science center that was
11 funded in ~~2003-2004~~ **2005-2006** shall receive state funding in an
12 amount equal to the amount it received under this section for ~~2003-~~
13 ~~2004~~ **2005-2006**. If a center declines state funding or a center
14 closes, the remaining money available under this section shall be
15 distributed on a pro rata basis to the remaining centers, as
16 determined by the department.

17 **(6) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS**
18 **ALLOCATED \$1,000,000.00 IN A FORM AND MANNER DETERMINED BY THE**
19 **DEPARTMENT TO THOSE CENTERS ABLE TO PROVIDE CURRICULUM AND**
20 **PROFESSIONAL DEVELOPMENT SUPPORT TO ASSIST DISTRICTS IN**
21 **IMPLEMENTING THE MICHIGAN MERIT CORE CURRICULUM COMPONENTS FOR**
22 **MATHEMATICS AND SCIENCE.**

23 (7) ~~(6)~~ In order to receive state funds under this section, a
24 grant recipient shall allow access for the department or the
25 department's designee to audit all records related to the program
26 for which it receives such funds. The grant recipient shall
27 reimburse the state for all disallowances found in the audit.

1 (8) ~~(7)~~ Not later than September 30, 2007, the department
2 shall reevaluate and update the comprehensive master plan described
3 in subsection (1).

4 (9) ~~(8)~~ The department shall give preference in awarding the
5 federal grants allocated in subsection (1) to eligible existing
6 mathematics and science centers.

7 (10) ~~(9)~~ In order to receive state funds under this section, a
8 grant recipient shall provide at least a 10% local match from local
9 public or private resources for the funds received under this
10 section.

11 (11) ~~(10)~~ As used in this section:

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

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

15 **SEC. 99C. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
16 **ALLOCATED AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2006-2007 FOR**
17 **COMPETITIVE GRANTS TO DISTRICTS THAT PROVIDE PUPILS IN HIGH SCHOOL**
18 **WITH EXPANDED OPPORTUNITES TO IMPROVE MATHEMATICS, SCIENCE, AND**
19 **TECHNOLOGY SKILLS BY PARTICIPATING IN EVENTS HOSTED BY A SCIENCE**
20 **AND TECHNOLOGY DEVELOPMENT PROGRAM KNOWN AS FIRST (FOR INSPIRATION**
21 **AND RECOGNITION OF SCIENCE AND TECHNOLOGY) ROBOTICS COMPETITION.**

22 **(2) APPLICATIONS FOR GRANTS SHALL BE SUBMITTED IN A FORM AND**
23 **MANNER DETERMINED BY THE DEPARTMENT. ELIGIBLE APPLICATIONS MUST**
24 **HAVE ESTABLISHED A PARTNERSHIP WITH AT LEAST ONE SPONSOR, BUSINESS**
25 **ENTITY, HIGHER EDUCATION INSTITUTION, OR TECHNICAL SCHOOL.**

26 **(3) EACH GRANT RECIPIENT SHALL PROVIDE AT LEAST A 50% MATCH OF**
27 **THE COSTS OF PARTICIPATING IN AN EVENT FROM OTHER PRIVATE OR LOCAL**

1 FUNDS FOR THE FUNDS RECEIVED IN THIS SECTION.

2 (4) AWARDS SHALL BE MADE IN A MANNER DETERMINED BY THE
3 DEPARTMENT IN COLLABORATION WITH THE DEPARTMENT OF LABOR AND
4 ECONOMIC GROWTH; HOWEVER, THE DEPARTMENT SHALL SET MAXIMUM GRANT
5 AMOUNTS IN A MANNER THAT PROVIDES FOR THE HIGHEST NUMBER OF HIGH
6 SCHOOLS TO PARTICIPATE.

7 (5) FUNDS RECEIVED UNDER THIS SECTION MAY BE USED FOR EVENT
8 REGISTRATIONS, MATERIALS, TRAVEL COSTS, AND OTHER EXPENSES
9 ASSOCIATED WITH THE PREPARATION FOR AND ATTENDANCE OF FIRST
10 ROBOTICS COMPETITIONS.

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

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

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

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

10 (3) All of the following apply to the provision of pupil
11 instruction:

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

1 lost because of strikes or teachers' conferences shall not be
2 counted as days or hours of pupil instruction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 including up to 2 study halls.

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

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

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

1 purpose.

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

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

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

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

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

27 **IF THE DISTRICT DOES NOT COMPLY WITH THE TERMS OF THE WAIVER, THE**

1 AMOUNT OF THE FORFEITURE SHALL BE CALCULATED BASED UPON A
2 COMPARISON OF THE NUMBER OF HOURS ACTUALLY PROVIDED TO THE MINIMUM
3 INSTRUCTIONAL HOUR REQUIREMENT SPECIFIED IN (3).

4 (10) A district may count up to 51 hours of qualifying
5 professional development for teachers, including the 5 hours of
6 online professional development provided by the Michigan virtual
7 university under section 98, as hours of pupil instruction. A
8 district that elects to use this exception shall notify the
9 department of its election. As used in this subsection, "qualifying
10 professional development" means professional development that is
11 focused on 1 or more of the following:

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

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

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

19 (d) Maintaining teacher certification.

20 SEC. 104. (1) FROM THE STATE SCHOOL AID FUND MONEY
21 APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2006-2007 AN
22 AMOUNT NOT TO EXCEED \$19,500,000.00 FOR REIMBURSEMENT OF COSTS
23 ASSOCIATED WITH COMPLYING WITH SECTIONS 104A AND 104B OF THIS ACT,
24 SECTIONS 1279 AND 1280B OF THE REVISED SCHOOL CODE, MCL. 380.1279
25 AND MCL 380.1280B, AND 1970 PA 38, MCL 388.1081 TO 388.1086. IN
26 ADDITION, FROM THE FEDERAL FUNDS APPROPRIATED IN SECTION 11, THERE
27 IS ALLOCATED FOR 2006-2007 AN AMOUNT ESTIMATED AT \$8,425,164.00,

1 FUNDED FROM DED-OESE, TITLE VI, STATE ASSESSMENTS FUNDS FOR THE
2 PURPOSES OF COMPLYING WITH THE FEDERAL NO CHILD LEFT BEHIND ACT OF
3 2001, PUBLIC LAW 107-110.

4 (2) THE RESULTS OF EACH TEST ADMINISTERED AS PART OF THE
5 MICHIGAN EDUCATIONAL ASSESSMENT PROGRAM, INCLUDING TESTS
6 ADMINISTERED TO HIGH SCHOOL STUDENTS, SHALL INCLUDE AN ITEM
7 ANALYSIS THAT LISTS ALL ITEMS THAT ARE COUNTED FOR INDIVIDUAL
8 STUDENT SCORES AND THE PERCENTAGE OF STUDENTS CHOOSING EACH
9 POSSIBLE RESPONSE.

10 (3) ALL FEDERAL FUNDS ALLOCATED UNDER THIS SECTION SHALL BE
11 DISTRIBUTED IN ACCORDANCE WITH FEDERAL LAW AND WITH FLEXIBILITY
12 PROVISIONS OUTLINED IN PUBLIC LAW 107-116, AND IN THE EDUCATION
13 FLEXIBILITY PARTNERSHIP ACT OF 1999, PUBLIC LAW 106-25.
14 NOTWITHSTANDING SECTION 17B, PAYMENTS OF FEDERAL FUNDS TO
15 DISTRICTS, INTERMEDIATE DISTRICTS, AND OTHER ELIGIBLE ENTITIES
16 UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE
17 DEPARTMENT.

18 Sec. 107. (1) From the appropriation in section 11, there is
19 allocated an amount not to exceed ~~\$21,000,000.00~~ \$25,000,000.00 for
20 ~~2005-2006~~ 2006-2007 for adult education programs authorized under
21 this section.

22 (2) To be eligible to be a participant funded under this
23 section, a person shall be enrolled in an adult basic education
24 program, an adult English as a second language program, a general
25 educational development (G.E.D.) test preparation program, a job or
26 employment related program, or a high school completion program,
27 that meets the requirements of this section, and shall meet either

1 of the following, as applicable:

2 (a) If the individual has obtained a high school diploma or a
3 general educational development (G.E.D.) certificate, the
4 individual meets 1 of the following:

5 (i) Is less than 20 years of age on September 1 of the school
6 year and is enrolled in the state technical institute and
7 rehabilitation center.

8 (ii) Is less than 20 years of age on September 1 of the school
9 year, is not attending an institution of higher education, and is
10 enrolled in a job or employment-related program through a referral
11 by an employer.

12 (iii) Is enrolled in an English as a second language program.

13 (iv) Is enrolled in a high school completion program.

14 (b) If the individual has not obtained a high school diploma
15 or G.E.D. certificate, the individual meets 1 of the following:

16 (i) Is at least 20 years of age on September 1 of the school
17 year.

18 (ii) Is at least 16 years of age on September 1 of the school
19 year, has been permanently expelled from school under section
20 1311(2) or 1311a of the revised school code, MCL 380.1311 and
21 380.1311a, and has no appropriate alternative education program
22 available through his or her district of residence.

23 (3) Except as otherwise provided in subsection (4), the amount
24 allocated under subsection (1) shall be distributed as follows:

25 (a) For districts and consortia that received payments for
26 ~~2003-2004~~ **2005-2006** under this section, the amount allocated to
27 each for ~~2005-2006~~ **2006-2007** shall be based on the number of

1 participants served by the district or consortium for ~~2005-2006~~
2 **2006-2007**, using the amount allocated per full-time equated
3 participant under subsection (5), up to a maximum total allocation
4 under this section in an amount equal to **125.0% OF** the amount the
5 district or consortium received for ~~2003-2004~~ **2005-2006** under this
6 section before any reallocations made for ~~2003-2004~~ **2005-2006** under
7 subsection (4).

8 (b) A district or consortium that received funding in ~~2003-~~
9 ~~2004~~ **2005-2006** under this section may operate independently of a
10 consortium or join or form a consortium for ~~2005-2006~~ **2006-2007**. In
11 addition, ~~a district that had a declaration of financial emergency~~
12 ~~in place under the local government fiscal responsibility act, 1990~~
13 ~~PA 72, MCL 141.1201 to 141.1291, and for which that declaration was~~
14 ~~revoked during 2005 may operate a program under this section~~
15 ~~independently of a consortium or may join or form a consortium to~~
16 ~~operate a program under this section.~~ The allocation for ~~2005-2006~~
17 **2006-2007** to the district or the newly formed consortium under this
18 subsection shall be determined by the department of labor and
19 economic growth and shall be based on the proportion of the amounts
20 that are attributable to the district or consortium that received
21 funding in ~~2003-2004~~ or, ~~for a district for which a declaration of~~
22 ~~financial emergency was revoked during 2005, based on the amount~~
23 ~~the district received under this section using a 3-year average of~~
24 ~~the 3 most recent fiscal years the district received funding under~~
25 ~~this section.~~ **2005-2006**. A district or consortium described in this
26 subdivision shall notify the department of labor and economic
27 growth of its intention with regard to ~~2005-2006~~ **2006-2007** by

1 October 1, ~~2005~~ 2006.

2 (4) A district that operated an adult education program in
3 ~~2004-2005~~ 2005-2006 and does not intend to operate a program in
4 ~~2005-2006~~ 2006-2007 shall notify the department of labor and
5 economic growth by October 1, ~~2005~~ 2006 of its intention. The funds
6 intended to be allocated under this section to a district that does
7 not operate a program in ~~2005-2006~~ 2006-2007 and the unspent funds
8 originally allocated under this section to a district or consortium
9 that subsequently operates a program at less than the level of
10 funding allocated under subsection (3) shall instead be
11 proportionately reallocated to the other districts described in
12 subsection (3)(a) that are operating an adult education program in
13 ~~2005-2006~~ 2006-2007 under this section.

14 (5) The amount allocated under this section per full-time
15 equated participant is \$2,850.00 for a 450-hour program. The amount
16 shall be proportionately reduced for a program offering less than
17 450 hours of instruction.

18 (6) An adult basic education program or an adult English as a
19 second language program operated on a year-round or school year
20 basis may be funded under this section, subject to all of the
21 following:

22 (a) The program enrolls adults who are determined by an
23 appropriate assessment to be below ninth grade level in reading or
24 mathematics, or both, or to lack basic English proficiency.

25 (b) The program tests individuals for eligibility under
26 subdivision (a) before enrollment and tests participants to
27 determine progress after every 90 hours of attendance, using

1 assessment instruments approved by the department of labor and
2 economic growth.

3 (c) A participant in an adult basic education program is
4 eligible for reimbursement until 1 of the following occurs:

5 (i) The participant's reading and mathematics proficiency are
6 assessed at or above the ninth grade level.

7 (ii) The participant fails to show progress on 2 successive
8 assessments after having completed at least 450 hours of
9 instruction.

10 (d) A funding recipient enrolling a participant in an English
11 as a second language program is eligible for funding according to
12 subsection (10) until the participant meets 1 of the following:

13 (i) The participant is assessed as having attained basic
14 English proficiency.

15 (ii) The participant fails to show progress on 2 successive
16 assessments after having completed at least 450 hours of
17 instruction. The department of labor and economic growth shall
18 provide information to a funding recipient regarding appropriate
19 assessment instruments for this program.

20 (7) A general educational development (G.E.D.) test
21 preparation program operated on a year-round or school year basis
22 may be funded under this section, subject to all of the following:

23 (a) The program enrolls adults who do not have a high school
24 diploma.

25 (b) The program shall administer a G.E.D. pre-test approved by
26 the department of labor and economic growth before enrolling an
27 individual to determine the individual's potential for success on

1 the G.E.D. test, and shall administer other tests after every 90
2 hours of attendance to determine a participant's readiness to take
3 the G.E.D. test.

4 (c) A funding recipient shall receive funding according to
5 subsection (10) for a participant, and a participant may be
6 enrolled in the program until 1 of the following occurs:

7 (i) The participant passes the G.E.D. test.

8 (ii) The participant fails to show progress on 2 successive
9 tests used to determine readiness to take the G.E.D. test after
10 having completed at least 450 hours of instruction.

11 (8) A high school completion program operated on a year-round
12 or school year basis may be funded under this section, subject to
13 all of the following:

14 (a) The program enrolls adults who do not have a high school
15 diploma.

16 (b) A funding recipient shall receive funding according to
17 subsection (10) for a participant in a course offered under this
18 subsection until 1 of the following occurs:

19 (i) The participant passes the course and earns a high school
20 diploma.

21 (ii) The participant fails to earn credit in 2 successive
22 semesters or terms in which the participant is enrolled after
23 having completed at least 900 hours of instruction.

24 (9) A job or employment-related adult education program
25 operated on a year-round or school year basis may be funded under
26 this section, subject to all of the following:

27 (a) The program enrolls adults referred by their employer who

1 are less than 20 years of age, have a high school diploma, are
2 determined to be in need of remedial mathematics or communication
3 arts skills and are not attending an institution of higher
4 education.

5 (b) An individual may be enrolled in this program and the
6 grant recipient shall receive funding according to subsection (10)
7 until 1 of the following occurs:

8 (i) The individual achieves the requisite skills as determined
9 by appropriate assessment instruments administered at least after
10 every 90 hours of attendance.

11 (ii) The individual fails to show progress on 2 successive
12 assessments after having completed at least 450 hours of
13 instruction. The department of labor and economic growth shall
14 provide information to a funding recipient regarding appropriate
15 assessment instruments for this program.

16 (10) A funding recipient shall receive payments under this
17 section in accordance with the following:

18 (a) ~~Ninety~~ **SEVENTY-FIVE** percent for enrollment of eligible
19 participants.

20 (b) ~~Ten~~ **TWENTY-FIVE** percent for completion of the adult basic
21 education objectives by achieving an increase of at least 1 grade
22 level of proficiency in reading or mathematics; for achieving basic
23 English proficiency; for passage of the G.E.D. test; for passage of
24 a course required for a participant to attain a high school
25 diploma; or for completion of the course and demonstrated
26 proficiency in the academic skills to be learned in the course, as
27 applicable.

1 (11) As used in this section, "participant" means the sum of
2 the number of full-time equated individuals enrolled in and
3 attending a department-approved adult education program under this
4 section, using quarterly participant count days on the schedule
5 described in section 6(7)(b).

6 (12) A person who is not eligible to be a participant funded
7 under this section may receive adult education services upon the
8 payment of tuition. In addition, a person who is not eligible to be
9 served in a program under this section due to the program
10 limitations specified in subsection (6), (7), (8), or (9) may
11 continue to receive adult education services in that program upon
12 the payment of tuition. The tuition level shall be determined by
13 the local or intermediate district conducting the program.

14 (13) An individual who is an inmate in a state correctional
15 facility shall not be counted as a participant under this section.

16 (14) A district shall not commingle money received under this
17 section or from another source for adult education purposes with
18 any other funds of the district. A district receiving adult
19 education funds shall establish a separate ledger account for those
20 funds. This subsection does not prohibit a district from using
21 general funds of the district to support an adult education or
22 community education program.

23 (15) A district or intermediate district receiving funds under
24 this section may establish a sliding scale of tuition rates based
25 upon a participant's family income. A district or intermediate
26 district may charge a participant tuition to receive adult
27 education services under this section from that sliding scale of

1 tuition rates on a uniform basis. The amount of tuition charged per
2 participant shall not exceed the actual operating cost per
3 participant minus any funds received under this section per
4 participant. A district or intermediate district may not charge a
5 participant tuition under this section if the participant's income
6 is at or below 200% of the federal poverty guidelines published by
7 the United States department of health and human services.

8 Sec. 121. (1) The valuation of a whole or fractional district
9 shall be the total taxable value of the property contained in the
10 whole or fractional district as last determined by the state tax
11 commission and placed on the ad valorem tax roll. For purposes of
12 computations made under this act, except as provided in section 26,
13 the taxable value of a district or intermediate district shall
14 include the value of property used to calculate the tax imposed on
15 lessees or users of tax-exempt property under Act No. 189 of the
16 Public Acts of 1953, being sections 211.181 to 211.182 of the
17 Michigan Compiled Laws, - **AND THE VALUE OF PROPERTY USED TO**
18 **CALCULATE THE STATE PAYMENT IN LIEU OF TAX ON STATE PURCHASED**
19 **PROPERTY UNDER SECTION 2153 OF THE NATURAL RESOURCES AND**
20 **ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.2153.**

21 Adjustments to this taxable value shall be made for all of the
22 following:

23 (a) State tax tribunal decisions.

24 (b) Court decisions.

25 (c) Local board of review adjustments made after the state tax
26 commission determination.

27 (d) Lands deeded to the state for jurisdictions without

1 delinquent tax revolving funds or for jurisdictions that have
2 required repayment to the delinquent tax revolving funds.

3 (e) The requirements of this act.

4 (2) Adjustments under subsection (1) shall not be made for
5 more than the 6 state fiscal years immediately preceding the state
6 fiscal year in which the adjustment is made, except that an
7 adjustment pursuant to a state tax tribunal decision or court
8 decision shall be made for the tax years involved in the decision
9 and any subsequent years affected by the
10 decision.

11 Sec. 147. (1) The allocation for ~~2005-2006~~ **2006-2007** for the
12 public school employees' retirement system pursuant to the public
13 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
14 to 38.1408, shall be made using the entry age normal cost actuarial
15 method and risk assumptions adopted by the public school employees
16 retirement board and the department of management and budget. The
17 annual level percentage of payroll contribution rate is estimated
18 at ~~16.34%~~ **17.74%** for the ~~2005-2006~~ **2006-2007** state fiscal year. The
19 portion of the contribution rate assigned to districts and
20 intermediate districts for each fiscal year is all of the total
21 percentage points. This contribution rate reflects an amortization
22 period of ~~31~~ **30** years for ~~2005-2006~~ **2006-2007**. The public school
23 employees' retirement system board shall notify each district and
24 intermediate district by February 28 of each fiscal year of the
25 estimated contribution rate for the next fiscal year.

26 (2) It is the intent of the legislature that the amortization
27 period described in section 41(2) of the public school employees

1 retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to 30
2 years by the end of the 2005-2006 state fiscal year by reducing the
3 amortization period by not more than 1 year each fiscal year.

4 Sec. 161a. If a court determines that a person intentionally
5 violated section 411a of the Michigan penal code, 1931 PA 328, MCL
6 750.411a, by making a false report of the commission of a crime
7 described in section 6(6)~~(g)~~ **(F)** knowing the report to be false for
8 the purpose of having a pupil counted in membership in a district
9 under section 6(6)~~(g)~~ **(F)**, as part of the restitution ordered under
10 section 30 of chapter XIIIA of 1939 PA 288, MCL 712A.30, section 16,
11 44, or 76 of the crime victim's rights act, 1985 PA 87, MCL
12 780.766, 780.794, and 780.826, or section 1a of chapter IX of the
13 code of criminal procedure, 1927 PA 175, MCL 769.1a, the court may
14 order the person to pay the pupil's district of residence an amount
15 that is not more than the state school aid that district would have
16 received attributable to the pupil if the pupil had been counted in
17 membership in his or her district of residence.

18 Sec. 167. (1) The department in cooperation with the
19 department of community health shall develop plans to assist
20 districts and intermediate districts and local county health
21 departments to comply with section 1177 of the revised school code,
22 MCL 380.1177, and section 9209 of the public health code, 1978 PA
23 368, MCL 333.9209, for each school year.

24 (2) Each district or intermediate district shall report to the
25 local health department in which it is located by November 1 of
26 each fiscal year, in a manner prescribed by the department of
27 community health, the immunization status of each pupil in grades K

1 through 12 who enrolled in the district or intermediate district
2 for the first time or, beginning in 2002-2003, who enrolled in
3 grade 6 in the district or intermediate district for the first
4 time, between January 1 and September 30 of the immediately
5 preceding fiscal year. Not later than December 31 of each fiscal
6 year, the department of community health shall notify the
7 department by district or intermediate district of the percentage
8 of entering pupils and, beginning in 2002-2003, of pupils who
9 enrolled in grade 6 for the first time who do not have a completed,
10 waived, or provisional immunization record in accordance with
11 section 1177 of the revised school code, MCL 380.1177. If a
12 district or intermediate district does not have a completed,
13 waived, or provisional immunization record in accordance with
14 section 1177 of the revised school code, MCL 380.1177, for at least
15 90% of the district's or intermediate district's entering pupils,
16 as recorded in the November 1 reports required under this
17 subsection, the district or intermediate district is subject to
18 subsection (4) until the district or intermediate district has such
19 an immunization record for at least 90% of its pupils who enrolled
20 in the district or intermediate district for the first time.

21 (3) Each district or intermediate district shall again report
22 to the local health department in which it is located by February 1
23 of each fiscal year, in a manner prescribed by the department of
24 community health, the immunization status of each pupil in grades K
25 through 12 who enrolled in the district or intermediate district
26 for the first time or, beginning in 2002-2003, who enrolled in
27 grade 6 in the district or intermediate district for the first

1 time, between January 1 of the immediately preceding fiscal year
2 and December 31 of the current fiscal year. Not later than March 31
3 of each fiscal year, the department of community health shall
4 notify the department by district or intermediate district of the
5 percentage of entering pupils and, beginning in 2002-2003, of
6 pupils who enrolled in grade 6 for the first time who do not have a
7 completed, waived, or provisional immunization record in accordance
8 with section 1177 of the revised school code, MCL 380.1177. If a
9 district or intermediate district does not have a completed,
10 waived, or provisional immunization record in accordance with
11 section 1177 of the revised school code, MCL 380.1177, for at least
12 95% of the district's or intermediate district's entering pupils,
13 as recorded in the February 1 reports required under this
14 subsection, the district or intermediate district is subject to
15 subsection (4) until the district or intermediate district has such
16 an immunization record for at least 95% of its pupils who enrolled
17 in the district or intermediate district for the first time. If the
18 department of community health is not able to report to the
19 department by March 31 because a district or intermediate district
20 fails to submit a report as required in this subsection, or submits
21 an incomplete, inaccurate, or late report, the district or
22 intermediate district is subject to subsection (4) until the report
23 is submitted in a complete and accurate form.

24 (4) If a district or intermediate district does not comply
25 with this section, the department shall withhold 5% of the total
26 funds due to the district or intermediate district under this act
27 after the date the department of community health reports a

1 district's or intermediate district's noncompliance with this
2 section to the department until the district or intermediate
3 district complies with this section. If the district or
4 intermediate district does not comply with this section by the end
5 of the fiscal year, the district or intermediate district forfeits
6 the total amount withheld.

7 ~~—— (5) For 2005-2006 only, if a pupil has been evacuated from~~
8 ~~another state and relocated in this state due to a natural disaster~~
9 ~~and is being educated in a district, if the pupil's immunization~~
10 ~~record has not yet been received or confirmed, and if the district~~
11 ~~is making a good faith effort to obtain immunization information~~
12 ~~concerning the pupil, the district may exclude the pupil from the~~
13 ~~calculation of the specified percentages in subsections (2) and~~
14 ~~(3).~~

15 Enacting section 1. In accordance with section 30 of article
16 I of the state constitution of 1963, total state spending in this
17 amendatory act from state sources for fiscal year 2006-2007 is
18 estimated \$11,706,277,800.00 and state appropriations to be paid
19 to local units of government for fiscal year 2006-2007 are
20 estimated at \$11,582,641,800.00.

21 Enacting section 2. Sections 8a, 31b, 32k, 33, 99b, 105a and
22 166 of the state school aid act of 1979, 1979 PA 94, MCL 388.1608a,
23 MCL 388.1631b, MCL 388.1632k, MCL 388.1633, MCL 388.1699b,
24 MCL.1705a and MCL 388.1766, are repealed effective October 1, 2006.

25 Enacting section 3. (1) Except as otherwise specified
26 in subsection (2), this act shall take effect October 1, 2006.

27 (2) Sections 11, 15, 22a, 22b, 22e, 34, 35, 51a, 51c, 56 and

1 62 as amended by this amendatory act, take effect upon enactment of
2 this amendatory act.