SUBSTITUTE FOR

HOUSE BILL NO. 4447

A bill to amend 1979 PA 94, entitled

"The state school aid act of 1979,"

by amending sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 20j, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32*l*, 32n, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99i, 99p, 101, 104, 107, 147, and 164c (MCL 388.1603, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632*l*, 388.1632n, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d,

388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699i, 388.1699p, 388.1701, 388.1704, 388.1707, 388.1747, and 388.1764c), sections 3, 11a, 11g, 11k, 11m, 15, 18, 19, 20d, 22d, 24, 24a, 24c, 26b, 29, 31d, 31f, 32c, 32d, 32j, 32*l*, 39, 39a, 41, 51d, 54, 56, 57, 61a, 62, 64, 65, 74, 81, 98, 99, 99i, 99p, 104, 107, 147, and 164c as amended and section 22e as added by 2008 PA 268, sections 6, 11, 11j, 20, 22a, 22b, 26a, 31a, 51a, 51c, 53a, and 94a as amended by 2009 PA 73, sections 20j and 32b as amended by 2008 PA 561, section 32n as added by 2007 PA 137, and section 101 as amended by 2006 PA 342, and by adding section 11d; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

will participate in the educational programs.

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

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

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

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

Sec. 6. (1) "Center program" means a program operated by a district or intermediate district for special education pupils from several districts in programs for pupils with autism spectrum

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

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

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

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

intermediate district the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .25 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

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

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

of the pupil's district of residence to count the pupil in membership, the pupil shall not be counted in membership in any district.

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

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

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

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

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

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

(i) For a new district, university school, or public school academy beginning its operation after December 31, 1994, membership

for the first 2 full or partial fiscal years of operation shall be determined as follows:

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

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

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

were also counted in the district on the immediately preceding supplemental count day.

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

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

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

(n) If a pupil counted in membership in a public school academy is also educated by a district or intermediate district as part of a cooperative education program, the pupil shall be counted in membership only in the public school academy unless a written

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

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

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

shall be allocated to the public school academy.

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

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

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

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

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is

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

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

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

be providing appropriate instruction if all of the following are met:

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

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

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

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

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

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

(x) For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the

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

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

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

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

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

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

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

(cc) For the first year in which a pupil is counted in

membership on the pupil membership count day in a middle college program described in section 64, the membership is the average of the full-time equated membership on the pupil membership count day and on the supplemental count day for the current school year, as determined by the department. If a pupil was counted by the operating district on the immediately preceding supplemental count day, the pupil shall be excluded from the district's immediately preceding supplemental count for purposes of determining the district's membership.

(DD) A DISTRICT THAT EDUCATES A PUPIL WHO ATTENDS A UNITED STATES OLYMPIC EDUCATION CENTER MAY COUNT THE PUPIL IN MEMBERSHIP REGARDLESS OF WHETHER OR NOT THE PUPIL IS A RESIDENT OF THIS STATE.

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

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

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

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

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

(d) A pupil enrolled in a district other than the pupil's

district of residence under an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105.

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

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

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

(*ii*) "Serious assault" means an act that constitutes a felony violation of chapter XI of the Michigan penal code, 1931 PA 328,

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

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

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

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

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

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

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

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

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

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

(k) An expelled pupil who has been denied reinstatement by the expelling district and is reinstated by another school board under

section 1311 or 1311a of the revised school code, MCL 380.1311 and 380.1311a.

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

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

However, if a district ~~that is not a first class district~~ educates pupils who reside in ~~a first class~~ **ANOTHER** district and if the primary instructional site for those pupils **IS ESTABLISHED BY THE EDUCATING DISTRICT AFTER 2009-2010 AND** is located within the boundaries of ~~the first class~~ **THAT OTHER** district, the educating district must have the approval of ~~the first class~~ **THAT OTHER** district to count those pupils in membership. ~~As used in this subsection, "first class district" means a district organized as a school district of the first class under the revised school code.~~

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

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

(b) For a district or intermediate district maintaining school

during the entire school year, the following days:

(*i*) Fourth Wednesday in July.

(*ii*) Fourth Wednesday after Labor day.

(*iii*) Second Wednesday in February.

(*iv*) Fourth Wednesday in April.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 11. (1) For the fiscal year ending September 30, ~~2009~~

2010, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of ~~$11,019,798,200.00~~ **$10,793,954,100.00** from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of ~~$78,000,000.00~~ **$31,800,000.00** from the general fund. For the fiscal year ending September 30, ~~2009~~ **2010**, there is also appropriated the sum of ~~$600,000,000.00~~ **$450,000,000.00** from the federal funding awarded to this state under title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5, to be used solely for the purpose of funding the primary funding formula calculated under section 20, in accordance with federal law. In addition, other available federal funds are appropriated for the fiscal year ending September 30, ~~2009~~ **2010**.

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

(3) If the maximum amount appropriated under this section from the state school aid fund and the school aid stabilization fund for

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

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

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

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

(*i*) Districts.

(*ii*) Intermediate districts.

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

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

51a(2), 51a(12), 51c, and 53a, by that amount.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 11D. (1) FOR 2009-2010 ONLY, THE DEPARTMENT SHALL DEDUCT AN AMOUNT EQUAL TO $165.00 PER MEMBERSHIP PUPIL FROM THE TOTAL STATE SCHOOL AID OTHERWISE ALLOCATED UNDER THIS ACT TO EACH DISTRICT, EXCEPT FOR MONEY ALLOCATED UNDER SECTIONS 11G, 22A, 31D, 51A(12), 51C, AND 53A. IF A DISTRICT COMPLIES WITH SUBSECTION (2), A DISTRICT MAY CHOOSE TO APPLY THIS REDUCTION TO FUNDING THE DISTRICT RECEIVES UNDER ANY PROVISION OF THIS ACT, OTHER THAN SECTIONS 11G, 22A, 31D, 51A(12), 51C, AND 53A, EVEN IF THE REDUCTION CHOSEN BY THE DISTRICT RESULTS IN A PROGRAM BEING REDUCED OR DISCONTINUED. IF A DISTRICT DOES NOT COMPLY WITH SUBSECTION (2), THE DISTRICT SHALL APPLY THIS REDUCTION TO AVAILABLE FUNDING UNDER SECTION 22B FIRST, UP TO THE TOTAL AMOUNT OF THE REDUCTION, BEFORE REDUCING OTHER FUNDING THE DISTRICT RECEIVES UNDER THIS ACT, OTHER THAN SECTIONS 11G, 22A, 31D, 51A(12), 51C, AND 53A.

(2) NOT LATER THAN FEBRUARY 1, 2010, A DISTRICT SHALL ENTER INTO AN AGREEMENT WITH THE DEPARTMENT TO DEVELOP A SERVICE CONSOLIDATION PLAN TO REDUCE SCHOOL OPERATING COSTS THAT IS IN COMPLIANCE WITH DEPARTMENT GUIDELINES. THE DEPARTMENT GUIDELINES MAY IDENTIFY, BUT ARE NOT LIMITED TO, ALLOWABLE COST-SHARING

ARRANGEMENTS FOR THE PROVISION OF BUSINESS SERVICES AND INSTRUCTIONAL SERVICES AND THE CREATION OF JOINT OPERATING AGREEMENTS BETWEEN AND AMONG DISTRICTS AND INTERMEDIATE DISTRICTS. THE DEPARTMENT SHALL ESTABLISH GUIDELINES FOR SERVICE CONSOLIDATION PLANS UNDER THIS SUBSECTION NOT LATER THAN 60 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION.

Sec. 11g. (1) From the appropriation in section 11, there is allocated for this section an amount not to exceed ~~$42,000,000.00~~ **$39,000,000.00** for the fiscal year ending September 30, ~~2009~~ **2010** and for each succeeding fiscal year through the fiscal year ending September 30, 2015, after which these payments will cease. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump-sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

(2) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in section 11f. This section and any other provision of this act are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any

1 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

priority:

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

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

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

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

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

Sec. 11j. From the appropriation in section 11, there is allocated an amount not to exceed $40,000,000.00 for ~~2008-2009~~ **2009-2010** for payments to the school loan bond redemption fund in the department of treasury on behalf of districts and intermediate districts. Notwithstanding section 11 or any other provision of this act, funds allocated under this section are not subject to proration and shall be paid in full.

Sec. 11k. For ~~2008-2009~~ **2009-2010**, there is appropriated from the general fund to the school loan revolving fund an amount equal to the amount of school bond loans assigned to the Michigan

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

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

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

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

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

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

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

(5) In addition to funds appropriated in section 11 for all programs and services, there is appropriated for ~~2008-2009~~ **2009-2010** for obligations in excess of applicable appropriations an

amount equal to the collection of overpayments, but not to exceed amounts available from overpayments.

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

(2) Within 30 days after a board or intermediate board adopts its annual operating budget for the following school fiscal year, or after a board or intermediate board adopts a subsequent revision to that budget, the district or intermediate district shall make ~~the budget and subsequent budget revisions~~ **ALL OF THE FOLLOWING** available **THROUGH A LINK** on its website **HOME PAGE**, or a district may make the information available **THROUGH A LINK** on its intermediate district's website **HOME PAGE**, in a form and manner

1 prescribed by the department: ~~.~~

2 **(A) THE ANNUAL OPERATING BUDGET AND SUBSEQUENT BUDGET**

3 **REVISIONS.**

4 **(B) USING DATA THAT HAVE ALREADY BEEN COLLECTED AND SUBMITTED**

5 **TO THE DEPARTMENT, A SUMMARY OF DISTRICT OR INTERMEDIATE DISTRICT**

6 **EXPENDITURES FOR THE MOST RECENT FISCAL YEAR FOR WHICH THEY ARE**

7 **AVAILABLE, EXPRESSED IN THE FOLLOWING 2 PIE CHARTS:**

8 **(*i*) A CHART OF PERSONNEL EXPENDITURES, BROKEN INTO THE**

9 **FOLLOWING SUBCATEGORIES:**

10 **(A) SALARIES AND WAGES.**

11 **(B) EMPLOYEE BENEFIT COSTS, INCLUDING, BUT NOT LIMITED TO,**

12 **MEDICAL, DENTAL, VISION, LIFE, DISABILITY, AND LONG-TERM CARE**

13 **BENEFITS.**

14 **(C) RETIREMENT BENEFIT COSTS.**

15 **(D) ALL OTHER PERSONNEL COSTS.**

16 **(*ii*) A CHART OF ALL DISTRICT EXPENDITURES, BROKEN INTO THE**

17 **FOLLOWING SUBCATEGORIES:**

18 **(A) INSTRUCTION.**

19 **(B) SUPPORT SERVICES.**

20 **(C) BUSINESS AND ADMINISTRATION.**

21 **(D) OPERATIONS AND MAINTENANCE.**

22 **(C) LINKS TO ALL OF THE FOLLOWING:**

23 **(*i*) THE CURRENT COLLECTIVE BARGAINING AGREEMENT FOR EACH**

24 **BARGAINING UNIT.**

25 **(*ii*) EACH HEALTH CARE BENEFITS PLAN, INCLUDING, BUT NOT LIMITED**

26 **TO, MEDICAL, DENTAL, VISION, DISABILITY, LONG-TERM CARE, OR ANY**

27 **OTHER TYPE OF BENEFITS THAT WOULD CONSTITUTE HEALTH CARE SERVICES,**

OFFERED TO ANY BARGAINING UNIT OR EMPLOYEE IN THE DISTRICT.

(*iii*) THE AUDIT REPORT OF THE AUDIT CONDUCTED UNDER SUBSECTION (3) FOR THE MOST RECENT FISCAL YEAR FOR WHICH IT IS AVAILABLE.

(D) THE TOTAL SALARY AND A DESCRIPTION AND COST OF EACH FRINGE BENEFIT INCLUDED IN THE COMPENSATION PACKAGE FOR THE SUPERINTENDENT OF THE DISTRICT OR INTERMEDIATE DISTRICT AND FOR EACH EMPLOYEE OF THE DISTRICT OR INTERMEDIATE DISTRICT WHOSE SALARY EXCEEDS $100,000.00.

(E) THE ANNUAL AMOUNT SPENT ON DUES PAID TO ASSOCIATIONS.

(F) THE ANNUAL AMOUNT SPENT ON LOBBYING OR LOBBYING SERVICES. AS USED IN THIS SUBDIVISION, "LOBBYING" MEANS THAT TERM AS DEFINED IN SECTION 5 OF 1978 PA 472, MCL 4.415.

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

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

(4) By November 15 of each year, each district and intermediate district shall submit to the center, in a manner prescribed by the center, annual comprehensive financial data consistent with accounting manuals and charts of accounts approved and published by the department. For an intermediate district, the report shall also contain the website address where the department

can access the report required under section 620 of the revised school code, MCL 380.620. The department shall ensure that the prescribed Michigan public school accounting manual chart of accounts includes standard conventions to distinguish expenditures by allowable fund function and object. The functions shall include at minimum categories for instruction, pupil support, instructional staff support, general administration, school administration, business administration, transportation, facilities operation and maintenance, facilities acquisition, and debt service; and shall include object classifications of salary, benefits, including categories for active employee health expenditures, purchased services, supplies, capital outlay, and other. Districts shall report the required level of detail consistent with the manual as part of the comprehensive annual financial report. The department shall make this information available online to districts and intermediate districts, and shall include per-pupil amounts spent on instruction and instructional support service functions, and indicate how much of those costs were attributable to salaries. Districts and intermediate districts shall include a link on their websites to the website where the department posts this information.

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

(6) By October 7 of each year, each district and intermediate district shall file with the center the transportation expenditure

report, known as "SE-4094", on a form and in the manner prescribed by the center.

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

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

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

Sec. 19. (1) A district shall comply with any requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990" that are not also required by the no

1 child left behind act of 2001, Public Law 107-110, as determined by
2 the department.
3 (2) Each district and intermediate district shall provide to
4 the department, in a form and manner prescribed by the department,
5 information necessary for the development of an annual progress
6 report on the required implementation of sections 1204a, 1277,
7 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,
8 380.1278, and 380.1280, commonly referred to as "public act 25 of
9 1990".
10 (3) A district or intermediate district shall comply with all
11 applicable reporting requirements specified in state and federal
12 law. Data provided to the center, in a form and manner prescribed
13 by the center, shall be aggregated and disaggregated as required by
14 state and federal law. **IN ADDITION, A DISTRICT OR INTERMEDIATE**
15 **DISTRICT SHALL COOPERATE WITH ALL MEASURES TAKEN BY THE CENTER TO**
16 **COMPLY WITH THE PROVISIONS OF THE AMERICAN RECOVERY AND**
17 **REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, REQUIRING THE**
18 **ESTABLISHMENT OF A STATEWIDE P-20 LONGITUDINAL DATA SYSTEM.**
19 (4) Each district shall furnish to the center not later than 5
20 weeks after the pupil membership count day, in a manner prescribed
21 by the center, the information necessary for the preparation of the
22 district and high school graduation report. This information shall
23 meet requirements established in the pupil auditing manual approved
24 and published by the department. The center shall calculate an
25 annual graduation and pupil dropout rate for each high school, each
26 district, and this state, in compliance with nationally recognized
27 standards for these calculations. The center shall report all

graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than 30 days after the publication of the list described in subsection (8).

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

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

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

(8) Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the no child left behind act of 2001, Public Law 107-110, the department shall allow a school or district to appeal that

determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

Sec. 20. (1) For ~~2008-2009~~ **2009-2010**, the basic foundation allowance is $8,489.00.

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

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

(a) ~~Beginning in 2008-2009, for~~ **FOR** a district that had a foundation allowance for the immediately preceding state fiscal year that was at least equal to the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance

minus $20.00) times (the difference between the district's foundation allowance for the immediately preceding state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. **FOR 2009-2010, FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO THE SUM OF $7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS, BUT LESS THAN THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE IN AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.** However, the foundation allowance for a district that had less than the basic foundation allowance for the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

(b) Except as otherwise provided in this subsection, ~~beginning in 2008-2009,~~ for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the

1 immediately preceding state fiscal year, the district shall receive
2 a foundation allowance in an amount equal to the sum of the
3 district's foundation allowance for the immediately preceding state
4 fiscal year plus the dollar amount of the adjustment from the
5 immediately preceding state fiscal year to the current state fiscal
6 year in the basic foundation allowance.
7 (c) For a district that in the 1994-95 state fiscal year had a
8 foundation allowance greater than $6,500.00, the district's
9 foundation allowance is an amount equal to the sum of the
10 district's foundation allowance for the immediately preceding state
11 fiscal year plus the lesser of the increase in the basic foundation
12 allowance for the current state fiscal year, as compared to the
13 immediately preceding state fiscal year, or the product of the
14 district's foundation allowance for the immediately preceding state
15 fiscal year times the percentage increase in the United States
16 consumer price index in the calendar year ending in the immediately
17 preceding fiscal year as reported by the May revenue estimating
18 conference conducted under section 367b of the management and
19 budget act, 1984 PA 431, MCL 18.1367b.
20 (d) For a district that has a foundation allowance that is not
21 a whole dollar amount, the district's foundation allowance shall be
22 rounded up to the nearest whole dollar.
23 (e) For a district that received a payment under section 22c
24 as that section was in effect for 2001-2002, the district's 2001-
25 2002 foundation allowance shall be considered to have been an
26 amount equal to the sum of the district's actual 2001-2002
27 foundation allowance as otherwise calculated under this section

plus the per pupil amount of the district's equity payment for 2001-2002 under section 22c as that section was in effect for 2001-2002.

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

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or the basic foundation allowance for the current state fiscal year, whichever is less, minus the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils. For a district described in subsection (3)(c), the state portion of the district's foundation allowance is an amount equal to $6,962.00 plus the difference between the district's foundation allowance for

the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. For the purposes of state law, federal funding awarded to this state under title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5, that is appropriated under section 11 and allocated under section 22b, is considered to be part of the state portion of a district's foundation allowance and is considered to be part of the total state school aid paid to a public school academy.

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

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

(6) ~~Beginning in 2008-2009, subject~~ **SUBJECT** to subsection (7) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or the state maximum public school academy allocation, whichever is less. Notwithstanding section 101, for a public school academy that begins operations after the pupil membership count

day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that

is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

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

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than $6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a principal residence, qualified agricultural property, qualified forest property, industrial personal property, and commercial personal property are exempt and not to levy school operating taxes

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

(10) Subject to subsection (4), for a district that is formed or reconfigured after June 1, 2002 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the foundation allowances of each of the original or affected

1 districts, calculated as provided in this section, weighted as to
2 the percentage of pupils in total membership in the resulting
3 district who reside in the geographic area of each of the original
4 or affected districts. The calculation under this subsection shall
5 take into account a district's per pupil allocation under section
6 20j(2).
7 (11) Each fraction used in making calculations under this
8 section shall be rounded to the fourth decimal place and the dollar
9 amount of an increase in the basic foundation allowance shall be
10 rounded to the nearest whole dollar.
11 (12) State payments related to payment of the foundation
12 allowance for a special education pupil are not calculated under
13 this section but are instead calculated under section 51a.
14 (13) To assist the legislature in determining the basic
15 foundation allowance for the subsequent state fiscal year, each
16 revenue estimating conference conducted under section 367b of the
17 management and budget act, 1984 PA 431, MCL 18.1367b, shall
18 calculate a pupil membership factor, a revenue adjustment factor,
19 and an index as follows:
20 (a) The pupil membership factor shall be computed by dividing
21 the estimated membership in the school year ending in the current
22 state fiscal year, excluding intermediate district membership, by
23 the estimated membership for the school year ending in the
24 subsequent state fiscal year, excluding intermediate district
25 membership. If a consensus membership factor is not determined at
26 the revenue estimating conference, the principals of the revenue
27 estimating conference shall report their estimates to the house and

1 senate subcommittees responsible for school aid appropriations not
2 later than 7 days after the conclusion of the revenue conference.
3 (b) The revenue adjustment factor shall be computed by
4 dividing the sum of the estimated total state school aid fund
5 revenue for the subsequent state fiscal year plus the estimated
6 total state school aid fund revenue for the current state fiscal
7 year, adjusted for any change in the rate or base of a tax the
8 proceeds of which are deposited in that fund and excluding money
9 transferred into that fund from the countercyclical budget and
10 economic stabilization fund under the management and budget act,
11 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
12 total school aid fund revenue for the current state fiscal year
13 plus the estimated total state school aid fund revenue for the
14 immediately preceding state fiscal year, adjusted for any change in
15 the rate or base of a tax the proceeds of which are deposited in
16 that fund. If a consensus revenue factor is not determined at the
17 revenue estimating conference, the principals of the revenue
18 estimating conference shall report their estimates to the house and
19 senate subcommittees responsible for school aid appropriations not
20 later than 7 days after the conclusion of the revenue conference.
21 (c) The index shall be calculated by multiplying the pupil
22 membership factor by the revenue adjustment factor. However, for
23 ~~2008-2009~~ **2009-2010**, the index shall be 1.00. If a consensus index
24 is not determined at the revenue estimating conference, the
25 principals of the revenue estimating conference shall report their
26 estimates to the house and senate subcommittees responsible for
27 school aid appropriations not later than 7 days after the

conclusion of the revenue conference.

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

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

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

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

(17) For a district in which 7.75 mills levied in 1992 for school operating purposes in the 1992-93 school year were not renewed in 1993 for school operating purposes in the 1993-94 school year, the district's combined state and local revenue per membership pupil shall be recalculated as if that millage reduction did not occur and the district's foundation allowance shall be calculated as if its 1994-95 foundation allowance had been calculated using that recalculated 1993-94 combined state and local

revenue per membership pupil as a base. A district is not entitled to any retroactive payments for fiscal years before 2000-2001 due to this subsection.

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

(19) For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of 100% of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the number of pupils in the district's membership for 2001-2002 who were residents of and enrolled in the district. Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes allowable under former section 32e as in effect for 2001-2002, and may also use these funds for an early intervening program described

in subsection (20). For an individual school or schools operated by a district qualifying for a foundation allowance under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

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

(a) Shall monitor individual pupil learning for pupils in grades K to 3 and provide specific support or learning strategies

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

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

(21) For a district that levied 1.9 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A

district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than $800,000.00 for a fiscal year as a result of this adjustment.

(22) For a district that levied 2.23 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than $500,000.00 for a fiscal year as a result of this adjustment.

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

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

(25) As used in this section:

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

(b) "Combined state and local revenue" means the aggregate of the district's state school aid received by or paid on behalf of

the district under this section and the district's local school operating revenue.

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

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

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

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

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

(h) "Maximum public school academy allocation", **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,** means the maximum per-pupil allocation as calculated by adding the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus $20.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding

state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies]. **FOR 2009-2010, MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION MEANS $7,580.00.**

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

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

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

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

(m) "School operating taxes" means local ad valorem property taxes levied under section 1211 of the revised school code, MCL

380.1211, and retained for school operating purposes.

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

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

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

(a) For a district that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of $6,500.00 or more and served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, total state school aid received by or paid on behalf of the district pursuant to this act in 1993-94 shall exclude payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services to the area vocational education center. Not later than June 30, 1996, the

department shall make an adjustment under this subdivision to the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year and the department of treasury shall make a final certification of the number of mills that may be levied by the district under section 1211 of the revised school code, MCL 380.1211, as a result of the adjustment under this subdivision.

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

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

calculated under this section.

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

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

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made

and used to determine the amount of state payments under section 22b.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~$6,008,000,000.00~~ **$5,882,000,000.00** for ~~2008-2009~~ **2009-2010** for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount

equal to the district's 1994-95 foundation allowance or $6,500.00, whichever is less, minus the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than $6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus $6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this

subdivision are as adjusted by ad valorem property tax revenue captured under tax increment financing acts divided by the district's membership.

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

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

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

1 an affected district's 1994-95 foundation allowance is less than
2 the 1994-95 basic foundation allowance, the amount of that
3 district's 1994-95 foundation allowance shall be considered for the
4 purpose of calculations under this subsection to be equal to the
5 amount of the 1994-95 basic foundation allowance.
6 (6) As used in this section:
7 (a) "1994-95 foundation allowance" means a district's 1994-95
8 foundation allowance calculated and certified by the department of
9 treasury or the superintendent under former section 20a as enacted
10 in 1993 PA 336 and as amended by 1994 PA 283.
11 (b) "Certified mills" means the lesser of 18 mills or the
12 number of mills of school operating taxes levied by the district in
13 1993-94.
14 (c) "Current state fiscal year" means the state fiscal year
15 for which a particular calculation is made.
16 (d) "Current year hold harmless school operating taxes per
17 pupil" means the per pupil revenue generated by multiplying a
18 district's 1994-95 hold harmless millage by the district's current
19 year taxable value per membership pupil.
20 (e) "Hold harmless millage" means, for a district with a 1994-
21 95 foundation allowance greater than $6,500.00, the number of mills
22 by which the exemption from the levy of school operating taxes on a
23 homestead, qualified agricultural property, qualified forest
24 property, industrial personal property, and commercial personal
25 property could be reduced as provided in section 1211 of the
26 revised school code, MCL 380.1211, and the number of mills of
27 school operating taxes that could be levied on all property as

provided in section 1211(2) of the revised school code, MCL 380.1211, as certified by the department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

(m) "Tax increment financing acts" means 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield

redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.

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

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

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

Sec. 22b. (1) From the ~~appropriation~~ **STATE FUNDS APPROPRIATED** in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed ~~$3,198,000,000.00~~ **$3,323,800,000.00** for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated

allocations for the same fiscal year.

(2) In addition to the funds allocated in subsection (1), there is allocated an amount estimated at ~~$600,000,000.00~~ **$450,000,000.00** from the federal funds awarded to this state under title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5. These funds shall be distributed in a form and manner determined by the department based on an equal dollar amount per the number of membership pupils used to calculate the ~~May~~ **AUGUST** 20, 2009 state aid payment and shall be expended in a manner prescribed by federal law.

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

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

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

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

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

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

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

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

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

payments to districts under subsection (3). If funds are escrowed, the escrowed funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of litigation. The work project shall be completed upon resolution of the litigation.

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

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

(10) If payments resulting from a final determination by the local claims review board or a court of competent jurisdiction that there has been a violation of section 29 of article IX of the state constitution of 1963 exceed the amount allocated for discretionary

nonmandated payments under this section, the legislature shall provide for adequate funding for this state's constitutional obligations at its next legislative session.

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

Sec. 22d. (1) From the appropriation in section 11, an amount not to exceed $2,025,000.00 is allocated for ~~2008-2009~~ **2009-2010** for additional payments to small, geographically isolated districts under this section.

(2) From the allocation under subsection (1), there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed

$750,000.00 for payments under this subsection to districts that meet all of the following:

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

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

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

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

(3) The amount of the additional funding to each eligible district under subsection (2) shall be determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan shall be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each eligible district, and develop and agree on a spending plan that distributes the available funding under subsection (2) to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under subsection (2) and shall be paid to the eligible districts in the same manner as payments under section 22b.

(4) Subject to subsection (6), from the allocation in

subsection (1), there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed $1,275,000.00 for payments under this subsection to districts that meet all of the following:

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

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

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

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

Sec. 22e. (1) Beginning in 2008-2009, an amount will be allocated each fiscal year from the appropriation in section 11 for additional payments under this section to districts that meet the eligibility requirements under subsection (2). For ~~2008-2009~~ **2009-2010**, there is allocated for this purpose from the appropriation in section 11 an amount not to exceed $1,300,000.00.

(2) To be eligible for a payment under this section, a district must be determined by the department and the department of treasury to meet all of the following:

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

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

(*ii*) The amount of operating millage it is authorized to levy

after a voluntary reduction of its operating millage rate adopted by the board of the district.

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

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

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

(3) The amount of the additional funding to each eligible district under this section is the sum of the following and shall be paid to the eligible districts in the same manner as payments under section 22b:

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

(b) The product of the taxable value of the district's commercial personal property for the calendar year ending in the fiscal year multiplied by the lesser of 12 mills or the total number of mills the district levies on nonexempt property under

section 1211 of the revised school code, MCL 380.1211, for that calendar year.

Sec. 24. (1) From the appropriation in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed $8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

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

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

or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

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

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

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

Sec. 24a. From the appropriation in section 11, there is allocated an amount not to exceed ~~$2,828,500.00 for 2008-2009~~ **$2,523,200.00 FOR 2009-2010** for payments to intermediate districts for pupils who are placed in juvenile justice service facilities operated by the department of human services. Each intermediate

district shall receive an amount equal to the state share of those costs that are clearly and directly attributable to the educational programs for pupils placed in facilities described in this section that are located within the intermediate district's boundaries. The intermediate districts receiving payments under this section shall cooperate with the department of human services to ensure that all funding allocated under this section is utilized by the intermediate district and department of human services for educational programs for pupils described in this section. Pupils described in this section are not eligible to be funded under section 24. However, a program responsibility or other fiscal responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed ~~$1,284,600.00~~ **$642,300.00** for 2008-2009 for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. A district receiving payments under this section shall contract with the department of military and veterans affairs to ensure that all funding allocated under this section is utilized by the district and the department of military and veterans affairs for the youth challenge program.

Sec. 26a. From the state school aid fund appropriation in

section 11, there is allocated an amount not to exceed $26,300,000.00 for ~~2008-2009~~ **2009-2010**, and from the general fund appropriation in section 11, there is allocated an amount not to exceed $9,200,000.00 for ~~2008-2009~~ **2009-2010** to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2008~~ **2009**. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

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

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

Sec. 29. (1) From the appropriation in section 11, there is allocated an amount not to exceed $20,000,000.00 ~~each fiscal year for 2007-2008 and for 2008-2009~~ **FOR 2009-2010** for additional

payments to eligible districts for declining enrollment assistance.

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

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

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

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

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

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

1 dividing the sum of those 3 membership figures by 3.
2 Sec. 31a. (1) From the state school aid fund money
3 appropriated in section 11, there is allocated for ~~2008-2009~~ **2009-**
4 **2010** an amount not to exceed ~~$320,350,000.00~~ **$317,695,500.00** for
5 payments to eligible districts and eligible public school academies
6 under this section. Subject to subsection (14), the amount of the
7 additional allowance under this section, other than funding under
8 subsection (6) or (7), shall be based on the number of actual
9 pupils in membership in the district or public school academy who
10 met the income eligibility criteria for free breakfast, lunch, or
11 milk in the immediately preceding state fiscal year, as determined
12 under the Richard B. Russell national school lunch act, 42 USC 1751
13 to 1769i, and reported to the department by October 31 of the
14 immediately preceding fiscal year and adjusted not later than
15 December 31 of the immediately preceding fiscal year. However, for
16 a public school academy that began operations as a public school
17 academy after the pupil membership count day of the immediately
18 preceding school year, the basis for the additional allowance under
19 this section shall be the number of actual pupils in membership in
20 the public school academy who met the income eligibility criteria
21 for free breakfast, lunch, or milk in the current state fiscal
22 year, as determined under the Richard B. Russell national school
23 lunch act.
24 (2) To be eligible to receive funding under this section,
25 other than funding under subsection (6) or (7), a district or
26 public school academy that has not been previously determined to be
27 eligible shall apply to the department, in a form and manner

prescribed by the department, and a district or public school academy must meet all of the following:

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

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

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

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

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

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

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

(6) From the funds allocated under subsection (1), there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed ~~$4,743,000.00~~ **$3,557,300.00** to support child and adolescent health

1 centers. These grants shall be awarded for 5 consecutive years
2 beginning with 2003-2004 in a form and manner approved jointly by
3 the department and the department of community health. Each grant
4 recipient shall remain in compliance with the terms of the grant
5 award or shall forfeit the grant award for the duration of the 5-
6 year period after the noncompliance. ~~Beginning in 2004-2005, to~~ **TO**
7 continue to receive funding for a child and adolescent health
8 center under this section a grant recipient shall ensure that the
9 child and adolescent health center has an advisory committee and
10 that at least one-third of the members of the advisory committee
11 are parents or legal guardians of school-aged children. A child and
12 adolescent health center program shall recognize the role of a
13 child's parents or legal guardian in the physical and emotional
14 well-being of the child. Funding under this subsection shall be
15 used to support child and adolescent health center services
16 provided to children up to age 21. If any funds allocated under
17 this subsection are not used for the purposes of this subsection
18 for the fiscal year in which they are allocated, those unused funds
19 shall be used that fiscal year to avoid or minimize any proration
20 that would otherwise be required under subsection (14) for that
21 fiscal year.
22 (7) From the funds allocated under subsection (1), there is
23 allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed
24 $5,150,000.00 for the state portion of the hearing and vision
25 screenings as described in section 9301 of the public health code,
26 1978 PA 368, MCL 333.9301. A local public health department shall
27 pay at least 50% of the total cost of the screenings. The frequency

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to ~~11.5%~~ **8.63%** of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed the basic foundation allowance under section 20 for the current state fiscal year.

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

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

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

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

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

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

(5) From the federal funds appropriated in section 11, there is allocated for ~~2008-2009~~ **2009-2010** all available federal funding, estimated at ~~$330,000,000.00~~ **$370,000,000.00**, for the national school lunch program and all available federal funding, estimated

at $2,506,000.00, for the emergency food assistance program.

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

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

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

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

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

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

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

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

there is allocated an amount not to exceed ~~$6,750,000.00~~ **$6,000,000.00** for ~~2008-2009~~ **2009-2010** for competitive grants to intermediate districts for the creation and continuance of great start communities or other community purposes as identified by the early childhood investment corporation. These dollars may not be expended until both of the following conditions have been met:

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

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

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

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

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

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

(b) Identification of local resources and services for

1 children with disabilities, developmental delays, or special needs
2 and their families.
3 (c) Coordination and expansion of **INFRASTRUCTURE TO SUPPORT**
4 high-quality early childhood and childcare programs.
5 (d) Evaluation of local programs.
6 (4) Not later than December 1 of each fiscal year, for the
7 grants awarded under this section for the immediately preceding
8 fiscal year, the department shall provide to the house and senate
9 appropriations subcommittees on state school aid, the state budget
10 director, and the house and senate fiscal agencies a report
11 detailing the amount of each grant awarded under this section, the
12 grant recipients, the activities funded by each grant under this
13 section, and an analysis of each grant recipient's success in
14 addressing the development of a comprehensive system of early
15 childhood services and supports.
16 (5) An intermediate district receiving funds under this
17 section may carry over any unexpended funds received under this
18 section into the next fiscal year and may expend those unused funds
19 in the next fiscal year. A recipient of a grant shall return any
20 unexpended grant funds to the department in the manner prescribed
21 by the department not later than September 30 of the next fiscal
22 year after the fiscal year in which the funds are received.
23 (6) Notwithstanding section 17b, payments under this section
24 may be made pursuant to an agreement with the department.
25 Sec. 32c. (1) From the general fund appropriation in section
26 11, there is allocated an amount not to exceed ~~$2,125,000.00~~
27 **$1,593,800.00** for ~~2008-2009~~ **2009-2010** to the department for grants

for community-based collaborative prevention services designed to foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

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

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

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

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

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

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

Sec. 32d. (1) ~~From~~ **FOR 2009-2010, FROM** the state school aid fund ~~money appropriated under~~ **APPROPRIATION IN** section 11, there is allocated an amount not to exceed $88,100,000.00 ~~for 2008-2009~~ **TO ELIGIBLE DISTRICTS FOR GREAT START READINESS PROGRAMS AND FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED $7,575,000.00** for **COMPETITIVE** great start readiness ~~or preschool and parenting~~ program grants. ~~to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available to the district and its community, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852,~~ **FUNDS ALLOCATED UNDER THIS SECTION SHALL BE USED TO PROVIDE** part-day or full-day comprehensive **FREE** compensatory programs designed to do 1 or both of the following:

(a) Improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of

December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined ~~in~~ **BY** the state board. ~~report entitled "children at risk" that was adopted by the state board on April 5, 1988. To the extent allowable under federal law, a district shall not use funds received under this section to supplant any federal funds received by the district or its community. For the purposes of this section, "supplant" means to serve children eligible for a federally funded existing preschool program that has capacity to serve those children.~~

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

~~(2) A comprehensive free compensatory program funded under this section shall include an age-appropriate educational curriculum, as described in the early childhood standards of quality for prekindergarten children adopted by the state board, that prepares children for success in school, including language, early literacy, and early mathematics. In addition, the comprehensive program shall include nutritional services, health and developmental screening as described in the early childhood standards of quality for prekindergarten for participating children, a plan for parent and legal guardian involvement, and~~

~~provision of referral services for families eligible for community social services.~~

(2) TO BE ELIGIBLE TO RECEIVE PAYMENTS UNDER THIS SECTION, A DISTRICT SHALL COMPLY WITH THIS SECTION AND SECTION 39. TO RECEIVE COMPETITIVE GRANT PAYMENTS UNDER THIS SECTION, AN ELIGIBLE GRANT RECIPIENT SHALL COMPLY WITH THIS SECTION AND SECTION 32*l*.

(3) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated an amount not to exceed ~~$279,100.00~~ **$300,000.00** for ~~2008-2009~~ **2009-2010** for a competitive grant to continue a longitudinal evaluation of children who have participated in ~~the~~ great start readiness ~~program~~ **PROGRAMS**.

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

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

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

(C) NUTRITIONAL SERVICES FOR ALL PROGRAM PARTICIPANTS.

(D) HEALTH SCREENING SERVICES FOR ALL PROGRAM PARTICIPANTS.

1 (E) REFERRAL SERVICES FOR FAMILIES OF PROGRAM PARTICIPANTS TO
2 COMMUNITY SOCIAL SERVICE AGENCIES, AS APPROPRIATE.
3 (F) ACTIVE AND CONTINUOUS INVOLVEMENT OF THE PARENTS OR
4 GUARDIANS OF THE PROGRAM PARTICIPANTS.
5 (G) A PLAN TO CONDUCT AND REPORT ANNUAL GREAT START READINESS
6 PROGRAM EVALUATIONS AND CONTINUOUS IMPROVEMENT PLANS USING CRITERIA
7 APPROVED BY THE DEPARTMENT.
8 (H) PARTICIPATION IN A MULTIDISTRICT, MULTIAGENCY, SCHOOL
9 READINESS ADVISORY COMMITTEE THAT PROVIDES FOR THE INVOLVEMENT OF
10 CLASSROOM TEACHERS, PARENTS OR GUARDIANS OF PROGRAM PARTICIPANTS,
11 AND COMMUNITY, VOLUNTEER, AND SOCIAL SERVICE AGENCIES AND
12 ORGANIZATIONS, AS APPROPRIATE. THE ADVISORY COMMITTEE SHALL REVIEW
13 THE PROGRAM COMPONENTS LISTED IN THIS SUBSECTION AND MAKE
14 RECOMMENDATIONS FOR CHANGES TO THE GREAT START READINESS PROGRAM
15 FOR WHICH IT IS AN ADVISORY COMMITTEE.
16 (I) FOR GREAT START READINESS PROGRAMS OPERATED BY A DISTRICT
17 OR CONSORTIUM OF DISTRICTS, PROVIDE FOR THE ONGOING ARTICULATION OF
18 THE EARLY CHILDHOOD, KINDERGARTEN, AND FIRST GRADE PROGRAMS OFFERED
19 BY THE DISTRICT OR DISTRICTS.
20 (5) AN APPLICATION FOR FUNDING UNDER THIS SECTION SHALL
21 PROVIDE FOR THE FOLLOWING, IN A FORM AND MANNER DETERMINED BY THE
22 DEPARTMENT:
23 (A) ENSURE COMPLIANCE WITH ALL PROGRAM COMPONENTS DESCRIBED IN
24 SUBSECTION (4).
25 (B) ENSURE THAT MORE THAN 50% OF THE CHILDREN PARTICIPATING IN
26 AN ELIGIBLE GREAT START READINESS PROGRAM ARE CHILDREN WHO LIVE
27 WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN

1 300% OF THE FEDERAL POVERTY LEVEL.
2 (C) ENSURE THAT THE APPLICANT ONLY EMPLOYS QUALIFIED PERSONNEL
3 FOR THIS PROGRAM, AS FOLLOWS:
4 (*i*) TEACHERS POSSESSING PROPER TRAINING. FOR PROGRAMS THE
5 DISTRICT MANAGES ITSELF, A VALID TEACHING CERTIFICATE AND AN EARLY
6 CHILDHOOD (ZA) ENDORSEMENT ARE REQUIRED. THIS PROVISION DOES NOT
7 APPLY TO A DISTRICT THAT SUBCONTRACTS WITH AN ELIGIBLE CHILD
8 DEVELOPMENT PROGRAM. IN THAT SITUATION, A TEACHER MUST HAVE A VALID
9 MICHIGAN TEACHING CERTIFICATE WITH AN EARLY CHILDHOOD (ZA)
10 ENDORSEMENT, A VALID MICHIGAN TEACHING CERTIFICATE WITH A CHILD
11 DEVELOPMENT ASSOCIATE CREDENTIAL, OR A BACHELOR'S DEGREE IN CHILD
12 DEVELOPMENT WITH SPECIALIZATION IN PRESCHOOL TEACHING. HOWEVER,
13 BOTH OF THE FOLLOWING APPLY TO THIS SUBPARAGRAPH:
14 (A) IF A DISTRICT DEMONSTRATES TO THE DEPARTMENT THAT IT IS
15 UNABLE TO FULLY COMPLY WITH THIS SUBPARAGRAPH AFTER MAKING
16 REASONABLE EFFORTS TO COMPLY, TEACHERS WHO HAVE SIGNIFICANT BUT
17 INCOMPLETE TRAINING IN EARLY CHILDHOOD EDUCATION OR CHILD
18 DEVELOPMENT MAY BE EMPLOYED BY THE DISTRICT IF THE DISTRICT
19 PROVIDES TO THE DEPARTMENT, AND THE DEPARTMENT APPROVES, A PLAN FOR
20 EACH TEACHER TO COME INTO COMPLIANCE WITH THE STANDARDS IN THIS
21 SUBPARAGRAPH. A TEACHER'S COMPLIANCE PLAN MUST BE COMPLETED WITHIN
22 4 YEARS OF THE DATE OF EMPLOYMENT. PROGRESS TOWARD COMPLETION OF
23 THE COMPLIANCE PLAN SHALL CONSIST OF AT LEAST 2 COURSES PER
24 CALENDAR YEAR.
25 (B) FOR A SUBCONTRACTED PROGRAM, THE DEPARTMENT SHALL CONSIDER
26 A TEACHER WITH 90 CREDIT HOURS AND AT LEAST 4 YEARS' TEACHING
27 EXPERIENCE IN A QUALIFIED PRESCHOOL PROGRAM TO MEET THE

1 REQUIREMENTS UNDER THIS SUBPARAGRAPH.

2 (*ii*) PARAPROFESSIONALS POSSESSING PROPER TRAINING IN EARLY
3 CHILDHOOD DEVELOPMENT, INCLUDING AN ASSOCIATE'S DEGREE IN EARLY
4 CHILDHOOD EDUCATION OR CHILD DEVELOPMENT OR THE EQUIVALENT, OR A
5 CHILD DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL, OR THE EQUIVALENT AS
6 APPROVED BY THE STATE BOARD. HOWEVER, IF A DISTRICT DEMONSTRATES TO
7 THE DEPARTMENT THAT IT IS UNABLE TO FULLY COMPLY WITH THIS
8 SUBPARAGRAPH AFTER MAKING REASONABLE EFFORTS TO COMPLY, THE
9 DISTRICT MAY EMPLOY PARAPROFESSIONALS WHO HAVE COMPLETED AT LEAST 1
10 COURSE IN EARLY CHILDHOOD EDUCATION OR CHILD DEVELOPMENT IF THE
11 DISTRICT PROVIDES TO THE DEPARTMENT, AND THE DEPARTMENT APPROVES, A
12 PLAN FOR EACH PARAPROFESSIONAL TO COME INTO COMPLIANCE WITH THE
13 STANDARDS IN THIS SUBPARAGRAPH. A PARAPROFESSIONAL'S COMPLIANCE
14 PLAN MUST BE COMPLETED WITHIN 2 YEARS OF THE DATE OF EMPLOYMENT.
15 PROGRESS TOWARD COMPLETION OF THE COMPLIANCE PLAN SHALL CONSIST OF
16 AT LEAST 2 COURSES OR 60 CLOCK HOURS OF TRAINING PER CALENDAR YEAR.

17 (D) INCLUDE A PROGRAM BUDGET THAT CONTAINS ONLY THOSE COSTS
18 THAT ARE NOT REIMBURSED OR REIMBURSABLE BY FEDERAL FUNDING, THAT
19 ARE CLEARLY AND DIRECTLY ATTRIBUTABLE TO THE GREAT START READINESS
20 PROGRAM, AND THAT WOULD NOT BE INCURRED IF THE PROGRAM WERE NOT
21 BEING OFFERED. THE PROGRAM BUDGET SHALL INDICATE THE EXTENT TO
22 WHICH THESE FUNDS WILL SUPPLEMENT OTHER FEDERAL, STATE, LOCAL, OR
23 PRIVATE FUNDS. FUNDS RECEIVED UNDER THIS SECTION SHALL NOT BE USED
24 TO SUPPLANT ANY FEDERAL FUNDS BY THE APPLICANT TO SERVE CHILDREN
25 ELIGIBLE FOR A FEDERALLY FUNDED EXISTING PRESCHOOL PROGRAM THAT HAS
26 THE CAPACITY TO SERVE THOSE CHILDREN.

27 (6) FOR A GRANT RECIPIENT THAT ENROLLS PUPILS IN A FULL-DAY

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

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

(8) ANY PUBLIC OR PRIVATE FOR-PROFIT OR NONPROFIT LEGAL ENTITY OR AGENCY MAY APPLY FOR A COMPETITIVE GRANT UNDER THIS SECTION. HOWEVER, A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT APPLY FOR A COMPETITIVE GRANT UNDER THIS SECTION UNLESS THE DISTRICT, INTERMEDIATE DISTRICT, OR CONSORTIUM OF DISTRICTS OR INTERMEDIATE DISTRICTS IS ACTING AS A LOCAL GRANTEE FOR THE FEDERAL HEAD START

PROGRAM OPERATING UNDER THE HEAD START ACT, 42 USC 9831 TO 9852.

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

Sec. 32j. (1) From the appropriations in section 11, there is allocated an amount not to exceed $5,000,000.00 for ~~2008-2009~~ **2009-2010** for great parents, great start grants to intermediate districts to provide programs for parents with young children. The purpose of these programs is to encourage early mathematics and reading literacy, improve school readiness, reduce the need for special education services, and foster the maintenance of stable families by encouraging positive parenting skills.

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

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

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

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

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

(3) To receive a grant under this section, an intermediate district shall submit a plan to the department not later than October 15, ~~2008~~ **2009** in the form and manner prescribed by the department. The plan shall do all of the following in a manner prescribed by the department:

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

(b) Demonstrate an adequate collaboration of local entities involved in providing programs and services for preschool children and their parents and, where there is a great start collaborative,

demonstrate that the planned services are part of the community's great start strategic plan.

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

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

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

(a) The superintendent shall approve or disapprove the plans and notify the intermediate district of that decision not later than November 15, ~~2008~~ **2009**. The amount allocated to each intermediate district shall be at least an amount equal to 100% of the intermediate district's ~~2007-2008~~ **2008-2009** payment under this section.

(b) The department shall ensure that all programs funded under this section utilize the most current validated research-based

methods and curriculum for providing the program components described in subsection (2).

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

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

Sec. 32*l*. ~~(1) From the general fund money appropriated in section 11, there is allocated for 2008-2009 an amount not to exceed $15,150,000.00 for competitive great start readiness program grants for the purposes of preparing children for success in school, through comprehensive part-day or full-day programs that include language, early literacy, early mathematics, nutritional services, and health and developmental screening, as described in the early childhood standards of quality for prekindergarten for participating children; a plan for parent and legal guardian involvement; and provision of referral services for families eligible for community social services. These grants shall be made available through a competitive application process as follows:~~

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

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

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

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

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

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

~~(*iii*) Employment of teachers possessing proper training, including a valid Michigan teaching certificate with an early childhood (ZA) endorsement, a valid Michigan teaching certificate with a child development associate credential (CDA), or the equivalent from another state, or a bachelor's degree in child development with a specialization in preschool teaching. However,~~

~~both of the following apply to this subparagraph:~~

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

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

~~(*iv*) Employment of paraprofessionals possessing proper training in early childhood development, including an associate's degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential, or the equivalent, as approved by the state board. If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph, after making reasonable efforts to comply, the superintendent of public instruction may still give priority to an applicant if the applicant will employ paraprofessionals who have completed at least 1 course in early childhood education or child development if the applicant provides to the department, and~~

~~the department approves, a plan for each paraprofessional to come into compliance with the standards in this subparagraph. A paraprofessional's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses or 60 clock hours of training per calendar year.~~

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

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

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

~~(*viii*) The program offers or contracts~~ **TO PROGRAMS THAT OFFER OR CONTRACT** with another nonprofit **OR FOR-PROFIT** early childhood program to provide supplementary day care and thereby offers full-day programs as part of its early childhood development program.

~~(*ix*) The application contains a plan approved by the department~~

~~to conduct and report annual school readiness program evaluations and continuous improvement plans using criteria approved by the department. At a minimum, the evaluations shall include a self-assessment of program quality and assessment of the gains in educational readiness and progress of the children participating in the program.~~

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

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

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

~~(*iii*) Review the nutritional services provided to all participants.~~

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

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

~~(*vi*) Review, evaluate, and make recommendations for changes in~~

~~the school readiness program.~~

~~(*vii*) Review the agency's participation in a collaborative recruitment and enrollment process with, at a minimum, all other funded preschool programs that may serve children in the same geographic area, including school district part-day programs described under section 32d and head start programs, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds. The collaborative recruitment and enrollment process should be established to reflect the geographic service areas of the collaborative partners. An effective process includes opportunities for families to meet with and learn about each program for which their child is eligible. A child who is income-eligible for head start must be referred to head start. If, after referral to head start, a family chooses to enroll a head-start-eligible child in the great start readiness program, a waiver indicating that the family has been informed of the child's eligibility to attend head start must be completed by the family in a form and manner determined by the department and submitted to the great start readiness program before the child may be enrolled in the great start readiness program. The great start readiness program shall retain the waiver in the child's enrollment file.~~

~~(2) To be eligible for a grant under this section, the agency must demonstrate participation in a collaborative recruitment and enrollment process with all other funded preschool programs serving children in the same geographic area to assure that each child is enrolled in the program most appropriate to his or her needs.~~

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

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

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

(4) ~~(6) Except as otherwise provided in this subsection, an applicant that received a new grant under this section for 2007-2008 shall also receive priority for funding under this section for 2008-2009 and 2009-2010. However, after 3 fiscal years of continuous funding, an applicant is required to compete openly with~~

~~new programs and other programs completing their third year.~~ All grant awards under this section are contingent on the availability of funds and documented evidence of grantee compliance with early childhood standards of quality for prekindergarten, as approved by the state board, and with all operational, fiscal, administrative, and other program requirements.

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

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

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

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

Sec. 39. **(1) A DISTRICT RECEIVING FUNDS UNDER SECTION 32D**

1 SHALL SUBMIT A PREAPPLICATION, IN A FORM AND MANNER PRESCRIBED BY
2 THE DEPARTMENT, BY A DATE SPECIFIED BY THE DEPARTMENT IN THE
3 IMMEDIATELY PRECEDING STATE FISCAL YEAR. THE PREAPPLICATION SHALL
4 INCLUDE A COMPREHENSIVE NEEDS ASSESSMENT AND COMMUNITY
5 COLLABORATION PLAN, WHICH IS ENDORSED BY THE LOCAL GREAT START
6 COLLABORATIVE AND IS PART OF THE COMMUNITY'S GREAT START STRATEGIC
7 PLAN THAT INCLUDES, BUT IS NOT LIMITED TO, GREAT START READINESS
8 PROGRAM AND HEAD START PROVIDERS, AND SHALL IDENTIFY ALL OF THE
9 FOLLOWING:
10 (A) THE ESTIMATED TOTAL NUMBER OF CHILDREN IN THE COMMUNITY
11 WHO MEET THE CRITERIA OF SECTION 32D AND HOW THAT CALCULATION WAS
12 MADE.
13 (B) THE ESTIMATED NUMBER OF CHILDREN IN THE COMMUNITY WHO MEET
14 THE CRITERIA OF SECTION 32D AND ARE BEING SERVED BY OTHER EARLY
15 CHILDHOOD DEVELOPMENT PROGRAMS OPERATING IN THE COMMUNITY, AND HOW
16 THAT CALCULATION WAS MADE.
17 (C) THE NUMBER OF CHILDREN THE DISTRICT WILL BE ABLE TO SERVE
18 WHO MEET THE CRITERIA OF SECTION 32D INCLUDING A VERIFICATION OF
19 PHYSICAL FACILITY AND STAFF RESOURCES CAPACITY.
20 (D) THE ESTIMATED NUMBER OF CHILDREN WHO MEET THE CRITERIA OF
21 SECTION 32D WHO WILL REMAIN UNSERVED AFTER THE DISTRICT AND
22 COMMUNITY EARLY CHILDHOOD PROGRAMS HAVE MET THEIR FUNDED
23 ENROLLMENTS. THE SCHOOL DISTRICT SHALL MAINTAIN A WAITING LIST OF
24 IDENTIFIED UNSERVED ELIGIBLE CHILDREN WHO WOULD BE SERVED WHEN
25 OPENINGS ARE AVAILABLE.
26 (2) A DISTRICT RECEIVING FUNDS UNDER SECTION 32D SHALL ALSO
27 SUBMIT A FINAL APPLICATION FOR APPROVAL, IN A FORM AND MANNER

PRESCRIBED BY THE DEPARTMENT, BY A DATE SPECIFIED BY THE DEPARTMENT, THAT DETAILS HOW THE DISTRICT COMPLIES WITH THE PROGRAM COMPONENTS ESTABLISHED BY THE DEPARTMENT PURSUANT TO SECTION 32D.

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

(4) ~~(1)~~ Beginning in 2008-2009, the initial allocation for each fiscal year to each eligible district under section 32d shall be determined by multiplying the number of children determined ~~in section 38~~ **BY THE FORMULA UNDER SUBSECTION (3)** or the number of children the district indicates it will be able to serve under ~~section 37(2)(c)~~ **SUBSECTION (1)(C)**, whichever is less, by $3,400.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by ~~section 38~~ **THE FORMULA UNDER SUBSECTION (3)**. If the number of children a district indicates it will be able to serve under ~~section 37(2)(c)~~ **SUBSECTION (1)(C)** includes children able to be served in a full-day program, then the number able to be served in a full-day program shall be doubled for the purposes of making this calculation of the

lesser of the number of children determined ~~in section 38~~ **BY THE FORMULA UNDER SUBSECTION (3)** and the number of children the district indicates it will be able to serve under ~~section 37(2)(c)~~ **SUBSECTION (1)(C)** and determining the amount of the initial allocation to the district under section 32d. A district may contract with a head start agency to serve children enrolled in head start with a full-day program by blending head start funds with a part-day great start readiness program allocation. All head start and great start readiness program policies and regulations apply to the blended program.

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

(6) ~~(3)~~ If funds appropriated **FOR ELIGIBLE DISTRICTS** in section 32d remain after the allocations under subsections ~~(1) and (2)~~ **(4) AND (5)**, remaining funds shall be distributed to each eligible district under section 32d in decreasing order of concentration of eligible children as determined by ~~section 38~~ **THE**

FORMULA UNDER SUBSECTION (3). If the number of children the district indicates it will be able to serve under ~~section 37(2)(c)~~ **SUBSECTION (1)(C)** exceeds the number of children for which funds have been received under subsections ~~(1) and (2)~~ **(4) AND (5)**, the allocation under this subsection shall be determined by multiplying the number of children the district indicates it will be able to serve under ~~section 37(2)(c)~~ **SUBSECTION (1)(C)** less the number of children for which funds have been received under subsections ~~(1) and (2)~~ **(4) AND (5)** by $3,400.00 until the funds allocated **FOR ELIGIBLE DISTRICTS** in section 32d are distributed.

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

~~(5) 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.~~

(8) ~~(6)~~ 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 **32D** over other eligible districts**.** ~~other than those districts funded under subsection (5).~~

(9) ~~(7)~~ For any district with 315 or more eligible pupils, the

number of eligible pupils shall be 65% of the number calculated ~~under section 38~~ **USING THE FORMULA UNDER SUBSECTION (3)**. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation **FOR ELIGIBLE DISTRICTS** under section 32d.

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

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

~~(10) As used in this section, "part-day program" means a program that operates at least 4 days per week, 30 weeks per year, with at least 300 hours of teacher-child contact, and "full-day program" means a program that operates for at least the same length of day as the district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full-day program must enroll all children for the full day to be considered a full-day program.~~

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

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

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

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

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

1 funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

(*iii*) Participation in the Michigan after-school partnership shall be expanded beyond the membership of the initial Michigan after-school initiative to increase the representation of parents, youth, foundations, employers, and others with experience in

education, child care, after-school and youth development services, and crime and violence prevention, and to include representation from the department of community health. Each year, on or before December 31, the Michigan after-school partnership shall report its progress in reaching the recommendations set forth in the Michigan after-school initiative's report to the legislature and the governor.

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

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

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

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

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

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

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

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

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

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

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

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

(4) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility

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

(5) As used in this section:

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

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

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

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

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

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed $2,800,000.00 for ~~2008-2009~~ **2009-2010** to applicant districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for instruction in speaking, reading, writing, or comprehension of English. A pupil shall not be counted under this section or instructed in a program

under this section for more than 3 years.

Sec. 51a. (1) From the appropriation in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed ~~$1,016,933,000.00~~ **$1,061,283,000.00** from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, estimated at $350,700,000.00, plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and special education programs and services for pupils who are eligible for special education programs and services according to statute or rule. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. All federal funds allocated under this section in excess of those allocated under this section for 2002-2003 may be distributed in accordance with the flexible funding provisions of the individuals with

disabilities education act, Public Law 108-446, including, but not limited to, 34 CFR 300.206 and 300.208. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated the amount necessary, estimated at ~~$228,500,000.00~~ **$240,300,000.00** for~~ 2008-2009~~ **2009-2010**, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

(a) The initial amount allocated to a district under this subsection toward fulfilling the specified percentages shall be calculated by multiplying the district's special education pupil membership, excluding pupils described in subsection (12), times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed the basic foundation allowance under section 20 for the current fiscal year, or, for a special education pupil in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subdivision toward fulfilling the specified percentages shall be an amount per special education membership pupil, excluding pupils

described in subsection (12), and shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation allowance under section 20 for the current fiscal year, and that district's per pupil allocation under section 20j(2).

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

(3) From the funds allocated under subsection (1), there is allocated for ~~2008-2009~~ **2009-2010** the amount necessary, estimated at ~~$1,700,000.00~~ **$1,300,000.00**, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations or services between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education

program operations or services shall be made in a manner determined by the department and shall include adjustments for program or service shifts.

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

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed $3,500,000.00 may be allocated by the department for ~~2008-2009~~ **2009-2010** to districts, intermediate districts, or other eligible entities on a

competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed $2,200,000.00 for ~~2008-2009~~ **2009-2010** to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

(a) "Total approved costs of special education" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53a programs. The total approved costs include salary and other compensation for all approved special education personnel for the program, including payments for social security and medicare and public school employee retirement system contributions. The total approved costs do not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6 of the revised school code, MCL 380.6. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this

article, are not included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

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

(c) If the department determines before bookclosing for ~~2007-2008~~ **2008-2009** that the amounts allocated for ~~2007-2008~~ **2008-2009** under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will exceed expenditures for ~~2007-2008~~ **2008-2009** under

subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56, then for ~~2007-2008~~ **2008-2009** only, for a district or intermediate district whose reimbursement for ~~2007-2008~~ **2008-2009** would otherwise be affected by subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for that district or intermediate district and reimbursement for that district or intermediate district shall be calculated in the same manner as it was for 2003-2004. If the amount of the excess allocations under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 is not sufficient to fully fund the calculation of reimbursement to those districts and intermediate districts under this subdivision, then the calculations and resulting reimbursement under this subdivision shall be prorated on an equal percentage basis.

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

(e) Beginning with calculations for 2004-2005, if an

intermediate district purchases a special education pupil transportation service from a constituent district that was previously purchased from a private entity; if the purchase from the constituent district is at a lower cost, adjusted for changes in fuel costs; and if the cost shift from the intermediate district to the constituent does not result in any net change in the revenue the constituent district receives from payments under sections 22b and 51c, then upon application by the intermediate district, the department shall direct the intermediate district to continue to report the cost associated with the specific identified special education pupil transportation service and shall adjust the costs reported by the constituent district to remove the cost associated with that specific service.

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

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

(10) Special education personnel transferred from 1 district to another to implement the revised school code shall be entitled

to the rights, benefits, and tenure to which the person would otherwise be entitled had that person been employed by the receiving district originally.

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

(12) From the funds allocated in subsection (1), there is allocated the amount necessary, estimated at ~~$8,000,000.00~~ **$7,800,000.00** for ~~2008-2009~~ **2009-2010**, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed the basic foundation allowance under section 20 for the current fiscal year, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation

allowance under section 20 for the current fiscal year, and that district's per pupil allocation under section 20j(2). This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

(14) The allocations under subsections (2), (3), and (12) shall be allocations to intermediate districts only and shall not

be allocations to districts, but instead shall be calculations used only to determine the state payments under section 22b.

(15) If a public school academy enrolls pursuant to this section a pupil who resides outside of the intermediate district in which the public school academy is located and who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, Public Law 108-446, the provision of special education programs and services and the payment of the added costs of special education programs and services for the pupil are the responsibility of the district and intermediate district in which the pupil resides unless the enrolling district or intermediate district has a written agreement with the district or intermediate district in which the pupil resides or the public school academy for the purpose of providing the pupil with a free appropriate public education and the written agreement includes at least an agreement on the responsibility for the payment of the added costs of special education programs and services for the pupil.

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket No. 104458-104492, from the allocation under section 51a(1), there is allocated for ~~2008-2009~~ **2009-2010** the amount necessary, estimated at ~~$709,150,000.00~~ **$742,300,000.00**, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education

transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

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

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

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

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

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

(3) As used in this section, "DED-OSERS" means the United States department of education office of special education and

rehabilitative services.

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

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

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

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

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

(d) Pupils enrolled in a department-approved on-grounds

educational program longer than 180 days, but not longer than 233 days, at a residential child care institution, if the child care institution offered in 1991-92 an on-grounds educational program longer than 180 days but not longer than 233 days.

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

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

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

(5) Not more than $13,500,000.00 of the allocation for ~~2008-2009~~ **2009-2010** in section 51a(1) shall be allocated under this section.

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

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

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

intermediate district.

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

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed $36,881,100.00 for ~~2008-2009~~ **2009-2010** to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) Reimbursement for those millages levied in ~~2007-2008~~ **2008-2009** shall be made in ~~2008-2009~~ **2009-2010** at an amount per ~~2007-2008~~ **2008-2009** membership pupil computed by subtracting from ~~$172,800.00~~ **$179,700.00** the ~~2007-2008~~ **2008-2009** taxable value

behind each membership pupil and multiplying the resulting difference by the ~~2007-2008~~ **2008-2009** millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed $285,000.00 for ~~2008-2009~~ **2009-2010** for grants to intermediate districts for advanced and accelerated students.

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

(3) Except as otherwise provided in this subsection, the amount of a single grant award under this section shall not exceed $5,000.00. Intermediate districts may form a consortium, and that consortium may receive a maximum grant amount of $5,000.00 for each participant intermediate district. Each intermediate district or consortium must apply for grant funding by April 1, ~~2009~~ **2010** and demonstrate compliance with subsection (2).

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

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

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~$30,000,000.00~~ **$27,000,000.00** for

1 ~~2008-2009~~ **2009-2010** to reimburse on an added cost basis districts,
2 except for a district that served as the fiscal agent for a
3 vocational education consortium in the 1993-94 school year, and
4 secondary area vocational-technical education centers for
5 secondary-level vocational-technical education programs, including
6 parenthood education programs, according to rules approved by the
7 superintendent. Applications for participation in the programs
8 shall be submitted in the form prescribed by the department. The
9 department shall determine the added cost for each vocational-
10 technical program area. The allocation of added cost funds shall be
11 based on the type of vocational-technical programs provided, the
12 number of pupils enrolled, and the length of the training period
13 provided, and shall not exceed 75% of the added cost of any
14 program. With the approval of the department, the board of a
15 district maintaining a secondary vocational-technical education
16 program may offer the program for the period from the close of the
17 school year until September 1. The program shall use existing
18 facilities and shall be operated as prescribed by rules promulgated
19 by the superintendent.
20 (2) Except for a district that served as the fiscal agent for
21 a vocational education consortium in the 1993-94 school year,
22 districts and intermediate districts shall be reimbursed for local
23 vocational administration, shared time vocational administration,
24 and career education planning district vocational-technical
25 administration. The definition of what constitutes administration
26 and reimbursement shall be pursuant to guidelines adopted by the
27 superintendent. Not more than $800,000.00 of the allocation in

subsection (1) shall be distributed under this subsection.

(3) From the allocation in subsection (1), there is allocated an amount not to exceed $388,700.00 for ~~2008-2009~~ **2009-2010** to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of $6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

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

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

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

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district

has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, the membership and taxable value of that district shall not be included in the membership and taxable value of the intermediate district. However, the membership and taxable value of a district that has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, shall be included in the membership and taxable value of the intermediate district if the district meets both of the following:

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

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

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

(3) Reimbursement for the millages levied in ~~2007-2008~~ **2008-**

2009 shall be made in ~~2008-2009~~ **2009-2010** at an amount per ~~2007-2008~~ **2008-2009** membership pupil computed by subtracting from ~~$181,900.00~~ **$189,600.00** the ~~2007-2008~~ **2008-2009** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2008-2009~~ **2009-2010** millage levied.

Sec. 64. (1) From the appropriation in section 11, there is allocated an amount not to exceed $2,000,000.00 for ~~2008-2009~~ **2009-2010** for grants to intermediate districts or a district of the first class that are in consortium with a community college or state public university and a hospital **OR OTHER APPROPRIATE ENTITY** to create and implement a middle college focused on the field of health sciences **OR OTHER FIELD APPROVED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION**.

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

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

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

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

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

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

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

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

Sec. 65. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed $980,100.00 for ~~2008-2009~~ **2009-2010** for grants to districts or intermediate districts, as determined by the department, for eligible precollege programs in engineering and the sciences.

(2) From the funds allocated under subsection (1), the department shall award $680,100.00 for ~~2008-2009~~ **2009-2010** to the 2 eligible existing programs that received funds appropriated for these purposes in the appropriations act containing the department of **ENERGY,** labor**,** and economic growth budget for 2005-2006.

(3) From the funds allocated under subsection (1), the department shall award $75,000.00 for ~~2008-2009~~ **2009-2010** to the

Kalamazoo regional education service agency to support an area program substantially similar to the 2 eligible existing programs receiving funds under subsection (2).

(4) From the funds allocated under subsection (1), the department shall award $225,000.00 for ~~2008-2009~~ **2009-2010** to eligible intermediate districts for programs to train pupils in alternative energy. The department shall award $75,000.00 to each eligible intermediate district. The intermediate district shall use the funds for engineering and sciences programs with industry level partnerships that are in proximity to renewable energy facilities. To be eligible for funds under this subsection, an intermediate district must meet all of the following requirements:

(a) The combined total 2007-2008 pupil membership for all of its constituent districts was less than 20,000 pupils.

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

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

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

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

(5) The department shall submit a report to the appropriations subcommittees responsible for this act, to the state budget director, and to the house and senate fiscal agencies by February 1, ~~2009~~ **2010** regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and

employment in science, engineering, and mathematics-based fields for pupils who were enrolled in the programs awarded funds under this section or under preceding legislation. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded under this section.

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

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed ~~$3,028,500.00 for 2008-2009~~ **$1,625,000.00 FOR 2009-2010** for the purposes of this section.

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

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

each fiscal year the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the revised school code, MCL 380.1323. Districts funded under this subsection shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for ~~2008-2009~~ **2009-2010** to the intermediate districts the sum necessary, but not to exceed ~~$81,721,100.00~~ **$65,376,800.00**, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for ~~2008-2009~~ **2009-2010** an amount equal to ~~101.0%~~ **80%** of the amount appropriated under this subsection for ~~2007-2008~~ **2008-2009**. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(3) From the allocation in subsection (1), there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of $3,500.00 each fiscal year for each intermediate district included in the new intermediate

district for 3 years following consolidation, annexation, or attachment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) To the extent funding is available, coordinate the electronic exchange of student records using a unique identification numbering system among entities receiving funds under this act and postsecondary institutions for students participating in public education programs from preschool through postsecondary education.

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

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

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

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

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

(d) One representative from the state education agency.

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

(f) Three representatives from intermediate school districts.

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

(*i*) Michigan association of school boards.

(*ii*) Michigan association of school administrators.

(*iii*) Michigan school business officials.

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

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

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

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

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

(c) Recommending timelines for the implementation and ongoing

collection of data.

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

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

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

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

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

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

(6) From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~$3,435,400.00~~ **$3,486,100.00** for ~~2008-2009~~ **2009-2010** to the department of management and budget to support the operations of the center and the development and implementation of a comprehensive longitudinal data collection management and reporting system that includes student-level data. The center shall cooperate with the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state. **TO THE EXTENT THAT FUNDING UNDER THIS SECTION ALLOWS, THE CENTER SHALL COLLECT DATA NECESSARY TO MAXIMIZE**

FEDERAL FUNDING UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, AND OTHER FEDERAL STATUTES, INCLUDING DATA NECESSARY TO IMPLEMENT A P-20 LONGITUDINAL DATA SYSTEM. In addition, from the federal funds appropriated in section 11 for ~~2008-2009~~ **2009-2010**, there is allocated the amount necessary, estimated at $2,793,200.00, in order to fulfill federal reporting requirements.

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

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

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

(10) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law. The center may also enter into agreements to supply custom data, analysis, and reporting to other principal executive departments, state agencies, local units of government, and other individuals and organizations. The center may receive and expend funds in addition to those

authorized in subsection (6) to cover the costs associated with salaries, benefits, supplies, materials, and equipment necessary to provide such data, analysis, and reporting services.

(11) As used in this section:

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

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

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

Sec. 98. (1) From the ~~state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $500,000.00 for 2008-2009 and from the~~ general fund money appropriated in section 11, there is allocated an amount not to exceed ~~$1,750,000.00~~ **$1,687,500.00** for ~~2008-2009~~ **2009-2010** to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school; to provide professional development opportunities for educators; and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount estimated at $2,700,000.00.

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

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

from other recognized providers. ~~The Michigan virtual high school shall explore options for providing rigorous civics curricula online.~~

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

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

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

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

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

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

(a) Information technology courses.

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

(c) Courses and dual enrollment opportunities.

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

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

(f) Special interest courses.

(g) Professional development programs ~~and services for teachers~~ **THAT TEACH MICHIGAN EDUCATORS HOW TO DEVELOP AND DELIVER ONLINE INSTRUCTIONAL SERVICES**.

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

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

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

(c) Coordinate the activities of eligible partnerships that include higher education institutions for the purposes of providing professional development activities for teachers,

paraprofessionals, and principals as defined in federal law.

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

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

(5) The Michigan virtual university shall offer at least 200 hours of online professional development for classroom teachers under this section each fiscal year beginning in 2006-2007 without charge to the teachers or to districts or intermediate districts. ~~A district or intermediate district may require a full-time teacher to participate in at least 5 hours of online professional development provided by the Michigan virtual university under subsection (4). Five hours of this professional development shall be considered to be part of the 38 hours allowed to be counted as hours of pupil instruction under section 101(10).~~

(6) From the federal funds appropriated in subsection (1), there is allocated for ~~2008-2009~~ **2009-2010** an amount estimated at $1,000,000.00 from the DED-OESE, title II, educational technology grant funds to support e-learning and virtual school initiatives consistent with the goals contained in the United States national educational technology plan issued in January 2005. These funds shall be used to support activities designed to build the capacity of the Michigan virtual university and shall not be used to supplant other funding. Not later than November 30, ~~2008~~ **2009**, from the funds allocated in this subsection, the department shall award

a single grant of $1,000,000.00 to a consortium or partnership established by the Michigan virtual university that meets the requirements of this subsection. To be eligible for this funding, a consortium or partnership established by the Michigan virtual university shall include at least 1 intermediate district and at least 1 high-need local district. All of the following apply to this funding:

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

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

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

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

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

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

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

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

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

(*i*) Strengthen its capacity by pursuing activities, policies,

and practices that increase the overall number of Michigan virtual high school course enrollments and course completions by at-risk students.

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

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

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

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

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

~~(7) From the state school aid fund allocation in subsection (1), an amount not to exceed $500,000.00 for 2008-2009 shall be awarded as a single grant to an intermediate district working in partnership with the Michigan virtual high school for a statewide license for "my dream explorer", a career exploration and planning tool, to be made available to all pupils at no cost. The Michigan virtual high school shall work collaboratively with the department, the presidents council of state universities of Michigan, the~~

~~Michigan community college association, the association of independent colleges and universities of Michigan, and the appropriate K-12 education organizations to develop a comprehensive outreach and communications plan that provides parents and students with access to online resources designed to increase postsecondary enrollments and provide current information related to career planning, college selection, financial aid, and dual enrollment opportunities.~~

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

(8) ~~(9)~~ Not later than December 1, ~~2008~~ **2009**, the Michigan virtual university shall provide a report to the house and senate appropriations subcommittees on state school aid, the state budget director, the house and senate fiscal agencies, and the department that includes at least all of the following information related to the Michigan virtual high school for the preceding state fiscal year:

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

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

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

(d) The overall course completion rate percentage.

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

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

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

(9) ~~(10)~~ As used in this section:

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

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

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

Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~$3,390,000.00~~ **$2,515,000.00** for ~~2008-2009~~ **2009-2010** and from the general fund appropriation in section 11, there is allocated an amount not to exceed $110,000.00 for ~~2008-2009 for implementing the comprehensive master plan for~~ **2009-2010 TO SUPPORT THE ACTIVITIES AND PROGRAMS OF** mathematics and science centers ~~developed by the department and approved by the state board,~~ and for other purposes as described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount estimated at $5,249,300.00 from DED-OESE, title II, mathematics and science partnership grants.

(2) Within a service area designated locally, approved by the

department, and consistent with the **COMPREHENSIVE** master plan ~~described in subsection (1)~~ **FOR MATHEMATICS AND SCIENCE CENTERS DEVELOPED BY THE DEPARTMENT AND APPROVED BY THE STATE BOARD**, an established mathematics and science center shall ~~address~~ **PROVIDE** 2 or more of the following 6 basic services, as described in the master plan, to constituent districts and communities: leadership, pupil services, curriculum support, community involvement, professional development, and resource clearinghouse services.

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

(4) As part of the technical assistance process, the department shall provide minimum standard guidelines that may be used by the mathematics and science center for providing fair access for qualified pupils and professional staff as prescribed in this section.

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 33 established mathematics and science centers. Each established mathematics and science center that was funded in ~~2007-2008~~ **2008-2009** shall receive state funding in an amount equal to ~~100%~~ **75%** of the amount it was allocated under this subsection for ~~2007-2008~~ **2008-2009**. If a center declines state funding or a center closes, the remaining money available under

this section shall be distributed to the remaining centers, as determined by the department.

(6) From the funds allocated in subsection (1), there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed ~~$1,000,000.00~~ **$750,000.00** in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in implementing the Michigan merit curriculum components for mathematics and science. Funding under this subsection is in addition to funding allocated under subsection (5).

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

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

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

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

(11) As used in this section:

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

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

Sec. 99i. (1) From the funds appropriated in section 11, there is allocated the amount of $300,000.00 for ~~2008-2009~~ **2009-2010** to a district that meets all of the following requirements:

(a) The district's membership is greater than 9,000 pupils.

(b) At least 60% of the pupils in the district were eligible for free or reduced lunch for 2005-2006.

(c) The district's foundation allowance for 2006-2007 was less than $7,310.00.

(2) Funds allocated to a district under this section shall be used to expand the school-based crisis intervention project that received funds in 2005-2006 under section 304 of 2005 PA 147.

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

Sec. 99p. (1) From the appropriation in section 11, there is allocated an amount not to exceed $100,000.00 for ~~2008-2009~~ **2009-2010** for competitive grants to districts for programs that provide pupils with access to cultural, art, or music resources and experiences that are available in the community and that may promote reading, literacy, and communications skills among pupils.

(2) A district applying for a grant shall submit an application to the department in a form and manner determined by the department. To be eligible for a grant, a district shall demonstrate in its application that at least 50% of the pupils in membership in the district met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B.

Russell national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year.

(3) Grant awards shall be made in a manner determined by the department. However, the department may set maximum grant amounts in a manner that maximizes the number of pupils that will be able to participate.

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

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth Wednesday after the pupil membership count day and not later than the fifth Wednesday after the supplemental count day, each district superintendent ~~through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of~~ **SHALL SUBMIT TO THE CENTER, IN THE FORM AND MANNER PRESCRIBED BY THE CENTER,** the number of pupils enrolled and in regular daily attendance in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the revised school code, MCL 380.1561, shall ~~file with the intermediate superintendent a certified and sworn copy of~~ **SUBMIT TO THE CENTER, IN THE FORM AND MANNER PRESCRIBED BY THE CENTER,** the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to

rules promulgated by the superintendent. Not later than the seventh Wednesday after the pupil membership count day and not later than the seventh Wednesday after the supplemental count day, the ~~intermediate district shall transmit to the center revised data, as applicable, for each of its constituent districts~~ **DISTRICT SHALL CERTIFY THE DATA IN A FORM AND MANNER PRESCRIBED BY THE CENTER**. If a district fails to ~~file the sworn and certified copy with the intermediate superintendent in a timely manner~~ **SUBMIT AND CERTIFY THE ATTENDANCE DATA**, as required under this subsection, the ~~intermediate district~~ **CENTER** shall notify the department and state aid due to be distributed under this act shall be withheld from the defaulting district immediately, beginning with the next payment after the failure and continuing with each payment until the district complies with this subsection. ~~If an intermediate district fails to transmit the data in its possession in a timely and accurate manner to the center, as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection.~~ If a district ~~or intermediate district~~ does not comply with this subsection by the end of the fiscal year, the district ~~or intermediate district~~ forfeits the amount withheld. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by section 161.

(2) To be eligible to receive state aid under this act, not

later than the twenty-fourth Wednesday after the pupil membership count day and not later than the twenty-fourth Wednesday after the supplemental count day, an intermediate district shall submit to the center, in a form and manner prescribed by the center, the audited enrollment and attendance data for the pupils of its constituent districts and of the intermediate district. If an intermediate district fails to ~~transmit~~ **SUBMIT** the audited data as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If an intermediate district does not comply with this subsection by the end of the fiscal year, the intermediate district forfeits the amount withheld.

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

(a) Except as otherwise provided in this section, each district shall provide at least 1,098 hours **AND, BEGINNING IN 2010-2011, THE REQUIRED MINIMUM NUMBER OF DAYS** of pupil instruction. **FOR 2010-2011 AND FOR 2011-2012, THE REQUIRED MINIMUM NUMBER OF DAYS OF PUPIL INSTRUCTION IS 165. BEGINNING IN 2012-2013, THE REQUIRED MINIMUM NUMBER OF DAYS OF PUPIL INSTRUCTION IS 170. HOWEVER, BEGINNING IN 2010-2011, A DISTRICT SHALL NOT PROVIDE FEWER DAYS OF PUPIL INSTRUCTION THAN THE DISTRICT PROVIDED FOR 2009-2010.** Except as otherwise provided in this act, a district failing to comply with the required minimum hours **AND DAYS** of pupil instruction under this subsection shall forfeit from its total state aid allocation

an amount determined by applying a ratio of the number of hours **OR DAYS** the district was in noncompliance in relation to the required minimum number of hours **AND DAYS** under this subsection. Not later than August 1, the board of each district shall certify to the department the number of hours **AND, BEGINNING IN 2010-2011, DAYS** of pupil instruction in the previous school year. If the district did not provide at least the required minimum number of hours **AND DAYS** of pupil instruction under this subsection, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (6). Hours **OR DAYS** lost because of strikes or teachers' conferences shall not be counted as ~~days or~~ hours **OR DAYS** of pupil instruction. **IF A COLLECTIVE BARGAINING AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR IS IN EFFECT FOR EMPLOYEES OF A DISTRICT AS OF THE EFFECTIVE DATE OF THE 2009 AMENDATORY ACT THAT AMENDED THIS SUBSECTION, AND IF THAT SCHOOL CALENDAR IS NOT IN COMPLIANCE WITH THIS SUBSECTION, THEN THIS SUBSECTION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT.**

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

(c) Beginning in 2005-2006, at the request of a district that

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

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

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

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

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

(4) Except as otherwise provided in this subsection, the first 30 hours **OR 6 DAYS** for which pupil instruction is not provided because of conditions not within the control of school authorities,

such as severe storms, fires, epidemics, utility power unavailability, water or sewer failure, or health conditions as defined by the city, county, or state health authorities, shall be counted as hours **AND DAYS** of pupil instruction. ~~Beginning in 2003-2004, with~~ **WITH** the approval of the superintendent of public instruction, the department shall count as hours **AND DAYS** of pupil instruction for a fiscal year not more than 30 additional hours **OR 6 ADDITIONAL DAYS** for which pupil instruction is not provided in a district after April 1 of the applicable school year due to unusual and extenuating occurrences resulting from conditions not within the control of school authorities such as those conditions described in this subsection. Subsequent such hours **OR DAYS** shall not be counted as hours **OR DAYS** of pupil instruction.

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

(6) Not later than April 15 of each fiscal year, the board of each district shall certify to the department the planned number of hours **AND DAYS** of pupil instruction in the district for the school year ending in the fiscal year. In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a

proportion of the funds due to the district under this act that is equal to the proportion below the required minimum number of hours **AND DAYS** of pupil instruction under subsection (3), as specified in the following:

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

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

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

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

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

(c) Except as otherwise provided in this subdivision, a pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the individual pupil's best educational interest must be

scheduled for a number of hours equal to at least 80% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil. A pupil in grades 9 to 12 who is scheduled in a 4-block schedule may receive a reduced schedule under this subsection if the pupil is scheduled for a number of hours equal to at least 75% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil.

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

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

(*i*) The instructor has met all of the requirements established

by the United States department of defense and the applicable branch of the armed services for serving as an instructor in the junior reserve officer training corps program.

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

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

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

(10) ~~A~~ **IF AT LEAST 5 OF THE HOURS OF PROFESSIONAL DEVELOPMENT ARE PROVIDED ONLINE BY THE MICHIGAN VIRTUAL UNIVERSITY UNDER**

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

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

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

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

(d) Maintaining teacher certification.

Sec. 104. (1) **IN ORDER TO RECEIVE STATE AID UNDER THIS ACT, A DISTRICT SHALL COMPLY WITH SECTIONS 1278A, 1278B, 1279, 1279G, AND 1280B OF THE REVISED SCHOOL CODE, MCL 380.1278A, 380.1278B, 380.1279, 380.1279G, AND 380.1280B, AND 1970 PA 38, MCL 388.1081 TO 388.1086.** From the state school aid fund money appropriated in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed ~~$28,872,800.00~~ **$26,630,700.00** for payments on behalf of districts for costs associated with complying with ~~sections 104a and 104b, sections 1278a, 1278b, 1279, 1279g, and 1280b of the revised school code, MCL 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086~~ **THOSE PROVISIONS OF LAW**. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount estimated at ~~$8,512,900.00~~ **$8,313,700.00**, funded from DED-OESE, title VI, state assessments funds and DED-OSERS, section 504 of part B of the individuals with disabilities education act, Public Law 94-142, plus any carryover federal funds from previous year appropriations, for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

(2) THE DEPARTMENT SHALL DETERMINE WHETHER THE "EXPLORE" TEST IS AT LEAST AS ROBUST AS THE MICHIGAN EDUCATIONAL ASSESSMENT PROGRAM SOCIAL STUDIES TEST. IF THE DEPARTMENT DETERMINES THAT THE "EXPLORE" TEST IS AT LEAST AS ROBUST AS THE MICHIGAN EDUCATIONAL ASSESSMENT PROGRAM SOCIAL STUDIES TEST, IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT SHALL REPLACE THE MICHIGAN EDUCATIONAL ASSESSMENT PROGRAM SOCIAL STUDIES TEST WITH THE "EXPLORE" TEST. IF THIS REPLACEMENT OF TESTS REQUIRES A WAIVER

UNDER FEDERAL LAW IN ORDER TO COMPLY WITH FEDERAL LAW, THEN THE DEPARTMENT SHALL APPLY FOR THAT WAIVER TO ALLOW FOR THIS REPLACEMENT.

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

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

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

(6) THE DEPARTMENT SHALL MEET WITH THE UNITED STATES DEPARTMENT OF EDUCATION AND SHALL REQUEST A WAIVER TO REPLACE THE CURRENT MICHIGAN EDUCATIONAL ASSESSMENT PROGRAM TESTS USED FOR GRADES 3 TO 8 WITH A STANDARDIZED CATALOG VERSION NORM-REFERENCED TEST. BEFORE SENDING THE WAIVER REQUEST TO THE UNITED STATES DEPARTMENT OF EDUCATION, THE DEPARTMENT SHALL SEEK INPUT ON THE WAIVER REQUEST FROM THE SUBCOMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES APPROPRIATIONS COMMITTEES THAT HAVE JURISDICTION OVER THIS ACT. THE DEPARTMENT SHALL SUBMIT THE WAIVER REQUEST TO THE SUBCOMMITTEES FOR INPUT NOT LATER THAN JANUARY 15, 2010 AND

SHALL SUBMIT THE WAIVER REQUEST TO THE UNITED STATES DEPARTMENT OF EDUCATION NOT LATER THAN FEBRUARY 15, 2010. IF THE WAIVER IS GRANTED BY THE UNITED STATES DEPARTMENT OF EDUCATION, THEN THE DEPARTMENT SHALL IMMEDIATELY NOTIFY THE SUBCOMMITTEES OF THE SENATE AND HOUSE OR REPRESENTATIVES APPROPRIATIONS COMMITTEES THAT HAVE JURISDICTION OVER THIS ACT OF THE APPROVAL.

(7) ~~(5)~~ As used in this section:

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

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

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

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~$24,000,000.00~~ **$22,000,000.00** for ~~2008-2009~~ **2009-2010** for adult education programs authorized under this section.

(2) TO BE ELIGIBLE FOR FUNDING UNDER THIS SECTION, A PROGRAM SHALL EMPLOY CERTIFICATED TEACHERS AND QUALIFIED ADMINISTRATIVE STAFF AND SHALL OFFER CONTINUING EDUCATION OPPORTUNITIES FOR TEACHERS TO ALLOW THEM TO MAINTAIN CERTIFICATION.

(3) ~~(2)~~ To be eligible to be a participant funded under this section, a person shall be enrolled in an adult basic education program, an adult English as a second language program, a general educational development (G.E.D.) test preparation program, a job or employment related program, or a high school completion program, that meets the requirements of this section, and shall meet either of the following, as applicable:

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

(*i*) Is less than 20 years of age on September 1 of the school year and is enrolled in the Michigan career and technical institute.

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

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

(*iv*) Is enrolled in a high school completion program.

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

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

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

(4) ~~(3)~~ Except as otherwise provided in subsection ~~(4)~~ **(5)**, from the amount allocated under subsection (1), at least ~~$23,300,000.00~~ **$21,800,000.00** shall be distributed as follows:

(a) For districts and consortia that received payments for ~~2007-2008~~ **2008-2009** under this section, the amount allocated to each for ~~2008-2009~~ **2009-2010** shall be based on the number of

participants served by the district or consortium for ~~2008-2009~~ **2009-2010**, using the amount allocated per full-time equated participant under subsection ~~(6)~~ **(7)**, up to a maximum total allocation under this subsection in an amount equal to **93.5% OF** the amount the district or consortium received for ~~2007-2008~~ **2008-2009** under this section before any reallocations made for ~~2007-2008~~ **2008-2009** under subsection ~~(4)~~ **(5)**.

(b) A district or consortium that received funding in ~~2007-2008~~ **2008-2009** under this section may operate independently of a consortium or join or form a consortium for ~~2008-2009~~ **2009-2010**. The allocation for ~~2008-2009~~ **2009-2010** to the district or the newly formed consortium under this subsection shall be determined by the department and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in ~~2007-2008~~ **2008-2009**. A district or consortium described in this subdivision shall notify the department of its intention with regard to ~~2008-2009~~ **2009-2010** by October 1, ~~2008~~ **2009**.

(c) If a district had a declaration of financial emergency in place under the local government fiscal responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, and that declaration was revoked during 2005, the district may operate a program under this section independently of a consortium or may join or form a consortium to operate a program under this section. The allocation for ~~2008-2009~~ **2009-2010** to the district or the newly formed consortium under this subsection shall be determined by the department and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in ~~2007-2008~~ **2008-2009**

or, for a district for which a declaration of financial emergency was revoked during 2005, based on the amount the district received under this section using a 3-year average of the 3 most recent fiscal years the district received funding under this section. A district or consortium described in this subdivision shall notify the department of its intention with regard to ~~2008-2009~~ **2009-2010** by October 1, ~~2008~~ **2009**.

(5) ~~(4)~~ A district that operated an adult education program in ~~2007-2008~~ **2008-2009** and does not intend to operate a program in ~~2008-2009~~ **2009-2010** shall notify the department by October 1, ~~2008~~ **2009** of its intention. The ~~funds~~ **MONEY** intended to be allocated under this section to a district that does not operate a program in ~~2008-2009~~ **2009-2010** and the unspent ~~funds~~ **MONEY** originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection ~~(3)~~ **(4) AND ANY OTHER UNALLOCATED MONEY UNDER THIS SECTION** shall instead be proportionately reallocated to the other districts described in subsection ~~(3)(a)~~ **(4)(A)** that are operating an adult education program in ~~2008-2009~~ **2009-2010** under this section.

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

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

(b) Is located off-campus in an urban residential setting with documented high poverty and low high school graduation rates.

(c) Provides general educational development (G.E.D.) test preparation courses and workshops.

(d) Provides developmental courses taught by college faculty that prepare students to be successful in college-level courses.

(e) Uses learning communities to allow for shared, rather than isolated, learning experiences.

(f) Provides on-site tutoring.

(g) Provides access to up-to-date technology, including personal computers.

(h) Partners with a financial institution to provide financial literacy education.

(i) Assists students in gaining access to financial aid.

(j) Provides on-site academic advising to students.

(k) Provides vouchers for reduced G.E.D. testing costs.

(*l*) Partners with local agencies to provide referrals for social services as needed.

(m) Enrolls participants as students of the community college.

(n) Partners with philanthropic and business entities to provide capital funding.

(7) ~~(6)~~ The amount allocated under this section per full-time equated participant is $2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than

450 hours of instruction.

(8) ~~(7)~~ An adult basic education program or an adult English as a second language program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

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

(b) The program tests individuals for eligibility under subdivision (a) before enrollment and ~~tests participants to determine progress after every 90 hours of attendance, using assessment instruments approved by the department of labor and economic growth~~ **UPON COMPLETION OF THE PROGRAM IN COMPLIANCE WITH THE STATE-APPROVED ASSESSMENT POLICY.**

(c) A participant in an adult basic education program is eligible for reimbursement until 1 of the following occurs:

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

(*ii*) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection ~~(11)~~ **(12)** until the participant meets 1 of the following:

(*i*) The participant is assessed as having attained basic English proficiency as ~~defined by the department~~ **DETERMINED BY A DEPARTMENT-APPROVED ASSESSMENT.**

(*ii*) The participant fails to show progress on 2 successive **DEPARTMENT-APPROVED** assessments after having completed at least 450 hours of instruction. The department shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(9) ~~(8)~~ A general educational development (G.E.D.) test preparation program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(b) The program shall administer a G.E.D. pre-test approved by the department before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall administer ~~other tests after every 90 hours of attendance to determine a participant's readiness to take the G.E.D. test~~ **A POST-TEST UPON COMPLETION OF THE PROGRAM IN COMPLIANCE WITH THE STATE-APPROVED ASSESSMENT POLICY.**

(c) A funding recipient shall receive funding according to subsection ~~(11)~~ **(12)** for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

(*i*) The participant passes the G.E.D. test.

(*ii*) The participant fails to show progress on 2 successive ~~tests~~ **DEPARTMENT-APPROVED ASSESSMENTS** used to determine readiness to take the G.E.D. test after having completed at least 450 hours

of instruction.

(10) ~~(9)~~ A high school completion program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(B) THE PROGRAM TESTS PARTICIPANTS DESCRIBED IN SUBDIVISION (A) BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN COMPLIANCE WITH THE STATE-APPROVED ASSESSMENT POLICY.

(C) ~~(b)~~ A funding recipient shall receive funding according to subsection ~~(11)~~ **(12)** for a participant in a course offered under this subsection until 1 of the following occurs:

(*i*) The participant passes the course and earns a high school diploma.

(*ii*) The participant fails to earn credit in 2 successive semesters or terms in which the participant is enrolled after having completed at least 900 hours of instruction.

(11) ~~(10)~~ A job or employment-related adult education program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults referred by their employer who are less than 20 years of age, have a high school diploma, are determined to be in need of remedial mathematics or communication arts skills and are not attending an institution of higher education.

(b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection ~~(11)~~

(12) until 1 of the following occurs:

(*i*) The individual achieves the requisite skills as determined by ~~appropriate~~ **DEPARTMENT-APPROVED** assessment instruments administered at least after every 90 hours of attendance.

(*ii*) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(12) ~~(11)~~ A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency, as defined by the department in the adult education guidebook; for obtaining a G.E.D. or passage of 1 or more individual G.E.D. tests; for attainment of a high school diploma or passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(13) ~~(12)~~ As used in this section, "participant" means the sum of the number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).

(14) ~~(13)~~ A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection ~~(7), (8), (9), or (10)~~ **(8), (9), (10), OR (11)** may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

(15) ~~(14)~~ An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section. ~~However, from the amount allocated under subsection (1), up to a maximum of $500,000.00 shall be made available as competitive grants to districts that enroll adults who do not have a high school diploma or G.E.D. and who are incarcerated in a state correctional facility in general education development (G.E.D.) test preparation courses and workshops or high school completion programs. Districts applying for grants under this subsection shall do so in a form and manner determined by the department. Districts receiving funding under this subsection shall provide G.E.D. and high school diploma programs substantially similar to those programs as described in this section and shall receive $2,850.00 per participant enrolled in the programs.~~

(16) ~~(15)~~ A district shall not commingle money received under this section or from another source for adult education purposes with any other funds of the district. A district receiving adult education funds shall establish a separate ledger account for those

funds. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(17) ~~(16)~~ A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.

(18) ~~(17)~~ In order to receive funds under this section, a district shall furnish to the department, in a form and manner determined by the department, all information needed to administer this program and meet federal reporting requirements; shall allow the department or the department's designee to review all records related to the program for which it receives funds; and shall reimburse the state for all disallowances found in the review, as determined by the department.

(19) ~~(18)~~ All intermediate district participant audits of adult education programs shall be performed pursuant to the adult education participant auditing and accounting manuals published by the department.

1 **(20)** ~~(19)~~ As used in this section, "department" means the
2 department of **ENERGY,** labor**,** and economic growth.
3 **(21) NOT LATER THAN OCTOBER 30, 2009, THE DEPARTMENT SHALL**
4 **CREATE AN ADULT LEARNING PLANNING GROUP. THE ADULT EDUCATION**
5 **ADVISORY BOARD IN THE DEPARTMENT SHALL WORK WITH THE STATE ADULT**
6 **EDUCATION DIVISION TO IDENTIFY MEMBERS FOR THE ADULT LEARNING**
7 **PLANNING GROUP. MEMBERS OF THE ADULT LEARNING PLANNING GROUP SHOULD**
8 **INCLUDE A BALANCE OF RURAL, URBAN, AND SUBURBAN COMMUNITY ADULT**
9 **EDUCATION PROGRAM DIRECTORS THROUGHOUT THE STATE AND ADVOCACY**
10 **LEADERS FOR ADULT EDUCATION, ENGLISH AS A SECOND LANGUAGE, AND**
11 **ADULT LITERACY.**
12 **(22) NOT LATER THAN DECEMBER 30, 2009, THE ADULT LEARNING**
13 **PLANNING GROUP SHALL DO ALL OF THE FOLLOWING:**
14 **(A) EVALUATE THE PROVISIONS OF THIS SECTION AND MAKE**
15 **RECOMMENDATIONS FOR UPDATING THIS SECTION TO ADDRESS THE INCREASED**
16 **DEMAND FOR ADULT EDUCATION, PARTICULARLY IN UNDERSERVED AREAS OF**
17 **THIS STATE, AND THE NEED TO ALIGN ADULT EDUCATION WITH ENTRY-LEVEL**
18 **REQUIREMENTS FOR POSTSECONDARY EDUCATION, TRAINING, AND EMPLOYMENT.**
19 **(B) DEVELOP PROGRAM ENTRY AND EXIT REQUIREMENTS TO FACILITATE**
20 **PARTICIPANT TRANSITION FROM AN ADULT EDUCATION PROGRAM TO**
21 **EMPLOYMENT OR A POSTSECONDARY EDUCATION PROGRAM.**
22 **(C) SUBMIT ITS RECOMMENDATIONS CONCERNING THE MATTERS**
23 **CONSIDERED UNDER SUBDIVISIONS (A) AND (B) TO THE DEPARTMENT, THE**
24 **SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS**
25 **ACT, AND THE SENATE AND HOUSE FISCAL AGENCIES.**
26 **(23) NOT LATER THAN FEBRUARY 1, 2010, THE ADULT LEARNING**
27 **PLANNING GROUP SHALL DO ALL OF THE FOLLOWING:**

1 (A) ASSESS AND RECOMMEND A COMPREHENSIVE STATEWIDE DELIVERY
2 SYSTEM THAT ENSURES THAT ALL AREAS OF THIS STATE ARE ADEQUATELY
3 SERVED. THE ADULT LEARNING PLANNING GROUP SHALL GIVE CONSIDERATION
4 TO USING INTERMEDIATE DISTRICTS OR COUNTYWIDE AGENCIES AS FISCAL
5 AGENTS TO LESSEN THE ADMINISTRATIVE BURDEN ON SMALLER PROGRAMS AND
6 SERVICE AREAS AND TO FOSTER PARTNERSHIPS FOR CREATING SEAMLESS
7 TRANSITIONS BETWEEN EDUCATIONAL LEVELS OF ATTAINMENT, CAREER
8 PREPARATION, AND EMPLOYMENT IN NEWLY DESIGNATED SERVICE AREAS. THE
9 ADULT LEARNING PLANNING GROUP SHALL OBTAIN LOCAL COMMUNITY INPUT
10 FROM ADULT EDUCATION AND TRAINING STAKEHOLDERS, INCLUDING ADULT
11 EDUCATORS AND ADULT LEARNERS, AND SHALL COMBINE THAT INPUT WITH
12 CURRENT ENROLLMENT, EMPLOYMENT, AND OTHER RELEVANT DATA IN
13 DEVELOPING RECOMMENDATIONS, INCLUDING RECOMMENDATIONS CONCERNING
14 FISCAL AGENTS AND SERVICE DELIVERY LOCATIONS.
15 (B) EVALUATE THE GRANT RECIPIENTS IN THE NO WORKER LEFT BEHIND
16 PROGRAM CREATED UNDER 2008 PA 251 TO IDENTIFY LESSONS LEARNED AND
17 PROMISING PRACTICES FOR CONSIDERATION IN RECOMMENDATIONS.
18 (C) EXAMINE AND EVALUATE THE IMPLEMENTATION OF ACCESSIBLE
19 SERVICES USING FLEXIBLE YEAR-ROUND SCHEDULING AND DISTANCE
20 LEARNING.
21 (D) EVALUATE ISSUES RELATED TO STAFFING OF ADULT EDUCATION
22 PROGRAMS.
23 (E) EVALUATE MODES OF EDUCATION DELIVERY FOR ADULT LEARNERS
24 AND IDENTIFY CURRENT RESEARCH-BASED BEST INSTRUCTIONAL PRACTICES.
25 (F) EVALUATE CURRENT ASSESSMENT TOOLS AND THE NEED FOR ONGOING
26 PROGRAM EVALUATION USING ESTABLISHED PERFORMANCE MEASURES.
27 (G) SUBMIT ITS RECOMMENDATIONS CONCERNING THE MATTERS

CONSIDERED UNDER SUBDIVISIONS (A) TO (F) TO THE DEPARTMENT, THE SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS ACT, AND THE SENATE AND HOUSE FISCAL AGENCIES.

Sec. 147. The allocation for ~~2008-2009~~ **2009-2010** for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate is estimated at ~~16.54%~~ **16.94%** for the ~~2008-2009~~ **2009-2010** state fiscal year. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~29~~ **28** years for ~~2008-2009~~ **2009-2010**. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

Sec. 164c. A district or intermediate district shall not use funds appropriated under this act to purchase foreign goods or services, or both, if American goods or services, or both, are available and are competitively priced and of comparable quality. Preference ~~should~~ **SHALL** be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality. In addition, preference ~~shall~~ **SHOULD** be given to goods or services, or both, that are manufactured or provided by Michigan businesses owned and

operated by veterans, if they are competitively priced and of comparable quality.

Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at $10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at $10,718,801,700.00.

Enacting section 2. Sections 11n, 37, 38, 54a, 54c, 99a, 99e, 99j, 99k, 99n, and 104a of the state school aid act of 1979, 1979 PA 94, MCL 388.1611n, 388.1637, 388.1638, 388.1654a, 388.1654c, 388.1699a, 388.1699e, 388.1699j, 388.1699k, 388.1699n, and 388.1704a, are repealed effective October 1, 2009.

Enacting section 3. This amendatory act takes effect October 1, 2009.