

FIRST CONFERENCE REPORT

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

Senate Bill No. 1163, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 11, 11a, 11d, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 20j, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 31a, 31d, 31f, 32b, 32d, 32j, 32l, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99i, 101, 104, 107, 147, 166b, and 166c (MCL 388.1603, 388.1606, 388.1611, 388.1611a, 388.1611d, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632d, 388.1632j, 388.1632l, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699i, 388.1701, 388.1704, 388.1707, 388.1747, 388.1766b, and 388.1766c), sections 3, 11a, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 31a, 31d, 31f, 32b, 32d, 32j, 32l, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 98, 99, 99i, 104, 107, and 147 as amended and section 11d as added by 2009 PA 121, sections 6, 11, 94a, and 101 as amended and section 166c as added by 2009 PA 203, section 20j as amended by 2008 PA 561, and section 166b as amended by 2008 PA 219, and by adding section 92; and to repeal acts and parts of acts.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

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

(attached)

Third: 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, 6, 11, 11a, 11d, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 20j, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99i, 99p, 101, 104, 107, 147, 166b, and 166c (MCL 388.1603, 388.1606, 388.1611, 388.1611a, 388.1611d, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699i, 388.1699p, 388.1701, 388.1704, 388.1707, 388.1747, 388.1766b, and 388.1766c), sections 3, 11a, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32d, 32j, 32l, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 98, 99, 99i, 104, 107, and 147 as amended and section 11d as added by 2009 PA 121, sections 6, 11, 94a, and 101 as amended and section 166c as added by 2009 PA 203, section 20j as amended by 2008 PA 561, sections 32c and 99p as amended by 2008 PA 268, and section 166b as amended by 2008 PA 219, and by adding sections 92 and 166d; and to repeal acts and parts of acts.

Ron Jelinek

Terry Brown

Cameron Brown

George Cushingberry, Jr.

Michael Switalski

Gail Haines

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR
SENATE BILL NO. 1163**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 6, 11, 11a, 11d, 11g, 11j, 11k, 11m, 15,
18, 19, 20, 20d, 20j, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b,
29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 39, 39a, 41, 51a, 51c,
51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99i, 99p,
101, 104, 107, 147, 166b, and 166c (MCL 388.1603, 388.1606,
388.1611, 388.1611a, 388.1611d, 388.1611g, 388.1611j, 388.1611k,
388.1611m, 388.1615, 388.1618, 388.1619, 388.1620, 388.1620d,
388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1622e, 388.1624,
388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1629, 388.1631a,
388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j,
388.1632l, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c,
388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662,

388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699i, 388.1699p, 388.1701, 388.1704, 388.1707, 388.1747, 388.1766b, and 388.1766c), sections 3, 11a, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32d, 32j, 32l, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 98, 99, 99i, 104, 107, and 147 as amended and section 11d as added by 2009 PA 121, sections 6, 11, 94a, and 101 as amended and section 166c as added by 2009 PA 203, section 20j as amended by 2008 PA 561, sections 32c and 99p as amended by 2008 PA 268, and section 166b as amended by 2008 PA 219, and by adding sections 92 and 166d; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with federal law, means 92% of the pupils counted in
3 membership on the pupil membership count day, as defined in section
4 6(7).

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

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

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

1 will participate in the educational programs.

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

4 (6) "District" means a local school district established under
5 the revised school code or, except in sections 6(4), 6(6), 13, 20,
6 22a, 23, 29, 31a, 51a(15), 105, ~~and~~ 105c, **AND 166B**, a public school
7 academy. Except in sections 6(4), 6(6), 13, 20, 22a, 29, 51a(15),
8 105, ~~and~~ 105c, **AND 166B**, district also includes a university
9 school.

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

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

25 Sec. 6. (1) "Center program" means a program operated by a
26 district or **BY AN** intermediate district for special education
27 pupils from several districts in programs for pupils with autism

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

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

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

26 (4) "Membership", except as otherwise provided in this act,
27 means for a district, public school academy, university school, or

1 intermediate district the sum of the product of .75 times the
2 number of full-time equated pupils in grades K to 12 actually
3 enrolled and in regular daily attendance on the pupil membership
4 count day for the current school year, plus the product of .25
5 times the final audited count from the supplemental count day for
6 the immediately preceding school year. All pupil counts used in
7 this subsection are as determined by the department and calculated
8 by adding the number of pupils registered for attendance plus
9 pupils received by transfer and minus pupils lost as defined by
10 rules promulgated by the superintendent, and as corrected by a
11 subsequent department audit. For the purposes of this section and
12 section 6a, for a school of excellence that is a cyber school, as
13 defined in section 551 of the revised school code, MCL 380.551, and
14 is in compliance with section 553a of the revised school code, MCL
15 380.553a, a pupil's participation in the cyber school's educational
16 program is considered regular daily attendance. The amount of the
17 foundation allowance for a pupil in membership is determined under
18 section 20. In making the calculation of membership, all of the
19 following, as applicable, apply to determining the membership of a
20 district, public school academy, university school, or intermediate
21 district:

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

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

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

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

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

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

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

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

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

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

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

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

27 (j) If a district is the authorizing body for a public school

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

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

14 (l) Pupils to be counted in membership shall be not less than 5
 15 years of age on December 1 and less than 20 years of age on
 16 September 1 of the school year except ~~a~~ **AS FOLLOWS:**

17 (i) **A** special education pupil who is enrolled and receiving
 18 instruction in a special education program or service approved by
 19 the department, ~~and not having~~ **WHO DOES NOT HAVE** a high school
 20 diploma, **AND** who is less than 26 years of age as of September 1 of
 21 the current school year shall be counted in membership.

22 (ii) **A PUPIL WHO IS DETERMINED BY THE DEPARTMENT TO MEET ALL OF**
 23 **THE FOLLOWING MAY BE COUNTED IN MEMBERSHIP:**

24 (A) **IS ENROLLED IN A PUBLIC SCHOOL ACADEMY OR AN ALTERNATIVE**
 25 **EDUCATION HIGH SCHOOL DIPLOMA PROGRAM, THAT IS PRIMARILY FOCUSED ON**
 26 **EDUCATING HOMELESS PUPILS AND THAT IS LOCATED IN A CITY WITH A**
 27 **POPULATION OF MORE THAN 750,000.**

1 (B) HAD DROPPED OUT OF SCHOOL FOR MORE THAN 1 YEAR AND HAS RE-
2 ENTERED SCHOOL.

3 (C) IS LESS THAN 22 YEARS OF AGE AS OF SEPTEMBER 1 OF THE
4 CURRENT SCHOOL YEAR.

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

14 (n) If a pupil counted in membership in a public school
15 academy is also educated by a district or intermediate district as
16 part of a cooperative education program, the pupil shall be counted
17 in membership only in the public school academy unless a written
18 agreement signed by all parties designates the party or parties in
19 which the pupil shall be counted in membership, and the
20 instructional time scheduled for the pupil in the district or
21 intermediate district shall be included in the full-time equated
22 membership determination under subdivision (q). However, for pupils
23 receiving instruction in both a public school academy and in a
24 district or intermediate district but not as a part of a
25 cooperative education program, the following apply:

26 (i) If the public school academy provides instruction for at
27 least 1/2 of the class hours specified in subdivision (q), the

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

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

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

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

26 (q) The number of class hours used to calculate full-time
27 equated memberships shall be consistent with section 101(3). In

1 determining full-time equated memberships for pupils who are
2 enrolled in a postsecondary institution, a pupil shall not be
3 considered to be less than a full-time equated pupil solely because
4 of the effect of his or her postsecondary enrollment, including
5 necessary travel time, on the number of class hours provided by the
6 district to the pupil.

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

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

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

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

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

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

27 (iii) Course content is comparable to that in the district's

1 alternative education program.

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

4 (v) A pupil enrolled in an alternative or disciplinary
5 education program described in section 25 shall be counted in
6 membership in the district or public school academy that is
7 educating the pupil.

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

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

25 (y) If a district's membership for a particular fiscal year,
26 as otherwise calculated under this subsection, would be less than
27 1,550 pupils and the district has 4.5 or fewer pupils per square

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

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

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

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

1 the preceding school year.

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

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

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

27 (dd) A district that educates a pupil who attends a United

1 States Olympic education center may count the pupil in membership
2 regardless of whether or not the pupil is a resident of this state.

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

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

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

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

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

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

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

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

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

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

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

24 (g) A pupil whose district of residence changed after the
25 pupil membership count day and before the supplemental count day
26 and who continues to be enrolled on the supplemental count day as a
27 nonresident in the district in which he or she was enrolled as a

1 resident on the pupil membership count day of the same school year.

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

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

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

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

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

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

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

16 (j) A pupil who is the child of a person who ~~is employed by~~
17 **WORKS AT** the district **OR WHO IS THE CHILD OF A PERSON WHO WORKED AT**
18 **THE DISTRICT AS OF THE TIME THE PUPIL FIRST ENROLLED IN THE**
19 **DISTRICT BUT WHO NO LONGER WORKS AT THE DISTRICT DUE TO A WORKFORCE**
20 **REDUCTION.** As used in this subdivision, "child" includes an adopted
21 child, stepchild, or legal ward.

22 (k) An expelled pupil who has been denied reinstatement by the
23 expelling district and is reinstated by another school board under
24 section 1311 or 1311a of the revised school code, MCL 380.1311 and
25 380.1311a.

26 (l) A pupil enrolled in a district other than the pupil's
27 district of residence in a program described in section 64 if the

1 pupil's district of residence and the enrolling district are both
2 constituent districts of the same intermediate district.

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

6 (n) A pupil enrolled in a district other than the pupil's
7 district of residence pursuant to section 1148(2) of the revised
8 school code, MCL 380.1148.

9 (O) A PUPIL WHO ENROLLS IN A DISTRICT OTHER THAN THE PUPIL'S
10 DISTRICT OF RESIDENCE AS A RESULT OF THE PUPIL'S SCHOOL NOT MAKING
11 ADEQUATE YEARLY PROGRESS UNDER THE NO CHILD LEFT BEHIND ACT OF
12 2001, PUBLIC LAW 107-110.

13 However, if a district educates pupils who reside in another
14 district and if the primary instructional site for those pupils is
15 established by the educating district after 2009-2010 and is
16 located within the boundaries of that other district, the educating
17 district must have the approval of that other district to count
18 those pupils in membership.

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

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

27 (b) For a district or intermediate district maintaining school

1 during the entire school year, the following days:

2 (i) Fourth Wednesday in July.

3 (ii) Fourth Wednesday after Labor day.

4 (iii) Second Wednesday in February.

5 (iv) Fourth Wednesday in April.

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

1 attendance in the district, intermediate district, or public school
2 academy within 45 days after the pupil membership count day or
3 supplemental count day of that particular year. Pupils not counted
4 as 1.0 full-time equated membership due to an absence from a class
5 shall be counted as a prorated membership for the classes the pupil
6 attended. For purposes of this subsection, "class" means a period
7 of time in 1 day when pupils and a certificated teacher or legally
8 qualified substitute teacher are together and instruction is taking
9 place.

10 (9) "Rule" means a rule promulgated pursuant to the
11 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
12 24.328.

13 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
14 380.1852.

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

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

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

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

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

1 (16) "Tuition pupil" means a pupil of school age attending
2 school in a district other than the pupil's district of residence
3 for whom tuition may be charged. Tuition pupil does not include a
4 pupil who is a special education pupil or a pupil described in
5 subsection (6)(c) to ~~(m)~~-(O). A pupil's district of residence shall
6 not require a high school tuition pupil, as provided under section
7 111, to attend another school district after the pupil has been
8 assigned to a school district.

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

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

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

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

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

27 Sec. 11. (1) For the fiscal year ending September 30, 2010,

1 there is appropriated for the public schools of this state and
2 certain other state purposes relating to education the sum of
3 ~~\$10,793,954,100.00~~ **\$10,614,891,500.00** from the state school aid
4 fund established by ~~section 11 of article IX of the state~~
5 ~~constitution of 1963~~ and the sum of ~~\$31,800,000.00~~ **\$30,206,200.00**
6 from the general fund. For the fiscal year ending September 30,
7 2010, there is also appropriated the sum of \$450,000,000.00 from
8 the federal funding awarded to this state under title XIV of the
9 American recovery and reinvestment act of 2009, Public Law 111-5,
10 to be used solely for the purpose of funding the primary funding
11 formula calculated under section 20, in accordance with federal
12 law. **SUBJECT TO SUBSECTION (5), FOR THE FISCAL YEAR ENDING**
13 **SEPTEMBER 30, 2011, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF**
14 **THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION**
15 **THE SUM OF \$10,949,559,200.00 FROM THE STATE SCHOOL AID FUND AND**
16 **THE SUM OF \$30,206,200.00 FROM THE GENERAL FUND. FOR THE FISCAL**
17 **YEAR ENDING SEPTEMBER 30, 2011, THERE IS ALSO APPROPRIATED THE SUM**
18 **OF \$184,256,600.00 FROM THE FEDERAL FUNDING AWARDED TO THIS STATE**
19 **UNDER TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF**
20 **2009, PUBLIC LAW 111-5, TO BE USED SOLELY FOR THE PURPOSE OF**
21 **FUNDING THE PRIMARY FUNDING FORMULA CALCULATED UNDER SECTION 20, IN**
22 **ACCORDANCE WITH FEDERAL LAW.** In addition, ~~any money received by~~
23 ~~this state from the federal incentive grant program created under~~
24 ~~sections 14005 and 14006 of title XIV of the American recovery and~~
25 ~~reinvestment act of 2009, Public Law 111-5, known as the "race to~~
26 ~~the top" grant program, and all other available federal funds are~~
27 appropriated **EACH FISCAL YEAR** for the fiscal year ending September

1 30, 2010 **AND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011.**

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

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

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

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

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

4 (i) Districts.

5 (ii) Intermediate districts.

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

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

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

24 (d) The department shall recover a percentage of the proration
25 amount required under subsection (3) that is equal to the
26 percentage calculated under subdivision (a) (iii) for entities other
27 than districts and intermediate districts by reducing payments to

1 these entities. This reduction shall be made by reducing the
2 payments to each of these entities, other than payments under
3 sections 11j, 26a, and 26b, on an equal percentage basis.

4 (5) IF THE DEPARTMENT REPORTS TO THE CHAIRPERSONS OF THE HOUSE
5 AND SENATE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS ACT,
6 TO THE HOUSE AND SENATE FISCAL AGENCIES, AND TO THE STATE BUDGET
7 DIRECTOR THAT THE DEPARTMENT HAS BEEN NOTIFIED THAT THIS STATE HAS
8 NOT BEEN AWARDED A COMPETITIVE GRANT FROM THE FEDERAL INCENTIVE
9 GRANT PROGRAM CREATED UNDER SECTIONS 14005 AND 14006 OF TITLE XIV
10 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW
11 111-5, KNOWN AS THE "RACE TO THE TOP" GRANT PROGRAM, THEN IN
12 ADDITION TO THE APPROPRIATION IN SUBSECTION (1) THERE IS ALSO
13 APPROPRIATED FROM THE STATE SCHOOL AID FUND FOR 2010-2011 AN
14 ADDITIONAL AMOUNT NOT TO EXCEED \$26,167,500.00 AND THE GENERAL FUND
15 APPROPRIATION IN SUBSECTION (1) FOR 2010-2011 IS REDUCED BY
16 \$2,363,800.00.

17 (6) ~~(5)~~—Except for the allocation under section 26a, any
18 general fund allocations under this act that are not expended by
19 the end of the state fiscal year are transferred to the school aid
20 stabilization fund created under section 11a.

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

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

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

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

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

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

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

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

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

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

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

9 Sec. 11d. (1) For 2009-2010 only, the department shall deduct
10 an amount equal to ~~\$165.00~~ **\$154.00** per membership pupil from the
11 total state school aid otherwise allocated under this act to each
12 district, except for money allocated under sections 11g, 22a, 31d,
13 51a(12), 51c, and 53a. **FOR 2010-2011, THE DEPARTMENT SHALL DEDUCT**
14 **AN AMOUNT EQUAL TO \$154.00 PER MEMBERSHIP PUPIL FROM THE TOTAL**
15 **STATE SCHOOL AID OTHERWISE ALLOCATED UNDER THIS ACT TO EACH**
16 **DISTRICT, EXCEPT FOR MONEY ALLOCATED UNDER SECTIONS 11G, 22A, 31D,**
17 **32D, 51A(12), 51C, AND 53A.** If a district complies with subsection
18 (2), a district may choose to apply this reduction to funding the
19 district receives under any provision of this act, other than
20 sections 11g, 22a, 31d, 51a(12), 51c, and 53a, **AND, BEGINNING IN**
21 **2010-2011, SECTION 32D,** even if the reduction chosen by the
22 district results in a program being reduced or discontinued. If a
23 district does not comply with subsection (2), the district shall
24 apply this reduction to available funding under section 22b first,
25 up to the total amount of the reduction, before reducing other
26 funding the district receives under this act, other than sections
27 11g, 22a, 31d, 51a(12), 51c, and 53a.

1 (2) Not later than February 1, 2010, a district shall enter
2 into an agreement with the department to develop a service
3 consolidation plan to reduce school operating costs that is in
4 compliance with department guidelines. The department guidelines
5 may identify, but are not limited to, allowable cost-sharing
6 arrangements for the provision of business services and
7 instructional services and the creation of joint operating
8 agreements between and among districts and intermediate districts.
9 The department shall establish guidelines for service consolidation
10 plans under this subsection not later than 60 days after the
11 effective date of this section.

12 **(3) NOT LATER THAN FEBRUARY 1, 2011, A DISTRICT SHALL SUBMIT**
13 **TO THE DEPARTMENT, IN THE FORM AND MANNER PRESCRIBED BY THE**
14 **DEPARTMENT, A REPORT ON THE STATUS OF THE DISTRICT'S IMPLEMENTATION**
15 **OF THE SERVICE CONSOLIDATION PLAN THE DISTRICT SUBMITTED UNDER**
16 **SUBSECTION (2).**

17 **(4) IN ADDITION TO DEVELOPING A SERVICE CONSOLIDATION PLAN**
18 **UNDER SUBSECTION (2), A DISTRICT OR INTERMEDIATE DISTRICT THAT**
19 **PURCHASES DIESEL FUEL SHALL EXPLORE POSSIBILITIES FOR COORDINATING**
20 **REGIONAL PURCHASING OF DIESEL FUEL.**

21 Sec. 11g. (1) From the appropriation in section 11, there is
22 allocated for this section an amount not to exceed \$39,000,000.00
23 for the fiscal year ending September 30, ~~2010~~ **2011** and for each
24 succeeding fiscal year through the fiscal year ending September 30,
25 2015, after which these payments will cease. These allocations are
26 for paying the amounts described in subsection (3) to districts and
27 intermediate districts, other than those receiving a lump-sum

1 payment under section 11f(2), that were not plaintiffs in the
2 consolidated cases known as Durant v State of Michigan, Michigan
3 supreme court docket no. 104458-104492 and that, on or before March
4 2, 1998, submitted to the state treasurer a waiver resolution
5 described in section 11f. The amounts paid under this section
6 represent offers of settlement and compromise of any claim or
7 claims that were or could have been asserted by these districts and
8 intermediate districts, as described in this section.

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

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

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

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

1 district or intermediate district under section 11i and that will
2 result in the total payments made to all districts and intermediate
3 districts in each fiscal year under this section being no more than
4 the amount appropriated under this section in each fiscal year.

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

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

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

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

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

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

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

12 Sec. 11k. For ~~2009-2010-2010-2011~~, there is appropriated from
13 the general fund to the school loan revolving fund an amount equal
14 to the amount of school bond loans assigned to the Michigan
15 ~~municipal bond~~ **FINANCE** authority, not to exceed the total amount of
16 school bond loans held in reserve as long-term assets. As used in
17 this section, "school loan revolving fund" means that fund created
18 in section 16c of the shared credit rating act, 1985 PA 227, MCL
19 141.1066c.

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

26 Sec. 15. (1) If a district or intermediate district fails to
27 receive its proper apportionment, the department, upon satisfactory

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

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

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

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

13 (5) In addition to funds appropriated in section 11 for all
14 programs and services, there is appropriated for ~~2009-2010-2010-~~
15 **2011** for obligations in excess of applicable appropriations an
16 amount equal to the collection of overpayments, but not to exceed
17 amounts available from overpayments.

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

1 transferred by the board to either the capital projects fund or to
2 the debt retirement fund for debt service. The money shall not be
3 applied or taken for a purpose other than as provided in this
4 section. The department shall determine the reasonableness of
5 expenditures and may withhold from a recipient of funds under this
6 act the apportionment otherwise due upon a violation by the
7 recipient.

8 (2) Within 30 days after a board ~~or intermediate board~~ adopts
9 its annual operating budget for the following school fiscal year,
10 or after a board ~~or intermediate board~~ adopts a subsequent revision
11 to that budget, the district ~~or intermediate district~~ shall make
12 all of the following available through a link on its website home
13 page, or a ~~district~~ may make the information available through a
14 link on its intermediate district's website home page, in a form
15 and manner prescribed by the department:

16 (a) The annual operating budget and subsequent budget
17 revisions.

18 (b) Using data that have already been collected and submitted
19 to the department, a summary of district ~~or intermediate district~~
20 expenditures for the most recent fiscal year for which they are
21 available, expressed in the following 2 pie charts:

22 (i) A chart of personnel expenditures, broken into the
23 following subcategories:

24 (A) Salaries and wages.

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

1 (C) Retirement benefit costs.

2 (D) All other personnel costs.

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

5 (A) Instruction.

6 (B) Support services.

7 (C) Business and administration.

8 (D) Operations and maintenance.

9 (c) Links to all of the following:

10 (i) The current collective bargaining agreement for each
11 bargaining unit.

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

16 (iii) The audit report of the audit conducted under subsection
17 ~~(3)~~-(4) for the most recent fiscal year for which it is available.

18 (d) The total salary and a description and cost of each fringe
19 benefit included in the compensation package for the superintendent
20 of the district ~~or intermediate district~~ and for each employee of
21 the district ~~or intermediate district~~ whose salary exceeds
22 \$100,000.00.

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

24 (f) The annual amount spent on lobbying or lobbying services.

25 As used in this subdivision, "lobbying" means that term as defined
26 in section 5 of 1978 PA 472, MCL 4.415.

27 **(3) FOR THE INFORMATION REQUIRED UNDER SUBSECTION (2) (A),**

1 (2) (B) (i), AND (2) (C), AN INTERMEDIATE DISTRICT SHALL PROVIDE THE
2 SAME INFORMATION IN THE SAME MANNER AS REQUIRED FOR A DISTRICT
3 UNDER SUBSECTION (2).

4 (4) ~~(3)~~—For the purpose of determining the reasonableness of
5 expenditures and whether a violation of this act has occurred, ~~the~~
6 **ALL OF THE FOLLOWING APPLY:**

7 (A) **THE** department shall require that each district and
8 intermediate district have an audit of the district's or
9 intermediate district's financial and pupil accounting records
10 conducted at least annually at the expense of the district or
11 intermediate district, as applicable, by a certified public
12 accountant or by the intermediate district superintendent, as may
13 be required by the department, or in the case of a district of the
14 first class by a certified public accountant, the intermediate
15 superintendent, or the auditor general of the city.

16 (B) **IF A DISTRICT OPERATES IN A SINGLE BUILDING WITH FEWER**
17 **THAN 700 FULL-TIME EQUATED PUPILS, IF THE DISTRICT HAS STABLE**
18 **MEMBERSHIP, AND IF THE ERROR RATE OF THE IMMEDIATELY PRECEDING 2**
19 **PUPIL ACCOUNTING FIELD AUDITS OF THE DISTRICT IS LESS THAN 2%, THE**
20 **DISTRICT MAY HAVE A PUPIL ACCOUNTING FIELD AUDIT CONDUCTED**
21 **BIENNIALLY BUT MUST CONTINUE TO HAVE DESK AUDITS FOR EACH PUPIL**
22 **COUNT. THE AUDITOR MUST DOCUMENT COMPLIANCE WITH THE AUDIT CYCLE IN**
23 **THE PUPIL AUDITING MANUAL. AS USED IN THIS SUBDIVISION, "STABLE**
24 **MEMBERSHIP" MEANS THAT THE DISTRICT'S MEMBERSHIP FOR THE CURRENT**
25 **FISCAL YEAR VARIES FROM THE DISTRICT'S MEMBERSHIP FOR THE**
26 **IMMEDIATELY PRECEDING FISCAL YEAR BY LESS THAN 5%.**

27 (C) An intermediate district's annual financial audit shall be

1 accompanied by the intermediate district's pupil accounting
2 procedures report.

3 (D) A district's or intermediate district's annual financial
4 audit shall include an analysis of the financial and pupil
5 accounting data used as the basis for distribution of state school
6 aid.

7 (E) The pupil accounting records and reports, audits, and
8 management letters are subject to requirements established in the
9 auditing and accounting manuals approved and published by the
10 department.

11 (F) Except as otherwise provided in this subsection, a
12 district shall file the annual financial audit reports with the
13 intermediate district not later than 120 days after the end of each
14 school fiscal year and the intermediate district shall forward the
15 annual financial audit reports for its constituent districts and
16 for the intermediate district, and the pupil accounting procedures
17 report for the pupil membership count day and supplemental count
18 day, to the department not later than November 15 of each year.

19 (G) The annual financial audit reports and pupil accounting
20 procedures reports shall be available to the public in compliance
21 with the freedom of information act, 1976 PA 442, MCL 15.231 to
22 15.246.

23 (H) Not later than December 31 of each year, the department
24 shall notify the state budget director and the legislative
25 appropriations subcommittees responsible for review of the school
26 aid budget of districts and intermediate districts that have not
27 filed an annual financial audit and pupil accounting procedures

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

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

1 websites to the website where the department posts this
2 information.

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

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

11 (8) ~~(7)~~—The department shall review its pupil accounting and
12 pupil auditing manuals at least annually and shall periodically
13 update those manuals to reflect changes in this act.

14 (9) ~~(8)~~—If a district that is a public school academy
15 purchases property using money received under this act, the public
16 school academy shall retain ownership of the property unless the
17 public school academy sells the property at fair market value.

18 (10) ~~(9)~~—If a district or intermediate district does not
19 comply with ~~subsection (3),~~ **SUBSECTIONS** (4), (5), ~~or (6),~~ **AND (7),**
20 the department shall withhold all state school aid due to the
21 district or intermediate district under this act, beginning with
22 the next payment due to the district or intermediate district,
23 until the district or intermediate district complies with
24 subsections ~~(3),~~ (4), (5), ~~and (6),~~ **AND (7)**. If the district or
25 intermediate district does not comply with subsections ~~(3),~~ (4),
26 (5), ~~and (6),~~ **AND (7)** by the end of the fiscal year, the district
27 or intermediate district forfeits the amount withheld.

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

7 ~~— (2) Each district and intermediate district shall provide to~~
8 ~~the department, in a form and manner prescribed by the department,~~
9 ~~information necessary for the development of an annual progress~~
10 ~~report on the required implementation of sections 1204a, 1277,~~
11 ~~1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,~~
12 ~~380.1278, and 380.1280, commonly referred to as "public act 25 of~~
13 ~~1990".~~

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

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

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

9 (3) ~~(5)~~—By the first business day in December and by June 30
10 of each year, a district shall furnish to the center, in a manner
11 prescribed by the center, information related to educational
12 personnel as necessary for reporting required by state and federal
13 law.

14 (4) ~~(6)~~—By June 30 of each year, a district shall furnish to
15 the center, in a manner prescribed by the center, information
16 related to safety practices and criminal incidents as necessary for
17 reporting required by state and federal law.

18 (5) ~~(7)~~—If a district or intermediate district fails to meet
19 the requirements of ~~subsection (2), (3), (4), (5), or (6)~~, **THIS**
20 **SECTION**, the department shall withhold 5% of the total funds for
21 which the district or intermediate district qualifies under this
22 act until the district or intermediate district complies with all
23 of those subsections. If the district or intermediate district does
24 not comply with all of those subsections by the end of the fiscal
25 year, the department shall place the amount withheld in an escrow
26 account until the district or intermediate district complies with
27 all of those subsections.

1 (6) ~~(8)~~—Before publishing a list of schools or districts
2 determined to have failed to make adequate yearly progress as
3 required by the no child left behind act of 2001, Public Law 107-
4 110, the department shall allow a school or district to appeal that
5 determination. The department shall consider and act upon the
6 appeal within 30 days after it is submitted and shall not publish
7 the list until after all appeals have been considered and decided.

8 Sec. 20. (1) For 2009-2010 **AND FOR 2010-2011**, the basic
9 foundation allowance is \$8,489.00.

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

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

17 (a) For a district that had a foundation allowance for the
18 immediately preceding state fiscal year that was at least equal to
19 the sum of \$7,108.00 plus the total dollar amount of all
20 adjustments made from 2006-2007 to the immediately preceding state
21 fiscal year in the lowest foundation allowance among all districts,
22 but less than the basic foundation allowance for the immediately
23 preceding state fiscal year, the district shall receive a
24 foundation allowance in an amount equal to the sum of the
25 district's foundation allowance for the immediately preceding state
26 fiscal year plus the difference between twice the dollar amount of
27 the adjustment from the immediately preceding state fiscal year to

1 the current state fiscal year made in the basic foundation
2 allowance and [(the dollar amount of the adjustment from the
3 immediately preceding state fiscal year to the current state fiscal
4 year made in the basic foundation allowance minus \$20.00) times
5 (the difference between the district's foundation allowance for the
6 immediately preceding state fiscal year and the sum of \$7,108.00
7 plus the total dollar amount of all adjustments made from 2006-2007
8 to the immediately preceding state fiscal year in the lowest
9 foundation allowance among all districts) divided by the difference
10 between the basic foundation allowance for the current state fiscal
11 year and the sum of \$7,108.00 plus the total dollar amount of all
12 adjustments made from 2006-2007 to the immediately preceding state
13 fiscal year in the lowest foundation allowance among all
14 districts]. For 2009-2010 **AND FOR 2010-2011**, for a district that
15 had a foundation allowance for the immediately preceding state
16 fiscal year that was at least equal to the sum of \$7,108.00 plus
17 the total dollar amount of all adjustments made from 2006-2007 to
18 the immediately preceding state fiscal year in the lowest
19 foundation allowance among all districts, but less than the basic
20 foundation allowance for the immediately preceding state fiscal
21 year, the district shall receive a foundation allowance in an
22 amount equal to the district's foundation allowance for the
23 immediately preceding state fiscal year. However, the foundation
24 allowance for a district that had less than the basic foundation
25 allowance for the immediately preceding state fiscal year shall not
26 exceed the basic foundation allowance for the current state fiscal
27 year.

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

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

25 **(D) IF HOUSE BILL NO. 6212 OF THE 95TH LEGISLATURE IS ENACTED**
26 **INTO LAW, THEN BEGINNING IN 2011-2012, FOR A DISTRICT THAT IN THE**
27 **1994-95 STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE GREATER THAN**

1 \$6,500.00 AND THAT HAD A FOUNDATION ALLOWANCE FOR THE 2009-2010
2 STATE FISCAL YEAR, AS OTHERWISE CALCULATED UNDER THIS SECTION, THAT
3 WAS LESS THAN THE BASIC FOUNDATION ALLOWANCE, THE DISTRICT'S
4 FOUNDATION ALLOWANCE FOR 2011-2012 AND EACH SUCCEEDING FISCAL YEAR
5 SHALL BE CONSIDERED TO BE AN AMOUNT EQUAL TO THE BASIC FOUNDATION
6 ALLOWANCE.

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

10 (F) ~~(e)~~—For a district that received a payment under section
11 22c as that section was in effect for 2001-2002, the district's
12 2001-2002 foundation allowance shall be considered to have been an
13 amount equal to the sum of the district's actual 2001-2002
14 foundation allowance as otherwise calculated under this section
15 plus the per pupil amount of the district's equity payment for
16 2001-2002 under section 22c as that section was in effect for 2001-
17 2002.

18 (G) ~~(f)~~—For a district that received a payment under section
19 22c as that section was in effect for 2006-2007, the district's
20 2006-2007 foundation allowance shall be considered to have been an
21 amount equal to the sum of the district's actual 2006-2007
22 foundation allowance as otherwise calculated under this section
23 plus the per pupil amount of the district's equity payment for
24 2006-2007 under section 22c as that section was in effect for 2006-
25 2007.

26 (4) Except as otherwise provided in this subsection, the state
27 portion of a district's foundation allowance is an amount equal to

1 the district's foundation allowance or the basic foundation
2 allowance for the current state fiscal year, whichever is less,
3 minus the difference between the sum of the product of the taxable
4 value per membership pupil of all property in the district that is
5 nonexempt property times the district's certified mills and, for a
6 district with certified mills exceeding 12, the product of the
7 taxable value per membership pupil of property in the district that
8 is commercial personal property times the certified mills minus 12
9 mills and the quotient of the ad valorem property tax revenue of
10 the district captured under tax increment financing acts divided by
11 the district's membership excluding special education pupils. For a
12 district described in subsection (3)(c), the state portion of the
13 district's foundation allowance is an amount equal to \$6,962.00
14 plus the difference between the district's foundation allowance for
15 the current state fiscal year and the district's foundation
16 allowance for 1998-99, minus the difference between the sum of the
17 product of the taxable value per membership pupil of all property
18 in the district that is nonexempt property times the district's
19 certified mills and, for a district with certified mills exceeding
20 12, the product of the taxable value per membership pupil of
21 property in the district that is commercial personal property times
22 the certified mills minus 12 mills and the quotient of the ad
23 valorem property tax revenue of the district captured under tax
24 increment financing acts divided by the district's membership
25 excluding special education pupils. For a district that has a
26 millage reduction required under section 31 of article IX of the
27 state constitution of 1963, the state portion of the district's

1 foundation allowance shall be calculated as if that reduction did
2 not occur. For the purposes of state law, federal funding awarded
3 to this state under title XIV of the American recovery and
4 reinvestment act of 2009, Public Law 111-5, that is appropriated
5 under section 11 and allocated under section 22b, is considered to
6 be part of the state portion of a district's foundation allowance
7 and is considered to be part of the total state school aid paid to
8 a public school academy.

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

1 pupil allocation under section 20j(2).

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

1 result of this calculation shall not exceed the amount per
2 membership pupil otherwise calculated under this subsection.

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

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

15 (9) For a district that had combined state and local revenue
16 per membership pupil in the 1993-94 state fiscal year of more than
17 \$6,500.00 and that had fewer than 350 pupils in membership, if the
18 district elects not to reduce the number of mills from which a
19 principal residence, qualified agricultural property, qualified
20 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal
21 property, and commercial personal property are exempt and not to
22 levy school operating taxes on a principal residence, qualified
23 agricultural property, qualified forest property, **SUPPORTIVE**
24 **HOUSING PROPERTY**, industrial personal property, and commercial
25 personal property as provided in section 1211 of the revised school
26 code, MCL 380.1211, and not to levy school operating taxes on all
27 property as provided in section 1211(2) of the revised school code,

1 MCL 380.1211, there is calculated under this subsection for 1994-95
2 and each succeeding fiscal year a separate supplemental amount in
3 an amount equal to the amount the district would have received per
4 membership pupil had it levied school operating taxes on a
5 principal residence, qualified agricultural property, qualified
6 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal
7 property, and commercial personal property at the rate authorized
8 for the district under section 1211 of the revised school code, MCL
9 380.1211, and levied school operating taxes on all property at the
10 rate authorized for the district under section 1211(2) of the
11 revised school code, MCL 380.1211, as determined by the department
12 of treasury. If in the calendar year ending in the fiscal year a
13 district does not levy the district's certified mills on property
14 that is nonexempt property, the amount calculated under this
15 subsection will be reduced by the same percentage as the millage
16 actually levied compares to the district's certified mills.

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

1 20j(2).

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

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

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

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

25 (b) The revenue adjustment factor shall be computed by
26 dividing the sum of the estimated total state school aid fund
27 revenue for the subsequent state fiscal year plus the estimated

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

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

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

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

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

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

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

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

26 (18) For a district in which an industrial facilities
27 exemption certificate that abated taxes on property with a state

1 equalized valuation greater than the total state equalized
2 valuation of the district at the time the certificate was issued or
3 \$700,000,000.00, whichever is greater, was issued under 1974 PA
4 198, MCL 207.551 to 207.572, before the calculation of the
5 district's 1994-95 foundation allowance, the district's foundation
6 allowance for 2002-2003 is an amount equal to the sum of the
7 district's foundation allowance for 2002-2003, as otherwise
8 calculated under this section, plus \$250.00.

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

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

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

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

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

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

19 (21) For a district that levied 1.9 mills in 1993 to finance
20 an operating deficit, the district's foundation allowance shall be
21 calculated as if those mills were included as operating mills in
22 the calculation of the district's 1994-1995 foundation allowance. A
23 district is not entitled to any retroactive payments for fiscal
24 years before 2006-2007 due to this subsection. A district receiving
25 an adjustment under this subsection shall not receive more than
26 \$800,000.00 for a fiscal year as a result of this adjustment.

27 (22) For a district that levied 2.23 mills in 1993 to finance

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

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

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

17 (25) IF SENATE BILL NO. 884 OF THE 95TH LEGISLATURE IS ENACTED
18 INTO LAW NOT LATER THAN SEPTEMBER 30, 2010, THEN THE BASIC
19 FOUNDATION ALLOWANCE UNDER SUBSECTION (1) FOR 2010-2011 IS
20 INCREASED BY \$10.00 AND THE \$20.00 AMOUNT IN SUBSECTION (3) (A) AND
21 SUBSECTION (26) (H) SHALL BE CONSIDERED TO BE \$3.00 FOR THAT FISCAL
22 YEAR, AND EACH DISTRICT'S FOUNDATION ALLOWANCE OR PUBLIC SCHOOL
23 ACADEMY'S PER PUPIL ALLOCATION CALCULATED UNDER THIS SECTION FOR
24 THAT FISCAL YEAR SHALL BE ADJUSTED ACCORDINGLY. HOWEVER, IF THAT
25 BILL IS ENACTED BY THAT DATE BUT THE REVENUE RESULTING FROM THAT
26 ENACTMENT FOR 2010-2011, AS DETERMINED BY THE DEPARTMENT OF
27 TREASURY, IS NOT SUFFICIENT TO FULLY FUND THE ADJUSTMENTS UNDER

1 THIS SUBSECTION AND THE PAYMENTS CALCULATED UNDER SECTION 20J FOR
2 THAT FISCAL YEAR, THEN THOSE ADJUSTMENTS AND PAYMENTS FOR THAT
3 FISCAL YEAR SHALL BE PRORATED ON AN EQUAL PER PUPIL BASIS ACCORDING
4 TO THE AMOUNT OF THE REVENUE THAT RESULTS FROM THAT ENACTMENT FOR
5 THAT FISCAL YEAR.

6 (26) ~~(25)~~—As used in this section:

7 (a) "Certified mills" means the lesser of 18 mills or the
8 number of mills of school operating taxes levied by the district in
9 1993-94.

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

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

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

19 (e) "Immediately preceding state fiscal year" means the state
20 fiscal year immediately preceding the current state fiscal year.

21 (f) "Local school operating revenue" means school operating
22 taxes levied under section 1211 of the revised school code, MCL
23 380.1211.

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

27 (h) "Maximum public school academy allocation", except as

1 otherwise provided in this subdivision, means the maximum per-pupil
2 allocation as calculated by adding the highest per-pupil allocation
3 among all public school academies for the immediately preceding
4 state fiscal year plus the difference between twice the dollar
5 amount of the adjustment from the immediately preceding state
6 fiscal year to the current state fiscal year made in the basic
7 foundation allowance and [(the dollar amount of the adjustment from
8 the immediately preceding state fiscal year to the current state
9 fiscal year made in the basic foundation allowance minus \$20.00)
10 times (the difference between the highest per-pupil allocation
11 among all public school academies for the immediately preceding
12 state fiscal year and the sum of \$7,108.00 plus the total dollar
13 amount of all adjustments made from 2006-2007 to the immediately
14 preceding state fiscal year in the lowest per-pupil allocation
15 among all public school academies) divided by the difference
16 between the basic foundation allowance for the current state fiscal
17 year and the sum of \$7,108.00 plus the total dollar amount of all
18 adjustments made from 2006-2007 to the immediately preceding state
19 fiscal year in the lowest per-pupil allocation among all public
20 school academies]. For 2009-2010 **AND 2010-2011**, maximum public
21 school academy allocation means \$7,580.00.

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

25 (j) "Nonexempt property" means property that is not a
26 principal residence, qualified agricultural property, qualified
27 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal

1 property, or commercial personal property.

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

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

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

14 (n) "Tax increment financing acts" means 1975 PA 197, MCL
15 125.1651 to 125.1681, the tax increment finance authority act, 1980
16 PA 450, MCL 125.1801 to 125.1830, the local development financing
17 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
18 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
19 or the corridor improvement authority act, 2005 PA 280, MCL
20 125.2871 to 125.2899.

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

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

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

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

20 (b) If a district had an adjustment made to its 1993-94 total
21 state school aid that excluded payments made under former section
22 146 and under section 147 on behalf of the district's employees who
23 provided direct services for intermediate district center programs
24 operated by the district under article 5, if nonresident pupils
25 attending the center programs were included in the district's
26 membership for purposes of calculating the combined state and local
27 revenue per membership pupil for 1993-94, and if there is a signed

1 agreement by all constituent districts of the intermediate district
2 that an adjustment under this subdivision shall be made, the
3 foundation allowances for 1995-96 and 1996-97 of all districts that
4 had pupils attending the intermediate district center program
5 operated by the district that had the adjustment shall be
6 calculated as if their combined state and local revenue per
7 membership pupil for 1993-94 included resident pupils attending the
8 center program and excluded nonresident pupils attending the center
9 program.

10 Sec. 20j. (1) ~~Foundation~~ **SUBJECT TO SUBSECTION (5), IF SENATE**
11 **BILL NO. 884 OF THE 95TH LEGISLATURE IS ENACTED INTO LAW NOT LATER**
12 **THAN SEPTEMBER 30, 2010, THEN FOUNDATION** allowance supplemental
13 payments ~~for 2008-2009~~ to districts that in the 1994-95 state
14 fiscal year had a foundation allowance greater than \$6,500.00 shall
15 be calculated under this section **FOR 2010-2011**.

16 (2) ~~The~~ **SUBJECT TO SUBSECTION (5), THE** per pupil allocation to
17 each district under this section **FOR 2010-2011** shall be **AN AMOUNT**
18 **EQUAL TO THE PRODUCT OF** the difference between the basic foundation
19 allowance for the 1998-99 state fiscal year and \$7,204.00 less
20 \$271.00 minus the dollar amount of the adjustment from the 1998-99
21 state fiscal year to 2007-2008 in the district's foundation
22 allowance, **TIMES 50%**.

23 (3) If a district's local revenue per pupil does not exceed
24 the sum of its foundation allowance under section 20 plus the per
25 pupil allocation under subsection (2), the total payment to the
26 district calculated under this section **FOR 2010-2011** shall be the
27 product of the per pupil allocation under subsection (2) multiplied

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

14 (4) Payments to districts shall not be made under this
15 section. Rather, the calculations under this section shall be made
16 and used to determine the amount of state payments under section
17 22b.

18 (5) IF SENATE BILL NO. 884 OF THE 95TH LEGISLATURE IS ENACTED
19 INTO LAW NOT LATER THAN SEPTEMBER 30, 2010 BUT THE REVENUE
20 RESULTING FROM THAT ENACTMENT FOR 2010-2011, AS DETERMINED BY THE
21 DEPARTMENT OF TREASURY, IS NOT SUFFICIENT TO FULLY FUND THE
22 PAYMENTS CALCULATED UNDER THIS SECTION AND THE ADJUSTMENTS
23 CALCULATED UNDER SECTION 20(25) FOR THAT FISCAL YEAR, THEN THOSE
24 PAYMENTS AND ADJUSTMENTS FOR THAT FISCAL YEAR SHALL BE PRORATED ON
25 AN EQUAL PER PUPIL BASIS ACCORDING TO THE AMOUNT OF THE REVENUE
26 THAT RESULTS FROM THAT ENACTMENT FOR THAT FISCAL YEAR.

27 Sec. 22a. (1) From the appropriation in section 11, there is

1 allocated an amount not to exceed ~~\$5,882,000,000.00~~
2 **\$5,785,000,000.00** for 2009-2010 **AND AN AMOUNT NOT TO EXCEED**
3 **\$5,764,000,000.00 FOR 2010-2011** for payments to districts,
4 qualifying university schools, and qualifying public school
5 academies to guarantee each district, qualifying university school,
6 and qualifying public school academy an amount equal to its 1994-95
7 total state and local per pupil revenue for school operating
8 purposes under section 11 of article IX of the state constitution
9 of 1963. Pursuant to section 11 of article IX of the state
10 constitution of 1963, this guarantee does not apply to a district
11 in a year in which the district levies a millage rate for school
12 district operating purposes less than it levied in 1994. However,
13 subsection (2) applies to calculating the payments under this
14 section. Funds allocated under this section that are not expended
15 in the state fiscal year for which they were allocated, as
16 determined by the department, may be used to supplement the
17 allocations under sections 22b and 51c in order to fully fund those
18 calculated allocations for the same fiscal year.

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

24 (a) Except as otherwise provided in this subsection, the state
25 portion of a district's 1994-95 foundation allowance is an amount
26 equal to the district's 1994-95 foundation allowance or \$6,500.00,
27 whichever is less, minus the difference between the sum of the

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

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

1 district's membership.

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

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

16 (5) For a district that is formed or reconfigured after June
17 1, 2000 by consolidation of 2 or more districts or by annexation,
18 the resulting district's 1994-95 foundation allowance under this
19 section beginning after the effective date of the consolidation or
20 annexation shall be the average of the 1994-95 foundation
21 allowances of each of the original or affected districts,
22 calculated as provided in this section, weighted as to the
23 percentage of pupils in total membership in the resulting district
24 in the state fiscal year in which the consolidation takes place who
25 reside in the geographic area of each of the original districts. If
26 an affected district's 1994-95 foundation allowance is less than
27 the 1994-95 basic foundation allowance, the amount of that

1 district's 1994-95 foundation allowance shall be considered for the
2 purpose of calculations under this subsection to be equal to the
3 amount of the 1994-95 basic foundation allowance.

4 (6) As used in this section:

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

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

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

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

18 (e) "Hold harmless millage" means, for a district with a 1994-
19 95 foundation allowance greater than \$6,500.00, the number of mills
20 by which the exemption from the levy of school operating taxes on a
21 homestead, qualified agricultural property, qualified forest
22 property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal
23 property, and commercial personal property could be reduced as
24 provided in section 1211 of the revised school code, MCL 380.1211,
25 and the number of mills of school operating taxes that could be
26 levied on all property as provided in section 1211(2) of the
27 revised school code, MCL 380.1211, as certified by the department

1 of treasury for the 1994 tax year.

2 (f) "Homestead", ~~means that term~~ "**QUALIFIED AGRICULTURAL**
3 **PROPERTY**", "**QUALIFIED FOREST PROPERTY**", "**SUPPORTIVE HOUSING**
4 **PROPERTY**", "**INDUSTRIAL PERSONAL PROPERTY**", AND "**COMMERCIAL PERSONAL**
5 **PROPERTY**" **MEAN THOSE TERMS** as defined in section 1211 of the
6 revised school code, MCL 380.1211.

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

10 (h) "Nonexempt property" means property that is not a
11 principal residence, qualified agricultural property, qualified
12 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal
13 property, or commercial personal property.

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

16 **(I)** ~~(j)~~ "Qualifying public school academy" means a public
17 school academy that was in operation in the 1994-95 school year and
18 is in operation in the current state fiscal year.

19 **(J)** ~~(k)~~ "Qualifying university school" means a university
20 school that was in operation in the 1994-95 school year and is in
21 operation in the current fiscal year.

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

25 **(L)** ~~(m)~~ "Tax increment financing acts" means 1975 PA 197, MCL
26 125.1651 to 125.1681, the tax increment finance authority act, 1980
27 PA 450, MCL 125.1801 to 125.1830, the local development financing

1 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
 2 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
 3 or the corridor improvement authority act, 2005 PA 280, MCL
 4 125.2871 to 125.2899.

5 (M) ~~(n)~~—"Taxable value per membership pupil" means each of the
 6 following divided by the district's membership:

7 (i) For the number of mills by which the exemption from the
 8 levy of school operating taxes on a homestead, qualified
 9 agricultural property, qualified forest property, **SUPPORTIVE**
 10 **HOUSING PROPERTY**, industrial personal property, and commercial
 11 personal property may be reduced as provided in section 1211 of the
 12 revised school code, MCL 380.1211, the taxable value of homestead,
 13 qualified agricultural property, qualified forest property,
 14 **SUPPORTIVE HOUSING PROPERTY**, industrial personal property, and
 15 commercial personal property for the calendar year ending in the
 16 current state fiscal year.

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

22 Sec. 22b. (1) From the state funds appropriated in section 11,
 23 there is allocated for 2009-2010 an amount not to exceed
 24 ~~\$3,323,800,000.00~~ **\$3,289,000,000.00 AND THERE IS ALLOCATED FOR**
 25 **2010-2011 AN AMOUNT NOT TO EXCEED \$3,573,500,000.00** for
 26 discretionary nonmandated payments to districts under this section.
 27 Funds allocated under this section that are not expended in the

1 state fiscal year for which they were allocated, as determined by
2 the department, may be used to supplement the allocations under
3 sections 22a and 51c in order to fully fund those calculated
4 allocations for the same fiscal year.

5 (2) In addition to the funds allocated in subsection (1),
6 there is allocated an amount estimated at \$450,000,000.00 **FOR 2009-**
7 **2010 AND THERE IS ALLOCATED AN AMOUNT ESTIMATED AT \$184,256,600.00**
8 **FOR 2010-2011** from the federal funds awarded to this state under
9 title XIV of the American recovery and reinvestment act of 2009,
10 Public Law 111-5. These funds shall be distributed in a form and
11 manner determined by the department based on an equal dollar amount
12 per the number of membership pupils used to calculate the ~~August~~
13 ~~20, 2009~~-**FINAL** state aid payment **OF THE IMMEDIATELY PRECEDING**
14 **FISCAL YEAR** and shall be expended in a manner prescribed by federal
15 law.

16 (3) Subject to subsection (4) and section 11, the allocation
17 to a district under this section shall be an amount equal to the
18 sum of the amounts calculated under sections 20, 20j, 51a(2),
19 51a(3), and 51a(12), minus the sum of the allocations to the
20 district under sections 22a and 51c.

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

23 (a) Administer in each grade level that it operates in grades
24 1 to 5 a standardized assessment approved by the department of
25 grade-appropriate basic educational skills. A district may use the
26 Michigan literacy progress profile to satisfy this requirement for
27 grades 1 to 3. Also, if the revised school code is amended to

1 require annual assessments at additional grade levels, in order to
2 receive an allocation under this section each district shall comply
3 with that requirement.

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

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

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

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

16 **(6) FROM THE ALLOCATION IN SUBSECTION (1), THE DEPARTMENT**
17 **SHALL PAY UP TO \$1,000,000.00 IN LITIGATION COSTS INCURRED BY THIS**
18 **STATE RELATED TO COMMERCIAL OR INDUSTRIAL PROPERTY TAX APPEALS,**
19 **INCLUDING, BUT NOT LIMITED TO, APPEALS OF CLASSIFICATION, THAT**
20 **IMPACT REVENUES DEDICATED TO THE STATE SCHOOL AID FUND.**

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

1 section.

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

17 (9) ~~(8)~~—If the local claims review board or a court of
18 competent jurisdiction makes a final determination that this state
19 is in violation of section 29 of article IX of the state
20 constitution of 1963 regarding state payments to districts, the
21 state budget director shall use work project funds under subsection
22 ~~(7)~~—(8) or allocate from the discretionary funds for nonmandated
23 payments under this section the amount as may be necessary to
24 satisfy the amount owed to districts before making any payments to
25 districts under subsection (3).

26 (10) ~~(9)~~—If a claim is made in court that challenges the
27 legislative determination of the adequacy of funding for this

1 state's constitutional obligations or alleges that there exists an
2 unfunded constitutional requirement, any interested party may seek
3 an expedited review of the claim by the local claims review board.
4 If the claim exceeds \$10,000,000.00, this state may remove the
5 action to the court of appeals, and the court of appeals shall have
6 and shall exercise jurisdiction over the claim.

7 (11) ~~(10)~~—If payments resulting from a final determination by
8 the local claims review board or a court of competent jurisdiction
9 that there has been a violation of section 29 of article IX of the
10 state constitution of 1963 exceed the amount allocated for
11 discretionary nonmandated payments under this section, the
12 legislature shall provide for adequate funding for this state's
13 constitutional obligations at its next legislative session.

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

1 payments to districts if the amount or allocation of reimbursed
2 funds is challenged in the lawsuit. As used in this subsection,
3 "title XIX" means title XIX of the social security act, 42 USC 1396
4 to 1396v.

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

9 (2) From the allocation under subsection (1), there is
10 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
11 \$750,000.00 for payments under this subsection to districts that
12 meet all of the following:

13 (a) Operates grades K to 12.

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

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

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

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

20 (3) The amount of the additional funding to each eligible
21 district under subsection (2) shall be determined under a spending
22 plan developed as provided in this subsection and approved by the
23 superintendent of public instruction. The spending plan shall be
24 developed cooperatively by the intermediate superintendents of each
25 intermediate district in which an eligible district is located. The
26 intermediate superintendents shall review the financial situation
27 of each eligible district, determine the minimum essential

1 financial needs of each eligible district, and develop and agree on
2 a spending plan that distributes the available funding under
3 subsection (2) to the eligible districts based on those financial
4 needs. The intermediate superintendents shall submit the spending
5 plan to the superintendent of public instruction for approval. Upon
6 approval by the superintendent of public instruction, the amounts
7 specified for each eligible district under the spending plan are
8 allocated under subsection (2) and shall be paid to the eligible
9 districts in the same manner as payments under section 22b.

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

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

16 (b) The district has a total square mileage greater than 200.0
17 or is 1 of 2 districts that have consolidated transportation
18 services and have a combined total square mileage greater than
19 200.0.

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

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

24 Sec. 22e. (1) Beginning in 2008-2009, an amount will be
25 allocated each fiscal year from the appropriation in section 11 for
26 additional payments under this ~~section~~**SUBSECTION** to districts that
27 meet the eligibility requirements under subsection (2). For ~~2009-~~

1 ~~2010-2010-2011~~, there is allocated for this purpose from the
2 appropriation in section 11 an amount not to exceed \$1,300,000.00.

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

6 (a) The district levies 1 of the following operating millage
7 amounts:

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

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

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

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

23 (c) The district does not receive any state portion of its
24 foundation allowance, as calculated under section 20(4).

25 (3) ~~The~~ **SUBJECT TO SUBSECTION (4), THE** amount of the
26 additional funding to each eligible district under ~~this section~~
27 **SUBSECTION (1)** is the sum of the following and shall be paid to the

1 eligible districts in the same manner as payments under section
2 22b:

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

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

14 (4) THE AMOUNT OF THE ADDITIONAL FUNDING TO AN ELIGIBLE
15 DISTRICT UNDER SUBSECTION (1) FOR A FISCAL YEAR SHALL NOT EXCEED
16 15% OF THE TOTAL AMOUNT ALLOCATED UNDER SUBSECTION (1) FOR THAT
17 FISCAL YEAR.

18 (5) IF THE TOTAL AMOUNT OF THE PAYMENTS CALCULATED UNDER
19 SUBSECTION (3) FOR A FISCAL YEAR EXCEEDS THE ALLOCATION UNDER
20 SUBSECTION (1) FOR THAT FISCAL YEAR, THE PAYMENT TO EACH DISTRICT
21 UNDER SUBSECTION (1) SHALL BE PRORATED ON AN EQUAL PERCENTAGE
22 BASIS.

23 (6) IN ADDITION TO THE AMOUNT ALLOCATED UNDER SUBSECTION (1),
24 FOR 2010-2011 ONLY THERE IS ALSO ALLOCATED FROM THE APPROPRIATION
25 IN SECTION 11 THE AMOUNT OF \$500,000.00 TO A DISTRICT THAT IS
26 ELIGIBLE FOR A PAYMENT UNDER SUBSECTION (1) AND THAT LEVIED 1.8
27 MILLS IN 1993 TO FINANCE AN OPERATING DEFICIT.

1 Sec. 24. (1) From the appropriation in section 11, there is
2 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
3 \$8,000,000.00 for payments to the educating district or
4 intermediate district for educating pupils assigned by a court or
5 the department of human services to reside in or to attend a
6 juvenile detention facility or child caring institution licensed by
7 the department of human services and approved by the department to
8 provide an on-grounds education program. The amount of the payment
9 under this section to a district or intermediate district shall be
10 calculated as prescribed under subsection (2).

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

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

1 on property adjacent to a juvenile detention facility or child
2 caring institution. Costs reimbursed by federal funds are not
3 included.

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

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

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

21 Sec. 24a. From the appropriation in section 11, there is
22 allocated an amount not to exceed ~~\$2,523,200.00~~ **\$1,751,300.00** for
23 2009-2010 **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
24 **\$1,440,000.00 FOR 2010-2011** for payments to intermediate districts
25 for pupils who are placed in juvenile justice service facilities
26 operated by the department of human services. Each intermediate
27 district shall receive an amount equal to the state share of those

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

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

23 (A) **THE DISTRICT** shall contract with the department of
24 military and veterans affairs to ensure that all funding allocated
25 under this section is utilized by the district and the department
26 of military and veterans affairs for the youth challenge program.

27 (B) **THE DISTRICT MAY RETAIN FOR ITS ADMINISTRATIVE EXPENSES AN**

1 **AMOUNT NOT TO EXCEED 3% OF THE AMOUNT OF THE PAYMENT THE DISTRICT**
2 **RECEIVES UNDER THIS SECTION.**

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

16 Sec. 26b. (1) From the appropriation in section 11, there is
17 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
18 \$3,400,000.00 for payments to districts, intermediate districts,
19 and community college districts for the portion of the payment in
20 lieu of taxes obligation that is attributable to districts,
21 intermediate districts, and community college districts pursuant to
22 section 2154 of the natural resources and environmental protection
23 act, 1994 PA 451, MCL 324.2154.

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

1 Sec. 29. (1) From the appropriation in section 11, there is
2 allocated an amount not to exceed \$20,000,000.00 for ~~2009-2010~~
3 **2010-2011** for additional payments to eligible districts for
4 declining enrollment assistance.

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

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

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

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

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

26 (4) For the purposes of this section, "average pupil
27 membership" means the average of the district's membership for the

1 3-fiscal-year period ending with the current fiscal year,
2 calculated by adding the district's actual membership for each of
3 those 3 fiscal years, as otherwise calculated under section 6, and
4 dividing the sum of those 3 membership figures by 3.

5 Sec. 31a. (1) From the state school aid fund money
6 appropriated in section 11, there is allocated for ~~2009-2010-2010-~~
7 **2011** an amount not to exceed \$317,695,500.00 for payments to
8 eligible districts and eligible public school academies under this
9 section. Subject to subsection (14), the amount of the additional
10 allowance under this section, other than funding under subsection
11 (6) or (7), shall be based on the number of actual pupils in
12 membership in the district or public school academy who met the
13 income eligibility criteria for free breakfast, lunch, or milk in
14 the immediately preceding state fiscal year, as determined under
15 the Richard B. Russell national school lunch act, 42 USC 1751 to
16 1769i, and reported to the department by October 31 of the
17 immediately preceding fiscal year and adjusted not later than
18 December 31 of the immediately preceding fiscal year. However, for
19 a public school academy that began operations as a public school
20 academy after the pupil membership count day of the immediately
21 preceding school year, the basis for the additional allowance under
22 this section shall be the number of actual pupils in membership in
23 the public school academy who met the income eligibility criteria
24 for free breakfast, lunch, or milk in the current state fiscal
25 year, as determined under the Richard B. Russell national school
26 lunch act.

27 (2) To be eligible to receive funding under this section,

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

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

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

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

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

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

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

20 (5) Except as otherwise provided in subsection (12), a
21 district or public school academy that receives funds under this
22 section and that operates a school breakfast program under section
23 1272a of the revised school code, MCL 380.1272a, shall use from the
24 funds received under this section an amount, not to exceed \$10.00
25 per pupil for whom the district or public school academy receives
26 funds under this section, necessary to pay for costs associated
27 with the operation of the school breakfast program.

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

24 (7) From the funds allocated under subsection (1), there is
25 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
26 \$5,150,000.00 for the state portion of the hearing and vision
27 screenings as described in section 9301 of the public health code,

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

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

27 (9) In order to receive funds under this section, a district

1 or public school academy shall allow access for the department or
2 the department's designee to audit all records related to the
3 program for which it receives those funds. The district or public
4 school academy shall reimburse the state for all disallowances
5 found in the audit.

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

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

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

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

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

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

24 (14) If necessary, and before any proration required under
25 section 11, the department shall prorate payments under this
26 section by reducing the amount of the per pupil payment under this
27 section by a dollar amount calculated by determining the amount by

1 which the amount necessary to fully fund the requirements of this
2 section exceeds the maximum amount allocated under this section and
3 then dividing that amount by the total statewide number of pupils
4 who met the income eligibility criteria for free breakfast, lunch,
5 or milk in the immediately preceding fiscal year, as described in
6 subsection (1).

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

16 (16) ~~A~~**EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (18), A**
17 district or public school academy that does not meet the
18 eligibility requirement under subsection (2)(a) is eligible for
19 funding under this section if at least 1/4 of the pupils in
20 membership in the district or public school academy met the income
21 eligibility criteria for free breakfast, lunch, or milk in the
22 immediately preceding state fiscal year, as determined and reported
23 as described in subsection (1), and at least 4,500 of the pupils in
24 membership in the district or public school academy met the income
25 eligibility criteria for free breakfast, lunch, or milk in the
26 immediately preceding state fiscal year, as determined and reported
27 as described in subsection (1). A district or public school academy

1 that is eligible for funding under this section because the
2 district meets the requirements of this subsection shall receive
3 under this section for each membership pupil in the district or
4 public school academy who met the income eligibility criteria for
5 free breakfast, lunch, or milk in the immediately preceding fiscal
6 year, as determined and reported as described in subsection (1), an
7 amount per pupil equal to ~~8.63%~~ 11.5% of the sum of the district's
8 foundation allowance or public school academy's per pupil
9 allocation under section 20, plus the amount of the district's per
10 pupil allocation under section 20j(2), not to exceed the basic
11 foundation allowance under section 20 for the current state fiscal
12 year.

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

1 foundation allowance under section 20, not to exceed the basic
2 foundation allowance under section 20 for the current state fiscal
3 year.

4 (18) FOR A DISTRICT DESCRIBED IN SUBSECTION (16), THE TOTAL
5 ALLOCATION TO THE DISTRICT OTHERWISE DUE UNDER THIS SECTION, AFTER
6 ANY REDUCTION UNDER SUBSECTION (14), SHALL BE FURTHER REDUCED BY
7 25%.

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

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

8 Sec. 31d. (1) From the appropriations in section 11, there is
9 allocated an amount not to exceed \$22,495,100.00 for ~~2009-2010~~
10 **2010-2011** for the purpose of making payments to districts and other
11 eligible entities under this section.

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

21 (3) The payments made under this section include all state
22 payments made to districts so that each district receives at least
23 6.0127% of the necessary costs of operating the state mandated
24 portion of the school lunch program in a fiscal year.

25 (4) The payments made under this section to districts and
26 other eligible entities that are not required under section 1272a
27 of the revised school code, MCL 380.1272a, to provide a school

1 lunch program shall be in an amount not to exceed \$10.00 per
2 eligible pupil plus 5 cents for each free lunch and 2 cents for
3 each reduced price lunch provided, as determined by the department.

4 (5) From the federal funds appropriated in section 11, there
5 is allocated for ~~2009-2010-2010-2011~~ all available federal funding,
6 estimated at ~~\$370,000,000.00~~ **\$400,000,000.00**, for the national
7 school lunch program and all available federal funding, estimated
8 at \$2,506,000.00, for the emergency food assistance program.

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

12 **(7) IN PURCHASING FOOD FOR A SCHOOL LUNCH PROGRAM FUNDED UNDER**
13 **THIS SECTION, PREFERENCE SHALL BE GIVEN TO FOOD THAT IS GROWN OR**
14 **PRODUCED BY MICHIGAN BUSINESSES IF IT IS COMPETITIVELY PRICED AND**
15 **OF COMPARABLE QUALITY.**

16 Sec. 31f. (1) From the appropriations in section 11, there is
17 allocated an amount not to exceed \$9,625,000.00 for ~~2009-2010-2010-~~
18 **2011** for the purpose of making payments to districts to reimburse
19 for the cost of providing breakfast.

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

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

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

1 (3) The payment for a district under this section is at a per
2 meal rate equal to the lesser of the district's actual cost or 100%
3 of the statewide average cost of a breakfast served, as determined
4 and approved by the department, less federal reimbursement,
5 participant payments, and other state reimbursement. The statewide
6 average cost shall be determined by the department using costs as
7 reported in a manner approved by the department for the preceding
8 school year.

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

11 (5) **IN PURCHASING FOOD FOR A SCHOOL BREAKFAST PROGRAM FUNDED**
12 **UNDER THIS SECTION, PREFERENCE SHALL BE GIVEN TO FOOD THAT IS GROWN**
13 **OR PRODUCED BY MICHIGAN BUSINESSES IF IT IS COMPETITIVELY PRICED**
14 **AND OF COMPARABLE QUALITY.**

15 Sec. 32b. (1) From the funds appropriated under section 11,
16 there is allocated an amount not to exceed \$6,000,000.00 for ~~2009-~~
17 ~~2010-2011~~ for competitive grants to intermediate districts for
18 the creation and continuance of great start communities or other
19 community purposes as identified by the early childhood investment
20 corporation. These dollars may not be expended until both of the
21 following conditions have been met:

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

25 (b) The executive committee of the corporation includes, in
26 addition to the members of the executive committee provided for by
27 the interlocal agreement creating the corporation under the urban

1 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.510 to
2 124.512, 4 members appointed by the governor as provided in this
3 subdivision. Not later than 30 days after the convening of a
4 regular legislative session in an odd-numbered year, the speaker of
5 the house of representatives, the house minority leader, the senate
6 majority leader, and the senate minority leader shall each submit
7 to the governor a list of 3 or more individuals as nominees for
8 appointment as members of the executive committee of the
9 corporation. The corporation shall notify each of the legislative
10 leaders of this requirement to submit a list of nominees not later
11 than 30 days before the date that the list is due. Within 60 days
12 of the submission to the governor of nominees by each of the 4
13 legislative leaders, the governor shall appoint 1 member of the
14 executive committee from each list of nominees submitted by each of
15 the 4 legislative leaders. A member appointed under this
16 subdivision shall serve a term as a member of the executive
17 committee through the next regular legislative session unless he or
18 she resigns or is otherwise unable to serve. When a vacancy occurs
19 other than by expiration of a term, the corporation shall notify
20 the legislative leader who originally nominated the member of the
21 vacancy and that legislative leader shall submit to the governor a
22 list of 3 or more individuals as nominees for appointment to fill
23 the vacancy within 30 days after being notified by the corporation
24 of the vacancy. The governor shall make an appointment to fill that
25 vacancy in the same manner as the original appointment not later
26 than 60 days after the date the vacancy occurs.

27 (2) The early childhood investment corporation shall award

1 grants to eligible intermediate districts in an amount to be
2 determined by the corporation.

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

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

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

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

20 (d) Evaluation of local programs.

21 (4) Not later than December 1 of each fiscal year, for the
22 grants awarded under this section for the immediately preceding
23 fiscal year, the department shall provide to the house and senate
24 appropriations subcommittees on state school aid, the state budget
25 director, and the house and senate fiscal agencies a report
26 detailing the amount of each grant awarded under this section, the
27 grant recipients, the activities funded by each grant under this

1 section, and an analysis of each grant recipient's success in
2 addressing the development of a comprehensive system of early
3 childhood services and supports.

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

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

13 Sec. 32c. (1) ~~From~~ **IF THE DOUBLE DEDUCTION ALLOWED FOR STATE**
14 **INCOME TAX PURPOSES FOR INDIRECT COSTS INCURRED IN OIL AND GAS**
15 **PRODUCTION IS ELIMINATED, THEN IN ADDITION TO** the general fund
16 appropriation in section 11, there is ~~allocated~~ **APPROPRIATED** an
17 amount not to exceed ~~\$2,125,000.00 for 2008-2009~~ **\$1,500,000.00 FOR**
18 **2010-2011** to the department for grants for community-based
19 collaborative prevention services designed to foster positive
20 parenting skills; improve parent/child interaction, especially for
21 children 0-3 years of age; promote access to needed community
22 services; increase local capacity to serve families at risk;
23 improve school readiness; and support healthy family environments
24 that discourage alcohol, tobacco, and other drug use. The
25 allocation under this section is to fund secondary prevention
26 programs as defined by the children's trust fund for the prevention
27 of child abuse and neglect.

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

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

11 (b) Demonstrate that the planned services are part of a
12 community's integrated comprehensive family support strategy
13 endorsed by the community collaborative and, where there is a great
14 start collaborative, demonstrate that the planned services are part
15 of the community's great start strategic plan.

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

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

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

26 Sec. 32d. (1) For ~~2009-2010-2010-2011, from the state school~~
27 ~~aid fund appropriation in section 11, there is allocated an amount~~

1 ~~not to exceed \$88,100,000.00~~ to eligible districts for great start
2 readiness programs ~~and from AN AMOUNT NOT TO EXCEED \$89,400,000.00~~
3 **FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11. IN**
4 **ADDITION, FROM** the general fund appropriation in section 11, there
5 is allocated an amount not to exceed ~~\$7,575,000.00~~ **\$8,875,000.00**
6 for competitive great start readiness program grants. Funds
7 allocated under this section shall be used to provide part-day or
8 full-day comprehensive free compensatory programs designed to do 1
9 or both of the following:

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

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

23 (2) To be eligible to receive payments under this section, a
24 district shall comply with this section and section 39. To receive
25 competitive grant payments under this section, an eligible grant
26 recipient shall comply with this section and section 32/.

27 (3) In addition to the allocation under subsection (1), from

1 the general fund money appropriated under section 11, there is
2 allocated an amount not to exceed \$300,000.00 for ~~2009-2010-2010-~~
3 **2011** for a competitive grant to continue a longitudinal evaluation
4 of children who have participated in great start readiness
5 programs.

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

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

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

19 (c) Nutritional services for all program participants.

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

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

24 (f) Active and continuous involvement of the parents or
25 guardians of the program participants.

26 (g) A plan to conduct and report annual great start readiness
27 program evaluations and continuous improvement plans using criteria

1 approved by the department.

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

10 (i) For great start readiness programs operated by a district
11 or consortium of districts, provide for the ongoing articulation of
12 the early childhood, kindergarten, and first grade programs offered
13 by the district or districts.

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

17 (a) Ensure compliance with all program components described in
18 subsection (4).

19 (b) Ensure that more than ~~50%~~75% of the children
20 participating in an eligible great start readiness program are
21 children who live with families with a household income that is
22 equal to or less than 300% of the federal poverty level.

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

25 (i) Teachers possessing proper training. For programs the
26 district manages itself, a valid teaching certificate and an early
27 childhood (ZA) endorsement are required. This provision does not

1 apply to a district that subcontracts with an eligible child
2 development program. In that situation, a teacher must have a valid
3 Michigan teaching certificate with an early childhood (ZA)
4 endorsement, a valid Michigan teaching certificate with a child
5 development associate credential, or a bachelor's degree in child
6 development with specialization in preschool teaching. However,
7 both of the following apply to this subparagraph:

8 (A) If a district demonstrates to the department that it is
9 unable to fully comply with this subparagraph after making
10 reasonable efforts to comply, teachers who have significant but
11 incomplete training in early childhood education or child
12 development may be employed by the district if the district
13 provides to the department, and the department approves, a plan for
14 each teacher to come into compliance with the standards in this
15 subparagraph. A teacher's compliance plan must be completed within
16 4 years of the date of employment. Progress toward completion of
17 the compliance plan shall consist of at least 2 courses per
18 calendar year.

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

23 (ii) Paraprofessionals possessing proper training in early
24 childhood development, including an associate's degree in early
25 childhood education or child development or the equivalent, or a
26 child development associate (CDA) credential, or the equivalent as
27 approved by the state board. However, if a district demonstrates to

1 the department that it is unable to fully comply with this
2 subparagraph after making reasonable efforts to comply, the
3 district may employ paraprofessionals who have completed at least 1
4 course in early childhood education or child development if the
5 district provides to the department, and the department approves, a
6 plan for each paraprofessional to come into compliance with the
7 standards in this subparagraph. A paraprofessional's compliance
8 plan must be completed within 2 years of the date of employment.
9 Progress toward completion of the compliance plan shall consist of
10 at least 2 courses or 60 clock hours of training per calendar year.

11 (d) Include a program budget that contains only those costs
12 that are not reimbursed or reimbursable by federal funding, that
13 are clearly and directly attributable to the great start readiness
14 program, and that would not be incurred if the program were not
15 being offered. The program budget shall indicate the extent to
16 which these funds will supplement other federal, state, local, or
17 private funds. Funds received under this section shall not be used
18 to supplant any federal funds by the applicant to serve children
19 eligible for a federally funded existing preschool program that has
20 the capacity to serve those children.

21 (6) For a grant recipient that enrolls pupils in a full-day
22 program funded under this section, each child enrolled in the full-
23 day program shall be counted as 2 children served by the program
24 for purposes of determining the number of children to be served and
25 for determining the amount of the grant award. A grant award shall
26 not be increased solely on the basis of providing a full-day
27 program. As used in this subsection, "full-day program" means a

1 program that operates for at least the same length of day as a
2 district's first grade program for a minimum of 4 days per week, 30
3 weeks per year. A classroom that offers a full-day program must
4 enroll all children for the full day to be considered a full-day
5 program.

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

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

20 (9) A recipient of funds under this section shall report to
21 the department on the midyear report the number of children
22 participating in the program who meet the income or other
23 eligibility criteria prescribed by the department and the total
24 number of children participating in the program. For children
25 participating in the program who meet the income or other
26 eligibility criteria specified under subsection (5)(b), a recipient
27 shall also report whether or not a parent is available to provide

1 care based on employment status. For the purposes of this
2 subsection, "employment status" shall be defined by the department
3 of human services in a manner consistent with maximizing the amount
4 of spending that may be claimed for temporary assistance for needy
5 families maintenance of effort purposes.

6 (10) AS USED IN THIS SECTION, "PART-DAY PROGRAM" MEANS A
7 PROGRAM THAT OPERATES AT LEAST 4 DAYS PER WEEK, 30 WEEKS PER YEAR,
8 FOR AT LEAST 3 HOURS OF TEACHER-CHILD CONTACT TIME PER DAY BUT FOR
9 FEWER HOURS OF TEACHER-CHILD CONTACT TIME PER DAY THAN A FULL-DAY
10 PROGRAM AS DEFINED IN SUBSECTION (6).

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

19 Sec. 32j. (1) From the appropriations in section 11, there is
20 allocated an amount not to exceed \$5,000,000.00 for ~~2009-2010-2010-~~
21 ~~2011~~ for great parents, great start grants to intermediate
22 districts to provide programs for parents with young children. The
23 purpose of these programs is to encourage early mathematics and
24 reading literacy, improve school readiness, reduce the need for
25 special education services, and foster the maintenance of stable
26 families by encouraging positive parenting skills.

27 (2) To qualify for funding under this section, a program shall

1 provide services to all families with children age 5 or younger
2 residing within the intermediate district who choose to
3 participate, including at least all of the following services:

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

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

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

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

17 (3) To receive a grant under this section, an intermediate
18 district shall submit a plan to the department not later than
19 October 15, ~~2009~~–2010 in the form and manner prescribed by the
20 department. The plan shall do all of the following in a manner
21 prescribed by the department:

22 (a) Provide a plan for the delivery of the program components
23 described in subsection (2) that targets resources based on family
24 need and provides for educators trained in child development to
25 help parents understand their role in their child's developmental
26 process, thereby promoting school readiness and mitigating the need
27 for special education services.

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

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

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

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

23 (a) The superintendent shall approve or disapprove the plans
24 and notify the intermediate district of that decision not later
25 than November 15, ~~2009~~ 2010. The amount allocated to each
26 intermediate district shall be at least an amount equal to 100% of
27 the intermediate district's ~~2008-2009~~ 2009-2010 payment under this

1 section.

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

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

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

19 Sec. 32l. (1) The department shall establish a diverse
20 interagency committee to review the applications for competitive
21 grants under section 32d. The committee shall be composed of
22 representatives of the department, appropriate community,
23 volunteer, and social service agencies and organizations, and
24 parents.

25 (2) The superintendent shall award the competitive grants
26 under section 32d to applicants that are in compliance with that
27 section and shall give priority for awarding the competitive grants

1 to programs that offer or contract with another nonprofit or for-
2 profit early childhood program to provide supplementary day care
3 and thereby offers full-day programs as part of its early childhood
4 development program.

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

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

16 **(5) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN**
17 **APPLICANT THAT RECEIVED A GRANT UNDER THIS SECTION FOR THE**
18 **IMMEDIATELY PRECEDING FISCAL YEAR SHALL RECEIVE PRIORITY FOR**
19 **FUNDING UNDER THIS SECTION. HOWEVER, AFTER 3 FISCAL YEARS OF**
20 **CONTINUOUS FUNDING, AN APPLICANT IS REQUIRED TO COMPETE OPENLY WITH**
21 **NEW PROGRAMS AND OTHER PROGRAMS COMPLETING THEIR THIRD YEAR.**

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

25 Sec. 39. (1) A district receiving funds under section 32d
26 shall submit a preapplication, in a form and manner prescribed by
27 the department, by a date specified by the department in the

1 immediately preceding state fiscal year. The preapplication shall
2 include a comprehensive needs assessment and community
3 collaboration plan, which is endorsed by the local great start
4 collaborative and is part of the community's great start strategic
5 plan that includes, but is not limited to, great start readiness
6 program and head start providers, and shall identify all of the
7 following:

8 (a) The estimated total number of children in the community
9 who meet the criteria of section 32d and how that calculation was
10 made.

11 (b) The estimated number of children in the community who meet
12 the criteria of section 32d and are being served by other early
13 childhood development programs operating in the community, and how
14 that calculation was made.

15 (c) The number of children the district will be able to serve
16 who meet the criteria of section 32d including a verification of
17 physical facility and staff resources capacity.

18 (d) The estimated number of children who meet the criteria of
19 section 32d who will remain unserved after the district and
20 community early childhood programs have met their funded
21 enrollments. The school district shall maintain a waiting list of
22 identified unserved eligible children who would be served when
23 openings are available.

24 (2) A district receiving funds under section 32d shall also
25 submit a final application for approval, in a form and manner
26 prescribed by the department, by a date specified by the
27 department, that details how the district complies with the program

1 components established by the department pursuant to section 32d.

2 (3) The number of prekindergarten children construed to be in
3 need of special readiness assistance under section 32d shall be
4 calculated for each district in the following manner: 1/2 of the
5 percentage of the district's pupils in grades 1 to 5 who are
6 eligible for free lunch, as determined using the district's pupil
7 membership count as of the pupil membership count day in the school
8 year prior to the fiscal year for which the calculation is made,
9 under the Richard B. Russell national school lunch act, 42 USC 1751
10 to 1769i, shall be multiplied by the average kindergarten
11 enrollment of the district on the pupil membership count day of the
12 2 immediately preceding fiscal years.

13 (4) Beginning in 2008-2009, the initial allocation for each
14 fiscal year to each eligible district under section 32d shall be
15 determined by multiplying the number of children determined by the
16 formula under subsection (3) or the number of children the district
17 indicates it will be able to serve under subsection (1)(c),
18 whichever is less, by \$3,400.00 and shall be distributed among
19 districts in decreasing order of concentration of eligible children
20 as determined by the formula under subsection (3). If the number of
21 children a district indicates it will be able to serve under
22 subsection (1)(c) includes children able to be served in a full-day
23 program, then the number able to be served in a full-day program
24 shall be doubled for the purposes of making this calculation of the
25 lesser of the number of children determined by the formula under
26 subsection (3) and the number of children the district indicates it
27 will be able to serve under subsection (1)(c) and determining the

1 amount of the initial allocation to the district under section 32d.
2 A district may contract with a head start agency to serve children
3 enrolled in head start with a full-day program by blending head
4 start funds with a part-day great start readiness program
5 allocation. All head start and great start readiness program
6 policies and regulations apply to the blended program.

7 (5) If funds appropriated for eligible districts in section
8 32d remain after the initial allocation under subsection (4), the
9 allocation under this subsection shall be distributed to each
10 eligible district under section 32d in decreasing order of
11 concentration of eligible children as determined by the formula
12 under subsection (3). The allocation shall be determined by
13 multiplying the number of children each eligible district served in
14 the immediately preceding fiscal year, **INCLUDING THE NUMBER OF**
15 **CHILDREN THE DISTRICT WOULD HAVE SERVED IF IT HAD NOT SATISFIED ALL**
16 **OR PART OF THE REDUCTION UNDER SECTION 11D FROM FUNDING UNDER THIS**
17 **SECTION**, or the number of children the district indicates it will
18 be able to serve under subsection (1)(c), whichever is less, minus
19 the number of children for which the district received funding in
20 subsection (4) by \$3,400.00.

21 (6) If funds appropriated for eligible districts in section
22 32d remain after the allocations under subsections (4) and (5),
23 remaining funds shall be distributed to each eligible district
24 under section 32d in decreasing order of concentration of eligible
25 children as determined by the formula under subsection (3). If the
26 number of children the district indicates it will be able to serve
27 under subsection (1)(c) exceeds the number of children for which

1 funds have been received under subsections (4) and (5), the
2 allocation under this subsection shall be determined by multiplying
3 the number of children the district indicates it will be able to
4 serve under subsection (1)(c) less the number of children for which
5 funds have been received under subsections (4) and (5) by \$3,400.00
6 until the funds allocated for eligible districts in section 32d are
7 distributed.

8 (7) If a district is participating in a program under section
9 32d for the first year, the maximum allocation under this section
10 is 32 multiplied by \$3,400.00.

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

16 (9) For any district with 315 or more eligible pupils, the
17 number of eligible pupils shall be 65% of the number calculated
18 using the formula under subsection (3). However, none of these
19 districts may have less than 315 pupils for purposes of calculating
20 the tentative allocation for eligible districts under section 32d.

21 (10) If, taking into account the total amount to be allocated
22 to the district as calculated under this section, a district
23 determines that it is able to include additional eligible children
24 in the great start readiness program without additional funds under
25 section 32d, the district may include additional eligible children
26 but shall not receive additional funding under section 32d for
27 those children.

1 (11) A consortium of 2 or more districts shall be eligible for
2 an allocation under section 32d if the districts designate a
3 district or intermediate district to serve as the fiscal agent for
4 the consortium's allocation. A consortium shall submit a single
5 application for the total number of children to be served. The
6 consortium may decide, with approval of all consortium members, to
7 serve numbers of children based on the allocation to each district
8 or based on the allocation to the entire consortium, allowing
9 children residing in any district in the consortium to be served by
10 the consortium at any location.

11 Sec. 39a. (1) From the federal funds appropriated in section
12 11, there is allocated for ~~2009-2010-2010-2011~~ to districts,
13 intermediate districts, and other eligible entities all available
14 federal funding, estimated at ~~\$752,987,500.00~~ **\$761,973,600.00**, for
15 the federal programs under the no child left behind act of 2001,
16 Public Law 107-110. These funds are allocated as follows:

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

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

25 (c) An amount estimated at \$109,411,900.00 for the purpose of
26 preparing, training, and recruiting high-quality teachers and class
27 size reduction, funded from DED-OESE, improving teacher quality

1 funds.

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

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

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

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

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

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

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

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

27 (l) An amount estimated at \$2,849,000.00 for the purpose of

1 implementing innovative strategies for improving student
2 achievement, funded from DED-OESE, title VI, innovative strategies
3 funds.

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

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

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

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

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

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

26 (C) ~~(d)~~ An amount estimated at \$1,445,600.00 for serve America
27 grants, funded from the corporation for national and community

1 service funds.

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

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

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

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

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

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

27 (4) All federal funds allocated under this section shall be

1 distributed in accordance with federal law and with flexibility
2 provisions outlined in Public Law 107-116, and in the education
3 flexibility partnership act of 1999, Public Law 106-25.
4 Notwithstanding section 17b, payments of federal funds to
5 districts, intermediate districts, and other eligible entities
6 under this section shall be paid on a schedule determined by the
7 department.

8 **(5) FOR THE PURPOSES OF APPLYING FOR FEDERAL GRANTS**
9 **APPROPRIATED UNDER THIS ACT, THE DEPARTMENT SHALL ALLOW AN**
10 **INTERMEDIATE DISTRICT TO SUBMIT A CONSOLIDATED APPLICATION ON**
11 **BEHALF OF 2 OR MORE DISTRICTS WITH THE AGREEMENT OF THOSE**
12 **DISTRICTS.**

13 (6) ~~(5)~~—As used in this section:

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

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

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

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

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

23 Sec. 41. From the appropriation in section 11, there is
24 allocated an amount not to exceed \$2,800,000.00 for ~~2009-2010-2010-~~
25 **2011** to applicant districts and intermediate districts offering
26 programs of instruction for pupils of limited English-speaking
27 ability under section 1153 of the revised school code, MCL

1 380.1153. Reimbursement shall be on a per pupil basis and shall be
2 based on the number of pupils of limited English-speaking ability
3 in membership on the pupil membership count day. Funds allocated
4 under this section shall be used solely for instruction in
5 speaking, reading, writing, or comprehension of English. A pupil
6 shall not be counted under this section or instructed in a program
7 under this section for more than 3 years.

8 Sec. 51a. (1) From the appropriation in section 11, there is
9 allocated for 2009-2010 an amount not to exceed ~~\$1,061,283,000.00~~
10 **\$1,019,583,000.00 AND THERE IS ALLOCATED FOR 2010-2011 AN AMOUNT**
11 **NOT TO EXCEED \$1,057,883,000.00** from state sources and all
12 available federal funding under sections 611 to 619 of part B of
13 the individuals with disabilities education act, 20 USC 1411 to
14 1419, estimated at \$350,700,000.00 **FOR 2009-2010 AND ESTIMATED AT**
15 **\$385,700,000.00 FOR 2010-2011**, plus any carryover federal funds
16 from previous year appropriations. The allocations under this
17 subsection are for the purpose of reimbursing districts and
18 intermediate districts for special education programs, services,
19 and special education personnel as prescribed in article 3 of the
20 revised school code, MCL 380.1701 to 380.1766; net tuition payments
21 made by intermediate districts to the Michigan schools for the deaf
22 and blind; and special education programs and services for pupils
23 who are eligible for special education programs and services
24 according to statute or rule. For meeting the costs of special
25 education programs and services not reimbursed under this article,
26 a district or intermediate district may use money in general funds
27 or special education funds, not otherwise restricted, or

1 contributions from districts to intermediate districts, tuition
2 payments, gifts and contributions from individuals, or federal
3 funds that may be available for this purpose, as determined by the
4 intermediate district plan prepared pursuant to article 3 of the
5 revised school code, MCL 380.1701 to 380.1766. All federal funds
6 allocated under this section in excess of those allocated under
7 this section for 2002-2003 may be distributed in accordance with
8 the flexible funding provisions of the individuals with
9 disabilities education act, Public Law 108-446, including, but not
10 limited to, 34 CFR 300.206 and 300.208. Notwithstanding section
11 17b, payments of federal funds to districts, intermediate
12 districts, and other eligible entities under this section shall be
13 paid on a schedule determined by the department.

14 (2) From the funds allocated under subsection (1), there is
15 allocated **EACH FISCAL YEAR** the amount necessary, estimated at
16 ~~\$240,300,000.00~~ **\$238,500,000.00** for 2009-2010 **AND ESTIMATED AT**
17 **\$248,200,000.00 FOR 2010-2011**, for payments toward reimbursing
18 districts and intermediate districts for 28.6138% of total approved
19 costs of special education, excluding costs reimbursed under
20 section 53a, and 70.4165% of total approved costs of special
21 education transportation. Allocations under this subsection shall
22 be made as follows:

23 (a) The initial amount allocated to a district under this
24 subsection toward fulfilling the specified percentages shall be
25 calculated by multiplying the district's special education pupil
26 membership, excluding pupils described in subsection (12), times
27 the sum of the foundation allowance under section 20 of the pupil's

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

16 (b) After the allocations under subdivision (a), districts and
17 intermediate districts for which the payments **CALCULATED** under
18 subdivision (a) do not fulfill the specified percentages shall be
19 paid the amount necessary to achieve the specified percentages for
20 the district or intermediate district.

21 (3) From the funds allocated under subsection (1), there is
22 allocated **EACH FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** the
23 amount necessary, estimated at ~~\$1,300,000.00~~, **\$1,200,000.00 FOR**
24 **2009-2010 AND ESTIMATED AT \$1,400,000.00 FOR 2010-2011**, to make
25 payments to districts and intermediate districts under this
26 subsection. If the amount allocated to a district or intermediate
27 district for a fiscal year under subsection (2)(b) is less than the

1 sum of the amounts allocated to the district or intermediate
2 district for 1996-97 under sections 52 and 58, there is allocated
3 to the district or intermediate district for the fiscal year an
4 amount equal to that difference, adjusted by applying the same
5 proration factor that was used in the distribution of funds under
6 section 52 in 1996-97 as adjusted to the district's or intermediate
7 district's necessary costs of special education used in
8 calculations for the fiscal year. This adjustment is to reflect
9 reductions in special education program operations or services
10 between 1996-97 and subsequent fiscal years. Adjustments for
11 reductions in special education program operations or services
12 shall be made in a manner determined by the department and shall
13 include adjustments for program or service shifts.

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

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

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

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

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

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

22 (b) Beginning with the 2004-2005 fiscal year, a district or
23 intermediate district that employed special education support
24 services staff to provide special education support services in
25 2003-2004 or in a subsequent fiscal year and that in a fiscal year
26 after 2003-2004 receives the same type of support services from
27 another district or intermediate district shall report the cost of

1 those support services for special education reimbursement purposes
2 under this act. This subdivision does not prohibit the transfer of
3 special education classroom teachers and special education
4 classroom aides if the pupils counted in membership associated with
5 those special education classroom teachers and special education
6 classroom aides are transferred and counted in membership in the
7 other district or intermediate district in conjunction with the
8 transfer of those teachers and aides.

9 (c) If the department determines before bookclosing for ~~2008-~~
10 ~~2009-~~**FISCAL YEAR** that the amounts allocated for ~~2008-2009-~~**THAT**
11 **FISCAL YEAR** under subsections (2), (3), (6), (8), and (12) and
12 sections 53a, 54, and 56 will exceed expenditures for ~~2008-2009~~
13 **THAT FISCAL YEAR** under subsections (2), (3), (6), (8), and (12) and
14 sections 53a, 54, and 56, then ~~for 2008-2009 only,~~ for a district
15 or intermediate district whose reimbursement for ~~2008-2009-~~**THAT**
16 **FISCAL YEAR** would otherwise be affected by subdivision (b),
17 subdivision (b) does not apply to the calculation of the
18 reimbursement for that district or intermediate district and
19 reimbursement for that district or intermediate district shall be
20 calculated in the same manner as it was for 2003-2004. If the
21 amount of the excess allocations under subsections (2), (3), (6),
22 (8), and (12) and sections 53a, 54, and 56 is not sufficient to
23 fully fund the calculation of reimbursement to those districts and
24 intermediate districts under this subdivision, then the
25 calculations and resulting reimbursement under this subdivision
26 shall be prorated on an equal percentage basis.

27 (d) Reimbursement for ancillary and other related services, as

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

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

26 (8) From the allocation in subsection (1), there is allocated
27 **EACH FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** an amount not to

1 exceed \$15,313,900.00 to intermediate districts. The payment under
2 this subsection to each intermediate district shall be equal to the
3 amount of the 1996-97 allocation to the intermediate district under
4 subsection (6) of this section as in effect for 1996-97.

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

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

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

22 (12) From the funds allocated in subsection (1), there is
23 allocated **EACH FISCAL YEAR** the amount necessary, estimated at
24 \$7,800,000.00 for 2009-2010 **AND ESTIMATED AT \$6,600,000.00 FOR**
25 **2010-2011**, to pay the foundation allowances for pupils described in
26 this subsection. The allocation to a district under this subsection
27 shall be calculated by multiplying the number of pupils described

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

17 (a) Pupils described in section 53a.

18 (b) Pupils counted in membership in an intermediate district
19 who are not special education pupils and are served by the
20 intermediate district in a juvenile detention or child caring
21 facility.

22 (c) Emotionally impaired pupils counted in membership by an
23 intermediate district and provided educational services by the
24 department of community health.

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

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

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

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

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

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

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

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

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

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

1 resides or the public school academy for the purpose of providing
2 the pupil with a free appropriate public education and the written
3 agreement includes at least an agreement on the responsibility for
4 the payment of the added costs of special education programs and
5 services for the pupil.

6 Sec. 51c. As required by the court in the consolidated cases
7 known as Durant v State of Michigan, Michigan supreme court docket
8 no. 104458-104492, from the allocation under section 51a(1), there
9 is allocated **EACH FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** the
10 amount necessary, estimated at ~~\$742,300,000.00,~~ **\$702,500,000.00 FOR**
11 **2009-2010 AND ESTIMATED AT \$732,100,000.00 FOR 2010-2011**, for
12 payments to reimburse districts for 28.6138% of total approved
13 costs of special education excluding costs reimbursed under section
14 53a, and 70.4165% of total approved costs of special education
15 transportation. Funds allocated under this section that are not
16 expended in the state fiscal year for which they were allocated, as
17 determined by the department, may be used to supplement the
18 allocations under sections 22a and 22b in order to fully fund those
19 calculated allocations for the same fiscal year.

20 Sec. 51d. (1) From the federal funds appropriated in section
21 11, there is allocated for ~~2009-2010~~ **2010-2011** all available
22 federal funding, estimated at \$74,000,000.00, for special education
23 programs that are funded by federal grants. All federal funds
24 allocated under this section shall be distributed in accordance
25 with federal law. Notwithstanding section 17b, payments of federal
26 funds to districts, intermediate districts, and other eligible
27 entities under this section shall be paid on a schedule determined

1 by the department.

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

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

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

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

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

16 Sec. 53a. (1) For districts, reimbursement for pupils
17 described in subsection (2) shall be 100% of the total approved
18 costs of operating special education programs and services approved
19 by the department and included in the intermediate district plan
20 adopted pursuant to article 3 of the revised school code, MCL
21 380.1701 to 380.1766, minus the district's foundation allowance
22 calculated under section 20, and minus the amount calculated for
23 the district under section 20j. For intermediate districts,
24 reimbursement for pupils described in subsection (2) shall be
25 calculated in the same manner as for a district, using the
26 foundation allowance under section 20 of the pupil's district of
27 residence, not to exceed the basic foundation allowance under

1 section 20 for the current fiscal year, and under section 20j.

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

4 (a) Pupils assigned to a district or intermediate district
5 through the community placement program of the courts or a state
6 agency, if the pupil was a resident of another intermediate
7 district at the time the pupil came under the jurisdiction of the
8 court or a state agency.

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

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

14 (d) Pupils enrolled in a department-approved on-grounds
15 educational program longer than 180 days, but not longer than 233
16 days, at a residential child care institution, if the child care
17 institution offered in 1991-92 an on-grounds educational program
18 longer than 180 days but not longer than 233 days.

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

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

27 (4) The costs of transportation shall be funded under this

1 section and shall not be reimbursed under section 58.

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

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

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

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

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

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

26 (2) From the allocation under section 51a(1), there is
27 allocated an amount not to exceed \$36,881,100.00 **EACH FISCAL YEAR**

1 for 2009-2010 **AND FOR 2010-2011** to reimburse intermediate districts
2 levying millages for special education pursuant to part 30 of the
3 revised school code, MCL 380.1711 to 380.1743. The purpose, use,
4 and expenditure of the reimbursement shall be limited as if the
5 funds were generated by these millages and governed by the
6 intermediate district plan adopted pursuant to article 3 of the
7 revised school code, MCL 380.1701 to 380.1766. As a condition of
8 receiving funds under this section, an intermediate district
9 distributing any portion of special education millage funds to its
10 constituent districts shall submit for departmental approval and
11 implement a distribution plan.

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

22 Sec. 61a. (1) From the appropriation in section 11, there is
23 allocated an amount not to exceed ~~\$27,000,000.00 for 2009-2010~~
24 **\$26,611,300.00 FOR 2010-2011** to reimburse on an added cost basis
25 districts, except for a district that served as the fiscal agent
26 for a vocational education consortium in the 1993-94 school year,
27 and secondary area vocational-technical education centers for

1 secondary-level ~~vocational-technical~~ **CAREER AND TECHNICAL** education
2 programs, ~~including parenthood education programs,~~ according to
3 rules approved by the superintendent. Applications for
4 participation in the programs shall be submitted in the form
5 prescribed by the department. The department shall determine the
6 added cost for each ~~vocational-technical~~ **CAREER AND TECHNICAL**
7 **EDUCATION** program area. The allocation of added cost funds shall be
8 based on the type of ~~vocational-technical~~ **CAREER AND TECHNICAL**
9 **EDUCATION** programs provided, the number of pupils enrolled, and the
10 length of the training period provided, and shall not exceed 75% of
11 the added cost of any program. With the approval of the department,
12 the board of a district maintaining a secondary ~~vocational-~~
13 ~~technical~~ **CAREER AND TECHNICAL** education program may offer the
14 program for the period from the close of the school year until
15 September 1. The program shall use existing facilities and shall be
16 operated as prescribed by rules promulgated by the superintendent.

17 (2) Except for a district that served as the fiscal agent for
18 a vocational education consortium in the 1993-94 school year,
19 districts and intermediate districts shall be reimbursed for local
20 ~~vocational~~ **CAREER AND TECHNICAL EDUCATION** administration, shared
21 time ~~vocational~~ **CAREER AND TECHNICAL EDUCATION** administration, and
22 career education planning district ~~vocational-technical~~ **CAREER AND**
23 **TECHNICAL EDUCATION** administration. The definition of what
24 constitutes administration and reimbursement shall be pursuant to
25 guidelines adopted by the superintendent. Not more than \$800,000.00
26 of the allocation in subsection (1) shall be distributed under this
27 subsection.

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

2 (a) "Membership" means for a particular fiscal year the total
3 membership for the immediately preceding fiscal year of the
4 intermediate district and the districts constituent to the
5 intermediate district or the total membership for the immediately
6 preceding fiscal year of the area vocational-technical program.

7 (b) "Millage levied" means the millage levied for area
8 vocational-technical education pursuant to sections 681 to 690 of
9 the revised school code, MCL 380.681 to 380.690, including a levy
10 for debt service obligations incurred as the result of borrowing
11 for capital outlay projects and in meeting capital projects fund
12 requirements of area vocational-technical education.

13 (c) "Taxable value" means the total taxable value of the
14 districts constituent to an intermediate district or area
15 vocational-technical education program, except that if a district
16 has elected not to come under sections 681 to 690 of the revised
17 school code, MCL 380.681 to 380.690, the membership and taxable
18 value of that district shall not be included in the membership and
19 taxable value of the intermediate district. However, the membership
20 and taxable value of a district that has elected not to come under
21 sections 681 to 690 of the revised school code, MCL 380.681 to
22 380.690, shall be included in the membership and taxable value of
23 the intermediate district if the district meets both of the
24 following:

25 (i) The district operates the area vocational-technical
26 education program pursuant to a contract with the intermediate
27 district.

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

6 (2) From the appropriation in section 11, there is allocated
7 an amount not to exceed \$9,000,000.00 **EACH FISCAL YEAR** for 2009-
8 2010 **AND FOR 2010-2011** to reimburse intermediate districts and area
9 vocational-technical education programs established under section
10 690(3) of the revised school code, MCL 380.690, levying millages
11 for area vocational-technical education pursuant to sections 681 to
12 690 of the revised school code, MCL 380.681 to 380.690. The
13 purpose, use, and expenditure of the reimbursement shall be limited
14 as if the funds were generated by those millages.

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

25 Sec. 64. (1) From the appropriation in section 11, there is
26 allocated an amount not to exceed \$2,000,000.00 for ~~2009-2010~~ **2010-**
27 **2011** for grants to intermediate districts or a district of the

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

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

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

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

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

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

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

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

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

8 Sec. 65. (1) From the amount appropriated in section 11, there
9 is allocated an amount not to exceed ~~\$980,100.00 for 2009-2010~~
10 **\$905,100.00 FOR 2010-2011** for grants to districts or intermediate
11 districts, as determined by the department, for eligible precollege
12 programs in engineering and the sciences.

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

18 (3) ~~(4)~~From the funds allocated under subsection (1), the
19 department shall award \$225,000.00 for ~~2009-2010~~**2010-2011** to
20 eligible intermediate districts for programs to train pupils in
21 alternative energy. The department shall award \$75,000.00 to each
22 eligible intermediate district. The intermediate district shall use
23 the funds for engineering and sciences programs with industry level
24 partnerships that are in proximity to renewable energy facilities.
25 To be eligible for funds under this subsection, an intermediate
26 district must meet all of the following requirements:

27 (a) The combined total 2007-2008 pupil membership for all of

1 its constituent districts was less than 20,000 pupils.

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

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

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

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

10 (4) ~~(5)~~—The department shall submit a report to the
11 appropriations subcommittees responsible for this act, to the state
12 budget director, and to the house and senate fiscal agencies by
13 February 1, ~~2010~~—2011 regarding dropout rates, grade point
14 averages, enrollment in science, engineering, and math-based
15 curricula, and employment in science, engineering, and mathematics-
16 based fields for pupils who were enrolled in the programs awarded
17 funds under ~~this section~~—**SUBSECTION (2)** or under preceding
18 legislation. The report shall continue to evaluate the
19 effectiveness of the precollege programs in engineering and
20 sciences funded under this section.

21 (5) ~~(6)~~—Notwithstanding section 17b, payments under this
22 section shall be paid on a schedule and in a manner determined by
23 the department.

24 Sec. 74. (1) From the amount appropriated in section 11, there
25 is allocated an amount not to exceed ~~\$1,625,000.00~~—**\$3,028,500.00**
26 for 2009-2010 **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
27 **\$2,058,800.00 FOR 2010-2011** for the purposes of this section.

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

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

23 **(4) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS**
24 **ALLOCATED AN AMOUNT NOT TO EXCEED \$1,403,500.00 FOR 2009-2010 AND**
25 **AN AMOUNT NOT TO EXCEED \$433,800.00 FOR 2010-2011 FOR REIMBURSEMENT**
26 **TO DISTRICTS AND INTERMEDIATE DISTRICTS FOR COSTS ASSOCIATED WITH**
27 **THE INSPECTION OF SCHOOL BUSES AND PUPIL TRANSPORTATION VEHICLES BY**

1 THE DEPARTMENT OF STATE POLICE AS REQUIRED UNDER SECTION 715A OF
2 THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.715A, AND SECTION
3 39 OF THE PUPIL TRANSPORTATION ACT, 1990 PA 187, MCL 257.1839. THE
4 DEPARTMENT OF STATE POLICE SHALL PREPARE A STATEMENT OF COSTS
5 ATTRIBUTABLE TO EACH DISTRICT FOR WHICH BUS INSPECTIONS ARE
6 PROVIDED AND SUBMIT IT TO THE DEPARTMENT AND TO EACH AFFECTED
7 DISTRICT IN A TIME AND MANNER DETERMINED JOINTLY BY THE DEPARTMENT
8 AND THE DEPARTMENT OF STATE POLICE. THE DEPARTMENT SHALL REIMBURSE
9 EACH DISTRICT AND INTERMEDIATE DISTRICT FOR COSTS DETAILED ON THE
10 STATEMENT WITHIN 30 DAYS AFTER RECEIPT OF THE STATEMENT. DISTRICTS
11 FOR WHICH SERVICES ARE PROVIDED SHALL MAKE PAYMENT IN THE AMOUNT
12 SPECIFIED ON THE STATEMENT TO THE DEPARTMENT OF STATE POLICE WITHIN
13 45 DAYS AFTER RECEIPT OF THE STATEMENT. THE TOTAL REIMBURSEMENT OF
14 COSTS UNDER THIS SUBSECTION SHALL NOT EXCEED THE AMOUNT ALLOCATED
15 UNDER THIS SUBSECTION. NOTWITHSTANDING SECTION 17B, PAYMENTS TO
16 ELIGIBLE ENTITIES UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE
17 PRESCRIBED BY THE DEPARTMENT.

18 Sec. 81. (1) Except as otherwise provided in this section,
19 from the appropriation in section 11, there is allocated **EACH**
20 **FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** to the intermediate
21 districts the sum necessary, but not to exceed **\$67,776,800.00 FOR**
22 **2009-2010 AND NOT TO EXCEED \$65,376,800.00 FOR 2010-2011**, to
23 provide state aid to intermediate districts under this section.
24 Except as otherwise provided in this section, there shall be
25 allocated to each intermediate district for 2009-2010 **AN AMOUNT**
26 **EQUAL TO 82.9% OF THE AMOUNT ALLOCATED UNDER THIS SUBSECTION FOR**
27 **2008-2009 AND FOR 2010-2011** an amount equal to 80% of the amount

1 ~~appropriated~~**ALLOCATED** under this subsection for 2008-2009. Funding
2 provided under this section shall be used to comply with
3 requirements of this act and the revised school code that are
4 applicable to intermediate districts, and for which funding is not
5 provided elsewhere in this act, and to provide technical assistance
6 to districts as authorized by the intermediate school board.

7 (2) Intermediate districts receiving funds under this section
8 shall collaborate with the department to develop expanded
9 professional development opportunities for teachers to update and
10 expand their knowledge and skills needed to support the Michigan
11 merit curriculum.

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

22 (4) During a fiscal year, the department shall not increase an
23 intermediate district's allocation under subsection (1) because of
24 an adjustment made by the department during the fiscal year in the
25 intermediate district's taxable value for a prior year. Instead,
26 the department shall report the adjustment and the estimated amount
27 of the increase to the house and senate fiscal agencies and the

1 state budget director not later than June 1 of the fiscal year, and
2 the legislature shall appropriate money for the adjustment in the
3 next succeeding fiscal year.

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

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

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

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

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

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

22 (f) Comply with section 761 of the revised school code, MCL
23 380.761.

24 **(6) IF THE AMOUNT OF THE ALLOCATION TO INTERMEDIATE DISTRICTS**
25 **UNDER SUBSECTION (1) IS REDUCED IN A FISCAL YEAR AFTER 2010-2011**
26 **FROM THE AMOUNT OF THAT ALLOCATION FOR 2010-2011, THAT REDUCED**
27 **ALLOCATION SHALL NOT RESULT IN AN INTERMEDIATE DISTRICT'S**

1 ALLOCATION BEING LESS THAN THE FUNDING ACTUALLY RECEIVED BY OR PAID
2 ON BEHALF OF THE INTERMEDIATE DISTRICT FOR THE 1995-96 FISCAL YEAR
3 UNDER FORMER SECTION 146A(1) AND SECTION 147(1), AS THOSE SECTIONS
4 WERE IN EFFECT FOR THE 1995-96 FISCAL YEAR.

5 SEC. 92. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN
6 SECTION 11, THERE IS ALLOCATED FOR 2010-2011 AN AMOUNT NOT TO
7 EXCEED \$300,000.00 TO SAGINAW VALLEY STATE UNIVERSITY TO BEGIN AN
8 AGRICULTURAL DEGREE PROGRAM THAT FOCUSES ON AGRISCIENCE EDUCATION,
9 AGRICULTURAL BUSINESS, AND AGRICULTURAL COMMUNICATIONS.

10 Sec. 94a. (1) There is created within the **STATE BUDGET** office
11 ~~of the state budget director~~ in the department of **TECHNOLOGY**,
12 management, and budget the center for educational performance and
13 information. The center shall do all of the following:

14 (a) Coordinate the collection of all data required by state
15 and federal law from ~~all entities receiving funds under this~~
16 ~~act.~~ **DISTRICTS, INTERMEDIATE DISTRICTS, AND POSTSECONDARY**
17 **INSTITUTIONS.**

18 (B) **CREATE, MAINTAIN, AND ENHANCE THIS STATE'S STATEWIDE**
19 **LONGITUDINAL DATA SYSTEM AND ENSURE THAT IT MEETS THE REQUIREMENTS**
20 **OF SUBSECTION (6).**

21 (C) ~~(b)~~ Collect data in the most efficient manner possible in
22 order to reduce the administrative burden on reporting entities,
23 **INCLUDING, BUT NOT LIMITED TO, ELECTRONIC TRANSCRIPT SERVICES.**

24 ~~— (c) Establish procedures to ensure the reasonable validity and~~
25 ~~reliability of the data and the collection process.~~

26 ~~— (d) Develop state and model local data collection policies,~~
27 ~~including, but not limited to, policies that ensure the privacy of~~

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

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

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

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

16 (iii) RESEARCH-READY DATA SETS FOR RESEARCHERS TO PERFORM
17 RESEARCH THAT ADVANCES THIS STATE'S EDUCATIONAL PERFORMANCE.

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

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

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

26 ~~——(h) To the extent funding is available, coordinate the~~
27 ~~electronic exchange of student records using a unique~~

1 ~~identification numbering system among entities receiving funds~~
 2 ~~under this act and postsecondary institutions for students~~
 3 ~~participating in public education programs from preschool through~~
 4 ~~postsecondary education.~~

5 ~~—— (i) In cooperation with the department, create and implement a~~
 6 ~~teacher identifier system with the ability to match an individual~~
 7 ~~teacher to individual pupils the teacher has taught. Subject to~~
 8 ~~applicable law regarding student privacy, the system shall do all~~
 9 ~~of the following:~~

10 ~~—— (i) Make accessible annual state assessment records of~~
 11 ~~individual pupils.~~

12 ~~—— (ii) Enable individual pupil academic achievement data,~~
 13 ~~including growth in academic achievement, to be correlated to each~~
 14 ~~teacher who has taught the pupil.~~

15 ~~—— (iii) Enable school board members, teachers, and school~~
 16 ~~administrators to have access to the data so they can make informed~~
 17 ~~decisions in order to improve instruction and pupil achievement.~~

18 ~~(G) (j) Other functions as assigned by the state budget~~
 19 ~~director.~~

20 (2) Each state department, officer, or agency that collects
 21 information from districts, ~~or~~ intermediate districts, **OR**
 22 **POSTSECONDARY INSTITUTIONS** as required under state or federal law
 23 shall make arrangements with the center, ~~and with the districts or~~
 24 ~~intermediate districts, to have the center collect the information~~
 25 ~~and to provide it to the department, officer, or agency as~~
 26 ~~necessary. To the extent that it does not cause financial hardship,~~
 27 ~~the center shall arrange to collect the information in a manner~~

1 ~~that allows electronic submission of the information to the center.~~
 2 ~~Each affected state department, officer, or agency shall provide~~
 3 ~~the center with any details necessary for the center to collect~~
 4 ~~information as provided under this subsection.~~ **TO ENSURE THAT THE**
 5 **STATE DEPARTMENT, OFFICER, OR AGENCY IS IN COMPLIANCE WITH**
 6 **SUBSECTION (1).** This subsection does not apply to information
 7 collected by the department of treasury under the uniform budgeting
 8 and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised
 9 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the
 10 school bond qualification, approval, and loan act, 2005 PA 92, MCL
 11 388.1921 to 388.1939; or section 1351a of the revised school code,
 12 MCL 380.1351a.

13 (3) The state budget director shall appoint a CEPI advisory
 14 committee ~~, consisting~~ **TO PROVIDE ADVICE TO THE DIRECTOR. THE CEPI**
 15 **ADVISORY COMMITTEE SHALL CONSIST** of the following members:

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

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

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

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

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

23 (f) Three representatives from intermediate school districts.

24 (g) One representative from each of the following educational
 25 organizations:

26 (i) Michigan association of school boards.

27 (ii) Michigan association of school administrators.

1 (iii) Michigan school business officials.

2 (h) One representative representing private sector firms
3 responsible for auditing school records.

4 (i) Other representatives as the state budget director
5 determines are necessary.

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

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

13 (b) Defining the roles of all stakeholders in the data
14 collection system.

15 (c) Recommending timelines for the implementation and ongoing
16 collection of data.

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

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

22 (f) Establishing and maintaining state and model local
23 policies related to data collection, including, but not limited to,
24 privacy policies related to individual student data. **THESE PRIVACY**
25 **POLICIES SHALL ENSURE THAT A STUDENT'S SOCIAL SECURITY NUMBER IS**
26 **NOT RELEASED TO THE PUBLIC FOR ANY PURPOSE.**

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

1 ~~policy~~makers and citizens of this state in the most useful format
2 possible.

3 (G) WORKING WITH STAKEHOLDERS TO DEVELOP A STATE RESEARCH
4 AGENDA.

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

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

9 (6) THE CENTER SHALL ENSURE THAT THE STATEWIDE LONGITUDINAL
10 DATA SYSTEM REQUIRED UNDER SUBSECTION (1) (B) MEETS ALL OF THE
11 FOLLOWING:

12 (A) INCLUDES DATA AT THE INDIVIDUAL STUDENT LEVEL FROM
13 PRESCHOOL THROUGH POSTSECONDARY EDUCATION AND INTO THE WORKFORCE.

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

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

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

25 (E) ENABLES DATA TO BE EASILY GENERATED FOR CONTINUOUS
26 IMPROVEMENT AND DECISION-MAKING, INCLUDING TIMELY REPORTING TO
27 PARENTS, TEACHERS, AND SCHOOL LEADERS ON STUDENT ACHIEVEMENT.

1 (F) ENSURES THE REASONABLE QUALITY, VALIDITY, AND RELIABILITY
2 OF DATA CONTAINED IN THE SYSTEM.

3 (G) PROVIDES THIS STATE WITH THE ABILITY TO MEET FEDERAL AND
4 STATE REPORTING REQUIREMENTS.

5 (H) FOR DATA ELEMENTS RELATED TO PRESCHOOL THROUGH GRADE 12
6 AND POSTSECONDARY, MEETS ALL OF THE FOLLOWING:

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

10 (ii) CONTAINS STUDENT-LEVEL ENROLLMENT, DEMOGRAPHIC, AND
11 PROGRAM PARTICIPATION INFORMATION.

12 (iii) CONTAINS STUDENT-LEVEL INFORMATION ABOUT THE POINTS AT
13 WHICH STUDENTS EXIT, TRANSFER IN, TRANSFER OUT, DROP OUT, OR
14 COMPLETE EDUCATION PROGRAMS.

15 (iv) HAS THE CAPACITY TO COMMUNICATE WITH HIGHER EDUCATION DATA
16 SYSTEMS.

17 (I) FOR DATA ELEMENTS RELATED TO PRESCHOOL THROUGH GRADE 12
18 ONLY, MEETS ALL OF THE FOLLOWING:

19 (i) CONTAINS YEARLY TEST RECORDS OF INDIVIDUAL STUDENTS FOR
20 ASSESSMENTS APPROVED BY DED-OESE FOR ACCOUNTABILITY PURPOSES UNDER
21 SECTION 1111(B) OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF
22 1965, 20 USC 6311, INCLUDING INFORMATION ON INDIVIDUAL STUDENTS NOT
23 TESTED, BY GRADE AND SUBJECT.

24 (ii) CONTAINS STUDENT-LEVEL TRANSCRIPT INFORMATION, INCLUDING
25 INFORMATION ON COURSES COMPLETED AND GRADES EARNED.

26 (iii) CONTAINS STUDENT-LEVEL COLLEGE READINESS TEST SCORES.

27 (J) FOR DATA ELEMENTS RELATED TO POSTSECONDARY EDUCATION ONLY:

1 (i) CONTAINS DATA THAT PROVIDE INFORMATION REGARDING THE EXTENT
2 TO WHICH INDIVIDUAL STUDENTS TRANSITION SUCCESSFULLY FROM SECONDARY
3 SCHOOL TO POSTSECONDARY EDUCATION, INCLUDING, BUT NOT LIMITED TO,
4 ALL OF THE FOLLOWING:

5 (A) ENROLLMENT IN REMEDIAL COURSEWORK.

6 (B) COMPLETION OF 1 YEAR'S WORTH OF COLLEGE CREDIT APPLICABLE
7 TO A DEGREE WITHIN 2 YEARS OF ENROLLMENT.

8 (ii) CONTAINS DATA THAT PROVIDE OTHER INFORMATION DETERMINED
9 NECESSARY TO ADDRESS ALIGNMENT AND ADEQUATE PREPARATION FOR SUCCESS
10 IN POSTSECONDARY EDUCATION.

11 (7) ~~(6)~~—From the general fund appropriation in section 11,
12 there is allocated an amount not to exceed \$3,486,100.00 for 2009-
13 2010 AND, SUBJECT TO SUBSECTION (9), AN AMOUNT NOT TO EXCEED
14 \$3,621,100.00 FOR 2010-2011 to the department of TECHNOLOGY,
15 management, and budget to support the operations of the center. and
16 the development and implementation of a comprehensive longitudinal
17 data collection management and reporting system that includes
18 student level data. IN ADDITION, FROM THE FEDERAL FUNDS
19 APPROPRIATED IN SECTION 11 THERE IS ALLOCATED EACH FISCAL YEAR FOR
20 2009-2010 AND 2010-2011 THE AMOUNT NECESSARY, ESTIMATED AT
21 \$13,416,600.00 FOR 2009-2010 AND ESTIMATED AT \$10,067,800.00 FOR
22 2010-2011, TO SUPPORT THE OPERATIONS OF THE CENTER. The center
23 shall cooperate with the state education agency to ensure that this
24 state is in compliance with federal law and is maximizing
25 opportunities for increased federal funding to improve education in
26 this state. ~~To the extent that funding under this section allows,~~
27 ~~the center shall collect data necessary to maximize federal funding~~

1 ~~under the American recovery and reinvestment act of 2009, Public~~
2 ~~Law 111-5, and other federal statutes, including data necessary to~~
3 ~~implement a P-20 longitudinal data system. In addition, from the~~
4 ~~federal funds appropriated in section 11 for 2009-2010, there is~~
5 ~~allocated the amount necessary, estimated at \$2,793,200.00, in~~
6 ~~order to fulfill federal reporting requirements.~~

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

16 (9) **IF THE DEPARTMENT REPORTS TO THE CHAIRPERSONS OF THE HOUSE**
17 **AND SENATE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS ACT,**
18 **TO THE HOUSE AND SENATE FISCAL AGENCIES, AND TO THE STATE BUDGET**
19 **DIRECTOR THAT THE DEPARTMENT HAS BEEN NOTIFIED THAT THIS STATE HAS**
20 **NOT BEEN AWARDED A COMPETITIVE GRANT FROM THE FEDERAL INCENTIVE**
21 **GRANT PROGRAM CREATED UNDER SECTIONS 14005 AND 14006 OF TITLE XIV**
22 **OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW**
23 **111-5, KNOWN AS THE "RACE TO THE TOP" GRANT PROGRAM, THEN IN**
24 **ADDITION TO THE AMOUNT ALLOCATED UNDER SUBSECTION (7) THERE IS ALSO**
25 **ALLOCATED FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION 11**
26 **FOR 2010-2011 AN ADDITIONAL AMOUNT NOT TO EXCEED \$1,800,000.00 FOR**
27 **THE PURPOSE OF ESTABLISHING A LONGITUDINAL DATA SYSTEM AS PROVIDED**

1 UNDER THIS SECTION IN COMPLIANCE WITH THE ASSURANCE PROVIDED TO THE
2 FEDERAL DEPARTMENT OF EDUCATION IN ORDER TO RECEIVE STATE FISCAL
3 STABILIZATION FUNDS. IN ADDITION, THERE IS ALLOCATED FOR 2010-2011
4 FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED UNDER SECTION 11
5 AN AMOUNT NOT TO EXCEED \$8,440,000.00 TO SUPPORT THE EFFORTS OF
6 DISTRICTS TO MATCH INDIVIDUAL TEACHER AND STUDENT RECORDS. THE
7 FUNDS SHALL BE DISTRIBUTED TO DISTRICTS IN AN AMOUNT AND MANNER
8 DETERMINED BY THE CENTER.

9 (10) FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (7), THERE
10 IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED \$1,114,000.00
11 AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED \$242,000.00 TO SUPPORT
12 THE EFFORTS OF POSTSECONDARY INSTITUTIONS TO COMPLY WITH THE
13 REQUIREMENTS OF THIS STATE'S STATEWIDE LONGITUDINAL DATA SYSTEM.
14 THE FUNDS SHALL BE DISTRIBUTED TO POSTSECONDARY INSTITUTIONS IN AN
15 AMOUNT AND MANNER DETERMINED BY THE CENTER.

16 (11) ~~(8)~~—The center and the department shall work
17 cooperatively to develop a cost allocation plan that pays for
18 center expenses from the appropriate federal fund **AND STATE**
19 **RESTRICTED FUND** revenues.

20 (12) ~~(9)~~—Funds allocated under this section that are not
21 expended in the fiscal year in which they were allocated may be
22 carried forward to a subsequent fiscal year **AND ARE APPROPRIATED**
23 **FOR THE PURPOSES FOR WHICH THE FUNDS WERE ORIGINALLY ALLOCATED.**

24 (13) ~~(10)~~—The center may bill departments as necessary in
25 order to fulfill reporting requirements of state and federal law.
26 The center may also enter into agreements to supply custom data,
27 analysis, and reporting to other principal executive departments,

1 state agencies, local units of government, and other individuals
2 and organizations. The center may receive and expend funds in
3 addition to those authorized in subsection ~~(6)~~-(7) to cover the
4 costs associated with salaries, benefits, supplies, materials, and
5 equipment necessary to provide such data, analysis, and reporting
6 services.

7 (14) ~~(11)~~—As used in this section:

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

10 (b) "High-need local school district" means a local
11 educational agency as defined in the enhancing education through
12 technology part of the no child left behind act of 2001, Public Law
13 107-110.

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

15 Sec. 98. (1) From the general fund money appropriated in
16 section 11, there is allocated an amount not to exceed
17 \$1,687,500.00 for ~~2009-2010-2010-2011~~ to provide a grant to the
18 Michigan virtual university for the development, implementation,
19 and operation of the Michigan virtual high school; to provide
20 professional development opportunities for educators; and to fund
21 other purposes described in this section. In addition, from the
22 federal funds appropriated in section 11, there is allocated for
23 ~~2009-2010-2010-2011~~ an amount estimated at \$2,700,000.00.

24 (2) The Michigan virtual high school shall have the following
25 goals:

26 (a) Significantly expand curricular offerings for high schools
27 across this state through agreements with districts or licenses

1 from other recognized providers.

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

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

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

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

14 (f) Maintain the accreditation status of the Michigan virtual
15 high school from recognized national and international accrediting
16 entities.

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

19 (a) Information technology courses.

20 (b) College level equivalent courses, as defined in section
21 1471 of the revised school code, MCL 380.1471.

22 (c) Courses and dual enrollment opportunities.

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

24 (e) General education development test preparation courses for
25 adjudicated youth.

26 (f) Special interest courses.

27 (g) Professional development programs that teach Michigan

1 educators how to develop and deliver online instructional services.

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

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

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

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

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

24 (e) Provide online professional development opportunities for
25 educators to update and expand knowledge and skills needed to
26 support the Michigan merit curriculum core content standards and
27 credit requirements.

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

5 (6) From the federal funds appropriated in subsection (1),
6 there is allocated for ~~2009-2010-2010-2011~~ an amount estimated at
7 \$1,000,000.00 from the DED-OESE, title II, educational technology
8 grant funds to support e-learning and virtual school initiatives
9 consistent with the goals contained in the United States national
10 educational technology plan issued in January 2005. These funds
11 shall be used to support activities designed to build the capacity
12 of the Michigan virtual university and shall not be used to
13 supplant other funding. Not later than November 30, ~~2009-2010~~,
14 from the funds allocated in this subsection, the department shall
15 award a single grant of \$1,000,000.00 to a consortium or
16 partnership established by the Michigan virtual university that
17 meets the requirements of this subsection. To be eligible for this
18 funding, a consortium or partnership established by the Michigan
19 virtual university shall include at least 1 intermediate district
20 and at least 1 high-need local district. All of the following apply
21 to this funding:

22 (a) An eligible consortium or partnership must demonstrate the
23 following:

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

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

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

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

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

7 (vi) Demonstrated technical expertise and capacity in managing
8 complex technology systems.

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

11 (b) The Michigan virtual university, which operates the
12 Michigan virtual high school, shall perform the following tasks
13 related to this funding:

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

18 (ii) Examine the curricular and specific course content needs
19 of middle and high school students in the areas of mathematics and
20 science.

21 (iii) Design, develop, and acquire online courses and related
22 supplemental resources aligned to state standards to create a
23 comprehensive and rigorous statewide catalog of online courses and
24 instructional services.

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

27 (v) Evaluate existing online teaching and learning practices

1 and develop continuous improvement strategies to enhance student
2 achievement.

3 (vi) Develop, support, and maintain the technology
4 infrastructure and related software required to deliver online
5 courses and instructional services to students statewide.

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

12 (8) Not later than December 1, ~~2009~~, **2010**, the Michigan
13 virtual university shall provide a report to the house and senate
14 appropriations subcommittees on state school aid, the state budget
15 director, the house and senate fiscal agencies, and the department
16 that includes at least all of the following information related to
17 the Michigan virtual high school for the preceding state fiscal
18 year:

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

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

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

25 (d) The overall course completion rate percentage.

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

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

3 (9) As used in this section:

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

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

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

10 Sec. 99. (1) From the state school aid fund money appropriated
11 in section 11, there is allocated an amount not to exceed
12 \$2,515,000.00 for ~~2009-2010-2010-2011~~ and from the general fund
13 appropriation in section 11, there is allocated an amount not to
14 exceed \$110,000.00 for ~~2009-2010-2010-2011~~ to support the
15 activities and programs of mathematics and science centers and for
16 other purposes as described in this section. In addition, from the
17 federal funds appropriated in section 11, there is allocated for
18 ~~2009-2010-2010-2011~~ an amount estimated at \$5,249,300.00 from DED-
19 OESE, title II, mathematics and science partnership grants.

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

1 clearinghouse services.

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

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

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

23 (6) From the funds allocated in subsection (1), there is
24 allocated for ~~2009-2010~~**2010-2011** an amount not to exceed
25 \$750,000.00 in a form and manner determined by the department to
26 those centers able to provide curriculum and professional
27 development support to assist districts in implementing the

1 Michigan merit curriculum components for mathematics and science.
2 Funding under this subsection is in addition to funding allocated
3 under subsection (5).

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

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

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

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

19 (11) As used in this section:

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

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

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

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

27 (b) At least 60% of the pupils in the district were eligible

1 for free or reduced lunch for 2005-2006.

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

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

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

9 Sec. 99p. (1) From the appropriation in section 11, there is
10 allocated an amount not to exceed \$100,000.00 for ~~2008-2009-2010-~~
11 ~~2011~~ for competitive grants to districts for programs that provide
12 pupils with access to cultural, art, or music resources and
13 experiences, **INCLUDING ZOO EXPERIENCES**, that are available in the
14 community and that may promote reading, literacy, and
15 communications skills among pupils.

16 (2) A district applying for a grant shall submit an
17 application to the department in a form and manner determined by
18 the department. To be eligible for a grant, a district shall
19 demonstrate in its application that at least 50% of the pupils in
20 membership in the district met the income eligibility criteria for
21 free breakfast, lunch, or milk, as determined under the Richard B.
22 Russell national school lunch act and as reported to the department
23 by October 31 of the immediately preceding fiscal year and adjusted
24 not later than December 31 of the immediately preceding fiscal
25 year.

26 (3) Grant awards shall be made in a manner determined by the
27 department. However, the department may set maximum grant amounts

1 in a manner that maximizes the number of pupils that will be able
2 to participate.

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

6 Sec. 101. (1) To be eligible to receive state aid under this
7 act, not later than the fifth Wednesday after the pupil membership
8 count day and not later than the fifth Wednesday after the
9 supplemental count day, each district superintendent shall submit
10 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and
11 manner prescribed by the center, the number of pupils enrolled and
12 in regular daily attendance in the district as of the pupil
13 membership count day and as of the supplemental count day, as
14 applicable, for the current school year. In addition, a district
15 maintaining school during the entire year, as provided under
16 section 1561 of the revised school code, MCL 380.1561, shall submit
17 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and
18 manner prescribed by the center, the number of pupils enrolled and
19 in regular daily attendance in the district for the current school
20 year pursuant to rules promulgated by the superintendent. Not later
21 than the seventh Wednesday after the pupil membership count day and
22 not later than the seventh Wednesday after the supplemental count
23 day, the district shall certify the data in a form and manner
24 prescribed by the center **AND FILE THE CERTIFIED DATA WITH THE**
25 **INTERMEDIATE SUPERINTENDENT**. If a district fails to submit and
26 certify the attendance data, as required under this subsection, the
27 center shall notify the department and state aid due to be

1 distributed under this act shall be withheld from the defaulting
2 district immediately, beginning with the next payment after the
3 failure and continuing with each payment until the district
4 complies with this subsection. If a district does not comply with
5 this subsection by the end of the fiscal year, the district
6 forfeits the amount withheld. A person who willfully falsifies a
7 figure or statement in the certified and sworn copy of enrollment
8 shall be punished in the manner prescribed by section 161.

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

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

26 (a) Except as otherwise provided in this section, each
27 district shall provide at least 1,098 hours and, beginning in 2010-

1 2011, the required minimum number of days of pupil instruction. For
2 2010-2011 and for 2011-2012, the required minimum number of days of
3 pupil instruction is 165. Beginning in 2012-2013, the required
4 minimum number of days of pupil instruction is 170. However,
5 beginning in 2010-2011, a district shall not provide fewer days of
6 pupil instruction than the district provided for 2009-2010. **A**
7 **DISTRICT MAY APPLY FOR A WAIVER UNDER SUBSECTION (9) FROM THE**
8 **REQUIREMENTS OF THIS SUBDIVISION.**

9 (B) Except as otherwise provided in this act, a district
10 failing to comply with the required minimum hours and days of pupil
11 instruction under this subsection shall forfeit from its total
12 state aid allocation an amount determined by applying a ratio of
13 the number of hours or days the district was in noncompliance in
14 relation to the required minimum number of hours and days under
15 this subsection. Not later than August 1, the board of each
16 district shall certify to the department the number of hours and,
17 beginning in 2010-2011, days of pupil instruction in the previous
18 school year. If the district did not provide at least the required
19 minimum number of hours and days of pupil instruction under this
20 subsection, the deduction of state aid shall be made in the
21 following fiscal year from the first payment of state school aid. A
22 district is not subject to forfeiture of funds under this
23 subsection for a fiscal year in which a forfeiture was already
24 imposed under subsection (6).

25 (C) Hours or days lost because of strikes or teachers'
26 conferences shall not be counted as hours or days of pupil
27 instruction.

1 (D) If a collective bargaining agreement that provides a
2 complete school calendar is in effect for employees of a district
3 as of ~~the effective date of the 2009 amendatory act that amended~~
4 ~~this subsection~~ **OCTOBER 19, 2009**, and if that school calendar is
5 not in compliance with this subsection, then this subsection does
6 not apply to that district until after the expiration of that
7 collective bargaining agreement.

8 (E) ~~(b)~~ Except as otherwise provided in subdivision ~~(e)~~ **(F)**, a
9 district not having at least 75% of the district's membership in
10 attendance on any day of pupil instruction shall receive state aid
11 in that proportion of 1/180 that the actual percent of attendance
12 bears to the specified percentage.

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

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

27 (ii) For each enrolled pupil, the district uses appropriate

1 academic assessments to develop an individual education plan that
2 leads to a high school diploma.

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

6 (G) ~~(d)~~—The superintendent shall promulgate rules for the
7 implementation of this subsection.

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

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

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

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

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

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

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

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

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

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

20 (d) If a pupil in grades 9 to 12 who is enrolled in a
21 cooperative education program or a special education pupil cannot
22 receive the required minimum number of hours of pupil instruction
23 solely because of travel time between instructional sites during
24 the school day, that travel time, up to a maximum of 3 hours per
25 school week, shall be considered to be pupil instruction time for
26 the purpose of determining whether the pupil is receiving the
27 required minimum number of hours of pupil instruction. However, if

1 a district demonstrates to the satisfaction of the department that
2 the travel time limitation under this subdivision would create
3 undue costs or hardship to the district, the department may
4 consider more travel time to be pupil instruction time for this
5 purpose.

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

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

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

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

24 (9) Upon application by the district for a particular fiscal
25 year, the superintendent may waive for a district the minimum
26 number of hours and days of pupil instruction requirement of
27 subsection (3) for a department-approved alternative education

1 program or another innovative program approved by the department,
2 **INCLUDING A 4-DAY SCHOOL WEEK.** If a district applies for and
3 receives a waiver under this subsection and complies with the terms
4 of the waiver, for the fiscal year covered by the waiver the
5 district is not subject to forfeiture under this section for the
6 specific program covered by the waiver. If the district does not
7 comply with the terms of the waiver, the amount of the forfeiture
8 shall be calculated based upon a comparison of the number of hours
9 and days of pupil instruction actually provided to the minimum
10 number of hours and days of pupil instruction required under
11 subsection (3). **PUPILS ENROLLED IN A DEPARTMENT-APPROVED**
12 **ALTERNATIVE EDUCATION PROGRAM UNDER THIS SUBSECTION SHALL BE**
13 **REPORTED TO THE CENTER IN A FORM AND MANNER DETERMINED BY THE**
14 **CENTER.**

15 ~~(10) If at least 5 of the hours of professional development~~
16 ~~are provided online by the Michigan virtual university under~~
17 ~~section 98 or by another department approved intermediate district~~
18 ~~provider of online professional development, a~~ **A** district may count
19 up to 38 hours of qualifying professional development for teachers
20 as hours of pupil instruction. **PROFESSIONAL DEVELOPMENT PROVIDED**
21 **ONLINE IS ALLOWABLE AND ENCOURAGED, AS LONG AS THE INSTRUCTION HAS**
22 **BEEN APPROVED BY THE DISTRICT. THE DEPARTMENT SHALL ISSUE A LIST OF**
23 **APPROVED ONLINE PROFESSIONAL DEVELOPMENT PROVIDERS, WHICH SHALL**
24 **INCLUDE THE MICHIGAN VIRTUAL UNIVERSITY.** However, if a collective
25 bargaining agreement that provides more than 38 but not more than
26 51 hours of professional development for teachers is in effect for
27 employees of a district as of October 1, 2006, then until the

1 fiscal year that begins after the expiration of that collective
2 bargaining agreement a district may count up to 51 hours of
3 qualifying professional development for teachers ~~, including the 5~~
4 ~~hours of online professional development,~~ as hours of pupil
5 instruction. A district that elects to use this exception shall
6 notify the department of its election. As used in this subsection,
7 "qualifying professional development" means professional
8 development that is focused on 1 or more of the following:

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

11 (b) Achieving accreditation or improving a school's
12 accreditation status under section 1280 of the revised school code,
13 MCL 380.1280.

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

16 **(D) INTEGRATING TECHNOLOGY INTO CLASSROOM INSTRUCTION.**

17 **(E)** ~~(d)~~ Maintaining teacher certification.

18 (11) Subsections (3) and (8) do not apply to a school of
19 excellence that is a cyber school, as defined in section 551 of the
20 revised school code, MCL 380.551, and is in compliance with section
21 553a of the revised school code, MCL 380.553a.

22 **(12) THE DEPARTMENT SHALL STUDY THE ACTUAL COSTS OF PROVIDING**
23 **DISTANCE LEARNING OR OTHER ALTERNATIVE INSTRUCTIONAL DELIVERY THAT**
24 **IS BEING USED IN THIS STATE AND SHALL REPORT ON ITS FINDINGS TO THE**
25 **HOUSE AND SENATE FISCAL AGENCIES AND THE OFFICE OF THE STATE BUDGET**
26 **NOT LATER THAN SEPTEMBER 10, 2012. UPON REQUEST BY THE DEPARTMENT,**
27 **A SCHOOL OF EXCELLENCE DESCRIBED IN SUBSECTION (11), THE MICHIGAN**

1 VIRTUAL UNIVERSITY, OR A SCHOOL THAT RECEIVES A SEAT TIME WAIVER
2 FROM THE DEPARTMENT UNDER THIS SECTION SHALL SUBMIT TO THE
3 DEPARTMENT ANY DATA REQUESTED BY THE DEPARTMENT FOR THE PURPOSES OF
4 THIS STUDY.

5 Sec. 104. (1) In order to receive state aid under this act, a
6 district shall comply with sections **1249**, 1278a, 1278b, 1279,
7 1279g, and 1280b of the revised school code, MCL **380.1249**,
8 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
9 PA 38, MCL 388.1081 to 388.1086. ~~From~~ **SUBJECT TO SUBSECTION (2)**,
10 **FROM** the state school aid fund money appropriated in section 11,
11 there is allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
12 \$26,630,700.00 for payments on behalf of districts for costs
13 associated with complying with those provisions of law. In
14 addition, **SUBJECT TO SUBSECTION (2)**, from the federal funds
15 appropriated in section 11, there is allocated for ~~2009-2010-2010-~~
16 **2011** an amount estimated at \$8,313,700.00, funded from DED-OESE,
17 title VI, state assessments funds and DED-OSERS, section 504 of
18 part B of the individuals with disabilities education act, Public
19 Law 94-142, plus any carryover federal funds from previous year
20 appropriations, for the purposes of complying with the federal no
21 child left behind act of 2001, Public Law 107-110.

22 (2) ~~The department shall determine whether the "Explore" test~~
23 ~~is at least as robust as the Michigan educational assessment~~
24 ~~program social studies test. If the department determines that the~~
25 ~~"Explore" test is at least as robust as the Michigan educational~~
26 ~~assessment program social studies test, it is the intent of the~~
27 ~~legislature that the department shall replace the Michigan~~

1 ~~educational assessment program social studies test with the~~
2 ~~"Explore" test. If this replacement of tests requires a waiver~~
3 ~~under federal law in order to comply with federal law, then the~~
4 ~~department shall apply for that waiver to allow for this~~
5 ~~replacement.~~ IF THE DEPARTMENT REPORTS TO THE CHAIRPERSONS OF THE
6 HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS
7 ACT, TO THE HOUSE AND SENATE FISCAL AGENCIES, AND TO THE STATE
8 BUDGET DIRECTOR THAT THE DEPARTMENT HAS BEEN NOTIFIED THAT THIS
9 STATE HAS NOT BEEN AWARDED A COMPETITIVE GRANT FROM THE FEDERAL
10 INCENTIVE GRANT PROGRAM CREATED UNDER SECTIONS 14005 AND 14006 OF
11 TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009,
12 PUBLIC LAW 111-5, KNOWN AS THE "RACE TO THE TOP" GRANT PROGRAM,
13 THEN IN ADDITION TO THE AMOUNT ALLOCATED FROM THE STATE SCHOOL AID
14 FUND IN SUBSECTION (1) THERE IS ALSO ALLOCATED FROM THE STATE
15 SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11 FOR 2010-2011 AN
16 ADDITIONAL AMOUNT NOT TO EXCEED \$13,563,700.00, AND THE AMOUNT
17 ALLOCATED FROM FEDERAL FUNDS IN SUBSECTION (1) FOR 2010-2011 IS
18 REDUCED BY \$5,063,700.00.

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

25 (4) All federal funds allocated under this section shall be
26 distributed in accordance with federal law and with flexibility
27 provisions outlined in Public Law 107-116, and in the education

1 flexibility partnership act of 1999, Public Law 106-25.

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

6 ~~—— (6) The department shall meet with the United States
7 department of education and shall request a waiver to replace the
8 current Michigan educational assessment program tests used for
9 grades 3 to 8 with a standardized catalog version norm referenced
10 test. Before sending the waiver request to the United States
11 department of education, the department shall seek input on the
12 waiver request from the subcommittees of the senate and house of
13 representatives appropriations committees that have jurisdiction
14 over this act. The department shall submit the waiver request to
15 the subcommittees for input not later than January 15, 2010 and
16 shall submit the waiver request to the United States department of
17 education not later than February 15, 2010. If the waiver is
18 granted by the United States department of education, then the
19 department shall immediately notify the subcommittees of the senate
20 and house of representatives appropriations committees that have
21 jurisdiction over this act of the approval.~~

22 (6) ~~(7)~~ As used in this section:

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

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

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

1 Sec. 107. (1) From the appropriation in section 11, there is
2 allocated an amount not to exceed \$22,000,000.00 for ~~2009-2010~~
3 **2010-2011** for adult education programs authorized under this
4 section. **FUNDS APPROPRIATED UNDER THIS SECTION ARE RESTRICTED FOR**
5 **ADULT EDUCATION PROGRAMS AS AUTHORIZED UNDER THIS SECTION ONLY. A**
6 **RECIPIENT OF FUNDS UNDER THIS SECTION SHALL NOT USE THOSE FUNDS FOR**
7 **ANY OTHER PURPOSE.**

8 (2) To be eligible for funding under this section, a program
9 shall employ certificated teachers and qualified administrative
10 staff and shall offer continuing education opportunities for
11 teachers to allow them to maintain certification.

12 (3) To be eligible to be a participant funded under this
13 section, a person shall be enrolled in an adult basic education
14 program, an adult English as a second language program, a general
15 educational development (G.E.D.) test preparation program, a job or
16 employment related program, or a high school completion program,
17 that meets the requirements of this section, and shall meet either
18 of the following, as applicable:

19 (a) If the individual has obtained a high school diploma or a
20 general educational development (G.E.D.) certificate, the
21 individual meets 1 of the following:

22 (i) Is less than 20 years of age on September 1 of the school
23 year and is enrolled in the Michigan career and technical
24 institute.

25 (ii) Is less than 20 years of age on September 1 of the school
26 year, is not attending an institution of higher education, and is
27 enrolled in a job or employment-related program through a referral

1 by an employer.

2 (iii) Is enrolled in an English as a second language program.

3 (iv) Is enrolled in a high school completion program.

4 (b) If the individual has not obtained a high school diploma
5 or G.E.D. certificate, the individual meets 1 of the following:

6 (i) Is at least 20 years of age on September 1 of the school
7 year.

8 (ii) Is at least 16 years of age on September 1 of the school
9 year, has been permanently expelled from school under section
10 1311(2) or 1311a of the revised school code, MCL 380.1311 and
11 380.1311a, and has no appropriate alternative education program
12 available through his or her district of residence.

13 (4) Except as otherwise provided in subsection (5), from the
14 amount allocated under subsection (1), at least \$21,800,000.00
15 shall be distributed as follows:

16 (a) For districts and consortia that received payments for
17 ~~2008-2009-2009-2010~~ under this section, the amount allocated to
18 each for ~~2009-2010-2010-2011~~ shall be based on the number of
19 participants served by the district or consortium for ~~2009-2010~~
20 ~~2010-2011~~, using the amount allocated per full-time equated
21 participant under subsection (7), up to a maximum total allocation
22 under this subsection in an amount equal to ~~93.5%~~ **100%** of the
23 amount the district or consortium received for ~~2008-2009-2009-2010~~
24 under this section before any reallocations made for ~~2008-2009~~
25 ~~2009-2010~~ under subsection (5).

26 (b) A district or consortium that received funding in ~~2008-~~
27 ~~2009-2009-2010~~ under this section may operate independently of a

1 consortium or join or form a consortium for ~~2009-2010-2010-2011~~.
2 The allocation for ~~2009-2010-2010-2011~~ to the district or the newly
3 formed consortium under this subsection shall be determined by the
4 department and shall be based on the proportion of the amounts that
5 are attributable to the district or consortium that received
6 funding in ~~2008-2009-2009-2010~~. A district or consortium described
7 in this subdivision shall notify the department of its intention
8 with regard to ~~2009-2010-2010-2011~~ by October 1, ~~2009-2010~~.

9 (c) If a district had a declaration of financial emergency in
10 place under the local government fiscal responsibility act, 1990 PA
11 72, MCL 141.1201 to 141.1291, and that declaration was revoked
12 during 2005, the district may operate a program under this section
13 independently of a consortium or may join or form a consortium to
14 operate a program under this section. The allocation for ~~2009-2010~~
15 ~~2010-2011~~ to the district or the newly formed consortium under this
16 subsection shall be determined by the department and shall be based
17 on the proportion of the amounts that are attributable to the
18 district or consortium that received funding in ~~2008-2009-2009-2010~~
19 or, for a district for which a declaration of financial emergency
20 was revoked during 2005, based on the amount the district received
21 under this section using a 3-year average of the 3 most recent
22 fiscal years the district received funding under this section. A
23 district or consortium described in this subdivision shall notify
24 the department of its intention with regard to ~~2009-2010-2010-2011~~
25 by October 1, ~~2009-2010~~.

26 (5) A district that operated an adult education program in
27 ~~2008-2009-2009-2010~~ and does not intend to operate a program in

1 ~~2009-2010-2010-2011~~ shall notify the department by October 1, ~~2009~~
2 ~~2010~~ of its intention. The money intended to be allocated under
3 this section to a district that does not operate a program in ~~2009-~~
4 ~~2010-2010-2011~~ and the unspent money originally allocated under
5 this section to a district or consortium that subsequently operates
6 a program at less than the level of funding allocated under
7 subsection (4) and any other unallocated money under this section
8 shall instead be proportionately reallocated to the other districts
9 described in subsection (4)(a) that are operating an adult
10 education program in ~~2009-2010-2010-2011~~ under this section.

11 (6) From the amount allocated under subsection (1), up to a
12 maximum of \$200,000.00 shall be allocated for not more than 1 grant
13 not to exceed \$200,000.00 for expansion of an existing innovative
14 community college program that focuses on educating adults. Grants
15 may be used for program operating expenses such as staffing, rent,
16 equipment, and other expenses. To be eligible for this grant
17 funding, a program must meet the following criteria:

18 (a) Collaborates with local districts and businesses to
19 determine area academic needs and to promote the learning
20 opportunities.

21 (b) Is located off-campus in an urban residential setting with
22 documented high poverty and low high school graduation rates.

23 (c) Provides general educational development (G.E.D.) test
24 preparation courses and workshops.

25 (d) Provides developmental courses taught by college faculty
26 that prepare students to be successful in college-level courses.

27 (e) Uses learning communities to allow for shared, rather than

1 isolated, learning experiences.

2 (f) Provides on-site tutoring.

3 (g) Provides access to up-to-date technology, including
4 personal computers.

5 (h) Partners with a financial institution to provide financial
6 literacy education.

7 (i) Assists students in gaining access to financial aid.

8 (j) Provides on-site academic advising to students.

9 (k) Provides vouchers for reduced G.E.D. testing costs.

10 (l) Partners with local agencies to provide referrals for
11 social services as needed.

12 (m) Enrolls participants as students of the community college.

13 (n) Partners with philanthropic and business entities to
14 provide capital funding.

15 (7) The amount allocated under this section per full-time
16 equated participant is \$2,850.00 for a 450-hour program. The amount
17 shall be proportionately reduced for a program offering less than
18 450 hours of instruction.

19 (8) An adult basic education program or an adult English as a
20 second language program operated on a year-round or school year
21 basis may be funded under this section, subject to all of the
22 following:

23 (a) The program enrolls adults who are determined by a
24 department-approved assessment, in a form and manner prescribed by
25 the department, to be below ninth grade level in reading or
26 mathematics, or both, or to lack basic English proficiency.

27 (b) The program tests individuals for eligibility under

1 subdivision (a) before enrollment and upon completion of the
2 program in compliance with the state-approved assessment policy.

3 (c) A participant in an adult basic education program is
4 eligible for reimbursement until 1 of the following occurs:

5 (i) The participant's reading and mathematics proficiency are
6 assessed at or above the ninth grade level.

7 (ii) The participant fails to show progress on 2 successive
8 assessments after having completed at least 450 hours of
9 instruction.

10 (d) A funding recipient enrolling a participant in an English
11 as a second language program is eligible for funding according to
12 subsection (12) until the participant meets 1 of the following:

13 (i) The participant is assessed as having attained basic
14 English proficiency as determined by a department-approved
15 assessment.

16 (ii) The participant fails to show progress on 2 successive
17 department-approved assessments after having completed at least 450
18 hours of instruction. The department shall provide information to a
19 funding recipient regarding appropriate assessment instruments for
20 this program.

21 (9) A general educational development (G.E.D.) test
22 preparation program operated on a year-round or school year basis
23 may be funded under this section, subject to all of the following:

24 (a) The program enrolls adults who do not have a high school
25 diploma.

26 (b) The program shall administer a G.E.D. pre-test approved by
27 the department before enrolling an individual to determine the

1 individual's potential for success on the G.E.D. test, and shall
2 administer a post-test upon completion of the program in compliance
3 with the state-approved assessment policy.

4 (c) A funding recipient shall receive funding according to
5 subsection (12) for a participant, and a participant may be
6 enrolled in the program until 1 of the following occurs:

7 (i) The participant passes the G.E.D. test.

8 (ii) The participant fails to show progress on 2 successive
9 department-approved assessments used to determine readiness to take
10 the G.E.D. test after having completed at least 450 hours of
11 instruction.

12 (10) A high school completion program operated on a year-round
13 or school year basis may be funded under this section, subject to
14 all of the following:

15 (a) The program enrolls adults who do not have a high school
16 diploma.

17 (b) The program tests participants described in subdivision
18 (a) before enrollment and upon completion of the program in
19 compliance with the state-approved assessment policy.

20 (c) A funding recipient shall receive funding according to
21 subsection (12) for a participant in a course offered under this
22 subsection until 1 of the following occurs:

23 (i) The participant passes the course and earns a high school
24 diploma.

25 (ii) The participant fails to earn credit in 2 successive
26 semesters or terms in which the participant is enrolled after
27 having completed at least 900 hours of instruction.

1 (11) A job or employment-related adult education program
2 operated on a year-round or school year basis may be funded under
3 this section, subject to all of the following:

4 (a) The program enrolls adults referred by their employer who
5 are less than 20 years of age, have a high school diploma, are
6 determined to be in need of remedial mathematics or communication
7 arts skills and are not attending an institution of higher
8 education.

9 (b) An individual may be enrolled in this program and the
10 grant recipient shall receive funding according to subsection (12)
11 until 1 of the following occurs:

12 (i) The individual achieves the requisite skills as determined
13 by department-approved assessment instruments administered at least
14 after every 90 hours of attendance.

15 (ii) The individual fails to show progress on 2 successive
16 assessments after having completed at least 450 hours of
17 instruction. The department shall provide information to a funding
18 recipient regarding appropriate assessment instruments for this
19 program.

20 (12) A funding recipient shall receive payments under this
21 section in accordance with the following:

22 (a) Ninety percent for enrollment of eligible participants.

23 (b) Ten percent for completion of the adult basic education
24 objectives by achieving an increase of at least 1 grade level of
25 proficiency in reading or mathematics; for achieving basic English
26 proficiency, as defined by the department in the adult education
27 guidebook; for obtaining a G.E.D. or passage of 1 or more

1 individual G.E.D. tests; for attainment of a high school diploma or
2 passage of a course required for a participant to attain a high
3 school diploma; or for completion of the course and demonstrated
4 proficiency in the academic skills to be learned in the course, as
5 applicable.

6 (13) As used in this section, "participant" means the sum of
7 the number of full-time equated individuals enrolled in and
8 attending a department-approved adult education program under this
9 section, using quarterly participant count days on the schedule
10 described in section 6(7)(b).

11 (14) A person who is not eligible to be a participant funded
12 under this section may receive adult education services upon the
13 payment of tuition. In addition, a person who is not eligible to be
14 served in a program under this section due to the program
15 limitations specified in subsection (8), (9), (10), or (11) may
16 continue to receive adult education services in that program upon
17 the payment of tuition. The tuition level shall be determined by
18 the local or intermediate district conducting the program.

19 (15) An individual who is an inmate in a state correctional
20 facility shall not be counted as a participant under this section.

21 (16) A district shall not commingle money received under this
22 section or from another source for adult education purposes with
23 any other funds of the district. A district receiving adult
24 education funds shall establish a separate ledger account for those
25 funds. This subsection does not prohibit a district from using
26 general funds of the district to support an adult education or
27 community education program.

1 (17) A district or intermediate district receiving funds under
2 this section may establish a sliding scale of tuition rates based
3 upon a participant's family income. A district or intermediate
4 district may charge a participant tuition to receive adult
5 education services under this section from that sliding scale of
6 tuition rates on a uniform basis. The amount of tuition charged per
7 participant shall not exceed the actual operating cost per
8 participant minus any funds received under this section per
9 participant. A district or intermediate district may not charge a
10 participant tuition under this section if the participant's income
11 is at or below 200% of the federal poverty guidelines published by
12 the United States department of health and human services.

13 (18) In order to receive funds under this section, a district
14 shall furnish to the department, in a form and manner determined by
15 the department, all information needed to administer this program
16 and meet federal reporting requirements; shall allow the department
17 or the department's designee to review all records related to the
18 program for which it receives funds; and shall reimburse the state
19 for all disallowances found in the review, as determined by the
20 department.

21 (19) All intermediate district participant audits of adult
22 education programs shall be performed pursuant to the adult
23 education participant auditing and accounting manuals published by
24 the department.

25 (20) As used in this section, "department" means the
26 department of energy, labor, and economic growth.

27 ~~(21) Not later than October 30, 2009, the department shall~~

~~1 create an adult learning planning group. The adult education
2 advisory board in the department shall work with the state adult
3 education division to identify members for the adult learning
4 planning group. Members of the adult learning planning group should
5 include a balance of rural, urban, and suburban community adult
6 education program directors throughout the state and advocacy
7 leaders for adult education, English as a second language, and
8 adult literacy.~~

~~9 (22) Not later than December 30, 2009, the adult learning
10 planning group shall do all of the following:~~

~~11 (a) Evaluate the provisions of this section and make
12 recommendations for updating this section to address the increased
13 demand for adult education, particularly in underserved areas of
14 this state, and the need to align adult education with entry level
15 requirements for postsecondary education, training, and employment.~~

~~16 (b) Develop program entry and exit requirements to facilitate
17 participant transition from an adult education program to
18 employment or a postsecondary education program.~~

~~19 (c) Submit its recommendations concerning the matters
20 considered under subdivisions (a) and (b) to the department, the
21 senate and house appropriations subcommittees responsible for this
22 act, and the senate and house fiscal agencies.~~

~~23 (23) Not later than February 1, 2010, the adult learning
24 planning group shall do all of the following:~~

~~25 (a) Assess and recommend a comprehensive statewide delivery
26 system that ensures that all areas of this state are adequately
27 served. The adult learning planning group shall give consideration~~

1 ~~to using intermediate districts or countywide agencies as fiscal~~
2 ~~agents to lessen the administrative burden on smaller programs and~~
3 ~~service areas and to foster partnerships for creating seamless~~
4 ~~transitions between educational levels of attainment, career~~
5 ~~preparation, and employment in newly designated service areas. The~~
6 ~~adult learning planning group shall obtain local community input~~
7 ~~from adult education and training stakeholders, including adult~~
8 ~~educators and adult learners, and shall combine that input with~~
9 ~~current enrollment, employment, and other relevant data in~~
10 ~~developing recommendations, including recommendations concerning~~
11 ~~fiscal agents and service delivery locations.~~

12 ~~—— (b) Evaluate the grant recipients in the no worker left behind~~
13 ~~program created under 2008 PA 251 to identify lessons learned and~~
14 ~~promising practices for consideration in recommendations.~~

15 ~~—— (c) Examine and evaluate the implementation of accessible~~
16 ~~services using flexible year round scheduling and distance~~
17 ~~learning.~~

18 ~~—— (d) Evaluate issues related to staffing of adult education~~
19 ~~programs.~~

20 ~~—— (e) Evaluate modes of education delivery for adult learners~~
21 ~~and identify current research based best instructional practices.~~

22 ~~—— (f) Evaluate current assessment tools and the need for ongoing~~
23 ~~program evaluation using established performance measures.~~

24 ~~—— (g) Submit its recommendations concerning the matters~~
25 ~~considered under subdivisions (a) to (f) to the department, the~~
26 ~~senate and house appropriations subcommittees responsible for this~~
27 ~~act, and the senate and house fiscal agencies.~~

1 Sec. 147. The allocation for ~~2009-2010~~ **2010-2011** for the
2 public school employees' retirement system pursuant to the public
3 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
4 to 38.1408, shall be made using the entry age normal cost actuarial
5 method and risk assumptions adopted by the public school employees
6 retirement board and the department of **TECHNOLOGY**, management, and
7 budget. The annual level percentage of payroll contribution rate is
8 estimated at ~~16.94%~~ **19.41%** for the ~~2009-2010~~ **2010-2011** state fiscal
9 year. The portion of the contribution rate assigned to districts
10 and intermediate districts for each fiscal year is all of the total
11 percentage points. This contribution rate reflects an amortization
12 period of ~~28~~ **27** years for ~~2009-2010~~ **2010-2011**. **HOWEVER, THE**
13 **CONTRIBUTION RATE FOR 2010-2011 MAY BE REDUCED BY AN AMOUNT**
14 **APPROVED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM BOARD IF**
15 **REFORMS IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ARE**
16 **ENACTED AND IN EFFECT BY DECEMBER 31, 2010.** The public school
17 employees' retirement system board shall notify each district and
18 intermediate district by February 28 of each fiscal year of the
19 estimated contribution rate for the next fiscal year.

20 Sec. 166b. (1) This act does not prohibit a parent or legal
21 guardian of a minor who is enrolled in any of grades 1 to 12 in a
22 nonpublic school or who is being home-schooled from also enrolling
23 the minor in a district or intermediate district in any curricular
24 offering that is provided by the district or intermediate district
25 at a public school site and is available to pupils in the minor's
26 grade level or age group, subject to compliance with the same
27 requirements that apply to a full-time pupil's participation in the

1 offering. However, state school aid shall be provided under this
2 act for a minor enrolled as described in this subsection only for
3 curricular offerings that are offered to full-time pupils in the
4 minor's grade level or age group during regularly scheduled school
5 hours.

6 (2) This act does not prohibit a parent or legal guardian of a
7 minor who is enrolled in any of grades 1 to 12 in a nonpublic
8 school located within the district or who resides within the
9 district and is being home-schooled from also enrolling the minor
10 in the district in a curricular offering being provided by the
11 district at the nonpublic school site. However, state school aid
12 shall be provided under this act for a minor enrolled as described
13 in this subsection only if all of the following apply:

14 (a) Either of the following:

15 (i) The nonpublic school site is located, or the nonpublic
16 students are educated, within the geographic boundaries of the
17 district.

18 (ii) If the nonpublic school has submitted a written request
19 for a specific fiscal year to the district in which the nonpublic
20 school is located for the district to provide certain instruction
21 under this subsection for a school year and the district does not
22 agree to provide some or all of that instruction by May 1
23 immediately preceding that school year or, if the request is
24 submitted after March 1 immediately preceding that school year,
25 within 60 days after the nonpublic school submits the request, the
26 portion of the instruction that the district has not agreed to
27 provide is instead provided by a district that is contiguous to the

1 district in which the nonpublic school is located. This
2 subparagraph applies only to instruction, or a portion of
3 instruction, that is specifically included in the written request
4 that was made to the district in which the nonpublic school is
5 located and that was denied by that district. **A PUBLIC SCHOOL**
6 **ACADEMY THAT IS LOCATED IN THE DISTRICT IN WHICH THE NONPUBLIC**
7 **SCHOOL IS LOCATED OR IN A DISTRICT THAT IS CONTIGUOUS TO THE**
8 **DISTRICT IN WHICH THE NONPUBLIC SCHOOL IS LOCATED ALSO MAY PROVIDE**
9 **INSTRUCTION UNDER THIS SUBPARAGRAPH IN THE SAME MANNER AS A**
10 **DISTRICT THAT IS CONTIGUOUS TO THE DISTRICT IN WHICH THE NONPUBLIC**
11 **SCHOOL IS LOCATED.**

12 (b) The nonpublic school is registered with the department as
13 a nonpublic school and meets all state reporting requirements for
14 nonpublic schools.

15 (c) The instruction is scheduled to occur during the regular
16 school day.

17 (d) The instruction is provided directly by an employee of the
18 district **OR PUBLIC SCHOOL ACADEMY** or of an intermediate district.

19 (e) The curricular offering is also available to full-time
20 pupils in the minor's grade level or age group in the district **OR**
21 **PUBLIC SCHOOL ACADEMY** during the regular school day at a public
22 school site.

23 (f) The curricular offering is restricted to nonessential
24 elective courses for pupils in grades 1 to 12.

25 (3) A minor enrolled as described in this section is a part-
26 time pupil for purposes of state school aid under this act.

27 (4) A district that receives a written request to provide

1 instruction under subsection (2) shall reply to the request in
2 writing by May 1 immediately preceding the applicable school year
3 or, if the request is made after March 1 immediately preceding that
4 school year, within 60 days after the nonpublic school submits the
5 request. The written reply shall specify whether the district
6 agrees to provide or does not agree to provide the instruction for
7 each portion of instruction included in the request.

8 Sec. 166c. (1) The board of a district or intermediate
9 district shall ~~ensure that all teachers and principals working in~~
10 ~~its schools and instructional programs have~~ **DEVELOP AND IMPLEMENT A**
11 **POLICY ADDRESSING** adequate access to basic instructional supplies.
12 For the purposes of this section, the department shall develop and
13 publish on its website a ~~definition of what constitutes basic~~
14 ~~instructional supplies.~~ **MODEL POLICY.**

15 (2) If a teacher or principal **DETERMINES THAT HE OR SHE** does
16 not have adequate access to basic instructional supplies, ~~as~~
17 ~~required under subsection (1),~~ he or she may file a claim with the
18 ~~department~~ **PRINCIPAL OF THE SCHOOL OR SUPERINTENDENT OF THE**
19 **DISTRICT OR INTERMEDIATE DISTRICT, AS APPLICABLE,** asserting the
20 failure of the district or intermediate district to provide
21 adequate access to basic instructional supplies, **ALONG WITH AN**
22 **EXPLANATION OF THE BASIS FOR MAKING THIS ASSERTION.** ~~To facilitate~~
23 ~~the filing of claims, the department shall establish both a~~
24 ~~telephone line and an online system for filing a claim.~~ **THE**
25 **PRINCIPAL OR SUPERINTENDENT, AS APPLICABLE, SHALL ATTEMPT TO**
26 **RESOLVE THE PROBLEM AT THAT LEVEL WITHIN A REASONABLE AMOUNT OF**
27 **TIME. IF THE TEACHER FILES A CLAIM WITH A PRINCIPAL AND DETERMINES**

1 THAT THE PRINCIPAL HAS FAILED TO RESOLVE THE PROBLEM, HE OR SHE MAY
2 FILE A CLAIM WITH THE DISTRICT OR INTERMEDIATE DISTRICT
3 SUPERINTENDENT. THE PRINCIPAL OR SUPERINTENDENT, AS APPLICABLE,
4 SHALL ATTEMPT TO RESOLVE THE PROBLEM AT THAT LEVEL WITHIN A
5 REASONABLE AMOUNT OF TIME. IF THE PRINCIPAL OR TEACHER FILES A
6 CLAIM WITH A SUPERINTENDENT AND DETERMINES THAT THE SUPERINTENDENT
7 HAS FAILED TO RESOLVE THE PROBLEM, HE OR SHE MAY FILE A CLAIM WITH
8 THE BOARD OF THE DISTRICT OR INTERMEDIATE DISTRICT. THE BOARD OF
9 THE DISTRICT OR INTERMEDIATE DISTRICT SHALL ATTEMPT TO RESOLVE THE
10 PROBLEM AT THAT LEVEL WITHIN A REASONABLE AMOUNT OF TIME. IF THE
11 TEACHER OR PRINCIPAL DETERMINES THAT THE PROBLEM HAS NOT BEEN
12 RESOLVED BY THE BOARD, HE OR SHE MAY FILE A CLAIM WITH THE
13 DEPARTMENT ASSERTING THE FAILURE OF THE DISTRICT OR INTERMEDIATE
14 DISTRICT TO PROVIDE ADEQUATE ACCESS TO BASIC INSTRUCTIONAL SUPPLIES
15 ALONG WITH AN EXPLANATION OF THE BASIS FOR MAKING THIS ASSERTION.
16 HOWEVER, IF A TEACHER WORKS IN A SCHOOL THAT HAS BEEN PLACED UNDER
17 THE SUPERVISION OF THE STATE SCHOOL REFORM/REDESIGN OFFICER UNDER
18 SECTION 1280C OF THE REVISED SCHOOL CODE, MCL 380.1280C, THEN,
19 INSTEAD OF FOLLOWING THE PROCEDURES UNDER THIS SUBSECTION, THE
20 TEACHER MAY FILE A CLAIM DIRECTLY WITH THE STATE SCHOOL
21 REFORM/REDESIGN OFFICER.

22 (3) Subject to subsection (4), if the department receives a
23 claim under this ~~subsection~~, SECTION, the department shall contact
24 the district or intermediate district in which the teacher or
25 principal is employed to provide notification of the claim. Within
26 3 business days after receiving this notification, the district or
27 intermediate district shall ~~either provide to the teacher or~~

1 ~~principal adequate access to basic instructional supplies or~~
2 ~~provide to the teacher or principal and the department a written~~
3 ~~plan for appropriate corrective action. CONTACT THE DEPARTMENT IN~~
4 **ORDER TO RESOLVE THE PROBLEM.** If the department is not satisfied
5 with the response of the district or intermediate district, the
6 department **SHALL FURTHER INVESTIGATE AND** may elect to take
7 ~~corrective action. , including, but not limited to, 1 or more of~~
8 ~~the following:~~

9 ~~—— (a) Investigate and request further clarification of the~~
10 ~~response from the district or intermediate district.~~

11 ~~—— (b) Withhold a portion of the total funds due to the district~~
12 ~~or intermediate district under this act and use that money to~~
13 ~~procure and make available an interim amount of basic instructional~~
14 ~~supplies for use by the teachers or principals in the district or~~
15 ~~intermediate district that filed claims under this section and~~
16 ~~whose claims were not adequately addressed, as determined by the~~
17 ~~department.~~

18 (4) If the department does not have sufficient resources to
19 address all claims under this section, the department may
20 prioritize claims based on need.

21 (5) The board of a district or intermediate district shall
22 ensure that a teacher or principal who files a claim with the
23 department under this section is not subject to any adverse
24 treatment for filing the claim.

25 (6) Failure of a district or intermediate district to meet the
26 requirements of this section does not create a cause of action or
27 constitute a breach of any legal duty in a civil action.

1 SEC. 166D. (1) A SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL,
2 AS DEFINED IN SECTION 551 OF THE REVISED SCHOOL CODE, MCL 380.551,
3 OR AN EDUCATIONAL MANAGEMENT ORGANIZATION WITH WHICH THE CYBER
4 SCHOOL HAS A CONTRACT, SHALL NOT REQUIRE AN EMPLOYEE, A FORMER
5 EMPLOYEE, OR AN INDIVIDUAL DOING WORK FOR THE CYBER SCHOOL AS AN
6 INDEPENDENT CONTRACTOR OR AS AN EMPLOYEE OF THE EDUCATIONAL
7 MANAGEMENT ORGANIZATION OR ANOTHER THIRD PARTY TO SIGN AN AGREEMENT
8 THAT HE OR SHE WILL NOT DISCLOSE SALARY OR OTHER COMPENSATION
9 INFORMATION.

10 (2) A SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL, AS DEFINED
11 IN SECTION 551 OF THE REVISED SCHOOL CODE, MCL 380.551, THAT
12 VIOLATES SUBSECTION (1) OR THAT IS PARTY TO A CONTRACT WITH AN
13 EDUCATIONAL MANAGEMENT ORGANIZATION THAT VIOLATES SUBSECTION (1)
14 SHALL FORFEIT FROM ITS STATE AID UNDER THIS ACT AN AMOUNT EQUAL TO
15 2% OF ITS TOTAL STATE AID.

16 Enacting section 1. (1) In accordance with section 30 of
17 article IX of the state constitution of 1963, total state spending
18 in this amendatory act from state sources for fiscal year 2009-2010
19 is estimated at \$10,645,097,700.00 and state appropriations to be
20 paid to local units of government for fiscal year 2009-2010 are
21 estimated at \$10,565,511,000.00.

22 (2) In accordance with section 30 of article IX of the state
23 constitution of 1963, total state spending in this amendatory act
24 from state sources for fiscal year 2010-2011 is estimated at
25 \$10,979,765,400.00 and state appropriations to be paid to local
26 units of government for fiscal year 2010-2011 are estimated at
27 \$10,854,068,100.00.

1 Enacting section 2. Sections 32n, 57, and 98a of the state
2 school aid act of 1979, 1979 PA 94, MCL 388.1632n, 388.1657, and
3 388.1698a, are repealed.

4 Enacting section 3. (1) Except as otherwise provided in
5 subsection (2), this amendatory act takes effect October 1, 2010.

6 (2) Sections 11, 11d, 11m, 20, 22a, 22b, 24a, 51a, 51c, 56,
7 62, 74, 81, 94a, and 101 of the state school aid act of 1979, 1979
8 PA 94, MCL 388.1611, 388.1611d, 388.1611m, 388.1620, 388.1622a,
9 388.1622b, 388.1624a, 388.1651a, 388.1651c, 388.1656, 388.1662,
10 388.1674, 388.1681, 388.1694a, and 388.1701, as amended by this
11 amendatory act, take effect upon enactment of this amendatory act.