

No. 68
STATE OF MICHIGAN
Journal of the Senate
94th Legislature
REGULAR SESSION OF 2008

Senate Chamber, Lansing, Thursday, July 17, 2008.

10:00 a.m.

The Senate was called to order by the Assistant President pro tempore, Senator Alan Sanborn.

The roll was called by the Secretary of the Senate, who announced that a quorum was present.

Allen—present
Anderson—present
Barcia—present
Basham—present
Birkholz—present
Bishop—present
Brater—excused
Brown—present
Cassis—present
Cherry—present
Clark-Coleman—present
Clarke—present
Cropsey—present

Garcia—present
George—present
Gilbert—present
Gleason—present
Hardiman—present
Hunter—present
Jacobs—present
Jansen—present
Jelinek—present
Kahn—present
Kuipers—present
McManus—present
Olshove—present

Pappageorge—present
Patterson—present
Prusi—excused
Richardville—present
Sanborn—present
Schauer—present
Scott—present
Stamas—present
Switalski—present
Thomas—present
Van Woerkom—present
Whitmer—present

Reverend Randy Ledebouer of Providence Christian Reform Church of Cutlerville offered the following invocation:

Father God, Creator of this world and Giver of all great things. We praise You and bless You for this glorious morning. We praise You for giving us a new day. You have not only given us a new day, but You have given us a purpose for this day. That purpose is to serve You and serve those around us.

Lord, I want to thank You for every person here, for their willingness and desire to make a difference in the lives of the residents in the cities, towns, and communities they represent. I also pray this morning that You would be with our Governor, her staff, the entire staff, the House, and all those who work to serve this great state that we live in.

Lord, today especially, we want to lift up each person here as they deal with the impact and magnitude of a state that is economically challenged. Lord, today I ask that as this body takes up issues, perhaps economic issues, as well as other issues, things that face our communities and state, I pray that You will give each person here a special measure of wisdom to understand and deal appropriately with the matters and issues at hand. I pray that You would give each person the ability to speak the truth in love; give them a keen sensitivity to recognize the needs of others; and give each person the ability to listen with sensitivity to others with viewpoints that differ from their own.

Lord, on this day we ask that Your Spirit may be upon every person here and that You may direct their thoughts, their words, their deeds, and their actions; and at the end of the day, the residents of Michigan and our country might be blessed and that You might be pleased through the work accomplished here today.

Lord, we ask that You truly do bless each person here for doing the work that You have called them to. I also ask that You would bless their families as they, too, serve from their homes.

Lord, we ask that our prayer this morning be in the name of Your Son Jesus. Amen.

The Assistant President pro tempore, Senator Sanborn, led the members of the Senate in recital of the *Pledge of Allegiance*.

Motions and Communications

Senator Thomas moved that Senators Brater and Prusi be excused from today's session.
The motion prevailed.

Senator Patterson stated that had he been present on June 28 when the votes were taken on concurring in the House substitutes to the following bills, he would have voted "yea":

Senate Bill No. 846
Senate Bill No. 1217
Senate Bill No. 1243

Senator Patterson stated that had he been present on June 28 when the vote was taken on the passage of the following bill, he would have voted "yea":

House Bill No. 6208

Senator Patterson stated that had he been present on June 28 when the vote was taken on the adoption of the following resolution, he would have voted "nay":

Senate Resolution No. 211

Recess

Senator Cropsey moved that the Senate recess until 2:00 p.m.
The motion prevailed, the time being 10:08 a.m.

The Senate reconvened at the expiration of the recess and was called to order by the Assistant President pro tempore, Senator Sanborn.

During the recess, Senators Brown and McManus entered the Senate Chamber.

The Secretary announced the enrollment printing and presentation to the Governor on Monday, June 30, for her approval the following bills:

Enrolled Senate Bill No. 212 at 3:46 p.m.
Enrolled Senate Bill No. 723 at 3:48 p.m.
Enrolled Senate Bill No. 727 at 3:50 p.m.
Enrolled Senate Bill No. 858 at 3:52 p.m.
Enrolled Senate Bill No. 859 at 3:54 p.m.
Enrolled Senate Bill No. 860 at 3:56 p.m.
Enrolled Senate Bill No. 1217 at 3:58 p.m.

The Secretary announced the enrollment printing and presentation to the Governor on Tuesday, July 1, for her approval the following bills:

Enrolled Senate Bill No. 388 at 2:27 p.m.
Enrolled Senate Bill No. 754 at 2:29 p.m.
Enrolled Senate Bill No. 412 at 2:31 p.m.
Enrolled Senate Bill No. 370 at 2:33 p.m.

The Secretary announced the enrollment printing and presentation to the Governor on Wednesday, July 2, for her approval the following bills:

Enrolled Senate Bill No. 1239 at 3:14 p.m.
Enrolled Senate Bill No. 150 at 3:16 p.m.
Enrolled Senate Bill No. 668 at 3:18 p.m.
Enrolled Senate Bill No. 669 at 3:20 p.m.
Enrolled Senate Bill No. 670 at 3:22 p.m.
Enrolled Senate Bill No. 671 at 3:24 p.m.
Enrolled Senate Bill No. 672 at 3:26 p.m.
Enrolled Senate Bill No. 975 at 3:28 p.m.
Enrolled Senate Bill No. 1380 at 3:30 p.m.
Enrolled Senate Bill No. 346 at 3:32 p.m.
Enrolled Senate Bill No. 1096 at 3:34 p.m.

The Secretary announced the enrollment printing and presentation to the Governor on Thursday, July 3, for her approval the following bills:

Enrolled Senate Bill No. 836 at 2:10 p.m.
Enrolled Senate Bill No. 1099 at 2:12 p.m.
Enrolled Senate Bill No. 294 at 2:14 p.m.
Enrolled Senate Bill No. 658 at 2:16 p.m.
Enrolled Senate Bill No. 970 at 2:18 p.m.
Enrolled Senate Bill No. 972 at 2:20 p.m.
Enrolled Senate Bill No. 974 at 2:22 p.m.
Enrolled Senate Bill No. 976 at 2:24 p.m.
Enrolled Senate Bill No. 978 at 2:26 p.m.
Enrolled Senate Bill No. 980 at 2:28 p.m.
Enrolled Senate Bill No. 848 at 2:30 p.m.

The Secretary announced the enrollment printing and presentation to the Governor on Thursday, July 10, for her approval the following bills:

Enrolled Senate Bill No. 1093 at 3:34 p.m.
Enrolled Senate Bill No. 1206 at 3:36 p.m.
Enrolled Senate Bill No. 846 at 3:38 p.m.
Enrolled Senate Bill No. 849 at 3:40 p.m.
Enrolled Senate Bill No. 850 at 3:42 p.m.
Enrolled Senate Bill No. 853 at 3:44 p.m.
Enrolled Senate Bill No. 856 at 3:46 p.m.
Enrolled Senate Bill No. 886 at 3:48 p.m.
Enrolled Senate Bill No. 1094 at 3:50 p.m.
Enrolled Senate Bill No. 1095 at 3:52 p.m.
Enrolled Senate Bill No. 1097 at 3:54 p.m.
Enrolled Senate Bill No. 1106 at 3:56 p.m.
Enrolled Senate Bill No. 1243 at 3:58 p.m.

The Secretary announced that the following official bills were printed on Monday, June 30, and are available at the legislative website:

House Bill Nos. **6290** **6291** **6292** **6293** **6294** **6295** **6296** **6297** **6298** **6299** **6300** **6301** **6302** **6303**
 6304 **6305**

By unanimous consent the Senate proceeded to the order of

Introduction and Referral of Bills

Senators Kuipers, Cropsey, Patterson, Stamas, Van Woerkom, Gilbert, George, Jansen, Cassis, Pappageorge and Kahn introduced

Senate Bill No. 1441, entitled

A bill to amend 1984 PA 431, entitled "The management and budget act," (MCL 18.1101 to 18.1594) by adding section 447.

The bill was read a first and second time by title and referred to the Committee on Appropriations.

Senator Thomas moved that Senator Whitmer be temporarily excused from today's session.

The motion prevailed.

Senator Richardville entered the Senate Chamber.

Senators Hardiman, Pappageorge, Birkholz, Jacobs and Jansen introduced

Senate Bill No. 1442, entitled

A bill to amend 1978 PA 368, entitled "Public health code," (MCL 333.1101 to 333.25211) by adding section 20153.

The bill was read a first and second time by title and referred to the Committee on Health Policy.

House Bill No. 4173, entitled

A bill to amend 2001 PA 142, entitled "Michigan memorial highway act," (MCL 250.1001 to 250.2080) by adding section 96.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Transportation.

House Bill No. 4599, entitled

A bill to amend 2001 PA 142, entitled "Michigan memorial highway act," (MCL 250.1001 to 250.2080) by adding section 1060.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Transportation.

House Bill No. 4896, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 2882 (MCL 333.2882), as amended by 2002 PA 691.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 5745, entitled

A bill to provide for the publication of certain information regarding the establishing of alternative fuels facilities in this state; to provide for certain powers and duties for certain state agencies; and to make available to the public certain information.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5747, entitled

A bill to amend 1941 PA 205, entitled "An act to provide for the construction, establishment, opening, use, discontinuing, vacating, closing, altering, improvement, and maintenance of limited access highways and facilities ancillary to those

highways; to permit the acquiring of property and property rights and the closing or other treatment of intersecting roads for these purposes; to provide for the borrowing of money and for the issuing of bonds or notes payable from special funds for the acquisition, construction or improvement of such highways; and to provide for the receipt and expenditure of funds generated from the facilities,” by amending section 2 (MCL 252.52), as amended by 2002 PA 150.

The House of Representatives has passed the bill and ordered that it be given immediate effect.
The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5748, entitled

A bill to amend 1984 PA 44, entitled “Motor fuels quality act,” by amending section 3 (MCL 290.643), as amended by 2006 PA 271.

The House of Representatives has passed the bill and ordered that it be given immediate effect.
The bill was read a first and second time by title and referred to the Committee on Agriculture.

Senator Allen asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Allen’s statement is as follows:

Unfortunately, a gentleman by the name of Travis Webber, who has been an integral part of our office and also had the privilege of working in a variety of different legislative offices in his tenure as an intern and part-time staff, is departing us. He is a graduate of the president’s favorite university. He will then be departing to become an attorney. We wish him well in his future as a staffer. I want to compliment Travis for his quick wit, his positive attitude, his political insights, and his good sense of humor. He has been a good part of our organization and the 37th Senate office, and I wish him well in his future.

House Bill No. 5750, entitled

A bill to amend 1984 PA 44, entitled “Motor fuels quality act,” (MCL 290.641 to 290.650d) by adding section 5a. The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5769, entitled

A bill to amend 2006 PA 272, entitled “Renewable fuels commission act,” by amending sections 3 and 6 (MCL 290.583 and 290.586).

The House of Representatives has passed the bill and ordered that it be given immediate effect.
The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5774, entitled

A bill to amend 1984 PA 270, entitled “Michigan strategic fund act,” by amending section 88o (MCL 125.2088o), as added by 2005 PA 215.

The House of Representatives has passed the bill and ordered that it be given immediate effect.
The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5828, entitled

A bill to amend 1939 PA 288, entitled “Probate code of 1939,” (MCL 710.21 to 712A.32) by adding section 56a to chapter X; and to repeal acts and parts of acts.

The House of Representatives has passed the bill and ordered that it be given immediate effect.
The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 5862, entitled

A bill to amend 1933 PA 167, entitled “General sales tax act,” by amending section 4a (MCL 205.54a), as amended by 2004 PA 173.

The House of Representatives has passed the bill and ordered that it be given immediate effect.
The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5874, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 9 (MCL 211.9), as amended by 2006 PA 550.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5877, entitled

A bill to amend 1937 PA 94, entitled "Use tax act," by amending section 4 (MCL 205.94), as amended by 2007 PA 103.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Agriculture.

House Bill No. 5944, entitled

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending section 19 (MCL 38.19), as amended by 2002 PA 93.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Appropriations.

House Bill No. 5996, entitled

A bill to amend 1855 PA 105, entitled "An act to regulate the disposition of the surplus funds in the state treasury; to provide for the deposit of surplus funds in certain financial institutions; to lend surplus funds pursuant to loan agreements secured by certain commercial, agricultural, or industrial real and personal property; to authorize the loan of surplus funds to certain municipalities; to authorize the participation in certain loan programs; to authorize an appropriation; and to prescribe the duties of certain state agencies," (MCL 21.141 to 21.147) by adding section 5.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Homeland Security and Emerging Technologies.

House Bill No. 5997, entitled

A bill to amend 1984 PA 270, entitled "Michigan strategic fund act," (MCL 125.2001 to 125.2094) by adding section 7a.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Homeland Security and Emerging Technologies.

House Bill No. 5998, entitled

A bill to amend 1965 PA 314, entitled "Public employee retirement system investment act," by amending section 13 (MCL 38.1133), as amended by 2000 PA 307.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Homeland Security and Emerging Technologies.

House Bill No. 5999, entitled

A bill to amend 1972 PA 239, entitled "McCauley-Traxler-Law-Bowman-McNeely lottery act," by amending section 41 (MCL 432.41), as amended by 1997 PA 72.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Homeland Security and Emerging Technologies.

House Bill No. 6029, entitled

A bill to amend 2001 PA 142, entitled "Michigan memorial highway act," (MCL 250.1001 to 250.2080) by adding section 77.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Transportation.

House Bill No. 6214, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74g. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6215, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74f. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6216, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74d. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6217, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74c. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6218, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74h. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6219, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74b. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6220, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74e. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6221, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 74a. The House of Representatives has passed the bill and ordered that it be given immediate effect. The bill was read a first and second time by title and referred to the Committee on Families and Human Services.

House Bill No. 6239, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 719 (MCL 257.719), as amended by 2004 PA 420.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Transportation.

Statements

Senators Scott, Cherry and Kahn asked and were granted unanimous consent to make statements and moved that the statements be printed in the Journal.

The motion prevailed.

Senator Scott's statement is as follows:

Mr. Ray Charles Robinson was an American pianist, sax player, singer, arranger, and band leader who shaped the sound of rhythm and blues for many of us growing up. You may better know him as Ray Charles. Brother Ray was that rare combination of musician and philosopher who once observed, "You can change the lyrics, but it's still the same old song."

There are several interpretations of that observation. I know many of you think exactly that, as you roll your eyes heavenward while I stand here every day and ask you to move my bills. It's the same old song. And you're right. I do change the lyrics every day as I sing that same old song. But the message of that same old song is important. It's about bringing fairness in insurance rating to every Michigan resident.

So if justice and equality and fairness are the same old song, folks, be warned that I'm going to keep on singing. I will sing every day. I will sing until the last verse is sung, and I will continue to sing until you move my bills.

Senator Cherry's statement is as follows:

In the wee hours of the morning during our last session before we broke, the majority party and the Senate leader passed a resolution to punish certain members of the Senate because, as he stated, "their actions did not reflect well on the Senate." Did those members break any laws? No. Did they break any rules? No. What was their crime? They moved bills to the floor bills that have been bottled up in committee for a long time. Their shenanigans, as it was called, was to do their job—only to bring bills to the floor for full Senate consideration.

I have heard some of my colleagues on the other side say they were not operating in a cooperative manner. But the question is, "What is cooperation?" From the majority's viewpoint, it is cooperation based on the majority's will and conditions. From the minority's standpoint, little cooperation exists. It's more an issue of requesting, cajoling, and maybe begging. Therefore, when an opportunity exists to move legislation along, legislation that has been penned up in committee, it's important that we use the opportunity when presented with it. As we all know, it is our job to serve our constituents, and sometimes that means moving bills that the leadership does not want moved.

I keep a copy of President John Kennedy's *Profiles in Courage* on my desk at home and in that book is the story of Senator George Norris. Senator Norris had the courage and the conviction of his beliefs to stand up to leadership so that certain legislation he believed in could get passed. President Kennedy recognized that it is sometimes important to take action that is contrary to leadership in order to follow your conscience. Instead of shenanigans, I believe that the actions of my colleagues were that of members acting positively for what they believed.

It is the job of all of us to stand up for what we believe in, and sometimes that means that we must put that belief above institutional leadership and party loyalty. I am disappointed that the leaders of this Senate think that doing our job, following our conscience, and doing the work of the Senate requires punishment. Contrary to the belief that removing members from committees will stop them from doing their job, I believe that such action only reinforces the will of many members to fight for what they believe is right. I am proud of the members who took action to consider bills that need to be considered by this body, and I am proud to have been a part of that effort. I am sorry the leadership of the Senate chooses to view colleagues as children. It does not serve them well.

Senator Kahn's statement is as follows:

All of us have been reenergizing ourselves with our constituents. One of my constituents sent me this story. Some time ago, a mother punished her five-year-old daughter for wasting a roll of expensive gold wrapping paper. Money was tight and she became even more upset when the child used the gold paper to decorate a box to put under the Christmas tree. Nevertheless, the little girl brought the gift box to her mother the very next morning and she said, "This is for you, Momma." The mother was embarrassed by her earlier overreaction, but her anger flared again when she opened the box and found that it was empty. She spoke to her daughter harshly, "Don't you know, young lady, that when you give someone a present there is supposed to be something inside the package?" The little girl had tears in her eyes and said, "Oh, Momma, it's not empty. I blew kisses into it until it was full." The mother was crushed and fell on her knees and put her arms around that little girl and begged her forgiveness for her thoughtless anger.

Well, an accident took the life of the child only a short time later, and it is told that the mother kept that gold box by her bed for all the years of her life. Whenever she was discouraged or faced difficult problems, she would open that box and take out an imaginary kiss and remember the love of the child who had put it there.

So it comes to us as human beings having given a golden box filled with love and kisses from our children, family, friends, God, and folks back in our district; and there is indeed no more precious possession that we could hold.

By unanimous consent the Senate returned to the order of

Messages from the Governor

Senator Cropsey moved that consideration of the following bills be postponed for today:

Senate Bill No. 436

Senate Bill No. 222

Senate Bill No. 229
Senate Bill No. 232
Senate Bill No. 238
Senate Bill No. 240
Senate Bill No. 776
The motion prevailed.

The following messages from the Governor were received:

Date: July 2, 2008
Time: 3:03 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 867 (Public Act No. 170), being

An act to amend 1974 PA 198, entitled “An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties,” by amending sections 2, 9, and 15 (MCL 207.552, 207.559, and 207.565), sections 2 and 9 as amended by 2007 PA 146 and section 15 as amended by 1996 PA 513.

(Filed with the Secretary of State on July 2, 2008, at 3:34 p.m.)

Date: July 2, 2008
Time: 3:09 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 572 (Public Act No. 169), being

An act to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts,” by amending section 40114 (MCL 324.40114), as amended by 2004 PA 587.

(Filed with the Secretary of State on July 2, 2008, at 3:23 p.m.)

Date: July 8, 2008
Time: 11:13 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1380 (Public Act No. 175), being

An act to amend 1984 PA 270, entitled “An act relating to the economic development of this state; to create the Michigan strategic fund and to prescribe its powers and duties; to transfer and provide for the acquisition and succession to the rights, properties, obligations, and duties of the job development authority and the Michigan economic development authority to the Michigan strategic fund; to provide for the expenditure of proceeds in certain funds to which the Michigan strategic fund succeeds in ownership; to provide for the issuance of, and terms and conditions for, certain notes and bonds of the Michigan strategic fund; to create certain boards and funds; to create certain permanent funds; to exempt the property, income, and operation of the fund and its bonds and notes, and the interest thereon, from certain taxes; to provide for the creation of certain centers within and for the purposes of the Michigan strategic fund; to provide for the creation and funding of certain accounts for certain purposes; to impose certain powers and duties upon certain officials, departments, and authorities of this state; to make certain loans, grants, and investments; to provide penalties; to make an appropriation; and to repeal acts and parts of acts,” by amending section 88b (MCL 125.2088b), as added by 2005 PA 225, and by adding section 88q.

(Filed with the Secretary of State on July 8, 2008, at 1:34 p.m.)

Date: July 9, 2008
Time: 8:50 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 723 (Public Act No. 189), being

An act to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts,” by amending sections 32801 and 32803 (MCL 324.32801 and 324.32803), section 32801 as added by 2003 PA 148 and section 32803 as amended by 2006 PA 34.

(Filed with the Secretary of State on July 9, 2008, at 3:38 p.m.)

Date: July 9, 2008
Time: 8:52 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 727 (Public Act No. 188), being

An act to amend 1976 PA 399, entitled “An act to protect the public health; to provide for supervision and control over public water supplies; to prescribe the powers and duties of the department of environmental quality; to provide for the submission of plans and specifications for waterworks systems and the issuance of construction permits therefor; to provide for capacity assessments and source water assessments of public water supplies; to provide for the classification of public water supplies and the examination, certification and regulation of persons operating those systems; to provide for continuous, adequate operation of privately owned, public water supplies; to authorize the promulgation of rules to carry out the intent of the act; to create the water supply fund; to provide for the administration of the water supply fund; and to provide penalties,” by amending section 17 (MCL 325.1017), as amended by 2006 PA 37.

(Filed with the Secretary of State on July 9, 2008, at 3:36 p.m.)

Date: July 9, 2008
Time: 8:54 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 858 (Public Act No. 187), being

An act to amend 1976 PA 399, entitled “An act to protect the public health; to provide for supervision and control over public water supplies; to prescribe the powers and duties of the department of environmental quality; to provide for the submission of plans and specifications for waterworks systems and the issuance of construction permits therefor; to provide for capacity assessments and source water assessments of public water supplies; to provide for the classification of public water supplies and the examination, certification and regulation of persons operating those systems; to provide for continuous, adequate operation of privately owned, public water supplies; to authorize the promulgation of rules to carry out the intent of the act; to create the water supply fund; to provide for the administration of the water supply fund; and to provide penalties,” by amending section 4 (MCL 325.1004), as amended by 2006 PA 601.

(Filed with the Secretary of State on July 9, 2008, at 3:34 p.m.)

Date: July 9, 2008
Time: 8:56 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 859 (Public Act No. 186), being

An act to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts,” by amending section 32713 (MCL 324.32713), as amended by 2006 PA 33.

(Filed with the Secretary of State on July 9, 2008, at 3:32 p.m.)

Date: July 9, 2008
Time: 8:58 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 860 (Public Act No. 185), being

An act to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts,” by amending section 32728 (MCL 324.32728), as added by 2006 PA 33, and by adding sections 32706a, 32706b, 32706e, and 32729.

(Filed with the Secretary of State on July 9, 2008, at 3:30 p.m.)

Date: July 9, 2008
Time: 9:10 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1217 (Public Act No. 177), being

An act to amend 2007 PA 36, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations,” by amending section 113 (MCL 208.1113), as amended by 2008 PA 97.

(Filed with the Secretary of State on July 9, 2008, at 3:14 p.m.)

Date: July 9, 2008
Time: 9:12 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 754 (Public Act No. 176), being

An act to assure that returning veterans are informed of state-funded veterans service organizations; and to prescribe certain duties of certain state agencies.

(Filed with the Secretary of State on July 9, 2008, at 3:12 p.m.)

Date: July 9, 2008
Time: 10:46 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 212 (Public Act No. 190), being

An act to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts,” (MCL 324.101 to 324.90106) by adding section 32730 and part 342.

(Filed with the Secretary of State on July 9, 2008, at 3:40 p.m.)

Date: July 10, 2008
Time: 8:00 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 388 (Public Act No. 208), being

An act to amend 1995 PA 29, entitled “An act concerning unclaimed property; to provide for the reporting and disposition of unclaimed property; to make uniform the law concerning unclaimed property; to prescribe the powers and duties

of certain state agencies and officials; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending sections 2, 15, and 30 (MCL 567.222, 567.235, and 567.250).

(Filed with the Secretary of State on July 14, 2008, at 9:30 a.m.)

Date: July 10, 2008

Time: 8:14 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 412 (Public Act No. 193), being

An act to amend 1984 PA 431, entitled "An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts," (MCL 18.1101 to 18.1594) by adding section 261d.

(Filed with the Secretary of State on July 11, 2008, at 11:34 a.m.)

Date: July 10, 2008

Time: 8:16 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 370 (Public Act No. 194), being

An act to amend 1927 PA 372, entitled "An act to regulate and license the selling, purchasing, possessing, and carrying of certain firearms and gas ejecting devices; to prohibit the buying, selling, or carrying of certain firearms and gas ejecting devices without a license or other authorization; to provide for the forfeiture of firearms under certain circumstances; to provide for penalties and remedies; to provide immunity from civil liability under certain circumstances; to prescribe the powers and duties of certain state and local agencies; to prohibit certain conduct against individuals who apply for or receive a license to carry a concealed pistol; to make appropriations; to prescribe certain conditions for the appropriations; and to repeal all acts and parts of acts inconsistent with this act," by amending sections 2a, 5f, and 5o (MCL 28.422a, 28.425f, and 28.425o), section 2a as added by 2000 PA 381 and sections 5f and 5o as amended by 2002 PA 719.

(Filed with the Secretary of State on July 11, 2008, at 11:36 a.m.)

Date: July 10, 2008

Time: 8:24 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1239 (Public Act No. 198), being

An act to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 7cc (MCL 211.7cc), as amended by 2008 PA 96.

(Filed with the Secretary of State on July 11, 2008, at 11:44 a.m.)

Date: July 10, 2008
Time: 8:26 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 150 (Public Act No. 207), being

An act to amend 1967 PA 281, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts,” by amending section 261 (MCL 206.261), as amended by 2007 PA 94.

(Filed with the Secretary of State on July 11, 2008, at 2:57 p.m.)

Date: July 10, 2008
Time: 8:28 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 668 (Public Act No. 199), being

An act to amend 1939 PA 288, entitled “An act to revise and consolidate the statutes relating to certain aspects of the family division of circuit court, to the jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers, to the change of name of adults and children, and to the adoption of adults and children; to prescribe certain jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers; to prescribe the manner and time within which certain actions and proceedings may be brought in the family division of the circuit court; to prescribe pleading, evidence, practice, and procedure in certain actions and proceedings in the family division of circuit court; to provide for appeals from certain actions in the family division of circuit court; to prescribe the powers and duties of certain state departments, agencies, and officers; to provide for certain immunity from liability; and to provide remedies and penalties,” by amending section 19b of chapter XIII (MCL 712A.19b), as amended by 2000 PA 232.

(Filed with the Secretary of State on July 11, 2008, at 11:46 a.m.)

Date: July 10, 2008
Time: 8:30 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 669 (Public Act No. 200), being

An act to amend 1939 PA 288, entitled “An act to revise and consolidate the statutes relating to certain aspects of the family division of circuit court, to the jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers, to the change of name of adults and children, and to the adoption of adults and children; to prescribe certain jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers; to prescribe the manner and time within which certain actions and proceedings may be brought in the family division of the circuit court; to prescribe pleading, evidence, practice, and procedure in certain actions and proceedings in the family division of circuit court; to provide for appeals from certain actions in the family division of circuit court; to prescribe the powers and duties of certain state departments, agencies, and officers; to provide for certain immunity from liability; and to provide remedies and penalties,” by amending section 19a of chapter XIII (MCL 712A.19a), as amended by 2004 PA 473.

(Filed with the Secretary of State on July 11, 2008, at 11:48 a.m.)

Date: July 10, 2008
Time: 8:32 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 670 (Public Act No. 201), being

An act to amend 1939 PA 288, entitled “An act to revise and consolidate the statutes relating to certain aspects of the family division of circuit court, to the jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers, to the change of name of adults and children, and to the adoption of adults and children; to prescribe certain jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers; to prescribe the manner and time within which certain actions and proceedings may be brought in the family division of the circuit court; to prescribe pleading, evidence, practice, and procedure in certain actions and proceedings in the family division

of circuit court; to provide for appeals from certain actions in the family division of circuit court; to prescribe the powers and duties of certain state departments, agencies, and officers; to provide for certain immunity from liability; and to provide remedies and penalties,” by amending section 13b of chapter XIIA (MCL 712A.13b), as amended by 2004 PA 475.

(Filed with the Secretary of State on July 11, 2008, at 11:50 a.m.)

Date: July 10, 2008

Time: 8:34 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 671 (Public Act No. 202), being

An act to amend 1939 PA 288, entitled “An act to revise and consolidate the statutes relating to certain aspects of the family division of circuit court, to the jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers, to the change of name of adults and children, and to the adoption of adults and children; to prescribe certain jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers; to prescribe the manner and time within which certain actions and proceedings may be brought in the family division of the circuit court; to prescribe pleading, evidence, practice, and procedure in certain actions and proceedings in the family division of circuit court; to provide for appeals from certain actions in the family division of circuit court; to prescribe the powers and duties of certain state departments, agencies, and officers; to provide for certain immunity from liability; and to provide remedies and penalties,” by amending section 19 of chapter XIIA (MCL 712A.19), as amended by 2004 PA 477.

(Filed with the Secretary of State on July 11, 2008, at 11:52 a.m.)

Date: July 10, 2008

Time: 8:36 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 672 (Public Act No. 203), being

An act to amend 1939 PA 288, entitled “An act to revise and consolidate the statutes relating to certain aspects of the family division of circuit court, to the jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers, to the change of name of adults and children, and to the adoption of adults and children; to prescribe certain jurisdiction, powers, and duties of the family division of circuit court and its judges and other officers; to prescribe the manner and time within which certain actions and proceedings may be brought in the family division of the circuit court; to prescribe pleading, evidence, practice, and procedure in certain actions and proceedings in the family division of circuit court; to provide for appeals from certain actions in the family division of circuit court; to prescribe the powers and duties of certain state departments, agencies, and officers; to provide for certain immunity from liability; and to provide remedies and penalties,” by amending section 19c of chapter XIIA (MCL 712A.19c), as amended by 2004 PA 476.

(Filed with the Secretary of State on July 11, 2008, at 11:54 a.m.)

Date: July 10, 2008

Time: 8:50 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 975 (Public Act No. 204), being

An act to amend 1992 PA 147, entitled “An act to provide for the development and rehabilitation of residential housing; to provide for the creation of neighborhood enterprise zones; to provide for obtaining neighborhood enterprise zone certificates for a period of time and to prescribe the contents of the certificates; to provide for the exemption of certain taxes; to provide for the levy and collection of a specific tax on the owner of certain facilities; and to prescribe the powers and duties of certain officers of the state and local governmental units,” by amending section 3 (MCL 207.773), as amended by 2005 PA 339.

(Filed with the Secretary of State on July 11, 2008, at 11:56 a.m.)

Date: July 10, 2008

Time: 8:52 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 346 (Public Act No. 205), being

An act to amend 1931 PA 328, entitled “An act to revise, consolidate, codify, and add to the statutes relating to crimes; to define crimes and prescribe the penalties and remedies; to provide for restitution under certain circumstances; to

provide for the competency of evidence at the trial of persons accused of crime; to provide immunity from prosecution for certain witnesses appearing at such trials; and to repeal certain acts and parts of acts inconsistent with or contravening any of the provisions of this act," (MCL 750.1 to 750.568) by adding section 66.

(Filed with the Secretary of State on July 11, 2008, at 11:58 a.m.)

Date: July 15, 2008

Time: 4:00 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1096 (Public Act No. 212), being

An act to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2009; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agency.

(Filed with the Secretary of State on July 16, 2008, at 9:45 a.m.)

Date: July 15, 2008

Time: 4:02 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 1099 (Public Act No. 213), being

An act to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2009; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

(Filed with the Secretary of State on July 16, 2008, at 9:47 a.m.)

Date: July 15, 2008

Time: 4:28 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 836 (Public Act No. 219), being

An act to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending section 166b (MCL 388.1766b), as amended by 1999 PA 119.

(Filed with the Secretary of State on July 16, 2008, at 9:59 a.m.)

Date: July 15, 2008

Time: 4:32 p.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 658 (Public Act No. 220), being

An act to amend 1943 PA 20, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," (MCL 129.91 to 129.96) by adding section 7.

(Filed with the Secretary of State on July 16, 2008, at 10:01 a.m.)

Respectfully,
Jennifer M. Granholm
Governor

The following messages from the Governor were received:

July 15, 2008

Today I have signed Enrolled Senate Bill 1096, which appropriates funds for the Department of Education budget for the fiscal year ending September 30, 2009.

This bill provides over \$95.1 million to support the department in its efforts to improve student achievement and to administer more than \$13 billion in school aid payments made to local school districts. In addition, this bill supports the administration of early intervention efforts for academically at-risk children, special education programs, professional preparation services, and the Michigan School for the Deaf and Blind.

I thank the Legislature for its work on this budget.

July 15, 2008

Today I have signed Enrolled Senate Bill 1099, which appropriates money for state universities and student financial aid for the fiscal year ending September 30, 2009. This funding is vital to maintaining the high quality of our institutions of higher education and to helping make education accessible and affordable to students.

Total appropriations in this bill are approximately \$1.8 billion. This amount includes state university operations funding of over \$1.5 billion, a one percent increase over the current year. This funding allows our 15 public universities to prepare students for the jobs of today and tomorrow and to conduct research leading to scientific breakthroughs and future economic development.

Additionally, \$235 million is provided for student financial aid and \$2.7 million for grants to public and private institutions under the King-Chavez-Parks programs.

I thank the Legislature for its support of our state universities and student financial aid programs.

Respectfully,
Jennifer M. Granholm
Governor

The following message from the Governor was received on July 15, 2008, and read:

EXECUTIVE ORDER
No. 2008-17

**Abolishing the Criminal Justice Information Systems Policy Council
Department of State Police**

Executive Reorganization

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the executive branch of state government or in the assignment of functions among its units that the Governor considers necessary for efficient administration;

WHEREAS, there is a continuing need to reorganize state functions to assure efficient administration and effectiveness of government;

WHEREAS, abolishing the Criminal Justice Information Systems Policy Council will reduce governmental functions and contribute to a smaller and more efficient state government;

NOW, THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law order:

I. DEFINITIONS

As used in this Order:

A. "Criminal Justice Information Systems Policy Council" or "Council" means the council established within the Department of State Police under Executive Order 1998-1, MCL 28.161, and Section 2 of the C.J.I.S. Policy Council Act, 1974 PA 163, MCL 28.211 to 28.215.

B. "Department of State Police" or "Department" means the principal department of state government created under Section 2 of 1935 PA 59, MCL 28.2, and Section 150 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.250.

C. "State Budget Director" means the individual appointed by the Governor pursuant to Section 321 of The Management and Budget Act, 1984 PA 431, MCL 18.1321.

D. "Type III transfer" means that term as defined under Section 3 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.103.

II. TRANSFER

A. All of the authority, powers, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds of the Criminal Justice Information Systems Policy Council are transferred by Type III transfer to the Department of State Police.

B. The Criminal Justice Information Systems Policy Council is abolished.

III. IMPLEMENTATION OF TRANSFER

A. The Director of the Department shall provide executive direction and supervision for the implementation of the transfer under this Order and shall make internal organizational changes as necessary to complete the transfer.

B. The functions transferred under this Order shall be administered by the Director of the Department in a manner that promotes efficient administration.

C. All records, property, and unexpended balances of appropriations, allocations, and other funds used, held, employed, available, or to be made available to the Council for the activities, powers, duties, functions, and responsibilities transferred under this Order are transferred to the Department.

D. The State Budget Director shall determine and authorize the most efficient manner possible for handling financial transactions and records in the state's financial management system necessary for the implementation of this Order.

IV. MISCELLANEOUS

A. All rules, orders, contracts, and agreements relating to the functions transferred under this Order lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended, repealed, or rescinded.

B. This Order shall not abate any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected under this Order. Any suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected under this Order.

C. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion of this Order found invalid by a court or other entity with proper jurisdiction shall be severable from the remaining portions of this Order.

In fulfillment of the requirements under Section 2 of Article V of the Michigan Constitution of 1963, the provisions of this Order are effective September 21, 2008 at 12:01 a.m.

This Order is effective upon filing.

[SEAL]

Given under my hand and the Great Seal of the State of Michigan this 15th day of July in the year of our Lord, two thousand eight.

Jennifer M. Granholm
Governor

By the Governor:
Terri L. Land
Secretary of State

The Executive Order was referred to the Committee on Government Operations and Reform.

The following messages from the Governor were received and read:

June 27, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment to state office under Section 3 of the Older Michiganians Act, 1981 PA 180, MCL 400.583:

Commission on Services to the Aging

Ms. Kathleen L. Johnston-Calati, a Democrat, of 313 Seymour Avenue, Lansing, Michigan 48933, county of Ingham, succeeding Albert M. Lewis, who has resigned, appointed for a term commencing June 27, 2008 and expiring July 28, 2010.

June 27, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment and reappointments to state office under Section 3 of the Boiler Act of 1965, 1965 PA 290, MCL 408.753:

Board of Boiler Rules

Mr. Mark C. Babcock of 4261 Defeyter Avenue, Holland, Michigan 49424, county of Ottawa, succeeding Richard J. Kirsch, whose term will expire, representing owners and users of boilers operating at 1000 p.s.i.g. or more, for a term commencing July 1, 2008 and expiring June 30, 2012.

Mr. Robert G. Caraway of 8120 Hedgeway Drive, Utica, Michigan 48317, county of Macomb, reappointed to represent mechanical contractors in the state with experience in installation, piping, or operation of boilers, for a term expiring June 30, 2011.

Mr. Anthony N. Jacobs of 39517 Lakeshore Drive, Harrison Township, Michigan 48045, county of Macomb, reappointed to represent organized labor in the state engaged in the erection, fabrication, installation, operation, or repair of boilers, for a term expiring June 30, 2011.

Mr. Roger D. Jenkins of 27514 Audrey Avenue, Warren, Michigan 48092, county of Macomb, reappointed to represent owners and users of boilers within this state, for a term expiring June 30, 2009.

Mr. Dennis A. Rupert of 4411 Mechanic Road, Hillsdale, Michigan 49242, county of Hillsdale, reappointed to represent antique steam boiler owners and operators, for a term commencing July 1, 2008 and expiring June 30, 2012.

Mr. Frank A. Wiechert of 18844 Chandler Park Drive, Detroit, Michigan 48236, county of Wayne, reappointed to represent organized labor in the state engaged in the erection, fabrication, installation, operation, or repair of boilers, for a term commencing July 1, 2008 and expiring June 30, 2012.

June 27, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment to state office under Section 3a of the Stille-DeRossett Single State Construction Code Act, 1972 PA 230, MCL 125.1503a:

State Construction Code Commission

Mr. William R. Benoit, Jr., of 3545 Briarbrooke Lane, Rochester, Michigan 48306, county of Oakland, succeeding Dale G. Stevens, who has resigned, representing municipal building inspectors, for a term commencing June 27, 2008 and expiring January 31, 2011.

June 27, 2008

I respectfully submit to the Senate pursuant to Article V, Section 6 of the Michigan Constitution of 1963, the following appointment and reappointments to office under Section 7 of the Elevator Safety Board Act, 1967 PA 227, MCL 408.807:

Elevator Safety Board

Mr. Eric P. Thomas of 5101 Shore Lane, Flint, Michigan 48504, county of Genesee, succeeding Joseph T. Franz, who has resigned, representing the general public, for a term commencing June 27, 2008 and expiring July 22, 2010.

Mr. Patrick J. Carroll of 516 Whipple Street, South Lyon, Michigan 48178, county of Oakland, reappointed to represent elevator manufacturers, for a term expiring July 22, 2011.

Mr. Steven C. Lindsay of 3315 Pickwick Place, Lansing, Michigan 48917, county of Ingham, reappointed to represent insurance companies that are authorized to insure elevators, for a term expiring July 22, 2011.

June 27, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment under Sections 21 and 22 of the Tax Tribunal Act, 1973 PA 186, MCL 205.721 and 205.722:

Michigan Tax Tribunal

Ms. Victoria L. Enyart of 5503 South St. Claire Road, St. Johns, Michigan 48879, county of Clinton, succeeding Sherry A. Lee, who has resigned, representing certified level IV assessors, for a term commencing July 1, 2008 and expiring June 30, 2012.

July 15, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment to office under Section 1 of 1964 PA 233, MCL 390.941:

State Higher Education Facilities Commission

Mr. Larry L. Leatherwood of 812 Canton Drive, Lansing, Michigan 48917, county of Eaton, succeeding Patrick W. LaPine, who has resigned, representing residents of the state interested in higher education, for a term commencing July 15, 2008 and expiring May 22, 2010.

July 15, 2008

I respectfully submit to the Senate pursuant to Article V, Section 6 of the Michigan Constitution of 1963, the following appointment to office under Sections 302 and 2002 of the Occupational Code, 1980 PA 299, MCL 339.302 and 339.2002:

Board of Professional Engineers

Mr. Cary M. Junior of 21095 Glen Ledge Road, Ferndale, Michigan 48220, county of Oakland, succeeding Gwendolyn Hale, whose term has expired, representing the general public, for a term commencing July 15, 2008 and expiring March 31, 2010.

July 15, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following reappointments to state office under Section 13 of the State Plumbing Act, 2002 PA 733, MCL 338.3523:

State Plumbing Board

Mr. Duane E. Branch of 774 Timberly Lane, Gaylord, Michigan 49735, county of Otsego, reappointed to represent licensed master plumber securing permits, for a term expiring June 30, 2010.

Mr. David M. Jones of 8413 Thames Court, Ypsilanti, Michigan 48198, county of Washtenaw, reappointed to represent licensed plumbing contractors who hold a master's license, for a term expiring June 30, 2011.

Mr. Joseph “Charlie” Swindell of 7084 Hatchery Road, Waterford, Michigan 48327, county of Oakland, reappointed to represent licensed plumbing contractors who hold a master’s license, for a term expiring June 30, 2011.

July 15, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following reappointments to state office pursuant to Section 2 of 1968 PA 1, MCL 10.72:

Michigan Women’s Commission

Ms. Rana A. Abbas of 27342 Kingswood Drive, Dearborn Heights, Michigan 48127, county of Wayne, reappointed for a term commencing July 16, 2008 and expiring July 15, 2011.

Ms. Pamela M. Faris of 4116 Orme Circle, Clio, Michigan 48420, county of Genesee, reappointed for a term commencing July 16, 2008 and expiring July 15, 2011.

Ms. Sheryl L. Mitchell of 5735 Warrenshire Drive, West Bloomfield, Michigan 48322, county of Oakland, reappointed for a term commencing July 16, 2008 and expiring July 15, 2011.

Ms. Rosa E. Morales of 5 Roethke Court, Saginaw, Michigan 48602, county of Saginaw, reappointed for a term commencing July 16, 2008 and expiring July 15, 2011.

July 16, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following appointment and reappointments to state office under Sections 16121 and 16805 of the Public Health Code, 1978 PA 368, MCL 333.16121 and 333.16805:

Michigan Board of Audiology

Mr. Joe C. Kollaritsch of 4993 Menominee Lane, Clarkston, Michigan 48348, county of Oakland, appointed to represent the general public, for a term commencing July 16, 2008 and expiring June 30, 2012.

Mr. Steven B. Kauffman of 3654 Ivanrest Avenue, S.W., Grandville, Michigan 49418, county of Kent, reappointed to represent the general public, for a term expiring June 30, 2012.

Ms. Virginia M. Schroeder of 303 Charlesworth Street, Dearborn Heights, Michigan 48127, county of Wayne, reappointed to represent audiologists, for a term expiring June 30, 2012.

Mr. Michael D. Seidman, M.D. of 5310 Putnam Drive, West Bloomfield, Michigan 48323, county of Oakland, reappointed to represent persons licensed to practice medicine or osteopathic medicine and surgery who hold a certificate of qualification from the American Board of Otolaryngology, for a term expiring June 30, 2012.

July 16, 2008

I respectfully submit to the Senate, pursuant to Section 6 of Article 5 of the Michigan Constitution of 1963, the following reappointments to state office under Sections 323 and 324 of the Ski Area Safety Act of 1962, 1962 PA 199, MCL 408.323 and 408.324:

Ski Area Safety Board

Mr. Vernon S. Barber of 492 Townline Road, Marquette, Michigan 49855, county of Marquette, reappointed to represent Upper Peninsula ski area managers, for a term expiring June 8, 2012.

Mr. James P. Kiefer of 1040 Roxburgh Avenue, East Lansing, Michigan 48823, county of Ingham, reappointed to represent the Central U.S. Ski Association, for a term expiring June 8, 2012.

Mr. William C. Topham of 5217 Cortland, Midland, Michigan 48642, county of Midland, reappointed to represent engineers with ski experience, for a term expiring June 8, 2011.

Sincerely,
Jennifer M. Granholm
Governor

The appointments were referred to the Committee on Government Operations and Reform.

Senator Whitmer entered the Senate Chamber.

By unanimous consent the Senate returned to the order of

Motions and Communications

The following bills and joint resolution were referred to committee on June 28, and the motion to reconsider the vote postponed (See Senate Journal No. 67, p.1631):

Committee on Commerce and Tourism

Senate Bill No. 1084, entitled

A bill to authorize the removal, capture, or lethal control of a gray wolf that is killing, wounding, or biting livestock under certain circumstances; and to promulgate rules.

Committee on Economic Development and Regulatory Reform**Senate Bill No. 1083, entitled**

A bill to amend 1968 PA 191, entitled "An act to create a state boundary commission; to prescribe its powers and duties; to provide for municipal incorporation, consolidation, and annexation; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending section 11b (MCL 123.1011b), as added by 1982 PA 192.

Senate Bill No. 1087, entitled

A bill to amend 1954 PA 116, entitled "Michigan election law," by amending sections 480 and 544c (MCL 168.480 and 168.544c), section 544c as amended by 2002 PA 431; and to repeal acts and parts of acts.

Senate Bill No. 1401, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 1239 (MCL 500.1239), as amended by 2007 PA 187.

Senate Joint Resolution K, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 9 of article II, to revise the signature requirements for initiative and referendum petitions.

Committee on Education**House Bill No. 5548, entitled**

A bill to require providers of retail electric service to establish a renewable energy program; to prescribe the powers and duties of certain state agencies and officials; and to provide for sanctions.

Committee on Families and Human Services**Senate Bill No. 7, entitled**

A bill to establish minimum efficiency standards for certain products sold or installed in the state; to prescribe the powers and duties of certain state agencies and officials; and to provide for penalties.

Committee on Finance**Senate Bill No. 53, entitled**

A bill to amend 1964 PA 284, entitled "City income tax act," (MCL 141.501 to 141.787) by adding section 36 to chapter 2.

Senate Bill No. 921, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending sections 16345, 18301, 18303, 18305, 18307, and 18309 (MCL 333.16345, 333.18301, 333.18303, 333.18305, 333.18307, and 333.18309), section 16345 as added by 1993 PA 79, sections 18301, 18303, 18307, and 18309 as added by 1988 PA 473, and section 18305 as amended by 2006 PA 394, and by adding sections 18313 and 18315.

House Bill No. 4847, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 819 (MCL 257.819), as amended by 1990 PA 168.

Committee on Health Policy**Senate Bill No. 427, entitled**

A bill to amend 1939 PA 3, entitled "An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in

which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,” by amending the title and section 6j (MCL 460.6j), the title as amended by 2005 PA 190 and section 6j as amended by 1987 PA 81, and by adding section 6q.

House Bill No. 4612, entitled

A bill to amend 1927 PA 175, entitled “The code of criminal procedure,” by amending section 11b of chapter XVII (MCL 777.11b), as amended by 2005 PA 207.

Committee on Judiciary

Senate Bill No. 385, entitled

A bill to require certain providers of electric service to comply with a portfolio standard for renewable energy; to prescribe the powers and duties of certain state agencies and officials; to create a fund; and to provide for penalties.

Committee on Transportation

Senate Bill No. 1344, entitled

A bill to amend 1956 PA 218, entitled “The insurance code of 1956,” by amending section 1205 (MCL 500.1205), as amended by 2001 PA 228.

The question being on the motion to reconsider the vote on the motion by which the bills and joint resolution were referred to committee,

The motion prevailed.

The question being on the motion to refer the bills and joint resolution to committee,

Senator Cropsey withdrew the motion.

Senator Whitmer asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Whitmer’s statement is as follows:

I wanted to take a moment to recognize someone who has been a very important part of my staff in my office. My legal intern, Pat Crandall, will be leaving my office and going to New York to practice law. He is getting ready to take the bar exam, and he has been my right-hand man when it comes to judiciary matters. I have been really lamenting the fact that he is leaving me, and I didn’t know how I was going to replace him. Lo and behold, that is not a problem anymore, but I am very sad that Pat is going to be leaving the state of Michigan. His skill and legal acumen served well for Bob Emerson and in my office the last year and a half. He will be hugely missed—his personality, his work ethic, and his dedication. I wish him all the best, and I ask that you join me in wishing him the best. Hopefully, one day he will be back in Michigan practicing law here. I ask that we give Pat Crandall our best wishes.

Senator Cropsey moved that the enrollment be vacated on the following bills and returned to the House of Representatives pending a request from the House before the next day of session:

Senate Bill No. 852, entitled

A bill to amend 2000 PA 489, entitled “An act to create certain funds; to provide for the allocation of certain revenues among certain funds and for the operation, investment, and expenditure of certain funds; and to impose certain duties

Senate Bill No. 1270, entitled

A bill to amend 1995 PA 24, entitled “Michigan economic growth authority act,” by amending section 6 (MCL 207.806), as amended by 2007 PA 150.

The motion prevailed, and the bills were placed on the order of Messages from the House.

The following communications were received and read:

Office of the Auditor General

June 26, 2008

Enclosed is a copy of the following audit report:

Financial audit, including the provisions of the Single Audit Act, of the Michigan Department of State Police (MSP) for the period October 1, 2005 through September 30, 2007.

June 27, 2008

Enclosed is a copy of the following audit report:
Performance audit of Severance and Motor Carrier Fuel Tax Collections, Department of Treasury.

June 30, 2008

Enclosed is a copy of the following audit report:
Financial audit, including the provisions of the Single Audit Act, of the Michigan Department of Education (MDE) for the period October 1, 2005 through September 30, 2007.

June 30, 2008

Enclosed is a copy of the following audit report:
Financial audit, including the provisions of the Single Audit Act, of the Department of Environmental Quality (DEQ) for the period October 1, 2005 through September 30, 2007.

July 10, 2008

Enclosed is a copy of the following audit report:
Financial audit, including the provisions of the Single Audit Act, of the Department of Military and Veterans Affairs for the period October 1, 2005 through September 30, 2007.

Sincerely,
Thomas H. McTavish, C.P.A.
Auditor General

The audit reports were referred to the Committee on Government Operations and Reform.

The following communication was received:
Michigan State Housing Development Authority

June 25, 2008

Pursuant to Section 22(b)(4) of PA 346 of 1966, as amended, I hereby am submitting the 2008 Qualified Allocation Plan pursuant to which the Low Income Housing Tax Credit Program in the State of Michigan will be administered.

Keith Molin
Interim Executive Director

The communication was referred to the Secretary for record.

The following communication was received:
Municipal Employees' Retirement System of Michigan

June 27, 2008

Enclosed is a copy of the *Comprehensive Annual Financial Report for the Year Ending December 31, 2007*. I am providing this to you pursuant to the requirements of the *MERS Plan Document* and MCL 38.1536(2)(f). Please read the report into the Daily Journal, since the journal is the recognized official document for communication for the members of the Legislature.

The report can also be found on our website at: www.mersofmich.com. We hope that you find the report informative.

Sincerely,
Anne M. Wagner
Chief Executive Officer

The communication was referred to the Secretary for record.

The following communication was received:
Department of State

Administrative Rules
Notice of Filing

June 27, 2008

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6, this is to advise you that the Michigan Department of Labor and Economic Growth, State Office of

Administrative Hearings and Rules filed at 4:35 p.m. this date, administrative rule (08-06-10) for the Department of Environmental Quality "Liquefied Petroleum Gas (LPG) Code."

These rules take effect 7 days after filing with the Secretary of State.

Sincerely,
Terri Lynn Land
Secretary of State
Robin Houston, Office Supervisor
Office of the Great Seal

The communication was referred to the Secretary for record.

The following communication was received:

Department of Human Services

July 1, 2008

In accordance with federal requirements, the LIHEAP state plan and Title XX report will be available for review and comment at local Department of Human Services offices throughout the state beginning July 14, 2008. The CSBG plan will be available for review at Community Action Agency offices throughout Michigan.

Comments on the state plans will be received from July 14, 2008 through July 31, 2008.

Public hearings will be held as follows:

July 16, 2008

10:00 a.m. - 12:00 p.m.

Grand Tower

235 S. Grand Avenue, Room 1A

Lansing, Michigan

July 17, 2008

10:00 a.m. - 12:00 p.m.

Cadillac Place

Conference Room L150

3040 W. Grand Boulevard

Detroit, Michigan

Written comments may be submitted to:

Ismael Ahmed, Director

Michigan Department of Human Services

P.O. Box 30037

Lansing, Michigan 48909

Attached please find the 2009 Proposed LIHEAP State Plan and the 2008 Detailed LIHEAP State Plan for reference. We respectfully request that you distribute them to your members.

Sharon K. Reuther
Senior Executive Secretary
Bureau of Adult and Family Services
Income Support Programs
Suite 1307-Grand Tower
Phone: 517-241-5502
Fax: 517-335-7771

The communication was referred to the Secretary for record.

The following communication was received:

Department of State Police

July 2, 2008

The 2007 Michigan Annual Drunk Driving Audit provides detailed information concerning traffic fatalities and injuries as well as arrest activities that are part of ongoing efforts to reduce drunk driving in our state. Alcohol and/or drug related fatal crashes remain a significant traffic safety issue, with approximately 35 percent of the total fatal crashes involving alcohol and/or drugs. In 2007, the number of fatal crashes declined to 987 from 1,002 in 2006.

Notably this year, alcohol and/or drug-involved fatalities fell 13 percent, from 440 in 2006 to 382 in 2007, the lowest number in more than a decade. When looking at alcohol and drug crashes separately, alcohol related fatalities fell from

310 in 2006 to 283 in 2007; and drug related fatalities fell from 57 in 2006 to 36 in 2007. Where both alcohol and drugs were involved, the fatalities declined from 73 in 2006 to 62 in 2007.

Alcohol and/or drug related driving arrests totaled 49,867, a decrease from 53,297 in 2006. In addition, convictions for 2007, which may be from prior-year arrests, totaled 52,557. Of this total, 21,381 were for Operating Under the Influence of Liquor (OUIL) and 28,713 for impaired driving.

The Michigan Annual Drunk Driving Audit was compiled with information and data provided by the Michigan Department of State Police, the Michigan Department of State, and the Michigan Department of Transportation. We appreciate the teamwork, assistance and dedication of each of these departments in helping to make Michigan's roads safe. We look forward to our continued partnership.

Questions regarding Section I (Traffic Crash and Arrest Data) should be directed to the Michigan Department of State Police, Criminal Justice Information Center, Traffic Crash Reporting Unit, at (517) 322-1150. Questions regarding Section II (Conviction Disposition Data) should be directed to the Michigan Department of State at (517) 322-1598.

As you review this report, please feel free to contact the Traffic Crash Reporting Unit at (517) 322-1150 with your suggestions and ideas.

Col. Peter C. Munoz
Director

The communication was referred to the Secretary for record.

By unanimous consent the Senate returned to the order of
General Orders

Senator Cropsy moved that the Senate resolve itself into the Committee of the Whole for consideration of the General Orders calendar.

The motion prevailed, and the Assistant President pro tempore, Senator Sanborn, designated Senator Birkholz as Chairperson.

After some time spent therein, the Committee arose; and, the Assistant President pro tempore, Senator Sanborn, having resumed the Chair, the Committee reported back to the Senate, favorably and without amendment, the following bill:

Senate Bill No. 1344, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 1205 (MCL 500.1205), as amended by 2001 PA 228.

The bill was placed on the order of Third Reading of Bills.

The Committee of the Whole reported back to the Senate, favorably and with a substitute therefor, the following bill:

Senate Bill No. 1401, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 1239 (MCL 500.1239), as amended by 2007 PA 187.

Substitute (S-1).

The Senate agreed to the substitute recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

The Committee of the Whole reported back to the Senate, favorably and with a substitute therefor, the following bill:

Senate Bill No. 1353, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 435 (MCL 206.435), as added by 2007 PA 133.

Substitute (S-4).

The Senate agreed to the substitute recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

The Committee of the Whole reported back to the Senate, favorably and with a substitute therefor, the following bill:

Senate Bill No. 1374, entitled

A bill to amend 2001 PA 63, entitled "History, arts, and libraries act," by amending the title and section 2 (MCL 399.702), section 2 as amended by 2008 PA 85, and by adding section 9.

Substitute (S-3).

The Senate agreed to the substitute recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

By unanimous consent the Senate returned to the order of
Conference Reports

Senator Garcia entered the Senate Chamber.

Senator Cropsey moved that joint rule 9 be suspended to permit immediate consideration of the conference report relative to the following bill:

Senate Bill No. 1107

The motion prevailed, a majority of the members serving voting therefor.

Senator Jelinek submitted the following:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 1107, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 104, 104b, 105, 105c, 107, 147, 151, and 164c (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1625c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, and 388.1764c), sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 19, 20, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 104, 107, and 151 as amended by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, section 18b as added by 2000 PA 297, section 20d as amended by 1997 PA 93, section 25c as added by 2001 PA 121, section 38 as amended by 2003 PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, 32e, 42, 57a, 99m, 99n, and 99o; and to repeal acts and parts of acts.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25b, 25c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 99i, 99j, 99k, 99p, 104, 104b, 105, 105c, 107, 147, 151, 164c, and 166e (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1625b, 388.1625c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1654c, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699i, 388.1699j, 388.1699k, 388.1699p, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, 388.1764c, and 388.1766e), sections 3, 6, 11a, 11g, 11k, 11m, 15, 18, 19, 20, 20j, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51d, 53a, 54, 54a, 57, 61a, 64, 65, 74, 81, 94a, 98, 99, 99e, 107, and 151 as amended and sections 99i, 99j, and 99k as added by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, sections 11, 11j, 22a, 22b, 22d, 51a, 51c, 56, 62, and 104 as amended and sections 54c and 99p as added by 2008 PA 112, section 18b as added by 2000 PA 297, section 20d as amended and section 166e as added by 1997 PA 93, section 25b as amended and section 25c as added by 2001 PA 121, section 38 as amended by 2003 PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, and 99a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

(3) “Center” means the center for educational performance and information created in section 94a.

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

(5) “Department”, except in section 107, means the department of education.

(6) “District” means a local school district established under the revised school code ~~; a local act school district~~, or, except in sections 6(4), 6(6), **11N**, 13, 20, 22a, 23, 29, 31a, 99j, 99k, **51A(15)**, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), **11N**, 13, 20, 22a, 29, 99j, 99k, **51A(15)**, 105, and 105c, district also includes a university school.

(7) “District of residence”, except as otherwise provided in this subsection, means the district in which a pupil’s custodial parent or parents or legal guardian resides. For a pupil described in section 24b, the pupil’s district of residence is the district in which the pupil enrolls under that section. For a pupil described in section 6(4)(d), the pupil’s district of residence shall be considered to be the district or intermediate district in which the pupil is counted in membership under that section. For a pupil under court jurisdiction who is placed outside the district in which the pupil’s custodial parent or parents or legal guardian resides, the pupil’s district of residence shall be considered to be the educating district or educating intermediate district.

(8) “District superintendent” means the superintendent of a district, the chief administrator of a public school academy, or the chief administrator of a university school.

Sec. 4. (1) “Elementary pupil” means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade. **FOR THE PURPOSES OF CALCULATING UNIVERSAL SERVICE FUND (E-RATE) DISCOUNTS, “ELEMENTARY PUPIL” INCLUDES CHILDREN ENROLLED IN A PRESCHOOL PROGRAM OPERATED BY A DISTRICT IN ITS FACILITIES.**

(2) “Extended school year” means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. The mandatory clock hours shall be completed by each pupil not more than 365 calendar days after the pupil’s first day of classes for the school year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements for the educational program.

(3) “Fiscal year” means the state fiscal year that commences October 1 and continues through September 30.

(4) “General educational development testing preparation program” means a program that has high school level courses in English language arts, social studies, science, and mathematics and that prepares a person to successfully complete the general educational development (GED) test.

(5) “High school pupil” means a pupil in membership in grades 7 to 12, except in a district not maintaining grades above the eighth grade.

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

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

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

(4) “Membership”, except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .25 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(n) If a pupil counted in membership in a public school academy is also educated by a district or intermediate district as part of a cooperative education program, the pupil shall be counted in membership only in the public school academy unless a written agreement signed by all parties designates the party or parties in which the pupil shall be counted in membership, and the instructional time scheduled for the pupil in the district or intermediate district shall be included in the full-time equated membership determination under subdivision (q). However, for pupils receiving instruction in both

a public school academy and in a district or intermediate district but not as a part of a cooperative education program, the following apply:

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

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

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

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

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

(r) ~~Full-time~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, FULL-TIME** equated memberships for pupils in kindergarten shall be determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by a number equal to 1/2 the number used for determining full-time equated memberships for pupils in grades 1 to 12. **BEGINNING IN 2009-2010, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN DEVELOPMENTAL KINDERGARTEN, PREKINDERGARTEN, OR A SIMILAR CLASS INTENDED TO BE THE FIRST OF 2 SCHOOL YEARS BEFORE A PUPIL ENTERS GRADE 1 SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12. FOR 2010-2011, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN KINDERGARTEN SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY A NUMBER EQUAL TO 60% OF THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12. BEGINNING IN 2011-2012, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN KINDERGARTEN SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY A NUMBER EQUAL TO 70% OF THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12.**

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

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

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

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

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

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

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

(v) ~~A~~ **FOR 2007-2008 ONLY**, A pupil enrolled in an alternative or disciplinary education program described in section 25 shall be counted in membership in the district or public school academy that expelled the pupil.

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

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

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

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

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

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

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

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

(CC) FOR THE FIRST YEAR IN WHICH A PUPIL IS COUNTED IN MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY IN A MIDDLE COLLEGE PROGRAM DESCRIBED IN SECTION 64, THE MEMBERSHIP IS THE AVERAGE OF THE FULL-TIME EQUATED MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY AND ON THE SUPPLEMENTAL COUNT DAY FOR THE CURRENT SCHOOL YEAR, AS DETERMINED BY THE DEPARTMENT. IF A PUPIL WAS COUNTED BY THE OPERATING DISTRICT ON THE IMMEDIATELY PRECEDING SUPPLEMENTAL COUNT DAY, THE PUPIL SHALL BE EXCLUDED FROM THE DISTRICT'S IMMEDIATELY PRECEDING SUPPLEMENTAL COUNT FOR PURPOSES OF DETERMINING THE DISTRICT'S MEMBERSHIP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) THE PUPIL IS ENROLLED IN AN ALTERNATIVE OR DISCIPLINARY EDUCATION PROGRAM DESCRIBED IN SECTION 25.

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

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

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

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

(M) A PUPIL ENROLLED IN A DISTRICT OTHER THAN THE PUPIL'S DISTRICT OF RESIDENCE WHO ATTENDS A UNITED STATES OLYMPIC EDUCATION CENTER.

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

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday after Labor day.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

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

not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. A pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. In addition, a pupil who was enrolled and in attendance in a district, intermediate district, or public school academy before the pupil membership count day or supplemental count day of a particular year but was expelled or suspended on the pupil membership count day or supplemental count day shall only be counted as 1.0 full-time equated membership if the pupil resumed attendance in the district, intermediate district, or public school academy within 45 days after the pupil membership count day or supplemental count day of that particular year. Pupils not counted as 1.0 full-time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, "class" means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction is taking place.

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

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

(11) "SCHOOL DISTRICT OF THE FIRST CLASS", "FIRST CLASS SCHOOL DISTRICT", AND "DISTRICT OF THE FIRST CLASS", EXCEPT IN SUBSECTION (6), MEAN A DISTRICT THAT HAD AT LEAST 60,000 PUPILS IN MEMBERSHIP FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

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

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

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

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

(16) ~~(15)~~ "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil or a pupil described in subsection ~~(6)(d) to (k)~~ **(6)(C) TO (M)**. A pupil's district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

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

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

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

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

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

Sec. 11. (1) For the fiscal year ending September 30, 2008, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,386,866,600.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$34,909,600.00 from the general fund. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$11,776,098,200.00 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$40,800,000.00 FROM THE GENERAL FUND.** In addition, available federal funds are appropriated for the fiscal year ending September 30, 2008 **AND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009.**

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

(3) If the maximum amount appropriated under this section from the state school aid fund and the school aid stabilization fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a, and 56 shall be

made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive the lesser of an amount equal to the 1994-95 foundation allowance of the district in which the district beginning operations after 1994-95 is located or \$5,500.00. The amount of the payment to be made under section 22b for these qualifying districts shall be as calculated under section 22a, with the balance of the payment under section 22b being subject to the proration otherwise provided under this subsection and subsection (4). If proration is necessary, state payments under each of the other sections of this act from all state funding sources shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

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

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

(i) Districts.

(ii) Intermediate districts.

(iii) Entities other than districts or intermediate districts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) For ~~2007-2008-2008-2009~~, there is appropriated from the school aid stabilization fund to the state school aid fund the amount necessary to fully fund the allocations under this act.

Sec. 11g. (1) From the appropriation in section 11, there is allocated for this section an amount not to exceed ~~\$141,000.00 for the fiscal year ending September 30, 2008, and an amount not to exceed \$42,000,000.00~~ **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009 AND** for each succeeding fiscal year through the fiscal year ending September 30, 2015, after which these payments will cease. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump-sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

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

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

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

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

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

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

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

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

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

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

Sec. 11j. From the appropriation in section 11, there is allocated an amount not to exceed \$3,900,000.00 for 2007-2008 **AND AN AMOUNT NOT TO EXCEED \$39,000,000.00 FOR 2008-2009** for payments to the school loan bond redemption fund in the department of treasury on behalf of districts and intermediate districts. Notwithstanding section 11 or any other provision of this act, funds allocated under this section are not subject to proration and shall be paid in full.

Sec. 11k. For ~~2007-2008-2008-2009~~, there is appropriated from the general fund to the school loan revolving fund an amount equal to the amount of school bond loans assigned to the Michigan municipal bond authority, not to exceed the total amount of school bond loans held in reserve as long-term assets. As used in this section, "school loan revolving fund" means that fund created in section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c.

Sec. 11m. From the appropriations in section 11, there is allocated for ~~2007-2008-2008-2009~~ an amount not to exceed ~~\$22,800,000.00~~ **\$45,000,000.00** for fiscal year cash-flow borrowing costs solely related to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

SEC. 11N. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED \$15,000,000.00 FOR 2008-2009 FOR THE PURPOSES OF THIS SECTION. MONEY ALLOCATED UNDER THIS SECTION SHALL BE DEPOSITED IN THE 21ST CENTURY SCHOOLS FUND ON NOVEMBER 15 OF THE FISCAL YEAR FOR WHICH IT IS ALLOCATED OR ON THE NEXT BUSINESS DAY FOLLOWING THAT DATE.

(2) THE 21ST CENTURY SCHOOLS FUND IS CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID FUND. THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR DEPOSIT INTO THE 21ST CENTURY SCHOOLS FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE 21ST CENTURY SCHOOLS FUND. THE STATE TREASURER SHALL CREDIT TO THE 21ST CENTURY SCHOOLS FUND INTEREST AND EARNINGS FROM 21ST CENTURY SCHOOLS FUND INVESTMENTS. MONEY IN THE 21ST CENTURY SCHOOLS FUND AT THE CLOSE OF THE FISCAL YEAR SHALL REMAIN IN THE 21ST CENTURY SCHOOLS FUND AND SHALL NOT LAPSE TO THE STATE SCHOOL AID FUND OR TO THE GENERAL FUND. THE DEPARTMENT OF TREASURY SHALL BE THE ADMINISTRATOR OF THE 21ST CENTURY SCHOOLS FUND FOR AUDITING PURPOSES. MONEY FROM THE 21ST CENTURY SCHOOLS FUND SHALL BE EXPENDED, UPON APPROPRIATION, ONLY FOR PURPOSES OF THIS SECTION.

(3) FOR 2008-2009, AN AMOUNT NOT TO EXCEED \$15,000,000.00 IS ALLOCATED FROM THE 21ST CENTURY SCHOOLS FUND FOR 21ST CENTURY SCHOOLS GRANTS UNDER THIS SECTION OF UP TO \$3,000,000.00 FOR EACH SCHOOL PROJECT TO ELIGIBLE DISTRICTS THAT MEET THE REQUIREMENTS OF THIS SECTION. THE FUNDS MAY BE USED FOR PLANNING AND START-UP COSTS OF NEWLY CONSTRUCTED OR NEWLY CONFIGURED SCHOOLS OR LEARNING COMMUNITIES AND RENOVATIONS OF EXISTING FACILITIES AS WELL AS OTHER EXPENDITURES OUTLINED IN THE APPLICANTS' PROPOSALS RELATING TO PLANNING AND START-UP COSTS AND APPROVED BY THE DEPARTMENT. NOTWITHSTANDING SECTION 17B, THE TOTAL GRANT AMOUNT FOR 2008-2009 TO EACH ELIGIBLE DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL BE DISTRIBUTED OVER A 4-YEAR PERIOD ON A SCHEDULE TO BE DETERMINED BY THE DEPARTMENT.

(4) TO APPLY FOR A 21ST CENTURY SCHOOLS GRANT, AN ELIGIBLE DISTRICT SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT, IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT, THAT MEETS THE APPLICATION CRITERIA UNDER THIS SECTION. AN APPLICATION SHALL DEMONSTRATE TO THE SATISFACTION OF THE DEPARTMENT THAT THE SCHOOL OR LEARNING COMMUNITY OF AN ELIGIBLE DISTRICT TO BE FUNDED MEETS ALL OF THE FOLLOWING:

(A) WILL BE DESIGNED TO ACHIEVE THE FOLLOWING OUTCOMES NOT LATER THAN THE SCHOOL YEAR IN WHICH THE THIRD HIGH SCHOOL GRADUATING CLASS GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY:

(i) AN 80% GRADUATION RATE, AS DETERMINED BY THE DEPARTMENT.

(ii) AT LEAST 80% OF THE HIGH SCHOOL GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY ARE ENROLLED IN POSTSECONDARY STUDIES WITHIN 6 MONTHS AFTER HIGH SCHOOL GRADUATION. FOR PURPOSES OF THIS SUBPARAGRAPH, "POSTSECONDARY STUDIES" INCLUDES 4-YEAR COLLEGES AND UNIVERSITIES, COMMUNITY COLLEGES, TECHNICAL SCHOOLS, APPRENTICESHIPS, AND MILITARY ENLISTMENT.

(B) WILL PROVIDE AN OPEN ENROLLMENT SUCH THAT IF THERE ARE MORE APPLICATIONS TO ENROLL THAN THERE ARE SPACES AVAILABLE, PUPILS SHALL BE SELECTED TO ATTEND USING A RANDOM SELECTION PROCESS. HOWEVER, A SCHOOL OR LEARNING COMMUNITY MAY GIVE ENROLLMENT PRIORITY TO A SIBLING OF A PUPIL ENROLLED IN THE SCHOOL OR LEARNING COMMUNITY, AND A SCHOOL OR LEARNING COMMUNITY SHALL ALLOW ANY PUPIL WHO WAS ENROLLED IN THE SCHOOL OR LEARNING COMMUNITY IN THE IMMEDIATELY PRECEDING SCHOOL YEAR TO ENROLL IN THE SCHOOL OR LEARNING COMMUNITY IN THE NEXT APPROPRIATE GRADE UNTIL THE PUPIL GRADUATES FROM THE SCHOOL OR LEARNING COMMUNITY.

(C) WILL HAVE A MAXIMUM OF 110 PUPILS IN EACH HIGH SCHOOL GRADE LEVEL AND AN AVERAGE OF AT LEAST 75 PUPILS IN EACH HIGH SCHOOL GRADE LEVEL.

(D) WILL INCORPORATE A RELATIONSHIP-BUILDING GOAL BETWEEN THE TEACHING STAFF, ADMINISTRATION, PUPILS, AND PARENTS.

(E) HAS A COMMITMENT OF PRIVATE MATCHING FUNDS AT LEAST EQUAL TO THE AMOUNT OF THE GRANT UNDER THIS SECTION.

(5) IF THE DEPARTMENT DETERMINES THAT A GRANT RECIPIENT HAS FAILED TO ACHIEVE THE OUTCOMES DESCRIBED IN SUBSECTION (4)(A), THE GRANT RECIPIENT SHALL RETURN TO THE STATE 50% OF THE TOTAL GRANT AWARDED. TO ACCOMPLISH THE RETURN OF THESE FUNDS, THE DEPARTMENT SHALL DEDUCT AN AMOUNT EQUAL TO 50% OF THE TOTAL GRANT AWARDED FROM THE GRANT RECIPIENT'S STATE SCHOOL AID INSTALLMENT PAYMENTS, ON A SCHEDULE DETERMINED BY THE DEPARTMENT. FUNDS RETURNED UNDER THIS SUBSECTION SHALL BE DEPOSITED IN THE 21ST CENTURY SCHOOLS FUND.

(6) IN AWARDING GRANTS UNDER THIS SECTION, THE DEPARTMENT SHALL GIVE PREFERENCE TO GRANT APPLICATIONS FOR STARTING A NEW SCHOOL OR LEARNING COMMUNITY THAT WILL IMPLEMENT STRATEGIES TO PREPARE MIDDLE SCHOOL STUDENTS LIKELY TO ATTEND THE

SCHOOL OR LEARNING COMMUNITY OR THAT WILL INCLUDE GRADES 6 TO 12 RATHER THAN PROPOSALS FOR STAND-ALONE SCHOOLS INCLUDING ONLY GRADES 9 TO 12 AND NOT IMPLEMENTING STRATEGIES TO PREPARE MIDDLE SCHOOL STUDENTS.

(7) THE DEPARTMENT SHALL NOT AWARD MORE THAN 1/3 OF THE GRANTS UNDER THIS SECTION TO PUBLIC SCHOOL ACADEMIES.

(8) THE DEPARTMENT SHALL ESTABLISH AND PUBLICIZE THE APPLICATION PROCESS AND A SCHEDULE FOR THE APPLICATION PROCESS.

(9) AS USED IN THIS SECTION, "ELIGIBLE DISTRICT" MEANS ALL OF THE FOLLOWING:

(A) A DISTRICT WITH A DISTRICTWIDE COHORT GRADUATION RATE FOR HIGH SCHOOL PUPILS BELOW 70%, AS DETERMINED BY THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION, FOR ITS MOST RECENT GRADUATING CLASS FOR WHICH DATA ARE AVAILABLE.

(B) A PUBLIC SCHOOL ACADEMY IF A MAJORITY OF THE PUPILS ENROLLED IN THE PUBLIC SCHOOL ACADEMY RESIDE IN A DISTRICT THAT MEETS THE CRITERIA UNDER SUBDIVISION (A).

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

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

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

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

(5) In addition to funds appropriated in section 11 for all programs and services, there is appropriated for ~~2007-2008~~ **2008-2009** for obligations in excess of applicable appropriations, an amount equal to the collection of overpayments, but not to exceed amounts available from overpayments.

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

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

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

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

(4) By November 15 of each year, each district and intermediate district shall submit to the center, in a manner prescribed by the center, annual comprehensive financial data consistent with accounting manuals and charts of accounts approved and published by the department. For an intermediate district, the report shall also contain the website address where the department can access the report required under section 620 of the revised school code, MCL 380.620. The department shall ensure that the prescribed Michigan public school accounting manual chart of accounts includes standard conventions to distinguish expenditures by allowable fund function and object. The functions shall include at minimum categories for instruction, pupil support, instructional staff support, general administration, school administration, business administration, transportation, facilities operation and maintenance, facilities acquisition, and debt service; and shall include object classifications of salary, benefits, including categories for active employee ~~medical, optical, and dental~~ **HEALTH** expenditures, purchased services, supplies, capital outlay, and other. Districts shall report the required level of detail consistent with the manual as part of the comprehensive annual financial report. The department shall make this information available online to districts and intermediate districts, and shall include per-pupil amounts spent on instruction and instructional support service functions, and indicate how much of those costs were attributable to salaries. Districts and intermediate districts shall include a link on their websites to the website where the department posts this information.

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

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

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

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

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

Sec. 18b. (1) Property of a public school academy that was acquired substantially with funds appropriated under this act shall be transferred to this state by the public school academy corporation if any of the following occur:

- (a) The public school academy has been ineligible to receive funding under this act for 18 consecutive months.
- (b) The public school academy's contract has been revoked **OR TERMINATED FOR ANY REASON**.
- (c) The public school academy's contract has not been reissued by the authorizing body.

(2) Property required to be transferred to this state under this section includes title to all real and personal property, interests in real or personal property, and other assets owned by the public school academy corporation that were substantially acquired with funds appropriated under this act.

(3) The state treasurer, or his or her designee, is authorized to dispose of property transferred to this state under this section. Except as otherwise provided in this section, the state treasurer shall deposit in the state school aid fund any money included in that property and the net proceeds from the sale of the property or interests in property, after payment by the state treasurer of any public school academy debt secured by the property or interest in property.

(4) This section does not impose any liability on this state, any agency of this state, or an authorizing body for any debt incurred by a public school academy.

(5) As used in this section and section 18c, “authorizing body” means an authorizing body defined under section 501 **OR 1311B** of the revised school code, MCL 380.501 **AND 380.1311B**.

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

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

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

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

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

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

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

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

Sec. 20. (1) ~~For 2006-2007, the basic foundation allowance is \$7,085.00. For 2007-2008, the basic foundation allowance is \$8,433.00.~~ **FOR 2008-2009, THE BASIC FOUNDATION ALLOWANCE IS \$8,489.00.**

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

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

(a) For 2007-2008, for a district that had a foundation allowance for 2006-2007, including any adjustment under subdivision (f), that was at least equal to \$7,108.00 but less than \$8,385.00, the district shall receive a foundation allowance in an amount equal to the sum of the district’s foundation allowance for 2006-2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00) times (the difference between the district’s foundation allowance for 2006-2007, including any adjustment under subdivision (f), and \$7,108.00) divided by \$1,325.00]. Beginning in 2008-2009, for a district that had a foundation allowance for the immediately preceding state fiscal year that was at least equal to the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district’s foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus ~~\$50.00~~ **\$20.00**) times (the difference between the district’s foundation allowance for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. However, the foundation allowance for a district that had less than the basic foundation allowance for the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

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

(c) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of \$200.00 or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b. For 2007-2008, for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the district's foundation allowance for the immediately preceding state fiscal year plus \$48.00.

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

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

(f) ~~Beginning in 2007-2008, for~~ **FOR** a district that received a payment under section 22c as that section was in effect for 2006-2007, the district's 2006-2007 foundation allowance shall be considered to have been an amount equal to the sum of the district's actual 2006-2007 foundation allowance as otherwise calculated under this section plus the per pupil amount of the district's equity payment for 2006-2007 under section 22c as that section was in effect for 2006-2007.

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or the basic foundation allowance for the current state fiscal year, whichever is less, minus the difference between the **SUM OF THE** product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** divided by the district's membership excluding special education pupils. For a district described in subsection (3)(c), the state portion of the district's foundation allowance is an amount equal to \$6,962.00 plus the difference between the district's foundation allowance for the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the **SUM OF THE** product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

(5) The allocation calculated under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for a pupil enrolled in a district other than the pupil's district of residence, if the foundation allowance of the pupil's district of residence has been adjusted pursuant to subsection (19), the allocation calculated under this section shall

not include the adjustment described in subsection (19). For a pupil enrolled pursuant to section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation calculated under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

(6) For 2007-2008, subject to subsection (7) and section 22b(3) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or \$7,475.00, whichever is less. Beginning in 2008-2009, subject to subsection (7) and section 22b(3) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or the state maximum public school academy allocation, whichever is less. Notwithstanding section 101(2), for a public school academy that begins operations after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the ~~SUM OF THE~~ product of the taxable value per membership pupil of all property in the district that is ~~not a principal residence or qualified agricultural~~ **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 ~~DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS~~ and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

(8) If a district does not receive an amount calculated under subsection (9); if the number of mills the district may levy on a principal residence, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** under section ~~1211(1)-~~1211 of the revised school code, MCL 380.1211, is 0.5 mills or less; and if the district elects not to levy those mills, the district instead shall receive a separate supplemental amount calculated under this subsection in an amount equal to the amount the district would have received had it levied those mills, as determined by the department of treasury. A district shall not receive a separate supplemental amount calculated under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies ~~18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less,~~ **THE DISTRICT'S CERTIFIED MILLS** on property that is ~~not a principal residence or qualified agricultural~~ **NONEXEMPT** property.

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a principal residence, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** are exempt and not to levy school operating taxes on a principal residence, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** as provided in section ~~1211(1)-~~1211 of the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is calculated under this subsection for 1994-95 and each succeeding fiscal year a separate

supplemental amount in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a principal residence, ~~and qualified agricultural property,~~ **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** at the rate authorized for the district under section ~~1211(1)~~ **1211** of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. If in the calendar year ending in the fiscal year a district does not levy ~~18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less,~~ **THE DISTRICT'S CERTIFIED MILLS** on property that is not a principal residence or qualified agricultural ~~NONEXEMPT~~ property, the amount calculated under this subsection will be reduced by the same percentage as the millage actually levied compares to the ~~18 mills or the number of mills levied in 1993, whichever is less~~ **DISTRICT'S CERTIFIED MILLS**.

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

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

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

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

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

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under ~~section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e~~ **MCL 18.1101 TO 18.1594**, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for ~~2007-2008~~ **2008-2009**, the index shall be 1.00. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(14) If the principals at the revenue estimating conference reach a consensus on the index described in subsection (13)(c), the ~~basic~~ **LOWEST** foundation allowance **AMONG ALL DISTRICTS** for the subsequent state fiscal year shall be at least the amount of that consensus index multiplied by the ~~basic~~ **LOWEST** foundation allowance ~~specified in subsection (1)~~ **AMONG ALL DISTRICTS FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR**.

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

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue

under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed the basic foundation allowance for the current state fiscal year, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department.

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

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

(19) For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of 100% of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the number of pupils in the district's membership for 2001-2002 who were residents of and enrolled in the district. Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes allowable under former section 32e as in effect for 2001-2002, and may also use these funds for an early intervening program described in subsection (20). For an individual school or schools operated by a district qualifying for a foundation allowance under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

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

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

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

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

(22) For a district that levied 2.23 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance.

A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$500,000.00 for a fiscal year as a result of this adjustment.

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

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

(25) As used in this section:

(A) “CERTIFIED MILLS” MEANS THE LESSER OF 18 MILLS OR THE NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN 1993-94.

(B) ~~(a)~~ “Combined state and local revenue” means the aggregate of the district’s state school aid received by or paid on behalf of the district under this section and the district’s local school operating revenue.

(C) ~~(b)~~ “Combined state and local revenue per membership pupil” means the district’s combined state and local revenue divided by the district’s membership excluding special education pupils.

(D) ~~(c)~~ “Current state fiscal year” means the state fiscal year for which a particular calculation is made.

(E) ~~(d)~~ “Immediately preceding state fiscal year” means the state fiscal year immediately preceding the current state fiscal year.

(F) ~~(e)~~ “Local school operating revenue” means school operating taxes levied under section 1211 of the revised school code, MCL 380.1211.

(G) ~~(f)~~ “Local school operating revenue per membership pupil” means a district’s local school operating revenue divided by the district’s membership excluding special education pupils.

(H) ~~(g)~~ “Maximum public school academy allocation” means the maximum per-pupil allocation as calculated by adding the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$50.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies].

(I) ~~(h)~~ “Membership” means the definition of that term under section 6 as in effect for the particular fiscal year for which a particular calculation is made.

(J) “NONEXEMPT PROPERTY” MEANS PROPERTY THAT IS NOT A PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL PERSONAL PROPERTY.

(K) ~~(i)~~ “Principal residence”, and “qualified agricultural property”, “**QUALIFIED FOREST PROPERTY**”, “**INDUSTRIAL PERSONAL PROPERTY**”, AND “**COMMERCIAL PERSONAL PROPERTY**” mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, AND SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211.

(L) ~~(j)~~ “School operating purposes” means the purposes included in the operation costs of the district as prescribed in sections 7 and 18.

(M) ~~(k)~~ “School operating taxes” means local ad valorem property taxes levied under section 1211 of the revised school code, MCL 380.1211, and retained for school operating purposes.

(N) “TAX INCREMENT FINANCING ACTS” MEANS 1975 PA 197, MCL 125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.

(O) ~~(l)~~ “Taxable value per membership pupil” means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district’s membership excluding special education pupils for the school year ending in the current state fiscal year.

Sec. 20d. In making the final determination required under former section 20a of a district’s combined state and local revenue per membership pupil in 1993-94 and in making calculations under section 20 **FOR 2008-2009**, the department and the department of treasury shall comply with all of the following:

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

under former section 146 and under section 147 on behalf of the district's employees who provided direct services to the area vocational education center. Not later than June 30, 1996, the department shall make an adjustment under this subdivision to the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year and the department of treasury shall make a final certification of the number of mills that may be levied by the district under section 1211 of the revised school code, MCL 380.1211, as a result of the adjustment under this subdivision.

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

Sec. 20j. (1) Foundation allowance supplemental payments for ~~2007-2008~~ **2008-2009** to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

(2) The per pupil allocation to each district under this section shall be the difference between the basic foundation allowance for the 1998-99 state fiscal year and ~~\$7,108.00~~ **\$7,204.00** less \$223.00 minus the dollar amount of the adjustment from the 1998-99 state fiscal year to ~~2006-2007~~ **2007-2008** in the district's foundation allowance.

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

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

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$5,951,000,000.00 for 2007-2008 **AND AN AMOUNT NOT TO EXCEED \$6,092,000,000.00 FOR 2008-2009** for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the **SUM OF THE** product of the taxable value per membership pupil of all property in the district that is ~~not a homestead or qualified agricultural~~ **NONEXEMPT** property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** and the quotient of the ad valorem property tax revenue of the district captured under ~~1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, TAX INCREMENT FINANCING ACTS~~ divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount

calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, **TAX INCREMENT FINANCING ACTS** divided by the district's membership.

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

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

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the 1994-95 foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

(6) As used in this section:

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

(B) "CERTIFIED MILLS" MEANS THE LESSER OF 18 MILLS OR THE NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN 1993-94.

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

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

(E) ~~(d)~~ "Hold harmless millage" means, for a district with a 1994-95 foundation allowance greater than \$6,500.00, the number of mills by which the exemption from the levy of school operating taxes on a homestead, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** could be reduced as provided in section ~~1211(1)~~ **1211** of the revised school code, MCL 380.1211, and the number of mills of school operating taxes that could be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, as certified by the department of treasury for the 1994 tax year.

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

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

(H) "NONEXEMPT PROPERTY" MEANS PROPERTY THAT IS NOT A PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL PERSONAL PROPERTY.

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

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

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

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

(M) "TAX INCREMENT FINANCING ACTS" MEANS 1975 PA 197, MCL 125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.

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

(i) For the number of mills by which the exemption from the levy of school operating taxes on a homestead, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** may be reduced as provided in section ~~1211(1)~~-1211 of the revised school code, MCL 380.1211, the taxable value of homestead, ~~and~~ qualified agricultural property, **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** for the calendar year ending in the current state fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state, then, for the purpose of addressing potential liability under such a lawsuit, the state budget director may place funds allocated under this section in escrow or allocate money from the funds otherwise allocated under this section, up to a maximum of 50% of the amount allocated in subsection (1). If funds are placed in escrow under this subsection, those

funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the social security act, 42 USC 1396 to 1396v.

(11) ~~From the allocation in subsection (1), there is allocated for 2007-2008 only an amount not to exceed \$40,000.00 for payment to a district that meets all of the following:~~

~~(a) Had a membership of less than 900 pupils for 2006-2007.~~

~~(b) Is located in an intermediate district that had a taxable value per membership pupil, as defined in section 22a, of greater than \$290,000.00 for 2006-2007.~~

~~(c) The school electors of the district voted in the affirmative on May 8, 2007 to restore a millage reduction required under section 31 of article IX of the state constitution of 1963, but the district was later found to have an incorrect millage reduction fraction as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.~~

Sec. 22d. (1) ~~From the amount allocated under section 22b~~ **APPROPRIATION IN SECTION 11**, an amount not to exceed \$2,025,000.00 is allocated for ~~2007-2008~~ **2008-2009** for additional payments to small, geographically isolated districts under this section.

(2) From the allocation under subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$750,000.00 for payments under this subsection to districts that meet all of the following:

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

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

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

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

(3) The amount of the additional funding to each eligible district under subsection (2) 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 subsection (2) 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 subsection (2) and shall be paid to the eligible districts in the same manner as payments under section 22b.

(4) Subject to subsection (6), from the allocation in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$1,275,000.00 for payments under this subsection to districts that meet all of the following:

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

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

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

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

SEC. 22E. (1) BEGINNING IN 2008-2009, AN AMOUNT WILL BE ALLOCATED EACH FISCAL YEAR FROM THE APPROPRIATION IN SECTION 11 FOR ADDITIONAL PAYMENTS UNDER THIS SECTION TO DISTRICTS THAT MEET THE ELIGIBILITY REQUIREMENTS UNDER SUBSECTION (2). FOR 2008-2009, THERE IS ALLOCATED FOR THIS PURPOSE FROM THE APPROPRIATION IN SECTION 11 AN AMOUNT NOT TO EXCEED \$1,300,000.00.

(2) TO BE ELIGIBLE FOR A PAYMENT UNDER THIS SECTION, A DISTRICT MUST BE DETERMINED BY THE DEPARTMENT AND THE DEPARTMENT OF TREASURY TO MEET ALL OF THE FOLLOWING:

(A) THE DISTRICT LEVIES 1 OF THE FOLLOWING OPERATING MILLAGE AMOUNTS:

(i) ALL OF THE OPERATING MILLAGE IT IS AUTHORIZED TO LEVY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211.

(ii) THE AMOUNT OF OPERATING MILLAGE IS AUTHORIZED TO LEVY AFTER A VOLUNTARY REDUCTION OF ITS OPERATING MILLAGE RATE ADOPTED BY THE BOARD OF THE DISTRICT.

(iii) THE AMOUNT OF OPERATING MILLAGE IT IS AUTHORIZED TO LEVY AFTER A MILLAGE REDUCTION REQUIRED UNDER THE LIMITATION OF SECTION 31 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963, IF A BALLOT QUESTION ASKING FOR APPROVAL TO LEVY MILLAGE IN EXCESS OF THE LIMITATION HAS BEEN REJECTED IN THE DISTRICT.

(B) THE DISTRICT RECEIVES A REDUCED AMOUNT OF LOCAL SCHOOL OPERATING REVENUE UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, AS A RESULT OF THE EXEMPTIONS OF INDUSTRIAL PERSONAL PROPERTY AND COMMERCIAL PERSONAL PROPERTY THAT WERE ENACTED IN 2007 PA 37.

(C) THE DISTRICT DOES NOT RECEIVE ANY STATE PORTION OF ITS FOUNDATION ALLOWANCE, AS CALCULATED UNDER SECTION 20(4).

(3) THE AMOUNT OF THE ADDITIONAL FUNDING TO EACH ELIGIBLE DISTRICT UNDER THIS SECTION IS THE SUM OF THE FOLLOWING AND SHALL BE PAID TO THE ELIGIBLE DISTRICTS IN THE SAME MANNER AS PAYMENTS UNDER SECTION 22B:

(A) THE PRODUCT OF THE TAXABLE VALUE OF THE DISTRICT'S INDUSTRIAL PERSONAL PROPERTY FOR THE CALENDAR YEAR ENDING IN THE FISCAL YEAR MULTIPLIED BY THE TOTAL NUMBER OF MILLS THE DISTRICT LEVIES ON NONEXEMPT PROPERTY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, FOR THAT CALENDAR YEAR.

(B) THE PRODUCT OF THE TAXABLE VALUE OF THE DISTRICT'S COMMERCIAL PERSONAL PROPERTY FOR THE CALENDAR YEAR ENDING IN THE FISCAL YEAR MULTIPLIED BY THE LESSER OF 12 MILLS OR THE TOTAL NUMBER OF MILLS THE DISTRICT LEVIES ON NONEXEMPT PROPERTY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, FOR THAT CALENDAR YEAR.

Sec. 24. (1) From the appropriation in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

(2) ~~For 2007-2008, 90% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 10% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost. Beginning with allocations for 2008-2009, 100% of the~~ **THE** total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district. For the purposes of this subsection:

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

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

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

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

Sec. 24a. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$3,103,400.00~~ **\$2,828,500.00** for ~~2007-2008~~ **2008-2009** for payments to intermediate districts for pupils who are placed in juvenile justice service facilities operated by the department of human services. Each intermediate district shall receive an amount equal to the state share of those costs that are clearly and directly attributable to the educational programs for pupils placed in facilities described in this section that are located within the intermediate district's boundaries. The intermediate districts receiving payments under this section shall cooperate with the department of human services to ensure that all funding allocated under this section is utilized by the intermediate district and department of human services for educational programs for pupils described in this section. Pupils described in this section are not eligible to be funded under section 24. However, a program responsibility or other fiscal responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$1,283,900.00~~ **\$1,284,600.00** for ~~2007-2008~~ **2008-2009** for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. A district receiving payments under this section shall contract with the department of military and veterans affairs to ensure that all funding allocated under this section is utilized by the district and the department of military and veterans affairs for the youth challenge program.

Sec. 25b. (1) ~~Beginning in 2000-2001, this~~ **THIS** section applies to an educating district's enrollment of a pupil if the educating district is not a school district of the first class ~~under the revised school code~~ and if all of the following apply:

(a) The pupil transfers from 1 of 3 other districts specified by the educating district and enrolls in the educating district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

(d) The total number of pupils enrolled in the district who are described in subdivisions (a), (b), and (c) and who transfer from 1 of the 3 other districts specified by the educating district is at least equal to the greater of 25 or 1% of the educating district's membership.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from 1 of the 3 other specified districts described in subsection (1)(d) and enrolls during a school year in the educating district, the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) In determining the total amount a district owes to the educating district under this section, regardless of whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to that district from the educating district and meet the requirements of subsection (1)(a) to (c).

(4) As used in this section, "educating district" means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).

Sec. 25c. (1) ~~Beginning in 2000-2001, this~~ **THIS** section applies to an educating district's enrollment of a pupil if the educating district is a school district of the first class ~~under the revised school code~~ and if all of the following apply:

(a) The pupil transfers from another district and enrolls in the educating district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

(d) The total number of pupils enrolled in the district who are described in subdivisions (a), (b), and (c) is at least equal to 25.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from another district and enrolls during a school year in the educating district, **THEN NOT LATER THAN DECEMBER 31 OF THE NEXT FISCAL YEAR BEGINNING AFTER THE SCHOOL YEAR THE PUPIL TRANSFERRED** the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and **NOT LATER THAN OCTOBER 31 OF THE SECOND FISCAL YEAR BEGINNING AFTER THE SCHOOL YEAR THE PUPIL TRANSFERRED** the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section, ~~within 30 days after receipt of the report,~~ the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) In determining the total amount a district owes to the educating district under this section, regardless of whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to

that district from the educating district and meet the requirements of subsection (1)(a) to (c). **IF, AFTER CALCULATING AND SUBTRACTING FROM THE AMOUNT OWED BY A DISTRICT TO THE EDUCATING DISTRICT UNDER THIS SECTION ANY AMOUNT APPLICABLE TO PUPILS WHO TRANSFER TO THAT DISTRICT FROM THE EDUCATING DISTRICT AND MEET THE REQUIREMENTS OF SUBSECTION (1)(A) TO (C), IT IS DETERMINED THAT THE EDUCATING DISTRICT OWES FUNDS TO THE DISTRICT, THE EDUCATING DISTRICT SHALL PAY THOSE FUNDS TO THE DISTRICT IN THE SAME MANNER AS PROVIDED UNDER SUBSECTION (2).**

(4) As used in this section, “educating district” means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).

Sec. 26a. From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$36,000,000.00 **\$41,400,000.00** for ~~2007-2008~~ **2008-2009**, and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$14,000,000.00 **\$16,100,000.00** for ~~2007-2008~~ **2008-2009** to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2007-2008~~. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

Sec. 26b. (1) From the appropriation in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$3,400,000.00 for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

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

Sec. 29. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 **EACH FISCAL YEAR** for ~~2007-2008~~ **AND FOR 2008-2009** for additional payments to eligible districts for declining enrollment assistance.

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

(a) The district’s pupil membership for the current fiscal year is less than the district’s pupil membership for the immediately preceding fiscal year and the district’s pupil membership for the immediately preceding fiscal year is less than the district’s pupil membership for the previously preceding fiscal year as calculated under section 6 for that fiscal year.

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

(c) The district is not eligible to receive funding under ~~sections~~ **SECTION 6(4)(y) or ~~22d-22D(2)~~**.

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

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

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$319,350,000.00 **\$320,350,000.00** for payments to eligible districts and eligible public school academies under this section. Subject to subsection (14), the amount of the additional allowance under this section, other than funding under subsection (6) or (7), shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769i, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

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

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

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

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department

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

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils; for school health clinics; and for the purposes of subsection (5), (6), or (7). In addition, a district that is ~~organized as a school district of the first class under the revised school code~~ or a district or public school academy in which at least 50% of the pupils in membership met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), may use not more than 15% of the funds it receives under this section for school security. A district or public school academy shall not use any of that money for administrative costs or to supplant another program or other funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may include, but are not limited to, tutorial services, early childhood programs to serve children age 0 to 5, and reading programs as described in former section 32f as in effect for 2001-2002. A tutorial method may be conducted with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

(5) Except as otherwise provided in subsection (12), a district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the revised school code, MCL 380.1272a, shall use from the funds received under this section an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to ~~operate~~ **PAY FOR COSTS ASSOCIATED WITH THE OPERATION OF** the school breakfast program.

(6) From the funds allocated under subsection (1), there is allocated for ~~2007-2008-2008-2009~~ ~~\$3,743,000.00~~ **\$4,743,000.00** to support child and adolescent health centers. These grants shall be awarded for 5 consecutive years beginning with 2003-2004 in a form and manner approved jointly by the department and the department of community health. Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 5-year period after the noncompliance. Beginning in 2004-2005, to continue to receive funding for a child and adolescent health center under this section a grant recipient shall ensure that the child and adolescent health center has an advisory committee and that at least one-third of the members of the advisory committee are parents or legal guardians of school-aged children. A child and adolescent health center program shall recognize the role of a child's parents or legal guardian in the physical and emotional well-being of the child. Funding under this subsection shall be used to support child and adolescent health center services provided to children up to age 21. If any funds allocated under this subsection are not used for the purposes of this subsection for the fiscal year in which they are allocated, those unused funds shall be used that fiscal year to avoid or minimize any proration that would otherwise be required under subsection (14) for that fiscal year.

(7) From the funds allocated under subsection (1), there is allocated for ~~2007-2008-2008-2009~~ an amount not to exceed \$5,150,000.00 for the state portion of the hearing and vision screenings as described in section 9301 of the public health code, 1978 PA 368, MCL 333.9301. A local public health department shall pay at least 50% of the total cost of the screenings. The frequency of the screenings shall be as required under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of the Michigan administrative code. Funds shall be awarded in a form and manner approved jointly by the department and the department of community health. Notwithstanding section 17b, payments to eligible entities under this subsection shall be paid on a schedule determined by the department.

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

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

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

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

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

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

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

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

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

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

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

(16) A district or public school academy that does not meet the eligibility requirement under subsection (2)(a) is eligible for funding under this section if at least 1/4 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), and at least 4,500 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined

and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 11.5% of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed the basic foundation allowance under section 20 for the current state fiscal year.

(17) A DISTRICT THAT DOES NOT MEET THE ELIGIBILITY REQUIREMENT UNDER SUBSECTION (2)(A) IS ELIGIBLE FOR FUNDING UNDER THIS SECTION IF AT LEAST 75% OF THE PUPILS IN MEMBERSHIP IN THE DISTRICT MET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, AS DETERMINED AND REPORTED AS DESCRIBED IN SUBSECTION (1), THE DISTRICT RECEIVES AN ADJUSTMENT UNDER SECTION 20(19), AND THE DISTRICT DOES NOT RECEIVE ANY STATE PORTION OF ITS FOUNDATION ALLOWANCE AS CALCULATED UNDER SECTION 20. A DISTRICT THAT IS ELIGIBLE FOR FUNDING UNDER THIS SECTION BECAUSE THE DISTRICT MEETS THE REQUIREMENTS OF THIS SUBSECTION SHALL RECEIVE UNDER THIS SECTION FOR EACH MEMBERSHIP PUPIL IN THE DISTRICT WHO MET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK IN THE IMMEDIATELY PRECEDING FISCAL YEAR, AS DETERMINED AND REPORTED AS DESCRIBED IN SUBSECTION (1), AN AMOUNT PER PUPIL EQUAL TO 11.5% OF THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE UNDER SECTION 20, NOT TO EXCEED THE BASIC FOUNDATION ALLOWANCE UNDER SECTION 20 FOR THE CURRENT STATE FISCAL YEAR.

(18) ~~(17)~~—As used in this section, “at-risk pupil” means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable Michigan education assessment program (MEAP) test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of level 2 on the most recent MEAP English language arts, mathematics, or science test for which results for the pupil have been received. For pupils for whom the results of the Michigan merit examination have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve proficiency on the reading component of the most recent Michigan merit examination for which results for the pupil have been received, did not achieve proficiency on the mathematics component of the most recent Michigan merit examination for which results for the pupil have been received, or did not achieve basic competency on the science component of the most recent Michigan merit examination for which results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language arts or mathematics.

Sec. 31d. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$22,495,100.00 for ~~2007-2008~~ **2008-2009** for the purpose of making payments to districts and other eligible entities under this section.

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

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

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

(5) From the federal funds appropriated in section 11, there is allocated for ~~2007-2008-2008-2009~~ all available federal funding, estimated at \$330,000,000.00, for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

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

Sec. 31f. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$9,625,000.00 for ~~2007-2008~~ **2008-2009** for the purpose of making payments to districts to reimburse for the cost of providing breakfast.

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

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

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

(3) The payment for a district under this section is at a per meal rate equal to the lesser of the district's actual cost or 100% of the **STATEWIDE AVERAGE** cost of a breakfast served, ~~by an efficiently operated breakfast program as determined AND APPROVED~~ by the department, less federal reimbursement, participant payments, and other state reimbursement. ~~Determination of efficient cost by the department shall be determined by using a statistical sampling of statewide and regional cost.~~ **THE STATEWIDE AVERAGE COST SHALL BE DETERMINED BY THE DEPARTMENT USING COSTS** as reported in a manner approved by the department for the preceding school year.

(4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

Sec. 32b. (1) From the funds appropriated under section 11, there is allocated an amount not to exceed ~~\$1,750,000.00~~ **\$6,750,000.00** for ~~2007-2008-2008-2009~~ for competitive grants to intermediate districts for the creation and continuance of great start communities or other community purposes as identified by the early childhood investment corporation. These dollars may not be expended until both of the following conditions have been met:

(a) The early childhood investment corporation has identified matching dollars of at least an ~~equal amount~~ **EQUAL TO THE AMOUNT OF THE MATCHING DOLLARS FOR 2006-2007.**

(b) ~~The membership of the executive committee includes 1 member appointed by the senate majority leader, 1 member appointed by the senate minority leader, 1 member appointed by the speaker of the house of representatives, and 1 member appointed by the minority leader of the house of representatives. Not later than 60 days after the convening of each legislative session in each odd-numbered year, each legislative leader shall appoint a member of the executive committee.~~ **SHALL CONSIST OF 4 MEMBERS APPOINTED BY THE GOVERNOR. THE GOVERNOR SHALL APPOINT 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE SENATE MAJORITY LEADER, 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE SENATE MINORITY LEADER, 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE MINORITY LEADER OF THE HOUSE OR REPRESENTATIVES. THE GOVERNOR SHALL APPOINT THESE MEMBERS NOT LATER THAN 60 DAYS AFTER THE CONVENING OF THE LEGISLATIVE SESSION IN EACH ODD-NUMBERED YEAR.** A member appointed in this manner shall continue ~~to~~ **SHALL** serve on the executive committee through ~~the next~~ **THAT** regular legislative session unless he or she voluntarily resigns or is otherwise unable to serve. When a vacancy occurs as a result of a voluntary resignation or inability to serve, the legislative leader ~~who had appointed the member~~ **GOVERNOR** shall make an appointment to fill that vacancy **IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT** not later than 60 days after the date the vacancy occurs.

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

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

(a) ~~A~~ **THE COMPLETION OF** A community needs assessment and strategic plan for the ~~development~~ **CREATION** of a comprehensive system of early childhood services and supports, accessible to all children from birth to kindergarten and their families.

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

(c) Coordination and expansion of high-quality early childhood and childcare programs.

(d) Evaluation of local programs.

(4) ~~Not later than December 1, 2007 for the 2006-2007 fiscal year grants under this section, and not later than December 1 ; 2008 for the 2007-2008 grants under this section~~ **OF EACH FISCAL YEAR, FOR THE GRANTS AWARDED UNDER THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR,** the department shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the ~~amounts of grants~~ **AMOUNT OF EACH GRANT** awarded under this section, the grant recipients, the activities funded by each grant under this section, and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports.

(5) AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER THIS SECTION MAY CARRY OVER ANY UNEXPENDED FUNDS RECEIVED UNDER THIS SECTION INTO THE NEXT FISCAL YEAR AND MAY EXPEND THOSE UNUSED FUNDS IN THE NEXT FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY UNEXPENDED GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED BY THE DEPARTMENT NOT LATER THAN SEPTEMBER 30 OF THE NEXT FISCAL YEAR AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.

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

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,125,000.00 for ~~2007-2008~~ **2008-2009** to the department for grants for community-based collaborative prevention services designed to foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

(2) The funds allocated under subsection (1) shall be distributed through a joint request for proposals process established by the department in conjunction with the children's trust fund and the interagency director's workgroup. Projects funded with grants awarded under this section shall meet all of the following:

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

(b) Demonstrate that the planned services are part of a community's integrated comprehensive family support strategy endorsed by the community collaborative **AND, WHERE THERE IS A GREAT START COLLABORATIVE, DEMONSTRATE THAT THE PLANNED SERVICES ARE PART OF THE COMMUNITY'S GREAT START STRATEGIC PLAN.**

(c) Provide a 25% local match, of which not more than 10% may be in-kind services, unless this requirement is waived by the interagency director's workgroup.

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

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

Sec. 32d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed ~~\$80,900,000.00~~ **\$88,100,000.00** for ~~2007-2008~~ **2008-2009** for ~~school~~ **GREAT START** readiness or preschool and parenting program grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available **TO THE DISTRICT AND ITS COMMUNITY**, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852, **PART-DAY OR FULL-DAY** comprehensive compensatory programs designed to do 1 or both of the following:

(a) Improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. **TO THE EXTENT ALLOWABLE UNDER FEDERAL LAW, A DISTRICT SHALL NOT USE FUNDS RECEIVED UNDER THIS SECTION TO SUPPLANT ANY FEDERAL FUNDS RECEIVED BY THE DISTRICT OR ITS COMMUNITY. FOR THE PURPOSES OF THIS SECTION, "SUPPLANT" MEANS TO SERVE CHILDREN ELIGIBLE FOR A FEDERALLY FUNDED EXISTING PRESCHOOL PROGRAM THAT HAS CAPACITY TO SERVE THOSE CHILDREN.**

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

(2) A comprehensive free compensatory program funded under this section shall include an age-appropriate educational curriculum, as described in the early childhood standards of quality for prekindergarten children adopted by the state board, that prepares children for success in school, including language, early literacy, and early mathematics. In addition, the comprehensive program shall include nutritional services, health **AND DEVELOPMENTAL** screening **AS DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF QUALITY FOR PREKINDERGARTEN** for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

(3) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated an amount not to exceed \$279,100.00 for ~~2007-2008~~ **2008-2009** for a competitive grant to continue a longitudinal evaluation of children who have participated in the ~~Michigan school~~ **GREAT START** readiness program.

(4) A district receiving a grant under this section may contract with for-profit or nonprofit preschool center providers that meet all provisions of the early childhood standards of quality for prekindergarten children adopted by the state board for the provision of the comprehensive compensatory program and retain for administrative services an amount equal to not more than 5% of the grant amount. A district may expend not more than 10% of the total grant amount for administration of the program.

(5) A ~~grant recipient~~ **DISTRICT** receiving funds under this section shall report to the department on the midyear report the number of children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g) and the total number of children participating in the program. For children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g), ~~grant recipients~~ **DISTRICTS** shall also report whether or not a parent is available to provide care based on employment status. For the purposes of this subsection, "employment status" shall

be defined by the department of human services in a manner consistent with maximizing the amount of spending that may be claimed for temporary assistance for needy families maintenance of effort purposes.

Sec. 32j. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$5,000,000.00 for ~~2007-2008~~ **2008-2009** for great parents, great start grants to intermediate districts to provide programs for parents with ~~preschool~~ **YOUNG CHILDREN**. The purpose of these programs is to encourage early mathematics and reading literacy, improve school readiness, reduce the need for special education services, and foster the maintenance of stable families by encouraging positive parenting skills.

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

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

(b) Providing parents with methods to enhance parent-child interaction that promote social and emotional development for ~~infants and toddlers~~ and age-appropriate language, mathematics, and early reading skills **FOR YOUNG CHILDREN**; including, but not limited to, encouraging parents to read to their preschool children at least 1/2 hour per day.

(c) Providing parents with examples of learning opportunities to promote intellectual, physical, and social growth of ~~preschoolers~~ **YOUNG CHILDREN**, including the acquisition of age-appropriate language, mathematics, and early reading skills.

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

(3) To receive a grant under this section, an intermediate district shall submit a plan to the department not later than October ~~1,~~ **2007-15, 2008** in the form and manner prescribed by the department. The plan shall do all of the following in a manner prescribed by the department:

(a) Provide a plan for the delivery of the program components described in subsection (2) that **TARGETS RESOURCES BASED ON FAMILY NEED AND** provides for educators trained in child development to help parents understand their role in their child's developmental process, thereby promoting school readiness and mitigating the need for special education services.

(b) Demonstrate an adequate collaboration of local entities involved in providing programs and services for preschool children and their parents **AND, WHERE THERE IS A GREAT START COLLABORATIVE, DEMONSTRATE THAT THE PLANNED SERVICES ARE PART OF THE COMMUNITY'S GREAT START STRATEGIC PLAN.**

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

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

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

(a) The superintendent shall approve or disapprove the plans and notify the intermediate district of that decision not later than November 15, ~~2007-2008.~~ The amount allocated to each intermediate district shall be at least an amount equal to 100% of the intermediate district's ~~2006-2007-2007-2008~~ payment under this section.

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

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

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

Sec. 32l. (1) From the general fund money appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed ~~\$12,650,000.00~~ **\$15,150,000.00** for competitive ~~school~~ **GREAT START** readiness program grants for the purposes of preparing children for success in school, ~~including~~ **THROUGH COMPREHENSIVE PART-DAY OR FULL-DAY PROGRAMS THAT INCLUDE** language, early literacy, and early mathematics, **NUTRITIONAL SERVICES, AND HEALTH AND DEVELOPMENTAL SCREENING, AS DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF QUALITY FOR PREKINDERGARTEN FOR PARTICIPATING CHILDREN; A PLAN FOR PARENT AND LEGAL GUARDIAN INVOLVEMENT; AND PROVISION OF REFERRAL SERVICES FOR FAMILIES ELIGIBLE FOR COMMUNITY SOCIAL SERVICES.** These grants shall be made available through a competitive application process as follows:

(a) Any public or private nonprofit legal entity or agency may apply for a grant under this section. However, a district or intermediate district may not apply for a grant under this section unless the district or intermediate district is acting as a fiscal

~~agent for a child-caring organization regulated under 1973 PA 116, MCL 722.111 to 722.128~~ **LOCAL GRANTEE FOR THE FEDERAL HEAD START PROGRAM OPERATING UNDER THE HEAD START ACT, 42 USC 9831 TO 9852.**

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

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

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

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

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

(iii) Employment of teachers possessing proper training, including a valid Michigan teaching certificate with an early childhood (ZA) endorsement, a valid Michigan teaching certificate with a child development associate credential (CDA), **OR THE EQUIVALENT FROM ANOTHER STATE**, or a bachelor's degree in child development with a specialization in preschool teaching. However, both of the following apply to this subparagraph:

(A) If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the superintendent may still give priority to the applicant if the applicant will employ teachers who have significant but incomplete training in early childhood education or child development if the applicant provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 4 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

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

(iv) Employment of paraprofessionals possessing proper training in early childhood development, including an associate's degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential, or the equivalent, as approved by the state board. If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph, after making reasonable efforts to comply, the superintendent of public instruction may still give priority to an applicant if the applicant will employ paraprofessionals who have completed at least 1 course in early childhood education or child development if the applicant provides to the department, and the department approves, a plan for each paraprofessional to come into compliance with the standards in this subparagraph. A paraprofessional's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses or 60 clock hours of training per calendar year.

(v) Evidence of collaboration with the community of child development programs, including, but not limited to, ~~Michigan school~~ **GREAT START** readiness and head start providers, including documentation of the total number of children in the community who would meet the criteria established in subparagraph (vii), and who are being served by other providers, and the number of children who will remain unserved by other community early childhood programs if this program is funded.

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

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

(viii) The program offers **OR CONTRACTS WITH ANOTHER NONPROFIT EARLY CHILDHOOD PROGRAM TO PROVIDE** supplementary day care and thereby offers full-day programs as part of its early childhood development program.

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

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

(i) Review the mechanisms and criteria used to determine referrals for participation in the ~~school~~ **GREAT START** readiness program.

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

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

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

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

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

(vii) Review the agency's participation in a collaborative recruitment and enrollment process with, at a minimum, all other funded preschool programs that may serve children in the same geographic area, including school district part-day programs described under section 32d and head start programs, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds. The collaborative recruitment and enrollment process should be established to reflect the geographic service areas of the collaborative partners. **AN EFFECTIVE PROCESS INCLUDES OPPORTUNITIES FOR FAMILIES TO MEET WITH AND LEARN ABOUT EACH PROGRAM FOR WHICH THEIR CHILD IS ELIGIBLE. A CHILD WHO IS INCOME-ELIGIBLE FOR HEAD START MUST BE REFERRED TO HEAD START. IF, AFTER REFERRAL TO HEAD START, A FAMILY CHOOSES TO ENROLL A HEAD-START-ELIGIBLE CHILD IN THE GREAT START READINESS PROGRAM, A WAIVER INDICATING THAT THE FAMILY HAS BEEN INFORMED OF THE CHILD'S ELIGIBILITY TO ATTEND HEAD START MUST BE COMPLETED BY THE FAMILY IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT AND SUBMITTED TO THE GREAT START READINESS PROGRAM BEFORE THE CHILD MAY BE ENROLLED IN THE GREAT START READINESS PROGRAM. THE GREAT START READINESS PROGRAM SHALL RETAIN THE WAIVER IN THE CHILD'S ENROLLMENT FILE.**

(2) TO BE ELIGIBLE FOR A GRANT UNDER THIS SECTION, THE AGENCY MUST DEMONSTRATE PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH ALL OTHER FUNDED PRESCHOOL PROGRAMS SERVING CHILDREN IN THE SAME GEOGRAPHIC AREA TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS.

(3) ~~(2)~~ To be eligible for a grant under this section, a program shall demonstrate that more than 50% of the children participating in the program live with families with a household income that is less than or equal to ~~250%~~ **300%** of the federal poverty level.

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

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

(6) ~~(5)~~ Except as otherwise provided in this subsection, an applicant that received a new grant under this section for ~~2006-2007~~ **2007-2008** shall also receive priority for funding under this section for ~~2007-2008 and 2008-2009~~ **AND 2009-2010**. However, after 3 fiscal years of continuous funding, an applicant is required to compete openly with new programs and other programs completing their third year. All grant awards under this section are contingent on the availability of funds and documented evidence of grantee compliance with early childhood standards of quality for prekindergarten, as approved by the state board, and with all operational, fiscal, administrative, and other program requirements.

(7) ~~(6)~~ Notwithstanding section 17b, payments to eligible entities under this section shall be paid on a schedule and in a manner determined by the department.

Sec. 37. (1) A district is eligible for an allocation under section 32d if the district meets all of the requirements in subsections (2), (3), and (4).

(2) The district shall submit a preapplication, in a manner and on forms prescribed by the department, by a date specified by the department in the immediately preceding state fiscal year. The preapplication shall include a comprehensive needs assessment and community collaboration plan that includes, but is not limited to, ~~Michigan school~~ **GREAT START** readiness **PROGRAM** and head start providers, and shall identify all of the following:

(a) The estimated total number of children in the community who meet the criteria of section 32d and how that calculation was made.

(b) The estimated number of children in the community who meet the criteria of section 32d and are being served by other early childhood development programs operating in the community, and how that calculation was made.

(c) The number of children the district will be able to serve who meet the criteria of section 32d including a verification of physical facility and staff resources capacity.

(d) The estimated number of children who meet the criteria of section 32d who will remain unserved after the district and community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

(3) The district shall submit a final application for approval, in a manner and on forms prescribed by the department, by a date specified by the department. The final application shall indicate all of the following that apply:

(a) The district complies with the state board approved early childhood standards of quality for prekindergarten.

(b) The district provides for the active and continuous participation of parents or guardians of the children in the program, and describes the district's participation plan as part of the application.

(c) The district only employs for this program the following:

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

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

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

(ii) Paraprofessionals possessing proper training in early childhood development, including an associate's degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential, or the equivalent as approved by the state board. However, if a district demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the district may employ paraprofessionals who have completed at least 1 course in early childhood education or child development if the district provides to the department, and the department approves, a plan for each paraprofessional to come into compliance with the standards in this subparagraph. A paraprofessional's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses or 60 clock hours of training per calendar year.

(d) The district has submitted for approval a program budget that includes only those costs not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the ~~early childhood~~ **GREAT START** readiness program, and that would not be incurred if the program were not being offered. If children other than those determined to be educationally disadvantaged participate in the program, state reimbursement under section 32d shall be limited to the portion of approved costs attributable to educationally disadvantaged children.

(e) The district has established ~~a~~ or has joined a multidistrict, multiagency, school readiness advisory committee consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade; parents or guardians of program participants; representatives from appropriate community agencies and organizations; the district curriculum director or equivalent administrator; and, if feasible, a school psychologist, school social worker, or school counselor. In addition, there shall be on the committee at least 1 parent or guardian of a program participant for every 18 children enrolled in the program, with a minimum of 2 parent or guardian representatives. The committee shall do all of the following:

(i) Ensure the ongoing articulation of the early childhood, kindergarten, and first grade programs offered by the district or districts.

(ii) Review the mechanisms and criteria used to determine participation in the early childhood program.

(iii) Review the health screening program for all participants.

(iv) Review the nutritional services provided to program participants.

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

(vi) Review the collaboration with and the involvement of appropriate community, volunteer, and social service agencies and organizations in addressing all aspects of educational disadvantage. The district must participate in a collaborative recruitment and enrollment process with, at a minimum, all other funded preschool programs that may serve children in the same geographic area, including the competitive programs described under section 32l and head start programs, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds. The collaborative recruitment and enrollment process should be established to reflect the geographic service areas of the collaborative partners. **AN EFFECTIVE PROCESS INCLUDES OPPORTUNITIES FOR FAMILIES TO MEET WITH AND LEARN ABOUT EACH PROGRAM FOR WHICH THEIR CHILD IS ELIGIBLE. A CHILD WHO IS INCOME-ELIGIBLE FOR HEAD START MUST BE REFERRED TO HEAD START. IF, AFTER REFERRAL TO HEAD START, A FAMILY CHOOSES TO ENROLL A HEAD-START-ELIGIBLE CHILD IN THE GREAT START READINESS PROGRAM, A WAIVER INDICATING THAT THE FAMILY HAS BEEN INFORMED OF THE CHILD'S ELIGIBILITY TO ATTEND HEAD START MUST BE COMPLETED BY THE FAMILY IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT AND SUBMITTED TO THE GREAT START READINESS PROGRAM BEFORE THE CHILD MAY BE ENROLLED IN THE GREAT START READINESS PROGRAM. THE GREAT START READINESS PROGRAM SHALL RETAIN THE WAIVER IN THE CHILD'S ENROLLMENT FILE.**

(vii) Review, evaluate, and make recommendations to a local school readiness program or programs for changes to the ~~school~~ **GREAT START** readiness program.

(f) The district has submitted for departmental approval a plan to conduct and report annual ~~school~~ **GREAT START** readiness program evaluations and continuous improvement plans using criteria approved by the department. At a minimum, the evaluations shall include a self-assessment of program quality and assessment of the gains in educational readiness and progress of the children participating in the program.

(g) More than 50% of the children participating in the program live with families with a household income that is equal to or less than ~~250%~~ **300%** of the federal poverty level.

(H) THE DISTRICT MUST DEMONSTRATE PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH ALL OTHER FUNDED PRESCHOOL PROGRAMS SERVING CHILDREN IN THE SAME GEOGRAPHIC AREA TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS.

(4) A consortium of 2 or more districts shall be eligible for an allocation under section 32d if the districts designate a single fiscal agent for the allocation. A district or intermediate district may administer a consortium described in this subsection. A consortium shall submit a single preapplication and application for the children to be served, regardless of the number of districts participating in the consortium. **THE CONSORTIUM MAY DECIDE, WITH APPROVAL OF ALL CONSORTIUM MEMBERS, TO SERVE NUMBERS OF CHILDREN BASED ON THE ALLOCATION TO EACH DISTRICT OR BASED ON THE ALLOCATION TO THE ENTIRE CONSORTIUM, ALLOWING CHILDREN RESIDING IN ANY DISTRICT IN THE CONSORTIUM TO BE SERVED BY THE CONSORTIUM AT ANY LOCATION.**

(5) With the final application, an applicant district shall submit to the department a resolution adopted by its board certifying the number of 4-year-old children who show evidence of risk factors as described in section 32d who live with families with a household income that is less than or equal to ~~250%~~ **300%** of the federal poverty level.

Sec. 38. The ~~maximum~~ number of prekindergarten children construed to be in need of special readiness assistance under section 32d shall be calculated for each district in the following manner: one-half of the percentage of the district's pupils in grades 1-5 who are eligible for free lunch, as determined by the district's October count in the school year 2 years before the fiscal year for which the calculation is made under the Richard B. Russell national school lunch act, ~~chapter 281, 60 Stat. 230; 42 U.S.C. USC 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h~~ **1769I**, as reported to the department not later than December 31 of the fiscal year 2 years before the fiscal year for which the calculation is made, shall be multiplied by the average kindergarten enrollment of the district on the pupil membership count day of the 2 immediately preceding years.

Sec. 39. (1) ~~The tentative~~ **BEGINNING IN 2008-2009, THE INITIAL** allocation for each fiscal year to each eligible district under section 32d shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, by \$3,400.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38. ~~until the money allocated in section 32d is distributed.~~ If the number of children a district indicates it will be able to serve under section 37(2)(c) includes children able to be served in a full-day program, then the number able to be served in a full-day program shall be doubled for the purposes of making this calculation of the lesser of the number of children determined in section 38 and the number of children the district indicates it will be able to serve under section 37(2)(c) and determining the amount of the ~~tentative~~ **INITIAL** allocation to the district under section 32d. **A DISTRICT MAY CONTRACT WITH A HEAD START AGENCY TO SERVE CHILDREN ENROLLED IN HEAD START WITH A FULL-DAY PROGRAM BY BLENDING HEAD START FUNDS WITH A PART-DAY GREAT START READINESS PROGRAM ALLOCATION. ALL HEAD START AND GREAT START READINESS PROGRAM POLICIES AND REGULATIONS APPLY TO THE BLENDED PROGRAM.**

(2) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE INITIAL ALLOCATION UNDER SUBSECTION (1), THE ALLOCATION UNDER THIS SUBSECTION SHALL BE DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER SECTION 32D IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN AS DETERMINED BY SECTION 38. THE ALLOCATION SHALL BE DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN EACH ELIGIBLE DISTRICT SERVED IN THE IMMEDIATELY PRECEDING FISCAL YEAR OR THE NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C), WHICHEVER IS LESS, MINUS THE NUMBER OF CHILDREN FOR WHICH THE DISTRICT RECEIVED FUNDING IN SUBSECTION (1) BY \$3,400.00.

(3) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE ALLOCATIONS UNDER SUBSECTIONS (1) AND (2), REMAINING FUNDS SHALL BE DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER SECTION 32D IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN AS DETERMINED BY SECTION 38. IF THE NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) EXCEEDS THE NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER SUBSECTIONS (1) AND (2), THE ALLOCATION UNDER THIS SUBSECTION SHALL BE DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) LESS THE NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER SUBSECTIONS (1) AND (2) BY \$3,400.00 UNTIL THE FUNDS ALLOCATED IN SECTION 32D ARE DISTRIBUTED.

(4) IF A DISTRICT IS PARTICIPATING IN A PROGRAM UNDER SECTION 32D FOR THE FIRST YEAR, THE MAXIMUM ALLOCATION UNDER THIS SECTION IS 32 MULTIPLIED BY \$3,400.00.

(5) ~~(2)~~ A district that received funds under this section in at least 1 of the 2 immediately preceding fiscal years shall receive priority in funding over other eligible districts. However, funding beyond 3 state fiscal years is contingent upon the availability

of funds and documented evidence satisfactory to the department of compliance with all operational, fiscal, administrative, and other program requirements.

~~(6)~~ ~~(3)~~-A district that offers supplementary day care funded by funds other than those received under this section and therefore offers full-day programs as part of its early childhood development program shall receive priority in the allocation of funds under this section over other eligible districts other than those districts funded under subsection ~~(2)~~-~~(5)~~.

~~(7)~~ ~~(4)~~-For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 32d.

~~(8)~~ ~~(5)~~-If, taking into account the total amount to be allocated to the district as calculated under this section, a district determines that it is able to include additional eligible children in the ~~school~~-**GREAT START** readiness program without additional funds under this section, the district may include additional eligible children but shall not receive additional funding under this section for those children.

~~(9)~~ ~~(6)~~-For a district that enrolls pupils in a full-day program under section 32d, each child enrolled in the full-day program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for determining the allocation under section 32d. A district's allocation shall not be increased solely on the basis of providing a full-day program.

~~(10)~~ ~~(7)~~-As used in this section, **"PART-DAY PROGRAM" MEANS A PROGRAM THAT OPERATES AT LEAST 4 DAYS PER WEEK, 30 WEEKS PER YEAR, WITH AT LEAST 300 HOURS OF TEACHER-CHILD CONTACT, AND** "full-day program" means a program that operates for at least the same length of day as the district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full-day program must enroll all children for the full day to be considered a full-day program.

Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated for ~~2007-2008~~-~~2008-2009~~ to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$669,660,100.00~~ **\$752,987,500.00**, for the federal programs under the no child left behind act of 2001, Public Law 107-110. These funds are allocated as follows:

(a) An amount estimated at ~~\$9,625,800.00~~ **\$8,033,600.00** to provide students with drug- and violence-prevention programs and to implement strategies to improve school safety, funded from DED-OESE, drug-free schools and communities funds.

(b) An amount estimated at ~~\$6,405,500.00~~ **\$7,461,800.00** for the purpose of improving teaching and learning through a more effective use of technology, funded from DED-OESE, educational technology state grant funds.

(c) An amount estimated at ~~\$106,249,200.00~~ **\$109,411,900.00** for the purpose of preparing, training, and recruiting high-quality teachers and class size reduction, funded from DED-OESE, improving teacher quality funds.

(d) An amount estimated at ~~\$9,854,300.00~~ **\$10,322,300.00** for programs to teach English to limited English proficient (LEP) children, funded from DED-OESE, language acquisition state grant funds.

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

(f) An amount estimated at ~~\$676,000.00~~ **\$898,300.00** for rural and low income schools, funded from DED-OESE, rural and low income school funds.

(g) An amount estimated at ~~\$3,115,900.00~~ **\$1,000.00** to help schools develop and implement comprehensive school reform programs, funded from DED-OESE, title I and title X, comprehensive school reform funds.

(h) An amount estimated at ~~\$456,971,500.00~~ **\$517,479,800.00** to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED-OESE, title I, disadvantaged children funds.

(i) An amount estimated at ~~\$2,531,700.00~~ **\$2,152,700.00** for the purpose of providing unified family literacy programs, funded from DED-OESE, title I, even start funds.

(j) An amount estimated at ~~\$8,186,200.00~~ **\$7,797,700.00** for the purpose of identifying and serving migrant children, funded from DED-OESE, title I, migrant education funds.

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

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

(m) An amount estimated at ~~\$29,911,800.00~~ **\$35,710,100.00** for the purpose of providing high-quality extended learning opportunities, after school and during the summer, for children in low-performing schools, funded from DED-OESE, twenty-first century community learning center funds. Of these funds, \$50,000.00 may be used to support the Michigan after-school partnership. All of the following apply to the Michigan after-school partnership:

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

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

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

(N) AN AMOUNT ESTIMATED AT \$17,586,100.00 TO HELP SUPPORT LOCAL SCHOOL IMPROVEMENT EFFORTS, FUNDED FROM DED-OESE, TITLE I, LOCAL SCHOOL IMPROVEMENT GRANTS.

(2) From the federal funds appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$32,411,000.00~~ **\$32,559,700.00**, for the following programs that are funded by federal grants:

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

(b) An amount estimated at ~~\$1,665,400.00~~ **\$1,814,100.00** to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

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

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

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

(3) To the extent allowed under federal law, the funds allocated under subsection (1)(h), (i), ~~and (k)~~, **AND (N)** may be used for 1 or more reading improvement programs that meet at least 1 of the following:

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

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

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

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

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

(5) As used in this section:

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

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

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

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

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

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$2,800,000.00 for ~~2007-2008~~ **2008-2009** to applicant districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for instruction in speaking, reading, writing, or comprehension of English. A pupil shall not be counted under this section or instructed in a program under this section for more than 3 years.

Sec. 51a. (1) ~~From the appropriation in section 11, there is allocated for 2007-2008 an amount not to exceed \$990,483,000.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any carryover federal funds from previous year appropriations:~~ **FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2008-2009 AN AMOUNT NOT TO EXCEED \$1,023,783,000.00 FROM STATE SOURCES AND ALL AVAILABLE FEDERAL FUNDING UNDER SECTIONS 611 TO 619 OF PART B OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, 20 USC 1411 TO 1419, ESTIMATED AT \$350,700,000.00, PLUS ANY CARRYOVER FEDERAL FUNDS FROM PREVIOUS YEAR APPROPRIATIONS.** The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the

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

(2) From the funds allocated under subsection (1), there is allocated ~~for 2007-2008~~ the amount necessary, estimated at ~~\$216,500,000.00~~ **\$224,800,000.00 FOR 2008-2009**, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

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

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

(3) From the funds allocated under subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** the amount necessary, estimated at ~~\$1,500,000.00~~ **\$1,600,000.00**, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations or services between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations or services shall be made in a manner determined by the department and shall include adjustments for program or service shifts.

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

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,500,000.00 may be allocated by the department for ~~2007-2008~~ **2008-2009** to districts, intermediate districts, or other eligible entities on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$2,200,000.00 for ~~2007-2008~~ **2008-2009** to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

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

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

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

(c) If the department determines before bookclosing for ~~2006-2007~~ **2007-2008** that the amounts allocated for ~~2006-2007~~ **2007-2008** under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will exceed expenditures for ~~2006-2007~~ **2007-2008** under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56, then for ~~2006-2007~~ **2007-2008** only, for a district or intermediate district whose reimbursement for ~~2006-2007~~ **2007-2008** would otherwise be affected by subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for that district or intermediate district and reimbursement for that district or intermediate district shall be calculated in the same manner as it was for 2003-2004. If the amount of the excess allocations under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 is not sufficient to fully fund the calculation of reimbursement to those districts and intermediate districts under this subdivision, then the calculations and resulting reimbursement under this subdivision shall be prorated on an equal percentage basis.

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

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

(8) From the allocation in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$15,313,900.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under subsection (6) of this section as in effect for 1996-97.

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

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

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

(12) From the funds allocated in subsection (1), there is allocated ~~for 2007-2008~~ the amount necessary, estimated at ~~\$7,600,000.00~~ **\$7,100,000.00 FOR 2008-2009**, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed the basic foundation allowance under section 20 for the current fiscal year, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic

foundation allowance under section 20 for the current fiscal year, and that district's per pupil allocation under section 20j(2). This subsection applies to all of the following pupils:

- (a) Pupils described in section 53a.
- (b) Pupils counted in membership in an intermediate district who are not special education pupils and are served by the intermediate district in a juvenile detention or child caring facility.
- (c) Emotionally impaired pupils counted in membership by an intermediate district and provided educational services by the department of community health.

(13) IF IT IS DETERMINED THAT FUNDS ALLOCATED UNDER SUBSECTION (2) OR (12) OR UNDER SECTION 51C WILL NOT BE EXPENDED, FUNDS UP TO THE AMOUNT NECESSARY AND AVAILABLE MAY BE USED TO SUPPLEMENT THE ALLOCATIONS UNDER SUBSECTION (2) OR (12) OR UNDER SECTION 51C IN ORDER TO FULLY FUND THOSE ALLOCATIONS. After payments under subsections (2) and (12) and section 51c, the remaining expenditures from the allocation in subsection (1) shall be made in the following order:

- (a) 100% of the reimbursement required under section 53a.
 - (b) 100% of the reimbursement required under subsection (6).
 - (c) 100% of the payment required under section 54.
 - (d) 100% of the payment required under subsection (3).
 - (e) 100% of the payment required under subsection (8).
 - (f) 100% of the payments under section 56.
- (14) The allocations under ~~subsection~~**SUBSECTIONS** (2), ~~subsection~~(3), and ~~subsection~~(12) shall be allocations to intermediate districts only and shall not be allocations to districts, but instead shall be calculations used only to determine the state payments under section 22b.

(15) IF A PUBLIC SCHOOL ACADEMY ENROLLS PURSUANT TO THIS SECTION A PUPIL WHO RESIDES OUTSIDE OF THE INTERMEDIATE DISTRICT IN WHICH THE PUBLIC SCHOOL ACADEMY IS LOCATED AND WHO IS ELIGIBLE FOR SPECIAL EDUCATION PROGRAMS AND SERVICES ACCORDING TO STATUTE OR RULE, OR WHO IS A CHILD WITH DISABILITIES, AS DEFINED UNDER THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, THE PROVISION OF SPECIAL EDUCATION PROGRAMS AND SERVICES AND THE PAYMENT OF THE ADDED COSTS OF SPECIAL EDUCATION PROGRAMS AND SERVICES FOR THE PUPIL ARE THE RESPONSIBILITY OF THE DISTRICT AND INTERMEDIATE DISTRICT IN WHICH THE PUPIL RESIDES UNLESS THE ENROLLING DISTRICT OR INTERMEDIATE DISTRICT HAS A WRITTEN AGREEMENT WITH THE DISTRICT OR INTERMEDIATE DISTRICT IN WHICH THE PUPIL RESIDES OR THE PUBLIC SCHOOL ACADEMY FOR THE PURPOSE OF PROVIDING THE PUPIL WITH A FREE APPROPRIATE PUBLIC EDUCATION AND THE WRITTEN AGREEMENT INCLUDES AT LEAST AN AGREEMENT ON THE RESPONSIBILITY FOR THE PAYMENT OF THE ADDED COSTS OF SPECIAL EDUCATION PROGRAMS AND SERVICES FOR THE PUPIL.

Sec. 51c. As required by the court in the consolidated cases known as *Durant v State of Michigan*, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated for ~~2007-2008-2008-2009~~ the amount necessary, estimated at ~~\$696,000,000.00~~ **\$721,400,000.00**, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

Sec. 51d. (1) From the federal funds appropriated in section 11, there is allocated for ~~2007-2008-2008-2009~~ all available federal funding, estimated at \$74,000,000.00, for special education programs that are funded by federal grants. All federal funds allocated under this section shall be distributed in accordance with federal law. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the federal funds allocated under subsection (1), the following amounts are allocated for ~~2007-2008-2008-2009~~:

- (a) An amount estimated at \$15,000,000.00 for handicapped infants and toddlers, funded from DED-OSERS, handicapped infants and toddlers funds.
- (b) An amount estimated at \$14,000,000.00 for preschool grants (Public Law 94-142), funded from DED-OSERS, handicapped preschool incentive funds.
- (c) An amount estimated at \$45,000,000.00 for special education programs funded by DED-OSERS, handicapped program, individuals with disabilities act funds.

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

Sec. 53a. (1) For districts, reimbursement for pupils described in subsection (2) shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766, minus the district's foundation allowance calculated under section 20, and minus the amount calculated for the district under section 20j. For intermediate

districts, reimbursement for pupils described in subsection (2) shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation allowance under section 20 for the current fiscal year, and under section 20j.

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

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

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

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

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

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

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

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

(5) Not more than \$12,800,000.00 of the allocation for ~~2007-2008~~ **2008-2009** in section 51a(1) shall be allocated under this section.

Sec. 54. Each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan schools for the deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 of the allocation for ~~2007-2008~~ **2008-2009** in section 51a(1) shall be allocated under this section.

Sec. 54a. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$250,000.00 for 2007-2008~~ **\$100,000.00 FOR 2008-2009** to the lending library located at central Michigan university from which districts and intermediate districts can borrow assessment materials designed specifically for children with severe loss of vision or hearing, severe cognitive or motor disabilities, or multiple disabilities and for children who require the most specialized types of psychological and educational assessment. ~~It is the intent of the legislature to allocate an amount not to exceed \$100,000.00 for subsequent fiscal years for this purpose.~~

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

Sec. 54c. From the general fund appropriation in section 11, there is allocated to the department an amount not to exceed ~~\$80,000.00~~ **EACH FISCAL YEAR FOR 2007-2008 AND FOR 2008-2009** for the department to make Newline available electronically on a statewide basis for persons who are visually impaired.

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

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

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

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed \$36,881,100.00 for ~~2007-2008~~ **2008-2009** to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) ~~Reimbursement for those millages levied in 2006-2007 shall be made in 2007-2008 at an amount per 2006-2007 membership pupil computed by subtracting from \$161,800.00 the 2006-2007 taxable value behind each membership pupil and multiplying the resulting difference by the 2006-2007 millage levied.~~ **REIMBURSEMENT FOR THOSE MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009 AT AN AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM \$172,800.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2007-2008 MILLAGE LEVIED.**

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$285,000.00 for ~~2007-2008~~ **2008-2009** for grants to intermediate districts for advanced and accelerated students.

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

(3) Except as otherwise provided in this subsection, the amount of a single grant award under this section shall not exceed \$5,000.00. Intermediate districts may form a consortium, and that consortium may receive a maximum grant amount of \$5,000.00 for each participant intermediate district. Each intermediate district or consortium must apply for grant funding by April 1, ~~2008-2009~~ and demonstrate compliance with subsection (2).

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

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

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$30,000,000.00 for ~~2007-2008~~ **2008-2009** to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to rules approved by the superintendent. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the superintendent.

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

(3) From the allocation in subsection (1), there is allocated an amount not to exceed \$388,700.00 for ~~2007-2008~~ **2008-2009** to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

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

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

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

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, the membership and taxable value of that district shall not be included in the membership and taxable value of the intermediate district. However, the membership and taxable value of a district that has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, shall be included in the membership and taxable value of the intermediate district if the district meets both of the following:

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

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$9,000,000.00 for ~~2007-2008~~ **2008-2009** to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, MCL 380.690, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in 2006-2007 shall be made in 2007-2008 at an amount per 2006-2007 membership pupil computed by subtracting from \$171,300.00 the 2006-2007 taxable value behind each membership pupil and multiplying the resulting difference by the 2006-2007 millage levied. **REIMBURSEMENT FOR THE MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009 AT AN AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM \$181,900.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2008-2009 MILLAGE LEVIED.**

Sec. 64. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$2,000,000.00 for ~~2007-2008~~ **2008-2009** for grants to intermediate districts or a district of the first class that are in consortium with a community college or state public university and a hospital to create and implement a middle college focused on the field of health sciences.

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

(a) Outreach programs to provide information to middle school and high school students about career opportunities in the health sciences field.

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

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

(d) Clinical rotations that provide opportunities for pupils to observe careers in the health sciences.

(E) INSTRUCTION IN MATHEMATICS, SCIENCE, AND LANGUAGE ARTS THAT IS INTEGRATED, WHERE APPROPRIATE, INTO THE HEALTH SCIENCES COURSES.

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

(4) ~~A district or intermediate district that received a grant under this section in 2006-2007 shall receive 100% of that amount in 2007-2008, 50% of the 2007-2008 amount in 2008-2009, and 50% of the 2008-2009 amount in 2009-2010.~~ **BEGINNING IN 2006-2007, A DISTRICT OR INTERMEDIATE DISTRICT MAY RECEIVE A GRANT UNDER THIS SECTION FOR UP TO 4 CONSECUTIVE FISCAL YEARS. FOR THE FIRST 2 FISCAL YEARS OF THE GRANT PERIOD, THE GRANT AMOUNT SHALL BE 100% OF THE AWARD DETERMINED BY THE DEPARTMENT. FOR EACH OF THE REMAINING 2 FISCAL YEARS OF THE GRANT PERIOD, THE GRANT AMOUNT SHALL BE AN AMOUNT EQUAL TO 50% OF THE RECIPIENT'S GRANT AMOUNT FOR THE PREVIOUS FISCAL YEAR.**

Sec. 65. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed ~~\$680,100.00~~ **\$980,100.00** for ~~2007-2008~~ **2008-2009** for grants to districts or intermediate districts, as determined by the department, for eligible precollege programs in engineering and the sciences.

(2) From the funds allocated under subsection (1), the department shall award \$680,100.00 for ~~2007-2008~~ **2008-2009** to the 2 eligible existing programs that received funds appropriated for these purposes in the appropriations act containing the department of labor and economic growth budget for 2005-2006.

(3) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE DEPARTMENT SHALL AWARD \$75,000.00 FOR 2008-2009 TO THE KALAMAZOO REGIONAL EDUCATION SERVICE AGENCY TO SUPPORT AN AREA PROGRAM SUBSTANTIALLY SIMILAR TO THE 2 ELIGIBLE EXISTING PROGRAMS RECEIVING FUNDS UNDER SUBSECTION (2).

(4) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE DEPARTMENT SHALL AWARD \$225,000.00 FOR 2008-2009 TO ELIGIBLE INTERMEDIATE DISTRICTS FOR PROGRAMS TO TRAIN PUPILS IN ALTERNATIVE ENERGY. THE DEPARTMENT SHALL AWARD \$75,000.00 TO EACH ELIGIBLE INTERMEDIATE DISTRICT. THE INTERMEDIATE DISTRICT SHALL USE THE FUNDS FOR ENGINEERING AND SCIENCES PROGRAMS WITH INDUSTRY LEVEL PARTNERSHIPS THAT ARE IN PROXIMITY TO RENEWABLE ENERGY FACILITIES. TO BE ELIGIBLE FOR FUNDS UNDER THIS SUBSECTION, AN INTERMEDIATE DISTRICT MUST MEET ALL OF THE FOLLOWING REQUIREMENTS:

(A) THE COMBINED TOTAL 2007-2008 PUPIL MEMBERSHIP FOR ALL OF ITS CONSTITUENT DISTRICTS WAS LESS THAN 20,000 PUPILS.

(B) LEVIED AT LEAST .11 BUT NOT MORE THAN .19 OPERATING MILLS IN 2007-2008.

(C) HAD A 2007 TAXABLE VALUE GREATER THAN \$1,500,000,000.00.

(D) AT LEAST 28% OF THE COMBINED TOTAL NUMBER OF PUPILS IN MEMBERSHIP FOR ALL OF ITS CONSTITUENT DISTRICTS WERE ELIGIBLE FOR FREE OR REDUCED-PRICE LUNCH FOR 2007-2008.

(E) IS CONTIGUOUS TO AT LEAST 1 OTHER INTERMEDIATE DISTRICT THAT MEETS THE REQUIREMENTS OF SUBDIVISIONS (A) TO (D).

(5) ~~(3)~~ The department shall submit a report to the appropriations subcommittees responsible for this act, **TO THE STATE BUDGET DIRECTOR**, and to the house and senate fiscal agencies by February 1, ~~2008-2009~~ regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and mathematics-based fields for pupils who were enrolled in the programs awarded funds under this section or under preceding legislation. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded under this section.

(6) ~~(4)~~ Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with **SHALL BE PAID ON A SCHEDULE AND IN A MANNER DETERMINED BY** the department.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed ~~\$3,025,800.00~~ **\$3,028,500.00** for ~~2007-2008-2008-2009~~ for the purposes of this section.

(2) From the allocation in subsection (1), there is allocated for ~~2007-2008-2008-2009~~ the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction ~~or driver skills road tests pursuant to sections SECTION 51 and 52 of the pupil transportation act, 1990 PA 187, MCL 257.1851, and 257-1852.~~ The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction ~~or driver skills road tests~~ shall be made by the department to the college or university or intermediate district providing the course of instruction.

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

(4) From the funds allocated in subsection (1), there is allocated an amount not to exceed ~~\$1,400,800.00~~ **\$1,403,500.00** for ~~2007-2008-2008-2009~~ for reimbursement to districts and intermediate districts for costs associated with the inspection of school buses and pupil transportation vehicles by the department of state police as required under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The department of state police shall prepare a statement of costs attributable to each district for which bus inspections are provided and submit it to the department and to each affected district in a time and manner determined jointly by the department and the department of state police. The department shall reimburse each district and intermediate district for costs detailed on the statement within 30 days after receipt of the statement. Districts for which services are provided shall make payment in the amount specified on the statement to the department of state police within 45 days after receipt of the statement. The total reimbursement of costs under this subsection shall not exceed the amount allocated under this subsection. Notwithstanding section 17b, payments to eligible entities under this subsection shall be paid on a schedule prescribed by the department.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for ~~2007-2008-2008-2009~~ **2008-2009** to the intermediate districts the sum necessary, but not to exceed ~~\$80,912,000.00~~ **\$81,721,100.00**, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for ~~2007-2008-2008-2009~~ an amount equal to 101.0% of the amount appropriated under this subsection for ~~2006-2007-2007-2008~~. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

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

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

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

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

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

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

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

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

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

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

- (a) Coordinate the collection of all data required by state and federal law from all entities receiving funds under this act.
- (b) Collect data in the most efficient manner possible in order to reduce the administrative burden on reporting entities.
- (c) Establish procedures to ensure the reasonable validity and reliability of the data and the collection process.
- (d) Develop state and model local data collection policies, including, but not limited to, policies that ensure the privacy of individual student data. State privacy policies shall ensure that student social security numbers are not released to the public for any purpose.
- (e) Provide data in a useful manner to allow state and local policymakers to make informed policy decisions.
- (f) Provide reports to the citizens of this state to allow them to assess allocation of resources and the return on their investment in the education system of this state.
- (g) Assist all entities receiving funds under this act in complying with audits performed according to generally accepted accounting procedures.

(H) TO THE EXTENT FUNDING IS AVAILABLE, COORDINATE THE ELECTRONIC EXCHANGE OF STUDENT RECORDS USING A UNIQUE IDENTIFICATION NUMBERING SYSTEM AMONG ENTITIES RECEIVING FUNDS UNDER THIS ACT AND POSTSECONDARY INSTITUTIONS FOR STUDENTS PARTICIPATING IN PUBLIC EDUCATION PROGRAMS FROM PRESCHOOL THROUGH POSTSECONDARY EDUCATION.

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

(2) Each state department, officer, or agency that collects information from districts or intermediate districts as required under state or federal law shall make arrangements with the center, and with the districts or intermediate districts, to have the center collect the information and to provide it to the department, officer, or agency as necessary. To the extent that it does not cause financial hardship, the center shall arrange to collect the information in a manner that allows electronic submission of the information to the center. Each affected state department, officer, or agency shall provide the center with any details necessary for the center to collect information as provided under this subsection. This subsection does not apply to information collected by the department of treasury under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939; or section 1351a of the revised school code, MCL 380.1351a.

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

- (a) One representative from the house fiscal agency.
 - (b) One representative from the senate fiscal agency.
 - (c) One representative from the office of the state budget director.
 - (d) One representative from the state education agency.
 - (e) One representative each from the department of labor and economic growth and the department of treasury.
 - (f) Three representatives from intermediate school districts.
 - (g) One representative from each of the following educational organizations:
 - (i) Michigan association of school boards.
 - (ii) Michigan association of school administrators.
 - (iii) Michigan school business officials.
 - (h) One representative representing private sector firms responsible for auditing school records.
 - (i) Other representatives as the state budget director determines are necessary.
- (4) The CEPI advisory committee appointed under subsection (3) shall provide advice to the director of the center regarding the management of the center's data collection activities, including, but not limited to:
- (a) Determining what data is necessary to collect and maintain in order to perform the center's functions in the most efficient manner possible.
 - (b) Defining the roles of all stakeholders in the data collection system.
 - (c) Recommending timelines for the implementation and ongoing collection of data.
 - (d) Establishing and maintaining data definitions, data transmission protocols, and system specifications and procedures for the efficient and accurate transmission and collection of data.
 - (e) Establishing and maintaining a process for ensuring the reasonable accuracy of the data.
 - (f) Establishing and maintaining state and model local policies related to data collection, including, but not limited to, privacy policies related to individual student data.
 - (g) Ensuring the data is made available to state and local policymakers and citizens of this state in the most useful format possible.
 - (h) Other matters as determined by the state budget director or the director of the center.

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

(6) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,435,400.00 **\$4,935,400.00** for 2007-2008-2008-2009 to the department of management and budget to support the operations of the center and the development and implementation of a comprehensive **LONGITUDINAL** data **COLLECTION** management and student tracking **REPORTING** system **THAT INCLUDES STUDENT-LEVEL DATA**. The center shall cooperate with

the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state. In addition, from the federal funds appropriated in section 11 for 2007-2008-~~2008-2009~~, there is allocated the amount necessary, estimated at \$3,543,200.00 ~~\$2,793,200.00~~, in order to fulfill federal reporting requirements.

(7) ~~From the allocation under subsection (6), there is allocated for 2007-2008 an amount to support the development and implementation of a comprehensive longitudinal educational data management and student tracking system. In addition, from the federal funds allocated in subsection (6), there is allocated for 2007-2008-2008-2009 an amount not to exceed \$1,500,000.00~~ **\$750,000.00** funded from the competitive grants of DED-OESE, title II, educational technology funds for the purposes of this subsection. Not later than November 30, ~~2007-2008~~, 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.

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

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

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

(11) As used in this section:

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

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

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

Sec. 98. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$500,000.00 for ~~2007-2008-2008-2009~~ and from the general fund money appropriated in section 11, there is allocated an amount not to exceed \$1,750,000.00 for ~~2007-2008-2008-2009~~ to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school; to provide professional development opportunities for educators; and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2007-2008-2008-2009~~ an amount estimated at \$3,250,000.00 ~~\$2,700,000.00~~.

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

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

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

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

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

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

(F) MAINTAIN THE ACCREDITATION STATUS OF THE MICHIGAN VIRTUAL HIGH SCHOOL FROM RECOGNIZED NATIONAL AND INTERNATIONAL ACCREDITING ENTITIES.

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

(a) Information technology courses.

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

(c) Courses and dual enrollment opportunities.

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

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

(f) Special interest courses.

(g) Professional development programs and services for teachers.

(4) From the federal funds allocated in subsection (1), there is allocated for ~~2007-2008-2008-2009~~ an amount estimated at ~~\$2,250,000.00~~ **\$1,700,000.00** from DED-OESE, title II, improving teacher quality funds for a grant to the Michigan virtual university for the purpose of this subsection. The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding the DED-OESE, title II, improving teacher quality funds as provided under this subsection. The memorandum of understanding under this subsection shall require that the Michigan virtual university coordinate the following activities related to DED-OESE, title II, improving teacher quality funds in accordance with federal law:

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

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

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

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

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

(5) 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 (4). Five hours of this professional development shall be considered to be part of the 38 hours allowed to be counted as hours of pupil instruction under section 101(10).

(6) From the federal funds appropriated in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** 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. **THESE FUNDS SHALL BE USED TO SUPPORT ACTIVITIES DESIGNED TO BUILD THE CAPACITY OF THE MICHIGAN VIRTUAL UNIVERSITY AND SHALL NOT BE USED TO SUPPLANT OTHER FUNDING.** Not later than November 30, ~~2007-2008~~, 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 include at least 1 intermediate district and at least 1 high-need local district. All of the following apply to this funding:

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

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

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

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

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

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

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

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

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

(i) **STRENGTHEN ITS CAPACITY BY PURSUING ACTIVITIES, POLICIES, AND PRACTICES THAT INCREASE THE OVERALL NUMBER OF MICHIGAN VIRTUAL HIGH SCHOOL COURSE ENROLLMENTS AND COURSE COMPLETIONS BY AT-RISK STUDENTS.**

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

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

(iv) ~~(iii)~~ Conduct a demonstration pilot to promote new and innovative online courses and instructional services.

(v) ~~(iv)~~ Evaluate existing online teaching and learning practices and develop continuous improvement strategies to enhance student achievement.

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

(7) From the state school aid fund allocation in subsection (1), an amount not to exceed \$500,000.00 for ~~2007-2008~~ **2008-2009** 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. **THE MICHIGAN VIRTUAL HIGH SCHOOL SHALL WORK COLLABORATIVELY WITH THE DEPARTMENT, THE PRESIDENTS COUNCIL OF STATE UNIVERSITIES OF MICHIGAN, THE MICHIGAN COMMUNITY COLLEGE ASSOCIATION, THE ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES OF MICHIGAN, AND THE APPROPRIATE K-12 EDUCATION ORGANIZATIONS TO DEVELOP A COMPREHENSIVE OUTREACH AND COMMUNICATIONS PLAN THAT PROVIDES PARENTS AND STUDENTS WITH ACCESS TO ONLINE RESOURCES DESIGNED TO INCREASE POSTSECONDARY ENROLLMENTS AND PROVIDE CURRENT INFORMATION RELATED TO CAREER PLANNING, COLLEGE SELECTION, FINANCIAL AID, AND DUAL ENROLLMENT OPPORTUNITIES.**

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

(9) NOT LATER THAN DECEMBER 1, 2008, THE MICHIGAN VIRTUAL UNIVERSITY SHALL PROVIDE A REPORT TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT THAT INCLUDES AT LEAST ALL OF THE FOLLOWING INFORMATION RELATED TO THE MICHIGAN VIRTUAL HIGH SCHOOL FOR THE PRECEDING STATE FISCAL YEAR:

(A) A LIST OF THE MICHIGAN SCHOOLS SERVED BY THE MICHIGAN VIRTUAL HIGH SCHOOL.

(B) A LIST OF ONLINE COURSE TITLES AVAILABLE TO MICHIGAN SCHOOLS.

(C) THE TOTAL NUMBER OF ONLINE COURSE ENROLLMENTS AND INFORMATION ON REGISTRATIONS AND COMPLETIONS BY COURSE.

(D) THE OVERALL COURSE COMPLETION RATE PERCENTAGE.

(E) A SUMMARY OF DED-OESE TITLE IIA, TEACHER QUALITY GRANT AND DED-OESE TITLE IID, EDUCATION TECHNOLOGY GRANT EXPENDITURES.

(F) IDENTIFICATION OF UNMET EDUCATIONAL NEEDS THAT COULD BE ADDRESSED BY THE MICHIGAN VIRTUAL HIGH SCHOOL.

(G) THE TOTAL NUMBER OF ACTIVE USERS OF "MY DREAM EXPLORER" FUNDED UNDER SUBSECTION (7).

(10) (9) As used in this section:

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

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

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

Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$3,390,000.00 for ~~2007-2008~~ **2008-2009** and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$110,000.00 for ~~2007-2008~~ **2008-2009** for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board, and for other purposes as described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount estimated at ~~\$4,456,000.00~~ **\$5,249,300.00** from DED-OESE, title II, mathematics and science partnership grants.

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

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

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 33 established mathematics and science centers. Each established mathematics and science center that was funded in ~~2006-2007~~ **2007-2008** shall receive state funding in an amount equal to 100% of the amount it was allocated under this subsection for ~~2006-2007~~ **2007-2008**. If a center declines state funding or a center closes, the remaining money available under this section shall be distributed ~~on a pro-rata basis~~ to the remaining centers, as determined by the department.

(6) From the funds allocated in subsection (1), there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed \$1,000,000.00 in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in implementing the Michigan merit curriculum components for mathematics and science. Funding under this subsection is in addition to funding allocated under subsection (5).

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

(8) Not later than September 30, ~~2008~~ **2013**, the department shall reevaluate and update the comprehensive master plan described in subsection (1).

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

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

(11) As used in this section:

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

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

SEC. 99A. (1) FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$725,000.00 FOR 2008-2009 FOR GRANTS UNDER THIS SECTION.

(2) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THERE IS ALLOCATED FOR 2008-2009 AN AMOUNT NOT TO EXCEED \$725,000.00 FOR PILOT GRANTS TO MATHEMATICS AND SCIENCE CENTERS FUNDED UNDER SECTION 99 THAT ARE SELECTED BY THE MATHEMATICS AND SCIENCE NETWORK IN CONJUNCTION WITH THE MICHIGAN VIRTUAL UNIVERSITY TO DEVELOP AND IMPLEMENT PILOT PROGRAMS FOR AFTER-SCHOOL AND SUMMER MATHEMATICS FOR EIGHTH GRADE STUDENTS, TO BE MADE AVAILABLE TO UP TO 5,000 EIGHTH GRADE STUDENTS IN THIS STATE WHO HAVE EXPERIENCED ACADEMIC DIFFICULTY IN MATHEMATICS. THE PILOT PROGRAMS SHALL MAKE USE OF HIGHLY QUALIFIED ONLINE MATHEMATICS COACHES AND TUTORS, ALONG WITH A ROBUST ONLINE DIAGNOSTIC TOOL AND SHALL PRESENT ENGAGING, RESEARCH-BASED PRESCRIPTIVE MULTIMEDIA CONTENT. THE GOALS OF THE PILOT PROGRAMS SHALL BE TO DO AT LEAST ALL OF THE FOLLOWING:

(A) EXPAND ACCESS TO ENGAGING ONLINE TEACHING AND LEARNING RESOURCES IN MATHEMATICS.

(B) PROVIDE STUDENTS WITH ALTERNATIVE LEARNING OPTIONS THAT ARE RELEVANT AND ENGAGING.

(C) IMPROVE THE LIKELIHOOD OF STUDENT SUCCESS WITH THE MICHIGAN HIGH SCHOOL GRADUATION REQUIREMENTS IN MATHEMATICS.

(3) GRANT FUNDS AWARDED UNDER THIS SECTION ARE INTENDED TO BE FOR THE FIRST YEAR OF 3 YEARS OF FUNDING.

(4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

Sec. 99e. (1) From the funds appropriated in section 11, there is allocated the amount of \$125,000.00 for ~~2007-2008~~ **2008-2009** to a district that meets all of the following requirements:

(a) The district's membership increased by at least 20% between 2004-2005 and 2005-2006.

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

(c) The district levies at least 10 mills for the purpose of debt retirement.

(d) The district had an emergency financial manager in place during 2004-2005.

(2) The funds allocated under subsection (1) shall be used to supplement the district's operational funds as compensation for having received a reduced foundation allowance due to proration while having had an emergency financial manager in place.

(3) The funds appropriated in this section shall be awarded for 3 consecutive years beginning with 2006-2007 in a form and manner approved by the department.

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

Sec. 99i. (1) From the funds appropriated in section 11, there is allocated the amount of \$300,000.00 for ~~2007-2008~~ **2008-2009** to a district that meets all of the following requirements:

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

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

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

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

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

Sec. 99j. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed ~~\$500,000.00~~ **\$1,500,000.00** **FOR 2008-2009** for pilot programs as provided for under this section.

(2) From the funds allocated under subsection (1), the department shall award ~~\$350,000.00~~ **\$1,050,000.00** **FOR 2008-2009** for demonstration projects in science and math instruction. The projects shall showcase differentiated instruction and the integration of technology as a learning tool. These funds shall be allocated to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 8,500 and less than 9,000.

(3) From the funds allocated under subsection (1), the department shall award ~~\$150,000.00~~ **\$450,000.00** **FOR 2008-2009** for initiatives to increase opportunities for academically talented students, to implement a districtwide improvement initiative, and to implement positive behavior support programs. These funds shall be allocated to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 1,000 and less than 1,500.

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

(5) As used in this section, "principal residence" and "qualified agricultural property" mean those terms as defined in section 1211 of the revised school code, MCL 380.1211.

Sec. 99k. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed ~~\$1,950,000.00 for 2007-2008~~ **\$850,000.00 FOR 2008-2009** for payments to districts under this section.

(2) From the allocation under subsection (1), there is allocated the amount of \$250,000.00 for ~~2007-2008 only~~ **2008-2009** to a district that levied 4.87 mills in 1993 to finance an operating deficit.

(3) From the allocation under subsection (1), there is allocated the amount of ~~\$400,000.00~~ **\$150,000.00** for ~~2007-2008 only~~ **2008-2009** to a district in which 4.91 mills levied in 1992 for school operating purposes in the 1992-1993 school year were not renewed in 1993 for school operating purposes in the 1993-1994 school year.

~~(4) From the allocation under subsection (1), there is allocated the amount of \$400,000.00 for 2007-2008 only to a district that levied 1.8 mills in 1993 to finance an operating deficit.~~

~~(4) (5)~~ From the allocation under subsection (1), there is allocated the amount of ~~\$900,000.00~~ **\$450,000.00** for ~~2007-2008 only~~ **2008-2009** to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 3,500 and less than 4,500.

(d) The district had a 2005-2006 operating deficit, as determined by the department, greater than 10%.

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

~~(6) (7)~~ As used in this section, "principal residence" and "qualified agricultural property" mean those terms as defined in section 1211 of the revised school code, MCL 380.1211.

Sec. 99p. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$100,000.00 for ~~2007-2008~~ **2008-2009** for competitive grants to districts for programs that provide pupils with access to cultural, art, or music resources and experiences that are available in the community and that may promote reading, literacy, and communications skills among pupils.

(2) A district applying for a grant shall submit an application to the department in a form and manner determined by the department. To be eligible for a grant, a district shall demonstrate in its application that at least 50% of the pupils in membership in the district met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year.

(3) Grant awards shall be made in a manner determined by the department. However, the department may set maximum grant amounts in a manner that maximizes the number of pupils that will be able to participate.

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

Sec. 104. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed ~~\$29,322,400.00~~ **\$28,872,800.00** for payments on behalf of districts for costs associated with complying with sections 104a and 104b, sections ~~1278A, 1278B,~~ 1279, 1279g, and 1280b of the revised school code, MCL ~~380.1278A, 380.1278B,~~ 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount estimated at ~~\$5,477,600.00~~ **\$8,512,900.00**, funded from DED-OESE, title VI, state assessments funds and DED-OSERS, section 504 of part B of the individuals with disabilities education act, Public Law 94-142, plus any carryover federal funds from previous year appropriations, for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

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

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

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

(5) AS USED IN THIS SECTION:

(A) "DED" MEANS THE UNITED STATES DEPARTMENT OF EDUCATION.

(B) "DED-OESE" MEANS THE DED OFFICE OF ELEMENTARY AND SECONDARY EDUCATION.

(C) "DED-OSERS" MEANS THE DED OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES.

Sec. 104b. (1) ~~Beginning in the 2006 calendar year, in~~ IN order to receive state aid under this act, a district shall comply with this section and shall administer the ~~state assessments under section 1279 or the Michigan merit examination to pupils in grade 11,~~

AND TO PUPILS IN GRADE 12 WHO DID NOT TAKE THE COMPLETE MICHIGAN MERIT EXAMINATION IN GRADE 11, as provided in this section, as follows:

(a) For pupils in grade 11 in the 2005-2006 school year, the provisions concerning state assessments under section 104a apply to all pupils in grade 11 and the Michigan merit examination shall be administered to a sample of pupils in grade 11 statewide, as identified by the department. The pupils to be included in this sample shall be determined by the department as the department determines necessary to seek the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110.

(b) Subject to subdivision (c), for pupils in grade 11 in the 2006-2007 school year and subsequent school years, the Michigan merit examination shall be offered to all pupils in grade 11.

(c) If the United States department of education has not approved the use of the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, by December 31, 2006, all of the following apply:

(i) The provisions concerning state assessments under section 104a shall continue to apply to all pupils in grade 11 until the next calendar year that begins after that approval occurs.

(ii) The Michigan merit examination shall be offered to all pupils in grade 11 beginning in the next calendar year that begins after that approval occurs.

(iii) If it is necessary as part of the process of continuing to seek the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, the department may again provide for the administration of both the state assessments under section 104a and the Michigan merit examination to a sample of pupils in grade 11 statewide as described in subdivision (a).

(2) The department shall take all steps necessary, including, but not limited to, conducting a content alignment study and statistical analyses, to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110, by not later than December 31, 2006 or as soon thereafter as possible.

(2) (3) For the purposes of this section, the department of management and budget shall contract with 1 or more providers to develop, supply, and score the Michigan merit examination. The Michigan merit examination shall consist of all of the following:

(a) Assessment instruments that measure English language arts, mathematics, reading, and science and are used by colleges and universities in this state for entrance or placement purposes. **THIS SHALL INCLUDE A WRITING COMPONENT IN WHICH THE PUPIL PRODUCES AN EXTENDED WRITING SAMPLE. THE MICHIGAN MERIT EXAMINATION SHALL NOT REQUIRE ANY OTHER EXTENDED WRITING SAMPLE.**

(b) One or more tests from 1 or more test developers that assess a pupil's ability to apply **AT LEAST** reading and mathematics skills in a manner that is intended to allow employers to use the results in making employment decisions. **THE DEPARTMENT OF MANAGEMENT AND BUDGET AND THE SUPERINTENDENT SHALL ENSURE THAT ANY TEST OR TESTS SELECTED UNDER THIS SUBDIVISION HAVE ALL THE COMPONENTS NECESSARY TO ALLOW A PUPIL TO BE ELIGIBLE TO RECEIVE THE RESULTS OF A NATIONALLY RECOGNIZED EVALUATION OF WORKFORCE READINESS IF THE PUPIL'S TEST PERFORMANCE IS ADEQUATE.**

(c) A social studies component.

(d) Any other component that is necessary to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110.

(3) (4) In addition to all other requirements of this section, all of the following apply to the Michigan merit examination:

(a) The department of management and budget and the superintendent shall ensure that any contractor used for scoring the Michigan merit examination supplies an individual report for each pupil that will identify for the pupil's parents and teachers whether the pupil met expectations or failed to meet expectations for each standard, to allow the pupil's parents and teachers to assess and remedy problems before the pupil moves to the next grade.

(b) The department of management and budget and the superintendent shall ensure that any contractor used for scoring, developing, or processing the Michigan merit examination meets quality management standards commonly used in the assessment industry, including at least meeting level 2 of the capability maturity model developed by the software engineering institute of Carnegie Mellon university for the first year the Michigan merit examination is offered to all grade 11 pupils and at least meeting level 3 of the capability maturity model for subsequent years.

(c) The department of management and budget and the superintendent shall ensure that any contract for scoring, administering, or developing the Michigan merit examination includes specific deadlines for all steps of the assessment process, including, but not limited to, deadlines for the correct testing materials to be supplied to schools and for the correct results to be returned to schools, and includes penalties for noncompliance with these deadlines.

(d) The superintendent shall ensure that the Michigan merit examination meets all of the following:

(i) Is designed to test pupils on grade level content expectations or course content expectations, as appropriate, in all subjects tested.

(ii) Complies with requirements of the no child left behind act of 2001, Public Law 107-110.

(iii) Is consistent with the code of fair testing practices in education prepared by the joint committee on testing practices of the American psychological association.

(iv) Is factually accurate. If the superintendent determines that a question is not factually accurate and should be ~~removed~~ **EXCLUDED** from an assessment instrument **SCORING**, the state board and the superintendent shall ensure that the question is ~~removed~~ **EXCLUDED** from the assessment instrument **SCORING**.

~~(4)~~ **(5)** Beginning with pupils completing grade 11 in 2006, a A district shall include on each pupil's high school transcript all of the following:

(a) For each high school graduate who has completed the Michigan merit examination under this section, the pupil's scaled score on each subject area component of the Michigan merit examination.

(b) The number of school days the pupil was in attendance at school each school year during high school and the total number of school days in session for each of those school years.

~~(5)~~ **(6)** The superintendent shall work with the provider or providers of the Michigan merit examination to produce Michigan merit examination subject area scores for each pupil participating in the Michigan merit examination, including scaling and merging of test items for the different subject area components. The superintendent shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that describes the scoring for each subject area and indicates the scaled score ranges for each subject area.

~~(6)~~ **(7)** The Michigan merit examination shall be administered each year after March 1 and before June 1 to pupils in grade 11. The superintendent shall ensure that the Michigan merit examination is scored and the scores are returned to pupils, their parents or legal guardians, and districts not later than the beginning of the pupil's first semester of grade 12. The returned scores shall indicate at least the pupil's scaled score for each subject area component and the range of scaled scores for each subject area. In reporting the scores to pupils, parents, and schools, the superintendent shall provide standards-specific, meaningful, and timely feedback on the pupil's performance on the Michigan merit examination.

~~(8)~~ A pupil who does not qualify for a Michigan merit award scholarship under the Michigan merit award scholarship act, 1999 PA 94, MCL 390.1451 to 390.1459, and who wants to repeat the Michigan merit examination may repeat the Michigan merit examination in the next school year on a designated testing date. The first time a pupil repeats the Michigan merit examination under this subsection shall be without charge to the pupil, but the pupil is responsible for paying the cost of any subsequent repeat.

(7) A DISTRICT SHALL ADMINISTER THE COMPLETE MICHIGAN MERIT EXAMINATION TO A PUPIL ONLY ONCE AND SHALL NOT ADMINISTER THE COMPLETE MICHIGAN MERIT EXAMINATION TO THE SAME PUPIL MORE THAN ONCE. IF A PUPIL DOES NOT TAKE THE COMPLETE MICHIGAN MERIT EXAMINATION IN GRADE 11, THE DISTRICT SHALL ADMINISTER THE COMPLETE MICHIGAN MERIT EXAMINATION TO THE PUPIL IN GRADE 12. IF A PUPIL CHOOSES TO RETAKE THE COLLEGE ENTRANCE EXAMINATION COMPONENT OF THE MICHIGAN MERIT EXAMINATION, AS DESCRIBED IN SUBSECTION (2)(A), THE PUPIL MAY DO SO THROUGH THE PROVIDER OF THE COLLEGE ENTRANCE EXAMINATION COMPONENT AND THE COST OF THE RETAKE IS THE RESPONSIBILITY OF THE PUPIL UNLESS ALL OF THE FOLLOWING ARE MET:

(A) THE PUPIL HAS TAKEN THE COMPLETE MICHIGAN MERIT EXAMINATION.

(B) THE PUPIL DID NOT QUALIFY FOR A MICHIGAN PROMISE GRANT UNDER SECTION 6 OF THE MICHIGAN PROMISE GRANT ACT, 2006 PA 479, MCL 390.1626, BASED ON THE PUPIL'S PERFORMANCE ON THE COMPLETE MICHIGAN MERIT EXAMINATION.

(C) THE PUPIL MEETS THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK, AS DETERMINED UNDER THE RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT, 42 USC 1751 TO 1769I.

(D) THE PUPIL HAS APPLIED TO THE PROVIDER OF THE COLLEGE ENTRANCE EXAMINATION COMPONENT FOR A SCHOLARSHIP OR FEE WAIVER TO COVER THE COST OF THE RETAKE AND THAT APPLICATION HAS BEEN DENIED.

(E) AFTER TAKING THE COMPLETE MICHIGAN MERIT EXAMINATION, THE PUPIL HAS NOT ALREADY RECEIVED A FREE RETAKE OF THE COLLEGE ENTRANCE EXAMINATION COMPONENT PAID FOR EITHER BY THIS STATE OR THROUGH A SCHOLARSHIP OR FEE WAIVER BY THE PROVIDER.

~~(8)~~ **(9)** The superintendent shall ensure that the length of the Michigan merit examination and the combined total time necessary to administer all of the components of the Michigan merit examination are the shortest possible that will still maintain the degree of reliability and validity of the Michigan merit examination results determined necessary by the superintendent. The superintendent shall ensure that the maximum total combined length of time that schools are required to set aside for administration of all of the components of **PUPILS TO ANSWER ALL TEST QUESTIONS ON** the Michigan merit examination does not exceed 8 hours **IF THE SUPERINTENDENT DETERMINES THAT SUFFICIENT ALIGNMENT TO APPLICABLE MICHIGAN MERIT CURRICULUM CONTENT STANDARDS CAN BE ACHIEVED WITHIN THAT TIME LIMIT.**

~~(9)~~ **(10)** A district shall provide accommodations to a pupil with disabilities for the Michigan merit examination, as provided under section 504 of title V of the rehabilitation act of 1973, 29 USC 794; subtitle A of title II of the Americans with disabilities act of 1990, 42 USC 12131 to 12134; the individuals with disabilities education act amendments of 1997, Public Law 105-17; and the implementing regulations for those statutes. The provider or providers of the Michigan merit examination and the superintendent shall mutually agree upon the accommodations to be provided under this subsection.

(10) ~~(H)~~ To the greatest extent possible, the Michigan merit examination shall be based on grade level content expectations or course content expectations, as appropriate. **NOT LATER THAN JULY 1, 2008, THE DEPARTMENT SHALL IDENTIFY SPECIFIC GRADE LEVEL CONTENT EXPECTATIONS TO BE TAUGHT BEFORE AND AFTER THE MIDDLE OF GRADE 11, SO THAT TEACHERS WILL KNOW WHAT CONTENT WILL BE COVERED WITHIN THE MICHIGAN MERIT EXAMINATION.**

(11) ~~(H2)~~ A child who is a student in a nonpublic school or home school may take the Michigan merit examination under this section. To take the Michigan merit examination, a child who is a student in a home school shall contact the district in which the child resides, and that district shall administer the Michigan merit examination, or the child may take the Michigan merit examination at a nonpublic school if allowed by the nonpublic school. Upon request from a nonpublic school, the superintendent shall direct the provider or providers to supply the Michigan merit examination to the nonpublic school and the nonpublic school may administer the Michigan merit examination. If a district administers the Michigan merit examination under this subsection to a child who is not enrolled in the district, the scores for that child are not considered for any purpose to be scores of a pupil of the district.

(12) ~~(H3)~~ In contracting under subsection ~~(3)~~ (2), the department of management and budget shall consider a contractor that provides electronically-scored essays with the ability to score constructed response feedback in multiple languages and provide ongoing instruction and feedback.

(13) ~~(H4)~~ The purpose of the Michigan merit examination is to assess pupil performance in mathematics, science, social studies, and English language arts for the purpose of improving academic achievement and establishing a statewide standard of competency. The assessment under this section provides a common measure of data that will contribute to the improvement of Michigan schools' curriculum and instruction by encouraging alignment with Michigan's curriculum framework standards and promotes pupil participation in higher level mathematics, science, social studies, and English language arts courses. These standards are based upon the expectations of what pupils should learn through high school and are aligned with national standards.

(14) ~~(H5)~~ As used in this section:

(a) "English language arts" means reading and writing.

(b) "Social studies" means United States history, world history, world geography, economics, and American government.

Sec. 105. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing within the same intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing within the same intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing within the same intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a ~~15-day~~ period **OF AT LEAST 15 CALENDAR DAYS BUT NOT MORE THAN 30 CALENDAR DAYS** from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program. The notice shall identify the ~~15-day~~ **DATES OF THE APPLICATION** period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program.

(C) Within **15 CALENDAR** days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll in that grade, school, or program, using the random draw system required under subsection (14) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (14), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester **OR TRIMESTER** enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing within the same intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing within the same intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a ~~15-day~~ **15-CALENDAR-DAY** period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(3) If a district determines during the first semester **OR TRIMESTER** of a school year that it has positions available for enrollment of a number of nonresidents residing within the same intermediate district, beyond those entitled to preference under this section, for the second semester **OR TRIMESTER** of the school year, the district may accept applications from and enroll nonresidents residing within the same intermediate district for the second semester **OR TRIMESTER** using the following procedures:

(a) Not later than 2 weeks before the end of the first semester **OR TRIMESTER**, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester **OR TRIMESTER** may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) During the last 2 weeks of the first semester **OR TRIMESTER**, the district shall accept applications from nonresidents residing within the same intermediate district for enrollment for the second semester **OR TRIMESTER** in the available grades, schools, and programs.

(c) By the beginning of the second semester **OR TRIMESTER**, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll in the district for the second semester **OR TRIMESTER** and notify the parent or legal guardian of each nonresident applicant residing within the same intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing within the same intermediate district may limit the number of nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant.

(6) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) Subject to subsection (10), a district may refuse to enroll a nonresident applicant if any of the following are met:

(a) The applicant is, or has been within the preceding 2 years, suspended from another school.

(b) The applicant, at any time before enrolling under this section, has been expelled from another school.

(c) The applicant, at any time before enrolling under this section, has been convicted of a felony.

(10) If a district has counted a pupil in membership on either the pupil membership count day or the supplemental count day, the district shall not refuse to enroll or refuse to continue to enroll that pupil for a reason specified in subsection (9). This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester **OR TRIMESTER** immediately preceding the school year or semester **OR TRIMESTER** in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(12) A district shall give preference for enrollment under this section over all other nonresident applicants residing within the same intermediate district to other school-age children who reside in the same household as a pupil described in subsection (11).

(13) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(14) If the number of qualified nonresident applicants eligible for acceptance in a school, grade, or program does not exceed the positions available for nonresident pupils in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing within the same intermediate district eligible for acceptance exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(15) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant, the district of residence shall provide that information on a timely basis.

(16) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(17) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(18) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

(19) A district that, pursuant to this section, enrolls a nonresident pupil who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, Public Law 108-446, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.

(20) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

(21) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

Sec. 105c. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing in a district located in a contiguous intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing in a district located in a contiguous intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents under this section, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents under this section:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing in a district located in a contiguous intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents under this section in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a ~~15-day~~ period **OF AT LEAST 15 CALENDAR DAYS BUT NOT MORE THAN 30 CALENDAR DAYS** from nonresidents residing in a district located in a contiguous intermediate district for enrollment in that grade, school, or program. The notice shall identify the ~~15-day~~ **DATES OF THE APPLICATION** period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing in a district located in a contiguous intermediate district for enrollment in that grade, school, or program.

(C) Within **15 CALENDAR** days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll under this section in that grade, school, or program, using the random draw system required under subsection (14) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment under this section shall contain notification of

the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (14), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester **OR TRIMESTER** enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing in a district located in a contiguous intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program under this section:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing in a district located in a contiguous intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a ~~15-day~~ **15-CALENDAR-DAY** period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment under this section that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(3) If a district determines during the first semester **OR TRIMESTER** of a school year that it has positions available for enrollment of a number of nonresidents residing in a district located in a contiguous intermediate district, beyond those entitled to preference under this section, for the second semester **OR TRIMESTER** of the school year, the district may accept applications from and enroll nonresidents residing in a district located in a contiguous intermediate district for the second semester **OR TRIMESTER** using the following procedures:

(a) Not later than 2 weeks before the end of the first semester **OR TRIMESTER**, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester **OR TRIMESTER** may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.

(b) During the last 2 weeks of the first semester **OR TRIMESTER**, the district shall accept applications from nonresidents residing in a district located in a contiguous intermediate district for enrollment for the second semester **OR TRIMESTER** in the available grades, schools, and programs.

(c) By the beginning of the second semester **OR TRIMESTER**, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll under this section in the district for the second semester **OR TRIMESTER** and notify the parent or legal guardian of each nonresident applicant residing in a district located in a contiguous intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. **THE DATE FOR ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing in a district located in a contiguous intermediate district may limit the number of those nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant under this section.

(6) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant under this section if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) Subject to subsection (10), a district may refuse to enroll a nonresident applicant under this section if any of the following are met:

(a) The applicant is, or has been within the preceding 2 years, suspended from another school.

(b) The applicant, at any time before enrolling under this section, has been expelled from another school.

(c) The applicant, at any time before enrolling under this section, has been convicted of a felony.

(10) If a district has counted a pupil in membership on either the pupil membership count day or the supplemental count day, the district shall not refuse to enroll or refuse to continue to enroll that pupil for a reason specified in subsection (9). This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester **OR TRIMESTER** immediately preceding the school year or semester **OR TRIMESTER** in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(12) A district shall give preference for enrollment under this section over all other nonresident applicants residing in a district located in a contiguous intermediate district to other school-age children who reside in the same household as a pupil described in subsection (11).

(13) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(14) If the number of qualified nonresident applicants eligible for acceptance under this section in a school, grade, or program does not exceed the positions available for nonresident pupils under this section in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing in a district located in a contiguous intermediate district eligible for acceptance under this section exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(15) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant under this section, the district of residence shall provide that information on a timely basis.

(16) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(17) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(18) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

(19) In order for a district or intermediate district to enroll pursuant to this section a nonresident pupil who resides in a district located in a contiguous intermediate district and who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, Public Law 108-446, the enrolling district shall have a written agreement with the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. The written agreement shall include, but is not limited to, an agreement on the responsibility for the payment of the added costs of special education programs and services for the pupil. **THE WRITTEN AGREEMENT SHALL ADDRESS HOW THE AGREEMENT SHALL BE AMENDED IN THE EVENT OF SIGNIFICANT CHANGES IN THE COSTS OR LEVEL OF SPECIAL EDUCATION PROGRAMS OR SERVICES REQUIRED BY THE PUPIL.**

(20) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

(21) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

(22) This section is repealed if the final decision of a court of competent jurisdiction holds that any portion of this section is unconstitutional, ineffective, invalid, or in violation of federal law.

(23) As used in this section, "district located in a contiguous intermediate district" means a district located in an intermediate district that is contiguous to the intermediate district in which a pupil's district of residence is located.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$24,000,000.00 for ~~2007-2008~~ **2008-2009** for adult education programs authorized under this section.

(2) To be eligible to be a participant funded under this section, a person shall be enrolled in an adult basic education program, an adult English as a second language program, a general educational development (G.E.D.) test preparation program, a job or

employment related program, or a high school completion program, that meets the requirements of this section, and shall meet either of the following, as applicable:

(a) If the individual has obtained a high school diploma or a general educational development (G.E.D.) certificate, the individual meets 1 of the following:

(i) Is less than 20 years of age on September 1 of the school year and is enrolled in the Michigan career and technical institute.

(ii) Is less than 20 years of age on September 1 of the school year, is not attending an institution of higher education, and is enrolled in a job or employment-related program through a referral by an employer.

(iii) Is enrolled in an English as a second language program.

(iv) Is enrolled in a high school completion program.

(b) If the individual has not obtained a high school diploma or G.E.D. certificate, the individual meets 1 of the following:

(i) Is at least 20 years of age on September 1 of the school year.

(ii) Is at least 16 years of age on September 1 of the school year, has been permanently expelled from school under section 1311(2) or 1311a of the revised school code, MCL 380.1311 and 380.1311a, and has no appropriate alternative education program available through his or her district of residence.

(3) Except as otherwise provided in subsection (4), from the amount allocated under subsection (1), ~~\$23,800,000.00~~ **AT LEAST \$23,300,000.00** shall be distributed as follows:

(a) For districts and consortia that received payments for ~~2006-2007~~ **2007-2008** under this section, the amount allocated to each for ~~2007-2008~~ **2008-2009** shall be based on the number of participants served by the district or consortium for ~~2007-2008~~ **2008-2009**, using the amount allocated per full-time equated participant under subsection (6), up to a maximum total allocation under this subsection in an amount equal to ~~104.3%~~ of the amount the district or consortium received for ~~2006-2007~~ **2007-2008** under this section before any reallocations made for ~~2006-2007~~ **2007-2008** under subsection (4).

(b) A district or consortium that received funding in ~~2003-2004~~ **2007-2008** under this section may operate independently of a consortium or join or form a consortium for ~~2007-2008~~ **2008-2009**. The allocation for ~~2007-2008~~ **2008-2009** to the district or the newly formed consortium under this subsection shall be determined by the department of labor and economic growth and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in ~~2006-2007~~ **2007-2008**. A district or consortium described in this subdivision shall notify the department of labor and economic growth of its intention with regard to ~~2007-2008~~ **2008-2009** by October 1, ~~2007-2008~~.

(C) IF A DISTRICT HAD A DECLARATION OF FINANCIAL EMERGENCY IN PLACE UNDER THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY ACT, 1990 PA 72, MCL 141.1201 TO 141.1291, AND THAT DECLARATION WAS REVOKED DURING 2005, THE DISTRICT MAY OPERATE A PROGRAM UNDER THIS SECTION INDEPENDENTLY OF A CONSORTIUM OR MAY JOIN OR FORM A CONSORTIUM TO OPERATE A PROGRAM UNDER THIS SECTION. THE ALLOCATION FOR 2008-2009 TO THE DISTRICT OR THE NEWLY FORMED CONSORTIUM UNDER THIS SUBSECTION SHALL BE DETERMINED BY THE DEPARTMENT AND SHALL BE BASED ON THE PROPORTION OF THE AMOUNTS THAT ARE ATTRIBUTABLE TO THE DISTRICT OR CONSORTIUM THAT RECEIVED FUNDING IN 2007-2008 OR, FOR A DISTRICT FOR WHICH A DECLARATION OF FINANCIAL EMERGENCY WAS REVOKED DURING 2005, BASED ON THE AMOUNT THE DISTRICT RECEIVED UNDER THIS SECTION USING A 3-YEAR AVERAGE OF THE 3 MOST RECENT FISCAL YEARS THE DISTRICT RECEIVED FUNDING UNDER THIS SECTION. A DISTRICT OR CONSORTIUM DESCRIBED IN THIS SUBDIVISION SHALL NOTIFY THE DEPARTMENT OF ITS INTENTION WITH REGARD TO 2008-2009 BY OCTOBER 1, 2008.

(4) A district that operated an adult education program in ~~2006-2007~~ **2007-2008** and does not intend to operate a program in ~~2007-2008~~ **2008-2009** shall notify the department of labor and economic growth by October 1, ~~2007-2008~~ of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2007-2008~~ **2008-2009** and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in ~~2007-2008~~ **2008-2009** under this section.

(5) From the amount allocated under subsection (1), up to a maximum of \$200,000.00 shall be allocated for not more than 1 grant not to exceed \$200,000.00 for expansion of an existing innovative community college program that focuses on educating adults. Grants may be used for program operating expenses such as staffing, rent, equipment, and other expenses. To be eligible for this grant funding, a program must meet the following criteria:

(a) Collaborates with local districts and businesses to determine area academic needs and to promote the learning opportunities.

(b) Is located off-campus in an urban residential setting with documented high poverty and low high school graduation rates.

(c) Provides general educational development (G.E.D.) test preparation courses and workshops.

(d) Provides developmental courses taught by college faculty that prepare students to be successful in college-level courses.

(e) Uses learning communities to allow for shared, rather than isolated, learning experiences.

(f) Provides on-site tutoring.

- (g) Provides access to up-to-date technology, including personal computers.
 - (h) Partners with a financial institution to provide financial literacy education.
 - (i) Assists students in gaining access to financial aid.
 - (j) Provides on-site academic advising to students.
 - (k) Provides vouchers for reduced G.E.D. testing costs.
 - (l) Partners with local agencies to provide referrals for social services as needed.
 - (m) Enrolls participants as students of the community college.
 - (n) Partners with philanthropic and business entities to provide capital funding.
- (6) The amount allocated under this section per full-time equated participant is \$2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.
- (7) An adult basic education program or an adult English as a second language program operated on a year-round or school year basis may be funded under this section, subject to all of the following:
- (a) The program enrolls adults who are determined by an appropriate assessment, in a form and manner prescribed by the department, to be below ninth grade level in reading or mathematics, or both, or to lack basic English proficiency.
 - (b) The program tests individuals for eligibility under subdivision (a) before enrollment and tests participants to determine progress after every 90 hours of attendance, using assessment instruments approved by the department of labor and economic growth.
 - (c) A participant in an adult basic education program is eligible for reimbursement until 1 of the following occurs:
 - (i) The participant's reading and mathematics proficiency are assessed at or above the ninth grade level.
 - (ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.
 - (d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (11) until the participant meets 1 of the following:
 - (i) The participant is assessed as having attained basic English proficiency **AS DEFINED BY THE DEPARTMENT**.
 - (ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department of labor and economic growth shall provide information to a funding recipient regarding appropriate assessment instruments for this program.
- (8) A general educational development (G.E.D.) test preparation program operated on a year-round or school year basis may be funded under this section, subject to all of the following:
- (a) The program enrolls adults who do not have a high school diploma.
 - (b) The program shall administer a G.E.D. pre-test approved by the department of labor and economic growth before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall administer other tests after every 90 hours of attendance to determine a participant's readiness to take the G.E.D. test.
 - (c) A funding recipient shall receive funding according to subsection (11) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:
 - (i) The participant passes the G.E.D. test.
 - (ii) The participant fails to show progress on 2 successive tests used to determine readiness to take the G.E.D. test after having completed at least 450 hours of instruction.
- (9) A high school completion program operated on a year-round or school year basis may be funded under this section, subject to all of the following:
- (a) The program enrolls adults who do not have a high school diploma.
 - (b) A funding recipient shall receive funding according to subsection (11) for a participant in a course offered under this subsection until 1 of the following occurs:
 - (i) The participant passes the course and earns a high school diploma.
 - (ii) The participant fails to earn credit in 2 successive semesters or terms in which the participant is enrolled after having completed at least 900 hours of instruction.
- (10) A job or employment-related adult education program operated on a year-round or school year basis may be funded under this section, subject to all of the following:
- (a) The program enrolls adults referred by their employer who are less than 20 years of age, have a high school diploma, are determined to be in need of remedial mathematics or communication arts skills and are not attending an institution of higher education.
 - (b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (11) until 1 of the following occurs:
 - (i) The individual achieves the requisite skills as determined by appropriate assessment instruments administered at least after every 90 hours of attendance.
 - (ii) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department of labor and economic growth shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(11) A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency, **AS DEFINED BY THE DEPARTMENT IN THE ADULT EDUCATION GUIDEBOOK**; for **OBTAINING A G.E.D. OR** passage of the ~~G.E.D. test~~ **1 OR MORE INDIVIDUAL G.E.D. TESTS**; for **ATTAINMENT OF A HIGH SCHOOL DIPLOMA OR** passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(12) As used in this section, "participant" means the sum of the number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).

(13) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (7), (8), (9), or (10) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

(14) An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section. **HOWEVER, FROM THE AMOUNT ALLOCATED UNDER SUBSECTION (1), UP TO A MAXIMUM OF \$500,000.00 SHALL BE MADE AVAILABLE AS COMPETITIVE GRANTS TO DISTRICTS THAT ENROLL ADULTS WHO DO NOT HAVE A HIGH SCHOOL DIPLOMA OR G.E.D. AND WHO ARE INCARCERATED IN A STATE CORRECTIONAL FACILITY IN GENERAL EDUCATION DEVELOPMENT (G.E.D.) TEST PREPARATION COURSES AND WORKSHOPS OR HIGH SCHOOL COMPLETION PROGRAMS. DISTRICTS APPLYING FOR GRANTS UNDER THIS SUBSECTION SHALL DO SO IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT. DISTRICTS RECEIVING FUNDING UNDER THIS SUBSECTION SHALL PROVIDE G.E.D. AND HIGH SCHOOL DIPLOMA PROGRAMS SUBSTANTIALLY SIMILAR TO THOSE PROGRAMS AS DESCRIBED IN THIS SECTION AND SHALL RECEIVE \$2,850.00 PER PARTICIPANT ENROLLED IN THE PROGRAMS.**

(15) A district shall not commingle money received under this section or from another source for adult education purposes with any other funds of the district. A district receiving adult education funds shall establish a separate ledger account for those funds. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(16) A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.

(17) In order to receive funds under this section, a district shall furnish to the department, in a form and manner determined by the department, all information needed to administer this program **AND MEET FEDERAL REPORTING REQUIREMENTS**; shall allow the department or the department's designee to review all records related to the program for which it receives funds; and shall reimburse the state for all disallowances found in the review, as determined by the department.

(18) ALL INTERMEDIATE DISTRICT PARTICIPANT AUDITS OF ADULT EDUCATION PROGRAMS SHALL BE PERFORMED PURSUANT TO THE ADULT EDUCATION PARTICIPANT AUDITING AND ACCOUNTING MANUALS PUBLISHED BY THE DEPARTMENT.

~~(19)~~ As used in this section, "department" means the department of labor and economic growth.

Sec. 147. The allocation for ~~2007-2008~~ **2008-2009** for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate is estimated at ~~16.72%~~ **16.54%** for the ~~2007-2008~~ **2008-2009** state fiscal year. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~30~~ **29** years for ~~2007-2008~~ **2008-2009**. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

Sec. 151. (1) The treasurer of each county shall furnish to the department, on or before August 1 of each year following the receipt of assessment rolls, a statement of the taxable value of each district and fraction of a district within the county, using forms furnished by the department. On or before May 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the immediately preceding year of each district and fraction of a district within the county, using forms furnished by the department. On or before October 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the years after 1993 of each district and fraction of a district within the county, using forms furnished by the department. The reports required by this subsection shall also contain the amount of ad valorem taxable value captured for school operating taxes under ~~a tax-increment financing plan under 1975 PA 197, MCL 125.1651 to~~

~~125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT FINANCING ACTS.**

(2) Not later than the tenth day of each month, the tax tribunal created by the tax tribunal act, 1973 PA 186, MCL 205.701 to 205.779, shall report to the department the changes in taxable value for tax years after 1993 that are not reported to the department under subsection (1) and that are caused by tax tribunal decisions in the immediately preceding month for property that is a principal residence or qualified agricultural property, as defined in section 1211 of the revised school code, MCL 380.1211, and for property that is not a principal residence or qualified agricultural property, in each district and intermediate district. The report shall also contain the amount of taxable value captured under a tax increment financing plan described in subsection (1) for school operating tax purposes.

(3) AS USED IN THIS SECTION, "TAX INCREMENT FINANCING ACTS" MEANS 1975 PA 197, MCL 125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.

Sec. 164c. A district or intermediate district shall not use funds appropriated under this act to purchase foreign goods or services, or both, if American goods or services, or both, are available and are competitively priced and of comparable quality. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality. **IN ADDITION, PREFERENCE SHALL BE GIVEN TO GOODS OR SERVICES, OR BOTH, THAT ARE MANUFACTURED OR PROVIDED BY MICHIGAN BUSINESSES OWNED AND OPERATED BY VETERANS, IF THEY ARE COMPETITIVELY PRICED AND OF COMPARABLE QUALITY.**

Sec. 166e. Before entering into a contract in an amount in excess of \$15,000.00 for any materials, supplies, or equipment or a contract in an amount in excess of \$15,000.00 for construction of a new building, or addition to or repair or renovation of an existing building, the board of a district ~~organized as a school district of the first class, under part 6 of the revised school code; MCL 380.401 to 380.485,~~ or any other purchasing authority within a district ~~organized as a school district of the first class,~~ shall obtain sealed competitive bids, and the district shall award such a contract using this competitive bid process. This section does not prohibit a district from making a public request for proposals before requesting bids and does not prohibit a district from awarding a contract based on a combination of price, quality, and service factors. A school official or member of a school board or other person who neglects or refuses to do or perform an act required by this section, or who violates or knowingly permits or consents to a violation of this section, is guilty of a misdemeanor punishable by a fine of not more than \$500.00, or imprisonment for not more than 3 months, or both.

Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00.

Enacting section 2. Sections 32, 32e, and 99c of the state school aid act of 1979, 1979 PA 94, MCL 388.1632, 388.1632e, and 388.1699c, are repealed effective October 1, 2008.

Enacting section 3. (1) Except as otherwise provided in subsection (2), this amendatory act takes effect October 1, 2008.

(2) Sections 6, 29, and 54c of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, 388.1629, and 388.1654c, as amended by this amendatory act, take effect upon enactment of this amendatory act.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25b, 25c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 99i, 99j, 99k, 99p, 104, 104b, 105, 105c, 107, 147, 151, 164c, and 166e (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1625b, 388.1625c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1654c, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699i, 388.1699j, 388.1699k, 388.1699p, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, 388.1764c, and 388.1766e), sections 3, 6, 11a, 11g, 11k, 11m, 15, 18, 19, 20, 20j, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51d, 53a, 54, 54a, 57, 61a, 64, 65, 74, 81, 94a, 98, 99, 99e, 107, and 151 as amended and sections 99i, 99j, and 99k as added by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, sections 11, 11j, 22a, 22b, 22d, 51a, 51c, 56, 62, and

104 as amended and sections 54c and 99p as added by 2008 PA 112, section 18b as added by 2000 PA 297, section 20d as amended and section 166e as added by 1997 PA 93, section 25b as amended and section 25c as added by 2001 PA 121, section 38 as amended by 2003 PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, and 99a; and to repeal acts and parts of acts.

Ron Jelinek
Cameron Brown
Michael Switalski
Conferees for the Senate

Matt Gillard
Bruce Caswell
Conferees for the House

The question being on the adoption of the conference report,
The first conference report was adopted, a majority of the members serving voting therefor, as follows:

Roll Call No. 517

Yeas—31

Allen	Clarke	Jacobs	Sanborn
Anderson	Cropsey	Jansen	Schauer
Barcia	Garcia	Jelinek	Scott
Basham	George	Kahn	Switalski
Birkholz	Gilbert	McManus	Thomas
Bishop	Gleason	Olshove	Van Woerkom
Brown	Hardiman	Pappageorge	Whitmer
Cherry	Hunter	Richardville	

Nays—4

Cassis	Clark-Coleman	Kuipers	Stamas
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Excused—2

Brater	Prusi
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Not Voting—1

Patterson

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect,
The recommendation was concurred in, 2/3 of the members serving voting therefor.

Protests

Senators Cassis, Kuipers and Clark-Coleman, under their constitutional right of protest (Art. 4, Sec. 18), protested against the adoption of the conference report for Senate Bill No. 1107 and moved that the statements they made during the discussion of the bill be printed as their reasons for voting “no.”

The motion prevailed.

Senator Cassis' statement is as follows:

In many ways, I want to congratulate those who have worked so hard on the K-12 budget. It was not easy to forge compromises, but in the end there are some things I feel, as a former educator of 19 years and a school psychologist, that fall short on behalf of our kids.

Perhaps my comments are more philosophical and policy-oriented than anything else, but research has clearly shown very mixed results on creating smaller high schools. My experience as a school psychologist clearly shows that what is a key here in educating our young people as they go through school is, first and foremost; excellent, innovative, adaptive teaching; competent teachers; and curricula. You know, it doesn't start in high school to save the kids. It starts very early in elementary school for those who start struggling, falling behind, and never catch up. It's too late by the time you get even to ninth grade.

Most importantly—and I want to emphasize this—any school district today in Michigan, through its administrative leadership and its school board, can create smaller high schools or smaller high schools within high schools if they so choose to prioritize this as part of their identified goals. It keeps this as a local decision-making matter. But don't be misled that we have to throw \$15 million at this in order for it to be accomplished. It just takes guts.

Importantly for me, and I speak for myself and for the district that I represent, I believe the current K-12 budget minimizes systematic reforms. I will just point out one area. It keeps categorical grants going that could be ended and provide millions and millions and millions of dollars to be embedded in the foundation grants that then the local school districts again could direct where the dollars are most needed for their particular situation. After all, they are closest to the parents and the students that they represent. We talked about having no new programs in this budget, but the \$15 million, indeed, for smaller high schools is a new program. In contacting and in being contacted by my superintendents, they sincerely ask me to oppose this development. These are educators that I am confident have immense experience and academic savvy.

For these reasons, I cannot support—for the first time in my legislative career—a K-12 budget.

Senator Kuipers' statement is as follows:

Since our class has been in Lansing, I think this is the ninth or tenth school aid act bill that we have had an opportunity to vote on. And I think this is the first time that I have ever risen to say that I intend to vote "no" on a school aid budget. I do so because I think we go down a very dangerous course with this particular budget.

Those of you who have looked at this will recognize that we make a new distinction here when it involves describing the size of a first-class district. Under current law, a first-class district is the size of 100,000 students or more. The distinction of a first-class district in the school aid act that we are about to vote on lowers that number from 100,000 to 60,000. That is a fairly significant gift for the city of Detroit, a gift in which we get nothing in return. We get no promise of clean audits; we get no promise of restructuring a very bloated central administration; we get no promise of reducing the number of collective bargaining units that currently is at about 100 districts wide; and we get no deficit reduction plan so that we know how the district is going to work its way out of their \$400 million deficit.

Over the last year in anticipation of this day, I have had a number of parents from the city of Detroit come in my office begging me that we not adopt a business-as-usual strategy when it comes to the funding plan for the school district in the city of Detroit. Many parents over the last number of years have voted with their feet, which is evidenced in the fact that the district is dropping in size from well over 160,000 to next year likely being below 100,000. The problem is there aren't enough options available for parents who want to exercise their right to choose a district for their kids.

By our passing this school aid budget today, we send a message to those parents that we don't care about their kids, and I think that is a terrible message for us to send. We have an opportunity to get that district's attention in a way that we never have before, and we are letting that opportunity pass by.

So I would urge members of this body to send a very clear message and reject this budget.

Senator Clark-Coleman's statement is as follows:

While I am reluctant to vote against a bill that funds the public schools in my district, there are several things about this conference report that I simply cannot support. Current law allows Detroit Public Schools some control over other districts opening schools within their district boundaries. This report takes away that veto power from the Detroit Public Schools. This move will further contribute to the declining enrollment that the district is currently experiencing.

Furthermore, both the Senate and the House versions of the budget included increases for the Detroit and Grand Rapids pre-college engineering program. Yet, this conference report does not include that increase. This Legislature continues to hamper the efforts of the Detroit Public Schools to improve educational opportunities for its students. There is no continued investment in a program like DAPSET that absolutely works. For that reason, I will be voting "no" on this school aid bill.

Senator Pappageorge asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Pappageorge's statement is as follows:

I want to point out that a very good idea couldn't make it into this budget because of our financial situation. It was a new, one-time line. It had to do with a program called CASA—the Center for Advanced Studies and the Arts.

Six school districts got together that didn't have the kind of money the districts who are better off have with regard to advanced studies. So they pooled their resources, decided to work out of a building in Ferndale, and it needed substantial repairs. By pooling these resources, six high schools allowed their students to take advanced placement courses that otherwise not one school could afford by itself.

So I would hope we will remember this and when the opportunity arises that we put this CASA money back in as soon as we can. It's a great program. It's cooperative. It's everything we talk about with regard to consolidation.

By unanimous consent the Senate returned to the order of

Motions and Communications

Senator Cropsey moved that, pursuant to rule 1.114, upon receipt of Senate bills returned from the House of Representatives, the Secretary of the Senate be directed to proceed with the enrollment printing and presentation of the bills to the Governor.

The motion prevailed.

Senator Cropsey moved that when the Senate adjourns today, it stand adjourned until Thursday, July 24, 2008, at 10:00 a.m.

The motion prevailed.

Senator Cropsey moved that the Committee on Government Operations and Reform be discharged from further consideration of the following appointment:

Michigan Liquor Control Commission

Ms. Colleen A. Pobur, a Democrat, of 240 North Harvey Street, Plymouth, Michigan 48170, county of Wayne, succeeding Virgie M. Rollins, whose term will expire on June 12, 2008, appointed for a term commencing June 13, 2008 and expiring June 12, 2012.

The motion prevailed, a majority of the members serving voting therefor, and the appointment was placed on the order of Messages from the Governor.

By unanimous consent the Senate returned to the order of

Messages from the Governor

Michigan Liquor Control Commission

Ms. Colleen A. Pobur, a Democrat, of 240 North Harvey Street, Plymouth, Michigan 48170, county of Wayne, succeeding Virgie M. Rollins, whose term will expire on June 12, 2008, appointed for a term commencing June 13, 2008 and expiring June 12, 2012.

Senator Cropsey moved that the Senate disapprove the appointment.

The question being on the disapproval of the said appointment to office,

Senator Cropsey moved that further consideration of the appointment be postponed temporarily.

The motion prevailed.

Senator Schauer asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Schauer's statement is as follows:

I rise to object to this motion and really question why this appointment by the Governor wasn't taken up in committee. Apparently, there is some mysterious information that the majority party isn't willing to discuss in committee or even ask of Ms. Pobur. I truly do not know why an individual so highly qualified would have her appointment discharged from committee with an immediate motion to disapprove of her appointment.

I will tell you of her qualifications, and I do look forward to hearing the Majority Leader share with us why this person doesn't deserve a hearing before this body. She has been very involved with the industry and involved with the Detroit Metro Airport. She has incredible organizational experience and worked at Compuware Corporation as the director of New Product Launch Strategies. At Detroit Metropolitan Airport, she was the director of Concessions and Quality Assurance. She was the director of the Neighborhood Compatibility Program, worked for what used to then be called Ameritech. It is a long resume; a graduate of the University of Michigan, and the Majority Leader should be happy about that. Mayor from the city of Plymouth, maybe the Senator from that district would be happy about that.

I can't wait to hear the majority party tell us why this person isn't qualified. Maybe we can hold the hearing right here. I would be interested to hear the testimony from their members as to why this person is not acceptable. I am very interested to hear that, and until I hear that compelling testimony, I will vote "no" and urge all members to vote "no."

The President pro tempore, Senator Richardville, assumed the Chair.

By unanimous consent the Senate returned to the order of

Statements

Senator Whitmer asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Whitmer's statement is as follows:

I rise today with a few words for you, my colleagues—probably not the words you expect. I want to talk to you about autism and my leap for learning that I will be making this Sunday.

While my good friend Colette and I were walking the Bayshore half-marathon on the beautiful mission peninsula in Traverse City, she was telling me about her son Everett. He is five years old. He is autistic. As many of you know, autism is a complex neurological disorder that typically lasts throughout a person's lifetime. Today, 1 in 150 individuals is diagnosed with autism, making it more common than pediatric cancer, diabetes, and AIDS combined. It occurs in all racial, ethnic, and social groups and is four times more likely to strike boys than girls. Autism impairs a person's ability to communicate and relate to others. It is also associated with rigid routines and repetitive behaviors, such as obsessively arranging objects or following very specific routines, according to *Autism Speaks*.

Everett is ready for kindergarten this fall, but autism makes it hard for him to process sensory information. Because of the rise in autism, many educational environments have incorporated sensory rooms onto their campuses. These rooms are built to help students with special needs learn easier and more effectively by engaging their surroundings. Sensory rooms are used for children who have difficulty processing information from all five senses at once. Children who regularly benefit from these rooms generally suffer from a variety of disorders, such as autism, anxiety, and hyperactivity. Sensory rooms have proven effective in school settings to help reduce students' confusion and regulate their behaviors, making it easier to focus, and thus, they are able to maximize their learning opportunities as well as their true potential as students. But we don't have one of these rooms in the East Lansing Public Schools. In fact, they are rare in our state.

So Colette and I decided to have the ultimate sensory experience in order to raise funds for a sensory room. We are going to leap for learning—in other words, parachute out of an airplane this Sunday at 1 p.m. We are striving to raise \$8,000. So I figure there's a little something here for all of you. If you are moved by the cause, please contribute. If you are moved to support me, please contribute. And, heck, if you'd just like to see me jump out of a plane, please contribute. And, finally, there are still spots available, so if you're ready to cross jumping out of an airplane off your bucket list, join me. If you are moved to contribute, it is for East Lansing Public Schools, and it is for the sensory room.

By unanimous consent the Senate returned to the order of

Messages from the Governor

Recess

Senator Cropsey moved that the Senate recess subject to the call of the Chair.

The motion prevailed, the time being 3:19 p.m.

3:28 p.m.

The Senate was called to order by the President pro tempore, Senator Richardville.

The following message from the Governor was received and read:

July 17, 2008

I am writing to inform you of my withdrawal of the appointment of Ms. Colleen A. Pobur as a member of the Liquor Control Commission. The appointment was filed with the Office of the Great Seal on June 4, 2008 and transmitted to the Michigan Senate on the same day.

Sincerely,
Jennifer M. Granholm
Governor

The message was referred to the Committee on Government Operations and Reform.

Senator Jacobs moved that the Senate return to the order of Statements.
 The motion did not prevail.
 Senator Whitmer requested the yeas and nays.
 The yeas and nays were ordered, 1/5 of the members present voting therefor.
 The motion did not prevail, a majority of the members not voting therefor, as follows:

Roll Call No. 518**Yeas—15**

Anderson	Clark-Coleman	Jacobs	Switalski
Barcia	Clarke	Olshove	Thomas
Basham	Gleason	Schauer	Whitmer
Cherry	Hunter	Scott	

Nays—20

Allen	Cropsey	Jansen	Pappageorge
Birkholz	Garcia	Jelinek	Richardville
Bishop	George	Kahn	Sanborn
Brown	Gilbert	Kuipers	Stamas
Cassis	Hardiman	McManus	Van Woerkom

Excused—2

Brater	Prusi
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Not Voting—1

Patterson

In The Chair: Richardville

By unanimous consent the Senate returned to the order of
Statements

Senators Jacobs and Bishop asked and were granted unanimous consent to make statements and moved that the statements be printed in the Journal.

The motion prevailed.

Senator Jacobs' statement is as follows:

I want to speak about this corrupt process that we seem to be a part of today. I appreciate the opportunity to be able to speak to the process. I have a lot of respect for our Majority Leader who talked about the integrity of the advice and consent process, but today what we witnessed is not something that holds up the integrity of the advice and consent process. In fact, I think it really flies in the face of that process.

You know, no wonder our ratings as a Legislature are worse than President Bush's because of the kinds of things that we saw today. Now, today, we saw a rejection on someone who I thought was a qualified appointee based on some kind of secret evidence. We had no hearing. It seems to me to violate the due process rights of appointees.

Before the nominee withdrew her name, we were in the process of rejecting this appointment. Let there be no mistake about that. That's the road we were going down and that's what I want to speak to—that process.

Now Michigan's Declaration of Rights was written to ensure that Michigan citizens, including gubernatorial appointees, have a constitutional right to fair and just treatment and legislative investigation hearings. Section 17 of Article I of the Michigan Constitution says, "No person shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty or property, without due process of law. The right of all individuals, firms, corporations and voluntary associations to fair and just treatment in the course of legislative and executive investigations and hearings shall not be infringed."

Now the framers of Michigan's Constitution said that the purpose of this provision was to facilitate the important and valuable function of legislative and executive investigations by protecting the right of all persons to fair and just treatment in the course of such investigations.

That's not the route we were on today. We were rejecting an appointee without a hearing based, again, on some secret evidence, some secret things that neither were fair nor just treatment, and really harms the reputation the appointee could have, but more importantly, damages the integrity of the Senate. This is Lansing, not Guantanamo. We must judge people based on the facts that we hear in hearings. People are entitled to a hearing and due process.

Now I really feel that we have got to put aside our partisanship obstructionism. We've seen this on both sides of the aisle. Enough is enough, folks. We need to be able to work together for the purpose of doing the right thing for the state of Michigan. This falls back into partisan obstructionism. We've got to move forward. I am pleading, I am imploring us to do just that. We can't be sitting around punishing each other because we have—whether there are personality conflicts or objections to the right of each side to use the tools that we all have here. So I just think that this can be a sort of blatant McCarthyism of what we've seen today. I'm ashamed that I am a part of this process, and I really hope that we can move forward in the future—that we don't have days like this; that I've got to get up and speak like this.

I don't want to feel ashamed of being in the Senate.

Senator Bishop's statement is as follows:

I just wanted to comment, if I could, on the earlier speaker's comments from the 14th District. In this process of advice and consent, there is an internal process, and I want to make sure all members understand how that works.

We have members who serve on a special council to the Senate who assist us in the process of vetting appointees and their backgrounds. And we go through a very arduous process of looking at different aspects. We call individuals. We review resumes. We do a lot of due diligence in order to ensure that we come to the proper conclusion. We do it because we view the process of advice and consent as one of our most important functions.

And I will tell you also that when it comes to the Liquor Control Commission, we take special considerations for that board because of its significance in the state. It has not only a regulatory function, but it has an economic development function as well. So we try to do the best we can to come to the proper conclusion to ensure that those appointees are not only qualified for the job, but they have the necessary expertise to fulfill the role in which they've been appointed to.

There is no political maneuvering here to try and block the Governor. There's no disrespect to the Governor or her office. This is our way of trying to interject our concerns that were raised within the process.

Now throughout this process, we asked the Governor's office to work with us to address concerns, and we suggested that there were issues being raised about the individual that we were not comfortable with. And we suggested many different options on how to deal with this, and instead of accepting our offer to resolve the issue, they decided to push on with the appointment. It wasn't until moments before the vote, after I got up and made the statement that I made, that the Governor's office delivered the letter withdrawing the appointment to the Secretary of State.

So this is unfortunate because we could have avoided this whole thing if we had just had a strong communication. I don't know why we had to wait until the last moment. I don't know why the Governor didn't decide to withdraw this when we asked her to do it in the first place.

But the reality is that we have a responsibility, and that's to ensure that the proper people are appointed to these positions. And when it comes to government commissions, you can be assured that our office will continue to do everything in our power to review every aspect of appointees to ensure the right people get appointed. And we'll deal without an apology because it's our job. It's really the process of the Senate to ensure that we get the right people for the job.

So we can take some tongue lashing and hear a little bit of rhetoric today and hear all kinds of conspiracy theories as to why things happen the way they do. But in the end, we did what we thought was right, and our responsibility is to adhere to our oath of office and that was our responsibility.

I would also tell you that while the Constitution was quoted today, one thing that was failed to be mentioned is that when it comes to government appointments, the Senate has authority to reject appointments. There is no requirement for due process or any other kind of expressed due process rights.

This is about internal review and sometimes we want to make sure that information stays internal. In this case, instead of embarrassing anybody, instead of embarrassing the Governor's office, instead of embarrassing the proposed appointee, we elected to handle it in a way that we thought best. And if you don't agree with that, I understand, but in the end, I hope you understand that we have a responsibility and that's what we did today.

So the Governor has decided to withdraw the motion, and I suppose now this issue is moot, but in the end, when we take up these issues again, we're going to continue to do our due diligence on each one of these appointments.

Senator Cropsey moved that the Senate adjourn.

On which motion Senator Basham requested the yeas and nays.

The yeas and nays were ordered, 1/5 of the members present voting therefor.

The motion prevailed, a majority of the members voting therefor, as follows, the time being 3:49 p.m.:

Roll Call No. 519

Yeas—20

Allen	Cropsey	Jansen	Pappageorge
Birkholz	Garcia	Jelinek	Richardville
Bishop	George	Kahn	Sanborn
Brown	Gilbert	Kuipers	Stamas
Cassis	Hardiman	McManus	Van Woerkom

Nays—14

Anderson	Clark-Coleman	Jacobs	Scott
Barcia	Clarke	Olshove	Thomas
Basham	Gleason	Schauer	Whitmer
Cherry	Hunter		

Excused—2

Brater	Prusi
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Not Voting—2

Patterson	Switalski
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In The Chair: Richardville

Committee Reports

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Judiciary (HB 5810) submitted the following:

Meeting held on Thursday, June 26, 2008, at 4:00 p.m., Room 428, Capitol Building

Present: Senators Cropsey, Kahn and Brater

COMMITTEE ATTENDANCE REPORT

The Conference Committee on (SB 1106) submitted the following:

Meeting held on Friday, June 27, 2008, at 8:30 a.m., Senate Appropriations Room, 3rd Floor, Capitol Building

Present: Senators McManus (C), Jelinek and Brater

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Community Health (SB 1094) submitted the following:
Meeting held on Friday, June 27, 2008, at 9:00 a.m., Senate Hearing Room, Ground Floor, Boji Tower
Present: Senators Kahn (C), Pappageorge and Cherry

Scheduled Meetings

Appropriations - Thursday, July 24, 9:00 a.m., Senate Appropriations Room, 3rd Floor, Capitol Building (373-6960)

Conference Committee -

General Government (HB 5816) - Wednesday, July 23, 9:00 a.m., Room 426, Capitol Building (373-8080)

Legislative Commission on Government Efficiency - Friday, July 25, 9:00 a.m., Legislative Council Conference Room, 3rd Floor, Boji Tower (373-0212)

Legislative Commission on Statutory Mandates - Wednesday, July 23, 1:30 p.m., Room 327, South Tower, House Office Building (373-0212)

In pursuance of the order previously made, the President pro tempore, Senator Richardville, declared the Senate adjourned until Thursday, July 24, 2008, at 10:00 a.m.

CAROL MOREY VIVENTI
Secretary of the Senate

