

SENATE SUBSTITUTE FOR

HOUSE BILL NO. 4447

(As amended, June 24, 2009)

<<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, 20,  
20d, 20j, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 31a, 31d, 31f,  
32b, 32d, 32j, 39a, 51a, 51c, 51d, 53a, 54, 61a, 64, 74, 81, 94a, 98, 99,  
99i, 101, 104, 104b, 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, 388.1620, 388.1620d, 388.1620j, 388.1622a,  
388.1622b, 388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c,  
388.1626a, 388.1626b, 388.1631a, 388.1631d, 388.1631f, 388.1632b,  
388.1632d, 388.1632j, 388.1639a, 388.1651a, 388.1651c, 388.1651d,  
388.1653a, 388.1654, 388.1661a, 388.1664, 388.1674, 388.1681, 388.1694a,  
388.1698, 388.1699, 388.1699i, 388.1701, 388.1704, 388.1704b, 388.1707,  
388.1747, and 388.1764c), sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15,

House Bill No. 4447 as amended June 24, 2009  
 18, 20d, 22a, 22b, 22d, 24, 24a, 24c, 26a, 26b, 31a, 31d, 31f, 32d, 32j,  
 39a, 51a, 51c, 51d, 53a, 54, 61a, 64, 74, 81, 94a, 98, 99, 99i, 104,  
 104b, 107, 147, and 164c as amended and section 22e as added by 2008 PA  
 268, sections 20, 20j, and 32b as amended by 2008 PA 561, and section 101  
 as amended by 2006 PA 342; and to repeal acts and parts of acts.>>

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

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

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

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

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

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

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

1 29, ~~99j~~—99k, 51a(15), 105, and 105c, district also includes a  
2 university school.

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

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

18 Sec. 6. (1) "Center program" means a program operated by a  
19 district or intermediate district for special education pupils from  
20 several districts in programs for pupils with autism spectrum  
21 disorder, pupils with severe cognitive impairment, pupils with  
22 moderate cognitive impairment, pupils with severe multiple  
23 impairments, pupils with hearing impairment, pupils with visual  
24 impairment, and pupils with physical impairment or other health  
25 impairment. Programs for pupils with emotional impairment housed in  
26 buildings that do not serve regular education pupils also qualify.  
27 Unless otherwise approved by the department, a center program

1 either shall serve all constituent districts within an intermediate  
2 district or shall serve several districts with less than 50% of the  
3 pupils residing in the operating district. In addition, special  
4 education center program pupils placed part-time in noncenter  
5 programs to comply with the least restrictive environment  
6 provisions of section 612 of part B of the individuals with  
7 disabilities education act, 20 USC 1412, may be considered center  
8 program pupils for pupil accounting purposes for the time scheduled  
9 in either a center program or a noncenter program.

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

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

19 (4) "Membership", except as otherwise provided in this act,  
20 means for a district, public school academy, university school, or  
21 intermediate district the sum of the product of .75 times the  
22 number of full-time equated pupils in grades K to 12 actually  
23 enrolled and in regular daily attendance on the pupil membership  
24 count day for the current school year, plus the product of .25  
25 times the final audited count from the supplemental count day for  
26 the immediately preceding school year. All pupil counts used in  
27 this subsection are as determined by the department and calculated

1 by adding the number of pupils registered for attendance plus  
2 pupils received by transfer and minus pupils lost as defined by  
3 rules promulgated by the superintendent, and as corrected by a  
4 subsequent department audit. The amount of the foundation allowance  
5 for a pupil in membership is determined under section 20. In making  
6 the calculation of membership, all of the following, as applicable,  
7 apply to determining the membership of a district, public school  
8 academy, university school, or intermediate district:

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

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

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

27 (d) A pupil placed by a court or state agency in an on-grounds

1 program of a juvenile detention facility, a child caring  
2 institution, or a mental health institution, or a pupil funded  
3 under section 53a, shall be counted in membership in the district  
4 or intermediate district approved by the department to operate the  
5 program.

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

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

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

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

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

23 (i) If operations begin before the pupil membership count day  
24 for the fiscal year, membership is the average number of full-time  
25 equated pupils in grades K to 12 actually enrolled and in regular  
26 daily attendance on the pupil membership count day for the current  
27 school year and on the supplemental count day for the current

1 school year, as determined by the department and calculated by  
2 adding the number of pupils registered for attendance on the pupil  
3 membership count day plus pupils received by transfer and minus  
4 pupils lost as defined by rules promulgated by the superintendent,  
5 and as corrected by a subsequent department audit, plus the final  
6 audited count from the supplemental count day for the current  
7 school year, and dividing that sum by 2.

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

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

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

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

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

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



1 cooperative education program, the following apply:

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

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

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

27 (p) The department shall give a uniform interpretation of

1 full-time and part-time memberships.

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

10 (r) Except as otherwise provided in this subdivision, full-  
11 time equated memberships for pupils in kindergarten shall be  
12 determined by dividing the number of class hours scheduled and  
13 provided per year per kindergarten pupil by a number equal to 1/2  
14 the number used for determining full-time equated memberships for  
15 pupils in grades 1 to 12. ~~Beginning in 2009-2010, full-time equated~~  
16 ~~memberships for pupils enrolled in developmental kindergarten,~~  
17 ~~prekindergarten, or a similar class intended to be the first of 2~~  
18 ~~school years before a pupil enters grade 1 shall be determined by~~  
19 ~~dividing the number of class hours scheduled and provided per year~~  
20 ~~per kindergarten pupil by the number used for determining full-time~~  
21 ~~equated memberships for pupils in grades 1 to 12. For 2010-2011,~~  
22 ~~full-time equated memberships for pupils enrolled in kindergarten~~  
23 ~~shall be determined by dividing the number of class hours scheduled~~  
24 ~~and provided per year per kindergarten pupil by a number equal to~~  
25 ~~60% of the number used for determining full-time equated~~  
26 ~~memberships for pupils in grades 1 to 12. Beginning in 2011-2012,~~  
27 ~~full-time equated memberships for pupils enrolled in kindergarten~~

1 ~~shall be determined by dividing the number of class hours scheduled~~  
2 ~~and provided per year per kindergarten pupil by a number equal to~~  
3 ~~70% of the number used for determining full-time equated~~  
4 ~~memberships for pupils in grades 1 to 12.~~

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

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

23 (u) If, as a result of a disciplinary action, a district  
24 determines through the district's alternative or disciplinary  
25 education program that the best instructional placement for a pupil  
26 is in the pupil's home or otherwise apart from the general school  
27 population, if that placement is authorized in writing by the

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

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

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

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

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

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

27 (w) If a pupil was enrolled in a public school academy on the

1 pupil membership count day, if the public school academy's contract  
2 with its authorizing body is revoked or the public school academy  
3 otherwise ceases to operate, and if the pupil enrolls in a district  
4 within 45 days after the pupil membership count day, the department  
5 shall adjust the district's pupil count for the pupil membership  
6 count day to include the pupil in the count.

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

17 ~~—— (y) If a district's membership for a particular fiscal year,~~  
18 ~~as otherwise calculated under this subsection, would be less than~~  
19 ~~1,550 pupils and the district has 4.5 or fewer pupils per square~~  
20 ~~mile, as determined by the department, and, beginning in 2007-2008,~~  
21 ~~if the district does not receive funding under section 22d(2), the~~  
22 ~~district's membership shall be considered to be the membership~~  
23 ~~figure calculated under this subdivision. If a district educates~~  
24 ~~and counts in its membership pupils in grades 9 to 12 who reside in~~  
25 ~~a contiguous district that does not operate grades 9 to 12 and if 1~~  
26 ~~or both of the affected districts request the department to use the~~  
27 ~~determination allowed under this sentence, the department shall~~

1 ~~include the square mileage of both districts in determining the~~  
2 ~~number of pupils per square mile for each of the districts for the~~  
3 ~~purposes of this subdivision. The membership figure calculated~~  
4 ~~under this subdivision is the greater of the following:~~

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

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

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

21 **(Z)** ~~(aa)~~—Full-time equated memberships for preprimary-aged  
22 special education pupils who are not enrolled in kindergarten but  
23 are enrolled in a classroom program under R 340.1754 of the  
24 Michigan administrative code shall be determined by dividing the  
25 number of class hours scheduled and provided per year by 450. Full-  
26 time equated memberships for preprimary-aged special education  
27 pupils who are not enrolled in kindergarten but are receiving

1 nonclassroom services under R 340.1755 of the Michigan  
2 administrative code shall be determined by dividing the number of  
3 hours of service scheduled and provided per year per pupil by 180.

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

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

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

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

25 (6) "Pupil" means a person in membership in a public school. A  
26 district must have the approval of the pupil's district of  
27 residence to count the pupil in membership, except approval by the

1 pupil's district of residence is not required for any of the  
2 following:

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 district means:

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

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

10 (i) Fourth Wednesday in July.

11 (ii) Fourth Wednesday after Labor day.

12 (iii) Second Wednesday in February.

13 (iv) Fourth Wednesday in April.

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

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

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

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

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

27 (12) "School fiscal year" means a fiscal year that commences

1 July 1 and continues through June 30.

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

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

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

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

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

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

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

1 instruction.

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

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

8 Sec. 11. (1) ~~For the fiscal year ending September 30, 2008,~~  
9 ~~there is appropriated for the public schools of this state and~~  
10 ~~certain other state purposes relating to education the sum of~~  
11 ~~\$11,386,866,600.00 from the state school aid fund established by~~  
12 ~~section 11 of article IX of the state constitution of 1963 and the~~  
13 ~~sum of \$34,909,600.00 from the general fund. For the fiscal year~~  
14 ~~ending September 30, 2009, there is appropriated for the public~~  
15 ~~schools of this state and certain other state purposes relating to~~  
16 ~~education the sum of \$11,776,098,200.00~~ **\$11,019,798,200.00** from the  
17 state school aid fund established by section 11 of article IX of  
18 the state constitution of 1963 and the sum of ~~\$40,800,000.00~~  
19 **\$78,000,000.00** from the general fund. **FOR THE FISCAL YEAR ENDING**  
20 **SEPTEMBER 30, 2009, THERE IS ALSO APPROPRIATED THE SUM OF**  
21 **\$600,000,000.00 FROM THE FEDERAL FUNDING AWARDED TO THIS STATE**  
22 **UNDER TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF**  
23 **2009, PUBLIC LAW 111-5, TO BE USED SOLELY FOR THE PURPOSE OF**  
24 **FUNDING THE PRIMARY FUNDING FORMULA CALCULATED UNDER SECTION 20, IN**  
25 **ACCORDANCE WITH FEDERAL LAW. FOR THE FISCAL YEAR ENDING SEPTEMBER**  
26 **30, 2010, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS**  
27 **STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE**

House Bill No. 4447 as amended June 24, 2009

1 SUM OF <<\$10,516,254,900.00>> FROM THE STATE SCHOOL AID FUND  
2 ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION  
3 OF 1963, THE SUM OF <<\$31,800,100.00>> FROM THE GENERAL FUND, AND THE  
4 SUM OF \$634,100,000.00 FROM THE FEDERAL FUNDING AWARDED TO THIS  
5 STATE UNDER TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT  
6 OF 2009, PUBLIC LAW 111-5. In addition, OTHER available federal  
7 funds are appropriated for the fiscal year ending September 30,  
8 ~~2008~~—2009 and for the fiscal year ending September 30, ~~2009~~—2010.

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

20 (3) If the maximum amount appropriated under this section from  
21 the state school aid fund and the school aid stabilization fund for  
22 a fiscal year exceeds the amount available for expenditure from the  
23 state school aid fund for that fiscal year, payments under sections  
24 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,  
25 and 56 shall be made in full. In addition, for districts beginning  
26 operations after 1994-95 that qualify for payments under section  
27 22b, payments under section 22b shall be made so that the

1 qualifying districts receive the lesser of an amount equal to the  
2 1994-95 foundation allowance of the district in which the district  
3 beginning operations after 1994-95 is located or \$5,500.00. The  
4 amount of the payment to be made under section 22b for these  
5 qualifying districts shall be as calculated under section 22a, with  
6 the balance of the payment under section 22b being subject to the  
7 proration otherwise provided under this subsection and subsection  
8 (4). If proration is necessary, state payments under each of the  
9 other sections of this act from all state funding sources shall be  
10 prorated in the manner prescribed in subsection (4) as necessary to  
11 reflect the amount available for expenditure from the state school  
12 aid fund for the affected fiscal year. However, if the department  
13 of treasury determines that proration will be required under this  
14 subsection, or if the department of treasury determines that  
15 further proration is required under this subsection after an  
16 initial proration has already been made for a fiscal year, the  
17 department of treasury shall notify the state budget director, and  
18 the state budget director shall notify the legislature at least 30  
19 calendar days or 6 legislative session days, whichever is more,  
20 before the department reduces any payments under this act because  
21 of the proration. During the 30 calendar day or 6 legislative  
22 session day period after that notification by the state budget  
23 director, the department shall not reduce any payments under this  
24 act because of proration under this subsection. The legislature may  
25 prevent proration from occurring by, within the 30 calendar day or  
26 6 legislative session day period after that notification by the  
27 state budget director, enacting legislation appropriating



1 additional funds from the general fund, countercyclical budget and  
2 economic stabilization fund, state school aid fund balance, or  
3 another source to fund the amount of the projected shortfall.

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

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

11 (i) Districts.

12 (ii) Intermediate districts.

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

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

23 (c) The department shall recover a percentage of the proration  
24 amount required under subsection (3) that is equal to the  
25 percentage calculated under subdivision (a) (ii) for intermediate  
26 districts by reducing payments to intermediate districts. This  
27 reduction shall be made by reducing the payments to each

1 intermediate district, other than payments under sections 11f, 11g,  
2 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
3 basis.

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

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

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

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

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

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

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

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

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

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

14           (6) If the maximum amount appropriated under section 11 from  
15 the state school aid fund for a fiscal year exceeds the amount  
16 available for expenditure from the state school aid fund for that  
17 fiscal year, there is appropriated from the school aid  
18 stabilization fund to the state school aid fund an amount equal to  
19 the projected shortfall as determined by the department of  
20 treasury, but not to exceed available money in the school aid  
21 stabilization fund. If the money in the school aid stabilization  
22 fund is insufficient to fully fund an amount equal to the projected  
23 shortfall, the state budget director shall notify the legislature  
24 as required under section 11(3) and state payments in an amount  
25 equal to the remainder of the projected shortfall shall be prorated  
26 in the manner provided under section 11(4).

27           (7) For 2008-2009 **AND FOR 2009-2010**, there is appropriated

1 from the school aid stabilization fund to the state school aid fund  
2 the amount necessary to fully fund the allocations under this act.

3       Sec. 11g. (1) From the appropriation in section 11, there is  
4 allocated for this section an amount not to exceed \$42,000,000.00  
5 for the fiscal year ending September 30, ~~2009~~2010 and for each  
6 succeeding fiscal year through the fiscal year ending September 30,  
7 2015, after which these payments will cease. These allocations are  
8 for paying the amounts described in subsection (3) to districts and  
9 intermediate districts, other than those receiving a lump-sum  
10 payment under section 11f(2), that were not plaintiffs in the  
11 consolidated cases known as Durant v State of Michigan, Michigan  
12 supreme court docket no. 104458-104492 and that, on or before March  
13 2, 1998, submitted to the state treasurer a waiver resolution  
14 described in section 11f. The amounts paid under this section  
15 represent offers of settlement and compromise of any claim or  
16 claims that were or could have been asserted by these districts and  
17 intermediate districts, as described in this section.

18       (2) This section does not create any obligation or liability  
19 of this state to any district or intermediate district that does  
20 not submit a waiver resolution described in section 11f. This  
21 section and any other provision of this act are not intended to  
22 admit liability or waive any defense that is or would be available  
23 to this state or its agencies, employees, or agents in any  
24 litigation or future litigation with a district or intermediate  
25 district regarding these claims or potential claims.

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

1 following:

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

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

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

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

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

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

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

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

14 Sec. 11j. From the appropriation in section 11, there is  
15 allocated an amount not to exceed ~~\$3,900,000.00 for 2007-2008 and~~  
16 ~~an amount not to exceed \$39,000,000.00~~ **\$40,000,000.00 EACH FISCAL**  
17 **YEAR** for 2008-2009 **AND FOR 2009-2010** for payments to the school  
18 loan bond redemption fund in the department of treasury on behalf  
19 of districts and intermediate districts. Notwithstanding section 11  
20 or any other provision of this act, funds allocated under this  
21 section are not subject to proration and shall be paid in full.

22 Sec. 11k. For ~~2008-2009-2009-2010~~, there is appropriated from  
23 the general fund to the school loan revolving fund an amount equal  
24 to the amount of school bond loans assigned to the Michigan  
25 municipal bond authority, not to exceed the total amount of school  
26 bond loans held in reserve as long-term assets. As used in this  
27 section, "school loan revolving fund" means that fund created in

1 section 16c of the shared credit rating act, 1985 PA 227, MCL  
2 141.1066c.

3 Sec. 11m. From the appropriations in section 11, there is  
4 allocated for ~~2008-2009-2009-2010~~ an amount not to exceed  
5 \$45,000,000.00 for fiscal year cash-flow borrowing costs solely  
6 related to the state school aid fund established by section 11 of  
7 article IX of the state constitution of 1963.

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

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

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

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

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

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

27 Sec. 18. (1) Except as provided in another section of this



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

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

25 (3) For the purpose of determining the reasonableness of  
26 expenditures and whether a violation of this act has occurred, the  
27 department shall require that each district and intermediate

1 district have an audit of the district's or intermediate district's  
2 financial and pupil accounting records conducted at least annually  
3 at the expense of the district or intermediate district, as  
4 applicable, by a certified public accountant or by the intermediate  
5 district superintendent, as may be required by the department, or  
6 in the case of a district of the first class by a certified public  
7 accountant, the intermediate superintendent, or the auditor general  
8 of the city. An intermediate district's annual financial audit  
9 shall be accompanied by the intermediate district's pupil  
10 accounting procedures report. A district's or intermediate  
11 district's annual financial audit shall include an analysis of the  
12 financial and pupil accounting data used as the basis for  
13 distribution of state school aid. The pupil accounting records and  
14 reports, audits, and management letters are subject to requirements  
15 established in the auditing and accounting manuals approved and  
16 published by the department. Except as otherwise provided in this  
17 subsection, a district shall file the annual financial audit  
18 reports with the intermediate district not later than 120 days  
19 after the end of each school fiscal year and the intermediate  
20 district shall forward the annual financial audit reports for its  
21 constituent districts and for the intermediate district, and the  
22 pupil accounting procedures report for the pupil membership count  
23 day and supplemental count day, to the department not later than  
24 November 15 of each year. The annual financial audit reports and  
25 pupil accounting procedures reports shall be available to the  
26 public in compliance with the freedom of information act, 1976 PA  
27 442, MCL 15.231 to 15.246. Not later than December 31 of each year,

1 the department shall notify the state budget director and the  
2 legislative appropriations subcommittees responsible for review of  
3 the school aid budget of districts and intermediate districts that  
4 have not filed an annual financial audit and pupil accounting  
5 procedures report required under this section for the school year  
6 ending in the immediately preceding fiscal year.

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

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

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

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

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

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

27 (9) If a district or intermediate district does not comply

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

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

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

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

19       (a) ~~For 2007-2008, for a district that had a foundation~~  
20 ~~allowance for 2006-2007, including any adjustment under subdivision~~  
21 ~~(f), that was at least equal to \$7,108.00 but less than \$8,385.00,~~  
22 ~~the district shall receive a foundation allowance in an amount~~  
23 ~~equal to the sum of the district's foundation allowance for 2006-~~  
24 ~~2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00)~~  
25 ~~times (the difference between the district's foundation allowance~~  
26 ~~for 2006-2007, including any adjustment under subdivision (f), and~~  
27 ~~\$7,108.00) divided by \$1,325.00]. Beginning in **FOR** 2008-2009, for a~~

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

1 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE  
2 LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS, BUT LESS THAN THE  
3 BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE  
4 FISCAL YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE IN  
5 AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE  
6 IMMEDIATELY PRECEDING STATE FISCAL YEAR. However, the foundation  
7 allowance for a district that had less than the basic foundation  
8 allowance for the immediately preceding state fiscal year shall not  
9 exceed the basic foundation allowance for the current state fiscal  
10 year.

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

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

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

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

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

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

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



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

1 foundation allowance shall be calculated as if that reduction did  
2 not occur. **FOR THE PURPOSES OF STATE LAW, FEDERAL FUNDING AWARDED**  
3 **TO THIS STATE UNDER TITLE XIV OF THE AMERICAN RECOVERY AND**  
4 **REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, THAT IS APPROPRIATED**  
5 **UNDER SECTION 11 AND ALLOCATED UNDER SECTION 22B, IS CONSIDERED TO**  
6 **BE PART OF THE STATE PORTION OF A DISTRICT'S FOUNDATION ALLOWANCE**  
7 **AND IS CONSIDERED TO BE PART OF THE TOTAL STATE SCHOOL AID PAID TO**  
8 **A PUBLIC SCHOOL ACADEMY.**

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

1 pupil allocation under section 20j(2).

2         ~~(6) For 2007-2008, subject to subsection (7) and section~~  
3 ~~22b(3) and except as otherwise provided in this subsection, for~~  
4 ~~pupils in membership, other than special education pupils, in a~~  
5 ~~public school academy or a university school, the allocation~~  
6 ~~calculated under this section is an amount per membership pupil~~  
7 ~~other than special education pupils in the public school academy or~~  
8 ~~university school equal to the sum of the local school operating~~  
9 ~~revenue per membership pupil other than special education pupils~~  
10 ~~for the district in which the public school academy or university~~  
11 ~~school is located and the state portion of that district's~~  
12 ~~foundation allowance, or \$7,475.00, whichever is less. Beginning in~~  
13 ~~2008-2009, subject to subsection (7) and section 22b(3) and except~~  
14 ~~as otherwise provided in this subsection, for pupils in membership,~~  
15 ~~other than special education pupils, in a public school academy or~~  
16 ~~a university school, the allocation calculated under this section~~  
17 ~~is an amount per membership pupil other than special education~~  
18 ~~pupils in the public school academy or university school equal to~~  
19 ~~the sum of the local school operating revenue per membership pupil~~  
20 ~~other than special education pupils for the district in which the~~  
21 ~~public school academy or university school is located and the state~~  
22 ~~portion of that district's foundation allowance, or the state~~  
23 ~~maximum public school academy allocation, whichever is less.~~  
24 ~~Notwithstanding section 101, for a public school academy that~~  
25 ~~begins operations after the pupil membership count day, the amount~~  
26 ~~per membership pupil calculated under this subsection shall be~~  
27 ~~adjusted by multiplying that amount per membership pupil by the~~

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

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

1 equal to that local school operating revenue per membership pupil  
2 for each resident pupil in membership other than special education  
3 pupils in the public school academy, as determined by the  
4 department.

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

19 (9) For a district that had combined state and local revenue  
20 per membership pupil in the 1993-94 state fiscal year of more than  
21 \$6,500.00 and that had fewer than 350 pupils in membership, if the  
22 district elects not to reduce the number of mills from which a  
23 principal residence, qualified agricultural property, qualified  
24 forest property, industrial personal property, and commercial  
25 personal property are exempt and not to levy school operating taxes  
26 on a principal residence, qualified agricultural property,  
27 qualified forest property, industrial personal property, and

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

20 (10) Subject to subsection (4), for a district that is formed  
21 or reconfigured after June 1, 2002 by consolidation of 2 or more  
22 districts or by annexation, the resulting district's foundation  
23 allowance under this section beginning after the effective date of  
24 the consolidation or annexation shall be the average of the  
25 foundation allowances of each of the original or affected  
26 districts, calculated as provided in this section, weighted as to  
27 the percentage of pupils in total membership in the resulting

1 district who reside in the geographic area of each of the original  
2 or affected districts. The calculation under this subsection shall  
3 take into account a district's per pupil allocation under section  
4 20j(2).

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

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

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

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

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

19           (c) The index shall be calculated by multiplying the pupil  
20 membership factor by the revenue adjustment factor. However, for  
21 2008-2009 **AND FOR 2009-2010**, the index shall be 1.00. If a  
22 consensus index is not determined at the revenue estimating  
23 conference, the principals of the revenue estimating conference  
24 shall report their estimates to the house and senate subcommittees  
25 responsible for school aid appropriations not later than 7 days  
26 after the conclusion of the revenue conference.

27           (14) If the principals at the revenue estimating conference



1 reach a consensus on the index described in subsection (13)(c), the  
2 lowest foundation allowance among all districts for the subsequent  
3 state fiscal year shall be at least the amount of that consensus  
4 index multiplied by the lowest foundation allowance among all  
5 districts for the immediately preceding state fiscal year.

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

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

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

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

1 to this subsection.

2 (18) For a district in which an industrial facilities  
3 exemption certificate that abated taxes on property with a state  
4 equalized valuation greater than the total state equalized  
5 valuation of the district at the time the certificate was issued or  
6 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
7 198, MCL 207.551 to 207.572, before the calculation of the  
8 district's 1994-95 foundation allowance, the district's foundation  
9 allowance for 2002-2003 is an amount equal to the sum of the  
10 district's foundation allowance for 2002-2003, as otherwise  
11 calculated under this section, plus \$250.00.

12 (19) For a district that received a grant under former section  
13 32e for 2001-2002, the district's foundation allowance for 2002-  
14 2003 and each succeeding fiscal year shall be adjusted to be an  
15 amount equal to the sum of the district's foundation allowance, as  
16 otherwise calculated under this section, plus the quotient of 100%  
17 of the amount of the grant award to the district for 2001-2002  
18 under former section 32e divided by the number of pupils in the  
19 district's membership for 2001-2002 who were residents of and  
20 enrolled in the district. Except as otherwise provided in this  
21 subsection, a district qualifying for a foundation allowance  
22 adjustment under this subsection shall use the funds resulting from  
23 this adjustment for at least 1 of grades K to 3 for purposes  
24 allowable under former section 32e as in effect for 2001-2002, and  
25 may also use these funds for an early intervening program described  
26 in subsection (20). For an individual school or schools operated by  
27 a district qualifying for a foundation allowance under this

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

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

24 (a) Shall monitor individual pupil learning for pupils in  
25 grades K to 3 and provide specific support or learning strategies  
26 to pupils in grades K to 3 as early as possible in order to reduce  
27 the need for special education placement. The program shall include

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

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

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

1 an adjustment under this subsection shall not receive more than  
2 \$800,000.00 for a fiscal year as a result of this adjustment.

3 (22) For a district that levied 2.23 mills in 1993 to finance  
4 an operating deficit, the district's foundation allowance shall be  
5 calculated as if those mills were included as operating mills in  
6 the calculation of the district's 1994-1995 foundation allowance. A  
7 district is not entitled to any retroactive payments for fiscal  
8 years before 2006-2007 due to this subsection. A district receiving  
9 an adjustment under this subsection shall not receive more than  
10 \$500,000.00 for a fiscal year as a result of this adjustment.

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

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

20 (25) As used in this section:

21 (a) "Certified mills" means the lesser of 18 mills or the  
22 number of mills of school operating taxes levied by the district in  
23 1993-94.

24 (b) "Combined state and local revenue" means the aggregate of  
25 the district's state school aid received by or paid on behalf of  
26 the district under this section and the district's local school  
27 operating revenue.

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

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

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

8 (f) "Local school operating revenue" means school operating  
9 taxes levied under section 1211 of the revised school code, MCL  
10 380.1211.

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

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

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

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

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

16 (k) "Principal residence", "qualified agricultural property",  
17 "qualified forest property", "industrial personal property", and  
18 "commercial personal property" mean those terms as defined in  
19 section 7dd of the general property tax act, 1893 PA 206, MCL  
20 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

21 (l) "School operating purposes" means the purposes included in  
22 the operation costs of the district as prescribed in sections 7 and  
23 18.

24 (m) "School operating taxes" means local ad valorem property  
25 taxes levied under section 1211 of the revised school code, MCL  
26 380.1211, and retained for school operating purposes.

27 (n) "Tax increment financing acts" means 1975 PA 197, MCL



1 125.1651 to 125.1681, the tax increment finance authority act, 1980  
2 PA 450, MCL 125.1801 to 125.1830, the local development financing  
3 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
4 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
5 or the corridor improvement authority act, 2005 PA 280, MCL  
6 125.2871 to 125.2899.

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

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

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

1 the 1994-95 state fiscal year and the department of treasury shall  
2 make a final certification of the number of mills that may be  
3 levied by the district under section 1211 of the revised school  
4 code, MCL 380.1211, as a result of the adjustment under this  
5 subdivision.

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

23 Sec. 20j. (1) Foundation allowance supplemental payments for  
24 ~~2008-2009~~**2009-2010** to districts that in the 1994-95 state fiscal  
25 year had a foundation allowance greater than \$6,500.00 shall be  
26 calculated under this section.

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

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1 section shall be the difference between the basic foundation  
2 allowance for the 1998-99 state fiscal year and \$7,204.00 less  
3 \$271.00 minus the dollar amount of the adjustment from the 1998-99  
4 state fiscal year to 2007-2008 in the district's foundation  
5 allowance<<, AND, FOR 2009-2010, PLUS \$0.01>>.

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

24 (4) Payments to districts shall not be made under this  
25 section. Rather, the calculations under this section shall be made  
26 and used to determine the amount of state payments under section  
27 22b.

1           Sec. 22a. (1) From the appropriation in section 11, there is  
2 allocated ~~an amount not to exceed \$5,951,000,000.00 for 2007-2008~~  
3 ~~and an amount not to exceed \$6,092,000,000.00~~ **\$6,008,000,000.00** for  
4 2008-2009 **AND AN AMOUNT NOT TO EXCEED \$5,873,000,000.00 FOR 2009-**  
5 **2010** for payments to districts, qualifying university schools, and  
6 qualifying public school academies to guarantee each district,  
7 qualifying university school, and qualifying public school academy  
8 an amount equal to its 1994-95 total state and local per pupil  
9 revenue for school operating purposes under section 11 of article  
10 IX of the state constitution of 1963. Pursuant to section 11 of  
11 article IX of the state constitution of 1963, this guarantee does  
12 not apply to a district in a year in which the district levies a  
13 millage rate for school district operating purposes less than it  
14 levied in 1994. However, subsection (2) applies to calculating the  
15 payments under this section. Funds allocated under this section  
16 that are not expended in the state fiscal year for which they were  
17 allocated, as determined by the department, may be used to  
18 supplement the allocations under sections 22b and 51c in order to  
19 fully fund those calculated allocations for the same fiscal year.

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

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

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

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

1 captured under tax increment financing acts divided by the  
2 district's membership.

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

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

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

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

5 (6) As used in this section:

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

10 (b) "Certified mills" means the lesser of 18 mills or the  
11 number of mills of school operating taxes levied by the district in  
12 1993-94.

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

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

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

1 380.1211, as certified by the department of treasury for the 1994  
2 tax year.

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

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

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

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

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

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

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

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



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

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

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

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

19 Sec. 22b. (1) From the appropriation in section 11, there is  
20 allocated ~~an amount not to exceed \$3,683,275,000.00 for 2007-2008~~  
21 ~~and an amount not to exceed \$3,796,750,000.00~~ **\$3,198,000,000.00** for  
22 2008-2009 **AND AN AMOUNT NOT TO EXCEED \$2,963,900,000.00 FOR 2009-**  
23 **2010** for discretionary nonmandated payments to districts under this  
24 section. Funds allocated under this section that are not expended  
25 in the state fiscal year for which they were allocated, as  
26 determined by the department, may be used to supplement the  
27 allocations under sections 22a and 51c in order to fully fund those

1 calculated allocations for the same fiscal year.

2 (2) IN ADDITION TO THE FUNDS ALLOCATED IN SUBSECTION (1),  
3 THERE IS ALLOCATED FOR 2008-2009 AN AMOUNT ESTIMATED AT  
4 \$600,000,000.00 FROM THE FEDERAL FUNDS AWARDED TO THIS STATE UNDER  
5 TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009,  
6 PUBLIC LAW 111-5. THESE FUNDS SHALL BE DISTRIBUTED IN A FORM AND  
7 MANNER DETERMINED BY THE DEPARTMENT BASED ON AN EQUAL DOLLAR AMOUNT  
8 PER THE NUMBER OF MEMBERSHIP PUPILS USED TO CALCULATE THE MAY 20,  
9 2009 STATE AID PAYMENT AND SHALL BE EXPENDED IN A MANNER PRESCRIBED  
10 BY FEDERAL LAW.

11 (3) IN ADDITION TO THE FUNDS ALLOCATED IN SUBSECTION (1),  
12 THERE IS ALLOCATED FOR 2009-2010 AN AMOUNT ESTIMATED AT  
13 \$634,100,000.00 FROM THE FEDERAL FUNDS AWARDED TO THIS STATE UNDER  
14 TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009,  
15 PUBLIC LAW 111-5. THESE FUNDS SHALL BE DISTRIBUTED IN A FORM AND  
16 MANNER DETERMINED BY THE DEPARTMENT BASED ON AN EQUAL DOLLAR AMOUNT  
17 PER MEMBERSHIP PUPIL AND SHALL BE EXPENDED IN A MANNER PRESCRIBED  
18 BY FEDERAL LAW.

19 (4) ~~(2)~~—Subject to subsection ~~(3)~~—(5) and section 11, the  
20 allocation to a district under this section shall be an amount  
21 equal to the sum of the amounts calculated under sections 20, 20j,  
22 51a(2), 51a(3), and 51a(12), minus the sum of the allocations to  
23 the district under sections 22a and 51c **AND, FOR 2009-2010 ONLY,**  
24 **MINUS AN ADDITIONAL AMOUNT EQUAL TO \$110.00 TIMES THE DISTRICT'S**  
25 **2009-2010 MEMBERSHIP.**

26 (5) ~~(3)~~—In order to receive an allocation under ~~this section~~  
27 **SUBSECTION (1)**, each district shall do all of the following:

1           (a) Administer in each grade level that it operates in grades  
2 1 to 5 a standardized assessment approved by the department of  
3 grade-appropriate basic educational skills. A district may use the  
4 Michigan literacy progress profile to satisfy this requirement for  
5 grades 1 to 3. Also, if the revised school code is amended to  
6 require annual assessments at additional grade levels, in order to  
7 receive an allocation under this section each district shall comply  
8 with that requirement.

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

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

14           (d) Comply with section 1230g of the revised school code, MCL  
15 380.1230g.

16           (6) ~~(4)~~—Districts are encouraged to use funds allocated under  
17 this section for the purchase and support of payroll, human  
18 resources, and other business function software that is compatible  
19 with that of the intermediate district in which the district is  
20 located and with other districts located within that intermediate  
21 district.

22           (7) ~~(5)~~—From the allocation in subsection (1), the department  
23 shall pay up to \$1,000,000.00 in litigation costs incurred by this  
24 state associated with lawsuits filed by 1 or more districts or  
25 intermediate districts against this state. If the allocation under  
26 this section is insufficient to fully fund all payments required  
27 under this section, the payments under this subsection shall be

1 made in full before any proration of remaining payments under this  
2 section.

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

18       (9) ~~(7)~~—If the local claims review board or a court of  
19 competent jurisdiction makes a final determination that this state  
20 is in violation of section 29 of article IX of the state  
21 constitution of 1963 regarding state payments to districts, the  
22 state budget director shall use work project funds under subsection  
23 ~~(6)~~—(8) or allocate from the discretionary funds for nonmandated  
24 payments under this section the amount as may be necessary to  
25 satisfy the amount owed to districts before making any payments to  
26 districts under subsection ~~(2)~~—(4).

27       (10) ~~(8)~~—If a claim is made in court that challenges the

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

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

15 (12) ~~(10)~~—If a lawsuit challenging payments made to districts  
16 related to costs reimbursed by federal title XIX medicaid funds is  
17 filed against this state, then, for the purpose of addressing  
18 potential liability under such a lawsuit, the state budget director  
19 may place funds allocated under this section in escrow or allocate  
20 money from the funds otherwise allocated under this section, up to  
21 a maximum of 50% of the amount allocated in subsection (1). If  
22 funds are placed in escrow under this subsection, those funds are a  
23 work project appropriation and the funds are carried forward into  
24 the following fiscal year. The purpose of the work project is to  
25 provide for any payments that may be awarded to districts as a  
26 result of the litigation. The work project shall be completed upon  
27 resolution of the litigation. In addition, this state reserves the

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

<<Sec. 22d. (1) From the appropriation in section 11, an amount not to exceed ~~\$2,025,000.00~~ ~~\$200.00~~ 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~~ ~~\$100.00~~ 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~~ ~~\$100.00~~ 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).>>

6 Sec. 22e. (1) Beginning in 2008-2009, an amount will be  
 7 allocated each fiscal year from the appropriation in section 11 for  
 8 additional payments under this section to districts that meet the

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9 eligibility requirements under subsection (2). For ~~2008-2009-2009-~~  
10 **2010**, there is allocated for this purpose from the appropriation in  
11 section 11 an amount not to exceed ~~\$1,300,000.00~~ **\$1,300,100.00**.

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

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

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

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

22 (iii) The amount of operating millage it is authorized to levy  
23 after a millage reduction required under the limitation of section  
24 31 of article IX of the state constitution of 1963, if a ballot  
25 question asking for approval to levy millage in excess of the  
26 limitation has been rejected in the district.

27 (b) The district receives a reduced amount of local school

1 operating revenue under section 1211 of the revised school code,  
2 MCL 380.1211, as a result of the exemptions of industrial personal  
3 property and commercial personal property that were enacted in 2007  
4 PA 37.

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

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

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

16 (b) The product of the taxable value of the district's  
17 commercial personal property for the calendar year ending in the  
18 fiscal year multiplied by the lesser of 12 mills or the total  
19 number of mills the district levies on nonexempt property under  
20 section 1211 of the revised school code, MCL 380.1211, for that  
21 calendar year.

22 Sec. 24. (1) From the appropriation in section 11, there is  
23 allocated for ~~2008-2009-2009-2010~~ an amount not to exceed  
24 ~~\$8,000,000.00~~ **\$8,000,100.00** for payments to the educating district  
25 or intermediate district for educating pupils assigned by a court  
26 or the department of human services to reside in or to attend a  
27 juvenile detention facility or child caring institution licensed by



1 the department of human services and approved by the department to  
2 provide an on-grounds education program. The amount of the payment  
3 under this section to a district or intermediate district shall be  
4 calculated as prescribed under subsection (2).

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

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

25 (b) "Department's approved per pupil allocation" for a  
26 district or intermediate district shall be determined by dividing  
27 the total amount allocated under this section for a fiscal year by

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

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

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

**<<(5) IT IS THE INTENT OF THE LEGISLATURE THAT THE DISTRICT OR  
 INTERMEDIATE DISTRICT COUNTING A COURT-ASSIGNED PUPIL IN MEMBERSHIP AND  
 RECEIVING FUNDING FOR THAT PUPIL SHALL EDUCATE THE PUPIL, OR IF THE PUPIL  
 IS REASSIGNED BY THE COURT OR IS EDUCATED AFTER THE PUPIL MEMBERSHIP  
 COUNT DAY BY AN ENTITY OTHER THAN THE DISTRICT OR INTERMEDIATE DISTRICT  
 THAT COUNTED THE PUPIL IN MEMBERSHIP, THAT THE FUNDING FOLLOW THE PUPIL  
 TO THE NEW EDUCATING ENTITY PROPORTIONATE TO THE DAYS OF INSTRUCTION  
 PROVIDED BY THE NEW ENTITY.>>**

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

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

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

19       Sec. 26a. From the state school aid fund appropriation in  
20 section 11, there is allocated an amount not to exceed  
21 ~~\$41,400,000.00~~ **\$26,300,000.00** for 2008-2009, and from the general  
22 fund appropriation in section 11, there is allocated an amount not  
23 to exceed ~~\$16,100,000.00~~ **\$9,200,000.00** for 2008-2009 to reimburse  
24 districts, intermediate districts, and the state school aid fund  
25 pursuant to section 12 of the Michigan renaissance zone act, 1996  
26 PA 376, MCL 125.2692, for taxes levied in 2008. **FROM THE STATE**  
27 **SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN**

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

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

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

24       Sec. 31a. (1) From the state school aid fund money  
25 appropriated in section 11, there is allocated for ~~2008-2009-2009-~~  
26 ~~2010~~ an amount not to exceed ~~\$320,350,000.00~~ **\$309,732,000.00** for  
27 payments to eligible districts and eligible public school academies

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

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

25 (a) The sum of the district's or public school academy's  
26 combined state and local revenue per membership pupil in the  
27 current state fiscal year, as calculated under section 20, plus the

1 amount of the district's per pupil allocation under section 20j(2),  
2 is less than or equal to the basic foundation allowance under  
3 section 20 for the current state fiscal year.

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

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

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1 determined under the Richard B. Russell national school lunch act  
2 and as reported to the department by October 31 of the current  
3 fiscal year and adjusted not later than December 31 of the current  
4 fiscal year, an amount per pupil equal to 11.5% of the public  
5 school academy's per membership pupil amount calculated under  
6 section 20 for the current state fiscal year.

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

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1 are not limited to, tutorial services, early childhood programs to  
2 serve children age 0 to 5, and reading programs as described in  
3 former section 32f as in effect for 2001-2002. A tutorial method  
4 may be conducted with paraprofessionals working under the  
5 supervision of a certificated teacher. The ratio of pupils to  
6 paraprofessionals shall be between 10:1 and 15:1. Only 1  
7 certificated teacher is required to supervise instruction using a  
8 tutorial method. As used in this subsection, "to supplant another  
9 program" means to take the place of a previously existing  
10 instructional program or direct noninstructional services funded  
11 from a funding source other than funding under this section.

12 (5) Except as otherwise provided in subsection <<(12)>>, a  
13 district or public school academy that receives funds under this  
14 section and that operates a school breakfast program under section  
15 1272a of the revised school code, MCL 380.1272a, shall use from the  
16 funds received under this section an amount, not to exceed \$10.00  
17 per pupil for whom the district or public school academy receives  
18 funds under this section, necessary to pay for costs associated  
19 with the operation of the school breakfast program.

20 <<(6) From the funds allocated under subsection (1), there is  
21 allocated for ~~2008-2009-2009-2010~~ an amount not to exceed ~~\$4,743,000.00~~  
22 \$100.00 to support child and adolescent health centers. These grants  
23 shall be awarded for 5 consecutive years beginning with 2003-2004 in a  
24 form and manner approved jointly by the department and the department of  
25 community health. Each grant recipient shall remain in compliance  
26 with the terms of the grant award or shall forfeit the grant award  
27 for the duration of the 5-year period after the noncompliance.



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1 Beginning in 2004-2005, to continue to receive funding for a child  
2 and adolescent health center under this section a grant recipient  
3 shall ensure that the child and adolescent health center has an  
4 advisory committee and that at least one-third of the members of  
5 the advisory committee are parents or legal guardians of school-  
6 aged children. A child and adolescent health center program shall  
7 recognize the role of a child's parents or legal guardian in the  
8 physical and emotional well-being of the child. Funding under this  
9 subsection shall be used to support child and adolescent health  
10 center services provided to children up to age 21. If any funds  
11 allocated under this subsection are not used for the purposes of  
12 this subsection for the fiscal year in which they are allocated,  
13 those unused funds shall be used that fiscal year to avoid or  
14 minimize any proration that would otherwise be required under  
15 subsection (14) for that fiscal year.

16 (7)>> From the funds allocated under subsection (1), there  
17 is allocated for ~~2008-2009~~ **2009-2010** an amount not to exceed  
18 \$5,150,000.00 for the state portion of the hearing and vision  
19 screenings as described in section 9301 of the public health code,  
20 1978 PA 368, MCL 333.9301. A local public health department shall  
21 pay at least 50% of the total cost of the screenings. The frequency  
22 of the screenings shall be as required under R 325.13091 to R  
23 325.13096 and R 325.3271 to R 325.3276 of the Michigan  
24 administrative code. Funds shall be awarded in a form and manner  
25 approved jointly by the department and the department of community  
26 health. Notwithstanding section 17b, payments to eligible entities  
27 under this subsection shall be paid on a schedule determined by the

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1 department.

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

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

25       <<(10)>> Subject to subsections (5), (6), <<(7), (12)>>, and  
26 <<(13)>>, any district may use up to 100% of the funds it receives  
27 under this section to reduce the ratio of pupils to teachers in

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

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

21 <<(12)>> For an individual school or schools operated by a  
22 district or public school academy receiving funds under this  
23 section that have been determined by the department to meet the  
24 adequate yearly progress standards of the federal no child left  
25 behind act of 2001, Public Law 107-110, in both mathematics and  
26 English language arts at all applicable grade levels for all  
27 applicable subgroups, the district or public school academy may

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

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

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

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

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

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

27 <<(15)>> If a district is formed by consolidation after June

1 1, 1995, and if 1 or more of the original districts was not  
2 eligible before the consolidation for an additional allowance under  
3 this section, the amount of the additional allowance under this  
4 section for the consolidated district shall be based on the number  
5 of pupils described in subsection (1) enrolled in the consolidated  
6 district who reside in the territory of an original district that  
7 was eligible before the consolidation for an additional allowance  
8 under this section.

9 ~~—— (16) A district or public school academy that does not meet~~  
10 ~~the eligibility requirement under subsection (2) (a) is eligible for~~  
11 ~~funding under this section if at least 1/4 of the pupils in~~  
12 ~~membership in the district or public school academy met the income~~  
13 ~~eligibility criteria for free breakfast, lunch, or milk in the~~  
14 ~~immediately preceding state fiscal year, as determined and reported~~  
15 ~~as described in subsection (1), and at least 4,500 of the pupils in~~  
16 ~~membership in the district or public school academy met the income~~  
17 ~~eligibility criteria for free breakfast, lunch, or milk in the~~  
18 ~~immediately preceding state fiscal year, as determined and reported~~  
19 ~~as described in subsection (1). A district or public school academy~~  
20 ~~that is eligible for funding under this section because the~~  
21 ~~district meets the requirements of this subsection shall receive~~  
22 ~~under this section for each membership pupil in the district or~~  
23 ~~public school academy who met the income eligibility criteria for~~  
24 ~~free breakfast, lunch, or milk in the immediately preceding fiscal~~  
25 ~~year, as determined and reported as described in subsection (1), an~~  
26 ~~amount per pupil equal to 11.5% of the sum of the district's~~  
27 ~~foundation allowance or public school academy's per pupil~~

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1 ~~allocation under section 20, plus the amount of the district's per~~  
2 ~~pupil allocation under section 20j(2), not to exceed the basic~~  
3 ~~foundation allowance under section 20 for the current state fiscal~~  
4 ~~year.~~

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

23 ~~<<(16)>> (18) As used in this section, "at-risk pupil" means a~~  
24 ~~pupil for whom the district has documentation that the pupil meets~~  
25 ~~at least 2 of the following criteria: is a victim of child abuse or~~  
26 ~~neglect; is below grade level in English language and communication~~  
27 ~~skills or mathematics; is a pregnant teenager or teenage parent; is~~

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

23       Sec. 31d. (1) From the appropriations in section 11, there is  
24 allocated an amount not to exceed \$22,495,100.00 for ~~2008-2009~~  
25 **2009-2010** for the purpose of making payments to districts and other  
26 eligible entities under this section.

27       (2) The amounts allocated from state sources under this



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

9 (3) The payments made under this section include all state  
10 payments made to districts so that each district receives at least  
11 6.0127% of the necessary costs of operating the state mandated  
12 portion of the school lunch program in a fiscal year.

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

19 (5) From the federal funds appropriated in section 11, there  
20 is allocated for ~~2008-2009-2009-2010~~ all available federal funding,  
21 estimated at \$330,000,000.00, for the national school lunch program  
22 and all available federal funding, estimated at \$2,506,000.00, for  
23 the emergency food assistance program.

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

27 Sec. 31f. (1) From the appropriations in section 11, there is

1 allocated an amount not to exceed ~~\$9,625,000.00~~ **\$9,625,100.00** for  
2 ~~2008-2009-2009-2010~~ for the purpose of making payments to districts  
3 to reimburse for the cost of providing breakfast.

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

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

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

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

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

22 Sec. 32b. (1) From the funds appropriated under section 11,  
23 there is allocated an amount not to exceed ~~\$6,750,000.00~~  
24 **\$6,000,000.00** for ~~2008-2009-2009-2010~~ for competitive grants to  
25 intermediate districts for the creation and continuance of great  
26 start communities or other community purposes as identified by the  
27 early childhood investment corporation. These dollars may not be

1 expended until both of the following conditions have been met:

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

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

1 vacancy and that legislative leader shall submit to the governor a  
2 list of 3 or more individuals as nominees for appointment to fill  
3 the vacancy within 30 days after being notified by the corporation  
4 of the vacancy. The governor shall make an appointment to fill that  
5 vacancy in the same manner as the original appointment not later  
6 than 60 days after the date the vacancy occurs.

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

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

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

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

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

27 (d) Evaluation of local programs.

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

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

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

<<Sec. 32d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed ~~\$88,100,000.00 for 2008-2009~~ **\$100.00 FOR 2009-2010** for great start readiness or preschool and parenting program grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available to the district and its community, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852, part-day or full-day comprehensive compensatory programs designed to do 1 or both of the following:

(a) Improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. To the extent allowable under federal law, a district shall not use funds received under this section to supplant any federal funds received by the

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district or its community. For the purposes of this section, "supplant" means to serve children eligible for a federally funded existing preschool program that has capacity to serve those children.

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

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

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

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

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

Sec. 32j. (1) From the appropriations in section 11, there is allocated an amount not to exceed ~~\$5,000,000.00 for 2008-2009~~ **\$100.00 FOR 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.

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(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%~~ 90% of the intermediate district's 2007-2008 payment under this section.

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

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

(6) An intermediate district receiving funds under this section shall use the funds only for the program funded under this section. An intermediate district receiving funds under this section may carry over

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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.>>

20           Sec. 39a. (1) From the federal funds appropriated in section  
21 11, there is allocated for ~~2008-2009~~**2009-2010** to districts,  
22 intermediate districts, and other eligible entities all available  
23 federal funding, estimated at \$752,987,500.00, for the federal  
24 programs under the no child left behind act of 2001, Public Law  
25 107-110. These funds are allocated as follows:

26           (a) An amount estimated at \$8,033,600.00 to provide students  
27 with drug- and violence-prevention programs and to implement



1 strategies to improve school safety, funded from DED-OESE, drug-  
2 free schools and communities funds.

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

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

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

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

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

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

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

27 (i) An amount estimated at \$2,152,700.00 for the purpose of

1 providing unified family literacy programs, funded from DED-OESE,  
2 title I, even start funds.

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

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

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

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

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

26 (ii) Funds shall be used to leverage other private and public  
27 funding to engage the public and private sectors in building and

1 sustaining high-quality out-of-school-time programs and resources.  
2 The co-chairs, representing the department and the department of  
3 human services, shall name a fiduciary agent and may authorize the  
4 fiduciary to expend funds and hire people to accomplish the work of  
5 the Michigan after-school partnership.

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

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

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

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

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

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

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

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

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

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

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

26           (c) A cognitive development program that is a research-based,  
27 validated educational service program focused on assessing and

1 building essential cognitive and perceptual learning abilities to  
2 strengthen pupil concentration and learning.

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

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

12 Notwithstanding section 17b, payments of federal funds to  
13 districts, intermediate districts, and other eligible entities  
14 under this section shall be paid on a schedule determined by the  
15 department.

16 (5) As used in this section:

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

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

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

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

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

26 Sec. 51a. (1) From the appropriation in section 11, there is  
27 allocated for 2008-2009 an amount not to exceed ~~\$1,023,783,000.00~~

1 **\$1,016,933,000.00 AND FOR 2009-2010 AN AMOUNT NOT TO EXCEED**  
2 **\$1,024,401,900.00** from state sources and all available federal  
3 funding under sections 611 to 619 of part B of the individuals with  
4 disabilities education act, 20 USC 1411 to 1419, estimated at  
5 \$350,700,000.00, plus any carryover federal funds from previous  
6 year appropriations. The allocations under this subsection are for  
7 the purpose of reimbursing districts and intermediate districts for  
8 special education programs, services, and special education  
9 personnel as prescribed in article 3 of the revised school code,  
10 MCL 380.1701 to 380.1766; net tuition payments made by intermediate  
11 districts to the Michigan schools for the deaf and blind; and  
12 special education programs and services for pupils who are eligible  
13 for special education programs and services according to statute or  
14 rule. For meeting the costs of special education programs and  
15 services not reimbursed under this article, a district or  
16 intermediate district may use money in general funds or special  
17 education funds, not otherwise restricted, or contributions from  
18 districts to intermediate districts, tuition payments, gifts and  
19 contributions from individuals, or federal funds that may be  
20 available for this purpose, as determined by the intermediate  
21 district plan prepared pursuant to article 3 of the revised school  
22 code, MCL 380.1701 to 380.1766. All federal funds allocated under  
23 this section in excess of those allocated under this section for  
24 2002-2003 may be distributed in accordance with the flexible  
25 funding provisions of the individuals with disabilities education  
26 act, Public Law 108-446, including, but not limited to, 34 CFR  
27 300.206 and 300.208. Notwithstanding section 17b, payments of

1 federal funds to districts, intermediate districts, and other  
2 eligible entities under this section shall be paid on a schedule  
3 determined by the department.

4 (2) From the funds allocated under subsection (1), there is  
5 allocated **EACH FISCAL YEAR FOR 2008-2009 AND FOR 2009-2010** the  
6 amount necessary, estimated at ~~\$224,800,000.00~~ **\$228,500,000.00** for  
7 2008-2009 **AND ESTIMATED AT \$240,300,000.00 FOR 2009-2010**, for  
8 payments toward reimbursing districts and intermediate districts  
9 for 28.6138% of total approved costs of special education,  
10 excluding costs reimbursed under section 53a, and 70.4165% of total  
11 approved costs of special education transportation. Allocations  
12 under this subsection shall be made as follows:

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

1 manner as for a district, using the foundation allowance under  
2 section 20 of the pupil's district of residence, not to exceed the  
3 basic foundation allowance under section 20 for the current fiscal  
4 year, and that district's per pupil allocation under section  
5 20j(2).

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

11 (3) From the funds allocated under subsection (1), there is  
12 allocated **EACH FISCAL YEAR** for 2008-2009 **AND FOR 2009-2010** the  
13 amount necessary, estimated at ~~\$1,600,000.00~~ **\$1,700,000.00 FOR**  
14 **2008-2009 AND ESTIMATED AT \$1,300,000.00 FOR 2009-2010**, to make  
15 payments to districts and intermediate districts under this  
16 subsection. If the amount allocated to a district or intermediate  
17 district for a fiscal year under subsection (2)(b) is less than the  
18 sum of the amounts allocated to the district or intermediate  
19 district for 1996-97 under sections 52 and 58, there is allocated  
20 to the district or intermediate district for the fiscal year an  
21 amount equal to that difference, adjusted by applying the same  
22 proration factor that was used in the distribution of funds under  
23 section 52 in 1996-97 as adjusted to the district's or intermediate  
24 district's necessary costs of special education used in  
25 calculations for the fiscal year. This adjustment is to reflect  
26 reductions in special education program operations or services  
27 between 1996-97 and subsequent fiscal years. Adjustments for



1 reductions in special education program operations or services  
2 shall be made in a manner determined by the department and shall  
3 include adjustments for program or service shifts.

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

23 (5) State funds shall be allocated on a total approved cost  
24 basis. Federal funds shall be allocated under applicable federal  
25 requirements, except that an amount not to exceed \$3,500,000.00 may  
26 be allocated by the department **EACH FISCAL YEAR** for 2008-2009 **AND**  
27 **FOR 2009-2010** to districts, intermediate districts, or other

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

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

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

18 (a) "Total approved costs of special education" shall be  
19 determined in a manner specified by the department and may include  
20 indirect costs, but shall not exceed 115% of approved direct costs  
21 for section 52 and section 53a programs. The total approved costs  
22 include salary and other compensation for all approved special  
23 education personnel for the program, including payments for social  
24 security and medicare and public school employee retirement system  
25 contributions. The total approved costs do not include salaries or  
26 other compensation paid to administrative personnel who are not  
27 special education personnel as defined in section 6 of the revised

1 school code, MCL 380.6. Costs reimbursed by federal funds, other  
2 than those federal funds included in the allocation made under this  
3 article, are not included. Special education approved personnel not  
4 utilized full time in the evaluation of students or in the delivery  
5 of special education programs, ancillary, and other related  
6 services shall be reimbursed under this section only for that  
7 portion of time actually spent providing these programs and  
8 services, with the exception of special education programs and  
9 services provided to youth placed in child caring institutions or  
10 juvenile detention programs approved by the department to provide  
11 an on-grounds education program.

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

26 (c) If the department determines before bookclosing for ~~2007-~~  
27 ~~2008-2008-2009~~ that the amounts allocated for ~~2007-2008-2008-2009~~

1 under subsections (2), (3), (6), (8), and (12) and sections 53a,  
2 54, and 56 will exceed expenditures for ~~2007-2008-2008-2009~~ under  
3 subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and  
4 56, then for ~~2007-2008-2008-2009~~ only, for a district or  
5 intermediate district whose reimbursement for ~~2007-2008-2008-2009~~  
6 would otherwise be affected by subdivision (b), subdivision (b)  
7 does not apply to the calculation of the reimbursement for that  
8 district or intermediate district and reimbursement for that  
9 district or intermediate district shall be calculated in the same  
10 manner as it was for 2003-2004. If the amount of the excess  
11 allocations under subsections (2), (3), (6), (8), and (12) and  
12 sections 53a, 54, and 56 is not sufficient to fully fund the  
13 calculation of reimbursement to those districts and intermediate  
14 districts under this subdivision, then the calculations and  
15 resulting reimbursement under this subdivision shall be prorated on  
16 an equal percentage basis.

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

1 until the time a claim is paid.

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

16 (8) From the allocation in subsection (1), there is allocated  
17 **EACH FISCAL YEAR** for 2008-2009 **AND FOR 2009-2010** an amount not to  
18 exceed \$15,313,900.00 to intermediate districts. The payment under  
19 this subsection to each intermediate district shall be equal to the  
20 amount of the 1996-97 allocation to the intermediate district under  
21 subsection (6) of this section as in effect for 1996-97.

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

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

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

12           (12) From the funds allocated in subsection (1), there is  
13 allocated **FOR EACH FISCAL YEAR** the amount necessary, estimated at  
14 ~~\$7,100,000.00~~ **\$8,000,000.00** for 2008-2009 **AND ESTIMATED AT**  
15 **\$7,800,000.00 FOR 2009-2010**, to pay the foundation allowances for  
16 pupils described in this subsection. The allocation to a district  
17 under this subsection shall be calculated by multiplying the number  
18 of pupils described in this subsection who are counted in  
19 membership in the district times the sum of the foundation  
20 allowance under section 20 of the pupil's district of residence  
21 plus the amount of the district's per pupil allocation under  
22 section 20j(2), not to exceed the basic foundation allowance under  
23 section 20 for the current fiscal year, or, for a pupil described  
24 in this subsection who is counted in membership in a district that  
25 is a public school academy or university school, times an amount  
26 equal to the amount per membership pupil under section 20(6). The  
27 allocation to an intermediate district under this subsection shall

1 be calculated in the same manner as for a district, using the  
2 foundation allowance under section 20 of the pupil's district of  
3 residence, not to exceed the basic foundation allowance under  
4 section 20 for the current fiscal year, and that district's per  
5 pupil allocation under section 20j(2). This subsection applies to  
6 all of the following pupils:

7 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

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

23 Sec. 51c. As required by the court in the consolidated cases  
24 known as Durant v State of Michigan, Michigan supreme court docket  
25 no. 104458-104492, from the allocation under section 51a(1), there  
26 is allocated for ~~2008-2009~~ **EACH FISCAL YEAR** the amount necessary,  
27 estimated at ~~\$721,400,000.00~~ **\$709,150,000.00 FOR 2008-2009 AND**



1 **ESTIMATED AT \$742,300,000.00 FOR 2009-2010**, for payments to  
2 reimburse districts for 28.6138% of total approved costs of special  
3 education excluding costs reimbursed under section 53a, and  
4 70.4165% of total approved costs of special education  
5 transportation. Funds allocated under this section that are not  
6 expended in the state fiscal year for which they were allocated, as  
7 determined by the department, may be used to supplement the  
8 allocations under sections 22a and 22b in order to fully fund those  
9 calculated allocations for the same fiscal year.

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

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

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

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

27 (c) An amount estimated at \$45,000,000.00 for special

1 education programs funded by DED-OSERS, handicapped program,  
2 individuals with disabilities act funds.

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

6 Sec. 53a. (1) For districts, reimbursement for pupils  
7 described in subsection (2) shall be 100% of the total approved  
8 costs of operating special education programs and services approved  
9 by the department and included in the intermediate district plan  
10 adopted pursuant to article 3 of the revised school code, MCL  
11 380.1701 to 380.1766, minus the district's foundation allowance  
12 calculated under section 20, and minus the amount calculated for  
13 the district under section 20j. For intermediate districts,  
14 reimbursement for pupils described in subsection (2) shall be  
15 calculated in the same manner as for a district, using the  
16 foundation allowance under section 20 of the pupil's district of  
17 residence, not to exceed the basic foundation allowance under  
18 section 20 for the current fiscal year, and under section 20j.

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

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

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

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

4 (d) Pupils enrolled in a department-approved on-grounds  
5 educational program longer than 180 days, but not longer than 233  
6 days, at a residential child care institution, if the child care  
7 institution offered in 1991-92 an on-grounds educational program  
8 longer than 180 days but not longer than 233 days.

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

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

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

19 (5) Not more than ~~\$12,800,000.00~~ **\$13,500,000.00** of the  
20 allocation **EACH FISCAL YEAR** for 2008-2009 **AND FOR 2009-2010** in  
21 section 51a(1) shall be allocated under this section.

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

1           Sec. 61a. (1) From the appropriation in section 11, there is  
2 allocated an amount not to exceed ~~\$30,000,000.00 for 2008-2009~~  
3 **\$27,000,000.00 FOR 2009-2010** to reimburse on an added cost basis  
4 districts, except for a district that served as the fiscal agent  
5 for a vocational education consortium in the 1993-94 school year,  
6 and secondary area vocational-technical education centers for  
7 secondary-level vocational-technical education programs, including  
8 parenthood education programs, according to rules approved by the  
9 superintendent. Applications for participation in the programs  
10 shall be submitted in the form prescribed by the department. The  
11 department shall determine the added cost for each vocational-  
12 technical program area. The allocation of added cost funds shall be  
13 based on the type of vocational-technical programs provided, the  
14 number of pupils enrolled, and the length of the training period  
15 provided, and shall not exceed 75% of the added cost of any  
16 program. With the approval of the department, the board of a  
17 district maintaining a secondary vocational-technical education  
18 program may offer the program for the period from the close of the  
19 school year until September 1. The program shall use existing  
20 facilities and shall be operated as prescribed by rules promulgated  
21 by the superintendent.

22           (2) Except for a district that served as the fiscal agent for  
23 a vocational education consortium in the 1993-94 school year,  
24 districts and intermediate districts shall be reimbursed for local  
25 vocational administration, shared time vocational administration,  
26 and career education planning district vocational-technical  
27 administration. The definition of what constitutes administration

1 and reimbursement shall be pursuant to guidelines adopted by the  
 2 superintendent. Not more than \$800,000.00 of the allocation in  
 3 subsection (1) shall be distributed under this subsection.

4 (3) From the allocation in subsection (1), there is allocated  
 5 an amount not to exceed \$388,700.00 for ~~2008-2009~~ 2009-2010 to  
 6 intermediate districts with constituent districts that had combined  
 7 state and local revenue per membership pupil in the 1994-95 state  
 8 fiscal year of \$6,500.00 or more, served as a fiscal agent for a  
 9 state board designated area vocational education center in the  
 10 1993-94 school year, and had an adjustment made to their 1994-95  
 11 combined state and local revenue per membership pupil pursuant to  
 12 section 20d. The payment under this subsection to the intermediate  
 13 district shall equal the amount of the allocation to the  
 14 intermediate district for 1996-97 under this subsection.

<<Sec. 64. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$2,000,000.00 for 2008-2009~~ \$100.00 FOR 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 to create and implement a middle college focused on the field of health sciences.

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

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

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

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

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

(e) Instruction in mathematics, science, and language arts that is integrated, where appropriate, into the health sciences courses.

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

(4) 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.>>

## House Bill No. 4447 as amended June 24, 2009

15           Sec. 74. (1) From the amount appropriated in section 11, there  
16 is allocated an amount not to exceed ~~\$3,028,500.00 for 2008-2009~~  
17 **\$1,625,000.00 FOR 2009-2010** for the purposes of this section.

18           (2) From the allocation in subsection (1), there is allocated  
19 for ~~2008-2009-2009-2010~~ the amount necessary for payments to state  
20 supported colleges or universities and intermediate districts  
21 providing school bus driver safety instruction pursuant to section  
22 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The  
23 payments shall be in an amount determined by the department not to  
24 exceed 75% of the actual cost of instruction and driver  
25 compensation for each public or nonpublic school bus driver  
26 attending a course of instruction. For the purpose of computing  
27 compensation, the hourly rate allowed each school bus driver shall

1 not exceed the hourly rate received for driving a school bus.  
2 Reimbursement compensating the driver during the course of  
3 instruction shall be made by the department to the college or  
4 university or intermediate district providing the course of  
5 instruction.

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

13 ~~—— (4) From the funds allocated in subsection (1), there is~~  
14 ~~allocated an amount not to exceed \$1,403,500.00 for 2008-2009 for~~  
15 ~~reimbursement to districts and intermediate districts for costs~~  
16 ~~associated with the inspection of school buses and pupil~~  
17 ~~transportation vehicles by the department of state police as~~  
18 ~~required under section 715a of the Michigan vehicle code, 1949 PA~~  
19 ~~300, MCL 257.715a, and section 39 of the pupil transportation act,~~  
20 ~~1990 PA 187, MCL 257.1839. The department of state police shall~~  
21 ~~prepare a statement of costs attributable to each district for~~  
22 ~~which bus inspections are provided and submit it to the department~~  
23 ~~and to each affected district in a time and manner determined~~  
24 ~~jointly by the department and the department of state police. The~~  
25 ~~department shall reimburse each district and intermediate district~~  
26 ~~for costs detailed on the statement within 30 days after receipt of~~  
27 ~~the statement. Districts for which services are provided shall make~~

1 ~~payment in the amount specified on the statement to the department~~  
2 ~~of state police within 45 days after receipt of the statement. The~~  
3 ~~total reimbursement of costs under this subsection shall not exceed~~  
4 ~~the amount allocated under this subsection. Notwithstanding section~~  
5 ~~17b, payments to eligible entities under this subsection shall be~~  
6 ~~paid on a schedule prescribed by the department.~~

7       Sec. 81. (1) Except as otherwise provided in this section,  
8 from the appropriation in section 11, there is allocated for ~~2008-~~  
9 ~~2009-2009-2010~~ to the intermediate districts the sum necessary, but  
10 not to exceed ~~\$81,721,100.00~~ **\$77,635,000.00**, to provide state aid  
11 to intermediate districts under this section. Except as otherwise  
12 provided in this section, there shall be allocated to each  
13 intermediate district for ~~2008-2009-2009-2010~~ an amount equal to  
14 ~~101.0%~~ **95%** of the amount appropriated under this subsection for  
15 ~~2007-2008-2008-2009~~. Funding provided under this section shall be  
16 used to comply with requirements of this act and the revised school  
17 code that are applicable to intermediate districts, and for which  
18 funding is not provided elsewhere in this act, and to provide  
19 technical assistance to districts as authorized by the intermediate  
20 school board.

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

26       (3) From the allocation in subsection (1), there is allocated  
27 to an intermediate district, formed by the consolidation or



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

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

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

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

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

1 rates.

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

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

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

9 (f) Comply with section 761 of the revised school code, MCL  
10 380.761.

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

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

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

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

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

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

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

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

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

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

14 (2) Each state department, officer, or agency that collects  
15 information from districts or intermediate districts as required  
16 under state or federal law shall make arrangements with the center,  
17 and with the districts or intermediate districts, to have the  
18 center collect the information and to provide it to the department,  
19 officer, or agency as necessary. To the extent that it does not  
20 cause financial hardship, the center shall arrange to collect the  
21 information in a manner that allows electronic submission of the  
22 information to the center. Each affected state department, officer,  
23 or agency shall provide the center with any details necessary for  
24 the center to collect information as provided under this  
25 subsection. This subsection does not apply to information collected  
26 by the department of treasury under the uniform budgeting and  
27 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised

1 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the  
2 school bond qualification, approval, and loan act, 2005 PA 92, MCL  
3 388.1921 to 388.1939; or section 1351a of the revised school code,  
4 MCL 380.1351a.

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

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

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

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

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

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

14 (f) Three representatives from intermediate school districts.

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

17 (i) Michigan association of school boards.

18 (ii) Michigan association of school administrators.

19 (iii) Michigan school business officials.

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

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

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

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

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

6 (c) Recommending timelines for the implementation and ongoing  
7 collection of data.

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

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

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

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

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

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

23 (6) From the general fund appropriation in section 11, there  
24 is allocated an amount not to exceed ~~\$4,935,400.00~~ **\$3,435,400.00**  
25 for 2008-2009 **AND AN AMOUNT NOT TO EXCEED \$3,486,100.00 FOR 2009-**  
26 **2010** to the department of management and budget to support the  
27 operations of the center and the development and implementation of

1 a comprehensive longitudinal data collection management and  
2 reporting system that includes student-level data. The center shall  
3 cooperate with the state education agency to ensure that this state  
4 is in compliance with federal law and is maximizing opportunities  
5 for increased federal funding to improve education in this state.  
6 In addition, from the federal funds appropriated in section 11 for  
7 2008-2009 **AND FOR 2009-2010**, there is allocated the amount  
8 necessary, estimated at \$2,793,200.00 **FOR EACH FISCAL YEAR**, in  
9 order to fulfill federal reporting requirements.

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

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

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

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

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

6 (11) As used in this section:

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

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

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

14 Sec. 98. (1) From the ~~state school aid fund money~~ **FEDERAL**  
15 **FUNDS** appropriated in section 11, there is allocated ~~an amount not~~  
16 ~~to exceed \$500,000.00 for 2008-2009 and from the general fund money~~  
17 ~~appropriated in section 11, there is allocated an amount not to~~  
18 ~~exceed \$1,750,000.00 for 2008-2009~~ **FOR 2009-2010 AN AMOUNT**  
19 **ESTIMATED AT \$2,700,000.00** to provide a grant to the Michigan  
20 virtual university for the development, implementation, and  
21 operation of the Michigan virtual high school; to provide  
22 professional development opportunities for educators; and to fund  
23 other purposes described in this section. ~~In addition, from the~~  
24 ~~federal funds appropriated in section 11, there is allocated for~~  
25 ~~2008-2009 an amount estimated at \$2,700,000.00.~~

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

1 (a) Significantly expand curricular offerings for high schools  
2 across this state through agreements with districts or licenses  
3 from other recognized providers. ~~The Michigan virtual high school~~  
4 ~~shall explore options for providing rigorous civics curricula~~  
5 ~~online.~~

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

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

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

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

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

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

23 (a) Information technology courses.

24 (b) College level equivalent courses, as defined in section  
25 1471 of the revised school code, MCL 380.1471.

26 (c) Courses and dual enrollment opportunities.

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



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

3 (f) Special interest courses.

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

7 (H) **COURSES, RESOURCES, AND INTERACTIVE LEARNING MATERIALS IN**  
8 **THE FIELDS OF SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS FOR**  
9 **MIDDLE AND HIGH SCHOOL STUDENTS AS PART OF A COMPREHENSIVE SCIENCE,**  
10 **TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) ACADEMY, DEVELOPED**  
11 **IN CONJUNCTION WITH THE MATHEMATICS AND SCIENCE CENTERS NETWORK AND**  
12 **THE DEPARTMENT.**

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

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

1 accessible, such as strategies that involve delivery through the  
2 use of technology, peer networks, and distance learning.

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

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

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

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

16 (F) IN CONJUNCTION WITH THE MATHEMATICS AND SCIENCE CENTERS  
17 NETWORK AND THE DEPARTMENT, IMPLEMENT AN ALGEBRA 4 ALL INITIATIVE  
18 TO OFFER ONLINE AND FACE-TO-FACE PROFESSIONAL DEVELOPMENT  
19 OPPORTUNITIES FOR MATHEMATICS TEACHERS IN GRADES 8 TO 12 THAT  
20 PROMOTE BEST PRACTICES FOR TEACHING ALGEBRA TO ALL STUDENTS. IT IS  
21 INTENDED THAT THE ALGEBRA 4 ALL INITIATIVE BE THE FIRST PHASE OF  
22 ESTABLISHING A SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS  
23 (STEM) ACADEMY THAT PROVIDES ONLINE PROFESSIONAL DEVELOPMENT  
24 OPPORTUNITIES FOR ALL TEACHERS IN THE FIELDS OF SCIENCE,  
25 TECHNOLOGY, ENGINEERING, AND MATHEMATICS.

26 (5) The Michigan virtual university shall offer at least 200  
27 hours of online professional development for classroom teachers

1 under this section each fiscal year beginning in 2006-2007 without  
2 charge to the teachers or to districts or intermediate districts. A  
3 ~~district or intermediate district may require a full-time teacher~~  
4 ~~to participate in at least 5 hours of online professional~~  
5 ~~development provided by the Michigan virtual university under~~  
6 ~~subsection (4). Five hours of this professional development shall~~  
7 ~~be considered to be part of the 38 hours allowed to be counted as~~  
8 ~~hours of pupil instruction under section 101(10).~~ **THESE FREE HOURS**  
9 **SHALL INCLUDE ALGEBRA 4 ALL AND SUBSEQUENT SCIENCE, TECHNOLOGY,**  
10 **ENGINEERING, AND MATHEMATICS (STEM) ACADEMY PROFESSIONAL**  
11 **DEVELOPMENT OPPORTUNITIES.**

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

1 this funding:

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

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

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

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

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

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

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

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

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

21 (i) Strengthen its capacity by pursuing activities, policies,  
22 and practices that increase the overall number of Michigan virtual  
23 high school course enrollments and course completions by at-risk  
24 students.

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

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

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

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

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

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

1 ~~planning, college selection, financial aid, and dual enrollment~~  
2 ~~opportunities.~~

3 (7) ~~(8)~~—If a home-schooled or nonpublic school student is a  
4 resident of a district that subscribes to services provided by the  
5 Michigan virtual high school, the student may use the services  
6 provided by the Michigan virtual high school to the district  
7 without charge to the student beyond what is charged to a district  
8 pupil using the same services.

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

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

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

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

22 (d) The overall course completion rate percentage.

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

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

27 ~~(g) The total number of active users of "my dream explorer"~~

1 ~~funded under subsection (7).~~

2 (9) ~~(10)~~ As used in this section:

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

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

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

9 Sec. 99. (1) ~~From the state school aid fund money appropriated~~  
10 ~~in section 11, there is allocated an amount not to exceed~~  
11 ~~\$3,390,000.00 for 2008-2009 and from the general fund appropriation~~  
12 ~~in section 11, there is allocated an amount not to exceed~~  
13 ~~\$110,000.00 for 2008-2009 for implementing the comprehensive master~~  
14 ~~plan for mathematics and science centers developed by the~~  
15 ~~department and approved by the state board, and for other purposes~~  
16 ~~as described in this section. In addition, from FROM the federal~~  
17 ~~funds appropriated in section 11, there is allocated for 2008-2009~~  
18 ~~2009-2010 an amount estimated at \$5,249,300.00 from DED-OESE, title~~  
19 ~~II, mathematics and science partnership grants TO SUPPORT THE~~  
20 ~~ACTIVITIES AND PROGRAMS OF MATHEMATICS AND SCIENCE CENTERS AND FOR~~  
21 ~~OTHER PURPOSES AS DESCRIBED IN THIS SECTION.~~

22 (2) Within a service area designated locally, approved by the  
23 department, and consistent with the **COMPREHENSIVE** master plan  
24 ~~described in subsection (1)~~ **FOR MATHEMATICS AND SCIENCE CENTERS**  
25 **DEVELOPED BY THE DEPARTMENT AND APPROVED BY THE STATE BOARD**, an  
26 established mathematics and science center shall ~~address~~ **PROVIDE** 2  
27 or more of the following 6 basic services, as described in the

1 master plan, to constituent districts and communities: leadership,  
2 pupil services, curriculum support, community involvement,  
3 professional development, and resource clearinghouse services.

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

10 (3) ~~(4)~~ As part of the technical assistance process, the  
11 department shall provide minimum standard guidelines that may be  
12 used by the mathematics and science center for providing fair  
13 access for qualified pupils and professional staff as prescribed in  
14 this section.

15 ~~—— (5) Allocations under this section to support the activities~~  
16 ~~and programs of mathematics and science centers shall be continuing~~  
17 ~~support grants to all 33 established mathematics and science~~  
18 ~~centers. Each established mathematics and science center that was~~  
19 ~~funded in 2007-2008 shall receive state funding in an amount equal~~  
20 ~~to 100% of the amount it was allocated under this subsection for~~  
21 ~~2007-2008. If a center declines state funding or a center closes,~~  
22 ~~the remaining money available under this section shall be~~  
23 ~~distributed to the remaining centers, as determined by the~~  
24 ~~department.~~

25 ~~—— (6) From the funds allocated in subsection (1), there is~~  
26 ~~allocated for 2008-2009 an amount not to exceed \$1,000,000.00 in a~~  
27 ~~form and manner determined by the department to those centers able~~



1 to provide curriculum and professional development support to  
2 assist districts in implementing the Michigan merit curriculum  
3 components for mathematics and science. Funding under this  
4 subsection is in addition to funding allocated under subsection  
5 ~~(5)~~.

6 (4) IN CONJUNCTION WITH THE MICHIGAN VIRTUAL UNIVERSITY AND  
7 THE DEPARTMENT, THE MATHEMATICS AND SCIENCE CENTERS NETWORK SHALL  
8 IMPLEMENT AN ALGEBRA 4 ALL INITIATIVE TO OFFER ONLINE AND FACE-TO-  
9 FACE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR MATHEMATICS  
10 TEACHERS IN GRADES 8 TO 12 THAT PROMOTE BEST PRACTICES FOR TEACHING  
11 ALGEBRA TO ALL STUDENTS. IT IS INTENDED THAT THE ALGEBRA 4 ALL  
12 INITIATIVE BE THE FIRST PHASE OF ESTABLISHING A SCIENCE,  
13 TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) ACADEMY THAT  
14 PROVIDES ONLINE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR ALL  
15 TEACHERS IN THE FIELDS OF SCIENCE, TECHNOLOGY, ENGINEERING, AND  
16 MATHEMATICS. THE DEPARTMENT SHALL IDENTIFY ADDITIONAL FUNDING TO  
17 ASSIST THE MATHEMATICS AND SCIENCE CENTERS NETWORK IN FULFILLING  
18 ITS RESPONSIBILITIES UNDER THIS SUBSECTION.

19 (5) ~~(7)~~—In order to receive ~~state~~ FEDERAL funds under this  
20 section, a grant recipient shall allow access for the department or  
21 the department's designee to audit all records related to the  
22 program for which it receives such funds. The grant recipient shall  
23 reimburse the state for all disallowances found in the audit.

24 (6) ~~(8)~~—Not later than September 30, 2013, the department  
25 shall reevaluate and update the comprehensive master plan described  
26 in subsection (1).

27 (7) ~~(9)~~—The department shall give preference in awarding the

1 federal grants allocated in subsection (1) to eligible existing  
2 mathematics and science centers.

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

7 (8) ~~(11)~~ As used in this section:

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

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

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

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

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

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

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

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

24 Sec. 101. (1) To be eligible to receive state aid under this  
25 act, not later than the fifth Wednesday after the pupil membership  
26 count day and not later than the fifth Wednesday after the  
27 supplemental count day, each district superintendent ~~through the~~

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

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

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

27 (3) All of the following apply to the provision of pupil

1 instruction:

2 (a) Except as otherwise provided in this section, each  
3 district shall provide at least 1,098 hours **AND, BEGINNING IN 2010-**  
4 **2011, THE REQUIRED MINIMUM NUMBER OF DAYS** of pupil instruction. **FOR**  
5 **2010-2011 AND FOR 2011-2012, THE REQUIRED MINIMUM NUMBER OF DAYS OF**  
6 **PUPIL INSTRUCTION IS 165. BEGINNING IN 2012-2013, THE REQUIRED**  
7 **MINIMUM NUMBER OF DAYS OF PUPIL INSTRUCTION IS 170. HOWEVER,**  
8 **BEGINNING IN 2009-2010, A DISTRICT SHALL NOT PROVIDE FEWER DAYS OF**  
9 **PUPIL INSTRUCTION THAN THE DISTRICT PROVIDED FOR 2008-2009.** Except  
10 as otherwise provided in this act, a district failing to comply  
11 with the required minimum hours **AND DAYS** of pupil instruction under  
12 this subsection shall forfeit from its total state aid allocation  
13 an amount determined by applying a ratio of the number of hours **OR**  
14 **DAYS** the district was in noncompliance in relation to the required  
15 minimum number of hours **AND DAYS** under this subsection. Not later  
16 than August 1, the board of each district shall certify to the  
17 department the number of hours **AND, BEGINNING IN 2009-2010, DAYS** of  
18 pupil instruction in the previous school year. If the district did  
19 not provide at least the required minimum number of hours **AND DAYS**  
20 of pupil instruction under this subsection, the deduction of state  
21 aid shall be made in the following fiscal year from the first  
22 payment of state school aid. A district is not subject to  
23 forfeiture of funds under this subsection for a fiscal year in  
24 which a forfeiture was already imposed under subsection (6). Hours  
25 **OR DAYS** lost because of strikes or teachers' conferences shall not  
26 be counted as ~~days or hours~~ **OR DAYS** of pupil instruction.

27 (b) Except as otherwise provided in subdivision (c), a

1 district not having at least 75% of the district's membership in  
2 attendance on any day of pupil instruction shall receive state aid  
3 in that proportion of 1/180 that the actual percent of attendance  
4 bears to the specified percentage.

5 (c) Beginning in 2005-2006, at the request of a district that  
6 operates a department-approved alternative education program and  
7 that does not provide instruction for pupils in all of grades K to  
8 12, the superintendent shall grant a waiver for a period of 3  
9 school years from the requirements of subdivision (b) in order to  
10 conduct a pilot study. The waiver shall indicate that an eligible  
11 district is subject to the proration provisions of subdivision (b)  
12 only if the district does not have at least 50% of the district's  
13 membership in attendance on any day of pupil instruction. ~~Not later~~  
14 ~~than 2008-2009, the department shall report on the impact of this~~  
15 ~~waiver on the academic achievement of pupils in these districts to~~  
16 ~~the state budget director and the senate and house appropriations~~  
17 ~~subcommittees on state school aid.~~ In order to be eligible for this  
18 waiver, a district must maintain records to substantiate its  
19 compliance with the following requirements during the pilot study:

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

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

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

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

3 (4) Except as otherwise provided in this subsection, the first  
4 30 hours **OR 6 DAYS** for which pupil instruction is not provided  
5 because of conditions not within the control of school authorities,  
6 such as severe storms, fires, epidemics, utility power  
7 unavailability, water or sewer failure, or health conditions as  
8 defined by the city, county, or state health authorities, shall be  
9 counted as hours **AND DAYS** of pupil instruction. ~~Beginning in 2003-~~  
10 ~~2004, with~~ **WITH** the approval of the superintendent of public  
11 instruction, the department shall count as hours **AND DAYS** of pupil  
12 instruction for a fiscal year not more than 30 additional hours **OR**  
13 **6 ADDITIONAL DAYS** for which pupil instruction is not provided in a  
14 district after April 1 of the applicable school year due to unusual  
15 and extenuating occurrences resulting from conditions not within  
16 the control of school authorities such as those conditions  
17 described in this subsection. Subsequent such hours **OR DAYS** shall  
18 not be counted as hours **OR DAYS** of pupil instruction.

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

25 (6) Not later than April 15 of each fiscal year, the board of  
26 each district shall certify to the department the planned number of  
27 hours **AND DAYS** of pupil instruction in the district for the school

1 year ending in the fiscal year. In addition to any other penalty or  
2 forfeiture under this section, if at any time the department  
3 determines that 1 or more of the following has occurred in a  
4 district, the district shall forfeit in the current fiscal year  
5 beginning in the next payment to be calculated by the department a  
6 proportion of the funds due to the district under this act that is  
7 equal to the proportion below the required minimum number of hours  
8 **AND DAYS** of pupil instruction under subsection (3), as specified in  
9 the following:

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

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

18 (7) In providing the minimum number of hours **AND DAYS** of pupil  
19 instruction required under subsection (3), a district shall use the  
20 following guidelines, and a district shall maintain records to  
21 substantiate its compliance with the following guidelines:

22 (a) Except as otherwise provided in this subsection, a pupil  
23 must be scheduled for at least the required minimum number of hours  
24 of instruction, excluding study halls, or at least the sum of 90  
25 hours plus the required minimum number of hours of instruction,  
26 including up to 2 study halls.

27 (b) The time a pupil is assigned to any tutorial activity in a



1 block schedule may be considered instructional time, unless that  
2 time is determined in an audit to be a study hall period.

3 (c) Except as otherwise provided in this subdivision, a pupil  
4 in grades 9 to 12 for whom a reduced schedule is determined to be  
5 in the individual pupil's best educational interest must be  
6 scheduled for a number of hours equal to at least 80% of the  
7 required minimum number of hours of pupil instruction to be  
8 considered a full-time equivalent pupil. A pupil in grades 9 to 12  
9 who is scheduled in a 4-block schedule may receive a reduced  
10 schedule under this subsection if the pupil is scheduled for a  
11 number of hours equal to at least 75% of the required minimum  
12 number of hours of pupil instruction to be considered a full-time  
13 equivalent pupil.

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

27 (e) In grades 7 through 12, instructional time that is part of

1 a junior reserve officer training corps (JROTC) program shall be  
2 considered to be pupil instruction time regardless of whether the  
3 instructor is a certificated teacher if all of the following are  
4 met:

5 (i) The instructor has met all of the requirements established  
6 by the United States department of defense and the applicable  
7 branch of the armed services for serving as an instructor in the  
8 junior reserve officer training corps program.

9 (ii) The board of the district or intermediate district  
10 employing or assigning the instructor complies with the  
11 requirements of sections 1230 and 1230a of the revised school code,  
12 MCL 380.1230 and 380.1230a, with respect to the instructor to the  
13 same extent as if employing the instructor as a regular classroom  
14 teacher.

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

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

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1 a comparison of the number of hours **AND DAYS** of pupil instruction  
2 actually provided to the minimum number of hours **AND DAYS** of pupil  
3 instruction required under subsection (3). **<<THE DEPARTMENT SHALL APPROVE  
AS A DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM AN ONLINE  
EDUCATION PROGRAM THAT MEETS THE REQUIREMENTS UNDER SUBSECTION (11), AND  
SHALL GRANT A WAIVER UNDER THIS SUBSECTION FOR THE PROGRAM NOT LATER THAN  
15 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
SENTENCE OR 15 DAYS AFTER THE WAIVER APPLICATION IS RECEIVED FOR THE  
PROGRAM, WHICHEVER IS LATER.>>**

4 (10) ~~A~~ **IF AT LEAST 5 OF THE HOURS OF PROFESSIONAL DEVELOPMENT**  
5 **ARE PROVIDED ONLINE BY THE MICHIGAN VIRTUAL UNIVERSITY UNDER**  
6 **SECTION 98 OR BY ANOTHER DEPARTMENT-APPROVED INTERMEDIATE DISTRICT**  
7 **PROVIDER OF ONLINE PROFESSIONAL DEVELOPMENT, A** district may count  
8 up to 38 hours of qualifying professional development for teachers  
9 ~~, including the 5 hours of online professional development provided~~  
10 ~~by the Michigan virtual university under section 98,~~ as hours of  
11 pupil instruction. However, if a collective bargaining agreement  
12 that provides more than 38 but not more than 51 hours of  
13 professional development for teachers is in effect for employees of  
14 a district as of ~~the effective date of the 2006 amendatory act that~~  
15 ~~amended this subsection~~ **OCTOBER 1, 2006**, then until the fiscal year  
16 that begins after the expiration of that collective bargaining  
17 agreement a district may count up to 51 hours of qualifying  
18 professional development for teachers, including the 5 hours of  
19 online professional development, ~~provided by the Michigan virtual~~  
20 ~~university under section 98,~~ as hours of pupil instruction. A  
21 district that elects to use this exception shall notify the  
22 department of its election. As used in this subsection, "qualifying  
23 professional development" means professional development that is  
24 focused on 1 or more of the following:

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

27 (b) Achieving accreditation or improving a school's

1 accreditation status under section 1280 of the revised school code,  
2 MCL 380.1280.

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

5 (d) Maintaining teacher certification.

<<(11) FOR THE PURPOSES OF SUBSECTION (9), THE DEPARTMENT SHALL APPROVE AS A DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM AN ONLINE EDUCATION PROGRAM THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

(A) THE PROGRAM IS A FULL-TIME ONLINE LEARNING OPPORTUNITY SPONSORED BY A CONSORTIUM OR PARTNERSHIP THAT IS ESTABLISHED BY AN ORGANIZATION DEDICATED TO ONLINE LEARNING AND AT LEAST 1 INTERMEDIATE DISTRICT, AND USES STRATEGIES THAT USE MULTIPLE EDUCATION DELIVERY SYSTEMS INCLUDING INTERNET-BASED ONLINE APPROACHES.

(B) THE PROGRAM'S GOALS INCLUDE INCREASING THE NUMBER OF ONLINE ENROLLMENTS AND COMPLETIONS BY AT-RISK PUPILS.

(C) THE PROGRAM ENSURES ALL OF THE FOLLOWING:

(i) THAT A TEACHER WHO HOLDS APPROPRIATE CERTIFICATION ACCORDING TO STATE BOARD RULE, WHO IS EMPLOYED BY A DISTRICT PARTICIPATING IN THE CONSORTIUM OR PARTNERSHIP, AND WHO IS A MEMBER OF A COLLECTIVE BARGAINING UNIT OF A DISTRICT PARTICIPATING IN THE CONSORTIUM OR PARTNERSHIP WILL BE RESPONSIBLE FOR IMPROVING LEARNING BY PLANNED INSTRUCTION, DIAGNOSING LEARNING NEEDS, ASSESSING LEARNING, AND REPORTING OUTCOMES TO ADMINISTRATORS AND PARENTS OR LEGAL GUARDIANS FOR EACH COURSE IN WHICH A PUPIL IS ENROLLED. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT OR ANY RULE TO THE CONTRARY, IF THESE REQUIREMENTS ARE MET, ANY OTHER ADULT ASSISTING WITH THE OVERSIGHT OF A PUPIL DURING THE PUPIL'S PARTICIPATION IN THE ONLINE EDUCATION PROGRAM IS NOT REQUIRED TO BE A CERTIFICATED TEACHER OR AN EMPLOYEE OF A PARTICIPATING DISTRICT.

(ii) THAT THE ONLINE EDUCATION PROGRAM WILL MAKE EDUCATIONAL SERVICES AVAILABLE TO PUPILS FOR A MINIMUM OF 1,098 HOURS DURING A SCHOOL YEAR AND WILL ENSURE THAT EACH PUPIL PARTICIPATES IN THE EDUCATIONAL PROGRAM FOR AT LEAST 1,098 HOURS DURING A SCHOOL YEAR.>>

6 Sec. 104. (1) IN ORDER TO RECEIVE STATE AID UNDER THIS ACT, A  
7 DISTRICT SHALL COMPLY WITH SECTIONS 1278A, 1278B, 1279, 1279G, AND  
8 1280B OF THE REVISED SCHOOL CODE, MCL 380.1278A, 380.1278B,  
9 380.1279, 380.1279G, AND 380.1280B, AND 1970 PA 38, MCL 388.1081 TO  
10 388.1086. From the state school aid fund money appropriated in  
11 section 11, there is allocated for ~~2008-2009-2009-2010~~ an amount  
12 not to exceed ~~\$28,872,800.00~~ \$25,530,700.00 for payments on behalf  
13 of districts for costs associated with complying with ~~sections 104a~~  
14 ~~and 104b, sections 1278a, 1278b, 1279, 1279g, and 1280b of the~~

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15 ~~revised school code, MCL 380.1278a, 380.1278b, 380.1279, 380.1279g,~~  
16 ~~and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086~~ **THOSE**  
17 **PROVISIONS OF LAW.** In addition, from the federal funds appropriated  
18 in section 11, there is allocated for ~~2008-2009~~ **2009-2010** an amount  
19 estimated at ~~\$8,512,900.00~~ **\$8,313,700.00**, funded from DED-OESE,  
20 title VI, state assessments funds and DED-OSERS, section 504 of  
21 part B of the individuals with disabilities education act, Public  
22 Law 94-142, plus any carryover federal funds from previous year  
23 appropriations, for the purposes of complying with the federal no  
24 child left behind act of 2001, Public Law 107-110.

25 (2) **BEGINNING IN 2009-2010, MONEY ALLOCATED UNDER THIS SECTION**  
26 **SHALL NOT BE EXPENDED FOR ANY OF THE FOLLOWING:**

27 (A) **TO FUND THE COSTS OF A SOCIAL STUDIES ASSESSMENT OTHER**

1 THAN THE SOCIAL STUDIES COMPONENT OF THE MICHIGAN MERIT EXAMINATION  
2 REQUIRED UNDER SECTION 104B.

3 (B) TO FUND THE COSTS OF PATTERN SCORING FOR ANY ASSESSMENT.

4 (C) TO FUND THE COSTS OF ANY ASSESSMENTS DEVELOPED OR SELECTED  
5 BY THE DEPARTMENT FOR THE PURPOSES OF SECTIONS 1278A AND 1278B OF  
6 THE REVISED SCHOOL CODE, MCL 380.1278A AND 380.1278B.

7 (3) IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT  
8 SHALL REPLACE THE CURRENT MICHIGAN EDUCATIONAL ASSESSMENT PROGRAM  
9 TESTS USED FOR GRADES 3 TO 8 WITH 1 OR MORE STANDARDIZED NORM-  
10 REFERENCED TESTS AS SOON AS POSSIBLE. IF THIS REPLACEMENT OF TESTS  
11 REQUIRES A WAIVER UNDER FEDERAL LAW IN ORDER TO COMPLY WITH FEDERAL  
12 LAW, THEN THE DEPARTMENT SHALL APPLY FOR THAT WAIVER NOT LATER THAN  
13 NOVEMBER 15, 2009 TO ALLOW FOR THIS REPLACEMENT.

14 (4) FROM THE AMOUNT ALLOCATED UNDER SUBSECTION (1), AN AMOUNT  
15 NOT TO EXCEED \$1,000,000.00 SHALL BE USED FOR PAYMENTS ON BEHALF OF  
16 DISTRICTS FOR COSTS ASSOCIATED WITH ADMINISTERING THE "EXPLORE"  
17 TEST TO ALL PUPILS EITHER AT THE END OF GRADE 8 OR THE BEGINNING OF  
18 GRADE 9. BEGINNING IN 2009-2010, IN ORDER TO RECEIVE STATE AID  
19 UNDER THIS ACT, A DISTRICT SHALL ADMINISTER THE "EXPLORE" TEST TO  
20 ALL PUPILS EITHER AT THE END OF GRADE 8 OR THE BEGINNING OF GRADE  
21 9.

22 (5) ~~(2)~~—The results of each test administered as part of the  
23 Michigan educational assessment program, including tests  
24 administered to high school students, shall include an item  
25 analysis that lists all items that are counted for individual pupil  
26 scores and the percentage of pupils choosing each possible  
27 response.

1           (6) ~~(3)~~—All federal funds allocated under this section shall  
2 be distributed in accordance with federal law and with flexibility  
3 provisions outlined in Public Law 107-116, and in the education  
4 flexibility partnership act of 1999, Public Law 106-25.

5           (7) ~~(4)~~—Notwithstanding section 17b, payments on behalf of  
6 districts, intermediate districts, and other eligible entities  
7 under this section shall be paid on a schedule determined by the  
8 department.

9           (8) ~~(5)~~—As used in this section:

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

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

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

15           Sec. 104b. (1) In order to receive state aid under this act, a  
16 district shall comply with this section and shall administer the  
17 Michigan merit examination to pupils in grade 11, and to pupils in  
18 grade 12 who did not take the complete Michigan merit examination  
19 in grade 11, as provided in this section.

20           (2) For the purposes of this section, the department of  
21 management and budget shall contract with 1 or more providers to  
22 develop, supply, and score the Michigan merit examination. The  
23 Michigan merit examination shall consist of all of the following:

24           (a) Assessment instruments that measure English language arts,  
25 mathematics, reading, and science and are used by colleges and  
26 universities in this state for entrance or placement purposes. This  
27 shall include a writing component in which the pupil produces an

1 extended writing sample. The Michigan merit examination shall not  
2 require any other extended writing sample.

3 (b) One or more tests from 1 or more test developers that  
4 assess a pupil's ability to apply at least reading and mathematics  
5 skills in a manner that is intended to allow employers to use the  
6 results in making employment decisions. The department of  
7 management and budget and the superintendent shall ensure that any  
8 test or tests selected under this subdivision have all the  
9 components necessary to allow a pupil to be eligible to receive the  
10 results of a nationally recognized evaluation of workforce  
11 readiness if the pupil's test performance is adequate.

12 (c) A social studies component.

13 (d) Any other component that is necessary to obtain the  
14 approval of the United States department of education to use the  
15 Michigan merit examination for the purposes of the federal no child  
16 left behind act of 2001, Public Law 107-110.

17 (3) In addition to all other requirements of this section, all  
18 of the following apply to the Michigan merit examination:

19 (a) The department of management and budget and the  
20 superintendent shall ensure that any contractor used for scoring  
21 the Michigan merit examination supplies an individual report for  
22 each pupil that will identify for the pupil's parents and teachers  
23 whether the pupil met expectations or failed to meet expectations  
24 for each standard, to allow the pupil's parents and teachers to  
25 assess and remedy problems before the pupil moves to the next  
26 grade.

27 (b) The department of management and budget and the



1 superintendent shall ensure that any contractor used for scoring,  
2 developing, or processing the Michigan merit examination meets  
3 quality management standards commonly used in the assessment  
4 industry, including at least meeting level 2 of the capability  
5 maturity model developed by the software engineering institute of  
6 Carnegie Mellon university for the first year the Michigan merit  
7 examination is offered to all grade 11 pupils and at least meeting  
8 level 3 of the capability maturity model for subsequent years.

9 (c) The department of management and budget and the  
10 superintendent shall ensure that any contract for scoring,  
11 administering, or developing the Michigan merit examination  
12 includes specific deadlines for all steps of the assessment  
13 process, including, but not limited to, deadlines for the correct  
14 testing materials to be supplied to schools and for the correct  
15 results to be returned to schools, and includes penalties for  
16 noncompliance with these deadlines.

17 (d) The superintendent shall ensure that the Michigan merit  
18 examination meets all of the following:

19 (i) Is designed to test pupils on grade level content  
20 expectations or course content expectations, as appropriate, in all  
21 subjects tested.

22 (ii) Complies with requirements of the no child left behind act  
23 of 2001, Public Law 107-110.

24 (iii) Is consistent with the code of fair testing practices in  
25 education prepared by the joint committee on testing practices of  
26 the American psychological association.

27 (iv) Is factually accurate. If the superintendent determines

1 that a question is not factually accurate and should be excluded  
2 from scoring, the state board and the superintendent shall ensure  
3 that the question is excluded from scoring.

4 (E) THE DEPARTMENT OF MANAGEMENT AND BUDGET AND THE  
5 SUPERINTENDENT SHALL ENSURE THAT THE COST OF ALL OF THE COMPONENTS  
6 OF THE MICHIGAN MERIT EXAMINATION, OTHER THAN THE PURCHASED  
7 COMPONENTS OF THE ASSESSMENT INSTRUMENTS DESCRIBED IN SUBSECTION  
8 (2) (A) AND (B), DOES NOT EXCEED 10% OF THE COST OF THE PURCHASED  
9 COMPONENTS OF THE ASSESSMENT INSTRUMENTS DESCRIBED IN SUBSECTION  
10 (2) (A).

11 (F) THE DEPARTMENT OF MANAGEMENT AND BUDGET AND THE  
12 SUPERINTENDENT SHALL ENSURE THAT ALL OF THE QUESTIONS THAT ARE  
13 INCLUDED IN THE ASSESSMENT INSTRUMENTS DESCRIBED IN SUBSECTION  
14 (2) (A) ARE USED IN THE CALCULATION OF A PUPIL'S SCORE ON THE  
15 MICHIGAN MERIT EXAMINATION.

16 (4) A district shall include on each pupil's high school  
17 transcript all of the following:

18 (a) For each high school graduate who has completed the  
19 Michigan merit examination under this section, the pupil's scaled  
20 score on each subject area component of the Michigan merit  
21 examination.

22 (b) The number of school days the pupil was in attendance at  
23 school each school year during high school and the total number of  
24 school days in session for each of those school years.

25 (5) The superintendent shall work with the provider or  
26 providers of the Michigan merit examination to produce Michigan  
27 merit examination subject area scores for each pupil participating

1 in the Michigan merit examination, including scaling and merging of  
2 test items for the different subject area components. The  
3 superintendent shall design and distribute to districts,  
4 intermediate districts, and nonpublic schools a simple and concise  
5 document that describes the scoring for each subject area and  
6 indicates the scaled score ranges for each subject area.

7 (6) The Michigan merit examination shall be administered each  
8 year after March 1 and before June 1 to pupils in grade 11. The  
9 superintendent shall ensure that the Michigan merit examination is  
10 scored and the scores are returned to pupils, their parents or  
11 legal guardians, and districts not later than the beginning of the  
12 pupil's first semester of grade 12. The returned scores shall  
13 indicate at least the pupil's scaled score for each subject area  
14 component and the range of scaled scores for each subject area. In  
15 reporting the scores to pupils, parents, and schools, the  
16 superintendent shall provide standards-specific, meaningful, and  
17 timely feedback on the pupil's performance on the Michigan merit  
18 examination.

19 (7) A district shall administer the complete Michigan merit  
20 examination to a pupil only once and shall not administer the  
21 complete Michigan merit examination to the same pupil more than  
22 once. If a pupil does not take the complete Michigan merit  
23 examination in grade 11, the district shall administer the complete  
24 Michigan merit examination to the pupil in grade 12. If a pupil  
25 chooses to retake the college entrance examination component of the  
26 Michigan merit examination, as described in subsection (2)(a), the  
27 pupil may do so through the provider of the college entrance

1 examination component and the cost of the retake is the  
2 responsibility of the pupil unless all of the following are met:

3 (a) The pupil has taken the complete Michigan merit  
4 examination.

5 (b) The pupil did not qualify for a Michigan promise grant  
6 under section 6 of the Michigan promise grant act, 2006 PA 479, MCL  
7 390.1626, based on the pupil's performance on the complete Michigan  
8 merit examination.

9 (c) The pupil meets the income eligibility criteria for free  
10 breakfast, lunch, or milk, as determined under the Richard B.  
11 Russell national school lunch act, 42 USC 1751 to 1769i.

12 (d) The pupil has applied to the provider of the college  
13 entrance examination component for a scholarship or fee waiver to  
14 cover the cost of the retake and that application has been denied.

15 (e) After taking the complete Michigan merit examination, the  
16 pupil has not already received a free retake of the college  
17 entrance examination component paid for either by this state or  
18 through a scholarship or fee waiver by the provider.

19 (8) The superintendent shall ensure that the length of the  
20 Michigan merit examination and the combined total time necessary to  
21 administer all of the components of the Michigan merit examination  
22 are the shortest possible that will still maintain the degree of  
23 reliability and validity of the Michigan merit examination results  
24 determined necessary by the superintendent. The superintendent  
25 shall ensure that the maximum total combined length of time that  
26 schools are required to set aside for pupils to answer all test  
27 questions on the Michigan merit examination does not exceed 8 hours

1 if the superintendent determines that sufficient alignment to  
2 applicable Michigan merit curriculum content standards can be  
3 achieved within that time limit.

4 (9) A district shall provide accommodations to a pupil with  
5 disabilities for the Michigan merit examination, as provided under  
6 section 504 of title V of the rehabilitation act of 1973, 29 USC  
7 794; subtitle A of title II of the Americans with disabilities act  
8 of 1990, 42 USC 12131 to 12134; the individuals with disabilities  
9 education act amendments of 1997, Public Law 105-17; and the  
10 implementing regulations for those statutes. The provider or  
11 providers of the Michigan merit examination and the superintendent  
12 shall mutually agree upon the accommodations to be provided under  
13 this subsection.

14 (10) To the greatest extent possible, the Michigan merit  
15 examination shall be based on grade level content expectations or  
16 course content expectations, as appropriate. Not later than July 1,  
17 2008, the department shall identify specific grade level content  
18 expectations to be taught before and after the middle of grade 11,  
19 so that teachers will know what content will be covered within the  
20 Michigan merit examination.

21 (11) A child who is a student in a nonpublic school or home  
22 school may take the Michigan merit examination under this section.  
23 To take the Michigan merit examination, a child who is a student in  
24 a home school shall contact the district in which the child  
25 resides, and that district shall administer the Michigan merit  
26 examination, or the child may take the Michigan merit examination  
27 at a nonpublic school if allowed by the nonpublic school. Upon

1 request from a nonpublic school, the superintendent shall direct  
2 the provider or providers to supply the Michigan merit examination  
3 to the nonpublic school and the nonpublic school may administer the  
4 Michigan merit examination. If a district administers the Michigan  
5 merit examination under this subsection to a child who is not  
6 enrolled in the district, the scores for that child are not  
7 considered for any purpose to be scores of a pupil of the district.

8 (12) In contracting under subsection (2), the department of  
9 management and budget shall consider a contractor that provides  
10 electronically-scored essays with the ability to score constructed  
11 response feedback in multiple languages and provide ongoing  
12 instruction and feedback.

13 (13) The purpose of the Michigan merit examination is to  
14 assess pupil performance in mathematics, science, social studies,  
15 and English language arts for the purpose of improving academic  
16 achievement and establishing a statewide standard of competency.  
17 The assessment under this section provides a common measure of data  
18 that will contribute to the improvement of Michigan schools'  
19 curriculum and instruction by encouraging alignment with Michigan's  
20 curriculum framework standards and promotes pupil participation in  
21 higher level mathematics, science, social studies, and English  
22 language arts courses. These standards are based upon the  
23 expectations of what pupils should learn through high school and  
24 are aligned with national standards.

25 (14) As used in this section:

26 (a) "English language arts" means reading and writing.

27 (b) "Social studies" means United States history, world

1 history, world geography, economics, and American government.

2 Sec. 107. (1) From the appropriation in section 11, there is  
3 allocated an amount not to exceed ~~\$24,000,000.00 for 2008-2009~~  
4 **\$21,600,000.00 FOR 2009-2010** for adult education programs  
5 authorized under this section.

6 **(2) TO BE ELIGIBLE FOR FUNDING UNDER THIS SECTION, A PROGRAM**  
7 **SHALL EMPLOY CERTIFICATED TEACHERS AND QUALIFIED ADMINISTRATIVE**  
8 **STAFF AND SHALL OFFER CONTINUING EDUCATION OPPORTUNITIES FOR**  
9 **TEACHERS TO ALLOW THEM TO MAINTAIN CERTIFICATION.**

10 (3) ~~(2)~~ To be eligible to be a participant funded under this  
11 section, a person shall be enrolled in an adult basic education  
12 program, an adult English as a second language program, a general  
13 educational development (G.E.D.) test preparation program, a job or  
14 employment related program, or a high school completion program,  
15 that meets the requirements of this section, and shall meet either  
16 of the following, as applicable:

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

20 (i) Is less than 20 years of age on September 1 of the school  
21 year and is enrolled in the Michigan career and technical  
22 institute.

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

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

1 (iv) Is enrolled in a high school completion program.

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

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

6 (ii) Is at least 16 years of age on September 1 of the school  
7 year, has been permanently expelled from school under section  
8 1311(2) or 1311a of the revised school code, MCL 380.1311 and  
9 380.1311a, and has no appropriate alternative education program  
10 available through his or her district of residence.

11 (4) ~~(3)~~ Except as otherwise provided in subsection ~~(4)~~ (5),  
12 ~~from~~ the amount allocated under subsection (1) ~~, at least~~  
13 ~~\$23,300,000.00~~ shall be distributed as follows:

14 (a) For districts and consortia that received payments for  
15 ~~2007-2008-2008-2009~~ under this section, the amount allocated to  
16 each for ~~2008-2009-2009-2010~~ shall be based on the number of  
17 participants served by the district or consortium for ~~2008-2009~~  
18 ~~2009-2010~~, using the amount allocated per full-time equated  
19 participant under subsection (6), up to a maximum total allocation  
20 under this subsection in an amount equal to **90% OF** the amount the  
21 district or consortium received for ~~2007-2008-2008-2009~~ under this  
22 section before any reallocations made for ~~2007-2008-2008-2009~~ under  
23 subsection ~~(4)~~ (5).

24 (b) A district or consortium that received funding in ~~2007-~~  
25 ~~2008-2008-2009~~ under this section may operate independently of a  
26 consortium or join or form a consortium for ~~2008-2009-2009-2010~~.  
27 The allocation for ~~2008-2009-2009-2010~~ to the district or the newly



1 formed consortium under this subsection shall be determined by the  
2 department and shall be based on the proportion of the amounts that  
3 are attributable to the district or consortium that received  
4 funding in ~~2007-2008-2008-2009~~. A district or consortium described  
5 in this subdivision shall notify the department of its intention  
6 with regard to ~~2008-2009-2009-2010~~ by October 1, ~~2008-2009~~.

7 (c) If a district had a declaration of financial emergency in  
8 place under the local government fiscal responsibility act, 1990 PA  
9 72, MCL 141.1201 to 141.1291, and that declaration was revoked  
10 during 2005, the district may operate a program under this section  
11 independently of a consortium or may join or form a consortium to  
12 operate a program under this section. The allocation for ~~2008-2009~~  
13 ~~2009-2010~~ to the district or the newly formed consortium under this  
14 subsection shall be determined by the department and shall be based  
15 on the proportion of the amounts that are attributable to the  
16 district or consortium that received funding in ~~2007-2008-2008-2009~~  
17 or, for a district for which a declaration of financial emergency  
18 was revoked during 2005, based on the amount the district received  
19 under this section using a 3-year average of the 3 most recent  
20 fiscal years the district received funding under this section. A  
21 district or consortium described in this subdivision shall notify  
22 the department of its intention with regard to ~~2008-2009-2009-2010~~  
23 by October 1, ~~2008-2009~~.

24 (5) ~~(4)~~—A district that operated an adult education program in  
25 ~~2007-2008-2008-2009~~ and does not intend to operate a program in  
26 ~~2008-2009-2009-2010~~ shall notify the department by October 1, ~~2008~~  
27 ~~2009~~ of its intention. The ~~funds~~**MONEY** intended to be allocated

1 under this section to a district that does not operate a program in  
2 ~~2008-2009-2009-2010~~ and the unspent ~~funds~~ **MONEY** originally  
3 allocated under this section to a district or consortium that  
4 subsequently operates a program at less than the level of funding  
5 allocated under subsection ~~(3)~~ **(4) AND ANY OTHER UNALLOCATED MONEY**  
6 **UNDER THIS SECTION** shall instead be proportionately reallocated to  
7 the other districts described in subsection ~~(3)(a)~~ **(4) (A)** that are  
8 operating an adult education program in ~~2008-2009-2009-2010~~ under  
9 this section.

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

17 ~~—— (a) Collaborates with local districts and businesses to~~  
18 ~~determine area academic needs and to promote the learning~~  
19 ~~opportunities.~~

20 ~~—— (b) Is located off campus in an urban residential setting with~~  
21 ~~documented high poverty and low high school graduation rates.~~

22 ~~—— (c) Provides general educational development (G.E.D.) test~~  
23 ~~preparation courses and workshops.~~

24 ~~—— (d) Provides developmental courses taught by college faculty~~  
25 ~~that prepare students to be successful in college level courses.~~

26 ~~—— (e) Uses learning communities to allow for shared, rather than~~  
27 ~~isolated, learning experiences.~~

1 ~~—— (f) Provides on site tutoring.~~

2 ~~—— (g) Provides access to up to date technology, including~~  
3 ~~personal computers.~~

4 ~~—— (h) Partners with a financial institution to provide financial~~  
5 ~~literacy education.~~

6 ~~—— (i) Assists students in gaining access to financial aid.~~

7 ~~—— (j) Provides on site academic advising to students.~~

8 ~~—— (k) Provides vouchers for reduced G.E.D. testing costs.~~

9 ~~—— (l) Partners with local agencies to provide referrals for~~  
10 ~~social services as needed.~~

11 ~~—— (m) Enrolls participants as students of the community college.~~

12 ~~—— (n) Partners with philanthropic and business entities to~~  
13 ~~provide capital funding.~~

14 (6) The amount allocated under this section per full-time  
15 equated participant is ~~\$2,850.00~~ **\$2,550.00** for a 450-hour program.  
16 The amount shall be proportionately reduced for a program offering  
17 less than 450 hours of instruction.

18 (7) An adult basic education program or an adult English as a  
19 second language program operated on a year-round or school year  
20 basis may be funded under this section, subject to all of the  
21 following:

22 (a) The program enrolls adults who are determined by ~~an~~  
23 ~~appropriate~~ **A DEPARTMENT-APPROVED** assessment, in a form and manner  
24 prescribed by the department, to be below ninth grade level in  
25 reading or mathematics, or both, or to lack basic English  
26 proficiency.

27 (b) The program tests individuals for eligibility under

1 subdivision (a) before enrollment and ~~tests participants to~~  
2 ~~determine progress after every 90 hours of attendance, using~~  
3 ~~assessment instruments approved by the department of labor and~~  
4 ~~economic growth~~ **UPON COMPLETION OF THE PROGRAM IN COMPLIANCE WITH**  
5 **THE STATE-APPROVED ASSESSMENT POLICY.**

6 (c) A participant in an adult basic education program is  
7 eligible for reimbursement until 1 of the following occurs:

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

10 (ii) The participant fails to show progress on 2 successive  
11 assessments after having completed at least 450 hours of  
12 instruction.

13 (d) A funding recipient enrolling a participant in an English  
14 as a second language program is eligible for funding according to  
15 subsection (11) until the participant meets 1 of the following:

16 (i) The participant is assessed as having attained basic  
17 English proficiency as ~~defined by the department~~ **DETERMINED BY A**  
18 **DEPARTMENT-APPROVED ASSESSMENT.**

19 (ii) The participant fails to show progress on 2 successive  
20 **DEPARTMENT-APPROVED** assessments after having completed at least 450  
21 hours of instruction. The department shall provide information to a  
22 funding recipient regarding appropriate assessment instruments for  
23 this program.

24 (8) A general educational development (G.E.D.) test  
25 preparation program operated on a year-round or school year basis  
26 may be funded under this section, subject to all of the following:

27 (a) The program enrolls adults who do not have a high school

1 diploma.

2 (b) The program shall administer a G.E.D. pre-test approved by  
 3 the department before enrolling an individual to determine the  
 4 individual's potential for success on the G.E.D. test, and shall  
 5 administer ~~other tests after every 90 hours of attendance to~~  
 6 ~~determine a participant's readiness to take the G.E.D. test~~ **A POST-**  
 7 **TEST UPON COMPLETION OF THE PROGRAM IN COMPLIANCE WITH THE STATE-**  
 8 **APPROVED ASSESSMENT POLICY.**

9 (c) A funding recipient shall receive funding according to  
 10 subsection (11) for a participant, and a participant may be  
 11 enrolled in the program until 1 of the following occurs:

12 (i) The participant passes the G.E.D. test.

13 (ii) The participant fails to show progress on 2 successive  
 14 ~~tests~~ **DEPARTMENT-APPROVED ASSESSMENTS** used to determine readiness  
 15 to take the G.E.D. test after having completed at least 450 hours  
 16 of instruction.

17 (9) A high school completion program operated on a year-round  
 18 or school year basis may be funded under this section, subject to  
 19 all of the following:

20 (a) The program enrolls adults who do not have a high school  
 21 diploma.

22 **(B) THE PROGRAM TESTS PARTICIPANTS DESCRIBED IN SUBDIVISION**  
 23 **(A) BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN**  
 24 **COMPLIANCE WITH THE STATE-APPROVED ASSESSMENT POLICY.**

25 **(C)** ~~(b)~~ A funding recipient shall receive funding according to  
 26 subsection (11) for a participant in a course offered under this  
 27 subsection until 1 of the following occurs:

1           (i) The participant passes the course and earns a high school  
2 diploma.

3           (ii) The participant fails to earn credit in 2 successive  
4 semesters or terms in which the participant is enrolled after  
5 having completed at least 900 hours of instruction.

6           (10) A job or employment-related adult education program  
7 operated on a year-round or school year basis may be funded under  
8 this section, subject to all of the following:

9           (a) The program enrolls adults referred by their employer who  
10 are less than 20 years of age, have a high school diploma, are  
11 determined to be in need of remedial mathematics or communication  
12 arts skills and are not attending an institution of higher  
13 education.

14           (b) An individual may be enrolled in this program and the  
15 grant recipient shall receive funding according to subsection (11)  
16 until 1 of the following occurs:

17           (i) The individual achieves the requisite skills as determined  
18 by ~~appropriate~~**DEPARTMENT-APPROVED** assessment instruments  
19 administered at least after every 90 hours of attendance.

20           (ii) The individual fails to show progress on 2 successive  
21 assessments after having completed at least 450 hours of  
22 instruction. The department shall provide information to a funding  
23 recipient regarding appropriate assessment instruments for this  
24 program.

25           (11) A funding recipient shall receive payments under this  
26 section in accordance with the following:

27           (a) Ninety percent for enrollment of eligible participants.

1 (b) Ten percent for completion of the adult basic education  
2 objectives by achieving an increase of at least 1 grade level of  
3 proficiency in reading or mathematics; for achieving basic English  
4 proficiency, as defined by the department in the adult education  
5 guidebook; for obtaining a G.E.D. or passage of 1 or more  
6 individual G.E.D. tests; for attainment of a high school diploma or  
7 passage of a course required for a participant to attain a high  
8 school diploma; or for completion of the course and demonstrated  
9 proficiency in the academic skills to be learned in the course, as  
10 applicable.

11 (12) As used in this section, "participant" means the sum of  
12 the number of full-time equated individuals enrolled in and  
13 attending a department-approved adult education program under this  
14 section, using quarterly participant count days on the schedule  
15 described in section 6(7)(b).

16 (13) A person who is not eligible to be a participant funded  
17 under this section may receive adult education services upon the  
18 payment of tuition. In addition, a person who is not eligible to be  
19 served in a program under this section due to the program  
20 limitations specified in subsection (7), (8), (9), or (10) may  
21 continue to receive adult education services in that program upon  
22 the payment of tuition. The tuition level shall be determined by  
23 the local or intermediate district conducting the program.

24 (14) An individual who is an inmate in a state correctional  
25 facility shall not be counted as a participant under this section.  
26 ~~However, from the amount allocated under subsection (1), up to a~~  
27 ~~maximum of \$500,000.00 shall be made available as competitive~~

~~1 grants to districts that enroll adults who do not have a high  
2 school diploma or G.E.D. and who are incarcerated in a state  
3 correctional facility in general education development (G.E.D.)  
4 test preparation courses and workshops or high school completion  
5 programs. Districts applying for grants under this subsection shall  
6 do so in a form and manner determined by the department. Districts  
7 receiving funding under this subsection shall provide G.E.D. and  
8 high school diploma programs substantially similar to those  
9 programs as described in this section and shall receive \$2,850.00  
10 per participant enrolled in the programs.~~

11 (15) A district shall not commingle money received under this  
12 section or from another source for adult education purposes with  
13 any other funds of the district. A district receiving adult  
14 education funds shall establish a separate ledger account for those  
15 funds. This subsection does not prohibit a district from using  
16 general funds of the district to support an adult education or  
17 community education program.

18 (16) A district or intermediate district receiving funds under  
19 this section may establish a sliding scale of tuition rates based  
20 upon a participant's family income. A district or intermediate  
21 district may charge a participant tuition to receive adult  
22 education services under this section from that sliding scale of  
23 tuition rates on a uniform basis. The amount of tuition charged per  
24 participant shall not exceed the actual operating cost per  
25 participant minus any funds received under this section per  
26 participant. A district or intermediate district may not charge a  
27 participant tuition under this section if the participant's income



1 is at or below 200% of the federal poverty guidelines published by  
2 the United States department of health and human services.

3 (17) In order to receive funds under this section, a district  
4 shall furnish to the department, in a form and manner determined by  
5 the department, all information needed to administer this program  
6 and meet federal reporting requirements; shall allow the department  
7 or the department's designee to review all records related to the  
8 program for which it receives funds; and shall reimburse the state  
9 for all disallowances found in the review, as determined by the  
10 department.

11 (18) All intermediate district participant audits of adult  
12 education programs shall be performed pursuant to the adult  
13 education participant auditing and accounting manuals published by  
14 the department.

15 (19) As used in this section, "department" means the  
16 department of **ENERGY**, labor, and economic growth.

17 (20) **NOT LATER THAN SEPTEMBER 30, 2009, THE DEPARTMENT SHALL**  
18 **CREATE AN ADULT LEARNING PLANNING GROUP. THE ADULT EDUCATION**  
19 **ADVISORY BOARD IN THE DEPARTMENT SHALL WORK WITH THE STATE ADULT**  
20 **EDUCATION DIVISION TO IDENTIFY MEMBERS FOR THE ADULT LEARNING**  
21 **PLANNING GROUP. MEMBERS OF THE ADULT LEARNING PLANNING GROUP SHOULD**  
22 **INCLUDE A BALANCE OF RURAL, URBAN, AND SUBURBAN COMMUNITY ADULT**  
23 **EDUCATION PROGRAM DIRECTORS THROUGHOUT THE STATE AND ADVOCACY**  
24 **LEADERS FOR ADULT EDUCATION, ENGLISH AS A SECOND LANGUAGE, AND**  
25 **ADULT LITERACY.**

26 (21) **NOT LATER THAN DECEMBER 1, 2009, THE ADULT LEARNING**  
27 **PLANNING GROUP SHALL DO ALL OF THE FOLLOWING:**

1 (A) EVALUATE THE PROVISIONS OF THIS SECTION AND MAKE  
2 RECOMMENDATIONS FOR UPDATING THIS SECTION TO ADDRESS THE INCREASED  
3 DEMAND FOR ADULT EDUCATION, PARTICULARLY IN UNDERSERVED AREAS OF  
4 THIS STATE, AND THE NEED TO ALIGN ADULT EDUCATION WITH ENTRY-LEVEL  
5 REQUIREMENTS FOR POSTSECONDARY EDUCATION, TRAINING, AND EMPLOYMENT.

6 (B) DEVELOP PROGRAM ENTRY AND EXIT REQUIREMENTS TO FACILITATE  
7 PARTICIPANT TRANSITION FROM AN ADULT EDUCATION PROGRAM TO  
8 EMPLOYMENT OR A POSTSECONDARY EDUCATION PROGRAM.

9 (C) HOLD REGIONAL FORUMS TO BRIEF STAKEHOLDERS ON THE FINAL  
10 REPORT FROM THE PLANNING GROUP.

11 (D) SUBMIT ITS RECOMMENDATIONS CONCERNING THE MATTERS  
12 CONSIDERED UNDER SUBDIVISIONS (A) AND (B) TO THE DEPARTMENT, THE  
13 SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS  
14 ACT, AND THE SENATE AND HOUSE FISCAL AGENCIES.

15 (22) NOT LATER THAN FEBRUARY 1, 2010, THE ADULT LEARNING  
16 PLANNING GROUP SHALL DO ALL OF THE FOLLOWING:

17 (A) ASSESS AND RECOMMEND A COMPREHENSIVE STATEWIDE DELIVERY  
18 SYSTEM THAT ENSURES THAT ALL AREAS OF THIS STATE ARE ADEQUATELY  
19 SERVED. THE ADULT LEARNING PLANNING GROUP SHALL GIVE CONSIDERATION  
20 TO USING INTERMEDIATE DISTRICTS OR COUNTYWIDE AGENCIES AS FISCAL  
21 AGENTS TO LESSEN THE ADMINISTRATIVE BURDEN ON SMALLER PROGRAMS AND  
22 SERVICE AREAS AND TO FOSTER PARTNERSHIPS FOR CREATING SEAMLESS  
23 TRANSITIONS BETWEEN EDUCATIONAL LEVELS OF ATTAINMENT, CAREER  
24 PREPARATION, AND EMPLOYMENT IN NEWLY DESIGNATED SERVICE AREAS. THE  
25 ADULT LEARNING PLANNING GROUP SHALL OBTAIN LOCAL COMMUNITY INPUT  
26 FROM ADULT EDUCATION AND TRAINING STAKEHOLDERS, INCLUDING ADULT  
27 EDUCATORS AND ADULT LEARNERS, AND SHALL COMBINE THAT INPUT WITH

1 CURRENT ENROLLMENT, EMPLOYMENT, AND OTHER RELEVANT DATA IN  
2 DEVELOPING RECOMMENDATIONS, INCLUDING RECOMMENDATIONS CONCERNING  
3 FISCAL AGENTS AND SERVICE DELIVERY LOCATIONS.

4 (B) EVALUATE THE GRANT RECIPIENTS IN THE NO WORKER LEFT BEHIND  
5 PROGRAM CREATED UNDER 2008 PA 251 TO IDENTIFY LESSONS LEARNED AND  
6 PROMISING PRACTICES FOR CONSIDERATION IN RECOMMENDATIONS.

7 (C) EXAMINE AND EVALUATE THE IMPLEMENTATION OF ACCESSIBLE  
8 SERVICES USING FLEXIBLE YEAR-ROUND SCHEDULING AND DISTANCE  
9 LEARNING.

10 (D) EVALUATE ISSUES RELATED TO STAFFING OF ADULT EDUCATION  
11 PROGRAMS.

12 (E) EVALUATE MODES OF EDUCATION DELIVERY FOR ADULT LEARNERS  
13 AND IDENTIFY CURRENT RESEARCH-BASED BEST INSTRUCTIONAL PRACTICES.

14 (F) EVALUATE CURRENT ASSESSMENT TOOLS AND THE NEED FOR ONGOING  
15 PROGRAM EVALUATION USING ESTABLISHED PERFORMANCE MEASURES.

16 (G) SUBMIT ITS RECOMMENDATIONS CONCERNING THE MATTERS  
17 CONSIDERED UNDER SUBDIVISIONS (A) TO (F) TO THE DEPARTMENT, THE  
18 SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS  
19 ACT, AND THE SENATE AND HOUSE FISCAL AGENCIES.

20 Sec. 147. The allocation for ~~2008-2009~~ 2009-2010 for the  
21 public school employees' retirement system pursuant to the public  
22 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301  
23 to 38.1408, shall be made using the entry age normal cost actuarial  
24 method and risk assumptions adopted by the public school employees  
25 retirement board and the department of management and budget. The  
26 annual level percentage of payroll contribution rate is estimated  
27 at ~~16.54%~~ 16.94% for the ~~2008-2009~~ 2009-2010 state fiscal year. The

1 portion of the contribution rate assigned to districts and  
2 intermediate districts for each fiscal year is all of the total  
3 percentage points. This contribution rate reflects an amortization  
4 period of ~~29~~**28** years for ~~2008-2009~~**2009-2010**. The public school  
5 employees' retirement system board shall notify each district and  
6 intermediate district by February 28 of each fiscal year of the  
7 estimated contribution rate for the next fiscal year.

8       Sec. 164c. A district or intermediate district shall not use  
9 funds appropriated under this act to purchase foreign goods or  
10 services, or both, if American goods or services, or both, are  
11 available and are competitively priced and of comparable quality.  
12 Preference ~~should~~**SHALL** be given to goods or services, or both,  
13 manufactured or provided by Michigan businesses if they are  
14 competitively priced and of comparable quality. In addition,  
15 preference ~~shall~~**SHOULD** be given to goods or services, or both,  
16 that are manufactured or provided by Michigan businesses owned and  
17 operated by veterans, if they are competitively priced and of  
18 comparable quality.

19       Enacting section 1. (1) In accordance with section 30 of  
20 article I of the state constitution of 1963, total state spending  
21 in this amendatory act from state sources for fiscal year 2008-2009  
22 is estimated at \$11,097,798,200.00 and state appropriations to be  
23 paid to local units of government for fiscal year 2008-2009 are  
24 estimated at \$10,890,765,900.00.

25       (2) In accordance with section 30 of article I of the state  
26 constitution of 1963, total state spending in this amendatory act  
27 from state sources for fiscal year 2009-2010 is estimated at

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1 <<\$10,548,055,000.00>> and state appropriations to be paid to local  
 2 units of government for fiscal year 2009-2010 are estimated at  
 3 <<\$10,439,173,200.00>>.

4 Enacting section 2. Sections 11n, << >> 29, 32c, << >>  
 32l,  
 5 32n, 37, 38, 39, 41, 54a, 54c, 56, 57, 62, << >> 65, 99a, 99e, 99j,  
 6 99k, 99n, 99p, and 104a of the state school aid act of 1979, 1979  
 7 PA 94, MCL 388.1611n, << >> 388.1629, 388.1632c, <<  
 8 >> 388.1632l, 388.1632n, 388.1637, 388.1638, 388.1639,  
 9 388.1641, 388.1654a, 388.1654c, 388.1656, 388.1657, 388.1662,  
 10 << >> 388.1665, 388.1699a, 388.1699e, 388.1699j, 388.1699k,  
 11 388.1699n, 388.1699p, and 388.1704a, are repealed effective October  
 12 1, 2009.

13 Enacting section 3. (1) Except as otherwise provided in  
 14 subsection (2), this amendatory act takes effect October 1, 2009.

15 (2) Sections 11, 11j, 22a, 22b, 26a, 51a, 51c, 53a, and 94a of  
 16 the state school aid act of 1979, 1979 PA 94, MCL 388.1611,  
 17 388.1611j, 388.1622a, 388.1622b, 388.1626a, 388.1651a, 388.1651c,  
 18 388.1653a, and 388.1694a, as amended by this amendatory act, take  
 19 effect upon enactment of this amendatory act.