

HOUSE BILL No. 4447

EXECUTIVE BUDGET BILL

February 24, 2009, Introduced by Rep. Terry Brown and referred to the Committee on Appropriations.

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

388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704, 388.1707, 388.1747, and 388.1764c), sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 20, 20d, 20j, 22a, 22b, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32d, 32l, 39, 39a, 51a, 51c, 51d, 53a, 54, 54a, 56, 61a, 62, 64, 74, 81, 94a, 98, 99, 104, 107, 147, and 164c as amended and section 11n as added by 2008 PA 268, section 8b as amended by 2007 PA 92, section 32n as added by 2007 PA 137, and section 101 as amended by 2006 PA 342; 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
15 will participate in the educational programs.

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

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

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

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

22 Sec. 6. (1) "Center program" means a program operated by a
23 district or intermediate district for special education pupils from
24 several districts in programs for pupils with autism spectrum
25 disorder, pupils with severe cognitive impairment, pupils with
26 moderate cognitive impairment, pupils with severe multiple
27 impairments, pupils with hearing impairment, pupils with visual

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

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

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

23 (4) "Membership", except as otherwise provided in this act,
24 means for a district, public school academy, university school, or
25 intermediate district the sum of the product of .75 times the
26 number of full-time equated pupils in grades K to 12 actually
27 enrolled and in regular daily attendance on the pupil membership

1 count day for the current school year, plus the product of .25
2 times the final audited count from the supplemental count day for
3 the immediately preceding school year. All pupil counts used in
4 this subsection are as determined by the department and calculated
5 by adding the number of pupils registered for attendance plus
6 pupils received by transfer and minus pupils lost as defined by
7 rules promulgated by the superintendent, and as corrected by a
8 subsequent department audit. The amount of the foundation allowance
9 for a pupil in membership is determined under section 20. In making
10 the calculation of membership, all of the following, as applicable,
11 apply to determining the membership of a district, public school
12 academy, university school, or intermediate district:

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

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

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

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

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

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

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

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

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

27 (i) If operations begin before the pupil membership count day

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

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

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

27 (k) In a district, public school academy, university school,

1 or intermediate district operating an extended school year program
2 approved by the superintendent, a pupil enrolled, but not scheduled
3 to be in regular daily attendance on a pupil membership count day,
4 shall be counted.

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

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

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

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

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

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

26 (o) An individual less than 16 years of age as of September 1
27 of the current school year who is being educated in an alternative

1 education program shall not be counted in membership if there are
2 also adult education participants being educated in the same
3 program or classroom.

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

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

14 (r) Except as otherwise provided in this subdivision, full-
15 time equated memberships for pupils in kindergarten shall be
16 determined by dividing the number of class hours scheduled and
17 provided per year per kindergarten pupil by a number equal to 1/2
18 the number used for determining full-time equated memberships for
19 pupils in grades 1 to 12. Beginning in 2009-2010, full-time equated
20 memberships for pupils enrolled in developmental kindergarten ~~or~~
21 ~~prekindergarten~~, or a similar class intended to be the first of 2
22 school years before a pupil enters grade 1 shall be determined by
23 dividing the number of class hours scheduled and provided per year
24 per **DEVELOPMENTAL** kindergarten pupil by the number used for
25 determining full-time equated memberships for pupils in grades 1 to
26 12. For 2010-2011, full-time equated memberships for pupils
27 enrolled in kindergarten shall be determined by dividing the number

1 of class hours scheduled and provided per year per kindergarten
2 pupil by a number equal to 60% of the number used for determining
3 full-time equated memberships for pupils in grades 1 to 12.
4 Beginning in 2011-2012, full-time equated memberships for pupils
5 enrolled in kindergarten shall be determined by dividing the number
6 of class hours scheduled and provided per year per kindergarten
7 pupil by a number equal to 70% of the number used for determining
8 full-time equated memberships for pupils in grades 1 to 12.

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

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

27 (u) If, as a result of a disciplinary action, a district

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

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

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

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

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

27 (v) ~~For 2007-2008 only, a~~ **A** pupil enrolled in an alternative

1 or disciplinary education program described in section 25 shall be
2 counted in membership in the **PUPIL'S EDUCATING** district or public
3 school academy ~~that expelled the pupil.~~

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

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

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

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

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

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

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

25 (aa) Full-time equated memberships for preprimary-aged special
26 education pupils who are not enrolled in kindergarten but are
27 enrolled in a classroom program under R 340.1754 of the Michigan

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

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

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

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

26 (6) "Pupil" means a person in membership in a public school. A
27 district must have the approval of the pupil's district of

1 residence to count the pupil in membership, except approval by the
2 pupil's district of residence is not required for any of the
3 following:

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

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

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

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

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

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

1 crime to law enforcement officials for the purposes of this
2 subdivision is subject to section 411a of the Michigan penal code,
3 1931 PA 328, MCL 750.411a, which provides criminal penalties for
4 that conduct. As used in this subdivision:

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

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

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

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

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

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

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

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

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

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

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

9 (k) An expelled pupil who has been denied reinstatement by the
10 expelling district and is reinstated by another school board under
11 section 1311 or 1311a of the revised school code, MCL 380.1311 and
12 380.1311a.

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

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

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

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

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

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

11 (i) Fourth Wednesday in July.

12 (ii) Fourth Wednesday after Labor day.

13 (iii) Second Wednesday in February.

14 (iv) Fourth Wednesday in April.

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

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

19 (9) "Rule" means a rule promulgated pursuant to the
20 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
21 24.328.

22 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
23 380.1852.

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

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

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

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

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

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

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

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

24 (19) "Textbook" means a book that is selected and approved by
25 the governing board of a district and that contains a presentation
26 of principles of a subject, or that is a literary work relevant to
27 the study of a subject required for the use of classroom pupils, or

1 another type of course material that forms the basis of classroom
2 instruction.

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

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

9 Sec. 8b. (1) The department shall assign a district code to
10 each public school academy that is authorized under the revised
11 school code and is eligible to receive funding under this act
12 within 30 days after a **COMPLETE** contract is submitted to the
13 department by the authorizing body of a public school academy.

14 (2) If the department does not assign a district code to a
15 public school academy within the 30-day period described in
16 subsection (1), the district code the department shall use to make
17 payments under this act to the newly authorized public school
18 academy shall be a number that is equivalent to the sum of the last
19 district code assigned to a public school academy located in the
20 same county as the newly authorized public school academy plus 1.
21 However, if there is not an existing public school academy located
22 in the same county as the newly authorized public school academy,
23 then the district code the department shall use to make payments
24 under this act to the newly authorized public school academy shall
25 be a 5-digit number that has the county code in which the public
26 school academy is located as its first 2 digits, 9 as its third
27 digit, 0 as its fourth digit, and 1 as its fifth digit. If the

1 number of public school academies in a county grows to exceed 100,
 2 the third digit in this 5-digit number shall then be 8 7 for the
 3 public school academies in excess of 100.

4 Sec. 11. (1) ~~For the fiscal year ending September 30, 2008,~~
 5 ~~there is appropriated for the public schools of this state and~~
 6 ~~certain other state purposes relating to education the sum of~~
 7 ~~\$11,386,866,600.00 from the state school aid fund established by~~
 8 ~~section 11 of article IX of the state constitution of 1963 and the~~
 9 ~~sum of \$34,909,600.00 from the general fund.~~ For the fiscal year
 10 ending September 30, 2009, there is appropriated for the public
 11 schools of this state and certain other state purposes relating to
 12 education the sum of ~~\$11,776,098,200.00~~ **\$11,615,798,200.00** from the
 13 state school aid fund established by section 11 of article IX of
 14 the state constitution of 1963 and the sum of ~~\$40,800,000.00~~
 15 **\$85,000,000.00** from the general fund. **FOR THE FISCAL YEAR ENDING**
 16 **SEPTEMBER 30, 2010, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF**
 17 **THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION**
 18 **THE SUM OF \$11,360,990,600.00 FROM THE STATE SCHOOL AID FUND**
 19 **ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION**
 20 **OF 1963 AND THE SUM OF \$40,800,000.00 FROM THE GENERAL FUND.** In
 21 addition, available federal funds are appropriated for the fiscal
 22 year ending September 30, ~~2008~~ **2009** and for the fiscal year ending
 23 September 30, ~~2009~~ **2010**.

24 (2) The appropriations under this section shall be allocated
 25 as provided in this act. Money appropriated under this section from
 26 the general fund shall be expended to fund the purposes of this act
 27 before the expenditure of money appropriated under this section

1 from the state school aid fund. If the maximum amount appropriated
2 under this section from the state school aid fund for a fiscal year
3 exceeds the amount necessary to fully fund allocations under this
4 act from the state school aid fund, that excess amount shall not be
5 expended in that state fiscal year and shall not lapse to the
6 general fund, but instead shall be deposited into the school aid
7 stabilization fund created in section 11a.

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

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

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

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

26 (i) Districts.

27 (ii) Intermediate districts.

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

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

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

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

26 (5) Except for the allocation under section 26a, any general
27 fund allocations under this act that are not expended by the end of

1 the state fiscal year are transferred to the school aid
2 stabilization fund created under section 11a.

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

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

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

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

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

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

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

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

1 general fund.

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

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

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

1 2, 1998, submitted to the state treasurer a waiver resolution
2 described in section 11f. The amounts paid under this section
3 represent offers of settlement and compromise of any claim or
4 claims that were or could have been asserted by these districts and
5 intermediate districts, as described in this section.

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

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

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

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

1 the amount appropriated under this section in each fiscal year.

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

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

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

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

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

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

1 under this section.

2 Sec. 11j. From the appropriation in section 11, there is
3 allocated an amount not to exceed ~~\$3,900,000.00 for 2007-2008 and~~
4 ~~an amount not to exceed \$39,000,000.00~~ **\$40,000,000.00 EACH YEAR** for
5 2008-2009 **AND 2009-2010** for payments to the school loan bond
6 redemption fund in the department of treasury on behalf of
7 districts and intermediate districts. Notwithstanding section 11 or
8 any other provision of this act, funds allocated under this section
9 are not subject to proration and shall be paid in full.

10 Sec. 11k. For ~~2008-2009,~~ **2009-2010**, there is appropriated from
11 the general fund to the school loan revolving fund an amount equal
12 to the amount of school bond loans assigned to the Michigan
13 municipal bond authority, not to exceed the total amount of school
14 bond loans held in reserve as long-term assets. As used in this
15 section, "school loan revolving fund" means that fund created in
16 section 16c of the shared credit rating act, 1985 PA 227, MCL
17 141.1066c.

18 Sec. 11m. From the appropriations in section 11, there is
19 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed
20 \$45,000,000.00 for fiscal year cash-flow borrowing costs solely
21 related to the state school aid fund established by section 11 of
22 article IX of the state constitution of 1963.

23 Sec. 11n. (1) From the appropriation in section 11, there is
24 allocated \$15,000,000.00 for ~~2008-2009~~ **2009-2010** for the purposes
25 of this section. Money allocated under this section shall be
26 deposited in the 21st century schools fund on November 15 of the
27 fiscal year for which it is allocated or on the next business day

1 following that date.

2 (2) The 21st century schools fund is created as a separate
3 account within the state school aid fund. The state treasurer may
4 receive money or other assets from any source for deposit into the
5 21st century schools fund. The state treasurer shall direct the
6 investment of the 21st century schools fund. The state treasurer
7 shall credit to the 21st century schools fund interest and earnings
8 from 21st century schools fund investments. Money in the 21st
9 century schools fund at the close of the fiscal year shall remain
10 in the 21st century schools fund and shall not lapse to the state
11 school aid fund or to the general fund. The department of treasury
12 shall be the administrator of the 21st century schools fund for
13 auditing purposes. Money from the 21st century schools fund shall
14 be expended, upon appropriation, only for purposes of this section.

15 (3) For ~~2008-2009~~, **2009-2010**, an amount not to exceed
16 \$15,000,000.00 is allocated from the 21st century schools fund for
17 21st century schools grants under this section of up to
18 \$3,000,000.00 for each school project to eligible districts that
19 meet the requirements of this section. The funds may be used for
20 planning and start-up costs of newly constructed or newly
21 configured schools or learning communities and renovations of
22 existing facilities as well as other expenditures outlined in the
23 applicants' proposals relating to planning and start-up costs and
24 approved by the department. Notwithstanding section 17b, the total
25 grant amount for ~~2008-2009~~ **2009-2010** to each eligible district or
26 public school academy shall be distributed over a 4-year period on
27 a schedule to be determined by the department.

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

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

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

12 (ii) At least 80% of the high school graduates from the school
13 or learning community are enrolled in postsecondary studies within
14 6 months after high school graduation. For purposes of this
15 subparagraph, "postsecondary studies" includes 4-year colleges and
16 universities, community colleges, technical schools,
17 apprenticeships, and military enlistment.

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

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

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

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

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

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

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

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

27 (9) As used in this section, "eligible district" means all of

1 the following:

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

6 (b) A public school academy if a majority of the pupils
7 enrolled in the public school academy reside in a district that
8 meets the criteria under subdivision (a).

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

25 (2) If the result of an audit conducted by or for the
26 department affects the current fiscal year membership, affected
27 payments shall be adjusted in the current fiscal year. A deduction

1 due to an adjustment made as a result of an audit conducted by or
2 for the department, or as a result of information obtained by the
3 department from the district, an intermediate district, the
4 department of treasury, or the office of auditor general, shall be
5 deducted from the district's apportionments when the adjustment is
6 finalized. At the request of the district and upon the district
7 presenting evidence satisfactory to the department of the hardship,
8 the department may grant up to an additional 4 years for the
9 adjustment if the district would otherwise experience a significant
10 hardship.

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

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

23 (5) In addition to funds appropriated in section 11 for all
24 programs and services, there is appropriated for ~~2008-2009~~ **2009-**
25 **2010** for obligations in excess of applicable appropriations an
26 amount equal to the collection of overpayments, but not to exceed
27 amounts available from overpayments.

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

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

26 (3) For the purpose of determining the reasonableness of
27 expenditures and whether a violation of this act has occurred, the

1 department shall require that each district and intermediate
2 district have an audit of the district's or intermediate district's
3 financial and pupil accounting records conducted at least annually
4 at the expense of the district or intermediate district, as
5 applicable, by a certified public accountant or by the intermediate
6 district superintendent, as may be required by the department, or
7 in the case of a district of the first class by a certified public
8 accountant, the intermediate superintendent, or the auditor general
9 of the city. An intermediate district's annual financial audit
10 shall be accompanied by the intermediate district's pupil
11 accounting procedures report. A district's or intermediate
12 district's annual financial audit shall include an analysis of the
13 financial and pupil accounting data used as the basis for
14 distribution of state school aid. The pupil accounting records and
15 reports, audits, and management letters are subject to requirements
16 established in the auditing and accounting manuals approved and
17 published by the department. Except as otherwise provided in this
18 subsection, a district shall file the annual financial audit
19 reports with the intermediate district not later than 120 days
20 after the end of each school fiscal year and the intermediate
21 district shall forward the annual financial audit reports for its
22 constituent districts and for the intermediate district, and the
23 pupil accounting procedures report for the pupil membership count
24 day and supplemental count day, to the department not later than
25 November 15 of each year. The annual financial audit reports and
26 pupil accounting procedures reports shall be available to the
27 public in compliance with the freedom of information act, 1976 PA

1 442, MCL 15.231 to 15.246. Not later than December 31 of each year,
2 the department shall notify the state budget director and the
3 legislative appropriations subcommittees responsible for review of
4 the school aid budget of districts and intermediate districts that
5 have not filed an annual financial audit and pupil accounting
6 procedures report required under this section for the school year
7 ending in the immediately preceding fiscal year.

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

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

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

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

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

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

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

10 Sec. 20. (1) ~~For 2007-2008, the basic foundation allowance is~~
11 ~~\$8,433.00.~~ For 2008-2009 **AND 2009-2010**, the basic foundation
12 allowance is \$8,489.00.

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

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

20 (a) For 2007-2008, for a district that had a foundation
21 allowance for 2006-2007, including any adjustment under subdivision
22 (f), that was at least equal to \$7,108.00 but less than \$8,385.00,
23 the district shall receive a foundation allowance in an amount
24 equal to the sum of the district's foundation allowance for 2006-
25 2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00)
26 times (the difference between the district's foundation allowance
27 for 2006-2007, including any adjustment under subdivision (f), and

1 \$7,108.00) divided by \$1,325.00]. ~~Beginning in~~ **FOR** 2008-2009, for a
2 district that had a foundation allowance for the immediately
3 preceding state fiscal year that was at least equal to the sum of
4 \$7,108.00 plus the total dollar amount of all adjustments made from
5 2006-2007 to the immediately preceding state fiscal year in the
6 lowest foundation allowance among all districts, but less than the
7 basic foundation allowance for the immediately preceding state
8 fiscal year, the district shall receive a foundation allowance in
9 an amount equal to the sum of the district's foundation allowance
10 for the immediately preceding state fiscal year plus the difference
11 between twice the dollar amount of the adjustment from the
12 immediately preceding state fiscal year to the current state fiscal
13 year made in the basic foundation allowance and [(the dollar amount
14 of the adjustment from the immediately preceding state fiscal year
15 to the current state fiscal year made in the basic foundation
16 allowance minus \$20.00) times (the difference between the
17 district's foundation allowance for the immediately preceding state
18 fiscal year and the sum of \$7,108.00 plus the total dollar amount
19 of all adjustments made from 2006-2007 to the immediately preceding
20 state fiscal year in the lowest foundation allowance among all
21 districts) divided by the difference between the basic foundation
22 allowance for the current state fiscal year and the sum of
23 \$7,108.00 plus the total dollar amount of all adjustments made from
24 2006-2007 to the immediately preceding state fiscal year in the
25 lowest foundation allowance among all districts]. **FOR 2009-2010,**
26 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**
27 **PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO THE SUM OF**

1 \$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM
2 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE
3 LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS, BUT LESS THAN THE
4 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 DISTRICT'S FOUNDATION ALLOWANCE FOR THE
7 IMMEDIATELY PRECEDING STATE FISCAL YEAR. However, the foundation
8 allowance for a district that had less than the basic foundation
9 allowance for the immediately preceding state fiscal year shall not
10 exceed the basic foundation allowance for the current state fiscal
11 year.

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

22 (c) For a district that in the 1994-95 state fiscal year had a
23 foundation allowance greater than \$6,500.00, the district's
24 foundation allowance is an amount equal to the sum of the
25 district's foundation allowance for the immediately preceding state
26 fiscal year plus the lesser of the increase in the basic foundation
27 allowance for the current state fiscal year, as compared to the

1 immediately preceding state fiscal year, or the product of the
2 district's foundation allowance for the immediately preceding state
3 fiscal year times the percentage increase in the United States
4 consumer price index in the calendar year ending in the immediately
5 preceding fiscal year as reported by the May revenue estimating
6 conference conducted under section 367b of the management and
7 budget act, 1984 PA 431, MCL 18.1367b.

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

11 (e) For a district that received a payment under section 22c
12 as that section was in effect for 2001-2002, the district's 2001-
13 2002 foundation allowance shall be considered to have been an
14 amount equal to the sum of the district's actual 2001-2002
15 foundation allowance as otherwise calculated under this section
16 plus the per pupil amount of the district's equity payment for
17 2001-2002 under section 22c as that section was in effect for 2001-
18 2002.

19 (f) For a district that received a payment under section 22c
20 as that section was in effect for 2006-2007, the district's 2006-
21 2007 foundation allowance shall be considered to have been an
22 amount equal to the sum of the district's actual 2006-2007
23 foundation allowance as otherwise calculated under this section
24 plus the per pupil amount of the district's equity payment for
25 2006-2007 under section 22c as that section was in effect for 2006-
26 2007.

27 (4) Except as otherwise provided in this subsection, the state

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

1 state constitution of 1963, the state portion of the district's
2 foundation allowance shall be calculated as if that reduction did
3 not occur.

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

24 (6) For 2007-2008, subject to subsection (7) and section
25 22b(3) and except as otherwise provided in this subsection, for
26 pupils in membership, other than special education pupils, in a
27 public school academy or a university school, the allocation

1 calculated under this section is an amount per membership pupil
2 other than special education pupils in the public school academy or
3 university school equal to the sum of the local school operating
4 revenue per membership pupil other than special education pupils
5 for the district in which the public school academy or university
6 school is located and the state portion of that district's
7 foundation allowance, or \$7,475.00, whichever is less. Beginning in
8 2008-2009, subject to subsection (7) and section 22b(3) and except
9 as otherwise provided in this subsection, for pupils in membership,
10 other than special education pupils, in a public school academy or
11 a university school, the allocation calculated under this section
12 is an amount per membership pupil other than special education
13 pupils in the public school academy or university school equal to
14 the sum of the local school operating revenue per membership pupil
15 other than special education pupils for the district in which the
16 public school academy or university school is located and the state
17 portion of that district's foundation allowance, or the state
18 maximum public school academy allocation, whichever is less.
19 Notwithstanding section 101, for a public school academy that
20 begins operations after the pupil membership count day, the amount
21 per membership pupil calculated under this subsection shall be
22 adjusted by multiplying that amount per membership pupil by the
23 number of hours of pupil instruction provided by the public school
24 academy after it begins operations, as determined by the
25 department, divided by the minimum number of hours of pupil
26 instruction required under section 101(3). The result of this
27 calculation shall not exceed the amount per membership pupil

1 otherwise calculated under this subsection.

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

27 ~~—— (8) If a district does not receive an amount calculated under~~

1 ~~subsection (9), if the number of mills the district may levy on a~~
2 ~~principal residence, qualified agricultural property, qualified~~
3 ~~forest property, industrial personal property, and commercial~~
4 ~~personal property under section 1211 of the revised school code,~~
5 ~~MCL 380.1211, is 0.5 mills or less, and if the district elects not~~
6 ~~to levy those mills, the district instead shall receive a separate~~
7 ~~supplemental amount calculated under this subsection in an amount~~
8 ~~equal to the amount the district would have received had it levied~~
9 ~~those mills, as determined by the department of treasury. A~~
10 ~~district shall not receive a separate supplemental amount~~
11 ~~calculated under this subsection for a fiscal year unless in the~~
12 ~~calendar year ending in the fiscal year the district levies the~~
13 ~~district's certified mills on property that is nonexempt property.~~
14 ~~—— (9) For a district that had combined state and local revenue~~
15 ~~per membership pupil in the 1993-94 state fiscal year of more than~~
16 ~~\$6,500.00 and that had fewer than 350 pupils in membership, if the~~
17 ~~district elects not to reduce the number of mills from which a~~
18 ~~principal residence, qualified agricultural property, qualified~~
19 ~~forest property, industrial personal property, and commercial~~
20 ~~personal property are exempt and not to levy school operating taxes~~
21 ~~on a principal residence, qualified agricultural property,~~
22 ~~qualified forest property, industrial personal property, and~~
23 ~~commercial personal property as provided in section 1211 of the~~
24 ~~revised school code, MCL 380.1211, and not to levy school operating~~
25 ~~taxes on all property as provided in section 1211(2) of the revised~~
26 ~~school code, MCL 380.1211, there is calculated under this~~
27 ~~subsection for 1994-95 and each succeeding fiscal year a separate~~

1 ~~supplemental amount in an amount equal to the amount the district~~
2 ~~would have received per membership pupil had it levied school~~
3 ~~operating taxes on a principal residence, qualified agricultural~~
4 ~~property, qualified forest property, industrial personal property,~~
5 ~~and commercial personal property at the rate authorized for the~~
6 ~~district under section 1211 of the revised school code, MCL~~
7 ~~380.1211, and levied school operating taxes on all property at the~~
8 ~~rate authorized for the district under section 1211(2) of the~~
9 ~~revised school code, MCL 380.1211, as determined by the department~~
10 ~~of treasury. If in the calendar year ending in the fiscal year a~~
11 ~~district does not levy the district's certified mills on property~~
12 ~~that is nonexempt property, the amount calculated under this~~
13 ~~subsection will be reduced by the same percentage as the millage~~
14 ~~actually levied compares to the district's certified mills.~~
15 ~~——(10)——~~ (8) Subject to subsection (4), for a district that is
16 formed or reconfigured after June 1, 2002 by consolidation of 2 or
17 more districts or by annexation, the resulting district's
18 foundation allowance under this section beginning after the
19 effective date of the consolidation or annexation shall be the
20 average of the foundation allowances of each of the original or
21 affected districts, calculated as provided in this section,
22 weighted as to the percentage of pupils in total membership in the
23 resulting district who reside in the geographic area of each of the
24 original or affected districts. The calculation under this
25 subsection shall take into account a district's per pupil
26 allocation under section 20j(2).
27 ~~——(11)——~~ (9) Each fraction used in making calculations under this

1 section shall be rounded to the fourth decimal place and the dollar
2 amount of an increase in the basic foundation allowance shall be
3 rounded to the nearest whole dollar.

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

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

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

23 (b) The revenue adjustment factor shall be computed by
24 dividing the sum of the estimated total state school aid fund
25 revenue for the subsequent state fiscal year plus the estimated
26 total state school aid fund revenue for the current state fiscal
27 year, adjusted for any change in the rate or base of a tax the

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

14 (c) The index shall be calculated by multiplying the pupil
15 membership factor by the revenue adjustment factor. ~~However, for~~
16 ~~2008-2009, the index shall be 1.00.~~ If a consensus index is not
17 determined at the revenue estimating conference, the principals of
18 the revenue estimating conference shall report their estimates to
19 the house and senate subcommittees responsible for school aid
20 appropriations not later than 7 days after the conclusion of the
21 revenue conference.

22 ~~————(14)—(12)~~ If the principals at the revenue estimating
23 conference reach a consensus on the index described in
24 subsection~~(13)~~~~(11)~~ (c), the lowest foundation allowance among all
25 districts for the subsequent state fiscal year shall be at least
26 the amount of that consensus index multiplied by the lowest
27 foundation allowance among all districts for the immediately

1 preceding state fiscal year.

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

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

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

~~14 ——— (17) For a district in which 7.75 mills levied in 1992 for
15 school operating purposes in the 1992-93 school year were not
16 renewed in 1993 for school operating purposes in the 1993-94 school
17 year, the district's combined state and local revenue per
18 membership pupil shall be recalculated as if that millage reduction
19 did not occur and the district's foundation allowance shall be
20 calculated as if its 1994-95 foundation allowance had been
21 calculated using that recalculated 1993-94 combined state and local
22 revenue per membership pupil as a base. A district is not entitled
23 to any retroactive payments for fiscal years before 2000-2001 due
24 to this subsection.~~

~~25 ——— (18) For a district in which an industrial facilities
26 exemption certificate that abated taxes on property with a state
27 equalized valuation greater than the total state equalized~~

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

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

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

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

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

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

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

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

26 ~~(22) For a district that levied 2.23 mills in 1993 to finance an~~
27 ~~operating deficit, the district's foundation allowance shall be~~

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

7 ~~——(23)—(15)~~ Payments to districts, university schools, or public
8 school academies shall not be made under this section. Rather, the
9 calculations under this section shall be used to determine the
10 amount of state payments under section 22b.

11 ~~——(24)—(16)~~ If an amendment to section 2 of article VIII of the
12 state constitution of 1963 allowing state aid to some or all
13 nonpublic schools is approved by the voters of this state, each
14 foundation allowance or per pupil payment calculation under this
15 section may be reduced.

16 ~~——(25)—(17)~~ As used in this section:

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

20 (b) "Combined state and local revenue" means the aggregate of
21 the district's state school aid received by or paid on behalf of
22 the district under this section and the district's local school
23 operating revenue.

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

27 (d) "Current state fiscal year" means the state fiscal year

1 for which a particular calculation is made.

2 (e) "Immediately preceding state fiscal year" means the state
3 fiscal year immediately preceding the current state fiscal year.

4 (f) "Local school operating revenue" means school operating
5 taxes levied under section 1211 of the revised school code, MCL
6 380.1211.

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

10 (h) "Maximum public school academy allocation" **EXCEPT AS**
11 **OTHERWISE PROVIDED IN THIS SUBDIVISION,** means the maximum per-pupil
12 allocation as calculated by adding the highest per-pupil allocation
13 among all public school academies for the immediately preceding
14 state fiscal year plus the difference between twice the dollar
15 amount of the adjustment from the immediately preceding state
16 fiscal year to the current state fiscal year made in the basic
17 foundation allowance and [(the dollar amount of the adjustment from
18 the immediately preceding state fiscal year to the current state
19 fiscal year made in the basic foundation allowance minus \$20.00)
20 times (the difference between the highest per-pupil allocation
21 among all public school academies for the immediately preceding
22 state fiscal year and the sum of \$7,108.00 plus the total dollar
23 amount of all adjustments made from 2006-2007 to the immediately
24 preceding state fiscal year in the lowest per-pupil allocation
25 among all public school academies) divided by the difference
26 between the basic foundation allowance for the current state fiscal
27 year and the sum of \$7,108.00 plus the total dollar amount of all

1 adjustments made from 2006-2007 to the immediately preceding state
2 fiscal year in the lowest per-pupil allocation among all public
3 school academies]. **FOR 2009-2010, "MAXIMUM PUBLIC SCHOOL ACADEMY**
4 **ALLOCATION" MEANS \$7,580.00.**

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

8 (j) "Nonexempt property" means property that is not a
9 principal residence, qualified agricultural property, qualified
10 forest property, industrial personal property, or commercial
11 personal property.

12 (k) "Principal residence", "qualified agricultural property",
13 "qualified forest property", "industrial personal property", and
14 "commercial personal property" mean those terms as defined in
15 section 7dd of the general property tax act, 1893 PA 206, MCL
16 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

17 (l) "School operating purposes" means the purposes included in
18 the operation costs of the district as prescribed in sections 7 and
19 18.

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

23 (n) "Tax increment financing acts" means 1975 PA 197, MCL
24 125.1651 to 125.1681, the tax increment finance authority act, 1980
25 PA 450, MCL 125.1801 to 125.1830, the local development financing
26 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
27 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,

1 or the corridor improvement authority act, 2005 PA 280, MCL
2 125.2871 to 125.2899.

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

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

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

1 subdivision.

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

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

23 (2) **FOR 2008-2009**, The per pupil allocation to each district
24 under this section shall be the difference between the basic
25 foundation allowance for the 1998-99 state fiscal year and
26 \$7,204.00 less \$271.00 minus the dollar amount of the adjustment
27 from the 1998-99 state fiscal year to 2007-2008 in the district's

1 foundation allowance. BEGINNING IN 2009-2010, THE PER PUPIL
2 ALLOCATION TO EACH DISTRICT UNDER THIS SECTION SHALL BE THE
3 DISTRICT'S PER-PUPIL ALLOCATION UNDER THIS SECTION FOR THE 2008-
4 2009 STATE FISCAL YEAR MINUS (THE DIFFERENCE BETWEEN THE BASIC
5 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL
6 YEAR AND THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE AS
7 CALCULATED UNDER SECTION 20 AND THE AMOUNT OF THE PER-PUPIL
8 ALLOCATION UNDER THIS SECTION FOR THE IMMEDIATELY PRECEDING STATE
9 FISCAL YEAR DIVIDED BY THE BASIC FOUNDATION ALLOWANCE FOR THE
10 IMMEDIATELY PRECEDING STATE FISCAL YEAR TIMES THE DISTRICT'S PER-
11 PUPIL ALLOCATION UNDER THIS SECTION FOR THE 2008-2009 STATE FISCAL
12 YEAR TIMES 1.8).

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

1 the foundation allowance under section 20 plus the per pupil
2 allocation under subsection (2), there is no payment calculated
3 under this section for the district.

4 (4) Payments to districts shall not be made under this
5 section. Rather, the calculations under this section shall be made
6 and used to determine the amount of state payments under section
7 22b.

8 Sec. 22a. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed ~~\$5,951,000,000.00~~
10 **\$5,998,400,000.00** for ~~2007-2008~~ and ~~an amount not to exceed~~
11 ~~\$6,092,000,000.00~~ for 2008-2009 **AND AN AMOUNT NOT TO EXCEED**
12 **\$5,849,300,000.00 FOR 2009-2010** for payments to districts,
13 qualifying university schools, and qualifying public school
14 academies to guarantee each district, qualifying university school,
15 and qualifying public school academy an amount equal to its 1994-95
16 total state and local per pupil revenue for school operating
17 purposes under section 11 of article IX of the state constitution
18 of 1963. Pursuant to section 11 of article IX of the state
19 constitution of 1963, this guarantee does not apply to a district
20 in a year in which the district levies a millage rate for school
21 district operating purposes less than it levied in 1994. However,
22 subsection (2) applies to calculating the payments under this
23 section. Funds allocated under this section that are not expended
24 in the state fiscal year for which they were allocated, as
25 determined by the department, may be used to supplement the
26 allocations under sections 22b and 51c in order to fully fund those
27 calculated allocations for the same fiscal year.

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

6 (a) Except as otherwise provided in this subsection, the state
7 portion of a district's 1994-95 foundation allowance is an amount
8 equal to the district's 1994-95 foundation allowance or \$6,500.00,
9 whichever is less, minus the difference between the sum of the
10 product of the taxable value per membership pupil of all property
11 in the district that is nonexempt property times the district's
12 certified mills and, for a district with certified mills exceeding
13 12, the product of the taxable value per membership pupil of
14 property in the district that is commercial personal property times
15 the certified mills minus 12 mills and the quotient of the ad
16 valorem property tax revenue of the district captured under tax
17 increment financing acts divided by the district's membership. For
18 a district that has a millage reduction required under section 31
19 of article IX of the state constitution of 1963, the state portion
20 of the district's foundation allowance shall be calculated as if
21 that reduction did not occur.

22 (b) For a district that had a 1994-95 foundation allowance
23 greater than \$6,500.00, the state payment under this subsection
24 shall be the sum of the amount calculated under subdivision (a)
25 plus the amount calculated under this subdivision. The amount
26 calculated under this subdivision shall be equal to the difference
27 between the district's 1994-95 foundation allowance minus \$6,500.00

1 and the current year hold harmless school operating taxes per
2 pupil. If the result of the calculation under subdivision (a) is
3 negative, the negative amount shall be an offset against any state
4 payment calculated under this subdivision. If the result of a
5 calculation under this subdivision is negative, there shall not be
6 a state payment or a deduction under this subdivision. The taxable
7 values per membership pupil used in the calculations under this
8 subdivision are as adjusted by ad valorem property tax revenue
9 captured under tax increment financing acts divided by the
10 district's membership.

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

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

25 (5) For a district that is formed or reconfigured after June
26 1, 2000 by consolidation of 2 or more districts or by annexation,
27 the resulting district's 1994-95 foundation allowance under this

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

13 (6) As used in this section:

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

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

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

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

27 (e) "Hold harmless millage" means, for a district with a 1994-

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

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

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

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

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

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

25 (k) "Qualifying university school" means a university school
26 that was in operation in the 1994-95 school year and is in
27 operation in the current fiscal year.

1 (1) "School operating taxes" means local ad valorem property
2 taxes levied under section 1211 of the revised school code, MCL
3 380.1211, and retained for school operating purposes.

4 (m) "Tax increment financing acts" means 1975 PA 197, MCL
5 125.1651 to 125.1681, the tax increment finance authority act, 1980
6 PA 450, MCL 125.1801 to 125.1830, the local development financing
7 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
8 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
9 or the corridor improvement authority act, 2005 PA 280, MCL
10 125.2871 to 125.2899.

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

13 (i) For the number of mills by which the exemption from the
14 levy of school operating taxes on a homestead, qualified
15 agricultural property, qualified forest property, industrial
16 personal property, and commercial personal property may be reduced
17 as provided in section 1211 of the revised school code, MCL
18 380.1211, the taxable value of homestead, qualified agricultural
19 property, qualified forest property, industrial personal property,
20 and commercial personal property for the calendar year ending in
21 the current state fiscal year.

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

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

1 allocated an amount not to exceed ~~\$3,683,275,000.00~~
2 **\$3,802,000,000.00** for ~~2007-2008~~ and an amount not to exceed
3 ~~\$3,796,750,000.00~~ for 2008-2009 **AND AN AMOUNT NOT TO EXCEED**
4 **\$3,647,677,700.00 FOR 2009-2010** for discretionary nonmandated
5 payments to districts under this section. Funds allocated under
6 this section that are not expended in the state fiscal year for
7 which they were allocated, as determined by the department, may be
8 used to supplement the allocations under sections 22a and 51c in
9 order to fully fund those calculated allocations for the same
10 fiscal year.

11 (2) Subject to subsection (3) and section 11, the allocation
12 to a district under this section shall be an amount equal to the
13 sum of the amounts calculated under sections 20, 20j, 51a(2),
14 51a(3), and 51a(12), minus the sum of the allocations to the
15 district under sections 22a and 51c **AND, FOR 2009-2010 ONLY, MINUS**
16 **AN ADDITIONAL AMOUNT EQUAL TO \$59.00 TIMES THE DISTRICT'S 2009-2010**
17 **MEMBERSHIP.**

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

20 (a) Administer in each grade level that it operates in grades
21 1 to 5 a standardized assessment approved by the department of
22 grade-appropriate basic educational skills. A district may use the
23 Michigan literacy progress profile to satisfy this requirement for
24 grades 1 to 3. Also, if the revised school code is amended to
25 require annual assessments at additional grade levels, in order to
26 receive an allocation under this section each district shall comply
27 with that requirement.

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

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

6 (d) Comply with section 1230g of the revised school code, MCL
7 380.1230g.

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

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

21 (6) It is the intent of the legislature that all
22 constitutional obligations of this state have been fully funded
23 under sections 22a, 31d, 51a, and 51c. If a claim is made by an
24 entity receiving funds under this act that challenges the
25 legislative determination of the adequacy of this funding or
26 alleges that there exists an unfunded constitutional requirement,
27 the state budget director may escrow or allocate from the

1 discretionary funds for nonmandated payments under this section the
2 amount as may be necessary to satisfy the claim before making any
3 payments to districts under subsection (2). If funds are escrowed,
4 the escrowed funds are a work project appropriation and the funds
5 are carried forward into the following fiscal year. The purpose of
6 the work project is to provide for any payments that may be awarded
7 to districts as a result of litigation. The work project shall be
8 completed upon resolution of the litigation.

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

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

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

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

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

24 Sec. 24. (1) From the appropriation in section 11, there is
25 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed
26 \$8,000,000.00 for payments to the educating district or
27 intermediate district for educating pupils assigned by a court or

1 the department of human services to reside in or to attend a
2 juvenile detention facility or child caring institution licensed by
3 the department of human services and approved by the department to
4 provide an on-grounds education program. The amount of the payment
5 under this section to a district or intermediate district shall be
6 calculated as prescribed under subsection (2).

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

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

27 (b) "Department's approved per pupil allocation" for a

1 district or intermediate district shall be determined by dividing
2 the total amount allocated under this section for a fiscal year by
3 the full-time equated membership total for all pupils approved by
4 the department to be funded under this section for that fiscal year
5 for the district or intermediate district.

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

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

17 Sec. 24a. From the appropriation in section 11, there is
18 allocated an amount not to exceed ~~\$2,828,500.00~~ **\$2,523,200.00** for
19 ~~2008-2009~~ **2009-2010** for payments to intermediate districts for
20 pupils who are placed in juvenile justice service facilities
21 operated by the department of human services. Each intermediate
22 district shall receive an amount equal to the state share of those
23 costs that are clearly and directly attributable to the educational
24 programs for pupils placed in facilities described in this section
25 that are located within the intermediate district's boundaries. The
26 intermediate districts receiving payments under this section shall
27 cooperate with the department of human services to ensure that all

1 funding allocated under this section is utilized by the
2 intermediate district and department of human services for
3 educational programs for pupils described in this section. Pupils
4 described in this section are not eligible to be funded under
5 section 24. However, a program responsibility or other fiscal
6 responsibility associated with these pupils shall not be
7 transferred from the department of human services to a district or
8 intermediate district unless the district or intermediate district
9 consents to the transfer.

10 Sec. 24c. From the appropriation in section 11, there is
11 allocated an amount not to exceed ~~\$1,284,600.00~~ **\$1,295,100.00** for
12 ~~2008-2009~~ **2009-2010** for payments to districts for pupils who are
13 enrolled in a nationally administered community-based education and
14 youth mentoring program, known as the youth challenge program, that
15 is located within the district and is administered by the
16 department of military and veterans affairs. A district receiving
17 payments under this section shall contract with the department of
18 military and veterans affairs to ensure that all funding allocated
19 under this section is utilized by the district and the department
20 of military and veterans affairs for the youth challenge program.

21 Sec. 26a. From the state school aid fund appropriation in
22 section 11, there is allocated an amount not to exceed
23 ~~\$41,400,000.00~~ **\$26,300,000.00** for 2008-2009, and from the general
24 fund appropriation in section 11, there is allocated an amount not
25 to exceed ~~\$16,100,000.00~~ **\$9,200,000.00** for 2008-2009 to reimburse
26 districts, intermediate districts, and the state school aid fund
27 pursuant to section 12 of the Michigan renaissance zone act, 1996

1 PA 376, MCL 125.2692, for taxes levied in 2008. FROM THE STATE
2 SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN
3 AMOUNT NOT TO EXCEED \$29,400,000.00 FOR 2009-2010, AND FROM THE
4 GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN
5 AMOUNT NOT TO EXCEED \$10,100,000.00 FOR 2009-2010 TO REIMBURSE
6 DISTRICTS, INTERMEDIATE DISTRICTS, AND THE STATE SCHOOL AID FUND
7 PURSUANT TO SECTION 12 OF THE MICHIGAN RENAISSANCE ZONE ACT, 1996
8 PA 376, MCL 125.2692, FOR TAXES LEVIED IN 2009. The allocations
9 shall be made not later than 60 days after the department of
10 treasury certifies to the department and to the state budget
11 director that the department of treasury has received all necessary
12 information to properly determine the amounts due to each eligible
13 recipient.

14 Sec. 26b. (1) From the appropriation in section 11, there is
15 allocated for ~~2008-2009~~ 2009-2010 an amount not to exceed
16 \$3,400,000.00 for payments to districts, intermediate districts,
17 and community college districts for the portion of the payment in
18 lieu of taxes obligation that is attributable to districts,
19 intermediate districts, and community college districts pursuant to
20 section 2154 of the natural resources and environmental protection
21 act, 1994 PA 451, MCL 324.2154.

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

26 Sec. 29. (1) From the appropriation in section 11, there is
27 allocated an amount not to exceed \$20,000,000.00 ~~each fiscal year~~

1 ~~for 2007-2008 and for 2008-2009~~ **FOR 2009-2010** for additional
2 payments to eligible districts for declining enrollment assistance.

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

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

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

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

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

24 (4) For the purposes of this section, "average pupil
25 membership" means the average of the district's membership for the
26 3-fiscal-year period ending with the current fiscal year,
27 calculated by adding the district's actual membership for each of

1 those 3 fiscal years, as otherwise calculated under section 6, and
2 dividing the sum of those 3 membership figures by 3.

3 Sec. 31a. (1) From the state school aid fund money
4 appropriated in section 11, there is allocated for ~~2008-2009~~ 2009-
5 2010 an amount not to exceed ~~\$320,350,000.00~~ **\$314,475,000.00** for
6 payments to eligible districts and eligible public school academies
7 under this section. Subject to subsection (14), the amount of the
8 additional allowance under this section, other than funding under
9 subsection (6) or (7), shall be based on the number of actual
10 pupils in membership in the district or public school academy who
11 met the income eligibility criteria for free breakfast, lunch, or
12 milk in the immediately preceding state fiscal year, as determined
13 under the Richard B. Russell national school lunch act, 42 USC 1751
14 to 1769i, and reported to the department by October 31 of the
15 immediately preceding fiscal year and adjusted not later than
16 December 31 of the immediately preceding fiscal year. However, for
17 a public school academy that began operations as a public school
18 academy after the pupil membership count day of the immediately
19 preceding school year, the basis for the additional allowance under
20 this section shall be the number of actual pupils in membership in
21 the public school academy who met the income eligibility criteria
22 for free breakfast, lunch, or milk in the current state fiscal
23 year, as determined under the Richard B. Russell national school
24 lunch act.

25 (2) To be eligible to receive funding under this section,
26 other than funding under subsection (6) or (7), a district or
27 public school academy that has not been previously determined to be

1 eligible shall apply to the department, in a form and manner
2 prescribed by the department, and a district or public school
3 academy must meet all of the following:

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

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

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

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

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

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

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

26 (6) From the funds allocated under subsection (1), there is
27 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed

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

22 (7) From the funds allocated under subsection (1), there is
23 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed
24 \$5,150,000.00 for the state portion of the hearing and vision
25 screenings as described in section 9301 of the public health code,
26 1978 PA 368, MCL 333.9301. A local public health department shall
27 pay at least 50% of the total cost of the screenings. The frequency

1 of the screenings shall be as required under R 325.13091 to R
2 325.13096 and R 325.3271 to R 325.3276 of the Michigan
3 administrative code. Funds shall be awarded in a form and manner
4 approved jointly by the department and the department of community
5 health. Notwithstanding section 17b, payments to eligible entities
6 under this subsection shall be paid on a schedule determined by the
7 department.

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

25 (9) In order to receive funds under this section, a district
26 or public school academy shall allow access for the department or
27 the department's designee to audit all records related to the

1 program for which it receives those funds. The district or public
2 school academy shall reimburse the state for all disallowances
3 found in the audit.

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

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

26 (12) For an individual school or schools operated by a
27 district or public school academy receiving funds under this

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

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

26 (a) Monitors individual pupil learning and provides specific
27 support or learning strategies to pupils as early as possible in

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

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

22 (14) If necessary, and before any proration required under
23 section 11, the department shall prorate payments under this
24 section by reducing the amount of the per pupil payment under this
25 section by a dollar amount calculated by determining the amount by
26 which the amount necessary to fully fund the requirements of this
27 section exceeds the maximum amount allocated under this section and

1 then dividing that amount by the total statewide number of pupils
2 who met the income eligibility criteria for free breakfast, lunch,
3 or milk in the immediately preceding fiscal year, as described in
4 subsection (1).

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

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

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

~~10 (17) A district that does not meet the eligibility requirement
11 under subsection (2)(a) is eligible for funding under this section
12 if at least 75% of the pupils in membership in the district met the
13 income eligibility criteria for free breakfast, lunch, or milk in
14 the immediately preceding state fiscal year, as determined and
15 reported as described in subsection (1), the district receives an
16 adjustment under section 20(19), and the district does not receive
17 any state portion of its foundation allowance as calculated under
18 section 20. A district that is eligible for funding under this
19 section because the district meets the requirements of this
20 subsection shall receive under this section for each membership
21 pupil in the district who met the income eligibility criteria for
22 free breakfast, lunch, or milk in the immediately preceding fiscal
23 year, as determined and reported as described in subsection (1), an
24 amount per pupil equal to 11.5% of the sum of the district's
25 foundation allowance under section 20, not to exceed the basic
26 foundation allowance under section 20 for the current state fiscal
27 year.~~

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

1 Sec. 31d. (1) From the appropriations in section 11, there is
2 allocated an amount not to exceed \$22,495,100.00 for ~~2008-2009~~
3 **2009-2010** for the purpose of making payments to districts and other
4 eligible entities under this section.

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

14 (3) The payments made under this section include all state
15 payments made to districts so that each district receives at least
16 6.0127% of the necessary costs of operating the state mandated
17 portion of the school lunch program in a fiscal year.

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

24 (5) From the federal funds appropriated in section 11, there
25 is allocated for ~~2008-2009~~ **2009-2010** all available federal funding,
26 estimated at \$330,000,000.00, for the national school lunch program
27 and all available federal funding, estimated at \$2,506,000.00, for

1 the emergency food assistance program.

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

5 Sec. 31f. (1) From the appropriations in section 11, there is
6 allocated an amount not to exceed \$9,625,000.00 for ~~2008-2009~~ 2009-
7 2010 for the purpose of making payments to districts to reimburse
8 for the cost of providing breakfast.

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

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

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

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

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

27 Sec. 32b. (1) From the funds appropriated under section 11,

1 there is allocated an amount not to exceed \$6,750,000.00 for ~~2008-~~
2 ~~2009~~ 2009-2010 for competitive grants to intermediate districts for
3 the creation and continuance of great start communities or other
4 community purposes as identified by the early childhood investment
5 corporation. These dollars may not be expended until both of the
6 following conditions have been met:

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

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

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

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

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

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

27 (b) Identification of local resources and services for

1 children with disabilities, developmental delays, or special needs
2 and their families.

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

5 (d) Evaluation of local programs.

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

16 (5) An intermediate district receiving funds under this
17 section may carry over any unexpended funds received under this
18 section into the next fiscal year and may expend those unused funds
19 in the next fiscal year. A recipient of a grant shall return any
20 unexpended grant funds to the department in the manner prescribed
21 by the department not later than September 30 of the next fiscal
22 year after the fiscal year in which the funds are received.

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

25 Sec. 32d. (1) ~~From~~ **FOR 2009-2010, FROM** the state school aid
26 fund ~~money appropriated under~~ **APPROPRIATION IN** section 11, there is
27 allocated an amount not to exceed \$88,100,000.00 **TO ELIGIBLE**

1 DISTRICTS FOR GREAT START READINESS PROGRAMS AND FROM THE GENERAL
2 FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT
3 TO EXCEED \$15,150,000.00 for 2008-2009 for **COMPETITIVE** great start
4 readiness or preschool and parenting program grants. to enable
5 eligible districts as determined under section 37, to develop or
6 expand, in conjunction with whatever federal funds may be available
7 to the district and its community, including, but not limited to,
8 federal funds under title I of the elementary and secondary
9 education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of
10 the Hawkins Stafford elementary and secondary school improvement
11 amendments of 1988, Public Law 100-297, and the head start act, 42
12 USC 9831 to 9852, **FUNDS ALLOCATED UNDER THIS SECTION SHALL BE USED**
13 **TO PROVIDE** part-day or full-day comprehensive **FREE** compensatory
14 programs designed to ~~do 1 or both of the following:~~
15 ——— (a) ~~Improve~~ **IMPROVE** the readiness and subsequent achievement
16 of educationally disadvantaged children as defined by the
17 department who will be at least 4, but less than 5 years of age, as
18 of December 1 of the school year in which the programs are offered,
19 and who show evidence of 2 or more risk factors as defined in **BY**
20 the state board. ~~report entitled "children at risk" that was~~
21 ~~adopted by the state board on April 5, 1988. To the extent~~
22 ~~allowable under federal law, a district shall not use funds~~
23 ~~received under this section to supplant any federal funds received~~
24 ~~by the district or its community. For the purposes of this section,~~
25 ~~"supplant" means to serve children eligible for a federally funded~~
26 ~~existing preschool program that has capacity to serve those~~
27 ~~children.~~

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

8 ~~—— (2) A comprehensive free compensatory program funded under~~
9 ~~this section shall include an age appropriate educational~~
10 ~~curriculum, as described in the early childhood standards of~~
11 ~~quality for prekindergarten children adopted by the state board,~~
12 ~~that prepares children for success in school, including language,~~
13 ~~early literacy, and early mathematics. In addition, the~~
14 ~~comprehensive program shall include nutritional services, health~~
15 ~~and developmental screening as described in the early childhood~~
16 ~~standards of quality for prekindergarten for participating~~
17 ~~children, a plan for parent and legal guardian involvement, and~~
18 ~~provision of referral services for families eligible for community~~
19 ~~social services. DISTRICTS SHALL COMPLY WITH THIS SECTION AND~~
20 ~~SECTION 39 IN ORDER TO BE ELIGIBLE TO RECEIVE PAYMENTS. ELIGIBLE~~
21 ~~COMPETITIVE GRANT RECIPIENTS SHALL COMPLY WITH THIS SECTION AND~~
22 ~~SECTION 32L IN ORDER TO RECEIVE COMPETITIVE GRANT PAYMENTS.~~

23 ~~—— (3) (2) In addition to the allocation under subsection (1),~~
24 ~~from the general fund money appropriated under section 11, there is~~
25 ~~allocated an amount not to exceed \$279,100.00 \$300,000.00 for 2008-~~
26 ~~2009 2009-1010 for a competitive grant to continue a longitudinal~~
27 ~~evaluation of children who have participated in the great start~~

1 readiness ~~program~~ PROGRAMS.

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

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

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

15 (C) NUTRITIONAL SERVICES FOR ALL PROGRAM PARTICIPANTS.

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

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

19 (F) ACTIVE AND CONTINUOUS INVOLVEMENT OF THE PARENTS OR
20 GUARDIANS OF THE PROGRAM PARTICIPANTS.

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

24 (H) PARTICIPATION IN A MULTIDISTRICT, MULTIAGENCY, SCHOOL
25 READINESS ADVISORY COMMITTEE THAT PROVIDES FOR THE INVOLVEMENT OF
26 CLASSROOM TEACHERS, PARENTS OR GUARDIANS OF PROGRAM PARTICIPANTS,
27 AND COMMUNITY, VOLUNTEER, AND SOCIAL SERVICE AGENCIES AND

1 ORGANIZATIONS, AS APPROPRIATE. THE ADVISORY COMMITTEE SHALL REVIEW
2 THE PROGRAM COMPONENTS LISTED IN THIS SUBSECTION AND MAKE
3 RECOMMENDATIONS FOR CHANGES TO THE GREAT START READINESS PROGRAM
4 FOR WHICH IT IS AN ADVISORY COMMITTEE.

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

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

12 (A) ENSURE COMPLIANCE WITH ALL PROGRAM COMPONENTS DESCRIBED IN
13 SUBSECTION (3).

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

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

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

1 FEDERAL FUNDS BY THE APPLICANT TO SERVE CHILDREN ELIGIBLE FOR A
2 FEDERALLY FUNDED EXISTING PRESCHOOL PROGRAM THAT HAS THE CAPACITY
3 TO SERVE THOSE CHILDREN.

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

16 ~~————(4)——~~(6) A district OR CONSORTIUM OF DISTRICTS receiving a
17 grant under this section may contract with for-profit or nonprofit
18 preschool center providers that meet all provisions of ~~the early~~
19 ~~childhood standards of quality for prekindergarten children adopted~~
20 ~~by the state board for the provision of the comprehensive~~
21 ~~compensatory program~~ SUBSECTION (3) and retain for administrative
22 services an amount equal to not more than 5% of the grant amount. A
23 district OR CONSORTIUM OF DISTRICTS may expend not more than 10% of
24 the total grant amount for administration of the program.

25 (7) ANY PUBLIC OR PRIVATE FOR-PROFIT OR NONPROFIT LEGAL ENTITY
26 OR AGENCY MAY APPLY FOR A COMPETITIVE GRANT UNDER THIS SECTION.
27 HOWEVER, A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT APPLY FOR A

1 COMPETITIVE GRANT UNDER THIS SECTION UNLESS THE DISTRICT,
2 INTERMEDIATE DISTRICT, OR CONSORTIUM IS ACTING AS A LOCAL GRANTEE
3 FOR THE FEDERAL HEAD START PROGRAM OPERATING UNDER THE HEAD START
4 ACT, 42 USC 9831 TO 9852.

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

19 Sec. 321. ~~(1) From the general fund money appropriated in~~
20 ~~section 11, there is allocated for 2008-2009 an amount not to~~
21 ~~exceed \$15,150,000.00 for competitive great start readiness program~~
22 ~~grants for the purposes of preparing children for success in~~
23 ~~school, through comprehensive part-day or full-day programs that~~
24 ~~include language, early literacy, early mathematics, nutritional~~
25 ~~services, and health and developmental screening, as described in~~
26 ~~the early childhood standards of quality for prekindergarten for~~
27 ~~participating children; a plan for parent and legal guardian~~

1 ~~involvement; and provision of referral services for families~~
2 ~~eligible for community social services. These grants shall be made~~
3 ~~available through a competitive application process as follows:~~

4 ~~—— (a) Any public or private nonprofit legal entity or agency may~~
5 ~~apply for a grant under this section. However, a district or~~
6 ~~intermediate district may not apply for a grant under this section~~
7 ~~unless the district or intermediate district is acting as a local~~
8 ~~grantee for the federal head start program operating under the head~~
9 ~~start act, 42 USC 9831 to 9852.~~

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

12 ~~—— (c) (1) The department shall establish a diverse interagency~~
13 ~~committee to review the applications **FOR COMPETITIVE GRANTS**~~
14 ~~**ALLOCATED UNDER SECTION 32D.** The committee shall be composed of~~
15 ~~representatives of the department, appropriate community,~~
16 ~~volunteer, and social service agencies and organizations, and~~
17 ~~parents.~~

18 ~~—— (d) (2) The superintendent shall award the **COMPETITIVE** grants~~
19 ~~**TO APPLICANTS THAT ARE IN COMPLIANCE WITH SECTION 32D** and shall~~
20 ~~give priority for awarding the **COMPETITIVE** grants based upon the~~
21 ~~following criteria:~~

22 ~~—— (i) Compliance with the state board approved early childhood~~
23 ~~standards of quality for prekindergarten.~~

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

26 ~~—— (iii) Employment of teachers possessing proper training,~~
27 ~~including a valid Michigan teaching certificate with an early~~

1 ~~childhood (ZA) endorsement, a valid Michigan teaching certificate~~
2 ~~with a child development associate credential (CDA), or the~~
3 ~~equivalent from another state, or a bachelor's degree in child~~
4 ~~development with a specialization in preschool teaching. However,~~
5 ~~both of the following apply to this subparagraph:~~

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

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

21 ~~—— (iv) Employment of paraprofessionals possessing proper~~
22 ~~training in early childhood development, including an associate's~~
23 ~~degree in early childhood education or child development or the~~
24 ~~equivalent, or a child development associate (CDA) credential, or~~
25 ~~the equivalent, as approved by the state board. If an applicant~~
26 ~~demonstrates to the department that it is unable to fully comply~~
27 ~~with this subparagraph, after making reasonable efforts to comply,~~

1 ~~the superintendent of public instruction may still give priority to~~
2 ~~an applicant if the applicant will employ paraprofessionals who~~
3 ~~have completed at least 1 course in early childhood education or~~
4 ~~child development if the applicant provides to the department, and~~
5 ~~the department approves, a plan for each paraprofessional to come~~
6 ~~into compliance with the standards in this subparagraph. A~~
7 ~~paraprofessional's compliance plan must be completed within 2 years~~
8 ~~of the date of employment. Progress toward completion of the~~
9 ~~compliance plan shall consist of at least 2 courses or 60 clock~~
10 ~~hours of training per calendar year.~~

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

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

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

27 ~~—— (viii) The program offers or contracts **TO PROGRAMS THAT OFFER**~~

1 **OR CONTRACT** with another nonprofit **OR FOR-PROFIT** early childhood
2 program to provide supplementary day care and thereby offers full-
3 day programs as part of its early childhood development program.

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

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

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

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

24 ~~—— (iii) Review the nutritional services provided to all~~
25 ~~participants.~~

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

- 1 ~~—— (v) Review the collaboration with and the involvement of~~
2 ~~appropriate community, volunteer, and social service agencies and~~
3 ~~organizations in addressing all aspects of education disadvantage.~~
- 4 ~~—— (vi) Review, evaluate, and make recommendations for changes in~~
5 ~~the school readiness program.~~
- 6 ~~—— (vii) Review the agency's participation in a collaborative~~
7 ~~recruitment and enrollment process with, at a minimum, all other~~
8 ~~funded preschool programs that may serve children in the same~~
9 ~~geographic area, including school district part day programs~~
10 ~~described under section 32d and head start programs, to assure that~~
11 ~~each child is enrolled in the program most appropriate to his or~~
12 ~~her needs and to maximize the use of federal, state, and local~~
13 ~~funds. The collaborative recruitment and enrollment process should~~
14 ~~be established to reflect the geographic service areas of the~~
15 ~~collaborative partners. An effective process includes opportunities~~
16 ~~for families to meet with and learn about each program for which~~
17 ~~their child is eligible. A child who is income eligible for head~~
18 ~~start must be referred to head start. If, after referral to head~~
19 ~~start, a family chooses to enroll a head start eligible child in~~
20 ~~the great start readiness program, a waiver indicating that the~~
21 ~~family has been informed of the child's eligibility to attend head~~
22 ~~start must be completed by the family in a form and manner~~
23 ~~determined by the department and submitted to the great start~~
24 ~~readiness program before the child may be enrolled in the great~~
25 ~~start readiness program. The great start readiness program shall~~
26 ~~retain the waiver in the child's enrollment file.~~
- 27 ~~—— (2) To be eligible for a grant under this section, the agency~~

1 ~~must demonstrate participation in a collaborative recruitment and~~
2 ~~enrollment process with all other funded preschool programs serving~~
3 ~~children in the same geographic area to assure that each child is~~
4 ~~enrolled in the program most appropriate to his or her needs.~~

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

9 ~~—— (4) (3) The superintendent may award **COMPETITIVE** grants under~~
10 ~~this section **ALLOCATED UNDER SECTION 32D** at whatever level the~~
11 ~~superintendent determines appropriate. However, the amount of a~~
12 ~~**COMPETITIVE** grant under this section, when combined with other~~
13 ~~sources of state revenue for this program, shall not exceed~~
14 ~~\$3,400.00 per participating child or the cost of the program,~~
15 ~~whichever is less.~~

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

1 ~~——(6)——~~(4) Except as otherwise provided in this subsection, an
2 applicant that received a new grant under this section for 2007-
3 2008 shall also receive priority for funding under this section for
4 2008-2009 and 2009-2010. However, after 3 fiscal years of
5 continuous funding, an applicant is required to compete openly with
6 new programs and other programs completing their third year. All
7 grant awards under this section are contingent on the availability
8 of funds and documented evidence of grantee compliance with early
9 childhood standards of quality for prekindergarten, as approved by
10 the state board, and with all operational, fiscal, administrative,
11 and other program requirements.

12 ~~——(7)——~~(5) Notwithstanding section 17b, **COMPETITIVE GRANT**
13 payments to eligible entities under ~~this section~~ **SECTION 32D** shall
14 be paid on a schedule and in a manner determined by the department.

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

24 (2) The department shall share the administrative duties of
25 operating this program with the department of human services,
26 department of community health, ~~department of history, arts, and~~
27 ~~libraries,~~ and department of **ENERGY**, labor and economic growth.

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

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

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

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

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

25 (D) THE ESTIMATED NUMBER OF CHILDREN WHO MEET THE CRITERIA OF
26 SECTION 32D WHO WILL REMAIN UNSERVED AFTER THE DISTRICT AND
27 COMMUNITY EARLY CHILDHOOD PROGRAMS HAVE MET THEIR FUNDED

1 ENROLLMENTS. THE SCHOOL DISTRICT SHALL MAINTAIN A WAITING LIST OF
2 IDENTIFIED UNSERVED ELIGIBLE CHILDREN WHO WOULD BE SERVED WHEN
3 OPENINGS ARE AVAILABLE.

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

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

19 (4) Beginning in 2008-2009, the initial allocation for each
20 fiscal year to each eligible district under section 32d shall be
21 determined by multiplying the number of children determined ~~in~~
22 ~~section 38~~ BY THE FORMULA UNDER SUBSECTION (3) or the number of
23 children the district indicates it will be able to serve under
24 ~~section 37(2)(e)~~ SUBSECTION (1)(C), whichever is less, by \$3,400.00
25 and shall be distributed among districts in decreasing order of
26 concentration of eligible children as determined by ~~section 38~~ THE
27 FORMULA UNDER SUBSECTION (3). If the number of children a district

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

15 ~~—(2)—~~**(5)** If funds appropriated **FOR ELIGIBLE DISTRICTS** in
16 section 32d remain after the initial allocation under subsection
17 ~~(1)~~ **(4)**, the allocation under this subsection shall be distributed
18 to each eligible district under section 32d in decreasing order of
19 concentration of eligible children as determined by ~~section 38~~ **THE**
20 **FORMULA UNDER SUBSECTION (3)**. The allocation shall be determined by
21 multiplying the number of children each eligible district served in
22 the immediately preceding fiscal year or the number of children the
23 district indicates it will be able to serve under ~~section 37(2)(e)~~,
24 **SUBSECTION (1)(C)** whichever is less, minus the number of children
25 for which the district received funding in subsection ~~(1)~~ **(4)** by
26 \$3,400.00.

27 ~~—(3)—~~**(6)** If funds appropriated **FOR ELIGIBLE DISTRICTS** in

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

15 ~~——(4)—(7)~~ If a district is participating in a program under
16 section 32d for the first year, the maximum allocation under this
17 section is 32 multiplied by \$3,400.00.

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

25 ~~——(6)—(8)~~ A district that offers supplementary day care funded
26 by funds other than those received under this section and therefore
27 offers full-day programs as part of its early childhood development

1 program shall receive priority in the allocation of funds under
2 ~~this section 32D~~ over other eligible districts ~~other than those~~
3 ~~districts funded under subsection (5)~~.

4 ~~——(7)—~~**(9)** For any district with 315 or more eligible pupils, the
5 number of eligible pupils shall be 65% of the number calculated
6 ~~under section 38~~ **USING THE FORMULA UNDER SUBSECTION (3)**. However,
7 none of these districts may have less than 315 pupils for purposes
8 of calculating the tentative allocation **FOR ELIGIBLE DISTRICTS**
9 under section 32d.

10 ~~——(8)—~~**(10)** If, taking into account the total amount to be
11 allocated to the district as calculated under this section, a
12 district determines that it is able to include additional eligible
13 children in the great start readiness program without additional
14 funds under ~~this section 32D~~, the district may include additional
15 eligible children but shall not receive additional funding under
16 ~~this section 32D~~ for those children.

17 ~~——(9) For a district that enrolls pupils in a full day program~~
18 ~~under section 32d, each child enrolled in the full day program~~
19 ~~shall be counted as 2 children served by the program for purposes~~
20 ~~of determining the number of children to be served and for~~
21 ~~determining the allocation under section 32d. A district's~~
22 ~~allocation shall not be increased solely on the basis of providing~~
23 ~~a full day program.~~

24 ~~——(10) As used in this section, "part day program" means a~~
25 ~~program that operates at least 4 days per week, 30 weeks per year,~~
26 ~~with at least 300 hours of teacher child contact, and "full day~~
27 ~~program" means a program that operates for at least the same length~~

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

5 (11) A CONSORTIUM OF 2 OR MORE DISTRICTS SHALL BE ELIGIBLE FOR
6 AN ALLOCATION UNDER SECTION 32D IF THE DISTRICTS DESIGNATE A
7 DISTRICT OR INTERMEDIATE DISTRICT TO SERVE AS THE FISCAL AGENT FOR
8 THE CONSORTIUM'S ALLOCATION. A CONSORTIUM SHALL SUBMIT A SINGLE
9 APPLICATION FOR THE TOTAL NUMBER OF CHILDREN TO BE SERVED. THE
10 CONSORTIUM MAY DECIDE, WITH APPROVAL OF ALL CONSORTIUM MEMBERS, TO
11 SERVE NUMBERS OF CHILDREN BASED ON THE ALLOCATION TO EACH DISTRICT
12 OR BASED ON THE ALLOCATION TO THE ENTIRE CONSORTIUM, ALLOWING
13 CHILDREN RESIDING IN ANY DISTRICT IN THE CONSORTIUM TO BE SERVED BY
14 THE CONSORTIUM AT ANY LOCATION.

15 Sec. 39a. (1) From the federal funds appropriated in section
16 11, there is allocated for ~~2008-2009~~ 2009-2010 to districts,
17 intermediate districts, and other eligible entities all available
18 federal funding, estimated at \$752,987,500.00, for the federal
19 programs under the no child left behind act of 2001, Public Law
20 107-110. These funds are allocated as follows:

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

25 (b) An amount estimated at \$7,461,800.00 for the purpose of
26 improving teaching and learning through a more effective use of
27 technology, funded from DED-OESE, educational technology state

1 grant funds.

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

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

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

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

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

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

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

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

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

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

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

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

21 (ii) Funds shall be used to leverage other private and public
22 funding to engage the public and private sectors in building and
23 sustaining high-quality out-of-school-time programs and resources.
24 The co-chairs, representing the department and the department of
25 human services, shall name a fiduciary agent and may authorize the
26 fiduciary to expend funds and hire people to accomplish the work of
27 the Michigan after-school partnership.

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

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

15 (2) From the federal funds appropriated in section 11, there
16 is allocated for ~~2008-2009~~ **2009-2010** to districts, intermediate
17 districts, and other eligible entities all available federal
18 funding, estimated at \$32,559,700.00, for the following programs
19 that are funded by federal grants:

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

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

26 (c) An amount estimated at \$200,000.00 for refugee children
27 school impact grants, funded from HHS-ACF, refugee children school

1 impact funds.

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

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

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

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

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

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

25 (d) A structured mentoring-tutorial reading program for pupils
26 in preschool to grade 4 that is a research-based, validated program
27 that develops individualized educational plans based on each

1 pupil's age, assessed needs, reading level, interests, and learning
2 style.

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

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

11 (5) As used in this section:

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

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

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

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

19 (e) "HHS-ACF" means the HHS administration for children and
20 families.

21 Sec. 51a. (1) From the appropriation in section 11, there is
22 allocated for 2008-2009 an amount not to exceed ~~\$1,023,783,000.00~~
23 **\$1,018,533,000.00 AND FOR 2009-2010 AN AMOUNT NOT TO EXCEED**
24 **\$1,064,683,000.00** from state sources and all available federal
25 funding under sections 611 to 619 of part B of the individuals with
26 disabilities education act, 20 USC 1411 to 1419, estimated at
27 \$350,700,000.00, plus any carryover federal funds from previous

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

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

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

8 (a) The initial amount allocated to a district under this
9 subsection toward fulfilling the specified percentages shall be
10 calculated by multiplying the district's special education pupil
11 membership, excluding pupils described in subsection (12), times
12 the sum of the foundation allowance under section 20 of the pupil's
13 district of residence plus the amount of the district's per pupil
14 allocation under section 20j(2), not to exceed the basic foundation
15 allowance under section 20 for the current fiscal year, or, for a
16 special education pupil in membership in a district that is a
17 public school academy or university school, times an amount equal
18 to the amount per membership pupil calculated under section 20(6).
19 For an intermediate district, the amount allocated under this
20 subdivision toward fulfilling the specified percentages shall be an
21 amount per special education membership pupil, excluding pupils
22 described in subsection (12), and shall be calculated in the same
23 manner as for a district, using the foundation allowance under
24 section 20 of the pupil's district of residence, not to exceed the
25 basic foundation allowance under section 20 for the current fiscal
26 year, and that district's per pupil allocation under section
27 20j(2).

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

6 (3) From the funds allocated under subsection (1), there is
7 allocated for 2008-2009 the amount necessary, estimated at
8 ~~\$1,600,000.00~~, **\$1,200,000.00 AND FOR 2009-2010 THE AMOUNT**
9 **NECESSARY, ESTIMATED AT \$300,000.00** to make payments to districts
10 and intermediate districts under this subsection. If the amount
11 allocated to a district or intermediate district for a fiscal year
12 under subsection (2)(b) is less than the sum of the amounts
13 allocated to the district or intermediate district for 1996-97
14 under sections 52 and 58, there is allocated to the district or
15 intermediate district for the fiscal year an amount equal to that
16 difference, adjusted by applying the same proration factor that was
17 used in the distribution of funds under section 52 in 1996-97 as
18 adjusted to the district's or intermediate district's necessary
19 costs of special education used in calculations for the fiscal
20 year. This adjustment is to reflect reductions in special education
21 program operations or services between 1996-97 and subsequent
22 fiscal years. Adjustments for reductions in special education
23 program operations or services shall be made in a manner determined
24 by the department and shall include adjustments for program or
25 service shifts.

26 (4) If the department determines that the sum of the amounts
27 allocated for a fiscal year to a district or intermediate district

1 under subsection (2)(a) and (b) is not sufficient to fulfill the
2 specified percentages in subsection (2), then the shortfall shall
3 be paid to the district or intermediate district during the fiscal
4 year beginning on the October 1 following the determination and
5 payments under subsection (3) shall be adjusted as necessary. If
6 the department determines that the sum of the amounts allocated for
7 a fiscal year to a district or intermediate district under
8 subsection (2)(a) and (b) exceeds the sum of the amount necessary
9 to fulfill the specified percentages in subsection (2), then the
10 department shall deduct the amount of the excess from the
11 district's or intermediate district's payments under this act for
12 the fiscal year beginning on the October 1 following the
13 determination and payments under subsection (3) shall be adjusted
14 as necessary. However, if the amount allocated under subsection
15 (2)(a) in itself exceeds the amount necessary to fulfill the
16 specified percentages in subsection (2), there shall be no
17 deduction under this subsection.

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

26 (6) From the amount allocated in subsection (1), there is
27 allocated an amount not to exceed \$2,200,000.00 for 2008-2009 **AND**

1 2009-2010 to reimburse 100% of the net increase in necessary costs
2 incurred by a district or intermediate district in implementing the
3 revisions in the administrative rules for special education that
4 became effective on July 1, 1987. As used in this subsection, "net
5 increase in necessary costs" means the necessary additional costs
6 incurred solely because of new or revised requirements in the
7 administrative rules minus cost savings permitted in implementing
8 the revised rules. Net increase in necessary costs shall be
9 determined in a manner specified by the department.

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

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

1 services, with the exception of special education programs and
2 services provided to youth placed in child caring institutions or
3 juvenile detention programs approved by the department to provide
4 an on-grounds education program.

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

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

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

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

21 ~~——(e)—~~(D) Beginning with calculations for 2004-2005, if an
22 intermediate district purchases a special education pupil
23 transportation service from a constituent district that was
24 previously purchased from a private entity; if the purchase from
25 the constituent district is at a lower cost, adjusted for changes
26 in fuel costs; and if the cost shift from the intermediate district
27 to the constituent does not result in any net change in the revenue

1 the constituent district receives from payments under sections 22b
2 and 51c, then upon application by the intermediate district, the
3 department shall direct the intermediate district to continue to
4 report the cost associated with the specific identified special
5 education pupil transportation service and shall adjust the costs
6 reported by the constituent district to remove the cost associated
7 with that specific service.

8 (8) From the allocation in subsection (1), there is allocated
9 **EACH YEAR** for 2008-2009 **AND 2009-2010** an amount not to exceed
10 \$15,313,900.00 to intermediate districts. The payment under this
11 subsection to each intermediate district shall be equal to the
12 amount of the 1996-97 allocation to the intermediate district under
13 subsection (6) of this section as in effect for 1996-97.

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

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

25 (11) If a district or intermediate district uses money
26 received under this section for a purpose other than the purpose or
27 purposes for which the money is allocated, the department may

1 require the district or intermediate district to refund the amount
2 of money received. Money that is refunded shall be deposited in the
3 state treasury to the credit of the state school aid fund.

4 (12) From the funds allocated in subsection (1), there is
5 allocated the amount necessary, estimated at ~~\$7,100,000.00~~
6 **\$7,900,000.00** for 2008-2009 **AND AN AMOUNT NECESSARY, ESTIMATED AT**
7 **\$8,500,000.00 FOR 2009-2010**, to pay the foundation allowances for
8 pupils described in this subsection. The allocation to a district
9 under this subsection shall be calculated by multiplying the number
10 of pupils described in this subsection who are counted in
11 membership in the district times the sum of the foundation
12 allowance under section 20 of the pupil's district of residence
13 plus the amount of the district's per pupil allocation under
14 section 20j(2), not to exceed the basic foundation allowance under
15 section 20 for the current fiscal year, or, for a pupil described
16 in this subsection who is counted in membership in a district that
17 is a public school academy or university school, times an amount
18 equal to the amount per membership pupil under section 20(6). The
19 allocation to an intermediate district under this subsection shall
20 be calculated in the same manner as for a district, using the
21 foundation allowance under section 20 of the pupil's district of
22 residence, not to exceed the basic foundation allowance under
23 section 20 for the current fiscal year, and that district's per
24 pupil allocation under section 20j(2). This subsection applies to
25 all of the following pupils:

26 (a) Pupils described in section 53a.

27 (b) Pupils counted in membership in an intermediate district

1 who are not special education pupils and are served by the
2 intermediate district in a juvenile detention or child caring
3 facility.

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

7 (13) If it is determined that funds allocated under subsection
8 (2) or (12) or under section 51c will not be expended, funds up to
9 the amount necessary and available may be used to supplement the
10 allocations under subsection (2) or (12) or under section 51c in
11 order to fully fund those allocations. After payments under
12 subsections (2) and (12) and section 51c, the remaining
13 expenditures from the allocation in subsection (1) shall be made in
14 the following order:

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

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

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

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

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

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

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

25 (15) If a public school academy enrolls pursuant to this
26 section a pupil who resides outside of the intermediate district in
27 which the public school academy is located and who is eligible for

1 special education programs and services according to statute or
2 rule, or who is a child with disabilities, as defined under the
3 individuals with disabilities education act, Public Law 108-446,
4 the provision of special education programs and services and the
5 payment of the added costs of special education programs and
6 services for the pupil are the responsibility of the district and
7 intermediate district in which the pupil resides unless the
8 enrolling district or intermediate district has a written agreement
9 with the district or intermediate district in which the pupil
10 resides or the public school academy for the purpose of providing
11 the pupil with a free appropriate public education and the written
12 agreement includes at least an agreement on the responsibility for
13 the payment of the added costs of special education programs and
14 services for the pupil.

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

1 fiscal year.

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

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

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

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

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

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

25 Sec. 53a. (1) For districts, reimbursement for pupils
26 described in subsection (2) shall be 100% of the total approved
27 costs of operating special education programs and services approved

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

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

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

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

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

23 (d) Pupils enrolled in a department-approved on-grounds
24 educational program longer than 180 days, but not longer than 233
25 days, at a residential child care institution, if the child care
26 institution offered in 1991-92 an on-grounds educational program
27 longer than 180 days but not longer than 233 days.

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

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

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

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

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

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

1 psychological and educational assessment.

2 (2) The lending library shall make test assessment materials
3 available through borrowing to districts and intermediate
4 districts. The lending library shall also provide information about
5 the lending library at meetings and conferences for school
6 personnel and shall develop a website to describe the services
7 offered by the lending library. The lending library also shall mail
8 information about the services offered by the lending library to
9 all districts and intermediate districts.

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

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

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

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

25 (2) From the allocation under section 51a(1), there is
26 allocated an amount not to exceed \$36,881,100.00 for ~~2008-2009~~
27 **2009-2010** to reimburse intermediate districts levying millages for

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

10 (3) Reimbursement for those millages levied in ~~2007-2008~~ **2008-**
11 **2009** shall be made in ~~2008-2009~~ **2009-2010** at an amount per ~~2007-~~
12 ~~2008~~ **2008-2009** membership pupil computed by subtracting from
13 ~~\$172,800.00~~ **\$179,700.00** the ~~2007-2008~~ **2008-2009** taxable value
14 behind each membership pupil and multiplying the resulting
15 difference by the ~~2007-2008~~ **2008-2009** millage levied.

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

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

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

19 ~~From the allocation in subsection (1), there is allocated~~
20 ~~an amount not to exceed \$388,700.00 for 2008-2009 to intermediate~~
21 ~~districts with constituent districts that had combined state and~~
22 ~~local revenue per membership pupil in the 1994-95 state fiscal year~~
23 ~~of \$6,500.00 or more, served as a fiscal agent for a state board~~
24 ~~designated area vocational education center in the 1993-94 school~~
25 ~~year, and had an adjustment made to their 1994-95 combined state~~
26 ~~and local revenue per membership pupil pursuant to section 20d. The~~
27 ~~payment under this subsection to the intermediate district shall~~

1 ~~equal the amount of the allocation to the intermediate district for~~
2 ~~1996-97 under this subsection.~~

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

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

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

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

27 (i) The district operates the area vocational-technical

1 education program pursuant to a contract with the intermediate
2 district.

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

8 (2) From the appropriation in section 11, there is allocated
9 an amount not to exceed \$9,000,000.00 for ~~2008-2009~~ **2009-2010** to
10 reimburse intermediate districts and area vocational-technical
11 education programs established under section 690(3) of the revised
12 school code, MCL 380.690, levying millages for area vocational-
13 technical education pursuant to sections 681 to 690 of the revised
14 school code, MCL 380.681 to 380.690. The purpose, use, and
15 expenditure of the reimbursement shall be limited as if the funds
16 were generated by those millages.

17 (3) Reimbursement for the millages levied in ~~2007-2008~~ **2008-**
18 **2009** shall be made in ~~2008-2009~~ **2009-2010** at an amount per ~~2007-~~
19 ~~2008~~ **2008-2009** membership pupil computed by subtracting from
20 ~~\$181,900.00~~ **\$189,600.00** the ~~2007-2008~~ **2008-2009** taxable value
21 behind each membership pupil and multiplying the resulting
22 difference by the ~~2008-2009~~ **2009-2010** millage levied.

23 Sec. 64. (1) From the appropriation in section 11, there is
24 allocated an amount not to exceed \$2,000,000.00 for ~~2008-2009~~ **2009-**
25 **2010** for grants to intermediate districts or a district of the
26 first class that are in consortium with a community college or
27 state public university and a hospital **OR OTHER APPROPRIATE ENTITY**

1 to create and implement a middle college focused on the field of
2 health sciences **OR OTHER FIELD AS IDENTIFIED BY THE STATE**
3 **SUPERINTENDENT OF PUBLIC INSTRUCTION.**

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

8 (a) Outreach programs to provide information to middle school
9 and high school students about career opportunities in the health
10 sciences field **OR OTHER FIELD APPROVED BY THE SUPERINTENDENT OF**
11 **PUBLIC INSTRUCTION.**

12 (b) An individualized education plan for each pupil enrolled
13 in the program.

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

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

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

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

26 (4) Beginning in 2006-2007, a district or intermediate
27 district may receive a grant under this section for up to 4

1 consecutive fiscal years. For the first 2 fiscal years of the grant
2 period, the grant amount shall be 100% of the award determined by
3 the department. For each of the remaining 2 fiscal years of the
4 grant period, the grant amount shall be an amount equal to 50% of
5 the recipient's grant amount for the previous fiscal year.

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

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

24 (3) From the allocation in subsection (1), there is allocated
25 each fiscal year the amount necessary to pay the reasonable costs
26 of nonspecial education auxiliary services transportation provided
27 pursuant to section 1323 of the revised school code, MCL 380.1323.

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

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

26 Sec. 81. (1) Except as otherwise provided in this section,
27 from the appropriation in section 11, there is allocated for ~~2008-~~

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

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

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

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

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

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

15 (b) Demonstrate to the satisfaction of the department that the
16 intermediate district employs at least 1 person who is trained in
17 rules, regulations, and district reporting procedures for the
18 individual-level student data that serves as the basis for the
19 calculation of the district and high school graduation and dropout
20 rates.

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

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

26 (e) Comply with section 1230g of the revised school code, MCL
27 380.1230g.

1 (f) Comply with section 761 of the revised school code, MCL
2 380.761.

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

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

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

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

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

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

20 (f) Provide reports to the citizens of this state to allow
21 them to assess allocation of resources and the return on their
22 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) Other functions as assigned by the state budget director.

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

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

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

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

1 (c) One representative from the office of the state budget
2 director.

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

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

6 (f) Three representatives from intermediate school districts.

7 (g) One representative from each of the following educational
8 organizations:

9 (i) Michigan association of school boards.

10 (ii) Michigan association of school administrators.

11 (iii) Michigan school business officials.

12 (h) One representative representing private sector firms
13 responsible for auditing school records.

14 (i) Other representatives as the state budget director
15 determines are necessary.

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

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

23 (b) Defining the roles of all stakeholders in the data
24 collection system.

25 (c) Recommending timelines for the implementation and ongoing
26 collection of data.

27 (d) Establishing and maintaining data definitions, data

1 transmission protocols, and system specifications and procedures
2 for the efficient and accurate transmission and collection of data.

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

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

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

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

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

15 (6) From the general fund appropriation in section 11, there
16 is allocated an amount not to exceed ~~\$4,935,400.00~~ **\$3,435,400.00**
17 for 2008-2009 **AND \$3,486,100.00 FOR 2009-2010** to the department of
18 management and budget to support the operations of the center and
19 the development and implementation of a comprehensive longitudinal
20 data collection management and reporting system that includes
21 student-level data. The center shall cooperate with the state
22 education agency to ensure that this state is in compliance with
23 federal law and is maximizing opportunities for increased federal
24 funding to improve education in this state. In addition, from the
25 federal funds appropriated in section 11 for 2008-2009 **AND 2009-**
26 **2010**, there is allocated the amount necessary, estimated at
27 \$2,793,200.00, in order to fulfill federal reporting requirements.

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

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

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

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

25 (11) As used in this section:

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

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

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

6 Sec. 98. (1) From the state school aid fund money appropriated
7 in section 11, there is allocated an amount not to exceed
8 \$500,000.00 for ~~2008-2009~~ **2009-2010** and from the general fund money
9 appropriated in section 11, there is allocated an amount not to
10 exceed \$1,750,000.00 for ~~2008-2009~~ **2009-2010** to provide a grant to
11 the Michigan virtual university for the development,
12 implementation, and operation of the Michigan virtual high school;
13 to provide professional development opportunities for educators;
14 and to fund other purposes described in this section. In addition,
15 from the federal funds appropriated in section 11, there is
16 allocated for ~~2008-2009~~ **2009-2010** an amount estimated at
17 \$2,700,000.00.

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

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

25 (b) Create statewide instructional models using interactive
26 multimedia tools delivered by electronic means, including, but not
27 limited to, the internet, digital broadcast, or satellite network,

1 for distributed learning at the high school level.

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

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

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

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

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

15 (a) Information technology courses.

16 (b) College level equivalent courses, as defined in section
17 1471 of the revised school code, MCL 380.1471.

18 (c) Courses and dual enrollment opportunities.

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

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

22 (f) Special interest courses.

23 (g) Professional development programs ~~and services for~~

24 ~~teachers~~ **THAT TEACH MICHIGAN EDUCATORS HOW TO DEVELOP AND DELIVER**
25 **ONLINE INSTRUCTIONAL SERVICES.**

26 **(H) COURSES, RESOURCES AND INTERACTIVE LEARNING MATERIALS IN**
27 **THE FIELDS OF SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS FOR**

1 MIDDLE AND HIGH SCHOOL STUDENTS AS PART OF A COMPREHENSIVE STEM
2 ACADEMY, DEVELOPED IN CONJUNCTION WITH THE MATHEMATICS AND SCIENCE
3 CENTERS NETWORK AND THE DEPARTMENT.

4 (4) From the federal funds allocated in subsection (1), there
5 is allocated for ~~2008-2009~~ 2009-2010 an amount estimated at
6 \$1,700,000.00 from DED-OESE, title II, improving teacher quality
7 funds for a grant to the Michigan virtual university for the
8 purpose of this subsection. ~~The state education agency shall sign a~~
9 ~~memorandum of understanding with the Michigan virtual university~~
10 ~~regarding the DED-OESE, title II, improving teacher quality funds~~
11 ~~as provided under this subsection. The memorandum of understanding~~
12 ~~under this subsection shall require that~~ **WITH THE APPROVAL OF THE**
13 **DEPARTMENT**, the Michigan virtual university **SHALL** coordinate the
14 following activities related to DED-OESE, title II, improving
15 teacher quality funds in accordance with federal law:

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

21 (b) Encourage and support the training of teachers and
22 administrators to effectively integrate technology into curricula
23 and instruction.

24 (c) Coordinate the activities of eligible partnerships that
25 include higher education institutions for the purposes of providing
26 professional development activities for teachers,
27 paraprofessionals, and principals as defined in federal law.

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

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

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

16 (5) The Michigan virtual university shall offer at least 200
17 hours of online professional development for classroom teachers
18 under this section each fiscal year beginning in 2006-2007 without
19 charge to the teachers or to districts or intermediate districts.
20 THESE FREE HOURS SHALL INCLUDE ALGEBRA 4 ALL AND SUBSEQUENT STEM
21 ACADEMY PROFESSIONAL DEVELOPMENT OPPORTUNITIES. ~~A district or~~
22 ~~intermediate district may require a full-time teacher to~~
23 ~~participate in at least 5 hours of online professional development~~
24 ~~provided by the Michigan virtual university under subsection (4).~~
25 ~~Five hours of this professional development shall be considered to~~
26 ~~be part of the 38 hours allowed to be counted as hours of pupil~~
27 ~~instruction under section 101(10).~~

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

18 (a) An eligible consortium or partnership must demonstrate the
19 following:

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

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

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

26 (iv) Knowledge and experience in providing technical
27 assistance and support to K-12 schools in the area of online

1 education.

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

4 (vi) Demonstrated technical expertise and capacity in managing
5 complex technology systems.

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

8 (b) The Michigan virtual university, which operates the
9 Michigan virtual high school, shall perform the following tasks
10 related to this funding:

11 (i) Strengthen its capacity by pursuing activities, policies,
12 and practices that increase the overall number of Michigan virtual
13 high school course enrollments and course completions by at-risk
14 students.

15 (ii) Examine the curricular and specific course content needs
16 of middle and high school students in the areas of mathematics and
17 science.

18 (iii) Design, develop, and acquire online courses and related
19 supplemental resources aligned to state standards to create a
20 comprehensive and rigorous statewide catalog of online courses and
21 instructional services.

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

25 (v) Evaluate existing online teaching and learning practices
26 and develop continuous improvement strategies to enhance student
27 achievement.

1 (vi) Develop, support, and maintain the technology
2 infrastructure and related software required to deliver online
3 courses and instructional services to students statewide.

4 (7) From the state school aid fund allocation in subsection
5 (1), an amount not to exceed \$500,000.00 for ~~2008-2009~~ **2009-2010**
6 shall be awarded as a single grant to an intermediate district
7 working in partnership with the Michigan virtual high school for a
8 statewide license for "my dream explorer", a career exploration and
9 planning tool, to be made available to all pupils at no cost. The
10 Michigan virtual high school shall work collaboratively with the
11 department, the presidents council of state universities of
12 Michigan, the Michigan community college association, the
13 association of independent colleges and universities of Michigan,
14 and the appropriate K-12 education organizations to develop a
15 comprehensive outreach and communications plan that provides
16 parents and students with access to online resources designed to
17 increase postsecondary enrollments and provide current information
18 related to career planning, college selection, financial aid, and
19 dual enrollment opportunities.

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

26 (9) Not later than December 1, ~~2008,~~ **2009**, the Michigan
27 virtual university shall provide a report to the house and senate

1 appropriations subcommittees on state school aid, the state budget
2 director, the house and senate fiscal agencies, and the department
3 that includes at least all of the following information related to
4 the Michigan virtual high school for the preceding state fiscal
5 year:

6 (a) A list of the Michigan schools served by the Michigan
7 virtual high school.

8 (b) A list of online course titles available to Michigan
9 schools.

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

12 (d) The overall course completion rate percentage.

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

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

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

19 (10) As used in this section:

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

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

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

26 Sec. 99. (1) From the state school aid fund money appropriated
27 in section 11, there is allocated an amount not to exceed

1 \$3,390,000.00 for ~~2008-2009~~ **2009-2010** and from the general fund
2 appropriation in section 11, there is allocated an amount not to
3 exceed \$110,000.00 for ~~2008-2009~~ ~~for implementing the comprehensive~~
4 ~~master plan for 2009-2010 TO SUPPORT THE ACTIVITIES AND PROGRAMS OF~~
5 mathematics and science centers ~~developed by the department and~~
6 ~~approved by the state board,~~ and for other purposes as described in
7 this section. In addition, from the federal funds appropriated in
8 section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount
9 estimated at \$5,249,300.00 from DED-OESE, title II, mathematics and
10 science partnership grants.

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

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

26 (4) As part of the technical assistance process, the
27 department shall provide minimum standard guidelines that may be

1 used by the mathematics and science center for providing fair
2 access for qualified pupils and professional staff as prescribed in
3 this section.

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

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

22 **(7) IN CONJUNCTION WITH THE MICHIGAN VIRTUAL UNIVERSITY AND**
23 **THE DEPARTMENT, THE MATHEMATICS AND SCIENCE CENTERS NETWORK SHALL**
24 **IMPLEMENT AN ALGEBRA 4 ALL INITIATIVE TO OFFER ONLINE AND FACE-TO-**
25 **FACE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR MATHEMATICS**
26 **TEACHERS IN GRADES 8 THROUGH 12 THAT PROMOTE BEST PRACTICES FOR**
27 **TEACHING ALGEBRA TO ALL STUDENTS. IT IS INTENDED THAT THE ALGEBRA 4**

1 ALL INITIATIVE BE THE FIRST PHASE OF ESTABLISHING A STEM ACADEMY
2 THAT PROVIDES ONLINE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR ALL
3 TEACHERS IN THE FIELDS OF SCIENCE, TECHNOLOGY, ENGINEERING AND
4 MATHEMATICS. THE DEPARTMENT SHALL IDENTIFY ADDITIONAL FUNDING TO
5 ASSIST THE MATHEMATICS AND SCIENCE CENTERS NETWORK IN FULFILLING
6 ITS RESPONSIBILITIES UNDER THIS SUBSECTION.

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

12 ~~——(8)——~~(9) Not later than September 30, 2013, the department
13 shall reevaluate and update the comprehensive master plan described
14 in subsection (1).

15 ~~——(9)——~~(10) The department shall give preference in awarding the
16 federal grants allocated in subsection (1) to eligible existing
17 mathematics and science centers.

18 ~~——(10)——~~(11) In order to receive state funds under this section,
19 a grant recipient shall provide at least a 10% local match from
20 local public or private resources for the funds received under this
21 section.

22 ~~——(11)——~~(12) 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 Sec. 101. (1) To be eligible to receive state aid under this
27 act, not later than the fifth Wednesday after the pupil membership

1 count day and not later than the fifth Wednesday after the
2 supplemental count day, each district superintendent ~~through the~~
3 ~~secretary of the district's board shall file with the intermediate~~
4 ~~superintendent a certified and sworn copy of~~ **SUBMIT TO THE CENTER,**
5 **IN A FORM AND MANNER PRESCRIBED BY THE CENTER,** the number of pupils
6 enrolled and in regular daily attendance in the district as of the
7 pupil membership count day and as of the supplemental count day, as
8 applicable, for the current school year. In addition, a district
9 maintaining school during the entire year, as provided under
10 section 1561 of the revised school code, MCL 380.1561, shall ~~file~~
11 ~~with the intermediate superintendent a certified and sworn copy of~~
12 **SUBMIT TO THE CENTER, IN A FORM AND MANNER PRESCRIBED BY THE**
13 **CENTER,** the number of pupils enrolled and in regular daily
14 attendance in the district for the current school year pursuant to
15 rules promulgated by the superintendent. Not later than the seventh
16 Wednesday after the pupil membership count day and not later than
17 the seventh Wednesday after the supplemental count day, the
18 intermediate district shall ~~transmit to~~ **CERTIFY** the center revised
19 data, ~~as applicable, for each of its constituent districts~~ **IN A**
20 **FORM AND MANNER PRESCRIBED BY THE CENTER.** If a district fails to
21 ~~file the sworn and certified copy with the intermediate~~
22 ~~superintendent in a timely manner~~ **SUBMIT AND CERTIFY THE DATA,** as
23 required under this subsection, the ~~intermediate district~~ **CENTER**
24 shall notify the department and state aid due to be distributed
25 under this act shall be withheld from the defaulting district
26 immediately, beginning with the next payment after the failure and
27 continuing with each payment until the district complies with this

1 subsection. ~~If an intermediate district fails to transmit the data~~
2 ~~in its possession in a timely and accurate manner to the center, as~~
3 ~~required under this subsection, state aid due to be distributed~~
4 ~~under this act shall be withheld from the defaulting intermediate~~
5 ~~district immediately, beginning with the next payment after the~~
6 ~~failure and continuing with each payment until the intermediate~~
7 ~~district complies with this subsection.~~ If a district ~~or~~
8 ~~intermediate district~~ does not comply with this subsection by the
9 end of the fiscal year, the district ~~or intermediate district~~
10 forfeits the amount withheld. A person who willfully falsifies a
11 figure or statement in the certified and sworn copy of enrollment
12 shall be punished in the manner prescribed by section 161.

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

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

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

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

26 (c) Beginning in 2005-2006, at the request of a district that
27 operates a department-approved alternative education program and

1 that does not provide instruction for pupils in all of grades K to
2 12, the superintendent shall grant a waiver for a period of 3
3 school years from the requirements of subdivision (b) in order to
4 conduct a pilot study. The waiver shall indicate that an eligible
5 district is subject to the proration provisions of subdivision (b)
6 only if the district does not have at least 50% of the district's
7 membership in attendance on any day of pupil instruction. ~~Not later~~
8 ~~than 2008-2009, the department shall report on the impact of this~~
9 ~~waiver on the academic achievement of pupils in these districts to~~
10 ~~the state budget director and the senate and house appropriations~~
11 ~~subcommittees on state school aid.~~ In order to be eligible for this
12 waiver, a district must maintain records to substantiate its
13 compliance with the following requirements during the pilot study:

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

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

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

22 (d) The superintendent shall promulgate rules for the
23 implementation of this subsection.

24 (4) Except as otherwise provided in this subsection, the first
25 30 hours for which pupil instruction is not provided because of
26 conditions not within the control of school authorities, such as
27 severe storms, fires, epidemics, utility power unavailability,

1 water or sewer failure, or health conditions as defined by the
2 city, county, or state health authorities, shall be counted as
3 hours of pupil instruction. Beginning in 2003-2004, with the
4 approval of the superintendent of public instruction, the
5 department shall count as hours of pupil instruction for a fiscal
6 year not more than 30 additional hours for which pupil instruction
7 is not provided in a district after April 1 of the applicable
8 school year due to unusual and extenuating occurrences resulting
9 from conditions not within the control of school authorities such
10 as those conditions described in this subsection. Subsequent such
11 hours shall not be counted as hours of pupil instruction.

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

18 (6) Not later than April 15 of each fiscal year, the board of
19 each district shall certify to the department the planned number of
20 hours of pupil instruction in the district for the school year
21 ending in the fiscal year. In addition to any other penalty or
22 forfeiture under this section, if at any time the department
23 determines that 1 or more of the following has occurred in a
24 district, the district shall forfeit in the current fiscal year
25 beginning in the next payment to be calculated by the department a
26 proportion of the funds due to the district under this act that is
27 equal to the proportion below the required minimum number of hours

1 of pupil instruction under subsection (3), as specified in the
2 following:

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

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

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

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

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

23 (c) Except as otherwise provided in this subdivision, a pupil
24 in grades 9 to 12 for whom a reduced schedule is determined to be
25 in the individual pupil's best educational interest must be
26 scheduled for a number of hours equal to at least 80% of the
27 required minimum number of hours of pupil instruction to be

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

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

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

25 (i) The instructor has met all of the requirements established
26 by the United States department of defense and the applicable
27 branch of the armed services for serving as an instructor in the

1 junior reserve officer training corps program.

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

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

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

24 (10) A district may count up to 38 hours of qualifying
25 professional development for teachers, ~~including the~~ **PROVIDED THAT**
26 **AT LEAST** 5 hours of ~~online~~ professional development **IS** provided
27 **ONLINE** by the Michigan virtual university under section 98 **OR**

1 ANOTHER DEPARTMENT-APPROVED INTERMEDIATE DISTRICT PROVIDER OF
2 ONLINE PROFESSIONAL DEVELOPMENT, as hours of pupil instruction.
3 However, if a collective bargaining agreement that provides more
4 than 38 but not more than 51 hours of professional development for
5 teachers is in effect for employees of a district as of the
6 effective date of the 2006 amendatory act that amended this
7 subsection, then until the fiscal year that begins after the
8 expiration of that collective bargaining agreement a district may
9 count up to 51 hours of qualifying professional development for
10 teachers, including the 5 hours of online professional development
11 ~~provided by the Michigan virtual university under section 98~~, as
12 hours of pupil instruction. A district that elects to use this
13 exception shall notify the department of its election. As used in
14 this subsection, "qualifying professional development" means
15 professional development that is focused on 1 or more of the
16 following:

17 (a) Achieving or improving adequate yearly progress as defined
18 under the no child left behind act of 2001, Public Law 107-110.

19 (b) Achieving accreditation or improving a school's
20 accreditation status under section 1280 of the revised school code,
21 MCL 380.1280.

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

24 (d) Maintaining teacher certification.

25 Sec. 104. (1) **IN ORDER TO RECEIVE STATE AID UNDER THIS ACT, A**
26 **DISTRICT SHALL ADMINISTER STUDENT ASSESSMENTS PURSUANT TO SECTIONS**
27 **1278A, 1278B, 1279, 1279G, AND 1280B OF THE REVISED SCHOOL CODE,**

1 MCL 380.1278A, 380.1278B, 380.1279, 380.1279G, AND 380.1280B, AND
2 1970 PA 38, MCL 388.1081 TO 388.1086. From the state school aid
3 fund money appropriated in section 11, there is allocated for ~~2008-~~
4 ~~2009~~ 2009-2010 an amount not to exceed ~~\$28,872,800.00~~
5 \$28,130,700.00 for payments on behalf of districts for costs
6 associated with complying with ~~sections 104a and 104b, sections~~
7 ~~1278a, 1278b, 1279, 1279g, and 1280b of the revised school code,~~
8 ~~MCL 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and~~
9 ~~1970 PA 38, MCL 388.1081 to 388.1086~~ **THIS SECTION**. In addition,
10 from the federal funds appropriated in section 11, there is
11 allocated for ~~2008-2009~~ 2009-2010 an amount estimated at
12 ~~\$8,512,900.00~~ \$8,313,700.00, funded from DED-OESE, title VI, state
13 assessments funds and DED-OSERS, section 504 of part B of the
14 individuals with disabilities education act, Public Law 94-142,
15 plus any carryover federal funds from previous year appropriations,
16 for the purposes of complying with the federal no child left behind
17 act of 2001, Public Law 107-110.

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

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

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

5 (5) As used in this section:

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

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

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

11 Sec. 107. (1) From the appropriation in section 11, there is
12 allocated an amount not to exceed ~~\$24,000,000.00~~ **\$20,000,000.00** for
13 ~~2008-2009 2009-2010~~ for adult education programs authorized under
14 ~~this section~~ **GRANTS TO ELIGIBLE DISTRICTS AND INTERMEDIATE**
15 **DISTRICTS FOR COMPREHENSIVE PROGRAMS THAT IMPROVE BASIC SKILLS AND**
16 **INCREASE EDUCATIONAL ATTAINMENT. THESE GRANTS SHALL BE MADE**
17 **AVAILABLE THROUGH A COMPETITIVE APPLICATION PROCESS AS FOLLOWS:**

18 (A) **THE APPLICANT MUST BE A DISTRICT OR INTERMEDIATE DISTRICT**
19 **SERVING AS THE FISCAL AGENT OF A REGIONAL PARTNERSHIP THAT INCLUDES**
20 **OTHER ENTITIES IN THE COMMUNITY THAT ARE POSITIONED TO DETERMINE**
21 **THE BASIC SKILLS DEVELOPMENT NEEDS OF THE REGION. THE REGIONAL**
22 **PARTNERSHIP, IN ADDITION TO THE APPLICANT DISTRICT OR INTERMEDIATE**
23 **DISTRICT, MUST ALSO INCLUDE AT LEAST ONE POSTSECONDARY INSTITUTION**
24 **AND ONE WORKFORCE DEVELOPMENT PARTNER. PARTNERS MAY ALSO INCLUDE,**
25 **BUT ARE NOT LIMITED TO, EMPLOYERS, LITERACY COUNCILS, LIBRARIES,**
26 **COMMUNITY-BASED ORGANIZATIONS, FAITH-BASED ORGANIZATIONS, LOCAL**
27 **OFFICES OF STATE GOVERNMENT, AND LOCAL FOUNDATIONS.**

1 (B) THE APPLICANT SHALL DEMONSTRATE THE PARTNERSHIP'S ABILITY
2 TO LEVERAGE OTHER RESOURCES THAT COMPLEMENT FUNDING RECEIVED UNDER
3 THIS SECTION TO SUPPORT A COMPREHENSIVE AND INTEGRATED APPROACH OF
4 DELIVERING EDUCATIONAL PROGRAMS TO ADULT LEARNERS IN THE REGION AND
5 SHALL IDENTIFY A PLAN TO COORDINATE THOSE RESOURCES IN A WAY THAT
6 PROVIDES GREATER LEARNING OPPORTUNITIES.

7 (C) APPLICANTS SHALL APPLY FOR GRANTS UNDER THIS SECTION IN A
8 FORM AND MANNER DETERMINED BY THE DEPARTMENT. PROGRAMS ELIGIBLE FOR
9 FUNDING UNDER THIS SECTION SHALL COMPLY WITH DEPARTMENT-APPROVED
10 ADULT LEARNING OBJECTIVES AND CONTAIN ALL OF THE FOLLOWING PROGRAM
11 COMPONENTS, AS DETERMINED BY THE DEPARTMENT:

12 (I) EMPLOYS CERTIFIED TEACHERS AND ADMINISTRATIVE STAFF AND
13 OFFERS CONTINUING EDUCATION OPPORTUNITIES TO MAINTAIN
14 CERTIFICATION.

15 (II) OFFERS COMPREHENSIVE ASSESSMENTS AND DEVELOPS
16 INDIVIDUALIZED ADULT LEARNING PLANS THAT PROVIDE FOR CUSTOMIZED
17 LEARNING PROGRAMS.

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

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

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

26 (VI) DEVELOPS PROGRAM ENTRY AND EXIT REQUIREMENTS TO
27 FACILITATE PARTICIPANT TRANSITION FROM AN ADULT EDUCATION PROGRAM

1 TO EMPLOYMENT OR OTHER EDUCATIONAL PROGRAMS.

2 (VII) PROVIDES HIGH QUALITY CAREER COUNSELING AND SUPPORT
3 SERVICES FOR ALL PARTICIPANTS INCLUDING THOSE WITH DISABILITIES,
4 LEARNING DIFFICULTIES, SPECIAL NEEDS OR BARRIERS TO ATTENDING AND
5 COMPLETING PROGRAMS.

6 (VIII) PERFORMS ONGOING PROGRAM EVALUATION USING DEPARTMENT-
7 ESTABLISHED PERFORMANCE MEASURES, AND TAKES CORRECTIVE MEASURES AS
8 NECESSARY.

9 (IX) PROVIDES ACCESSIBLE SERVICES USING CONVENIENT LOCATIONS,
10 DISTANCE LEARNING, AND FLEXIBLE YEAR-ROUND SCHEDULING.

11 (D) THE DEPARTMENT SHALL ESTABLISH A DIVERSE COMMITTEE TO
12 REVIEW THE APPLICATIONS. THE COMMITTEE SHALL BE COMPOSED OF
13 REPRESENTATIVES OF THE DEPARTMENT, OTHER STATE DEPARTMENTS, AND
14 REPRESENTATIVES OF VARIOUS AGENCIES THAT HAVE WORKING KNOWLEDGE AND
15 EXPERTISE IN THE AREA OF ADULT EDUCATION, POSTSECONDARY, COMMUNITY
16 AND WORKFORCE DEVELOPMENT, AS APPROPRIATE.

17 (2) To be eligible to be a participant **ENROLLED IN A PROGRAM**
18 funded under this section, ~~a person~~ **AN INDIVIDUAL** shall be enrolled
19 in an adult basic education program, an adult English as a second
20 language program, a general educational development (G.E.D.) test
21 preparation program, a job or employment related program, or a high
22 school completion program, that meets the requirements of this
23 section, and shall meet either of the following, as applicable:

24 (a) If the individual has obtained a high school diploma or a
25 general educational development (G.E.D.) certificate, the
26 individual meets 1 of the following:

27 (i) Is less than 20 years of age on September 1 of the school

1 year and is enrolled in the Michigan career and technical
2 institute.

3 (ii) Is less than 20 years of age on September 1 of the school
4 year, is not attending an institution of higher education, and is
5 enrolled in a job or employment-related program through a referral
6 by an employer.

7 (iii) Is enrolled in an English as a second language program.

8 (iv) Is enrolled in a high school completion program **AFTER**
9 **HAVING OBTAINED A G.E.D.**

10 **(V) IS ENROLLED IN AN ADULT BASIC EDUCATION PROGRAM AND IS**
11 **DETERMINED BY A DEPARTMENT-APPROVED ASSESSMENT TO BE BELOW NINTH**
12 **GRADE LEVEL IN READING OR MATHEMATICS, OR BOTH.**

13 (b) If the individual has not obtained a high school diploma
14 or G.E.D. certificate, the individual meets 1 of the following:

15 (i) Is at least 20 years of age on September 1 of the school
16 year.

17 (ii) Is at least 16 years of age on September 1 of the school
18 year, has been permanently expelled from school under section
19 1311(2) or 1311a of the revised school code, MCL 380.1311 and
20 380.1311a, and has no appropriate alternative education program
21 available through his or her district of residence.

22 ~~—— (3) Except as otherwise provided in subsection (4), from the~~
23 ~~amount allocated under subsection (1), at least \$23,300,000.00~~
24 ~~shall be distributed as follows:~~

25 ~~—— (a) For districts and consortia that received payments for~~
26 ~~2007-2008 under this section, the amount allocated to each for~~
27 ~~2008-2009 shall be based on the number of participants served by~~

1 ~~the district or consortium for 2008-2009, using the amount~~
2 ~~allocated per full-time equated participant under subsection (6),~~
3 ~~up to a maximum total allocation under this subsection in an amount~~
4 ~~equal to the amount the district or consortium received for 2007-~~
5 ~~2008 under this section before any reallocations made for 2007-2008~~
6 ~~under subsection (4).~~

7 ~~—— (b) A district or consortium that received funding in 2007-~~
8 ~~2008 under this section may operate independently of a consortium~~
9 ~~or join or form a consortium for 2008-2009. The allocation for~~
10 ~~2008-2009 to the district or the newly formed consortium under this~~
11 ~~subsection shall be determined by the department and shall be based~~
12 ~~on the proportion of the amounts that are attributable to the~~
13 ~~district or consortium that received funding in 2007-2008. A~~
14 ~~district or consortium described in this subdivision shall notify~~
15 ~~the department of its intention with regard to 2008-2009 by~~
16 ~~October 1, 2008.~~

17 ~~—— (c) If a district had a declaration of financial emergency in~~
18 ~~place under the local government fiscal responsibility act, 1990 PA~~
19 ~~72, MCL 141.1201 to 141.1291, and that declaration was revoked~~
20 ~~during 2005, the district may operate a program under this section~~
21 ~~independently of a consortium or may join or form a consortium to~~
22 ~~operate a program under this section. The allocation for 2008-2009~~
23 ~~to the district or the newly formed consortium under this~~
24 ~~subsection shall be determined by the department and shall be based~~
25 ~~on the proportion of the amounts that are attributable to the~~
26 ~~district or consortium that received funding in 2007-2008 or, for a~~
27 ~~district for which a declaration of financial emergency was revoked~~

1 during 2005, based on the amount the district received under this
2 section using a 3-year average of the 3 most recent fiscal years
3 the district received funding under this section. A district or
4 consortium described in this subdivision shall notify the
5 department of its intention with regard to 2008-2009 by October 1,
6 2008.

7 ——— (4) A district that operated an adult education program in
8 2007-2008 and does not intend to operate a program in 2008-2009
9 shall notify the department by October 1, 2008 of its intention.

10 The funds intended to be allocated under this section to a district
11 that does not operate a program in 2008-2009 and the unspent funds
12 originally allocated under this section to a district or consortium
13 that subsequently operates a program at less than the level of
14 funding allocated under subsection (3) shall instead be
15 proportionately reallocated to the other districts described in
16 subsection (3) (a) that are operating an adult education program in
17 2008-2009 under this section.

18 ——— (5) From the amount allocated under subsection (1), up to a
19 maximum of \$200,000.00 shall be allocated for not more than 1 grant
20 not to exceed \$200,000.00 for expansion of an existing innovative
21 community college program that focuses on educating adults. Grants
22 may be used for program operating expenses such as staffing, rent,
23 equipment, and other expenses. To be eligible for this grant
24 funding, a program must meet the following criteria:

25 ——— (a) Collaborates with local districts and businesses to
26 determine area academic needs and to promote the learning
27 opportunities.

- 1 ~~—— (b) Is located off campus in an urban residential setting with~~
2 ~~documented high poverty and low high school graduation rates.~~
- 3 ~~—— (c) Provides general educational development (G.E.D.) test~~
4 ~~preparation courses and workshops.~~
- 5 ~~—— (d) Provides developmental courses taught by college faculty~~
6 ~~that prepare students to be successful in college level courses.~~
- 7 ~~—— (e) Uses learning communities to allow for shared, rather than~~
8 ~~isolated, learning experiences.~~
- 9 ~~—— (f) Provides on site tutoring.~~
- 10 ~~—— (g) Provides access to up to date technology, including~~
11 ~~personal computers.~~
- 12 ~~—— (h) Partners with a financial institution to provide financial~~
13 ~~literacy education.~~
- 14 ~~—— (i) Assists students in gaining access to financial aid.~~
- 15 ~~—— (j) Provides on site academic advising to students.~~
- 16 ~~—— (k) Provides vouchers for reduced G.E.D. testing costs.~~
- 17 ~~—— (l) Partners with local agencies to provide referrals for~~
18 ~~social services as needed.~~
- 19 ~~—— (m) Enrolls participants as students of the community college.~~
- 20 ~~—— (n) Partners with philanthropic and business entities to~~
21 ~~provide capital funding.~~
- 22 ~~—— (6) The amount allocated under this section per full time~~
23 ~~equated participant is \$2,850.00 for a 450 hour program. The amount~~
24 ~~shall be proportionately reduced for a program offering less than~~
25 ~~450 hours of instruction.~~
- 26 ~~—— (7) (3) An adult basic education program or an adult English~~
27 ~~as a second language program operated on a year-round or school~~

1 year basis may be funded under this section, subject to all of the
2 following:

3 (a) The program enrolls ~~adults~~ **PARTICIPANTS** who are determined
4 by an ~~appropriate~~ **A DEPARTMENT-APPROVED** assessment, ~~in a form and~~
5 ~~manner prescribed by the department,~~ to be below ninth grade level
6 in reading or mathematics, or both, ~~or to lack basic English~~
7 ~~proficiency.~~

8 (b) The program tests ~~individuals~~ **PARTICIPANTS** for eligibility
9 under subdivision (a) before enrollment ~~and tests participants to~~
10 ~~determine progress after every 90 hours of attendance, using~~
11 ~~assessment instruments approved by the department of labor and~~
12 ~~economic growth~~ **AND UPON COMPLETION OF THE PROGRAM IN A FORM AND**
13 **MANNER DETERMINED BY THE DEPARTMENT.**

14 (c) A participant in an adult basic education program is
15 eligible ~~for reimbursement~~ **TO BE ENROLLED IN THE PROGRAM** until 1 of
16 the following occurs:

17 (i) The participant's reading and mathematics proficiency are
18 assessed at or above the ninth grade level.

19 (ii) The participant fails to show ~~progress~~ **IMPROVEMENT** on 2
20 successive **DEPARTMENT-APPROVED** assessments after having completed
21 at least 450 hours of instruction.

22 **(4) AN ADULT ENGLISH AS A SECOND LANGUAGE PROGRAM OPERATED ON**
23 **A YEAR-ROUND OR SCHOOL YEAR BASIS MAY BE FUNDED UNDER THIS SECTION,**
24 **SUBJECT TO ALL OF THE FOLLOWING:**

25 **(A) THE PROGRAM ENROLLS PARTICIPANTS WHO ARE DETERMINED BY A**
26 **DEPARTMENT-APPROVED ASSESSMENT TO LACK BASIC ENGLISH PROFICIENCY.**

27 **(B) THE PROGRAM TESTS PARTICIPANTS UNDER SUBDIVISION (A)**

1 **BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN A FORM AND**
2 **MANNER DETERMINED BY THE DEPARTMENT.**

3 ~~——(d)——~~ **(C)** A ~~funding recipient enrolling a~~ participant in an
4 English as a second language program is eligible ~~for funding~~
5 ~~according to subsection (11)~~ **TO BE ENROLLED IN THE PROGRAM** until
6 the participant meets 1 of the following:

7 (i) The participant is assessed as having attained basic
8 English proficiency as defined by the department.

9 (ii) The participant fails to show ~~progress~~ **IMPROVEMENT** on 2
10 successive **DEPARTMENT-APPROVED** assessments after having completed
11 at least 450 hours of instruction. ~~The department shall provide~~
12 ~~information to a funding recipient regarding appropriate assessment~~
13 ~~instruments for this program.~~

14 ~~——(8)——~~ **(5)** A general educational development (G.E.D.) test
15 preparation program operated on a year-round or school year basis
16 may be funded under this section, subject to all of the following:

17 (a) The program enrolls ~~adults~~ **PARTICIPANTS** who do not have a
18 high school diploma **AND ARE ASSESSED TO BE AT OR ABOVE THE NINTH**
19 **GRADE LEVEL IN READING AS DETERMINED BY A DEPARTMENT-APPROVED**
20 **ASSESSMENT.**

21 (b) The program shall administer a G.E.D. pre-test approved by
22 the department before enrolling ~~an individual~~ **A PARTICIPANT** to
23 determine the individual's potential for success on the G.E.D.
24 test, and shall administer ~~other tests after every 90 hours of~~
25 ~~attendance to determine a participant's readiness to take the~~
26 ~~G.E.D. test~~ **A POST-TEST UPON COMPLETION OF THE PROGRAM IN A FORM**
27 **AND MANNER DETERMINED BY THE DEPARTMENT.**

1 (c) A ~~funding recipient shall receive funding according to~~
 2 ~~subsection (11) for a participant, and a participant may be~~
 3 enrolled in the ~~program~~ **A G.E.D. PROGRAM** until 1 of the following
 4 occurs:

5 (i) The participant ~~passes the~~ **OBTAINS A G.E.D. test.**

6 (ii) The participant fails to show ~~progress~~ **IMPROVEMENT** on 2
 7 successive ~~tests used to determine readiness to take the G.E.D.~~
 8 ~~test~~ **DEPARTMENT-APPROVED ASSESSMENTS** after having completed at
 9 least 450 hours of instruction.

10 ~~——(9)——~~ **(6)** A high school completion program operated on a year-
 11 round or school year basis may be funded under this section,
 12 subject to all of the following:

13 (a) The program enrolls ~~adults~~ **PARTICIPANTS** who do not have a
 14 high school diploma **AND ARE ASSESSED TO BE AT OR ABOVE THE NINTH**
 15 **GRADE LEVEL IN READING AS DETERMINED BY A DEPARTMENT-APPROVED**
 16 **ASSESSMENT.**

17 **(B) THE PROGRAM TESTS PARTICIPANTS UNDER SUBDIVISION (A)**
 18 **BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN A FORM AND**
 19 **MANNER DETERMINED BY THE DEPARTMENT.**

20 ~~——(b)——~~ **(C)** A ~~funding recipient shall receive funding according to~~
 21 ~~subsection (11) for a participant in a course offered under this~~
 22 ~~subsection~~ **MAY BE ENROLLED IN A HIGH SCHOOL COMPLETION PROGRAM**
 23 until 1 of the following occurs:

24 (i) The participant ~~passes the course and earns~~ **OBTAINS** a high
 25 school diploma.

26 (ii) The participant fails to earn credit in 2 successive
 27 semesters or terms in which the participant is enrolled after

1 having completed at least 900 hours of instruction.

2 ~~——(10)—~~(7) A job or employment-related adult education program
3 operated on a year-round or school year basis may be funded under
4 this section, subject to all of the following:

5 (a) The program enrolls ~~adults~~ **PARTICIPANTS** referred by their
6 employer who are less than 20 years of age, have a high school
7 diploma, are determined to be in need of remedial mathematics or
8 communication arts skills and are not attending an institution of
9 higher education.

10 (b) ~~An individual~~ **A PARTICIPANT** may be enrolled in this
11 program and ~~the grant recipient shall receive funding according to~~
12 ~~subsection (11)~~ until 1 of the following occurs:

13 (i) The ~~individual~~ **PARTICIPANT** achieves the requisite skills
14 as determined by ~~appropriate~~ **DEPARTMENT-APPROVED** assessment
15 instruments ~~administered at least after every 90 hours of~~
16 ~~attendance.~~

17 (ii) The ~~individual~~ **PARTICIPANT** fails to show ~~progress~~
18 **IMPROVEMENT** on 2 successive **DEPARTMENT-APPROVED** assessments after
19 having completed at least 450 hours of instruction. ~~The department~~
20 ~~shall provide information to a funding recipient regarding~~
21 ~~appropriate assessment instruments for this program.~~

22 ~~——(11)—~~(8) A funding recipient shall receive ~~payments~~ **FUNDING**
23 under this section in accordance with ~~the following~~ **PERFORMANCE**
24 **STANDARDS ESTABLISHED BY THE DEPARTMENT THAT MEASURE ALL OF THE**
25 **FOLLOWING:**

26 ~~——(a) Ninety percent for enrollment of eligible participants.~~

27 ~~——(b) Ten percent for completion of the adult basic education~~

1 ~~objectives by achieving an increase of at least 1 grade level of~~
2 ~~proficiency in reading or mathematics; for achieving basic English~~
3 ~~proficiency, as defined by the department in the adult education~~
4 ~~guidebook; for obtaining a G.E.D. or passage of 1 or more~~
5 ~~individual G.E.D. tests; for attainment of a high school diploma or~~
6 ~~passage of a course required for a participant to attain a high~~
7 ~~school diploma; or for completion of the course and demonstrated~~
8 ~~proficiency in the academic skills to be learned in the course, as~~
9 ~~applicable.~~

10 (A) PROGRAM EFFECTIVENESS, INCLUDING THE NUMBER OF
11 PARTICIPANTS THAT MEET OR EXCEED MINIMUM PROGRAM REQUIREMENTS, AS
12 MEASURED BY DEPARTMENT-APPROVED STANDARDS.

13 (B) ACHIEVEMENT OF BASIC SKILLS, INCLUDING THE NUMBER OF
14 PARTICIPANTS THAT OBTAIN A HIGH SCHOOL DIPLOMA OR A G.E.D., ATTAIN
15 BASIC ENGLISH PROFICIENCY, OR INCREASE THEIR EDUCATIONAL
16 FUNCTIONING LEVEL TO A LEVEL REQUIRED FOR TRANSITION TO CONTINUING
17 EDUCATION OR EMPLOYMENT.

18 (C) TRANSITION TO POSTSECONDARY EDUCATION, INCLUDING THE
19 NUMBER OF PARTICIPANTS THAT TRANSITION INTO JOB TRAINING OR
20 POSTSECONDARY EDUCATION PROGRAMS.

21 (D) TRANSITION TO EMPLOYMENT, INCLUDING THE NUMBER OF
22 PARTICIPANTS THAT TRANSITION INTO EMPLOYMENT AND RETAIN EMPLOYMENT
23 FOR A PERIOD OF ONE YEAR OR, IF ALREADY EMPLOYED, ARE SUCCESSFUL IN
24 ADVANCING THEIR CAREERS.

25 ~~—— (12) As used in this section, "participant" means the sum of~~
26 ~~the number of full time equated individuals enrolled in and~~
27 ~~attending a department approved adult education program under this~~

1 ~~section, using quarterly participant count days on the schedule~~
2 ~~described in section 6(7)(b).~~

3 ~~——(13)—~~(9) A person who is not eligible to be a participant
4 funded under this section may receive adult education services upon
5 the payment of tuition. In addition, a person who is not eligible
6 to be served in a program under this section due to the program
7 limitations specified in subsection ~~(7) (3), (8) (4), (9) (5), (6),~~
8 or ~~(10) (7)~~ may continue to receive adult education services in
9 that program upon the payment of tuition. The tuition level shall
10 be determined by the local or intermediate district conducting the
11 program.

12 ~~——(14)—~~(10) An individual who is an inmate in a state
13 correctional facility shall not be counted as a participant under
14 this section. ~~However, from the amount allocated under subsection~~
15 ~~(1), up to a maximum of \$500,000.00 shall be made available as~~
16 ~~competitive grants to districts that enroll adults who do not have~~
17 ~~a high school diploma or G.E.D. and who are incarcerated in a state~~
18 ~~correctional facility in general education development (G.E.D.)~~
19 ~~test preparation courses and workshops or high school completion~~
20 ~~programs. Districts applying for grants under this subsection shall~~
21 ~~do so in a form and manner determined by the department. Districts~~
22 ~~receiving funding under this subsection shall provide G.E.D. and~~
23 ~~high school diploma programs substantially similar to those~~
24 ~~programs as described in this section and shall receive \$2,850.00~~
25 ~~per participant enrolled in the programs.~~

26 ~~——(15)—~~(11) A district **OR INTERMEDIATE DISTRICT** shall not
27 commingle money received under this section or from another source

1 for adult education purposes with any other funds ~~of the district~~.
2 A district **OR INTERMEDIATE DISTRICT** receiving adult education funds
3 shall establish a separate ledger account for those funds. This
4 subsection does not prohibit a district **OR INTERMEDIATE DISTRICT**
5 from using general funds of the district to support an adult
6 education or community education program.

7 ~~——(16) (12) A district or intermediate district receiving funds~~
8 **PARTNERSHIP SUPPORTED BY FUNDING** under this section may establish a
9 sliding scale of tuition rates based upon a participant's family
10 income. A ~~district or intermediate district~~ **PARTNERSHIP** may charge
11 a participant tuition to receive adult education services under
12 this section from that sliding scale of tuition rates on a uniform
13 basis. The amount of tuition charged per participant shall not
14 exceed the actual operating cost per participant minus any funds
15 received under this section per participant. A ~~district or~~
16 ~~intermediate district~~ **PARTNERSHIP** may not charge a participant
17 tuition under this section if the participant's income is at or
18 below 200% of the federal poverty guidelines published by the
19 United States department of health and human services.

20 ~~——(17) (13)~~ In order to receive funds under this section, a
21 district **OR INTERMEDIATE DISTRICT SERVING AS THE FISCAL AGENT OF A**
22 **PARTNERSHIP** shall furnish to the department, in a form and manner
23 determined by the department, all information needed to administer
24 this program and meet **STATE AND** federal reporting requirements;
25 shall allow the department or the department's designee to review
26 all records related to the program for which it receives funds; and
27 shall reimburse the state for all disallowances found in the

1 review, as determined by the department.

2 ~~——(18)——~~(14) All intermediate district participant audits **AND**
3 **INDEPENDENT AUDITS** of adult education programs shall be performed
4 pursuant to the adult education participant auditing and accounting
5 manuals published by the department.

6 ~~——(19)——~~(15) As used in this section, "department" means the
7 department of **ENERGY**, labor and economic growth.

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

10 Sec. 147. The allocation for ~~2008-2009~~ **2009-2010** for the
11 public school employees' retirement system pursuant to the public
12 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
13 to 38.1408, shall be made using the entry age normal cost actuarial
14 method and risk assumptions adopted by the public school employees
15 retirement board and the department of management and budget. The
16 annual level percentage of payroll contribution rate is estimated
17 at ~~16.54%~~ **16.94%** for the ~~2008-2009~~ **2009-2010** state fiscal year. The
18 portion of the contribution rate assigned to districts and
19 intermediate districts for each fiscal year is all of the total
20 percentage points. This contribution rate reflects an amortization
21 period of ~~29~~ **28** years for ~~2008-2009~~ **2009-2010**. The public school
22 employees' retirement system board shall notify each district and
23 intermediate district by February 28 of each fiscal year of the
24 estimated contribution rate for the next fiscal year.

25 Sec. 164c. A district or intermediate district shall not use
26 funds appropriated under this act to purchase foreign goods or
27 services, or both, if **COMPETITIVELY PRICED AND OF COMPARABLE**

1 **QUALITY** American goods or services, or both, are available ~~and are~~
2 ~~competitively priced and of comparable quality~~. Preference ~~should~~
3 **SHALL** be given to goods or services, or both, manufactured or
4 provided by Michigan businesses, if they are competitively priced
5 and of comparable quality. In addition, preference ~~shall~~ **SHOULD** be
6 given to goods or services, or both, that are manufactured or
7 provided by Michigan businesses owned and operated by veterans, if
8 they are competitively priced and of comparable quality.

9 Enacting section 1. (1) In accordance with section 30 of
10 article I of the state constitution of 1963, total state spending
11 in this amendatory act from state sources for fiscal year 2008-2009
12 is estimated at \$11,700,798,200.00 and state appropriations to be
13 paid to local units of government for fiscal year 2008-2009 are
14 estimated at \$11,564,105,900.00.

15 (2) In accordance with section 30 of article I of the state
16 constitution of 1963, total state spending in this amendatory act
17 from state sources for fiscal year 2009-2010 is estimated at
18 \$11,401,790,600.00 and state appropriations to be paid to local
19 units of government for fiscal year 2009-2010 are estimated at
20 \$11,267,973,800.00.

21 Enacting section 2. Sections 22d, 22e, 32c, 32j, 37, 38, 41,
22 54c, 57, 65, 99a, 99e, 99i, 99j, 99k, 99n, 99p, 104a, 104b, and 166
23 of the state school aid act of 1979, 1979 PA 94, MCL 388.1622d,
24 388.1622e, 388.1632c, 388.1632j, 388.1637, 388.1638, 388.1641,
25 388.1654c, 388.1657, 388.1665, 388.1699a, 388.1699e, 388.1699i,
26 388.1699j, 388.1699k, 388.1699n, 388.1699p, 388.1704a, 388.1704b,
27 and 388.1766 are repealed effective October 1, 2009.

1 Enacting section 3. (1) Except as otherwise provided in
2 subsection (2), this amendatory act takes effect October 1, 2009.

3 (2) Sections 11, 11j, 22a, 22b, 26a, 51a, 51c, and 94a of the
4 state school aid act of 1979, 1979 PA 94, MCL 388.1611, 388.1611j,
5 388.1622a, 388.1622b, 388.1626a, 388.1651a, 388.1651c, and
6 388.1694a, as amended by this amendatory act, take effect upon
7 enactment of this amendatory act.