

SUBSTITUTE FOR  
HOUSE BILL NO. 4359

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 3, 6, 6a, 8b, 11, 11a, 11f, 11g, 11j, 11k,  
11m, 15, 18, 19, 20, 20j, 22a, 22b, 22c, 22d, 24, 24a, 24c, 26a,  
26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a,  
41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 76,  
81, 94a, 98, 99, 99e, 99h, 104, 107, 147, and 163 (MCL 388.1603,  
388.1606, 388.1606a, 388.1608b, 388.1611, 388.1611a, 388.1611f,  
388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618,  
388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622c,  
388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b,  
388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c,  
388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639,

388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1676, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699h, 388.1704, 388.1707, 388.1747, and 388.1763), sections 3, 11, 11g, 11j, 22a, 22b, 26b, 31a, 51a, 51c, 65, 81, and 147 as amended by 2007 PA 6, sections 6, 11a, 11f, 11k, 15, 18, 20, 20j, 22d, 24, 26a, 31d, 31f, 32c, 32d, 32j, 32l, 37, 39a, 41, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 74, 94a, 98, 99, and 107 as amended and sections 11m, 22c, 24a, 24c, 29, 32b, 64, 99e, 99h, and 104 as added by 2006 PA 342, section 6a as amended by 1997 PA 93, sections 8b and 38 as amended by 2003 PA 158, sections 19 and 39 as amended by 2005 PA 155, section 76 as amended by 1996 PA 300, and section 163 as amended by 2004 PA 351, and by adding sections 31g, 32, 32e, 32f, 65a, 77, 98d, 99a, and 99i; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. (1) "Average daily attendance", for the purposes of  
2       complying with federal law, ~~and except as used in section 6(4)(bb),~~  
3       means 92% of the ~~membership~~ **PUPILS COUNTED IN MEMBERSHIP ON THE**  
4       **PUPIL MEMBERSHIP COUNT DAY**, as defined in section ~~6(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

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

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

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

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

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

27 Sec. 6. (1) "Center program" means a program operated by a

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

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

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

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

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

23           (b) If a pupil is educated in a district other than the  
24 pupil's district of residence, if the pupil is not being educated  
25 as part of a cooperative education program, if the pupil's district  
26 of residence does not give the educating district its approval to  
27 count the pupil in membership in the educating district, and if the

1 pupil is not covered by an exception specified in subsection (6) to  
2 the requirement that the educating district must have the approval  
3 of the pupil's district of residence to count the pupil in  
4 membership, the pupil shall not be counted in membership in any  
5 district.

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

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

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

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

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

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

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

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

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

23 (j) If a district is the authorizing body for a public school  
24 academy, then, in the first school year in which pupils are counted  
25 in membership on the pupil membership count day in the public  
26 school academy, the determination of the district's membership  
27 shall exclude from the district's pupil count for the immediately

1 preceding supplemental count day any pupils who are counted in the  
2 public school academy on that first pupil membership count day who  
3 were also counted in the district on the immediately preceding  
4 supplemental count day.

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

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

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

26 (n) If a pupil counted in membership in a public school  
27 academy is also educated by a district or intermediate district as



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

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

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

1 hours specified in subdivision (q) for full-time equivalency, and  
2 the remainder of the full-time membership for each of those pupils  
3 shall be allocated to the public school academy.

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

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

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

19 (r) Full-time equated memberships for pupils in kindergarten  
20 shall be determined by dividing the number of class hours scheduled  
21 and provided per year per kindergarten pupil by a number equal to  
22  $1/2$  the number used for determining full-time equated memberships  
23 for pupils in grades 1 to 12.

24 (s) For a district, university school, or public school  
25 academy that has pupils enrolled in a grade level that was not  
26 offered by the district, university school, or public school  
27 academy in the immediately preceding school year, the number of

1 pupils enrolled in that grade level to be counted in membership is  
2 the average of the number of those pupils enrolled and in regular  
3 daily attendance on the pupil membership count day and the  
4 supplemental count day of the current school year, as determined by  
5 the department. Membership shall be calculated by adding the number  
6 of pupils registered for attendance in that grade level on the  
7 pupil membership count day plus pupils received by transfer and  
8 minus pupils lost as defined by rules promulgated by the  
9 superintendent, and as corrected by subsequent department audit,  
10 plus the final audited count from the supplemental count day for  
11 the current school year, and dividing that sum by 2.

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

15 (u) If, as a result of a disciplinary action, a district  
16 determines through the district's alternative or disciplinary  
17 education program that the best instructional placement for a pupil  
18 is in the pupil's home or otherwise apart from the general school  
19 population, if that placement is authorized in writing by the  
20 district superintendent and district alternative or disciplinary  
21 education supervisor, and if the district provides appropriate  
22 instruction as described in this subdivision to the pupil at the  
23 pupil's home or otherwise apart from the general school population,  
24 the district may count the pupil in membership on a pro rata basis,  
25 with the proration based on the number of hours of instruction the  
26 district actually provides to the pupil divided by the number of  
27 hours specified in subdivision (q) for full-time equivalency. For

1 the purposes of this subdivision, a district shall be considered to  
2 be providing appropriate instruction if all of the following are  
3 met:

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

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

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

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

15 (v) A pupil enrolled in an alternative or disciplinary  
16 education program described in section 25 shall be counted in  
17 membership in the district or public school academy that expelled  
18 the pupil.

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

26 (x) For a public school academy that has been in operation for  
27 at least 2 years and that suspended operations for at least 1

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

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

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

1 those 3 membership figures by 3.

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

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

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

23 ~~—— (bb) Full-time equated memberships for pupils enrolled in a~~  
24 ~~public school academy that is wholly contained within a county~~  
25 ~~juvenile detention facility shall be considered to be the average~~  
26 ~~daily attendance of pupils enrolled in the public school academy~~  
27 ~~for the immediately preceding fiscal year, as reported by the~~

~~public school academy and audited by the intermediate district in which the public school academy is located. However, if a public school academy described in this subdivision does not provide definitive information to the auditing intermediate district to support the pupil memberships generated by average daily attendance, then full-time equated memberships for pupils enrolled in that public school academy shall be calculated as otherwise provided under this subsection.~~

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

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

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

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

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

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

1 (d) A pupil enrolled in a district other than the pupil's  
2 district of residence under an intermediate district schools of  
3 choice pilot program as described in section 91a or former section  
4 91 if the intermediate district and its constituent districts have  
5 been exempted from section 105.

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

9 (f) A pupil who has made an official written complaint or  
10 whose parent or legal guardian has made an official written  
11 complaint to law enforcement officials and to school officials of  
12 the pupil's district of residence that the pupil has been the  
13 victim of a criminal sexual assault or other serious assault, if  
14 the official complaint either indicates that the assault occurred  
15 at school or that the assault was committed by 1 or more other  
16 pupils enrolled in the school the pupil would otherwise attend in  
17 the district of residence or by an employee of the district of  
18 residence. A person who intentionally makes a false report of a  
19 crime to law enforcement officials for the purposes of this  
20 subdivision is subject to section 411a of the Michigan penal code,  
21 1931 PA 328, MCL 750.411a, which provides criminal penalties for  
22 that conduct. As used in this subdivision:

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

27 (ii) "Serious assault" means an act that constitutes a felony



1 violation of chapter XI of the Michigan penal code, 1931 PA 328,  
2 MCL 750.81 to 750.90g, or that constitutes an assault and  
3 infliction of serious or aggravated injury under section 81a of the  
4 Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

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

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

25 **(K) AN EXPELLED PUPIL WHO HAS BEEN DENIED REINSTATEMENT BY THE**  
26 **EXPELLING DISTRICT AND IS REINSTATED BY ANOTHER SCHOOL BOARD UNDER**  
27 **SECTION 1311 OR 1311A OF THE REVISED SCHOOL CODE, MCL 380.1311 AND**

1   **380.1311A.**

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

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

12          (a) Except as provided in subdivision (b), the fourth  
13   Wednesday after Labor day each school year or, for a district or  
14   building in which school is not in session on that Wednesday **DUE TO**  
15   **CONDITIONS NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES**, with the  
16   approval of the superintendent, the immediately following day on  
17   which school is in session in the district or building.

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

20           (i) Fourth Wednesday in July.

21           (ii) Fourth Wednesday after Labor day.

22           (iii) Second Wednesday in February.

23           (iv) Fourth Wednesday in April.

24          (8) "Pupils in grades K to 12 actually enrolled and in regular  
25   daily attendance" means pupils in grades K to 12 in attendance and  
26   receiving instruction in all classes for which they are enrolled on  
27   the pupil membership count day or the supplemental count day, as

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

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

4 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to  
5 380.1852.

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

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

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

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

15 (15) "Tuition pupil" means a pupil of school age attending  
16 school in a district other than the pupil's district of residence  
17 for whom tuition may be charged. Tuition pupil does not include a  
18 pupil who is a special education pupil or a pupil described in  
19 subsection (6)(d) to ~~(j)~~ **(K)**. A pupil's district of residence shall  
20 not require a high school tuition pupil, as provided under section  
21 111, to attend another school district after the pupil has been  
22 assigned to a school district.

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

26 (17) "Taxable value" means the taxable value of property as  
27 determined under section 27a of the general property tax act, 1893

1 PA 206, MCL 211.27a.

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

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

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

14 Sec. 6a. Except as otherwise provided in this act, in addition  
15 to the pupil membership count day, there shall be a supplemental  
16 pupil count of the number of full-time equated pupils in grades K-  
17 12 actually enrolled and in regular daily attendance in a district  
18 or intermediate district on the second Wednesday in February or,  
19 for a district that is not in session on that day **DUE TO CONDITIONS**  
20 **NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES, WITH THE APPROVAL OF**  
21 **THE SUPERINTENDENT**, the immediately ~~preceding~~**-FOLLOWING** day on  
22 which the district is in session. For the purposes of this act, the  
23 day on which the supplemental pupil count is conducted is the  
24 supplemental count day.

25 Sec. 8b. (1) The department shall assign a district code to  
26 each public school academy that is authorized under the revised  
27 school code and is eligible to receive funding under this act

1 within 30 days after a contract is submitted to the department by  
2 the authorizing body of a public school academy.

3 (2) If the department does not assign a district code to a  
4 public school academy within the 30-day period described in  
5 subsection (1), the district code the department shall use to make  
6 payments under this act to the newly authorized public school  
7 academy shall be a number that is equivalent to the sum of the last  
8 district code assigned to a public school academy located in the  
9 same county as the newly authorized public school academy plus 1.  
10 However, if there is not an existing public school academy located  
11 in the same county as the newly authorized public school academy,  
12 then the district code the department shall use to make payments  
13 under this act to the newly authorized public school academy shall  
14 be a 5-digit number that has the county code in which the public  
15 school academy is located as its first 2 digits, 9 as its third  
16 digit, 0 as its fourth digit, and 1 as its fifth digit. **IF THE**  
17 **NUMBER OF PUBLIC SCHOOL ACADEMIES IN A COUNTY GROWS TO EXCEED 100,**  
18 **THE THIRD DIGIT IN THIS 5-DIGIT NUMBER SHALL THEN BE 8 FOR THE**  
19 **PUBLIC SCHOOL ACADEMIES IN EXCESS OF 100.**

20 Sec. 11. (1) ~~For the fiscal year ending September 30, 2007,~~  
21 ~~there is appropriated for the public schools of this state and~~  
22 ~~certain other state purposes relating to education the sum of~~  
23 ~~\$11,299,963,200.00 from the state school aid fund established by~~  
24 ~~section 11 of article IX of the state constitution of 1963 and the~~  
25 ~~sum of \$35,000,000.00 from the general fund. **FOR THE FISCAL YEAR**~~  
26 **ENDING SEPTEMBER 30, 2008, THERE IS APPROPRIATED FOR THE PUBLIC**  
27 **SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO**

1 EDUCATION THE SUM OF \$11,796,943,700.00 FROM THE STATE SCHOOL AID  
2 FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE  
3 CONSTITUTION OF 1963 AND THE SUM OF \$35,000,000.00 FROM THE GENERAL  
4 FUND. In addition, available federal funds are appropriated for the  
5 fiscal year.

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

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

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



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

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

7           (i) Districts.

8           (ii) Intermediate districts.

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

10          (b) The department shall recover a percentage of the proration  
11 amount required under subsection (3) that is equal to the  
12 percentage calculated under subdivision (a)(i) for districts by  
13 reducing payments to districts. This reduction shall be made by  
14 calculating an equal dollar amount per pupil as necessary to  
15 recover this percentage of the proration amount and reducing each  
16 district's total state school aid from state sources, other than  
17 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
18 51a(2), 51a(12), 51c, and 53a, by that amount.

19          (c) 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)(ii) for intermediate  
22 districts by reducing payments to intermediate districts. This  
23 reduction shall be made by reducing the payments to each  
24 intermediate district, other than payments under sections 11f, 11g,  
25 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
26 basis.

27          (d) The department shall recover a percentage of the proration

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

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

11 ~~—— (6) In addition to the appropriations in subsection (1), for~~  
12 ~~the fiscal year ending September 30, 2007, there is appropriated~~  
13 ~~from the reserve for undistributed investment income in the~~  
14 ~~Michigan public school employees' retirement system an amount not~~  
15 ~~to exceed \$262,000,000.00 solely for the purpose of issuing credits~~  
16 ~~pursuant to section 147.~~

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

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

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

27 (b) Money statutorily dedicated to the school aid

1 stabilization fund.

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

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

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

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

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

1 in the manner provided under section 11(4).

2 (7) For ~~2006-2007~~ **2007-2008**, there is ~~transferred~~ **APPROPRIATED**  
3 from the school aid stabilization fund to the state school aid fund  
4 the amount necessary to fully fund the allocations under this act.

5 Sec. 11f. (1) From the appropriations under section 11, there  
6 is allocated for the purposes of this section an amount not to  
7 exceed \$32,000,000.00 for the fiscal year ending ~~September 30, 2007~~  
8 ~~and for each succeeding fiscal year through the fiscal year ending~~  
9 September 30, 2008. Payments under this section will cease after  
10 September 30, 2008. These allocations are for paying the amounts  
11 described in subsection (4) to districts and intermediate  
12 districts, other than those receiving a lump sum payment under  
13 subsection (2), that were not plaintiffs in the consolidated cases  
14 known as Durant v State of Michigan, Michigan supreme court docket  
15 no. 104458-104492 and that, on or before March 2, 1998, submitted  
16 to the state treasurer a board resolution waiving any right or  
17 interest the district or intermediate district has or may have in  
18 any claim or litigation based on or arising out of any claim or  
19 potential claim through September 30, 1997 that is or was similar  
20 to the claims asserted by the plaintiffs in the consolidated cases  
21 known as Durant v State of Michigan. The waiver resolution shall be  
22 in form and substance as required under subsection (7). The state  
23 treasurer is authorized to accept such a waiver resolution on  
24 behalf of this state. The amounts described in this subsection  
25 represent offers of settlement and compromise of any claim or  
26 claims that were or could have been asserted by these districts and  
27 intermediate districts, as described in this subsection.

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

24           (3) This section does not create any obligation or liability  
25 of this state to any district or intermediate district that does  
26 not submit a waiver resolution described in this section. This  
27 section, any other provision of this act, and section 353e of the

1 management and budget act, 1984 PA 431, MCL 18.1353e, are not  
2 intended to admit liability or waive any defense that is or would  
3 be available to this state or its agencies, employees, or agents in  
4 any litigation or future litigation with a district or intermediate  
5 district.

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

26 (5) The entire amount of each payment under subsection (1)  
27 each fiscal year shall be paid on November 15 of the applicable

1 fiscal year or on the next business day following that date.

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

22 (7) The resolution to be adopted and submitted by a district  
23 or intermediate district under this section and section 11g shall  
24 read as follows:

25 "Whereas, the board of \_\_\_\_\_ (name of district  
26 or intermediate district) desires to settle and compromise, in  
27 their entirety, any claim or claims that the district (or

1 intermediate district) has or had for violations of section 29 of  
2 article IX of the state constitution of 1963, which claim or claims  
3 are or were similar to the claims asserted by the plaintiffs in the  
4 consolidated cases known as Durant v State of Michigan, Michigan  
5 supreme court docket no. 104458-104492.

6 Whereas, the district (or intermediate district) agrees to  
7 settle and compromise these claims for the consideration described  
8 in sections 11f and 11g of the state school aid act of 1979, 1979  
9 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for  
10 the district (or intermediate district) in section 11h of the state  
11 school aid act of 1979, 1979 PA 94, MCL 388.1611h.

12 Whereas, the board of \_\_\_\_\_ (name of district or  
13 intermediate district) is authorized to adopt this resolution.

14 Now, therefore, be it resolved as follows:

15 1. The board of \_\_\_\_\_ (name of district or  
16 intermediate district) waives any right or interest it may have in  
17 any claim or potential claim through September 30, 1997 relating to  
18 the amount of funding the district or intermediate district is, or  
19 may have been, entitled to receive under the state school aid act  
20 of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or any other source  
21 of state funding, by reason of the application of section 29 of  
22 article IX of the state constitution of 1963, which claims or  
23 potential claims are or were similar to the claims asserted by the  
24 plaintiffs in the consolidated cases known as Durant v State of  
25 Michigan, Michigan supreme court docket no. 104458-104492.

26 2. The board of \_\_\_\_\_ (name of district or  
27 intermediate district) directs its secretary to submit a certified



1 copy of this resolution to the state treasurer no later than 5 p.m.  
2 eastern standard time on March 2, 1998, and agrees that it will not  
3 take any action to amend or rescind this resolution.

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

11 4. This resolution is contingent on continued payments by the  
12 state each fiscal year as determined under sections 11f and 11g of  
13 the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and  
14 388.1611g. However, this resolution shall be an irrevocable waiver  
15 of any claim to amounts actually received by the school district or  
16 intermediate school district under sections 11f and 11g of the  
17 state school aid act of 1979."

18 (8) An early intervening program that uses funds received  
19 under this section shall meet 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 school-wide 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 school-wide 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 Sec. 11g. (1) ~~If the Michigan municipal bond authority~~  
19 ~~notifies the state treasurer before May 15, 2007 that it has~~  
20 ~~restructured debt service on bonds issued by districts and~~  
21 ~~intermediate districts under section 11i to \$0.00 for debt service~~  
22 ~~payments due on May 15, 2007 and May 15, 2008, then from~~ **FROM** ~~the~~  
23 ~~appropriation in section 11, there is allocated for this section an~~  
24 ~~amount not to exceed \$141,000.00 each fiscal year for the fiscal~~  
25 ~~year ending September 30, 2007 and for the fiscal year ending~~  
26 ~~September 30, 2008, and an amount not to exceed \$42,000,000.00 for~~  
27 ~~each succeeding fiscal year through the fiscal year ending~~

1 September 30, 2015, after which these payments will cease. ~~If the~~  
2 ~~Michigan municipal bond authority does not notify the state~~  
3 ~~treasurer before May 15, 2007 that it has restructured debt service~~  
4 ~~on bonds issued by districts and intermediate districts under~~  
5 ~~section 11i to \$0.00 for debt service payments due on May 15, 2007~~  
6 ~~and May 15, 2008, then from the appropriation in section 11, there~~  
7 ~~is allocated for this section an amount not to exceed~~  
8 ~~\$35,000,000.00 for the fiscal year ending September 30, 2007 and~~  
9 ~~for each succeeding fiscal year through the fiscal year ending~~  
10 ~~September 30, 2013, after which these payments will cease. These~~  
11 allocations are for paying the amounts described in subsection (3)  
12 to districts and intermediate districts, other than those receiving  
13 a lump-sum payment under section 11f(2), that were not plaintiffs  
14 in the consolidated cases known as Durant v State of Michigan,  
15 Michigan supreme court docket no. 104458-104492 and that, on or  
16 before March 2, 1998, submitted to the state treasurer a waiver  
17 resolution described in section 11f. The amounts paid under this  
18 section represent offers of settlement and compromise of any claim  
19 or claims that were or could have been asserted by these districts  
20 and intermediate districts, as described in this section.

21 (2) This section does not create any obligation or liability  
22 of this state to any district or intermediate district that does  
23 not submit a waiver resolution described in section 11f. This  
24 section, any other provision of this act, and section 353e of the  
25 management and budget act, 1984 PA 431, MCL 18.1353e, are not  
26 intended to admit liability or waive any defense that is or would  
27 be available to this state or its agencies, employees, or agents in

1 any litigation or future litigation with a district or intermediate  
2 district regarding these claims or potential claims.

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

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

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

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

1 priority:

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

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

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

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

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

18 Sec. 11j. From the appropriation in section 11, there is  
19 allocated an amount not to exceed ~~\$42,500,000.00 for 2006-2007~~  
20 **\$1,900,000.00 FOR 2007-2008** for payments to the school loan bond  
21 redemption fund in the department of treasury on behalf of  
22 districts and intermediate districts. Notwithstanding section 11 or  
23 any other provision of this act, funds allocated under this section  
24 are not subject to proration and shall be paid in full.

25 Sec. 11k. For ~~2006-2007~~ **2007-2008**, there is appropriated from  
26 the general fund to the school loan revolving fund an amount equal  
27 to the amount of school bond loans assigned to the Michigan

1 municipal bond authority, not to exceed the total amount of school  
2 bond loans held in reserve as long-term assets. As used in this  
3 section, "school loan revolving fund" means that fund created in  
4 section 16c of the shared credit rating act, 1985 PA 227, MCL  
5 141.1066c.

6 Sec. 11m. From the appropriations in section 11, there is  
7 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed  
8 \$22,800,000.00 for fiscal year cash-flow borrowing costs solely  
9 related to the state school aid fund established by section 11 of  
10 article IX of the state constitution of 1963.

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

27 (2) If the result of an audit conducted by or for the

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

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

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

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

1 ~~2005-2006 and 2006-2007~~ **FOR 2007-2008** for obligations in excess of  
2 applicable appropriations, an amount equal to the collection of  
3 overpayments, but not to exceed amounts available from  
4 overpayments.

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

23       (2) Within 30 days after a board or intermediate board adopts  
24 its annual operating budget for the following school fiscal year,  
25 or after a board or intermediate board adopts a subsequent revision  
26 to that budget, the district or intermediate district shall make  
27 the budget and subsequent budget revisions available on its



1 website, or a district may make the information available on its  
2 intermediate district's website, in a form and manner prescribed by  
3 the department.

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

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

13 (4) By November 15 of each year, each district and  
14 intermediate district shall submit to the center, in a manner  
15 prescribed by the center, annual comprehensive financial data  
16 consistent with accounting manuals and charts of accounts approved  
17 and published by the department. ~~Effective with the report due on~~  
18 ~~November 15, 2006, for~~ **FOR** an intermediate district, the report  
19 shall also contain the website address where the department can  
20 access the report required under section 620 of the revised school  
21 code, MCL 380.620.

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

26 (6) By October 7 of each year, each district and intermediate  
27 district shall file with the ~~department~~ **CENTER** the transportation

1 expenditure report, known as "SE-4094", on a form and in the manner  
2 prescribed by the ~~department~~**CENTER**.

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

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

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

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

25 ~~— (2) Each district and intermediate district shall provide to~~  
26 ~~the department, in a form and manner prescribed by the department,~~  
27 ~~information necessary for the development of an annual progress~~

1 ~~report on the required implementation of sections 1204a, 1277,~~  
2 ~~1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,~~  
3 ~~380.1278, and 380.1280, commonly referred to as "public act 25 of~~  
4 ~~1990".~~

5 (2) ~~(3)~~—A district or intermediate district shall comply with  
6 all applicable reporting requirements specified in state and  
7 federal law. Data provided to the center, in a form and manner  
8 prescribed by the center, shall be aggregated and disaggregated as  
9 required by state and federal law.

10 (3) ~~(4)~~—Each district shall furnish to the center not later  
11 than 7 weeks after the pupil membership count day, in a manner  
12 prescribed by the center, the information necessary for the  
13 preparation of the district and high school graduation report. The  
14 center shall calculate an annual graduation and pupil dropout rate  
15 for each high school, each district, and this state, in compliance  
16 with nationally recognized standards for these calculations. The  
17 center shall report all graduation and dropout rates to the senate  
18 and house education committees and appropriations committees, the  
19 state budget director, and the department not later than 30 days  
20 after the publication of the list described in subsection ~~(8)~~—(7).

21 (4) ~~(5)~~—By the first business day in December and by June 30  
22 of each year, a district shall furnish to the center, in a manner  
23 prescribed by the center, information related to educational  
24 personnel as necessary for reporting required by state and federal  
25 law.

26 (5) ~~(6)~~—By June 30 of each year, a district shall furnish to  
27 the center, in a manner prescribed by the center, information

1 related to safety practices and criminal incidents as necessary for  
2 reporting required by state and federal law.

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

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

21 Sec. 20. (1) ~~For 2005-2006, the basic foundation allowance is~~  
22 ~~\$6,875.00. For 2006-2007, the basic foundation allowance is~~  
23 ~~\$7,085.00.~~ **FOR 2007-2008, THE BASIC FOUNDATION ALLOWANCE IS**  
24 **\$7,208.00.**

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

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

5           (a) Except as otherwise provided in this subsection, for a  
6 district that in the immediately preceding state fiscal year had a  
7 foundation allowance in an amount at least equal to the amount of  
8 the basic foundation allowance for the immediately preceding state  
9 fiscal year, the district shall receive a foundation allowance in  
10 an amount equal to the sum of the district's foundation allowance  
11 for the immediately preceding state fiscal year plus the dollar  
12 amount of the adjustment from the immediately preceding state  
13 fiscal year to the current state fiscal year in the basic  
14 foundation allowance. However, for 2002-2003, the foundation  
15 allowance for a district under this subdivision is an amount equal  
16 to the sum of the district's foundation allowance for the  
17 immediately preceding state fiscal year plus \$200.00. **FOR 2007-**  
18 **2008, THE FOUNDATION ALLOWANCE FOR A DISTRICT UNDER THIS**  
19 **SUBDIVISION IS AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S**  
20 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**  
21 **YEAR PLUS \$100.00.**

22           (b) 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. For 2002-2003, for a  
8 district that in the 1994-95 state fiscal year had a foundation  
9 allowance greater than \$6,500.00, the district's foundation  
10 allowance is an amount equal to the sum of the district's  
11 foundation allowance for the immediately preceding state fiscal  
12 year plus the lesser of \$200.00 or the product of the district's  
13 foundation allowance for the immediately preceding state fiscal  
14 year times the percentage increase in the United States consumer  
15 price index in the calendar year ending in the immediately  
16 preceding fiscal year as reported by the May revenue estimating  
17 conference conducted under section 367b of the management and  
18 budget act, 1984 PA 431, MCL 18.1367b. **FOR 2007-2008, FOR A**  
19 **DISTRICT THAT IN THE 1994-95 STATE FISCAL YEAR HAD A FOUNDATION**  
20 **ALLOWANCE GREATER THAN \$6,500.00, THE DISTRICT'S FOUNDATION**  
21 **ALLOWANCE IS AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S**  
22 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**  
23 **YEAR PLUS THE LESSER OF \$100.00 OR THE PRODUCT OF THE DISTRICT'S**  
24 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**  
25 **YEAR TIMES THE PERCENTAGE INCREASE IN THE UNITED STATES CONSUMER**  
26 **PRICE INDEX IN THE CALENDAR YEAR ENDING IN THE IMMEDIATELY**  
27 **PRECEDING FISCAL YEAR AS REPORTED BY THE MAY REVENUE ESTIMATING**

**1 CONFERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT AND  
2 BUDGET ACT, 1984 PA 431, MCL 18.1367B.**

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

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

14 (e) It is the intent of the legislature that beginning in  
15 ~~2007-2008-2008-2009~~, for a district that receives a payment under  
16 section 22c for ~~2006-2007-2007-2008~~, the district's ~~2006-2007-2007-~~  
17 ~~2008~~ foundation allowance shall be considered to have been an  
18 amount equal to the sum of the district's actual ~~2006-2007-2007-~~  
19 ~~2008~~ foundation allowance as otherwise calculated under this  
20 section plus the per pupil amount of the district's equity payment  
21 for ~~2006-2007-2007-2008~~ under section 22c.

22 (4) Except as otherwise provided in this subsection, the state  
23 portion of a district's foundation allowance is an amount equal to  
24 the district's foundation allowance or \$6,500.00, whichever is  
25 less, minus the difference between the product of the taxable value  
26 per membership pupil of all property in the district that is not a  
27 principal residence or qualified agricultural property times the



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

1 calculated as if that reduction did not occur. ~~The~~**BEGINNING IN**  
2 **2007-2008, THE** \$6,500.00 amount prescribed in this subsection shall  
3 be adjusted each year by an amount equal to the dollar amount of  
4 the difference between the basic foundation allowance for the  
5 current state fiscal year and \$5,000.00, minus ~~\$200.00~~**\$223.00**.

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

26 (6) Subject to subsection (7) and section 22b(3) and except as  
27 otherwise provided in this subsection, for pupils in membership,

1 other than special education pupils, in a public school academy or  
2 a university school, the allocation calculated under this section  
3 is an amount per membership pupil other than special education  
4 pupils in the public school academy or university school equal to  
5 the sum of the local school operating revenue per membership pupil  
6 other than special education pupils for the district in which the  
7 public school academy or university school is located and the state  
8 portion of that district's foundation allowance, or the sum of the  
9 basic foundation allowance under subsection (1) plus \$300.00,  
10 whichever is less. **HOWEVER, BEGINNING IN 2007-2008, THE \$300.00**  
11 **AMOUNT PRESCRIBED IN THIS SUBSECTION SHALL BE REDUCED BY \$23.00.**  
12 Notwithstanding section 101(2), for a public school academy that  
13 begins operations after the pupil membership count day, the amount  
14 per membership pupil calculated under this subsection shall be  
15 adjusted by multiplying that amount per membership pupil by the  
16 number of hours of pupil instruction provided by the public school  
17 academy after it begins operations, as determined by the  
18 department, divided by the minimum number of hours of pupil  
19 instruction required under section 101(3). The result of this  
20 calculation shall not exceed the amount per membership pupil  
21 otherwise calculated under this subsection.

22 (7) If more than 25% of the pupils residing within a district  
23 are in membership in 1 or more public school academies located in  
24 the district, then the amount per membership pupil calculated under  
25 this section for a public school academy located in the district  
26 shall be reduced by an amount equal to the difference between the  
27 product of the taxable value per membership pupil of all property

1 in the district that is not a principal residence or qualified  
2 agricultural property times the lesser of 18 mills or the number of  
3 mills of school operating taxes levied by the district in 1993-94  
4 and the quotient of the ad valorem property tax revenue of the  
5 district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the  
6 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to  
7 125.1830, the local development financing act, 1986 PA 281, MCL  
8 125.2151 to 125.2174, or the brownfield redevelopment financing  
9 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
10 district's membership excluding special education pupils, in the  
11 school fiscal year ending in the current state fiscal year,  
12 calculated as if the resident pupils in membership in 1 or more  
13 public school academies located in the district were in membership  
14 in the district. In order to receive state school aid under this  
15 act, a district described in this subsection shall pay to the  
16 authorizing body that is the fiscal agent for a public school  
17 academy located in the district for forwarding to the public school  
18 academy an amount equal to that local school operating revenue per  
19 membership pupil for each resident pupil in membership other than  
20 special education pupils in the public school academy, as  
21 determined by the department.

22 (8) If a district does not receive an amount calculated under  
23 subsection (9); if the number of mills the district may levy on a  
24 principal residence and qualified agricultural property under  
25 section 1211(1) of the revised school code, MCL 380.1211, is 0.5  
26 mills or less; and if the district elects not to levy those mills,  
27 the district instead shall receive a separate supplemental amount

1 calculated under this subsection in an amount equal to the amount  
2 the district would have received had it levied those mills, as  
3 determined by the department of treasury. A district shall not  
4 receive a separate supplemental amount calculated under this  
5 subsection for a fiscal year unless in the calendar year ending in  
6 the fiscal year the district levies 18 mills or the number of mills  
7 of school operating taxes levied by the district in 1993, whichever  
8 is less, on property that is not a principal residence or qualified  
9 agricultural property.

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

1 school code, MCL 380.1211, as determined by the department of  
2 treasury. If in the calendar year ending in the fiscal year a  
3 district does not levy 18 mills or the number of mills of school  
4 operating taxes levied by the district in 1993, whichever is less,  
5 on property that is not a principal residence or qualified  
6 agricultural property, the amount calculated under this subsection  
7 will be reduced by the same percentage as the millage actually  
8 levied compares to the 18 mills or the number of mills levied in  
9 1993, whichever is less.

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

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

26 (12) State payments related to payment of the foundation  
27 allowance for a special education pupil are not calculated under

1 this section but are instead calculated under section 51a.

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

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

18 (b) The revenue adjustment factor shall be computed by  
19 dividing the sum of the estimated total state school aid fund  
20 revenue for the subsequent state fiscal year plus the estimated  
21 total state school aid fund revenue for the current state fiscal  
22 year, adjusted for any change in the rate or base of a tax the  
23 proceeds of which are deposited in that fund and excluding money  
24 transferred into that fund from the countercyclical budget and  
25 economic stabilization fund under section 353e of the management  
26 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the  
27 estimated total school aid fund revenue for the current state

1 fiscal year plus the estimated total state school aid fund revenue  
2 for the immediately preceding state fiscal year, adjusted for any  
3 change in the rate or base of a tax the proceeds of which are  
4 deposited in that fund. If a consensus revenue factor is not  
5 determined at the revenue estimating conference, the principals of  
6 the revenue estimating conference shall report their estimates to  
7 the house and senate subcommittees responsible for school aid  
8 appropriations not later than 7 days after the conclusion of the  
9 revenue conference.

10 (c) The index shall be calculated by multiplying the pupil  
11 membership factor by the revenue adjustment factor. However, for  
12 ~~2005-2006 and 2006-2007~~ **2007-2008**, the index shall be 1.00. If a  
13 consensus index is not determined at the revenue estimating  
14 conference, the principals of the revenue estimating conference  
15 shall report their estimates to the house and senate subcommittees  
16 responsible for school aid appropriations not later than 7 days  
17 after the conclusion of the revenue conference.

18 (14) If the principals at the revenue estimating conference  
19 reach a consensus on the index described in subsection (13)(c), the  
20 basic foundation allowance for the subsequent state fiscal year  
21 shall be at least the amount of that consensus index multiplied by  
22 the basic foundation allowance specified in subsection (1).

23 (15) If at the January revenue estimating conference it is  
24 estimated that pupil membership, excluding intermediate district  
25 membership, for the subsequent state fiscal year will be greater  
26 than 101% of the pupil membership, excluding intermediate district  
27 membership, for the current state fiscal year, then it is the



1 intent of the legislature that the executive budget proposal for  
2 the school aid budget for the subsequent state fiscal year include  
3 a general fund/general purpose allocation sufficient to support the  
4 membership in excess of 101% of the current year pupil membership.

5 (16) For a district that had combined state and local revenue  
6 per membership pupil in the 1993-94 state fiscal year of more than  
7 \$6,500.00, that had fewer than 7 pupils in membership in the 1993-  
8 94 state fiscal year, that has at least 1 child educated in the  
9 district in the current state fiscal year, and that levies the  
10 number of mills of school operating taxes authorized for the  
11 district under section 1211 of the revised school code, MCL  
12 380.1211, a minimum amount of combined state and local revenue  
13 shall be calculated for the district as provided under this  
14 subsection. The minimum amount of combined state and local revenue  
15 for 1999-2000 shall be \$67,000.00 plus the district's additional  
16 expenses to educate pupils in grades 9 to 12 educated in other  
17 districts as determined and allowed by the department. The minimum  
18 amount of combined state and local revenue under this subsection,  
19 before adding the additional expenses, shall increase each fiscal  
20 year by the same percentage increase as the percentage increase in  
21 the basic foundation allowance from the immediately preceding  
22 fiscal year to the current fiscal year. The state portion of the  
23 minimum amount of combined state and local revenue under this  
24 subsection shall be calculated by subtracting from the minimum  
25 amount of combined state and local revenue under this subsection  
26 the sum of the district's local school operating revenue and an  
27 amount equal to the product of the sum of the state portion of the

1 district's foundation allowance plus the amount calculated under  
2 section 20j times the district's membership. As used in this  
3 subsection, "additional expenses" means the district's expenses for  
4 tuition or fees, not to exceed \$6,500.00 as adjusted each year by  
5 an amount equal to the dollar amount of the difference between the  
6 basic foundation allowance for the current state fiscal year and  
7 \$5,000.00, minus ~~\$200.00~~ **\$223.00**, plus a room and board stipend not  
8 to exceed \$10.00 per school day for each pupil in grades 9 to 12  
9 educated in another district, as approved by the department.

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

21 (18) For a district in which an industrial facilities  
22 exemption certificate that abated taxes on property with a state  
23 equalized valuation greater than the total state equalized  
24 valuation of the district at the time the certificate was issued or  
25 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
26 198, MCL 207.551 to 207.572, before the calculation of the  
27 district's 1994-95 foundation allowance, the district's foundation

1 allowance for 2002-2003 is an amount equal to the sum of the  
2 district's foundation allowance for 2002-2003, as otherwise  
3 calculated under this section, plus \$250.00.

4 (19) For a district that received a grant under former section  
5 32e for 2001-2002, the district's foundation allowance for 2002-  
6 2003 and each succeeding fiscal year shall be adjusted to be an  
7 amount equal to the sum of the district's foundation allowance, as  
8 otherwise calculated under this section, plus the quotient of 100%  
9 of the amount of the grant award to the district for 2001-2002  
10 under former section 32e divided by the number of pupils in the  
11 district's membership for 2001-2002 who were residents of and  
12 enrolled in the district. Except as otherwise provided in this  
13 subsection, a district qualifying for a foundation allowance  
14 adjustment under this subsection shall use the funds resulting from  
15 this adjustment for at least 1 of grades K to 3 for purposes  
16 allowable under former section 32e as in effect for 2001-2002, and  
17 may also use these funds for an early intervening program described  
18 in subsection (20). For an individual school or schools operated by  
19 a district qualifying for a foundation allowance under this  
20 subsection that have been determined by the department to meet the  
21 adequate yearly progress standards of the federal no child left  
22 behind act of 2001, Public Law 107-110, in both mathematics and  
23 English language arts at all applicable grade levels for all  
24 applicable subgroups, the district may submit to the department an  
25 application for flexibility in using the funds resulting from this  
26 adjustment that are attributable to the pupils in the school or  
27 schools. The application shall identify the affected school or

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

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

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

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

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

22 (22) For a district that levied 2.23 mills in 1993 to finance  
23 an operating deficit, the district's foundation allowance shall be  
24 calculated as if those mills were included as operating mills in  
25 the calculation of the district's 1994-1995 foundation allowance. A  
26 district is not entitled to any retroactive payments for fiscal  
27 years before 2006-2007 due to this subsection. A district receiving

1 an adjustment under this subsection shall not receive more than  
2 \$500,000.00 for a fiscal year as a result of this adjustment.

3 (23) FOR A DISTRICT THAT LEVIED 4.87 MILLS IN 1993 TO FINANCE  
4 AN OPERATING DEFICIT, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE  
5 CALCULATED AS IF THOSE MILLS WERE INCLUDED AS OPERATING MILLS IN  
6 THE CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. A  
7 DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL  
8 YEARS BEFORE 2007-2008 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING  
9 AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN  
10 \$500,000.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.

11 (24) FOR A DISTRICT IN WHICH 4.91 MILLS LEVIED IN 1992 FOR  
12 SCHOOL OPERATING PURPOSES IN THE 1992-1993 SCHOOL YEAR WERE NOT  
13 RENEWED IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-1994  
14 SCHOOL YEAR, THE DISTRICT'S COMBINED STATE AND LOCAL REVENUE PER  
15 MEMBERSHIP PUPIL SHALL BE RECALCULATED AS IF THAT MILLAGE REDUCTION  
16 DID NOT OCCUR AND, BEGINNING IN 2007-2008, THE DISTRICT'S  
17 FOUNDATION ALLOWANCE SHALL BE CALCULATED AS IF ITS 1994-1995  
18 FOUNDATION ALLOWANCE HAD BEEN CALCULATED USING THAT RECALCULATED  
19 1993-1994 COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL AS  
20 A BASE. A DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR  
21 FISCAL YEARS BEFORE 2007-2008 DUE TO THIS SUBSECTION. A DISTRICT  
22 RECEIVING AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE  
23 MORE THAN \$800,000.00 FOR A FISCAL YEAR AS A RESULT OF THIS  
24 ADJUSTMENT.

25 (25) FOR A DISTRICT THAT LEVIED 1.8 MILLS IN 1993 TO FINANCE  
26 AN OPERATING DEFICIT, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE  
27 CALCULATED AS IF THOSE MILLS WERE INCLUDED AS OPERATING MILLS IN

1 THE CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. A  
 2 DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL  
 3 YEARS BEFORE 2007-2008 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING  
 4 AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN  
 5 \$800,000.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.

6 (26) ~~(23)~~—Payments to districts, university schools, or public  
 7 school academies shall not be made under this section. Rather, the  
 8 calculations under this section shall be used to determine the  
 9 amount of state payments under section 22b.

10 (27) ~~(24)~~—If an amendment to section 2 of article VIII of the  
 11 state constitution of 1963 allowing state aid to some or all  
 12 nonpublic schools is approved by the voters of this state, each  
 13 foundation allowance or per pupil payment calculation under this  
 14 section may be reduced.

15 (28) ~~(25)~~—As used in this section:

16 (a) "Combined state and local revenue" means the aggregate of  
 17 the district's state school aid received by or paid on behalf of  
 18 the district under this section and the district's local school  
 19 operating revenue.

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

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

25 (d) "Immediately preceding state fiscal year" means the state  
 26 fiscal year immediately preceding the current state fiscal year.

27 (e) "Local school operating revenue" means school operating

1 taxes levied under section 1211 of the revised school code, MCL  
2 380.1211.

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

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

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

12 (i) "School operating purposes" means the purposes included in  
13 the operation costs of the district as prescribed in sections 7 and  
14 18.

15 (j) "School operating taxes" means local ad valorem property  
16 taxes levied under section 1211 of the revised school code, MCL  
17 380.1211, and retained for school operating purposes.

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

23 Sec. 20j. (1) Foundation allowance supplemental payments for  
24 ~~2006-2007~~**2007-2008** to districts that in the 1994-95 state fiscal  
25 year had a foundation allowance greater than \$6,500.00 shall be  
26 calculated under this section.

27 (2) The per pupil allocation to each district under this



1 section shall be the difference between the dollar amount of the  
2 adjustment from the 1998-99 state fiscal year to the current state  
3 fiscal year in the basic foundation allowance **LESS \$223.00** minus  
4 the dollar amount of the adjustment from the 1998-99 state fiscal  
5 year to the current state fiscal year in the district's foundation  
6 allowance.

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

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

1 22b.

2       Sec. 22a. (1) From the appropriation in section 11, there is  
3 allocated an amount not to exceed ~~\$6,204,700,000.00 for 2006-2007~~  
4 **\$6,011,000,000.00 FOR 2007-2008** for payments to districts,  
5 qualifying university schools, and qualifying public school  
6 academies to guarantee each district, qualifying university school,  
7 and qualifying public school academy an amount equal to its 1994-95  
8 total state and local per pupil revenue for school operating  
9 purposes under section 11 of article IX of the state constitution  
10 of 1963. Pursuant to section 11 of article IX of the state  
11 constitution of 1963, this guarantee does not apply to a district  
12 in a year in which the district levies a millage rate for school  
13 district operating purposes less than it levied in 1994. However,  
14 subsection (2) applies to calculating the payments under this  
15 section. Funds allocated under this section that are not expended  
16 in the state fiscal year for which they were allocated, as  
17 determined by the department, may be used to supplement the  
18 allocations under sections 22b and 51c in order to fully fund those  
19 calculated allocations for the same fiscal year.

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

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

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

16 (b) For a district that had a 1994-95 foundation allowance  
17 greater than \$6,500.00, the state payment under this subsection  
18 shall be the sum of the amount calculated under subdivision (a)  
19 plus the amount calculated under this subdivision. The amount  
20 calculated under this subdivision shall be equal to the difference  
21 between the district's 1994-95 foundation allowance minus \$6,500.00  
22 and the current year hold harmless school operating taxes per  
23 pupil. If the result of the calculation under subdivision (a) is  
24 negative, the negative amount shall be an offset against any state  
25 payment calculated under this subdivision. If the result of a  
26 calculation under this subdivision is negative, there shall not be  
27 a state payment or a deduction under this subdivision. The taxable

1 values per membership pupil used in the calculations under this  
2 subdivision are as adjusted by ad valorem property tax revenue  
3 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
4 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
5 125.1830, the local development financing act, 1986 PA 281, MCL  
6 125.2151 to 125.2174, or the brownfield redevelopment financing  
7 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
8 district's membership.

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

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

23 (5) For a district that is formed or reconfigured after June  
24 1, 2000 by consolidation of 2 or more districts or by annexation,  
25 the resulting district's 1994-95 foundation allowance under this  
26 section beginning after the effective date of the consolidation or  
27 annexation shall be the average of the 1994-95 foundation

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

11 (6) As used in this section:

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

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

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

22 (d) "Hold harmless millage" means, for a district with a 1994-  
23 95 foundation allowance greater than \$6,500.00, the number of mills  
24 by which the exemption from the levy of school operating taxes on a  
25 homestead and qualified agricultural property could be reduced as  
26 provided in section 1211(1) of the revised school code, MCL  
27 380.1211, and the number of mills of school operating taxes that

1 could be levied on all property as provided in section 1211(2) of  
2 the revised school code, MCL 380.1211, as certified by the  
3 department of treasury for the 1994 tax year.

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

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

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

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

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

17 (j) "School operating taxes" means local ad valorem property  
18 taxes levied under section 1211 of the revised school code, MCL  
19 380.1211, and retained for school operating purposes.

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

22 (i) For the number of mills by which the exemption from the  
23 levy of school operating taxes on a homestead and qualified  
24 agricultural property may be reduced as provided in section 1211(1)  
25 of the revised school code, MCL 380.1211, the taxable value of  
26 homestead and qualified agricultural property for the calendar year  
27 ending in the current state fiscal year.

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

6           Sec. 22b. (1) From the appropriation in section 11, there is  
7 allocated an amount not to exceed ~~\$3,566,000,000.00 for 2006-2007~~  
8 **\$3,752,800,000.00 FOR 2007-2008** for discretionary nonmandated  
9 payments to districts under this section. Funds allocated under  
10 this section that are not expended in the state fiscal year for  
11 which they were allocated, as determined by the department, may be  
12 used to supplement the allocations under sections 22a and 51c in  
13 order to fully fund those calculated allocations for the same  
14 fiscal year.

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

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

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

1 receive an allocation under this section each district shall comply  
2 with that requirement.

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

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

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

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

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



1 the escrowed funds are a work project appropriation and the funds  
2 are carried forward into the following fiscal year. The purpose of  
3 the work project is to provide for any payments that may be awarded  
4 to districts as a result of litigation. The work project shall be  
5 completed upon resolution of the litigation.

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

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

23 (8) If payments resulting from a final determination by the  
24 local claims review board or a court of competent jurisdiction that  
25 there has been a violation of section 29 of article IX of the state  
26 constitution of 1963 exceed the amount allocated for discretionary  
27 nonmandated payments under this section, the legislature shall

1 provide for adequate funding for this state's constitutional  
2 obligations at its next legislative session.

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

21 (10) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED  
22 FOR 2007-2008 ONLY AN AMOUNT NOT TO EXCEED \$40,000.00 FOR PAYMENT  
23 TO A DISTRICT THAT MEETS ALL OF THE FOLLOWING:

24 (A) HAD A MEMBERSHIP OF LESS THAN 900 PUPILS FOR 2006-2007.

25 (B) IS LOCATED IN AN INTERMEDIATE DISTRICT THAT HAD A TAXABLE  
26 VALUE PER MEMBERSHIP PUPIL, AS DEFINED IN SECTION 22A, OF GREATER  
27 THAN \$290,000.00 FOR 2006-2007.

1 (C) THE SCHOOL ELECTORS OF THE DISTRICT VOTED IN THE  
2 AFFIRMATIVE ON MAY 8, 2007 TO RESTORE A MILLAGE REDUCTION REQUIRED  
3 UNDER SECTION 31 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963,  
4 BUT THE DISTRICT WAS LATER FOUND TO HAVE AN INCORRECT MILLAGE  
5 REDUCTION FRACTION AS DEFINED IN SECTION 34D OF THE GENERAL  
6 PROPERTY TAX ACT, 1893 PA 206, MCL 211.34D.

7 (11) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED  
8 FOR 2007-2008 ONLY AN AMOUNT NOT TO EXCEED \$1,800,000.00 FOR A  
9 SUPPLEMENTAL PAYMENT TO A DISTRICT THAT ELECTS BY BOARD RESOLUTION  
10 UNDER SECTION 1211(2) OF THE REVISED SCHOOL CODE, MCL 380.1211, TO  
11 EXEMPT EACH PRINCIPAL RESIDENCE AND ALL QUALIFIED AGRICULTURAL  
12 PROPERTY, QUALIFIED FOREST PROPERTY, AND INDUSTRIAL PERSONAL  
13 PROPERTY FROM SOME OR ALL OF THE MILLS LEVIED UNDER THAT  
14 SUBSECTION. THIS SUPPLEMENTAL PAYMENT IS TO REIMBURSE THE DISTRICT  
15 FOR THAT EXEMPTION IN AN AMOUNT EQUAL TO THE AMOUNT OF THE PROPERTY  
16 TAX REVENUE THE DISTRICT WOULD HAVE RECEIVED IN THE TAX YEAR ENDING  
17 IN THE FISCAL YEAR IF THE BOARD OF THE DISTRICT HAD NOT ADOPTED THE  
18 BOARD RESOLUTION.

19 Sec. 22c. From the appropriation in section 11, there is  
20 allocated for ~~2006-2007-2007-2008~~ an amount not to exceed  
21 ~~\$20,000,000.00~~-\$113,500,000.00 to make equity payments to districts  
22 that have a foundation allowance or per pupil payment calculated  
23 under section 20, including any adjustment under section 20(19),  
24 for ~~2006-2007-2007-2008~~ of less than ~~\$7,360.00~~-\$7,669.00. The  
25 equity payment for a district shall be an amount per membership  
26 pupil equal to the lesser of ~~\$23.00~~-\$100.00 or the difference  
27 between ~~\$7,360.00~~-\$7,669.00 and the district's ~~2006-2007-2007-2008~~

1 foundation allowance or per pupil payment as calculated under  
2 section 20, including any adjustment under section 20(19).

3 Sec. 22d. (1) From the amount allocated under section 22b, an  
4 amount not to exceed \$750,000.00 is allocated for ~~2006-2007-2007-~~  
5 **2008** for additional payments to small, geographically isolated  
6 districts under this section.

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

9 (a) Operates grades K to 12.

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

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

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

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

16 (3) The amount of the additional funding to each eligible  
17 district under this section shall be determined under a spending  
18 plan developed as provided in this subsection and approved by the  
19 superintendent of public instruction. The spending plan shall be  
20 developed cooperatively by the intermediate superintendents of each  
21 intermediate district in which an eligible district is located. The  
22 intermediate superintendents shall review the financial situation  
23 of each eligible district, determine the minimum essential  
24 financial needs of each eligible district, and develop and agree on  
25 a spending plan that distributes the available funding under this  
26 section to the eligible districts based on those financial needs.  
27 The intermediate superintendents shall submit the spending plan to

1 the superintendent of public instruction for approval. Upon  
2 approval by the superintendent of public instruction, the amounts  
3 specified for each eligible district under the spending plan are  
4 allocated under this section and shall be paid to the eligible  
5 districts in the same manner as payments under section 22b.

6 Sec. 24. (1) From the appropriation in section 11, there is  
7 allocated for ~~2006-2007-2007-2008~~ an amount not to exceed  
8 \$8,000,000.00 for payments to the educating district or  
9 intermediate district for educating pupils assigned by a court or  
10 the department of human services to reside in or to attend a  
11 juvenile detention facility or child caring institution licensed by  
12 the department of human services and approved by the department to  
13 provide an on-grounds education program. The amount of the payment  
14 under this section to a district or intermediate district shall be  
15 calculated as prescribed under subsection (2).

16 (2) ~~For 2006-2007, 80% of the total amount allocated under~~  
17 ~~this section shall be allocated by paying to the educating district~~  
18 ~~or intermediate district an amount equal to the lesser of the~~  
19 ~~district's or intermediate district's added cost or the~~  
20 ~~department's approved per pupil allocation for the district or~~  
21 ~~intermediate district, and 20% of the total amount allocated under~~  
22 ~~this section shall be allocated by paying to the educating district~~  
23 ~~or intermediate district an amount equal to the district's or~~  
24 ~~intermediate district's added cost. For 2007-2008, 90% of the total~~  
25 amount allocated under this section shall be allocated by paying to  
26 the educating district or intermediate district an amount equal to  
27 the lesser of the district's or intermediate district's added cost

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

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

26 (b) "Department's approved per pupil allocation" for a  
27 district or intermediate district shall be determined by dividing

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

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

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

16 Sec. 24a. From the appropriation in section 11, there is  
17 allocated an amount not to exceed ~~\$3,000,000.00 for 2006-2007~~  
18 **\$3,103,400.00 FOR 2007-2008** for payments to intermediate districts  
19 for pupils who are placed in juvenile justice service facilities  
20 operated by the department of human services. Each intermediate  
21 district shall receive an amount equal to the state share of those  
22 costs that are clearly and directly attributable to the educational  
23 programs for pupils placed in facilities described in this section  
24 that are located within the intermediate district's boundaries. The  
25 intermediate districts receiving payments under this section shall  
26 cooperate with the department of human services to ensure that all  
27 funding allocated under this section is utilized by the

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

9       Sec. 24c. From the appropriation in section 11, there is  
10 allocated an amount not to exceed ~~\$1,253,100.00 for 2006-2007~~  
11 **\$1,283,900.00 FOR 2007-2008** for payments to districts for pupils  
12 who are enrolled in a nationally administered community-based  
13 education and youth mentoring program, known as the youth challenge  
14 program, that is located within the district and is administered by  
15 the department of military and veterans affairs. A district  
16 receiving payments under this section shall contract with the  
17 department of military and veterans affairs to ensure that all  
18 funding allocated under this section is utilized by the district  
19 and the department of military and veterans affairs for the youth  
20 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 ~~\$37,650,000.00 for 2006-2007~~ **\$39,700,000.00 FOR 2007-2008**, and from  
24 the general fund appropriation in section 11, there is allocated an  
25 amount not to exceed ~~\$12,550,000.00 for 2006-2007~~ **\$13,500,000.00**  
26 **FOR 2007-2008** to reimburse districts, intermediate districts, and  
27 the state school aid fund pursuant to section 12 of the Michigan



1 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied  
2 in ~~2006 or for payments to districts as reimbursement for interest~~  
3 ~~paid as a result of property tax refunds~~ **2007**. The allocations  
4 shall be made not later than 60 days after the department of  
5 treasury certifies to the department and to the state budget  
6 director that the department of treasury has received all necessary  
7 information to properly determine the amounts due to each eligible  
8 recipient.

9 Sec. 26b. (1) From the appropriation in section 11, there is  
10 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed  
11 \$3,400,000.00 for payments to districts, intermediate districts,  
12 and community college districts for the portion of the payment in  
13 lieu of taxes obligation that is attributable to districts,  
14 intermediate districts, and community college districts pursuant to  
15 section 2154 of the natural resources and environmental protection  
16 act, 1994 PA 451, MCL 324.2154.

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

21 Sec. 29. (1) From the appropriation in section 11, there is  
22 allocated an amount not to exceed ~~\$20,000,000.00 for 2006-2007~~  
23 **\$36,000,000.00 FOR 2007-2008** for additional payments to eligible  
24 districts for declining enrollment assistance.

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

27 (a) The district's pupil membership for the current fiscal

1 year is less than the district's pupil membership for the  
2 immediately preceding fiscal year and the district's pupil  
3 membership for the immediately preceding fiscal year is less than  
4 the district's pupil membership for the previously preceding fiscal  
5 year as calculated under section 6 for that fiscal year.

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

9 (c) The district is not eligible to receive funding under  
10 sections 6(4)(y) or 22d of this act.

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

19 (4) For the purposes of this section, "average pupil  
20 membership" means the average of the district's membership for the  
21 3-fiscal-year period ending with the current fiscal year,  
22 calculated by adding the district's actual membership for each of  
23 those 3 fiscal years, as otherwise calculated under section 6, and  
24 dividing the sum of those 3 membership figures by 3.

25 Sec. 31a. (1) From the state school aid fund money  
26 appropriated in section 11, there is allocated for ~~2006-2007-2007-~~  
27 ~~2008~~ an amount not to exceed ~~\$319,350,000.00~~ **\$321,450,000.00** for

1 payments to eligible districts and eligible public school academies  
2 under this section. Subject to subsection (14), the amount of the  
3 additional allowance under this section, other than funding under  
4 subsection (6), ~~or~~ (7), **OR (17)**, shall be based on the number of  
5 actual pupils in membership in the district or public school  
6 academy who met the income eligibility criteria for free breakfast,  
7 lunch, or milk in the immediately preceding state fiscal year, as  
8 determined under the Richard B. Russell national school lunch act,  
9 42 USC 1751 to 1769i, and reported to the department by October 31  
10 of the immediately preceding fiscal year and adjusted not later  
11 than December 31 of the immediately preceding fiscal year. However,  
12 for a public school academy that began operations as a public  
13 school academy after the pupil membership count day of the  
14 immediately preceding school year, the basis for the additional  
15 allowance under this section shall be the number of actual pupils  
16 in membership in the public school academy who met the income  
17 eligibility criteria for free breakfast, lunch, or milk in the  
18 current state fiscal year, as determined under the Richard B.  
19 Russell national school lunch act.

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

26 (a) The sum of the district's or public school academy's  
27 combined state and local revenue per membership pupil in the

1 current state fiscal year, as calculated under section 20, plus the  
2 amount of the district's per pupil allocation under section 20j(2),  
3 is less than or equal to \$6,500.00 adjusted by the dollar amount of  
4 the difference between the basic foundation allowance under section  
5 20 for the current state fiscal year and \$5,000.00, minus ~~\$200.00~~  
6 **\$223.00**.

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

11 (3) Except as otherwise provided in this subsection, an  
12 eligible district or eligible public school academy shall receive  
13 under this section for each membership pupil in the district or  
14 public school academy who met the income eligibility criteria for  
15 free breakfast, lunch, or milk, as determined under the Richard B.  
16 Russell national school lunch act and as reported to the department  
17 by October 31 of the immediately preceding fiscal year and adjusted  
18 not later than December 31 of the immediately preceding fiscal  
19 year, an amount per pupil equal to 11.5% of the sum of the  
20 district's foundation allowance or public school academy's per  
21 pupil amount calculated under section 20, plus the amount of the  
22 district's per pupil allocation under section 20j(2), not to exceed  
23 \$6,500.00 adjusted by the dollar amount of the difference between  
24 the basic foundation allowance under section 20 for the current  
25 state fiscal year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**, or of the  
26 public school academy's per membership pupil amount calculated  
27 under section 20 for the current state fiscal year. A public school

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

12 (4) Except as otherwise provided in this section, a district  
13 or public school academy receiving funding under this section shall  
14 use that money only to provide instructional programs and direct  
15 noninstructional services, including, but not limited to, medical  
16 or counseling services, for at-risk pupils; for school health  
17 clinics; and for the purposes of subsection (5), (6), ~~or (7)~~, **OR**  
18 **(17)**. In addition, a district that is organized as a school  
19 district of the first class under the revised school code or a  
20 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 operate the school breakfast  
25 program.

26 (6) From the funds allocated under subsection (1), there is  
27 allocated for ~~2006-2007-2007-2008~~ an amount not to exceed

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

23 (7) From the funds allocated under subsection (1), there is  
24 allocated for ~~2006-2007~~**2007-2008** an amount not to exceed  
25 \$5,150,000.00 for the state portion of the hearing and vision  
26 screenings as described in section 9301 of the public health code,  
27 1978 PA 368, MCL 333.9301. A local public health department shall

1 pay at least 50% of the total cost of the screenings. The frequency  
2 of the screenings shall be as required under R 325.13091 to R  
3 325.13096 and R 325.3271 to R 325.3276 of the Michigan  
4 administrative code. Funds shall be awarded in a form and manner  
5 approved jointly by the department and the department of community  
6 health. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE ENTITIES**  
7 **UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE**  
8 **DEPARTMENT.**

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

26 (9) In order to receive funds under this section, a district  
27 or public school academy shall allow access for the department or



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

5 (10) Subject to subsections (5), (6), (7), (12), ~~and~~ (13), **AND**  
6 **(17)**, any district may use up to 100% of the funds it receives  
7 under this section to reduce the ratio of pupils to teachers in  
8 grades K-6, or any combination of those grades, in school buildings  
9 in which the percentage of pupils described in subsection (1)  
10 exceeds the district's aggregate percentage of those pupils.

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

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

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

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

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

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

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

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

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

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

district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 11.5% of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**.

**(17) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THERE IS ALLOCATED FOR 2007-2008 AN AMOUNT NOT TO EXCEED \$100,000.00 FOR PAYMENT TO AN INTERMEDIATE DISTRICT THAT CONTAINS A DISTRICT THAT IS A SCHOOL DISTRICT OF THE FIRST CLASS UNDER THE REVISED SCHOOL CODE TO SUPPORT AFTER-SCHOOL TUTORING FOR AT-RISK GIRLS IN GRADES 1 TO 8. FUNDS AWARDED UNDER THIS SUBSECTION MAY BE USED TO CONTRACT WITH A NONDISTRICT AGENCY FOR A PROGRAM OR SERVICES DESCRIBED IN THIS SUBSECTION.**

**(18)** ~~(17)~~—As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history

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

21       Sec. 31d. (1) From the appropriations in section 11, there is  
22 allocated an amount not to exceed \$22,495,100.00 for ~~2006-2007~~  
23 **2007-2008** for the purpose of making payments to districts and other  
24 eligible entities under this section.

25       (2) The amounts allocated from state sources under this  
26 section shall be used to pay the amount necessary to reimburse  
27 districts for 6.0127% of the necessary costs of the state mandated

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

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

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

17 (5) From the federal funds appropriated in section 11, there  
18 is allocated for ~~2006-2007~~**2007-2008** all available federal funding,  
19 estimated at ~~\$320,000,000.00~~**\$330,000,000.00**, for the national  
20 school lunch program and all available federal funding, estimated  
21 at \$2,506,000.00, for the emergency food assistance program.

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

25 Sec. 31f. (1) From the appropriations in section 11, there is  
26 allocated an amount not to exceed \$9,625,000.00 for ~~2006-2007~~**2007-**  
27 **2008** for the purpose of making payments to districts to reimburse

1 for the cost of providing breakfast.

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

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

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

10 (3) The payment for a district under this section is at a per  
11 meal rate equal to the lesser of the district's actual cost or 100%  
12 of the cost of a breakfast served by an efficiently operated  
13 breakfast program as determined by the department, less federal  
14 reimbursement, participant payments, and other state reimbursement.  
15 Determination of efficient cost by the department shall be  
16 determined by using a statistical sampling of statewide and  
17 regional cost as reported in a manner approved by the department  
18 for the preceding school year.

19 **SEC. 31G. (1) FROM THE APPROPRIATIONS IN SECTION 11, THERE IS**  
20 **ALLOCATED AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2007-2008 FOR 2**  
21 **GRANTS FOR THE AMER-I-CAN TRAINING CURRICULUM IN LIFE-MANAGEMENT**  
22 **SKILLS. THIS CURRICULUM IS DESIGNED TO RAISE SELF-ESTEEM AND TEACH**  
23 **STUDENTS HOW TO EMPOWER THEMSELVES AND TURN THEIR LIVES AROUND WITH**  
24 **POSITIVE SELF-ESTEEM AND SELF-DETERMINATION, IN ORDER TO BECOME**  
25 **RESPONSIBLE AND PRODUCTIVE CITIZENS.**

26 (2) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THE DEPARTMENT  
27 SHALL AWARD \$1,500,000.00 TO A DISTRICT THAT IS A SCHOOL DISTRICT



1 OF THE FIRST CLASS UNDER THE REVISED SCHOOL CODE.

2 (3) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THE DEPARTMENT  
3 SHALL AWARD \$500,000.00 TO A DISTRICT THAT RECEIVES AN ADJUSTMENT  
4 UNDER SECTION 20(19) AND THAT HAS A PUPIL MEMBERSHIP IN THE CURRENT  
5 FISCAL YEAR GREATER THAN 19,500.

6 (4) A DISTRICT RECEIVING A GRANT UNDER THIS SECTION SHALL  
7 SUBMIT AN EVALUATION REPORT, IN THE FORM AND MANNER PRESCRIBED BY  
8 THE DEPARTMENT, EVALUATING THE EFFECTIVENESS OF THE PROGRAM TO THE  
9 DEPARTMENT, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE HOUSE AND  
10 SENATE APPROPRIATIONS SUBCOMMITTEES HAVING RESPONSIBILITY FOR THIS  
11 ACT.

12 SEC. 32. (1) IT IS THE INTENT OF THE LEGISLATURE THAT, BY THE  
13 2011-2012 SCHOOL YEAR, ALL DISTRICTS WILL PROVIDE UNIVERSAL FULL-  
14 DAY PREKINDERGARTEN PROGRAMS FOR STUDENTS WHO ARE AT LEAST 4 BUT  
15 LESS THAN 5 YEARS OF AGE AS OF DECEMBER 1 OF THE SCHOOL YEAR IN  
16 WHICH THE PROGRAMS ARE OFFERED.

17 (2) IT IS THE INTENT OF THE LEGISLATURE THAT AN AMOUNT EQUAL  
18 TO AT LEAST 11% OF THE TOTAL FUNDS APPROPRIATED IN SECTIONS 32D,  
19 32E, 32F, AND 32I FOR PRESCHOOL PROGRAMS SHALL BE APPROPRIATED FOR  
20 0-3 AND 0-5 EARLY CHILDHOOD PROGRAMS IN SECTIONS 32C AND 32J.

21 Sec. 32b. (1) From the funds appropriated under section 11,  
22 there is allocated an amount not to exceed ~~\$1,000,000.00~~  
23 ~~\$2,500,000.00~~ for ~~2006-2007~~ 2007-2008 for competitive grants to  
24 intermediate districts for the creation **AND CONTINUANCE** of great  
25 start communities or other community purposes as identified by the  
26 early childhood investment corporation. These dollars may not be  
27 expended until ~~both of the following conditions have been met:~~

1       ~~—— (a) The~~ **THE** early childhood investment corporation has  
2 identified matching dollars of at least an equal amount.

3       ~~—— (b) The articles of incorporation and bylaws of the early~~  
4 ~~childhood investment corporation are amended to increase the~~  
5 ~~membership of the executive committee from the current 15 members~~  
6 ~~to 19 members and to specify that 1 member shall be appointed by~~  
7 ~~the senate majority leader, 1 member appointed by the senate~~  
8 ~~minority leader, 1 member appointed by the speaker of the house of~~  
9 ~~representatives, and 1 member appointed by the minority leader of~~  
10 ~~the house of representatives. The early childhood investment~~  
11 ~~corporation shall notify each of these legislative leaders of the~~  
12 ~~effective date of this change in the articles of incorporation and~~  
13 ~~bylaws, and each of these legislative leaders shall appoint a~~  
14 ~~member not later than 60 days after that effective date.~~  
15 ~~Thereafter, not later than 60 days after the convening of each~~  
16 ~~legislative session in each odd numbered year, each legislative~~  
17 ~~leader shall appoint a member of the executive committee. A member~~  
18 ~~appointed in this manner shall continue to serve on the executive~~  
19 ~~committee through the next regular legislative session unless he or~~  
20 ~~she voluntarily resigns or is otherwise unable to serve. When a~~  
21 ~~vacancy occurs as a result of a voluntary resignation or inability~~  
22 ~~to serve, the legislative leader who had appointed the member shall~~  
23 ~~make an appointment to fill that vacancy not later than 60 days~~  
24 ~~after the date the vacancy occurs.~~

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

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

9           (a) A community needs assessment and strategic plan for the  
10 development of a comprehensive system of early childhood services  
11 and supports, accessible to all children from birth to kindergarten  
12 and their families.

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

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

18           (d) Evaluation of local programs.

19 ~~—— (4) Not later than February 1, 2007, the early childhood~~  
20 ~~investment corporation shall provide to the house and senate~~  
21 ~~appropriations subcommittees on state school aid, the state budget~~  
22 ~~director, and the house and senate fiscal agencies a report~~  
23 ~~detailing the anticipated expenditures by the corporation, grant~~  
24 ~~purposes and amounts to be distributed, and activities to be~~  
25 ~~supported with funding under this section.~~

26           (4) ~~(5)~~ Not later than December 1, 2007-2008, the early  
27 childhood investment corporation **DEPARTMENT** shall provide to the

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

8 (5) ~~(6)~~ Notwithstanding section 17b, payments under this  
9 section may be made pursuant to an agreement with the department.

10 Sec. 32c. (1) From the general fund appropriation in section  
11 11, there is allocated an amount not to exceed ~~\$1,750,000.00~~  
12 **\$2,500,000.00** for ~~2006-2007~~ **2007-2008** to the department for grants  
13 for community-based collaborative prevention services designed to  
14 promote ~~marriage~~ **FAMILIES** and foster positive parenting skills;  
15 improve parent/child interaction, especially for children 0-3 years  
16 of age; promote access to needed community services; increase local  
17 capacity to serve families at risk; improve school readiness; and  
18 support healthy family environments that discourage alcohol,  
19 tobacco, and other drug use. The allocation under this section is  
20 to fund secondary prevention programs as defined by the children's  
21 trust fund for the prevention of child abuse and neglect.

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

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

5 (b) Demonstrate that the planned services are part of a  
6 community's integrated comprehensive family support strategy  
7 endorsed by the community collaborative.

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

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

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

18 Sec. 32d. (1) From the state school aid fund money  
19 appropriated under section 11, there is allocated an amount not to  
20 exceed ~~\$78,600,000.00 for 2006-2007~~ **\$83,200,000.00 FOR 2007-2008**  
21 ~~for school readiness or preschool and parenting program grants to~~  
22 ~~enable eligible districts, as determined under section 37, to~~  
23 ~~develop or expand, in conjunction with whatever federal funds may~~  
24 ~~be available, including, but not limited to, federal funds under~~  
25 ~~title I of the elementary and secondary education act of 1965, 20~~  
26 ~~USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford~~  
27 ~~elementary and secondary school improvement amendments of 1988,~~

1 Public Law 100-297, and the head start act, 42 USC 9831 to 9852,  
2 comprehensive compensatory programs designed to ~~do 1 or both of the~~  
3 ~~following~~.

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

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

13 (2) A comprehensive **FREE** compensatory program funded under  
14 this section ~~may~~ **SHALL** include an age-appropriate educational  
15 curriculum, as described in the early childhood standards of  
16 quality for prekindergarten children adopted by the state board,  
17 that prepares children for success in school, including language,  
18 early literacy, and early mathematics. In addition, the  
19 comprehensive program shall include nutritional services, health  
20 screening for participating children, a plan for parent and legal  
21 guardian involvement, and provision of referral services for  
22 families eligible for community social services.

23 (3) In addition to the allocation under subsection (1), from  
24 the general fund money allocated under section 11, there is  
25 allocated an amount not to exceed \$200,000.00 for ~~2006-2007-2007-~~  
26 **2008** for a competitive grant to continue a longitudinal evaluation  
27 of children who have participated in the Michigan school readiness

1 program.

2 (4) A district receiving a grant under this section may  
3 contract **WITH FOR-PROFIT OR NONPROFIT PRESCHOOL CENTER PROVIDERS**  
4 **THAT MEET ALL PROVISIONS OF THE EARLY CHILDHOOD STANDARDS OF**  
5 **QUALITY FOR PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD** for  
6 the provision of the comprehensive compensatory program and retain  
7 for administrative services an amount equal to not more than 5% of  
8 the grant amount. A district may expend not more than 10% of the  
9 total grant amount for administration of the program.

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

23 **SEC. 32E. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**  
24 **ALLOCATED AN AMOUNT NOT TO EXCEED \$43,650,000.00 FOR 2007-2008 FOR**  
25 **FOUNDATION ALLOWANCE PAYMENTS FOR ELIGIBLE PRESCHOOL STUDENTS**  
26 **ENROLLED IN GREAT START COMPREHENSIVE COMPENSATORY PROGRAMS**  
27 **DESIGNED TO IMPROVE THE READINESS AND SUBSEQUENT ACHIEVEMENT OF**

1 EDUCATIONALLY DISADVANTAGED CHILDREN.

2 (2) THE TENTATIVE ALLOCATION FOR 2007-2008 TO EACH ELIGIBLE  
3 DISTRICT UNDER THIS SECTION SHALL BE DETERMINED BY MULTIPLYING THE  
4 NUMBER OF CHILDREN DETERMINED IN SECTION 38 OR THE NUMBER OF  
5 CHILDREN THE DISTRICT INDICATES IT HAS THE CAPACITY TO SERVE,  
6 WHICHEVER IS LESS, BY AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S  
7 FOUNDATION ALLOWANCE AS CALCULATED UNDER SECTION 20 PLUS THE AMOUNT  
8 OF THE DISTRICT'S PER PUPIL ALLOCATION UNDER SECTION 20J(2). THE  
9 ALLOCATION UNDER SUBSECTION (1) SHALL BE DISTRIBUTED AMONG ELIGIBLE  
10 DISTRICTS IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN  
11 AS DETERMINED BY SECTION 38 UNTIL THE MONEY IS ALLOCATED.

12 (3) TO ASSURE THAT THE FULL ARRAY OF SERVICES REQUIRED ARE  
13 PROVIDED, A DISTRICT RECEIVING A GRANT UNDER THIS SECTION MAY  
14 CONTRACT WITH FOR-PROFIT AND NONPROFIT PRESCHOOL CENTER PROVIDERS.  
15 IF ALL SERVICES ARE PROVIDED THROUGH SUCH A CONTRACT ARRANGEMENT,  
16 THE DISTRICT MAY RETAIN NOT MORE THAN 5% OF THE GRANT AMOUNT FOR  
17 ADMINISTRATIVE COSTS.

18 (4) LOCAL PROGRAM PLANNING FOR PROGRAMS UNDER THIS SECTION  
19 SHALL INCLUDE STRATEGIES TO CONSIDER WAYS CHILDREN ENROLLED IN HEAD  
20 START PROGRAMS MAY PARTICIPATE IN FULL-DAY AND FULL-YEAR PROGRAMS  
21 CONSISTING OF 48 WEEKS PER YEAR AND 10 HOURS PER DAY. A DISTRICT  
22 MAY CONTRACT OR PARTNER WITH HEAD START PROVIDERS TO COMBINE STATE  
23 AND FEDERAL FUNDS TO PROVIDE THE FULL-DAY AND FULL-YEAR SERVICES,  
24 IF ALL STATE AND FEDERAL REQUIREMENTS ARE MET. LOCAL PROGRAMS MAY  
25 ACCESS PARENT TUITION OR CHILD CARE SUBSIDY FEES FOR HOURS BEYOND  
26 THE TYPICAL DAY LENGTH.

27 (5) THE GREAT START COMPREHENSIVE COMPENSATORY PROGRAM FUNDED



1 UNDER THIS SECTION SHALL INCLUDE AN AGE-APPROPRIATE EDUCATIONAL  
2 CURRICULUM, AS DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF  
3 QUALITY FOR PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD,  
4 THAT PREPARES CHILDREN FOR SUCCESS IN SCHOOL, INCLUDING LANGUAGE,  
5 EARLY LITERACY, AND EARLY MATHEMATICS. IN ADDITION, THE  
6 COMPREHENSIVE PROGRAM SHALL INCLUDE NUTRITIONAL SERVICES, HEALTH  
7 SCREENING FOR PARTICIPATING CHILDREN, A PLAN FOR PARENT AND LEGAL  
8 GUARDIAN INVOLVEMENT, AND PROVISION OF REFERRAL SERVICES FOR  
9 FAMILIES ELIGIBLE FOR COMMUNITY SOCIAL SERVICES. CHILDREN ENROLLED  
10 DIRECTLY BY THE DISTRICT OR A SUBCONTRACT AGENCY, WHO ARE ELIGIBLE  
11 FOR HEAD START ENROLLMENT, SHALL BE REFERRED TO THE HEAD START  
12 AGENCY BEFORE ENROLLMENT IN THIS PROGRAM. IF THE HEAD START AGENCY  
13 IS UNABLE TO ENROLL ELIGIBLE CHILDREN, THE DISTRICT OR  
14 SUBCONTRACTOR SHALL WORK COLLABORATIVELY WITH THE HEAD START AGENCY  
15 TO ASSURE THAT THE HEAD START ELIGIBLE CHILDREN ARE ASSURED OF THE  
16 FULL ARRAY OF COMPREHENSIVE SERVICES AS DEFINED IN HEAD START  
17 PROGRAM GUIDELINES AND ALLOWED BY HEAD START FUNDING RULES.

18 (6) TO BE ELIGIBLE FOR A PROGRAM FUNDED UNDER THIS SECTION, A  
19 STUDENT MUST BE AT LEAST 4 BUT LESS THAN 5 YEARS OF AGE AS OF  
20 DECEMBER 1 OF THE SCHOOL YEAR IN WHICH THE PROGRAMS ARE OFFERED,  
21 AND MUST SHOW EVIDENCE OF 2 OR MORE RISK FACTORS AS DEFINED IN THE  
22 STATE BOARD REPORT ENTITLED "CHILDREN AT RISK" THAT WAS ADOPTED BY  
23 THE STATE BOARD ON APRIL 5, 1988.

24 (7) IN ORDER TO BE ELIGIBLE FOR FOUNDATION ALLOWANCE PAYMENTS  
25 UNDER THIS SECTION, A DISTRICT SHALL SUBMIT AN APPLICATION TO THE  
26 DEPARTMENT, IN A FORM AND MANNER AND BY A DATE SPECIFIED BY THE  
27 DEPARTMENT, THAT DEMONSTRATES ALL OF THE FOLLOWING:

1 (A) THE DISTRICT ONLY EMPLOYS FOR THIS PROGRAM THE FOLLOWING:

2 (i) TEACHERS POSSESSING PROPER TRAINING. A VALID TEACHING  
3 CERTIFICATE AND AN EARLY CHILDHOOD (ZA) ENDORSEMENT ARE REQUIRED.

4 (ii) PARAPROFESSIONALS POSSESSING PROPER TRAINING IN EARLY  
5 CHILDHOOD DEVELOPMENT, INCLUDING AN ASSOCIATE'S DEGREE IN EARLY  
6 CHILDHOOD EDUCATION OR CHILD DEVELOPMENT OR THE EQUIVALENT, OR A  
7 CHILD DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL, OR THE EQUIVALENT AS  
8 APPROVED BY THE STATE BOARD.

9 (B) MORE THAN 50% OF THE CHILDREN PARTICIPATING IN THE PROGRAM  
10 LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS  
11 THAN 250% OF THE FEDERAL POVERTY LEVEL.

12 (C) THE DISTRICT WILL PROVIDE FULL-TIME PRESCHOOL PROGRAMS FOR  
13 ELIGIBLE STUDENTS AND FULL-TIME KINDERGARTEN PROGRAMS FOR FORMER  
14 PRESCHOOL STUDENTS FUNDED UNDER THIS SECTION. FULL-TIME PROGRAMS  
15 FOR THE PURPOSES OF THIS SECTION ARE DEFINED AS PROGRAMS THAT  
16 PROVIDE AT LEAST 1,098 HOURS OF AGE-APPROPRIATE PUPIL INSTRUCTION.

17 (D) THE NUMBER OF CHILDREN THE DISTRICT WILL BE ABLE TO SERVE  
18 INCLUDING A VERIFICATION OF PHYSICAL FACILITY AND STAFF RESOURCES  
19 CAPACITY.

20 (E) THE DISTRICT PARTICIPATES IN A COLLABORATIVE RECRUITMENT  
21 AND ENROLLMENT PROCESS WITH, AT A MINIMUM, ALL OTHER FUNDED  
22 PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME GEOGRAPHIC  
23 AREA, INCLUDING PART-DAY PROGRAMS DESCRIBED UNDER SECTION 32D AND  
24 THE COMPETITIVE PROGRAMS DESCRIBED UNDER SECTION 32I, AND HEAD START  
25 PROGRAMS, TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST  
26 APPROPRIATE TO HIS OR HER NEEDS AND TO MAXIMIZE THE USE OF FEDERAL,  
27 STATE, AND LOCAL FUNDS. THE COLLABORATIVE RECRUITMENT AND

1 ENROLLMENT PROCESS SHOULD BE ESTABLISHED TO REFLECT THE GEOGRAPHIC  
2 SERVICE AREAS OF THE COLLABORATIVE PARTNERS.

3 (8) DISTRICTS RECEIVING FOUNDATION ALLOWANCES UNDER THIS  
4 SECTION SHALL EVALUATE THE GAINS IN EDUCATIONAL READINESS AND  
5 PROGRESS OF THE STUDENTS PARTICIPATING IN THE PROGRAM FUNDED UNDER  
6 THIS SECTION IN THE IMMEDIATELY PRECEDING SCHOOL YEAR AND MAKE THIS  
7 EVALUATION AVAILABLE TO THE PUBLIC ON ITS WEBSITE, IN A FORM AND  
8 MANNER THAT PROTECTS THE PRIVACY OF THE STUDENTS.

9 (9) A DISTRICT RECEIVING FOUNDATION ALLOWANCE PAYMENTS UNDER  
10 THIS SECTION SHALL REPORT, IN A FORM AND MANNER PRESCRIBED BY THE  
11 DEPARTMENT, THE NUMBER OF CHILDREN PARTICIPATING IN THE PROGRAM WHO  
12 MEET THE INCOME OR OTHER ELIGIBILITY CRITERIA SPECIFIED IN THIS  
13 SECTION AND THE TOTAL NUMBER OF CHILDREN PARTICIPATING IN THE  
14 PROGRAM. FOR CHILDREN PARTICIPATING IN THE PROGRAM WHO MEET THE  
15 INCOME OR OTHER ELIGIBILITY CRITERIA SPECIFIED IN THIS SECTION,  
16 DISTRICTS SHALL ALSO REPORT WHETHER OR NOT A PARENT IS AVAILABLE TO  
17 PROVIDE CARE BASED ON EMPLOYMENT STATUS. FOR THE PURPOSES OF THIS  
18 SUBSECTION, "EMPLOYMENT STATUS" SHALL BE DEFINED BY THE DEPARTMENT  
19 OF HUMAN SERVICES IN A MANNER CONSISTENT WITH MAXIMIZING THE AMOUNT  
20 OF SPENDING THAT MAY BE CLAIMED FOR TEMPORARY ASSISTANCE FOR NEEDY  
21 FAMILIES MAINTENANCE OF EFFORT PURPOSES.

22 (10) 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 STUDENT PAYMENT UNDER  
25 THIS SECTION BY A DOLLAR AMOUNT CALCULATED BY DETERMINING THE  
26 AMOUNT BY WHICH THE AMOUNT NECESSARY TO FULLY FUND THE REQUIREMENTS  
27 OF THIS SECTION EXCEEDS THE MAXIMUM AMOUNT ALLOCATED UNDER THIS

1 SECTION AND THEN DIVIDING THAT AMOUNT BY THE TOTAL STATEWIDE NUMBER  
2 OF STUDENTS ENROLLED IN A PROGRAM FUNDED UNDER THIS SECTION.

3 (11) FUNDS ALLOCATED UNDER THIS SECTION ARE INTENDED TO  
4 SUPPORT PROGRAMS FOR THE SECOND HALF OF THE 2007-2008 SCHOOL YEAR.  
5 IT IS THE INTENT OF THE LEGISLATURE THAT PROGRAMS WILL RECEIVE  
6 FULL-YEAR FUNDING FOR 2008-2009.

7 SEC. 32F. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS  
8 ALLOCATED AN AMOUNT NOT TO EXCEED \$43,650,000.00 FOR 2007-2008 FOR  
9 FOUNDATION ALLOWANCE PAYMENTS FOR ELIGIBLE PRESCHOOL STUDENTS  
10 ENROLLED IN FULL-DAY UNIVERSAL PREKINDERGARTEN.

11 (2) THE TENTATIVE ALLOCATION FOR 2007-2008 TO EACH ELIGIBLE  
12 DISTRICT UNDER THIS SECTION SHALL BE DETERMINED BY MULTIPLYING THE  
13 NUMBER OF CHILDREN ENROLLED BY AN AMOUNT EQUAL TO THE SUM OF THE  
14 DISTRICT'S FOUNDATION ALLOWANCE AS CALCULATED UNDER SECTION 20 PLUS  
15 THE AMOUNT OF THE DISTRICT'S PER PUPIL ALLOCATION UNDER SECTION  
16 20J(2). THE ALLOCATION UNDER SUBSECTION (1) SHALL BE AWARDED TO  
17 ELIGIBLE DISTRICTS IN A FORM AND MANNER PRESCRIBED BY THE  
18 DEPARTMENT.

19 (3) THE FULL-DAY PREKINDERGARTEN PROGRAM FUNDED UNDER THIS  
20 SECTION SHALL INCLUDE AN AGE-APPROPRIATE EDUCATIONAL CURRICULUM, AS  
21 DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF QUALITY FOR  
22 PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD, THAT PREPARES  
23 CHILDREN FOR SUCCESS IN SCHOOL, INCLUDING LANGUAGE, EARLY LITERACY,  
24 AND EARLY MATHEMATICS. IN ADDITION, THE COMPREHENSIVE PROGRAM SHALL  
25 INCLUDE NUTRITIONAL SERVICES, HEALTH SCREENING FOR PARTICIPATING  
26 CHILDREN, A PLAN FOR PARENT AND LEGAL GUARDIAN INVOLVEMENT, AND  
27 PROVISION OF REFERRAL SERVICES FOR FAMILIES ELIGIBLE FOR COMMUNITY

1 SOCIAL SERVICES.

2 (4) TO BE ELIGIBLE FOR A PROGRAM FUNDED UNDER THIS SECTION, A  
3 STUDENT MUST BE AT LEAST 4 BUT LESS THAN 5 YEARS OF AGE AS OF  
4 DECEMBER 1 OF THE SCHOOL YEAR IN WHICH THE PROGRAM IS OFFERED.

5 (5) IN ORDER TO BE ELIGIBLE FOR FOUNDATION ALLOWANCE PAYMENTS  
6 UNDER THIS SECTION, A DISTRICT SHALL SUBMIT AN APPLICATION TO THE  
7 DEPARTMENT, IN A FORM AND MANNER AND BY A DATE SPECIFIED BY THE  
8 DEPARTMENT, THAT DEMONSTRATES ALL OF THE FOLLOWING:

9 (A) THE DISTRICT ONLY EMPLOYS FOR THIS PROGRAM THE FOLLOWING:

10 (i) TEACHERS POSSESSING PROPER TRAINING. A VALID TEACHING  
11 CERTIFICATE AND AN EARLY CHILDHOOD (ZA) ENDORSEMENT ARE REQUIRED.

12 (ii) PARAPROFESSIONALS POSSESSING PROPER TRAINING IN EARLY  
13 CHILDHOOD DEVELOPMENT, INCLUDING AN ASSOCIATE'S DEGREE IN EARLY  
14 CHILDHOOD EDUCATION OR CHILD DEVELOPMENT OR THE EQUIVALENT, OR A  
15 CHILD DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL, OR THE EQUIVALENT AS  
16 APPROVED BY THE STATE BOARD.

17 (B) THE DISTRICT WILL PROVIDE FULL-TIME PRESCHOOL PROGRAMS FOR  
18 ELIGIBLE STUDENTS AND FULL-TIME KINDERGARTEN PROGRAMS FOR FORMER  
19 PRESCHOOL STUDENTS FUNDED UNDER THIS SECTION. FULL-TIME PROGRAMS  
20 FOR THE PURPOSES OF THIS SECTION ARE DEFINED AS PROGRAMS THAT  
21 PROVIDE AT LEAST 1,098 HOURS OF AGE-APPROPRIATE PUPIL INSTRUCTION.

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

25 (6) DISTRICTS RECEIVING FOUNDATION ALLOWANCE PAYMENTS UNDER  
26 THIS SECTION SHALL EVALUATE THE GAINS IN EDUCATIONAL READINESS AND  
27 PROGRESS OF THE CHILDREN PARTICIPATING IN THE PROGRAM FUNDED UNDER

1 THIS SECTION IN THE IMMEDIATELY PRECEDING SCHOOL YEAR AND MAKE THIS  
2 EVALUATION AVAILABLE TO THE PUBLIC ON ITS WEBSITE, IN A FORM AND  
3 MANNER THAT PROTECTS THE PRIVACY OF THE STUDENTS.

4 (7) FUNDS ALLOCATED UNDER THIS SECTION ARE INTENDED TO SUPPORT  
5 PROGRAMS FOR THE SECOND HALF OF THE 2007-2008 SCHOOL YEAR. IT IS  
6 THE INTENT OF THE LEGISLATURE THAT PROGRAMS WILL RECEIVE FULL-YEAR  
7 FUNDING FOR 2008-2009.

8 Sec. 32j. ~~(1) From the appropriations in section 11, there is~~  
9 ~~allocated an amount not to exceed \$5,000,000.00 for 2006-2007 for~~  
10 ~~great parents, great start grants to intermediate districts to~~  
11 ~~provide programs for parents with preschool children. The purpose~~  
12 ~~of these programs is to encourage early mathematics and reading~~  
13 ~~literacy, improve school readiness, reduce the need for special~~  
14 ~~education services, and foster the maintenance of stable families~~  
15 ~~by encouraging positive parenting skills.~~

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

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

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

~~1 (c) Providing parents with examples of learning opportunities  
2 to promote intellectual, physical, and social growth of  
3 preschoolers, including the acquisition of age appropriate  
4 language, mathematics, and early reading skills.~~

~~5 (d) Promoting access to needed community services through a  
6 community school home partnership.~~

~~7 (e) Promoting marriage.~~

~~8 (3) To receive a grant under this section, an intermediate  
9 district shall submit a plan to the department not later than  
10 October 1, 2006 in the form and manner prescribed by the  
11 department. The plan shall do all of the following in a manner  
12 prescribed by the department:~~

~~13 (a) Provide a plan for the delivery of the program components  
14 described in subsection (2) that provides for educators trained in  
15 child development to help parents understand their role in their  
16 child's developmental process, thereby promoting school readiness  
17 and mitigating the need for special education services.~~

~~18 (b) Demonstrate an adequate collaboration of local entities  
19 involved in providing programs and services for preschool children  
20 and their parents.~~

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

1 ~~may be used for program administration.~~

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

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

11 ~~—— (a) The superintendent shall approve or disapprove the plans~~  
12 ~~and notify the intermediate district of that decision not later~~  
13 ~~than November 15, 2006. The amount allocated by each intermediate~~  
14 ~~district shall be at least an amount equal to 150.33% of the~~  
15 ~~intermediate district's 2005-2006 payment under this section.~~

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

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

24 ~~—— (6) An intermediate district receiving funds under this~~  
25 ~~section shall use the funds only for the program funded under this~~  
26 ~~section. An intermediate district receiving funds under this~~  
27 ~~section may carry over any unexpended funds received under this~~



~~section to subsequent fiscal years and may expend those unused funds in subsequent fiscal years.~~

(1) FROM THE APPROPRIATIONS IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$27,200,000.00 FOR 2007-2008 FOR GRANTS TO INTERMEDIATE DISTRICTS TO PROVIDE PROGRAMS FOR PARENTS WITH PRESCHOOL CHILDREN AS DESCRIBED IN THIS SECTION.

(2) FROM THE MONEY ALLOCATED UNDER SUBSECTION (1), \$5,000,000.00 IS ALLOCATED FOR GREAT PARENTS, GREAT START GRANTS TO PROVIDE PROGRAMS FOR PRESCHOOL CHILDREN AND THEIR FAMILIES. THE PURPOSE OF THESE PROGRAMS IS TO ENCOURAGE EARLY MATHEMATICS AND READING LITERACY, IMPROVE SCHOOL READINESS, REDUCE THE NEED FOR SPECIAL EDUCATION SERVICES, AND FOSTER THE MAINTENANCE OF STABLE FAMILIES BY ENCOURAGING POSITIVE PARENTING SKILLS. TO QUALIFY FOR FUNDING UNDER THIS SUBSECTION, A PROGRAM SHALL PROVIDE SERVICES TO ALL FAMILIES WITH CHILDREN AGE 5 OR YOUNGER RESIDING WITHIN THE INTERMEDIATE DISTRICT WHO CHOOSE TO PARTICIPATE, INCLUDING AT LEAST ALL OF THE FOLLOWING INFORMATION SERVICES:

(A) PROVIDING PARENTS WITH INFORMATION ON CHILD DEVELOPMENT FROM BIRTH THROUGH AGE 5.

(B) PROVIDING PARENTS WITH METHODS TO ENHANCE PARENT-CHILD INTERACTION THAT PROMOTE SOCIAL AND EMOTIONAL DEVELOPMENT FOR INFANTS AND TODDLERS AND AGE-APPROPRIATE LANGUAGE, MATHEMATICS, AND EARLY READING SKILLS, INCLUDING, BUT NOT LIMITED TO, ENCOURAGING PARENTS TO READ TO THEIR PRESCHOOL CHILDREN AT LEAST 1/2 HOUR PER DAY.

(C) PROVIDING PARENTS WITH EXAMPLES OF LEARNING OPPORTUNITIES TO PROMOTE INTELLECTUAL, PHYSICAL, AND SOCIAL GROWTH OF

1 PRESCHOOLERS, INCLUDING THE ACQUISITION OF AGE-APPROPRIATE  
2 LANGUAGE, MATHEMATICS, AND EARLY READING SKILLS.

3 (D) PROMOTING ACCESS TO NEEDED COMMUNITY SERVICES THROUGH A  
4 COMMUNITY-SCHOOL-HOME PARTNERSHIP.

5 (E) PROMOTING FAMILIES.

6 (3) FROM THE MONEY ALLOCATED UNDER SUBSECTION (1), THERE IS  
7 ALLOCATED \$22,200,000.00 FOR COMPREHENSIVE SERVICES GRANTS FOR  
8 CHILDREN, FROM THE PRENATAL PERIOD THROUGH 3 YEARS OF AGE, AND  
9 THEIR FAMILIES. ALL PROGRAMS FUNDED UNDER THIS SUBSECTION SHALL USE  
10 RESEARCH-BASED PROGRAM MODELS. THESE PROGRAM MODELS WILL BE  
11 DETERMINED BY A LEADERSHIP TEAM WITH APPROPRIATE EXPERTISE FROM THE  
12 DEPARTMENTS OF EDUCATION, HUMAN SERVICES, AND COMMUNITY HEALTH. AN  
13 APPROVED PROGRAM WILL ADHERE TO PRINCIPLES THAT HAVE BEEN SHOWN TO  
14 IMPROVE CHANCES FOR SUCCESS IN SCHOOL AND LIFE, INCLUDING, BUT NOT  
15 LIMITED TO, ALL OF THE FOLLOWING:

16 (A) HIGH-QUALITY SERVICES AND REFERRALS THAT PROMOTE PHYSICAL,  
17 SOCIAL, EMOTIONAL, COGNITIVE, AND LANGUAGE DEVELOPMENT.

18 (B) COMPREHENSIVE DEVELOPMENTAL SCREENING FOR ALL CHILDREN.

19 (C) COMPREHENSIVE AND FLEXIBLE PROGRAMS THAT RESPOND TO THE  
20 VARIED NEEDS OF FAMILIES.

21 (D) FAMILY-CENTERED AND COMMUNITY-BASED PROGRAMS THAT FOCUS ON  
22 THE CHILD AND THE FAMILY TOGETHER IN THE CONTEXT OF THEIR CULTURE  
23 AND COMMUNITY.

24 (E) CARING, RESPONSIVE, AND WELL-TRAINED STAFF WHO HAVE  
25 KNOWLEDGE OF INFANT AND TODDLER DEVELOPMENT AND CAN UNDERSTAND AND  
26 ADDRESS PARENTAL NEEDS AND CONCERNS.

27 (F) PROGRAMS THAT SUPPORT PARENTS AS PRIMARY NURTURERS,

1 EDUCATORS, AND ADVOCATES FOR THEIR CHILDREN.

2 (G) PROGRAMS THAT PROVIDE PARENTS WITH OPPORTUNITIES FOR THEIR  
3 OWN GROWTH AND DEVELOPMENT.

4 (H) PROGRAMS THAT PROVIDE SMOOTH TRANSITIONS INTO HIGH-QUALITY  
5 PRESCHOOL OR OTHER APPROPRIATE PROGRAMS AND COLLABORATE WITH OTHER  
6 COMMUNITY RESOURCES.

7 (4) GRANTS AWARDED UNDER SUBSECTION (3) WILL BE AWARDED TO  
8 INTERMEDIATE DISTRICTS BASED ON A FORMULA, IN THE FORM AND MANNER  
9 DETERMINED BY THE DEPARTMENT, THAT TAKES INTO CONSIDERATION THE  
10 NUMBER OF CHILDREN AGE 3 OR YOUNGER RESIDING WITHIN THE BOUNDARIES  
11 OF THE INTERMEDIATE SCHOOL DISTRICT AND FACTORS THAT PLACE THOSE  
12 CHILDREN AT RISK OF SCHOOL FAILURE.

13 (5) TO RECEIVE A GRANT UNDER THIS SECTION, AN INTERMEDIATE  
14 DISTRICT SHALL SUBMIT A PLAN TO THE DEPARTMENT IN THE FORM AND  
15 MANNER PRESCRIBED BY THE DEPARTMENT. THE PLAN SHALL DO ALL OF THE  
16 FOLLOWING:

17 (A) PROVIDE A PLAN FOR THE DELIVERY OF THE PROGRAM COMPONENTS  
18 DESCRIBED IN SUBSECTIONS (2) AND (3) AND ESTABLISH A COMMUNITY-WIDE  
19 CONTINUUM OF SERVICES.

20 (B) DEMONSTRATE AN ADEQUATE COLLABORATION OF LOCAL ENTITIES  
21 INVOLVED IN PROVIDING PROGRAMS AND SERVICES FOR CHILDREN FROM THE  
22 PRENATAL PERIOD THROUGH AGE 3 AND THEIR FAMILIES. AT A MINIMUM,  
23 COLLABORATION WITH ANY EARLY INTERVENTION, EARLY HEAD START, AND 0-  
24 3 SECONDARY PREVENTION PROGRAMS OPERATING IN THE COMMUNITY MUST BE  
25 DEMONSTRATED. IF GREAT START COLLABORATIVES HAVE BEEN ESTABLISHED,  
26 THE INTERMEDIATE DISTRICT MUST DEMONSTRATE THAT THE GREAT START  
27 COLLABORATIVE IS INVOLVED IN THE PLAN AND ITS IMPLEMENTATION. IF A

1 FORMAL GREAT START COLLABORATIVE HAS NOT BEEN RECOGNIZED, AN  
2 EXISTING SIMILAR BODY WITH SIMILAR MEMBERSHIP SELECTED BY THE  
3 INTERMEDIATE SCHOOL DISTRICT MUST BE INVOLVED IN THE PLAN AND ITS  
4 IMPLEMENTATION.

5 (C) PROVIDE A PROJECTED BUDGET FOR THE PROGRAM TO BE FUNDED.  
6 THE INTERMEDIATE DISTRICT SHALL PROVIDE AT LEAST A 10% LOCAL MATCH  
7 FROM LOCAL PUBLIC OR PRIVATE RESOURCES FOR THE FUNDS RECEIVED UNDER  
8 THIS SECTION. NOT MORE THAN 1/2 OF THIS MATCHING REQUIREMENT, UP TO  
9 A TOTAL OF 5% OF THE TOTAL PROJECT BUDGET, MAY BE SATISFIED THROUGH  
10 IN-KIND SERVICES PROVIDED BY PARTICIPATING PROVIDERS OF PROGRAMS OR  
11 SERVICES. IN ADDITION, NOT MORE THAN 10% OF THE GRANT MAY BE USED  
12 FOR PROGRAM ADMINISTRATION.

13 (6) EACH INTERMEDIATE DISTRICT RECEIVING A GRANT UNDER THIS  
14 SECTION SHALL AGREE TO INCLUDE A DATA COLLECTION SYSTEM APPROVED BY  
15 THE DEPARTMENT. THE DATA COLLECTION SYSTEM SHALL PROVIDE A REPORT  
16 BY OCTOBER 15 OF EACH YEAR ON THE NUMBER OF CHILDREN IN FAMILIES  
17 WITH INCOME BELOW 200% OF THE FEDERAL POVERTY LEVEL THAT RECEIVED  
18 SERVICES UNDER THIS PROGRAM AND THE TOTAL NUMBER OF CHILDREN WHO  
19 RECEIVED SERVICES UNDER THIS PROGRAM.

20 (7) THE SUPERINTENDENT SHALL APPROVE OR DISAPPROVE A PLAN  
21 SUBMITTED TO THE DEPARTMENT UNDER THIS SECTION AND NOTIFY THE  
22 INTERMEDIATE DISTRICT OF THAT DECISION NOT LATER THAN 60 DAYS AFTER  
23 SUBMISSION OF THE PLAN. THE AMOUNT ALLOCATED TO EACH INTERMEDIATE  
24 DISTRICT SHALL BE AT LEAST AN AMOUNT EQUAL TO 100% OF THE  
25 INTERMEDIATE DISTRICT'S 2006-2007 PAYMENT UNDER THIS SECTION.

26 (8) THE DEPARTMENT SHALL SUBMIT A REPORT TO THE STATE BUDGET  
27 DIRECTOR AND THE SENATE AND HOUSE FISCAL AGENCIES SUMMARIZING THE

1 DATA COLLECTION REPORTS DESCRIBED IN SUBSECTION (6) BY DECEMBER 1  
2 OF EACH YEAR.

3 (9) AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER THIS  
4 SECTION SHALL USE THE FUNDS ONLY FOR THE PROGRAMS FUNDED UNDER THIS  
5 SECTION. AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER THIS  
6 SECTION MAY CARRY OVER ANY UNEXPENDED FUNDS RECEIVED UNDER THIS  
7 SECTION INTO THE NEXT FISCAL YEAR AND MAY EXPEND THOSE UNUSED FUNDS  
8 IN THE NEXT FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY  
9 UNEXPENDED GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED  
10 BY THE DEPARTMENT FOR ALL OTHER GRANTS.

11 (10) IN ADDITION TO THE ALLOCATION UNDER SUBSECTION (1), FROM  
12 THE GENERAL FUND MONEY ALLOCATED UNDER SECTION 11, THERE IS  
13 ALLOCATED AN AMOUNT NOT TO EXCEED \$300,000.00 FOR 2007-2008 FOR A  
14 COMPETITIVE GRANT FOR AN EVALUATION OF RESULTS ACHIEVED BY THE  
15 PROGRAMS FUNDED UNDER THIS SECTION.

16 Sec. 32/. (1) From the general fund money appropriated in  
17 section 11, there is allocated for ~~2006-2007~~ 2007-2008 an amount  
18 not to exceed ~~\$12,250,000.00~~ \$13,050,000.00 for competitive school  
19 readiness program grants for the purposes of preparing children for  
20 success in school, including language, early literacy, and early  
21 mathematics. These grants shall be made available through a  
22 competitive application process as follows:

23 (a) Any public or private nonprofit legal entity or agency may  
24 apply for a grant under this section. However, a district or  
25 intermediate district may not apply for a grant under this section  
26 unless the district or intermediate district is acting as a fiscal  
27 agent for a child caring organization regulated under 1973 PA 116,

1 MCL 722.111 to 722.128.

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

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

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

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

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

15 (iii) Employment of teachers possessing proper training,  
16 including a valid Michigan teaching certificate with an early  
17 childhood (ZA) endorsement, a valid Michigan teaching certificate  
18 with a child development associate credential (CDA), or a  
19 bachelor's degree in child development with a specialization in  
20 preschool teaching. However, both of the following apply to this  
21 subparagraph:

22 (A) If an applicant demonstrates to the department that it is  
23 unable to fully comply with this subparagraph after making  
24 reasonable efforts to comply, the superintendent may still give  
25 priority to the applicant if the applicant will employ teachers who  
26 have significant but incomplete training in early childhood  
27 education or child development if the applicant provides to the

1 department, and the department approves, a plan for each teacher to  
2 come into compliance with the standards in this subparagraph. A  
3 teacher's compliance plan must be completed within 4 years of the  
4 date of employment. Progress toward completion of the compliance  
5 plan shall consist of at least 2 courses per calendar year.

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

10 (iv) Employment of paraprofessionals possessing proper training  
11 in early childhood development, including an associate's degree in  
12 early childhood education or child development or the equivalent,  
13 or a child development associate (CDA) credential, or the  
14 equivalent, as approved by the state board. If an applicant  
15 demonstrates to the department that it is unable to fully comply  
16 with this subparagraph, after making reasonable efforts to comply,  
17 the superintendent of public instruction may still give priority to  
18 an applicant if the applicant will employ paraprofessionals who  
19 have completed at least 1 course in early childhood education or  
20 child development if the applicant provides to the department, and  
21 the department approves, a plan for each paraprofessional to come  
22 into compliance with the standards in this subparagraph. A  
23 paraprofessional's compliance plan must be completed within 2 years  
24 of the date of employment. Progress toward completion of the  
25 compliance plan shall consist of at least 2 courses or 60 clock  
26 hours of training per calendar year.

27 (v) Evidence of collaboration with the community of providers

1 ~~in early childhood development programs~~ **CHILD DEVELOPMENT PROGRAMS,**  
2 **INCLUDING, BUT NOT LIMITED TO, MICHIGAN SCHOOL READINESS AND HEAD**  
3 **START PROVIDERS,** including documentation of the total number of  
4 children in the community who would meet the criteria established  
5 in subparagraph (vii), and who are being served by other providers,  
6 and the number of children who will remain unserved by other  
7 community early childhood programs if this program is funded.

8 (vi) The extent to which these funds will supplement other  
9 federal, state, local, or private funds.

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

16 (viii) The program offers supplementary day care and thereby  
17 offers full-day programs as part of its early childhood development  
18 program.

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

26 (e) An application shall demonstrate that the program has  
27 established or has joined a multidistrict, multiagency school



1 readiness advisory committee that is involved in the planning and  
2 evaluation of the program and that provides for the involvement of  
3 parents and appropriate community, volunteer, and social service  
4 agencies and organizations. The advisory committee shall include at  
5 least 1 parent or guardian of a program participant for every 18  
6 children enrolled in the program, with a minimum of 2 parent or  
7 guardian representatives. The advisory committee shall do all of  
8 the following:

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

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

12 (iii) Review the nutritional services provided to all  
13 participants.

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

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

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

21 (vii) REVIEW THE AGENCY'S PARTICIPATION IN A COLLABORATIVE  
22 RECRUITMENT AND ENROLLMENT PROCESS WITH, AT A MINIMUM, ALL OTHER  
23 FUNDED PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME  
24 GEOGRAPHIC AREA, INCLUDING SCHOOL DISTRICT PART-DAY PROGRAMS  
25 DESCRIBED UNDER SECTION 32D AND THE FULL-DAY PROGRAMS DESCRIBED  
26 UNDER SECTION 32E, AND HEAD START PROGRAMS, TO ASSURE THAT EACH  
27 CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER

1 NEEDS AND TO MAXIMIZE THE USE OF FEDERAL, STATE, AND LOCAL FUNDS.  
2 THE COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS SHOULD BE  
3 ESTABLISHED TO REFLECT THE GEOGRAPHIC SERVICE AREAS OF THE  
4 COLLABORATIVE PARTNERS.

5 (2) 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 250% of the federal poverty level.

9 (3) The superintendent may award grants under this section at  
10 whatever level the superintendent determines appropriate. However,  
11 the amount of a grant under this section, when combined with other  
12 sources of state revenue for this program, shall not exceed  
13 ~~\$3,300.00~~ \$3,500.00 per participating child or the cost of the  
14 program, whichever is less.

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

27 (5) Except as otherwise provided in this subsection, an

1 applicant that ~~receives~~**RECEIVED** a new grant under this section for  
2 2006-2007 shall also receive priority for funding under this  
3 section for 2007-2008 and 2008-2009. However, after 3 fiscal years  
4 of continuous funding, an applicant is required to compete openly  
5 with new programs and other programs completing their third year.  
6 All grant awards under this section are contingent on the  
7 availability of funds and documented evidence of grantee compliance  
8 with early childhood standards of quality for prekindergarten, as  
9 approved by the state board, and with all operational, fiscal,  
10 administrative, and other program requirements.

11 (6) Notwithstanding section 17b, payments to eligible entities  
12 under this section shall be paid on a schedule and in a manner  
13 determined by the department.

14 Sec. 37. (1) A district is eligible for an allocation under  
15 section 32d if the district meets all of the requirements in  
16 subsections (2), (3), and (4).

17 (2) The district shall submit a preapplication, in a manner  
18 and on forms prescribed by the department, by a date specified by  
19 the department in the immediately preceding state fiscal year. The  
20 preapplication shall include a comprehensive needs assessment and  
21 community collaboration plan **THAT INCLUDES, BUT IS NOT LIMITED TO,**  
22 **MICHIGAN SCHOOL READINESS AND HEAD START PROVIDERS,** and shall  
23 identify all of the following:

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

27 (b) The estimated number of children in the community who meet

1 the criteria of section 32d and are being served by other early  
2 childhood development programs operating in the community, and how  
3 that calculation was made.

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

7 (d) The estimated number of children who meet the criteria of  
8 section 32d who will remain unserved after the district and  
9 community early childhood programs have met their funded  
10 enrollments. The school district shall maintain a waiting list of  
11 identified unserved eligible children who would be served when  
12 openings are available. **FOR THE PURPOSES OF SECTION 32E, THE NUMBER**  
13 **OF CHILDREN ENROLLED IN HEAD START FOR WHOM THE HEAD START AGENCY**  
14 **PROPOSES A COLLABORATIVE MODEL SHALL BE CONSIDERED TO BE**  
15 **"UNSERVED".**

16 (3) The district shall submit a final application for  
17 approval, in a manner and on forms prescribed by the department, by  
18 a date specified by the department. The final application shall  
19 indicate all of the following that apply:

20 (a) The district complies with the state board approved early  
21 childhood standards of quality for prekindergarten.

22 (b) The district provides for the active and continuous  
23 participation of parents or guardians of the children in the  
24 program, and describes the district's participation plan as part of  
25 the application.

26 (c) The district only employs for this program the following:

27 (i) Teachers possessing proper training. For programs the

1 district manages itself, a valid teaching certificate and an early  
2 childhood (ZA) endorsement are required. This provision does not  
3 apply to a district that subcontracts with an eligible child  
4 development program. In that situation a teacher must have a valid  
5 Michigan teaching certificate with an early childhood (ZA)  
6 endorsement, a valid Michigan teaching certificate with a child  
7 development associate credential, or a bachelor's degree in child  
8 development with specialization in preschool teaching. However,  
9 both of the following apply to this subparagraph:

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

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

25 (ii) Paraprofessionals possessing proper training in early  
26 childhood development, including an associate's degree in early  
27 childhood education or child development or the equivalent, or a

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

13 (d) The district has submitted for approval a program budget  
14 that includes only those costs not reimbursed or reimbursable by  
15 federal funding, that are clearly and directly attributable to the  
16 early childhood readiness program, and that would not be incurred  
17 if the program were not being offered. If children other than those  
18 determined to be educationally disadvantaged participate in the  
19 program, state reimbursement under section 32d shall be limited to  
20 the portion of approved costs attributable to educationally  
21 disadvantaged children.

22 (e) The district has established a, or has joined a  
23 multidistrict, multiagency, school readiness advisory committee  
24 consisting of, at a minimum, classroom teachers for  
25 prekindergarten, kindergarten, and first grade; parents or  
26 guardians of program participants; representatives from appropriate  
27 community agencies and organizations; the district curriculum

1 director or equivalent administrator; and, if feasible, a school  
2 psychologist, school social worker, or school counselor. In  
3 addition, there shall be on the committee at least 1 parent or  
4 guardian of a program participant for every 18 children enrolled in  
5 the program, with a minimum of 2 parent or guardian  
6 representatives. The committee shall do all of the following:

7 (i) Ensure the ongoing articulation of the early childhood,  
8 kindergarten, and first grade programs offered by the district or  
9 districts.

10 (ii) Review the mechanisms and criteria used to determine  
11 participation in the early childhood program.

12 (iii) Review the health screening program for all participants.

13 (iv) Review the nutritional services provided to program  
14 participants.

15 (v) Review the mechanisms in place for the referral of  
16 families to community social service agencies, as appropriate.

17 (vi) Review the collaboration with and the involvement of  
18 appropriate community, volunteer, and social service agencies and  
19 organizations in addressing all aspects of educational  
20 disadvantage. **THE DISTRICT MUST PARTICIPATE IN A COLLABORATIVE**

21 **RECRUITMENT AND ENROLLMENT PROCESS WITH, AT A MINIMUM, ALL OTHER**

22 **FUNDED PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME**

23 **GEOGRAPHIC AREA, INCLUDING FULL-DAY PROGRAMS DESCRIBED UNDER**

24 **SECTION 32E AND THE COMPETITIVE PROGRAMS DESCRIBED UNDER SECTION**

25 **32I, AND HEAD START PROGRAMS, TO ASSURE THAT EACH CHILD IS ENROLLED**

26 **IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS AND TO MAXIMIZE**

27 **THE USE OF FEDERAL, STATE, AND LOCAL FUNDS. THE COLLABORATIVE**

**1 RECRUITMENT AND ENROLLMENT PROCESS SHOULD BE ESTABLISHED TO REFLECT**  
**2 THE GEOGRAPHIC SERVICE AREAS OF THE COLLABORATIVE PARTNERS.**

3 (vii) Review, evaluate, and make recommendations to a local  
4 school readiness program or programs for changes to the school  
5 readiness program.

6 (f) The district has submitted for departmental approval a  
7 plan to conduct and report annual school readiness program  
8 evaluations and continuous improvement plans using criteria  
9 approved by the department. At a minimum, the evaluations shall  
10 include a self-assessment of program quality and assessment of the  
11 gains in educational readiness and progress of the children  
12 participating in the program.

13 (g) More than 50% of the children participating in the program  
14 live with families with a household income that is equal to or less  
15 than 250% of the federal poverty level.

16 (4) A consortium of 2 or more districts shall be eligible for  
17 an allocation under section 32d if the districts designate a single  
18 fiscal agent for the allocation. A district or intermediate  
19 district may administer a consortium described in this subsection.  
20 A consortium shall submit a single preapplication and application  
21 for the children to be served, regardless of the number of  
22 districts participating in the consortium.

23 (5) With the final application, an applicant district shall  
24 submit to the department a resolution adopted by its board  
25 certifying the number of 4-year-old children who show evidence of  
26 risk factors as described in section 32d who live with families  
27 with a household income that is less than or equal to 250% of the



1 federal poverty level.

2       Sec. 38. The maximum number of prekindergarten children  
3 construed to be in need of special readiness assistance under  
4 section 32d **AND SECTION 32E** shall be calculated for each district  
5 in the following manner: one-half of the percentage of the  
6 district's pupils in grades 1-5 who are eligible for free lunch, as  
7 determined by the district's October count in the school year 2  
8 years before the fiscal year for which the calculation is made  
9 under the Richard B. Russell national school lunch act, chapter  
10 281, 60 Stat. 230, 42 ~~U.S.C.~~ **USC** 1751 to 1753, 1755 to 1761, 1762a,  
11 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, as  
12 reported to the department not later than December 31 of the fiscal  
13 year 2 years before the fiscal year for which the calculation is  
14 made, shall be multiplied by the average kindergarten enrollment of  
15 the district on the pupil membership count day of the 2 immediately  
16 preceding years.

17       Sec. 39. (1) The tentative allocation for each fiscal year to  
18 each eligible district under section 32d shall be determined by  
19 multiplying the number of children determined in section 38 or the  
20 number of children the district indicates it will be able to serve  
21 under section 37(2)(c), whichever is less, by ~~\$3,300.00~~ **\$3,500.00**  
22 and shall be distributed among districts in decreasing order of  
23 concentration of eligible children as determined by section 38  
24 until the money allocated in section 32d is distributed. ~~If the~~  
25 ~~number of children a district indicates it will be able to serve~~  
26 ~~under section 37(2)(c) includes children able to be served in a~~  
27 ~~full day program, then the number able to be served in a full day~~

~~program shall be doubled for the purposes of making this calculation of the lesser of the number of children determined in section 38 and the number of children the district indicates it will be able to serve under section 37(2)(c) and determining the amount of the tentative allocation to the district under section 32d.~~

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

(3) A district that offers supplementary day care funded by funds other than those received under this section and therefore offers full-day programs as part of its early childhood development program shall receive priority in the allocation of funds under this section over other eligible districts other than those districts funded under subsection (2).

(4) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 32d.

(5) If, taking into account the total amount to be allocated to the district as calculated under this section, a district determines that it is able to include additional eligible children

1 in the school readiness program without additional funds under this  
 2 section, the district may include additional eligible children but  
 3 shall not receive additional funding under this section for those  
 4 children.

5 ~~—— (6) For a district that enrolls pupils in a full-day program~~  
 6 ~~under section 32d, each child enrolled in the full-day program~~  
 7 ~~shall be counted as 2 children served by the program for purposes~~  
 8 ~~of determining the number of children to be served and for~~  
 9 ~~determining the allocation under section 32d. A district's~~  
 10 ~~allocation shall not be increased solely on the basis of providing~~  
 11 ~~a full-day program.~~

12 (6) ~~(7)~~ As used in this section, "full-day program" means a  
 13 program that operates for at least the same length of day as the  
 14 district's first grade program for a minimum of 4 days per week, 30  
 15 weeks per year. A classroom that offers a full-day program must  
 16 enroll all children for the full day to be considered a full-day  
 17 program.

18 Sec. 39a. (1) From the federal funds appropriated in section  
 19 11, there is allocated for ~~2006-2007-2007-2008~~ to districts,  
 20 intermediate districts, and other eligible entities all available  
 21 federal funding, estimated at ~~\$636,978,000.00~~ **\$669,660,100.00**, for  
 22 the federal programs under the no child left behind act of 2001,  
 23 Public Law 107-110. These funds are allocated as follows:

24 (a) An amount estimated at \$9,625,800.00 to provide students  
 25 with drug- and violence-prevention programs and to implement  
 26 strategies to improve school safety, funded from DED-OESE, drug-  
 27 free schools and communities funds.

1 (b) An amount estimated at ~~\$6,140,900.00~~ **\$6,405,500.00** for the  
2 purpose of improving teaching and learning through a more effective  
3 use of technology, funded from DED-OESE, educational technology  
4 state grant funds.

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

9 (d) An amount estimated at ~~\$7,627,400.00~~ **\$9,854,300.00** for  
10 programs to teach English to limited English proficient (LEP)  
11 children, funded from DED-OESE, language acquisition state grant  
12 funds.

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

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

19 (F) ~~(g)~~ An amount estimated at ~~\$468,700.00~~ **\$676,000.00** for  
20 rural and low income schools, funded from DED-OESE, rural and low  
21 income school funds.

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

26 (H) ~~(i)~~ An amount estimated at ~~\$428,860,300.00~~ **\$456,971,500.00**  
27 to provide supplemental programs to enable educationally

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

3 (I) ~~(j)~~—An amount estimated at ~~\$3,022,700.00~~ **\$2,531,700.00** for  
4 the purpose of providing unified family literacy programs, funded  
5 from DED-OESE, title I, even start funds.

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

9 (K) ~~(l)~~—An amount estimated at ~~\$22,928,000.00~~ **\$24,733,200.00** to  
10 promote high-quality school reading instruction for grades K-3,  
11 funded from DED-OESE, title I, reading first state grant funds.

12 (L) ~~(m)~~—An amount estimated at ~~\$2,848,900.00~~ **\$2,849,000.00** for  
13 the purpose of implementing innovative strategies for improving  
14 student achievement, funded from DED-OESE, title VI, innovative  
15 strategies funds.

16 (M) ~~(n)~~—An amount estimated at ~~\$29,296,000.00~~ **\$29,911,800.00**  
17 for the purpose of providing high-quality extended learning  
18 opportunities, after school and during the summer, for children in  
19 low-performing schools, funded from DED-OESE, twenty-first century  
20 community learning center funds. Of these funds, ~~\$25,000.00~~  
21 **\$50,000.00** may be used to support the Michigan after-school  
22 partnership. All of the following apply to the Michigan after-  
23 school partnership:

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

1 strategic next steps identified in the Michigan after-school  
2 initiative's report of December 15, 2003.

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

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

21 (2) From the federal funds appropriated in section 11, there  
22 is allocated for ~~2006-2007-2007-2008~~ to districts, intermediate  
23 districts, and other eligible entities all available federal  
24 funding, estimated at ~~\$4,646,400.00-\$32,411,000.00~~, for the  
25 following programs that are funded by federal grants:

26 (a) An amount estimated at \$600,000.00 for acquired  
27 immunodeficiency syndrome education grants, funded from HHS-center

1 for disease control, AIDS funding.

2 (b) An amount estimated at ~~\$1,500,100.00~~ **\$1,665,400.00** to  
3 provide services to homeless children and youth, funded from DED-  
4 OVAE, homeless children and youth funds.

5 (c) An amount estimated at ~~\$1,000,000.00~~ **\$200,000.00** for  
6 refugee children school impact grants, funded from HHS-ACF, refugee  
7 children school impact funds.

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

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

14 **(E) AN AMOUNT ESTIMATED AT \$28,500,000.00 FOR THE PURPOSE OF**  
15 **PROVIDING CAREER AND TECHNICAL EDUCATION SERVICES TO PUPILS, FUNDED**  
16 **FROM DED-OVAE, BASIC GRANTS TO STATES.**

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

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

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

1 mentally impaired by providing opportunities for mentoring and  
2 integrated employment.

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

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

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

20 (5) As used in this section:

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

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

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

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



1 (e) "HHS-ACF" means the HHS administration for children and  
2 families.

3 Sec. 41. From the appropriation in section 11, there is  
4 allocated an amount not to exceed \$2,800,000.00 for ~~2006-2007-2007-~~  
5 ~~2008~~ to applicant districts and intermediate districts offering  
6 programs of instruction for pupils of limited English-speaking  
7 ability under section 1153 of the revised school code, MCL  
8 380.1153. Reimbursement shall be on a per pupil basis and shall be  
9 based on the number of pupils of limited English-speaking ability  
10 in membership on the pupil membership count day. Funds allocated  
11 under this section shall be used solely for instruction in  
12 speaking, reading, writing, or comprehension of English. A pupil  
13 shall not be counted under this section or instructed in a program  
14 under this section for more than 3 years.

15 Sec. 51a. (1) ~~From the appropriation in section 11, there is~~  
16 ~~allocated for 2006-2007 an amount not to exceed \$971,983,000.00~~  
17 ~~from state sources and all available federal funding under sections~~  
18 ~~611 to 619 of part B of the individuals with disabilities education~~  
19 ~~act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any~~  
20 ~~carryover federal funds from previous year appropriations. FROM THE~~  
21 **APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2007-2008 AN**  
22 **AMOUNT NOT TO EXCEED \$1,007,883,000.00 FROM STATE SOURCES AND ALL**  
23 **AVAILABLE FEDERAL FUNDING UNDER SECTIONS 611 TO 619 OF PART B OF**  
24 **THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, 20 USC 1411 TO**  
25 **1419, ESTIMATED AT \$350,700,000.00, PLUS ANY CARRYOVER FEDERAL**  
26 **FUNDS FROM PREVIOUS YEAR APPROPRIATIONS.** The allocations under this  
27 subsection are for the purpose of reimbursing districts and

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

24 (2) From the funds allocated under subsection (1), there is  
25 allocated for ~~2006-2007-2007-2008~~ the amount necessary, estimated  
26 at ~~\$207,900,000.00 for 2006-2007-~~**\$216,000,000.00**, for payments  
27 toward reimbursing districts and intermediate districts for

1 28.6138% of total approved costs of special education, excluding  
2 costs reimbursed under section 53a, and 70.4165% of total approved  
3 costs of special education transportation. Allocations under this  
4 subsection shall be made as follows:

5 (a) The initial amount allocated to a district under this  
6 subsection toward fulfilling the specified percentages shall be  
7 calculated by multiplying the district's special education pupil  
8 membership, excluding pupils described in subsection (12), times  
9 the sum of the foundation allowance under section 20 of the pupil's  
10 district of residence plus the amount of the district's per pupil  
11 allocation under section 20j(2), not to exceed \$6,500.00 adjusted  
12 by the dollar amount of the difference between the basic foundation  
13 allowance under section 20 for the current fiscal year and  
14 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, or, for a special education pupil  
15 in membership in a district that is a public school academy or  
16 university school, times an amount equal to the amount per  
17 membership pupil calculated under section 20(6). For an  
18 intermediate district, the amount allocated under this subdivision  
19 toward fulfilling the specified percentages shall be an amount per  
20 special education membership pupil, excluding pupils described in  
21 subsection (12), and shall be calculated in the same manner as for  
22 a district, using the foundation allowance under section 20 of the  
23 pupil's district of residence, not to exceed \$6,500.00 adjusted by  
24 the dollar amount of the difference between the basic foundation  
25 allowance under section 20 for the current fiscal year and  
26 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, and that district's per pupil  
27 allocation under section 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 ~~2006-2007-2007-2008~~ the amount necessary, estimated  
8 at ~~\$2,000,000.00 for 2006-2007~~ **\$2,200,000.00**, to make payments to  
9 districts and intermediate districts under this subsection. If the  
10 amount allocated to a district or intermediate district for a  
11 fiscal year under subsection (2)(b) is less than the sum of the  
12 amounts allocated to the district or intermediate district for  
13 1996-97 under sections 52 and 58, there is allocated to the  
14 district or intermediate district for the fiscal year an amount  
15 equal to that difference, adjusted by applying the same proration  
16 factor that was used in the distribution of funds under section 52  
17 in 1996-97 as adjusted to the district's or intermediate district's  
18 necessary costs of special education used in calculations for the  
19 fiscal year. This adjustment is to reflect reductions in special  
20 education program operations or services between 1996-97 and  
21 subsequent fiscal years. Adjustments for reductions in special  
22 education program operations or services shall be made in a manner  
23 determined by the department and shall include adjustments for  
24 program or service shifts.

25 (4) If the department determines that the sum of the amounts  
26 allocated for a fiscal year to a district or intermediate district  
27 under subsection (2)(a) and (b) is not sufficient to fulfill the

1 specified percentages in subsection (2), then the shortfall shall  
2 be paid to the district or intermediate district during the fiscal  
3 year beginning on the October 1 following the determination and  
4 payments under subsection (3) shall be adjusted as necessary. If  
5 the department determines that the sum of the amounts allocated for  
6 a fiscal year to a district or intermediate district under  
7 subsection (2)(a) and (b) exceeds the sum of the amount necessary  
8 to fulfill the specified percentages in subsection (2), then the  
9 department shall deduct the amount of the excess from the  
10 district's or intermediate district's payments under this act for  
11 the fiscal year beginning on the October 1 following the  
12 determination and payments under subsection (3) shall be adjusted  
13 as necessary. However, if the amount allocated under subsection  
14 (2)(a) in itself exceeds the amount necessary to fulfill the  
15 specified percentages in subsection (2), there shall be no  
16 deduction under this subsection.

17 (5) State funds shall be allocated on a total approved cost  
18 basis. Federal funds shall be allocated under applicable federal  
19 requirements, except that an amount not to exceed \$3,500,000.00 may  
20 be allocated by the department for ~~2006-2007~~ **2007-2008** to  
21 districts, intermediate districts, or other eligible entities on a  
22 competitive grant basis for programs, equipment, and services that  
23 the department determines to be designed to benefit or improve  
24 special education on a statewide scale.

25 (6) From the amount allocated in subsection (1), there is  
26 allocated an amount not to exceed \$2,200,000.00 for ~~2006-2007~~ **2007-**  
27 **2008** to reimburse 100% of the net increase in necessary costs

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

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

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

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

4 ~~(b) Except as otherwise provided in subdivisions (c) and (d),~~  
5 ~~beginning~~ **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 2004-~~  
20 ~~2005 that the amounts allocated under this section for 2004-2005~~  
21 ~~will exceed expenditures under this section for 2004-2005, then for~~  
22 ~~2004-2005 only, for a district or intermediate district whose~~  
23 ~~reimbursement for 2004-2005 would otherwise be affected by~~  
24 ~~subdivision (b), subdivision (b) does not apply to the calculation~~  
25 ~~of the reimbursement for that district or intermediate district and~~  
26 ~~reimbursement for that district or intermediate district shall be~~  
27 ~~calculated in the same manner as it was for 2003-2004. If the~~

1 ~~amount of the excess allocations under this section is not~~  
2 ~~sufficient to fully fund the calculation of reimbursement to those~~  
3 ~~districts and intermediate districts under this subdivision, then~~  
4 ~~the calculations and resulting reimbursement under this subdivision~~  
5 ~~shall be prorated on an equal percentage basis.~~

6 (C) ~~(d)~~—If the department determines before bookclosing for  
7 ~~2005-2006-2006-2007~~ that the amounts allocated for ~~2005-2006-2006-~~  
8 ~~2007~~ under subsections (2), (3), (6), (8), and (12) and sections  
9 53a, 54, and 56 will exceed expenditures for ~~2005-2006-2006-2007~~  
10 under subsections (2), (3), (6), (8), and (12) and sections 53a,  
11 54, and 56, then for ~~2005-2006-2006-2007~~ only, for a district or  
12 intermediate district whose reimbursement for ~~2005-2006-2006-2007~~  
13 would otherwise be affected by subdivision (b), subdivision (b)  
14 does not apply to the calculation of the reimbursement for that  
15 district or intermediate district and reimbursement for that  
16 district or intermediate district shall be calculated in the same  
17 manner as it was for 2003-2004. If the amount of the excess  
18 allocations under subsections (2), (3), (6), (8), and (12) and  
19 sections 53a, 54, and 56 is not sufficient to fully fund the  
20 calculation of reimbursement to those districts and intermediate  
21 districts under this subdivision, then the calculations and  
22 resulting reimbursement under this subdivision shall be prorated on  
23 an equal percentage basis.

24 (D) ~~(e)~~—Reimbursement for ancillary and other related  
25 services, as defined by R 340.1701c of the Michigan administrative  
26 code, shall not be provided when those services are covered by and  
27 available through private group health insurance carriers or



1 federal reimbursed program sources unless the department and  
2 district or intermediate district agree otherwise and that  
3 agreement is approved by the state budget director. Expenses, other  
4 than the incidental expense of filing, shall not be borne by the  
5 parent. In addition, the filing of claims shall not delay the  
6 education of a pupil. A district or intermediate district shall be  
7 responsible for payment of a deductible amount and for an advance  
8 payment required until the time a claim is paid.

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

23 (8) From the allocation in subsection (1), there is allocated  
24 for ~~2006-2007~~ **2007-2008** an amount not to exceed \$15,313,900.00 to  
25 intermediate districts. The payment under this subsection to each  
26 intermediate district shall be equal to the amount of the 1996-97  
27 allocation to the intermediate district under subsection (6) of

1 this section as in effect for 1996-97.

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

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

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

19 (12) From the funds allocated in subsection (1), there is  
20 allocated for ~~2006-2007~~ **2007-2008** the amount necessary, estimated  
21 at ~~\$6,500,000.00 for 2006-2007~~ **\$6,400,000.00**, to pay the foundation  
22 allowances for pupils described in this subsection. The allocation  
23 to a district under this subsection shall be calculated by  
24 multiplying the number of pupils described in this subsection who  
25 are counted in membership in the district times the sum of the  
26 foundation allowance under section 20 of the pupil's district of  
27 residence plus the amount of the district's per pupil allocation

1 under section 20j(2), not to exceed \$6,500.00 adjusted by the  
2 dollar amount of the difference between the basic foundation  
3 allowance under section 20 for the current fiscal year and  
4 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, or, for a pupil described in this  
5 subsection who is counted in membership in a district that is a  
6 public school academy or university school, times an amount equal  
7 to the amount per membership pupil under section 20(6). The  
8 allocation to an intermediate district under this subsection shall  
9 be calculated in the same manner as for a district, using the  
10 foundation allowance under section 20 of the pupil's district of  
11 residence, not to exceed \$6,500.00 adjusted by the dollar amount of  
12 the difference between the basic foundation allowance under section  
13 20 for the current fiscal year and \$5,000.00 minus ~~\$200.00~~ **\$223.00**,  
14 and that district's per pupil allocation under section 20j(2). This  
15 subsection applies to all of the following pupils:

16 (a) Pupils described in section 53a.

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

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

24 (13) After payments under subsections (2) and (12) and section  
25 51c, the remaining expenditures from the allocation in subsection  
26 (1) shall be made in the following order:

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

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

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

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

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

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

6 (14) The allocations under subsection (2), subsection (3), and  
7 subsection (12) shall be allocations to intermediate districts only  
8 and shall not be allocations to districts, but instead shall be  
9 calculations used only to determine the state payments under  
10 section 22b.

11 Sec. 51c. As required by the court in the consolidated cases  
12 known as Durant v State of Michigan, Michigan supreme court docket  
13 no. 104458-104492, from the allocation under section 51a(1), there  
14 is allocated for ~~2006-2007-2007-2008~~ the amount necessary,  
15 estimated at ~~\$686,700,000.00 for 2006-2007~~ **\$714,400,000.00**, for  
16 payments to reimburse districts for 28.6138% of total approved  
17 costs of special education excluding costs reimbursed under section  
18 53a, and 70.4165% of total approved costs of special education  
19 transportation. Funds allocated under this section that are not  
20 expended in the state fiscal year for which they were allocated, as  
21 determined by the department, may be used to supplement the  
22 allocations under sections 22a and 22b in order to fully fund those  
23 calculated allocations for the same fiscal year.

24 Sec. 51d. (1) From the federal funds appropriated in section  
25 11, there is allocated for ~~2006-2007-2007-2008~~ all available  
26 federal funding, estimated at \$74,000,000.00, for special education  
27 programs that are funded by federal grants. All federal funds

1 allocated under this section shall be distributed in accordance  
2 with federal law. Notwithstanding section 17b, payments of federal  
3 funds to districts, intermediate districts, and other eligible  
4 entities under this section shall be paid on a schedule determined  
5 by the department.

6 (2) From the federal funds allocated under subsection (1), the  
7 following amounts are allocated for ~~2006-2007~~**2007-2008**:

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

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

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

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

20 Sec. 53a. (1) For districts, reimbursement for pupils  
21 described in subsection (2) shall be 100% of the total approved  
22 costs of operating special education programs and services approved  
23 by the department and included in the intermediate district plan  
24 adopted pursuant to article 3 of the revised school code, MCL  
25 380.1701 to 380.1766, minus the district's foundation allowance  
26 calculated under section 20, and minus the amount calculated for  
27 the district under section 20j. For intermediate districts,

1 reimbursement for pupils described in subsection (2) shall be  
2 calculated in the same manner as for a district, using the  
3 foundation allowance under section 20 of the pupil's district of  
4 residence, not to exceed \$6,500.00 adjusted by the dollar amount of  
5 the difference between the basic foundation allowance under section  
6 20 for the current fiscal year and \$5,000.00, minus ~~\$200.00~~  
7 **\$223.00**, and under section 20j.

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

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

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

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

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

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

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

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

8           (5) Not more than \$12,800,000.00 of the allocation for ~~2006-~~  
9     ~~2007-2007-2008~~ in section 51a(1) shall be allocated under this  
10    section.

11          Sec. 54. Each intermediate district shall receive an amount  
12    per pupil for each pupil in attendance at the Michigan schools for  
13    the deaf and blind. The amount shall be proportionate to the total  
14    instructional cost at each school. Not more than \$1,688,000.00 of  
15    the allocation for ~~2006-2007-2007-2008~~ in section 51a(1) shall be  
16    allocated under this section.

17          Sec. 54a. From the state school aid fund money appropriated in  
18    section 11, there is allocated an amount not to exceed \$250,000.00  
19    for ~~2006-2007-2007-2008~~ to the lending library located at central  
20    Michigan university from which districts and intermediate districts  
21    can borrow assessment materials designed specifically for children  
22    with severe loss of vision or hearing, severe cognitive or motor  
23    disabilities, or multiple disabilities and for children who require  
24    the most specialized types of psychological and educational  
25    assessment. The lending library shall make test assessment  
26    materials available through borrowing to districts and intermediate  
27    districts. The lending library shall also provide information about

1 the lending library at meetings and conferences for school  
2 personnel and shall develop a website to describe the services  
3 offered by the lending library. The lending library also shall mail  
4 information about the services offered by the lending library to  
5 all districts and intermediate districts.

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

7 (a) "Membership" means for a particular fiscal year the total  
8 membership for the immediately preceding fiscal year of the  
9 intermediate district and the districts constituent to the  
10 intermediate district.

11 (b) "Millage levied" means the millage levied for special  
12 education pursuant to part 30 of the revised school code, MCL  
13 380.1711 to 380.1743, including a levy for debt service  
14 obligations.

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

21 (2) From the allocation under section 51a(1), there is  
22 allocated an amount ~~each fiscal year~~ not to exceed \$36,881,100.00  
23 ~~for 2005-2006 and for 2006-2007~~ **2007-2008** to reimburse intermediate  
24 districts levying millages for special education pursuant to part  
25 30 of the revised school code, MCL 380.1711 to 380.1743. The  
26 purpose, use, and expenditure of the reimbursement shall be limited  
27 as if the funds were generated by these millages and governed by



1 the intermediate district plan adopted pursuant to article 3 of the  
2 revised school code, MCL 380.1701 to 380.1766. As a condition of  
3 receiving funds under this section, an intermediate district  
4 distributing any portion of special education millage funds to its  
5 constituent districts shall submit for departmental approval and  
6 implement a distribution plan.

7 ~~(3) Reimbursement for those millages levied in 2004-2005 shall~~  
8 ~~be made in 2005-2006 at an amount per 2004-2005 membership pupil~~  
9 ~~computed by subtracting from \$142,900.00 the 2004-2005 taxable~~  
10 ~~value behind each membership pupil and multiplying the resulting~~  
11 ~~difference by the 2004-2005 millage levied.~~ Reimbursement for those  
12 millages levied in ~~2005-2006~~ **2006-2007** shall be made in ~~2006-2007~~  
13 **2007-2008** at an amount per ~~2005-2006~~ **2006-2007** membership pupil  
14 computed by subtracting from ~~\$151,300.00~~ **\$161,200.00** the ~~2005-2006~~  
15 **2006-2007** taxable value behind each membership pupil and  
16 multiplying the resulting difference by the ~~2005-2006~~ **2006-2007**  
17 millage levied.

18 Sec. 57. (1) From the appropriation in section 11, there is  
19 allocated an amount not to exceed \$285,000.00 for ~~2006-2007~~ **2007-**  
20 **2008** for grants to intermediate districts for advanced and  
21 accelerated students.

22 (2) To qualify for funding under this section, a grant  
23 recipient shall support part of the cost of summer institutes for  
24 advanced and accelerated students and, to the extent the funding  
25 allows, provide comprehensive programs for advanced and accelerated  
26 pupils.

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

1 amount of a single grant award under this section shall not exceed  
2 \$5,000.00. Intermediate districts may form a consortium, and that  
3 consortium may receive a maximum grant amount of \$5,000.00 for each  
4 participant intermediate district. Each intermediate district or  
5 consortium must apply for grant funding by April 1, ~~2007~~2008 and  
6 demonstrate compliance with subsection (2).

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

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

14 Sec. 61a. (1) From the appropriation in section 11, there is  
15 allocated an amount not to exceed \$30,000,000.00 for ~~2006~~2007  
16 2007-2008 to reimburse on an added cost basis districts, except for  
17 a district that served as the fiscal agent for a vocational  
18 education consortium in the 1993-94 school year, and secondary area  
19 vocational-technical education centers for secondary-level  
20 vocational-technical education programs, including parenthood  
21 education programs, according to rules approved by the  
22 superintendent. Applications for participation in the programs  
23 shall be submitted in the form prescribed by the department. The  
24 department shall determine the added cost for each vocational-  
25 technical program area. The allocation of added cost funds shall be  
26 based on the type of vocational-technical programs provided, the  
27 number of pupils enrolled, and the length of the training period

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

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

17 (3) From the allocation in subsection (1), there is allocated  
18 an amount not to exceed \$388,700.00 for ~~2006-2007~~**2007-2008** to  
19 intermediate districts with constituent districts that had combined  
20 state and local revenue per membership pupil in the 1994-95 state  
21 fiscal year of \$6,500.00 or more, served as a fiscal agent for a  
22 state board designated area vocational education center in the  
23 1993-94 school year, and had an adjustment made to their 1994-95  
24 combined state and local revenue per membership pupil pursuant to  
25 section 20d. The payment under this subsection to the intermediate  
26 district shall equal the amount of the allocation to the  
27 intermediate district for 1996-97 under this subsection.

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

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

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

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

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

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

6           (2) From the appropriation in section 11, there is allocated  
7 ~~each fiscal year~~ an amount not to exceed \$9,000,000.00 for ~~2005-~~  
8 ~~2006 and for 2006-2007~~ **2007-2008** to reimburse intermediate  
9 districts and area vocational-technical education programs  
10 established under section 690(3) of the revised school code, MCL  
11 380.690, levying millages for area vocational-technical education  
12 pursuant to sections 681 to 690 of the revised school code, MCL  
13 380.681 to 380.690. The purpose, use, and expenditure of the  
14 reimbursement shall be limited as if the funds were generated by  
15 those millages.

16           (3) ~~Reimbursement for the millages levied in 2004-2005 shall~~  
17 ~~be made in 2005-2006 at an amount per 2004-2005 membership pupil~~  
18 ~~computed by subtracting from \$152,000.00 the 2004-2005 taxable~~  
19 ~~value behind each membership pupil and multiplying the resulting~~  
20 ~~difference by the 2004-2005 millage levied.~~ Reimbursement for the  
21 millages levied in ~~2005-2006~~ **2006-2007** shall be made in ~~2006-2007~~  
22 **2007-2008** at an amount per ~~2005-2006~~ **2006-2007** membership pupil  
23 computed by subtracting from ~~\$160,500.00~~ **\$171,200.00** the ~~2005-2006~~  
24 **2006-2007** taxable value behind each membership pupil and  
25 multiplying the resulting difference by the ~~2005-2006~~ **2006-2007**  
26 millage levied.

27           Sec. 64. (1) From the appropriation in section 11, there is

1 allocated an amount not to exceed ~~\$2,000,000.00~~ **\$4,000,000.00** FOR  
2 **2007-2008** for grants to intermediate districts or a district of the  
3 first class that are in consortium with a community college or  
4 state public university and a hospital to create and implement a  
5 middle college focused on the field of health sciences.

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

10 (a) Outreach programs to provide information to middle school  
11 and high school students about career opportunities in the health  
12 sciences field.

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

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

16 (d) Clinical rotations that provide opportunities for pupils  
17 to observe careers in the health sciences.

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

23 **(4) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED**  
24 **FOR 4 CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND**  
25 **MANNER PRESCRIBED BY THE DEPARTMENT.**

26 **(5) A DISTRICT OR INTERMEDIATE DISTRICT THAT RECEIVED A GRANT**  
27 **UNDER THIS SECTION IN 2006-2007 SHALL RECEIVE 100% OF THAT AMOUNT**

1 IN 2007-2008, 50% OF THE 2007-2008 AMOUNT IN 2008-2009, AND 50% OF  
2 THE 2008-2009 AMOUNT IN 2009-2010. HOWEVER, A DISTRICT OR  
3 INTERMEDIATE DISTRICT THAT RECEIVED A GRANT IN 2006-2007 UNDER THIS  
4 SECTION IS ALSO ELIGIBLE TO RECEIVE A NEW GRANT FOR A NEW MIDDLE  
5 COLLEGE IN 2007-2008 UNDER THIS SECTION.

6 Sec. 65. (1) From the amount appropriated in section 11, there  
7 is allocated an amount not to exceed \$680,100.00 for ~~2006-2007~~  
8 **2007-2008** for grants to districts or intermediate districts, as  
9 determined by the department of labor and economic growth, for  
10 eligible precollege programs in engineering and the sciences.

11 (2) ~~From the funds allocated under subsection (1), the~~ **THE**  
12 department of labor and economic growth shall ~~award \$680,100.00 for~~  
13 ~~2006-2007~~ **GIVE PREFERENCE IN AWARDING GRANTS UNDER SUBSECTION (1)**  
14 to the 2 eligible existing **PRECOLLEGE** programs **IN ENGINEERING AND**  
15 **SCIENCES** that received funds appropriated for these purposes in the  
16 appropriations act containing the department of labor and economic  
17 growth budget for 2005-2006.

18 (3) The department of labor and economic growth shall submit a  
19 report to the appropriations subcommittees responsible for this act  
20 and to the house and senate fiscal agencies by February 1, ~~2007~~  
21 **2008** regarding dropout rates, grade point averages, enrollment in  
22 science, engineering, and math-based curricula, and employment in  
23 science, engineering, and mathematics-based fields for pupils who  
24 were enrolled in the programs awarded funds under this section or  
25 under preceding legislation. The report shall continue to evaluate  
26 the effectiveness of the precollege programs in engineering and  
27 sciences funded under this section.

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

**SEC. 65A. FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$500,000.00 FOR 2007-2008 FOR THE PURPOSES OF ESTABLISHING A PILOT PROGRAM TO FACILITATE ACCESS BY STUDENTS OF ALL AGES TO INFORMATION REGARDING POSTSECONDARY OPPORTUNITIES INCLUDING, BUT NOT LIMITED TO, INFORMATION ON LABOR MARKETS, CAREER PLANNING, COURSE OFFERINGS, AND FINANCIAL RESOURCES OR SCHOLARSHIPS. THE DEPARTMENT SHALL AWARD THE MONEY ALLOCATED FOR THIS PILOT PROGRAM TO AN INTERMEDIATE SCHOOL DISTRICT THAT MEETS ALL OF THE FOLLOWING:**

**(A) IS LOCATED IN A COUNTY WITH A POPULATION OF AT LEAST 700,000 AND FEWER THAN 1,000,000 RESIDENTS, ACCORDING TO THE MOST RECENT FEDERAL DECENNIAL CENSUS.**

**(B) DOES NOT CONTAIN THE MAIN CAMPUS OF A 4-YEAR PUBLIC UNIVERSITY WITHIN ITS BOUNDARIES.**

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed ~~\$2,965,000.00 for 2006-2007~~ **\$3,025,800.00 FOR 2007-2008** for the purposes of this section.

(2) From the allocation in subsection (1), there is allocated ~~each fiscal year~~ **FOR 2007-2008** the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to sections 51 and 52 of the pupil transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver



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

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

16 (4) From the funds allocated in subsection (1), there is  
17 allocated an amount not to exceed ~~\$1,340,000.00 for 2006-2007~~  
18 **\$1,400,800.00 FOR 2007-2008** for reimbursement to districts and  
19 intermediate districts for costs associated with the inspection of  
20 school buses and pupil transportation vehicles by the department of  
21 state police as required under section 715a of the Michigan vehicle  
22 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil  
23 transportation act, 1990 PA 187, MCL 257.1839. The department of  
24 state police shall prepare a statement of costs attributable to  
25 each district for which bus inspections are provided and submit it  
26 to the department and to each affected district in a time and  
27 manner determined jointly by the department and the department of

1 state police. The department shall reimburse each district and  
2 intermediate district for costs detailed on the statement within 30  
3 days after receipt of the statement. Districts for which services  
4 are provided shall make payment in the amount specified on the  
5 statement to the department of state police within 45 days after  
6 receipt of the statement. The total reimbursement of costs under  
7 this subsection shall not exceed the amount allocated under this  
8 subsection. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE**  
9 **ENTITIES UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE**  
10 **PRESCRIBED BY THE DEPARTMENT.**

11 Sec. 76. If a district received money in 1993-94 attributable  
12 to nonspecial education transportation under former section 71 and  
13 that money was included in calculating the district's combined  
14 state and local revenue per membership pupil in 1993-94 under  
15 section 20(21), as that section was in effect for 1994-95, then the  
16 district shall use ~~money received~~ **FUNDING AS CALCULATED** under  
17 section 20 as the funding for transporting nonpublic school  
18 students as required under section 1321 of the revised school code,  
19 ~~being section MCL 380.1321. of the Michigan Compiled Laws.~~

20 **SEC. 77. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**  
21 **ALLOCATED AN AMOUNT NOT TO EXCEED \$20,000,000.00 FOR 2007-2008 TO**  
22 **MAKE PAYMENTS TO QUALIFIED DISTRICTS TO BE USED FOR COSTS**  
23 **ASSOCIATED WITH TRANSPORTING PUPILS TO AND FROM SCHOOL.**

24 **(2) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS**  
25 **ALLOCATED \$15,000,000.00 FOR 2007-2008 TO DISTRICTS WITH A TOTAL**  
26 **SQUARE MILEAGE GREATER THAN 156.0. THESE FUNDS SHALL BE ALLOCATED**  
27 **TO THESE DISTRICTS ON AN EQUAL PER PUPIL BASIS.**

1           (3) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS  
2 ALLOCATED \$5,000,000.00 FOR 2007-2008 TO DISTRICTS WITH 5.0 OR  
3 FEWER PUPILS PER SQUARE MILE AS DETERMINED BY THE DEPARTMENT. THESE  
4 FUNDS SHALL BE ALLOCATED TO THESE DISTRICTS ON AN EQUAL PER PUPIL  
5 BASIS.

6           (4) TO RECEIVE FUNDING UNDER THIS SECTION, A DISTRICT MUST  
7 OPERATE ALL OF GRADES K TO 12.

8           Sec. 81. (1) Except as otherwise provided in this section,  
9 from the appropriation in section 11, there is allocated for ~~2006-~~  
10 ~~2007-2007-2008~~ to the intermediate districts the sum necessary, but  
11 not to exceed \$80,110,900.00, to provide state aid to intermediate  
12 districts under this section. Except as otherwise provided in this  
13 section, there shall be allocated to each intermediate district for  
14 ~~2006-2007-2007-2008~~ an amount equal to ~~103.1%~~ 100% of the amount  
15 appropriated under this subsection for ~~2005-2006-2006-2007~~. Funding  
16 provided under this section shall be used to comply with  
17 requirements of this act and the revised school code that are  
18 applicable to intermediate districts, and for which funding is not  
19 provided elsewhere in this act, and to provide technical assistance  
20 to districts as authorized by the intermediate school board.

21           ~~(2) It is the intent of the legislature that intermediate~~  
22 **INTERMEDIATE** districts receiving funds under this section shall  
23 collaborate with the department to develop expanded professional  
24 development opportunities for teachers to update and expand their  
25 knowledge and skills needed to support the Michigan merit  
26 curriculum.

27           (3) From the allocation in subsection (1), there is allocated

1 to an intermediate district, formed by the consolidation or  
2 annexation of 2 or more intermediate districts or the attachment of  
3 a total intermediate district to another intermediate school  
4 district or the annexation of all of the constituent K-12 districts  
5 of a previously existing intermediate school district which has  
6 disorganized, an additional allotment of \$3,500.00 each fiscal year  
7 for each intermediate district included in the new intermediate  
8 district for 3 years following consolidation, annexation, or  
9 attachment.

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

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

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

24 (b) Demonstrate to the satisfaction of the department that the  
25 intermediate district employs at least 1 person who is trained in  
26 rules, regulations, and district reporting procedures for the  
27 individual-level pupil data that serves as the basis for the

1 calculation of the district and high school graduation and dropout  
2 rates.

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

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

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

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

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

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

18 (c) Establish procedures to ensure the **REASONABLE** validity and  
19 reliability of the data and the collection process.

20 (d) Develop state and model local data collection policies,  
21 including, but not limited to, policies that ensure the privacy of  
22 individual student data. State privacy policies shall ensure that  
23 student social security numbers are not released to the public for  
24 any purpose.

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

27 (f) Provide reports to the citizens of this state to allow

1   them to assess allocation of resources and the return on their  
2   investment in the education system of this state.

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

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

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

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

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

- 1 (b) One representative from the senate fiscal agency.
- 2 (c) One representative from the office of the state budget  
3 director.
- 4 (d) One representative from the state education agency.
- 5 (e) One representative each from the department of labor and  
6 economic growth and the department of treasury.
- 7 (f) Three representatives from intermediate school districts.
- 8 (g) One representative from each of the following educational  
9 organizations:
- 10 (i) Michigan association of school boards.
- 11 (ii) Michigan association of school administrators.
- 12 (iii) Michigan school business officials.
- 13 (h) One representative representing private sector firms  
14 responsible for auditing school records.
- 15 (i) Other representatives as the state budget director  
16 determines are necessary.
- 17 (4) The CEPI advisory committee appointed under subsection (3)  
18 shall provide advice to the director of the center regarding the  
19 management of the center's data collection activities, including,  
20 but not limited to:
- 21 (a) Determining what data is necessary to collect and maintain  
22 in order to perform the center's functions in the most efficient  
23 manner possible.
- 24 (b) Defining the roles of all stakeholders in the data  
25 collection system.
- 26 (c) Recommending timelines for the implementation and ongoing  
27 collection of data.

1 (d) Establishing and maintaining data definitions, data  
2 transmission protocols, and system specifications and procedures  
3 for the efficient and accurate transmission and collection of data.

4 (e) Establishing and maintaining a process for ensuring the  
5 **REASONABLE** accuracy of the data.

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

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

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

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

16 (6) From the general fund appropriation in section 11, there  
17 is allocated an amount not to exceed ~~\$2,350,000.00 for 2006-2007~~  
18 **\$2,435,400.00 FOR 2007-2008** to the department of management and  
19 budget to support the operations of the center and the development  
20 and implementation of a comprehensive data management and student  
21 tracking system. 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 ~~2006-2007-2007-2008~~,  
26 there is allocated the amount necessary, estimated at  
27 \$3,543,200.00, in order to fulfill federal reporting requirements.



1           (7) From the ~~general fund~~ allocation under subsection (6),  
2 there is allocated for ~~2006-2007~~ **2007-2008** an amount ~~not to exceed~~  
3 ~~\$1,850,000.00~~ to support the development and implementation of a  
4 comprehensive longitudinal educational data management and student  
5 tracking system. In addition, from the federal funds allocated in  
6 subsection (6), there is allocated for ~~2006-2007~~ **2007-2008** an  
7 amount not to exceed \$1,500,000.00 funded from the competitive  
8 grants of DED-OESE, title II, educational technology funds for the  
9 purposes of this subsection. Not later than November 30, ~~2006-2007~~,  
10 the department shall award a single grant to an eligible  
11 partnership that includes an intermediate district with at least 1  
12 high-need local school district and the center.

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

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

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

1 (11) As used in this section:

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

4 (b) "High-need local school district" means a local  
5 educational agency as defined in the enhancing education through  
6 technology part of the no child left behind act of 2001, Public Law  
7 107-110.

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

9 Sec. 98. (1) From the ~~state school aid fund money appropriated~~  
10 ~~in section 11, there is allocated an amount not to exceed~~  
11 ~~\$500,000.00 for 2006-2007 and from the general fund money~~  
12 appropriated in section 11, there is allocated an amount not to  
13 exceed \$2,250,000.00 for ~~2006-2007-2007-2008~~ to provide a grant to  
14 the Michigan virtual university for the development,  
15 implementation, and operation of the Michigan virtual high school;  
16 to provide professional development opportunities for educators;  
17 and to fund other purposes described in this section. In addition,  
18 from the federal funds appropriated in section 11, there is  
19 allocated for ~~2006-2007-2007-2008~~ an amount estimated at  
20 \$3,250,000.00.

21 (2) The Michigan virtual high school shall have the following  
22 goals:

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

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

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

7 (d) Provide online test preparation resources for pupils.

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

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

14 (3) From the general fund money allocated in subsection (1),  
15 an amount estimated at, but not to exceed \$500,000.00, shall be  
16 used by the Michigan virtual high school to provide online test  
17 preparation resources for all Michigan high school pupils using  
18 web-based tools that align with the Michigan merit exam  
19 requirements, including the ACT and the revised MEAP exam. These  
20 resources shall include the following:

21 (a) Practice test opportunities for students.

22 (b) Information on effective test taking strategies.

23 (c) Diagnostic tools to identify student learning gaps.

24 (d) Self-paced online instructional tutorials.

25 (e) Electronic reports that provide feedback for students and  
26 school personnel.

27 (4) The Michigan virtual high school course offerings shall

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

2 (a) Information technology courses.

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

5 (c) Courses and dual enrollment opportunities.

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

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

9 (f) Special interest courses.

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

12 (5) From the federal funds allocated in subsection (1), there  
13 is allocated for ~~2006-2007-2007-2008~~ an amount estimated at  
14 \$2,250,000.00 from DED-OESE, title II, improving teacher quality  
15 funds for a grant to the Michigan virtual university for the  
16 purpose of this subsection. The state education agency shall sign a  
17 memorandum of understanding with the Michigan virtual university  
18 regarding the DED-OESE, title II, improving teacher quality funds  
19 as provided under this subsection. The memorandum of understanding  
20 under this subsection shall require that the Michigan virtual  
21 university coordinate the following activities related to DED-OESE,  
22 title II, improving teacher quality funds in accordance with  
23 federal law:

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

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

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

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

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

11 (e) Provide online professional development opportunities for  
12 educators to update and expand knowledge and skills needed to  
13 support the Michigan merit curriculum core content standards and  
14 credit requirements.

15 (6) The Michigan virtual university shall offer at least 200  
16 hours of online professional development for classroom teachers  
17 under this section each fiscal year beginning in 2006-2007 without  
18 charge to the teachers or to districts or intermediate districts. A  
19 district or intermediate district may require a full-time teacher  
20 to participate in at least 5 hours of online professional  
21 development provided by the Michigan virtual university under  
22 subsection (5). Five hours of this professional development shall  
23 be considered to be part of the 38 hours allowed to be counted as  
24 hours of pupil instruction under section 101(10).

25 (7) From the federal funds appropriated in subsection (1),  
26 there is allocated for ~~2006-2007~~**2007-2008** an amount estimated at  
27 \$1,000,000.00 from the DED-OESE, title II, educational technology

1 grant funds to support e-learning and virtual school initiatives  
2 consistent with the goals contained in the United States national  
3 educational technology plan issued in January 2005. Not later than  
4 November 30, ~~2006~~—2007, from the funds allocated in this  
5 subsection, the department shall award a single grant of  
6 \$1,000,000.00 to a consortium or partnership established by the  
7 Michigan virtual university that meets the requirements of this  
8 subsection. To be eligible for this funding, a consortium or  
9 partnership established by the Michigan virtual university shall  
10 include at least 1 intermediate district and at least 1 high-need  
11 local district. All of the following apply to this funding:

12 (a) An eligible consortium or partnership must demonstrate the  
13 following:

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

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

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

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

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

24 (vi) Demonstrated technical expertise and capacity in managing  
25 complex technology systems.

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

1 (b) The Michigan virtual university, which operates the  
2 Michigan virtual high school, shall perform the following tasks  
3 related to this funding:

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

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

11 (iii) Conduct a demonstration pilot to promote new and  
12 innovative online courses and instructional services.

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

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

19 ~~—— (8) From the state school aid fund allocation in subsection~~  
20 ~~(1), an amount not to exceed \$500,000.00 for 2006-2007 shall be~~  
21 ~~awarded as a single grant to an intermediate district working in~~  
22 ~~partnership with the Michigan virtual high school for a statewide~~  
23 ~~license for "my dream explorer", a career exploration and planning~~  
24 ~~tool, to be made available to all pupils at no cost.~~

25 (8) ~~(9)~~ If a home-schooled or nonpublic school student is a  
26 resident of a district that subscribes to services provided by the  
27 Michigan virtual high school, the student may use the services

provided by the Michigan virtual high school to the district without charge to the student beyond what is charged to a district pupil using the same services.

~~———— (10) All activities funded under this section relating to science shall include the use of the scientific method to critically evaluate scientific theories and the use of relevant scientific data to assess the validity of those theories.~~

(9) ~~(11)~~ As used in this section:

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

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

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

**SEC. 98D. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$100.00 FOR 2007-2008 FOR THE IMPLEMENTATION OF THE 21ST CENTURY LEARNING ENVIRONMENT INITIATIVE. THE DEPARTMENT SHALL WORK WITH PARTNERS, INCLUDING, BUT NOT LIMITED TO, UNIVERSITIES, SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, BUSINESS AND INDUSTRY LEADERS, AND INNOVATIVE EDUCATION ORGANIZATIONS TO CREATE AND IMPLEMENT A COORDINATED STATEWIDE INITIATIVE THAT CREATES NEW AND BUILDS UPON CURRENT SUCCESSFUL EDUCATION PRACTICES. THE INITIATIVE SHALL UTILIZE NEW LEARNING ENVIRONMENTS TO CREATE ENGAGING TEACHING AND LEARNING PRACTICES THAT ACCELERATE ACHIEVEMENT AND ALLOW TEACHERS AND STUDENTS TO REACH HIGHER CURRICULUM STANDARDS, ATTAIN 21ST CENTURY AND INNOVATION SKILLS, AND CREATE ACADEMIC CONTENT AND KNOWLEDGE IN**



1 DIGITAL FORMS. THE INITIATIVE AND ITS COMPONENTS ALSO SHALL ENABLE  
2 DISTRICTS, TEACHERS, AND ADMINISTRATORS TO RAISE STUDENT  
3 ACHIEVEMENT FOR ALL STUDENTS, CONSOLIDATE SERVICES, FOCUS ON STATE-  
4 IDENTIFIED CRITICAL SKILL AREAS SUCH AS MATHEMATICS AND SCIENCE,  
5 AND MEET OTHER STATE AND LOCAL EDUCATIONAL GOALS.

6 (2) THE DEPARTMENT SHALL DETERMINE HOW TO DISTRIBUTE THE FUNDS  
7 FOR THE INITIATIVE DESCRIBED IN SUBSECTION (1) TO ACCOMPLISH ALL OF  
8 THE FOLLOWING:

9 (A) PROVIDE PROFESSIONAL DEVELOPMENT.

10 (B) CREATE A STATEWIDE CONTENT REPOSITORY.

11 (C) COORDINATE EFFORTS WITH OTHER EDUCATION PROGRAMS.

12 (D) ASSIST DISTRICTS IN OBTAINING INNOVATIVE CONTENT CREATION  
13 AND DISTRIBUTION TOOLS FOR 21ST CENTURY LEARNING ENVIRONMENTS THAT  
14 HELP DISTRICTS MEET THE GOALS IDENTIFIED IN THIS SECTION.

15 Sec. 99. (1) From the state school aid fund money appropriated  
16 in section 11, there is allocated an amount not to exceed  
17 ~~\$3,416,000.00 for 2006-2007~~ **\$3,390,000.00 FOR 2007-2008** and from  
18 the general fund appropriation in section 11, there is allocated an  
19 amount not to exceed ~~\$84,000.00 for 2006-2007~~ **\$110,000.00 FOR 2007-**  
20 **2008** for implementing the comprehensive master plan for mathematics  
21 and science centers developed by the department and approved by the  
22 state board on August 8, 2002, and for other purposes as described  
23 in this section. In addition, from the federal funds appropriated  
24 in section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount  
25 estimated at \$4,456,000.00 from DED-OESE, title II, mathematics and  
26 science partnership grants.

27 (2) Within a service area designated locally, approved by the

1 department, and consistent with the master plan described in  
2 subsection (1), an established mathematics and science center shall  
3 address 2 or more of the following 6 basic services, as described  
4 in the master plan, to constituent districts and communities:  
5 leadership, pupil services, curriculum support, community  
6 involvement, professional development, and resource clearinghouse  
7 services.

8 (3) The department shall not award a state grant under this  
9 section to more than 1 mathematics and science center located in a  
10 designated region as prescribed in the 2002 master plan unless each  
11 of the grants serves a distinct target population or provides a  
12 service that does not duplicate another program in the designated  
13 region.

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

19 (5) Allocations under this section to support the activities  
20 and programs of mathematics and science centers shall be continuing  
21 support grants to all 33 established mathematics and science  
22 centers. Each established mathematics and science center that was  
23 funded in ~~2005-2006~~ **2006-2007** shall receive state funding in an  
24 amount equal to 100% of the amount it ~~received under this section~~  
25 ~~for 2005-2006~~ **WAS ALLOCATED UNDER THIS SUBSECTION FOR 2006-2007**. If  
26 a center declines state funding or a center closes, the remaining  
27 money available under this section shall be distributed on a pro

1 rata basis to the remaining centers, as determined by the  
2 department.

3 (6) From the funds allocated in subsection (1), there is  
4 allocated **FOR 2007-2008 AN AMOUNT NOT TO EXCEED** \$1,000,000.00 in a  
5 form and manner determined by the department to those centers able  
6 to provide curriculum and professional development support to  
7 assist districts in implementing the Michigan merit curriculum  
8 components for mathematics and science. Funding under this  
9 subsection is in addition to funding **ALLOCATED** under subsection  
10 (5).

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

16 (8) Not later than September 30, ~~2007-2008~~, the department  
17 shall reevaluate and update the comprehensive master plan described  
18 in subsection (1).

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

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

26 ~~—— (11) All activities funded under this section relating to~~  
27 ~~science shall include the use of the scientific method to~~

~~critically evaluate scientific theories and the use of relevant  
scientific data to assess the validity of those theories.~~

(11) ~~(12)~~ As used in this section:

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

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

SEC. 99A. (1) FROM THE STATE SCHOOL AID FUND MONEY  
APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2007-2008 AN  
AMOUNT NOT TO EXCEED \$100,000.00 FOR GRANTS TO DISTRICTS FOR  
PURCHASING AUTOMATED EXTERNAL DEFIBRILLATORS.

(2) TO BE ELIGIBLE TO RECEIVE A GRANT UNDER THIS SECTION, A  
DISTRICT SHALL MEET ALL OF THE FOLLOWING:

(A) SHALL APPLY TO THE DEPARTMENT IN THE FORM AND MANNER  
PRESCRIBED BY THE DEPARTMENT.

(B) SHALL PROVIDE AT LEAST A 50% LOCAL MATCH FROM LOCAL PUBLIC  
OR PRIVATE RESOURCES FOR THE FUNDS RECEIVED UNDER THIS SECTION.

(C) SHALL MEET OTHER CRITERIA THAT ARE ESTABLISHED BY THE  
DEPARTMENT AND DESIGNED TO MAXIMIZE THE EFFECTIVENESS OF THE GRANT  
FUNDS.

(3) GRANTS SHALL BE AWARDED TO DISTRICTS UNDER THIS SECTION IN  
DESCENDING ORDER OF A DISTRICT'S PERCENTAGE OF PUPILS WHO MET THE  
INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK AS  
DETERMINED UNDER THE RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT  
AND AS REPORTED TO THE DEPARTMENT BY OCTOBER 31, 2005 AND ADJUSTED  
NOT LATER THAN DECEMBER 31, 2005.

(4) THE DEPARTMENT SHALL NOT AWARD A GRANT TO A DISTRICT UNDER  
THIS SECTION TO PURCHASE MORE THAN 1 AUTOMATED EXTERNAL

1 DEFIBRILLATOR UNLESS THE DEPARTMENT DETERMINES THAT EACH DISTRICT  
2 EITHER HAS AT LEAST 1 AUTOMATED EXTERNAL DEFIBRILLATOR OR HAS BEEN  
3 AWARDED A GRANT UNDER THIS SECTION FOR PURCHASING 1 AUTOMATED  
4 EXTERNAL DEFIBRILLATOR. AFTER THAT POINT, UNTIL THE TOTAL AMOUNT  
5 ALLOCATED UNDER THIS SECTION HAS BEEN USED, THE DEPARTMENT SHALL  
6 AWARD GRANTS TO DISTRICTS IN THE SAME ORDER AS PRESCRIBED IN  
7 SUBSECTION (3) IN SUFFICIENT AMOUNT TO ENSURE THAT THE DISTRICT  
8 RECEIVING A GRANT FOR MORE THAN 1 AUTOMATED EXTERNAL DEFIBRILLATOR  
9 WILL HAVE ENOUGH AUTOMATED EXTERNAL DEFIBRILLATORS AFTER THE GRANT  
10 TO PLACE 1 IN EACH HIGH SCHOOL IT OPERATES.

11 (5) A DISTRICT RECEIVING A GRANT UNDER THIS SECTION MAY DECIDE  
12 WHERE TO PLACE AN AUTOMATED EXTERNAL DEFIBRILLATOR PURCHASED  
13 PURSUANT TO THE GRANT.

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

16 Sec. 99e. (1) From the funds appropriated in section 11, there  
17 is allocated the amount of \$125,000.00 for ~~2006-2007~~ 2007-2008 to a  
18 district that meets all of the following requirements:

19 (a) The district's membership ~~has grown~~ INCREASED by at least  
20 20% between 2004-2005 and 2005-2006.

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

23 (c) The district levies at least 10 mills for the purpose of  
24 debt retirement.

25 (d) The district had an emergency financial manager in place  
26 during 2004-2005.

27 (2) The funds allocated under subsection (1) shall be used to

1 supplement the district's operational funds as compensation for  
2 having received a reduced foundation allowance due to proration  
3 while having had an emergency financial manager in place.

4       **(3) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED**  
5 **FOR 3 CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND**  
6 **MANNER APPROVED BY THE DEPARTMENT.**

7       **(4) ~~(3)~~**Notwithstanding section 17b, payments under this  
8 section may be made pursuant to an agreement with the department.

9       Sec. 99h. (1) From the appropriation in section 11, there is  
10 allocated an amount not to exceed \$150,000.00 for ~~2006-2007-2007-~~  
11 ~~2008~~ for competitive grants to districts that provide pupils in  
12 high school with expanded opportunities to improve mathematics,  
13 science, and technology skills by participating in events hosted by  
14 a science and technology development program known as FIRST (for  
15 inspiration and recognition of science and technology) robotics  
16 competition.

17       (2) A district applying for a grant shall submit an  
18 application in a form and manner determined by the department. To  
19 be eligible for a grant, a district shall demonstrate in its  
20 application that the district has established a partnership for the  
21 purposes of the program with at least 1 sponsor, business entity,  
22 higher education institution, or technical school.

23       (3) Each grant recipient shall provide a local match from  
24 other private or local funds for the funds received under this  
25 section. The amount of the local match shall be at least equal to  
26 50% of the costs of participating in an event.

27       (4) Grant awards shall be made in a manner determined by the

1 department in collaboration with the department of labor and  
2 economic growth. However, the department shall set maximum grant  
3 amounts in a manner that maximizes the number of high schools that  
4 will be able to participate.

5 (5) Funds received under this section may be used for event  
6 registrations, materials, travel costs, and other expenses  
7 associated with the preparation for and attendance at FIRST  
8 robotics competitions.

9 (6) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED  
10 FOR 3 CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND  
11 MANNER APPROVED BY THE DEPARTMENT.

12 (7) NOTWITHSTANDING SECTION 17B, PAYMENTS TO GRANT RECIPIENTS  
13 UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE PRESCRIBED BY THE  
14 DEPARTMENT.

15 SEC. 99I. FROM THE APPROPRIATION IN SECTION 11, THERE IS  
16 ALLOCATED AN AMOUNT NOT TO EXCEED \$100,000.00 FOR 2007-2008 TO  
17 WAYNE STATE UNIVERSITY FOR THE SCIENCE, ENGINEERING, MATHEMATICS,  
18 AEROSPACE ACADEMY (SEMAA) PROGRAM. THE UNIVERSITY SHALL MAKE THIS  
19 PROGRAM AVAILABLE AT NO COST TO ALL KINDERGARTEN THROUGH TWELFTH  
20 GRADE STUDENTS.

21 Sec. 104. (1) From the state school aid fund money  
22 appropriated in section 11, there is allocated for ~~2006-2007-2007-~~  
23 ~~2008~~ an amount not to exceed ~~\$19,500,000.00 for reimbursement to~~  
24 ~~districts of~~ **\$29,800,000.00 FOR PAYMENTS ON BEHALF OF DISTRICTS FOR**  
25 costs associated with complying with sections 104a and 104b,  
26 sections 1279, 1279g, and 1280b of the revised school code, MCL  
27 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to

1 388.1086. In addition, from the federal funds appropriated in  
2 section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount  
3 estimated at ~~\$8,425,200.00~~ **\$8,800,000.00**, funded from DED-OESE,  
4 title VI, state assessments funds for the purposes of complying  
5 with the federal no child left behind act of 2001, Public Law 107-  
6 110.

7 (2) The results of each test administered as part of the  
8 Michigan educational assessment program, including tests  
9 administered to high school students, shall include an item  
10 analysis that lists all items that are counted for individual pupil  
11 scores and the percentage of pupils choosing each possible  
12 response.

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

17 (4) Notwithstanding section 17b, payments ~~of federal funds to~~  
18 **ON BEHALF OF** districts, intermediate districts, and other eligible  
19 entities under this section shall be paid on a schedule determined  
20 by the department.

21 Sec. 107. (1) From the appropriation in section 11, there is  
22 allocated an amount not to exceed \$24,000,000.00 for ~~2006-2007~~  
23 **2007-2008** for adult education programs authorized under this  
24 section.

25 (2) To be eligible to be a participant funded under this  
26 section, a person shall be enrolled in an adult basic education  
27 program, an adult English as a second language program, a general



1 educational development (G.E.D.) test preparation program, a job or  
2 employment related program, or a high school completion program,  
3 that meets the requirements of this section, and shall meet either  
4 of the following, as applicable:

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

8 (i) Is less than 20 years of age on September 1 of the school  
9 year and is enrolled in the ~~state technical institute and~~

10 ~~rehabilitation center~~ **MICHIGAN CAREER AND TECHNICAL INSTITUTE.**

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

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

16 (iv) Is enrolled in a high school completion program.

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

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

21 (ii) Is at least 16 years of age on September 1 of the school  
22 year, has been permanently expelled from school under section  
23 1311(2) or 1311a of the revised school code, MCL 380.1311 and  
24 380.1311a, and has no appropriate alternative education program  
25 available through his or her district of residence.

26 (3) Except as otherwise provided in subsection (4), from the  
27 amount allocated under subsection (1), ~~\$22,500,000.00~~

1   \$23,800,000.00 shall be distributed as follows:

2           (a) For districts and consortia that received payments for  
3   ~~2005-2006-2006-2007~~ under this section, the amount allocated to  
4   each for ~~2006-2007-2007-2008~~ shall be based on the number of  
5   participants served by the district or consortium for ~~2006-2007~~  
6   ~~2007-2008~~, using the amount allocated per full-time equated  
7   participant under subsection (6), up to a maximum total allocation  
8   under this subsection in an amount equal to ~~107.1%~~ **104.3%** of the  
9   amount the district or consortium received for ~~2005-2006-2006-2007~~  
10   under this section before any reallocations made for ~~2005-2006~~  
11   ~~2006-2007~~ under subsection (4).

12           (b) A district or consortium that received funding in 2003-  
13   2004 under this section may operate independently of a consortium  
14   or join or form a consortium for ~~2006-2007-2007-2008~~. The  
15   allocation for ~~2006-2007-2007-2008~~ to the district or the newly  
16   formed consortium under this subsection shall be determined by the  
17   department of labor and economic growth and shall be based on the  
18   proportion of the amounts that are attributable to the district or  
19   consortium that received funding in ~~2005-2006-2006-2007~~. A district  
20   or consortium described in this subdivision shall notify the  
21   department of labor and economic growth of its intention with  
22   regard to ~~2006-2007-2007-2008~~ by October 1, ~~2006-2007~~.

23           (4) A district that operated an adult education program in  
24   ~~2005-2006-2006-2007~~ and does not intend to operate a program in  
25   ~~2006-2007-2007-2008~~ shall notify the department of labor and  
26   economic growth by October 1, ~~2006-2007~~ of its intention. The funds  
27   intended to be allocated under this section to a district that does

1 not operate a program in ~~2006-2007-2007-2008~~ and the unspent funds  
 2 originally allocated under this section to a district or consortium  
 3 that subsequently operates a program at less than the level of  
 4 funding allocated under subsection (3) shall instead be  
 5 proportionately reallocated to the other districts described in  
 6 subsection (3)(a) that are operating an adult education program in  
 7 ~~2006-2007-2007-2008~~ under this section.

8 (5) From the amount allocated under subsection (1),  
 9 ~~\$1,500,000.00 shall be allocated as follows:~~

10 ~~—— (a) At least \$1,300,000.00 shall be allocated for districts or~~  
 11 ~~consortia that did not receive payments for 2005-2006 under this~~  
 12 ~~section and that notify the department of labor and economic growth~~  
 13 ~~by October 1, 2006 of an intention to operate a program in 2006-~~  
 14 ~~2007 and provide an estimate of full-time equated participants to~~  
 15 ~~be served. The allocation for 2006-2007 shall be based on the~~  
 16 ~~number of participants served by the district or consortium for~~  
 17 ~~2006-2007, using the amount allocated per full-time equated~~  
 18 ~~participant under subsection (6), up to a maximum total allocation~~  
 19 ~~under this subsection in an amount equal to \$1,400,000.00.~~

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

27 **(A)** ~~(i)~~ Collaborates with local districts and businesses to

1 determine area academic needs and to promote the learning  
2 opportunities.

3 (B) ~~(ii)~~—Is located off-campus in an urban residential setting  
4 with documented high poverty and low high school graduation rates.

5 (C) ~~(iii)~~—Provides general educational development (G.E.D.) test  
6 preparation courses and workshops.

7 (D) ~~(iv)~~—Provides developmental courses taught by college  
8 faculty that prepare students to be successful in college-level  
9 courses.

10 (E) ~~(v)~~—Uses learning communities to allow for shared, rather  
11 than isolated, learning experiences.

12 (F) ~~(vi)~~—Provides on-site tutoring.

13 (G) ~~(vii)~~—Provides access to up-to-date technology, including  
14 personal computers.

15 (H) ~~(viii)~~—Partners with a financial institution to provide  
16 financial literacy education.

17 (I) ~~(ix)~~—Assists students in gaining access to financial aid.

18 (J) ~~(x)~~—Provides on-site academic advising to students.

19 (K) ~~(xi)~~—Provides vouchers for reduced G.E.D. testing costs.

20 (L) ~~(xii)~~—Partners with local agencies to provide referrals for  
21 social services as needed.

22 (M) ~~(xiii)~~—Enrolls participants as students of the community  
23 college.

24 (N) ~~(xiv)~~—Partners with philanthropic and business entities to  
25 provide capital funding.

26 ~~—(c) After October 1, 2006, if the department of labor and~~  
27 ~~economic growth determines that there will be unspent funds under~~

~~1 this subsection, then those unspent funds shall instead be~~  
~~2 proportionally reallocated to the districts or consortia that~~  
~~3 receive funds under subsection (3)(a) and under this subsection.~~

4 (6) The amount allocated under this section per full-time  
5 equated participant is \$2,850.00 for a 450-hour program. The amount  
6 shall be proportionately reduced for a program offering less than  
7 450 hours of instruction.

8 (7) An adult basic education program or an adult English as a  
9 second language program operated on a year-round or school year  
10 basis may be funded under this section, subject to all of the  
11 following:

12 (a) The program enrolls adults who are determined by an  
13 appropriate assessment, **IN A FORM AND MANNER PRESCRIBED BY THE**  
14 **DEPARTMENT**, to be below ninth grade level in reading or  
15 mathematics, or both, or to lack basic English proficiency.

16 (b) The program tests individuals for eligibility under  
17 subdivision (a) before enrollment and tests participants to  
18 determine progress after every 90 hours of attendance, using  
19 assessment instruments approved by the department of labor and  
20 economic growth.

21 (c) A participant in an adult basic education program is  
22 eligible for reimbursement until 1 of the following occurs:

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

25 (ii) The participant fails to show progress on 2 successive  
26 assessments after having completed at least 450 hours of  
27 instruction.

1 (d) A funding recipient enrolling a participant in an English  
2 as a second language program is eligible for funding according to  
3 subsection (11) until the participant meets 1 of the following:

4 (i) The participant is assessed as having attained basic  
5 English proficiency.

6 (ii) The participant fails to show progress on 2 successive  
7 assessments after having completed at least 450 hours of  
8 instruction. The department of labor and economic growth shall  
9 provide information to a funding recipient regarding appropriate  
10 assessment instruments for this program.

11 (8) A general educational development (G.E.D.) test  
12 preparation program operated on a year-round or school year basis  
13 may be funded under this section, subject to all of the following:

14 (a) The program enrolls adults who do not have a high school  
15 diploma.

16 (b) The program shall administer a G.E.D. pre-test approved by  
17 the department of labor and economic growth before enrolling an  
18 individual to determine the individual's potential for success on  
19 the G.E.D. test, and shall administer other tests after every 90  
20 hours of attendance to determine a participant's readiness to take  
21 the G.E.D. test.

22 (c) A funding recipient shall receive funding according to  
23 subsection (11) for a participant, and a participant may be  
24 enrolled in the program until 1 of the following occurs:

25 (i) The participant passes the G.E.D. test.

26 (ii) The participant fails to show progress on 2 successive  
27 tests used to determine readiness to take the G.E.D. test after

1 having completed at least 450 hours of instruction.

2 (9) A high school completion program operated on a year-round  
3 or school year basis may be funded under this section, subject to  
4 all of the following:

5 (a) The program enrolls adults who do not have a high school  
6 diploma.

7 (b) A funding recipient shall receive funding according to  
8 subsection (11) for a participant in a course offered under this  
9 subsection until 1 of the following occurs:

10 (i) The participant passes the course and earns a high school  
11 diploma.

12 (ii) The participant fails to earn credit in 2 successive  
13 semesters or terms in which the participant is enrolled after  
14 having completed at least 900 hours of instruction.

15 (10) A job or employment-related adult education program  
16 operated on a year-round or school year basis may be funded under  
17 this section, subject to all of the following:

18 (a) The program enrolls adults referred by their employer who  
19 are less than 20 years of age, have a high school diploma, are  
20 determined to be in need of remedial mathematics or communication  
21 arts skills and are not attending an institution of higher  
22 education.

23 (b) An individual may be enrolled in this program and the  
24 grant recipient shall receive funding according to subsection (11)  
25 until 1 of the following occurs:

26 (i) The individual achieves the requisite skills as determined  
27 by appropriate assessment instruments administered at least after

1 every 90 hours of attendance.

2 (ii) The individual fails to show progress on 2 successive  
3 assessments after having completed at least 450 hours of  
4 instruction. The department of labor and economic growth shall  
5 provide information to a funding recipient regarding appropriate  
6 assessment instruments for this program.

7 (11) A funding recipient shall receive payments under this  
8 section in accordance with the following:

9 (a) Ninety percent for enrollment of eligible participants.

10 (b) Ten percent for completion of the adult basic education  
11 objectives by achieving an increase of at least 1 grade level of  
12 proficiency in reading or mathematics; for achieving basic English  
13 proficiency; for passage of the G.E.D. test; for passage of a  
14 course required for a participant to attain a high school diploma;  
15 or for completion of the course and demonstrated proficiency in the  
16 academic skills to be learned in the course, as applicable.

17 (12) As used in this section, "participant" means the sum of  
18 the number of full-time equated individuals enrolled in and  
19 attending a department-approved adult education program under this  
20 section, using quarterly participant count days on the schedule  
21 described in section 6(7)(b).

22 (13) A person who is not eligible to be a participant funded  
23 under this section may receive adult education services upon the  
24 payment of tuition. In addition, a person who is not eligible to be  
25 served in a program under this section due to the program  
26 limitations specified in subsection (7), (8), (9), or (10) may  
27 continue to receive adult education services in that program upon



1 the payment of tuition. The tuition level shall be determined by  
2 the local or intermediate district conducting the program.

3 (14) An individual who is an inmate in a state correctional  
4 facility shall not be counted as a participant under this section.

5 (15) A district shall not commingle money received under this  
6 section or from another source for adult education purposes with  
7 any other funds of the district. A district receiving adult  
8 education funds shall establish a separate ledger account for those  
9 funds. This subsection does not prohibit a district from using  
10 general funds of the district to support an adult education or  
11 community education program.

12 (16) A district or intermediate district receiving funds under  
13 this section may establish a sliding scale of tuition rates based  
14 upon a participant's family income. A district or intermediate  
15 district may charge a participant tuition to receive adult  
16 education services under this section from that sliding scale of  
17 tuition rates on a uniform basis. The amount of tuition charged per  
18 participant shall not exceed the actual operating cost per  
19 participant minus any funds received under this section per  
20 participant. A district or intermediate district may not charge a  
21 participant tuition under this section if the participant's income  
22 is at or below 200% of the federal poverty guidelines published by  
23 the United States department of health and human services.

24 (17) IN ORDER TO RECEIVE FUNDS UNDER THIS SECTION, A DISTRICT  
25 SHALL FURNISH TO THE DEPARTMENT, IN A FORM AND MANNER DETERMINED BY  
26 THE DEPARTMENT, ALL INFORMATION NEEDED TO ADMINISTER THIS PROGRAM;  
27 SHALL ALLOW THE DEPARTMENT OR THE DEPARTMENT'S DESIGNEE TO REVIEW

1 ALL RECORDS RELATED TO THE PROGRAM FOR WHICH IT RECEIVES FUNDS; AND  
2 SHALL REIMBURSE THE STATE FOR ALL DISALLOWANCES FOUND IN THE  
3 REVIEW, AS DETERMINED BY THE DEPARTMENT.

4 (18) AS USED IN THIS SECTION, "DEPARTMENT" MEANS THE  
5 DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

6 Sec. 147. (1) The allocation for ~~2006-2007~~**2007-2008** for the  
7 public school employees' retirement system pursuant to the public  
8 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301  
9 to 38.1408, shall be made using the entry age normal cost actuarial  
10 method and risk assumptions adopted by the public school employees  
11 retirement board and the department of management and budget. The  
12 annual level percentage of payroll contribution rate is estimated  
13 at ~~17.74%~~**16.72%** for the ~~2006-2007~~**2007-2008** state fiscal year. The  
14 portion of the contribution rate assigned to districts and  
15 intermediate districts for each fiscal year is all of the total  
16 percentage points. This contribution rate reflects an amortization  
17 period of 30 years for ~~2006-2007~~**2007-2008**. The public school  
18 employees' retirement system board shall notify each district and  
19 intermediate district by February 28 of each fiscal year of the  
20 estimated contribution rate for the next fiscal year.

21 (2) Upon enactment of legislation reducing pension  
22 contributions of each district or intermediate district to the  
23 public school employees' retirement system that would otherwise be  
24 due from that district or intermediate district, the director of  
25 the department of management and budget shall direct the public  
26 school employees' retirement system to issue credits for the fiscal  
27 year ending September 30, 2007 not to exceed an aggregate of

1 \$276,000,000.00. The credits shall be used to meet the required  
2 pension obligations of each district or intermediate district and  
3 shall reduce the amount of pension contributions otherwise due from  
4 that district or intermediate district based on the original  
5 contribution rate. The portion of a credit issued on behalf of a  
6 district related to nonfederal wages as reported to the public  
7 school employees' retirement system for the state fiscal year  
8 ending September 30, 2006 shall be considered to be a payment on  
9 behalf of the district for the purposes of calculating payments  
10 made under section 22b for 2006-2007. The portion of a credit  
11 issued on behalf of an intermediate district related to nonfederal  
12 wages as reported to the public school employees' retirement system  
13 for the state fiscal year ending September 30, 2006 shall be  
14 considered to be a payment on behalf of the intermediate district  
15 for the purpose of calculating payments made under section 81 for  
16 2006-2007. The portion of credits issued by the public school  
17 employees' retirement system attributable to nonfederal wages in  
18 aggregate shall equal the appropriation under section 11(6). The  
19 total credit provided under this subsection for a particular  
20 district or intermediate district shall be determined based on that  
21 district's or intermediate district's percentage of the total  
22 statewide payroll for all districts and intermediate districts for  
23 the state fiscal year ending September 30, 2006.

24 Sec. 163. (1) Except as provided in the revised school code,  
25 ~~or in section 107b,~~ the board of a district or intermediate  
26 district shall not permit any of the following:

27 (a) A noncertificated teacher to teach in an elementary or

1 secondary school or in an adult basic education or high school  
2 completion program.

3 (b) A noncertificated counselor to provide counseling services  
4 to pupils in an elementary or secondary school or in an adult basic  
5 education or high school completion program.

6 (2) Except as provided in the revised school code, ~~or in~~  
7 ~~section 107b,~~ a district or intermediate district employing  
8 teachers or counselors not legally certificated shall have deducted  
9 the sum equal to the amount paid the teachers or counselors for the  
10 period of noncertificated or illegal employment. Each intermediate  
11 superintendent shall notify the department of the name of the  
12 noncertificated teacher or counselor, and the district employing  
13 that individual and the amount of salary the noncertificated  
14 teacher or counselor was paid within a constituent district.

15 (3) If a school official is notified by the department that he  
16 or she is employing a nonapproved noncertificated teacher or  
17 counselor in violation of this section and knowingly continues to  
18 employ that teacher or counselor, the school official is guilty of  
19 a misdemeanor, punishable by a fine of \$1,500.00 for each  
20 incidence.

21 Enacting section 1. In accordance with section 30 of article I  
22 of the state constitution of 1963, total state spending in this  
23 amendatory act from state sources for fiscal year 2007-2008 is  
24 estimated at \$11,831,942,700.00 and state appropriations to be paid  
25 to local units of government for fiscal year 2007-2008 are  
26 estimated at \$11,760,334,300.00.

27 Enacting section 2. Sections 8a, 41a, 54b, 98b, 99c, and 166

1 of the state school aid act of 1979, 1979 PA 94, MCL 388.1608a,  
2 388.1641a, 388.1654b, 388.1698b, 388.1699c, and 388.1766, are  
3 repealed.