

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1163

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

388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699i, 388.1699p, 388.1701, 388.1704, 388.1707, and 388.1747), sections 6, 11, 94a, and 101 as amended by 2009 PA 203, sections 11a, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32d, 32j, 32l, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 64, 65, 74, 81, 98, 99, 99i, 104, 107, and 147 as amended and section 11d as added by 2009 PA 121, and sections 32c and 99p as amended by 2008 PA 268, and by adding sections 92, 93, 98d, and 166d; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) "Center program" means a program operated by a
2 district or **BY AN** intermediate district for special education
3 pupils from several districts in programs for pupils with autism
4 spectrum disorder, pupils with severe cognitive impairment, pupils
5 with moderate cognitive impairment, pupils with severe multiple
6 impairments, pupils with hearing impairment, pupils with visual
7 impairment, and pupils with physical impairment or other health
8 impairment. Programs for pupils with emotional impairment housed in
9 buildings that do not serve regular education pupils also qualify.
10 Unless otherwise approved by the department, a center program
11 either shall serve all constituent districts within an intermediate
12 district or shall serve several districts with less than 50% of the
13 pupils residing in the operating district. In addition, special
14 education center program pupils placed part-time in noncenter
15 programs to comply with the least restrictive environment

1 provisions of section 612 of part B of the individuals with
2 disabilities education act, 20 USC 1412, may be considered center
3 program pupils for pupil accounting purposes for the time scheduled
4 in either a center program or a noncenter program.

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

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

14 (4) "Membership", except as otherwise provided in this act,
15 means for a district, public school academy, university school, or
16 intermediate district the sum of the product of .75 times the
17 number of full-time equated pupils in grades K to 12 actually
18 enrolled and in regular daily attendance on the pupil membership
19 count day for the current school year, plus the product of .25
20 times the final audited count from the supplemental count day for
21 the immediately preceding school year. All pupil counts used in
22 this subsection are as determined by the department and calculated
23 by adding the number of pupils registered for attendance plus
24 pupils received by transfer and minus pupils lost as defined by
25 rules promulgated by the superintendent, and as corrected by a
26 subsequent department audit. For the purposes of this section and
27 section 6a, for a school of excellence that is a cyber school, as

1 defined in section 551 of the revised school code, MCL 380.551, and
2 is in compliance with section 553a of the revised school code, MCL
3 380.553a, a pupil's participation in the cyber school's educational
4 program is considered regular daily attendance. The amount of the
5 foundation allowance for a pupil in membership is determined under
6 section 20. In making the calculation of membership, all of the
7 following, as applicable, apply to determining the membership of a
8 district, public school academy, university school, or intermediate
9 district:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 shall be counted.

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

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

19 (n) If a pupil counted in membership in a public school
20 academy is also educated by a district or intermediate district as
21 part of a cooperative education program, the pupil shall be counted
22 in membership only in the public school academy unless a written
23 agreement signed by all parties designates the party or parties in
24 which the pupil shall be counted in membership, and the
25 instructional time scheduled for the pupil in the district or
26 intermediate district shall be included in the full-time equated
27 membership determination under subdivision (q). However, for pupils

1 receiving instruction in both a public school academy and in a
2 district or intermediate district but not as a part of a
3 cooperative education program, the following apply:

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

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

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

1 program or classroom.

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

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

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

18 (s) For a district, university school, or public school
19 academy that has pupils enrolled in a grade level that was not
20 offered by the district, university school, or public school
21 academy in the immediately preceding school year, the number of
22 pupils enrolled in that grade level to be counted in membership is
23 the average of the number of those pupils enrolled and in regular
24 daily attendance on the pupil membership count day and the
25 supplemental count day of the current school year, as determined by
26 the department. Membership shall be calculated by adding the number
27 of pupils registered for attendance in that grade level on the

1 pupil membership count day plus pupils received by transfer and
2 minus pupils lost as defined by rules promulgated by the
3 superintendent, and as corrected by subsequent department audit,
4 plus the final audited count from the supplemental count day for
5 the current school year, and dividing that sum by 2.

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

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

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

1 certificated teacher.

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

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

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

9 (v) A pupil enrolled in an alternative or disciplinary
10 education program described in section 25 shall be counted in
11 membership in the district or public school academy that is
12 educating the pupil.

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

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

1 pupil membership count day or supplemental count day that occurred
2 before suspending operations, as determined by the superintendent.

3 (y) If a district's membership for a particular fiscal year,
4 as otherwise calculated under this subsection, would be less than
5 1,550 pupils and the district has 4.5 or fewer pupils per square
6 mile, as determined by the department, and, beginning in 2007-2008,
7 if the district does not receive funding under section 22d(2), the
8 district's membership shall be considered to be the membership
9 figure calculated under this subdivision. If a district educates
10 and counts in its membership pupils in grades 9 to 12 who reside in
11 a contiguous district that does not operate grades 9 to 12 and if 1
12 or both of the affected districts request the department to use the
13 determination allowed under this sentence, the department shall
14 include the square mileage of both districts in determining the
15 number of pupils per square mile for each of the districts for the
16 purposes of this subdivision. The membership figure calculated
17 under this subdivision is the greater of the following:

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

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

25 (z) If a public school academy that is not in its first or
26 second year of operation closes at the end of a school year and
27 does not reopen for the next school year, the department shall

1 adjust the membership count of the district in which a former pupil
2 of the public school academy enrolls and is in regular daily
3 attendance for the next school year to ensure that the district
4 receives the same amount of membership aid for the pupil as if the
5 pupil were counted in the district on the supplemental count day of
6 the preceding school year.

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

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

22 (cc) For the first year in which a pupil is counted in
23 membership on the pupil membership count day in a middle college
24 program described in section 64, the membership is the average of
25 the full-time equated membership on the pupil membership count day
26 and on the supplemental count day for the current school year, as
27 determined by the department. If a pupil was counted by the

1 operating district on the immediately preceding supplemental count
2 day, the pupil shall be excluded from the district's immediately
3 preceding supplemental count for purposes of determining the
4 district's membership.

5 (dd) A district that educates a pupil who attends a United
6 States Olympic education center may count the pupil in membership
7 regardless of whether or not the pupil is a resident of this state.

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

12 **(FF) A PUPIL ENROLLED IN A SCHOOL OF EXCELLENCE DESCRIBED IN**
13 **SECTION 101(11) OR A PUPIL FOR WHOM A PUBLIC SCHOOL HAS OBTAINED A**
14 **SEAT-TIME WAIVER FROM THE DEPARTMENT UNDER SECTION 101 SHALL NOT BE**
15 **COUNTED FOR MORE THAN A TOTAL OF 0.75 FULL-TIME EQUATED MEMBERSHIP**
16 **FOR EACH PUPIL DESCRIBED IN THIS SUBDIVISION.**

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

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

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

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

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

3 (d) A pupil enrolled in a district other than the pupil's
4 district of residence under an intermediate district schools of
5 choice pilot program as described in section 91a or former section
6 91 if the intermediate district and its constituent districts have
7 been exempted from section 105.

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

11 (f) A pupil who has made an official written complaint or
12 whose parent or legal guardian has made an official written
13 complaint to law enforcement officials and to school officials of
14 the pupil's district of residence that the pupil has been the
15 victim of a criminal sexual assault or other serious assault, if
16 the official complaint either indicates that the assault occurred
17 at school or that the assault was committed by 1 or more other
18 pupils enrolled in the school the pupil would otherwise attend in
19 the district of residence or by an employee of the district of
20 residence. A person who intentionally makes a false report of a
21 crime to law enforcement officials for the purposes of this
22 subdivision is subject to section 411a of the Michigan penal code,
23 1931 PA 328, MCL 750.411a, which provides criminal penalties for
24 that conduct. As used in this subdivision:

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

1 school premises.

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

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

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

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

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

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

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

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

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

26 (j) A pupil who is the child of a person who is employed by
27 the district **OR WHO IS THE CHILD OF A PERSON WHO WAS EMPLOYED BY**

1 THE DISTRICT AS OF THE TIME THE PUPIL FIRST ENROLLED IN THE
2 DISTRICT BUT WHO IS NO LONGER AN EMPLOYEE OF THE DISTRICT DUE TO A
3 REDUCTION IN THE DISTRICT'S WORKFORCE. As used in this subdivision,
4 "child" includes an adopted child, stepchild, or legal ward.

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

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

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

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

19 (O) A PUPIL WHO ENROLLS IN A DISTRICT OTHER THAN THE PUPIL'S
20 DISTRICT OF RESIDENCE AS A RESULT OF THE PUPIL'S SCHOOL NOT MAKING
21 ADEQUATE YEARLY PROGRESS UNDER THE NO CHILD LEFT BEHIND ACT OF
22 2001, PUBLIC LAW 107-110.

23 However, if a district educates pupils who reside in another
24 district and if the primary instructional site for those pupils is
25 established by the educating district after 2009-2010 and is
26 located within the boundaries of that other district, the educating
27 district must have the approval of that other district to count

1 those pupils in membership.

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

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

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

12 (i) Fourth Wednesday in July.

13 (ii) Fourth Wednesday after Labor day.

14 (iii) Second Wednesday in February.

15 (iv) Fourth Wednesday in April.

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

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

20 (9) "Rule" means a rule promulgated pursuant to the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328.

23 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
24 380.1852.

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

1 for the immediately preceding fiscal year.

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

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

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

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

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

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

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

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

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 the study of a subject required for the use of classroom pupils, or
 2 another type of course material that forms the basis of classroom
 3 instruction.

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

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

10 Sec. 11. (1) For the fiscal year ending September 30, 2010,
 11 there is appropriated for the public schools of this state and
 12 certain other state purposes relating to education the sum of
 13 ~~\$10,793,954,100.00~~ \$10,725,857,500.00 from the state school aid
 14 fund established by section 11 of article IX of the state

15 ~~constitution of 1963~~ and the sum of ~~\$31,800,000.00~~ \$30,206,200.00

16 from the general fund. For the fiscal year ending September 30,
 17 2010, there is also appropriated the sum of \$450,000,000.00 from
 18 the federal funding awarded to this state under title XIV of the
 19 American recovery and reinvestment act of 2009, Public Law 111-5,
 20 to be used solely for the purpose of funding the primary funding
 21 formula calculated under section 20, in accordance with federal

22 law. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011, THERE IS**
 23 **APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER**
 24 **STATE PURPOSES RELATING TO EDUCATION THE SUM OF [\$11,052,638,600.00]**

25 **FROM THE STATE SCHOOL AID FUND AND THE SUM OF \$31,706,200.00 FROM**
 26 **THE GENERAL FUND. FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011,**
 27 **THERE IS ALSO APPROPRIATED THE SUM OF \$184,256,600.00 FROM THE**

1 FEDERAL FUNDING AWARDED TO THIS STATE UNDER TITLE XIV OF THE
2 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5,
3 TO BE USED SOLELY FOR THE PURPOSE OF FUNDING THE PRIMARY FUNDING
4 FORMULA CALCULATED UNDER SECTION 20, IN ACCORDANCE WITH FEDERAL
5 LAW. In addition, any money received by this state from the federal
6 incentive grant program created under sections 14005 and 14006 of
7 title XIV of the American recovery and reinvestment act of 2009,
8 Public Law 111-5, known as the "race to the top" grant program, and
9 all other available federal funds are appropriated **EACH FISCAL YEAR**
10 for the fiscal year ending September 30, 2010 **AND FOR THE FISCAL**
11 **YEAR ENDING SEPTEMBER 30, 2011.**

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

23 (3) If the maximum amount appropriated under this section from
24 the state school aid fund and the school aid stabilization fund for
25 a fiscal year exceeds the amount available for expenditure from the
26 state school aid fund for that fiscal year, payments under sections
27 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,

1 and 56 shall be made in full. In addition, for districts beginning
2 operations after 1994-95 that qualify for payments under section
3 22b, payments under section 22b shall be made so that the
4 qualifying districts receive the lesser of an amount equal to the
5 1994-95 foundation allowance of the district in which the district
6 beginning operations after 1994-95 is located or \$5,500.00. The
7 amount of the payment to be made under section 22b for these
8 qualifying districts shall be as calculated under section 22a, with
9 the balance of the payment under section 22b being subject to the
10 proration otherwise provided under this subsection and subsection
11 (4). If proration is necessary, state payments under each of the
12 other sections of this act from all state funding sources shall be
13 prorated in the manner prescribed in subsection (4) as necessary to
14 reflect the amount available for expenditure from the state school
15 aid fund for the affected fiscal year. However, if the department
16 of treasury determines that proration will be required under this
17 subsection, or if the department of treasury determines that
18 further proration is required under this subsection after an
19 initial proration has already been made for a fiscal year, the
20 department of treasury shall notify the state budget director, and
21 the state budget director shall notify the legislature at least 30
22 calendar days or 6 legislative session days, whichever is more,
23 before the department reduces any payments under this act because
24 of the proration. During the 30 calendar day or 6 legislative
25 session day period after that notification by the state budget
26 director, the department shall not reduce any payments under this
27 act because of proration under this subsection. The legislature may

1 prevent proration from occurring by, within the 30 calendar day or
2 6 legislative session day period after that notification by the
3 state budget director, enacting legislation appropriating
4 additional funds from the general fund, countercyclical budget and
5 economic stabilization fund, state school aid fund balance, or
6 another source to fund the amount of the projected shortfall.

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

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

14 (i) Districts.

15 (ii) Intermediate districts.

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

17 (b) The department shall recover a percentage of the proration
18 amount required under subsection (3) that is equal to the
19 percentage calculated under subdivision (a) (i) for districts by
20 reducing payments to districts. This reduction shall be made by
21 calculating an equal dollar amount per pupil as necessary to
22 recover this percentage of the proration amount and reducing each
23 district's total state school aid from state sources, other than
24 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
25 51a(2), 51a(12), 51c, and 53a, by that amount.

26 (c) The department shall recover a percentage of the proration
27 amount required under subsection (3) that is equal to the

1 percentage calculated under subdivision (a) (ii) for intermediate
2 districts by reducing payments to intermediate districts. This
3 reduction shall be made by reducing the payments to each
4 intermediate district, other than payments under sections 11f, 11g,
5 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
6 basis.

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

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

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

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

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

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

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

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

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

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

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

1 equal to the remainder of the projected shortfall shall be prorated
2 in the manner provided under section 11(4).

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

6 Sec. 11d. (1) For 2009-2010 only, the department shall deduct
7 an amount equal to ~~\$165.00~~ **\$100.00** per membership pupil from the
8 total state school aid otherwise allocated under this act to each
9 district, except for money allocated under sections 11g, 22a, 31d,
10 51a(12), 51c, and 53a. ~~If a district complies with subsection (2),~~
11 ~~a~~ **A** district may choose to apply this reduction to funding the
12 district receives under any provision of this act, other than
13 sections 11g, 22a, 31d, 51a(12), 51c, and 53a, even if the
14 reduction chosen by the district results in a program being reduced
15 or discontinued. ~~If a district does not comply with subsection (2),~~
16 ~~the district shall apply this reduction to available funding under~~
17 ~~section 22b first, up to the total amount of the reduction, before~~
18 ~~reducing other funding the district receives under this act, other~~
19 ~~than sections 11g, 22a, 31d, 51a(12), 51c, and 53a.~~

20 **(2) FOR 2010-2011, THE DEPARTMENT SHALL DEDUCT AN AMOUNT EQUAL**
21 **TO \$100.00 PER MEMBERSHIP PUPIL FROM THE TOTAL STATE SCHOOL AID**
22 **OTHERWISE ALLOCATED UNDER THIS ACT TO EACH DISTRICT, EXCEPT FOR**
23 **MONEY ALLOCATED UNDER SECTIONS 11G, 22A, 31D, 32D, 51A(12), 51C,**
24 **AND 53A. A DISTRICT MAY CHOOSE TO APPLY THIS REDUCTION TO FUNDING**
25 **THE DISTRICT RECEIVES UNDER ANY PROVISION OF THIS ACT, OTHER THAN**
26 **SECTIONS 11G, 22A, 31D, 32D, 51A(12), 51C, AND 53A, EVEN IF THE**
27 **REDUCTION CHOSEN BY THE DISTRICT RESULTS IN A PROGRAM BEING REDUCED**

1 OR DISCONTINUED.

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

13 (4) IN ADDITION TO DEVELOPING A SERVICE CONSOLIDATION PLAN
14 UNDER SUBSECTION (2), A DISTRICT OR INTERMEDIATE DISTRICT THAT
15 PURCHASES DIESEL FUEL SHALL EXPLORE POSSIBILITIES FOR COORDINATING
16 REGIONAL PURCHASING OF DIESEL FUEL.

17 (5) NOT LATER THAN FEBRUARY 1, 2011, A DISTRICT SHALL BEGIN TO
18 IMPLEMENT ALL OF THE SERVICE CONSOLIDATION MEASURES THE DISTRICT
19 IDENTIFIED IN THE SERVICE CONSOLIDATION PLAN THE DISTRICT DEVELOPED
20 UNDER SUBSECTION (3) AND SHALL SUBMIT TO THE DEPARTMENT, IN THE
21 FORM AND MANNER PRESCRIBED BY THE DEPARTMENT, A REPORT ON THE
22 STATUS OF THE DISTRICT'S IMPLEMENTATION OF THAT SERVICE
23 CONSOLIDATION PLAN.

24 Sec. 11g. (1) From the appropriation in section 11, there is
25 allocated for this section an amount not to exceed \$39,000,000.00
26 for the fiscal year ending September 30, ~~2010~~—2011 and for each
27 succeeding fiscal year through the fiscal year ending September 30,

1 2015, after which these payments will cease. These allocations are
2 for paying the amounts described in subsection (3) to districts and
3 intermediate districts, other than those receiving a lump-sum
4 payment under section 11f(2), that were not plaintiffs in the
5 consolidated cases known as Durant v State of Michigan, Michigan
6 supreme court docket no. 104458-104492 and that, on or before March
7 2, 1998, submitted to the state treasurer a waiver resolution
8 described in section 11f. The amounts paid under this section
9 represent offers of settlement and compromise of any claim or
10 claims that were or could have been asserted by these districts and
11 intermediate districts, as described in this section.

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

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

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

27 (b) If the district or intermediate district borrows money and

1 issues bonds under section 11i, an amount in each fiscal year
2 calculated by the department of treasury that is equal to the debt
3 service amount in that fiscal year on the bonds issued by that
4 district or intermediate district under section 11i and that will
5 result in the total payments made to all districts and intermediate
6 districts in each fiscal year under this section being no more than
7 the amount appropriated under this section in each fiscal year.

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

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

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

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

26 (5) To the extent payments under this section are used by a
27 district or intermediate district to pay debt service on debt

1 payable from millage revenues, and to the extent permitted by law,
2 the district or intermediate district may make a corresponding
3 reduction in the number of mills levied for debt service.

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

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

15 Sec. 11k. For ~~2009-2010-2010-2011~~, there is appropriated from
16 the general fund to the school loan revolving fund an amount equal
17 to the amount of school bond loans assigned to the Michigan
18 ~~municipal bond~~ **FINANCE** authority, not to exceed the total amount of
19 school bond loans held in reserve as long-term assets. As used in
20 this section, "school loan revolving fund" means that fund created
21 in section 16c of the shared credit rating act, 1985 PA 227, MCL
22 141.1066c.

23 Sec. 11m. From the appropriations in section 11, there is
24 allocated for 2009-2010 an amount not to exceed **\$30,000,000.00 AND**
25 **FOR 2010-2011 THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
26 **\$45,000,000.00** for fiscal year cash-flow borrowing costs solely
27 related to the state school aid fund established by section 11 of

1 article IX of the state constitution of 1963.

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

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

1 the department may grant up to an additional 4 years for the
2 adjustment if the district would otherwise experience a significant
3 hardship.

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

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

16 (5) In addition to funds appropriated in section 11 for all
17 programs and services, there is appropriated for ~~2009-2010-2010-~~
18 **2011** for obligations in excess of applicable appropriations an
19 amount equal to the collection of overpayments, but not to exceed
20 amounts available from overpayments.

21 Sec. 18. (1) Except as provided in another section of this
22 act, each district or other entity shall apply the money received
23 by the district or entity under this act to salaries and other
24 compensation of teachers and other employees, tuition,
25 transportation, lighting, heating, ventilation, water service, the
26 purchase of textbooks which are designated by the board to be used
27 in the schools under the board's charge, other supplies, and any

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 other school operating expenditures defined in section 7. However,
 2 not more than 20% of the total amount received by a district under
 3 article 2 or intermediate district under article 8 may be
 4 transferred by the board to either the capital projects fund or to
 5 the debt retirement fund for debt service. The money shall not be
 6 applied or taken for a purpose other than as provided in this
 7 section. The department shall determine the reasonableness of
 8 expenditures and may withhold from a recipient of funds under this
 9 act the apportionment otherwise due upon a violation by the
 10 recipient.

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

20 (a) The annual operating budget and subsequent budget
 21 revisions.

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

26 (i) A chart of personnel expenditures, broken into the
 27 following subcategories:

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 (A) Salaries and wages.

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

5 (C) Retirement benefit costs.

6 (D) All other personnel costs.

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

9 (A) Instruction.

10 (B) Support services.

11 (C) Business and administration.

12 (D) Operations and maintenance.

13 (c) Links to all of the following:

14 (i) The current collective bargaining agreement for each
15 bargaining unit.

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

20 (iii) The audit report of the audit conducted under subsection
21 (3) for the most recent fiscal year for which it is available.

22 (d) The total salary and a description and cost of each fringe
23 benefit included in the compensation package for the superintendent
24 of the district or intermediate district and for each employee of
25 the district or intermediate district whose salary exceeds
26 ~~\$100,000.00~~ **\$90,000.00**.

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

Senate Bill No. 1163 (H-4) as amended May 26, 2010

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

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

4 (3) For the purpose of determining the reasonableness of
5 expenditures and whether a violation of this act has occurred, ~~the~~

6 **ALL OF THE FOLLOWING APPLY:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 ~~Sec. 19. (1) A district shall comply with any requirements of~~

1 ~~sections 1204a, 1277, 1278, and 1280 of the revised school code,~~
2 ~~MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred~~
3 ~~to as "public act 25 of 1990" that are not also required by the no~~
4 ~~child left behind act of 2001, Public Law 107-110, as determined by~~
5 ~~the department.~~

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

13 (1) ~~(3)~~ A district or intermediate district shall comply with
14 all applicable reporting requirements specified in state and
15 federal law. Data provided to the center, in a form and manner
16 prescribed by the center, shall be aggregated and disaggregated as
17 required by state and federal law. In addition, a district or
18 intermediate district shall cooperate with all measures taken by
19 the center to comply with the provisions of the American recovery
20 and reinvestment act of 2009, Public Law 111-5, requiring the
21 establishment of a statewide P-20 longitudinal data system.

22 (2) ~~(4)~~ Each district shall furnish to the center not later
23 than 5 weeks after the pupil membership count day, in a manner
24 prescribed by the center, the information necessary for the
25 preparation of the district and high school graduation report. This
26 information shall meet requirements established in the pupil
27 auditing manual approved and published by the department. The

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

8 (3) ~~(5)~~—By the first business day in December and by June 30
9 of each year, a district shall furnish to the center, in a manner
10 prescribed by the center, information related to educational
11 personnel as necessary for reporting required by state and federal
12 law.

13 (4) ~~(6)~~—By June 30 of each year, a district shall furnish to
14 the center, in a manner prescribed by the center, information
15 related to safety practices and criminal incidents as necessary for
16 reporting required by state and federal law.

17 (5) ~~(7)~~—If a district or intermediate district fails to meet
18 the requirements of ~~subsection (2), (3), (4), (5), or (6),~~ **THIS**
19 **SECTION**, the department shall withhold 5% of the total funds for
20 which the district or intermediate district qualifies under this
21 act until the district or intermediate district complies with all
22 of those subsections. If the district or intermediate district does
23 not comply with all of those subsections by the end of the fiscal
24 year, the department shall place the amount withheld in an escrow
25 account until the district or intermediate district complies with
26 all of those subsections.

27 (6) ~~(8)~~—Before publishing a list of schools or districts

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

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

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

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

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

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

27 (b) Except as otherwise provided in this subsection, for a

1 district that in the immediately preceding state fiscal year had a
2 foundation allowance in an amount at least equal to the amount of
3 the 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 sum of the district's foundation allowance
6 for the immediately preceding state fiscal year plus the dollar
7 amount of the adjustment from the immediately preceding state
8 fiscal year to the current state fiscal year in the basic
9 foundation allowance.

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

24 **(D) FOR A DISTRICT THAT IN THE 1994-95 STATE FISCAL YEAR HAD A**
25 **FOUNDATION ALLOWANCE GREATER THAN \$6,500.00 AND THAT HAS A**
26 **FOUNDATION ALLOWANCE FOR THE 2009-2010 STATE FISCAL YEAR, AS**
27 **OTHERWISE CALCULATED UNDER THIS SECTION, THAT IS LESS THAN THE**

1 BASIC FOUNDATION ALLOWANCE, THE DISTRICT'S FOUNDATION ALLOWANCE FOR
2 2009-2010 AND EACH SUCCEEDING FISCAL YEAR SHALL BE CONSIDERED TO BE
3 AN AMOUNT EQUAL TO THE BASIC FOUNDATION ALLOWANCE.

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

7 (F) ~~(e)~~—For a district that received a payment under section
8 22c as that section was in effect for 2001-2002, the district's
9 2001-2002 foundation allowance shall be considered to have been an
10 amount equal to the sum of the district's actual 2001-2002
11 foundation allowance as otherwise calculated under this section
12 plus the per pupil amount of the district's equity payment for
13 2001-2002 under section 22c as that section was in effect for 2001-
14 2002.

15 (G) ~~(f)~~—For a district that received a payment under section
16 22c as that section was in effect for 2006-2007, the district's
17 2006-2007 foundation allowance shall be considered to have been an
18 amount equal to the sum of the district's actual 2006-2007
19 foundation allowance as otherwise calculated under this section
20 plus the per pupil amount of the district's equity payment for
21 2006-2007 under section 22c as that section was in effect for 2006-
22 2007.

23 (4) Except as otherwise provided in this subsection, the state
24 portion of a district's foundation allowance is an amount equal to
25 the district's foundation allowance or the basic foundation
26 allowance for the current state fiscal year, whichever is less,
27 minus the difference between the sum of the product of the taxable

1 value per membership pupil of all property in the district that is
2 nonexempt property times the district's certified mills and, for a
3 district with certified mills exceeding 12, the product of the
4 taxable value per membership pupil of property in the district that
5 is commercial personal property times the certified mills minus 12
6 mills and the quotient of the ad valorem property tax revenue of
7 the district captured under tax increment financing acts divided by
8 the district's membership excluding special education pupils. For a
9 district described in subsection (3)(c), the state portion of the
10 district's foundation allowance is an amount equal to \$6,962.00
11 plus the difference between the district's foundation allowance for
12 the current state fiscal year and the district's foundation
13 allowance for 1998-99, minus the difference between the sum of the
14 product of the taxable value per membership pupil of all property
15 in the district that is nonexempt property times the district's
16 certified mills and, for a district with certified mills exceeding
17 12, the product of the taxable value per membership pupil of
18 property in the district that is commercial personal property times
19 the certified mills minus 12 mills and the quotient of the ad
20 valorem property tax revenue of the district captured under tax
21 increment financing acts divided by the district's membership
22 excluding special education pupils. For a district that has a
23 millage reduction required under section 31 of article IX of the
24 state constitution of 1963, the state portion of the district's
25 foundation allowance shall be calculated as if that reduction did
26 not occur. For the purposes of state law, federal funding awarded
27 to this state under title XIV of the American recovery and

1 reinvestment act of 2009, Public Law 111-5, that is appropriated
2 under section 11 and allocated under section 22b, is considered to
3 be part of the state portion of a district's foundation allowance
4 and is considered to be part of the total state school aid paid to
5 a public school academy.

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

26 (6) Subject to subsection (7) and except as otherwise provided
27 in this subsection, for pupils in membership, other than special

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

27 (7) If more than 25% of the pupils residing within a district

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

25 (8) If a district does not receive an amount calculated under
26 subsection (9); if the number of mills the district may levy on a
27 principal residence, qualified agricultural property, qualified

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

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

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

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

26 (11) Each fraction used in making calculations under this
27 section shall be rounded to the fourth decimal place and the dollar

1 amount of an increase in the basic foundation allowance shall be
2 rounded to the nearest whole dollar.

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

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

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

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

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

13 (c) The index shall be calculated by multiplying the pupil
14 membership factor by the revenue adjustment factor. However, for
15 2009-2010 **AND FOR 2010-2011**, the index shall be 1.00. If a
16 consensus index is not determined at the revenue estimating
17 conference, the principals of the revenue estimating conference
18 shall report their estimates to the house and senate subcommittees
19 responsible for school aid appropriations not later than 7 days
20 after the conclusion of the revenue conference.

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

27 (15) If at the January revenue estimating conference it is

1 estimated that pupil membership, excluding intermediate district
2 membership, for the subsequent state fiscal year will be greater
3 than 101% of the pupil membership, excluding intermediate district
4 membership, for the current state fiscal year, then it is the
5 intent of the legislature that the executive budget proposal for
6 the school aid budget for the subsequent state fiscal year include
7 a general fund/general purpose allocation sufficient to support the
8 membership in excess of 101% of the current year pupil membership.

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

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

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

23 (18) For a district in which an industrial facilities
24 exemption certificate that abated taxes on property with a state
25 equalized valuation greater than the total state equalized
26 valuation of the district at the time the certificate was issued or
27 \$700,000,000.00, whichever is greater, was issued under 1974 PA

1 198, MCL 207.551 to 207.572, before the calculation of the
2 district's 1994-95 foundation allowance, the district's foundation
3 allowance for 2002-2003 is an amount equal to the sum of the
4 district's foundation allowance for 2002-2003, as otherwise
5 calculated under this section, plus \$250.00.

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

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

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

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

1 motor skill development, behavior, or language development. These
2 would be provided based on an understanding of the individual
3 child's learning needs.

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

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

25 (22) For a district that levied 2.23 mills in 1993 to finance
26 an operating deficit, the district's foundation allowance shall be
27 calculated as if those mills were included as operating mills in

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

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

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

15 (25) As used in this section:

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

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

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

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

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

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

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

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

1 fiscal year in the lowest per-pupil allocation among all public
2 school academies]. For 2009-2010 **AND 2010-2011**, maximum public
3 school academy allocation means \$7,580.00.

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

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

11 (k) "Principal residence", "qualified agricultural property",
12 "qualified forest property", "**SUPPORTIVE HOUSING PROPERTY**",
13 "industrial personal property", and "commercial personal property"
14 mean those terms as defined in ~~section 7dd of the general property~~
15 ~~tax act, 1993 PA 206, MCL 211.7dd, and section 1211 of the revised~~
16 school code, MCL 380.1211.

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

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

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

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

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

8 Sec. 20d. In making the final determination required under
9 former section 20a of a district's combined state and local revenue
10 per membership pupil in 1993-94 and in making calculations under
11 section 20 for ~~2009-2010~~ **2010-2011**, the department and the
12 department of treasury shall comply with all of the following:

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

1 subdivision.

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

19 Sec. 22a. (1) From the appropriation in section 11, there is
20 allocated an amount not to exceed ~~\$5,882,000,000.00~~
21 **\$5,785,000,000.00** for 2009-2010 **AND AN AMOUNT NOT TO EXCEED**
22 **\$5,764,000,000.00 FOR 2010-2011** for payments to districts,
23 qualifying university schools, and qualifying public school
24 academies to guarantee each district, qualifying university school,
25 and qualifying public school academy an amount equal to its 1994-95
26 total state and local per pupil revenue for school operating
27 purposes under section 11 of article IX of the state constitution

1 of 1963. Pursuant to section 11 of article IX of the state
2 constitution of 1963, this guarantee does not apply to a district
3 in a year in which the district levies a millage rate for school
4 district operating purposes less than it levied in 1994. However,
5 subsection (2) applies to calculating the payments under this
6 section. Funds allocated under this section that are not expended
7 in the state fiscal year for which they were allocated, as
8 determined by the department, may be used to supplement the
9 allocations under sections 22b and 51c in order to fully fund those
10 calculated allocations for the same fiscal year.

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

16 (a) Except as otherwise provided in this subsection, the state
17 portion of a district's 1994-95 foundation allowance is an amount
18 equal to the district's 1994-95 foundation allowance or \$6,500.00,
19 whichever is less, minus the difference between the sum of the
20 product of the taxable value per membership pupil of all property
21 in the district that is nonexempt property times the district's
22 certified mills and, for a district with certified mills exceeding
23 12, the product of the taxable value per membership pupil of
24 property in the district that is commercial personal property times
25 the certified mills minus 12 mills and the quotient of the ad
26 valorem property tax revenue of the district captured under tax
27 increment financing acts divided by the district's membership. For

1 a district that has a millage reduction required under section 31
2 of article IX of the state constitution of 1963, the state portion
3 of the district's foundation allowance shall be calculated as if
4 that reduction did not occur.

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

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

1 qualifying public school academy or qualifying university school
2 under section 20.

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

8 (5) For a district that is formed or reconfigured after June
9 1, 2000 by consolidation of 2 or more districts or by annexation,
10 the resulting district's 1994-95 foundation allowance under this
11 section beginning after the effective date of the consolidation or
12 annexation shall be the average of the 1994-95 foundation
13 allowances of each of the original or affected districts,
14 calculated as provided in this section, weighted as to the
15 percentage of pupils in total membership in the resulting district
16 in the state fiscal year in which the consolidation takes place who
17 reside in the geographic area of each of the original districts. If
18 an affected district's 1994-95 foundation allowance is less than
19 the 1994-95 basic foundation allowance, the amount of that
20 district's 1994-95 foundation allowance shall be considered for the
21 purpose of calculations under this subsection to be equal to the
22 amount of the 1994-95 basic foundation allowance.

23 (6) As used in this section:

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

1 (b) "Certified mills" means the lesser of 18 mills or the
2 number of mills of school operating taxes levied by the district in
3 1993-94.

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

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

10 (e) "Hold harmless millage" means, for a district with a 1994-
11 95 foundation allowance greater than \$6,500.00, the number of mills
12 by which the exemption from the levy of school operating taxes on a
13 homestead, qualified agricultural property, qualified forest
14 property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal
15 property, and commercial personal property could be reduced as
16 provided in section 1211 of the revised school code, MCL 380.1211,
17 and the number of mills of school operating taxes that could be
18 levied on all property as provided in section 1211(2) of the
19 revised school code, MCL 380.1211, as certified by the department
20 of treasury for the 1994 tax year.

21 (f) "Homestead", ~~means that term~~ **"QUALIFIED AGRICULTURAL**
22 **PROPERTY"**, **"QUALIFIED FOREST PROPERTY"**, **"SUPPORTIVE HOUSING**
23 **PROPERTY"**, **"INDUSTRIAL PERSONAL PROPERTY"**, **AND "COMMERCIAL PERSONAL**
24 **PROPERTY" MEAN THOSE TERMS** as defined in section 1211 of the
25 revised school code, MCL 380.1211.

26 (g) "Membership" means the definition of that term under
27 section 6 as in effect for the particular fiscal year for which a

1 particular calculation is made.

2 (h) "Nonexempt property" means property that is not a
3 principal residence, qualified agricultural property, qualified
4 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal
5 property, or commercial personal property.

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

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

11 (J) ~~(k)~~—"Qualifying university school" means a university
12 school that was in operation in the 1994-95 school year and is in
13 operation in the current fiscal year.

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

17 (L) ~~(m)~~—"Tax increment financing acts" means 1975 PA 197, MCL
18 125.1651 to 125.1681, the tax increment finance authority act, 1980
19 PA 450, MCL 125.1801 to 125.1830, the local development financing
20 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
21 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
22 or the corridor improvement authority act, 2005 PA 280, MCL
23 125.2871 to 125.2899.

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

26 (i) For the number of mills by which the exemption from the
27 levy of school operating taxes on a homestead, qualified

1 agricultural property, qualified forest property, **SUPPORTIVE**
2 **HOUSING PROPERTY**, industrial personal property, and commercial
3 personal property may be reduced as provided in section 1211 of the
4 revised school code, MCL 380.1211, the taxable value of homestead,
5 qualified agricultural property, qualified forest property,
6 **SUPPORTIVE HOUSING PROPERTY**, industrial personal property, and
7 commercial personal property for the calendar year ending in the
8 current state fiscal year.

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

14 Sec. 22b. (1) From the state funds appropriated in section 11,
15 there is allocated for 2009-2010 an amount not to exceed
16 ~~\$3,323,800,000.00~~ **\$3,299,300,000.00 AND THERE IS ALLOCATED FOR**
17 **2010-2011 AN AMOUNT NOT TO EXCEED \$3,578,600,000.00** for
18 discretionary nonmandated payments to districts under this section.
19 Funds allocated under this section that are not expended in the
20 state fiscal year for which they were allocated, as determined by
21 the department, may be used to supplement the allocations under
22 sections 22a and 51c in order to fully fund those calculated
23 allocations for the same fiscal year.

24 (2) In addition to the funds allocated in subsection (1),
25 there is allocated an amount estimated at \$450,000,000.00 **FOR 2009-**
26 **2010 AND THERE IS ALLOCATED AN AMOUNT ESTIMATED AT \$184,256,600.00**
27 **FOR 2010-2011** from the federal funds awarded to this state under

1 title XIV of the American recovery and reinvestment act of 2009,
2 Public Law 111-5. These funds shall be distributed in a form and
3 manner determined by the department based on an equal dollar amount
4 per the number of membership pupils used to calculate the ~~August~~
5 ~~20, 2009~~ **FINAL** state aid payment **OF THE IMMEDIATELY PRECEDING**
6 **FISCAL YEAR** and shall be expended in a manner prescribed by federal
7 law.

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

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

15 (a) Administer in each grade level that it operates in grades
16 1 to 5 a standardized assessment approved by the department of
17 grade-appropriate basic educational skills. A district may use the
18 Michigan literacy progress profile to satisfy this requirement for
19 grades 1 to 3. Also, if the revised school code is amended to
20 require annual assessments at additional grade levels, in order to
21 receive an allocation under this section each district shall comply
22 with that requirement.

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

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

1 (d) Comply with section 1230g of the revised school code, MCL
2 380.1230g.

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

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

13 (7) ~~(6)~~—From the allocation in subsection (1), the department
14 shall pay up to \$1,000,000.00 in litigation costs incurred by this
15 state associated with lawsuits filed by 1 or more districts or
16 intermediate districts against this state. If the allocation under
17 this section is insufficient to fully fund all payments required
18 under this section, the payments under this subsection shall be
19 made in full before any proration of remaining payments under this
20 section.

21 (8) ~~(7)~~—It is the intent of the legislature that all
22 constitutional obligations of this state have been fully funded
23 under sections 22a, 31d, 51a, and 51c. If a claim is made by an
24 entity receiving funds under this act that challenges the
25 legislative determination of the adequacy of this funding or
26 alleges that there exists an unfunded constitutional requirement,
27 the state budget director may escrow or allocate from the

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

9 (9) ~~(8)~~—If the local claims review board or a court of
10 competent jurisdiction makes a final determination that this state
11 is in violation of section 29 of article IX of the state
12 constitution of 1963 regarding state payments to districts, the
13 state budget director shall use work project funds under subsection
14 ~~(7)~~—(8) or allocate from the discretionary funds for nonmandated
15 payments under this section the amount as may be necessary to
16 satisfy the amount owed to districts before making any payments to
17 districts under subsection (3).

18 (10) ~~(9)~~—If a claim is made in court that challenges the
19 legislative determination of the adequacy of funding for this
20 state's constitutional obligations or alleges that there exists an
21 unfunded constitutional requirement, any interested party may seek
22 an expedited review of the claim by the local claims review board.
23 If the claim exceeds \$10,000,000.00, this state may remove the
24 action to the court of appeals, and the court of appeals shall have
25 and shall exercise jurisdiction over the claim.

26 (11) ~~(10)~~—If payments resulting from a final determination by
27 the local claims review board or a court of competent jurisdiction

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

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

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

1 (2) From the allocation under subsection (1), there is
2 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
3 \$750,000.00 for payments under this subsection to districts that
4 meet all of the following:

5 (a) Operates grades K to 12.

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

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

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

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

12 (3) The amount of the additional funding to each eligible
13 district under subsection (2) shall be determined under a spending
14 plan developed as provided in this subsection and approved by the
15 superintendent of public instruction. The spending plan shall be
16 developed cooperatively by the intermediate superintendents of each
17 intermediate district in which an eligible district is located. The
18 intermediate superintendents shall review the financial situation
19 of each eligible district, determine the minimum essential
20 financial needs of each eligible district, and develop and agree on
21 a spending plan that distributes the available funding under
22 subsection (2) to the eligible districts based on those financial
23 needs. The intermediate superintendents shall submit the spending
24 plan to the superintendent of public instruction for approval. Upon
25 approval by the superintendent of public instruction, the amounts
26 specified for each eligible district under the spending plan are
27 allocated under subsection (2) and shall be paid to the eligible

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 districts in the same manner as payments under section 22b.

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

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

8 (b) The district has a total square mileage greater than 200.0
9 or is 1 of 2 districts that have consolidated transportation
10 services and have a combined total square mileage greater than
11 200.0.

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

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

16 Sec. 22e. (1) Beginning in 2008-2009, an amount will be
17 allocated each fiscal year from the appropriation in section 11 for
18 additional payments under this section to districts that meet the
19 eligibility requirements under subsection (2). For 2009-2010 [

20], there is allocated for this purpose from the
21 appropriation in section 11 an amount [] not to
22 exceed \$1,300,000.00. **[FOR 2010-2011, THERE IS ALLOCATED FOR THIS PURPOSE
FROM THE APPROPRIATION IN SECTION 11 AN AMOUNT NOT TO EXCEED
\$2,000,000.00.]**

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

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

Senate Bill No. 1163 (H-4) as amended May 26, 2010

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

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

6 (iii) The amount of operating millage it is authorized to levy
7 after a millage reduction required under the limitation of section
8 31 of article IX of the state constitution of 1963, if a ballot
9 question asking for approval to levy millage in excess of the
10 limitation has been rejected in the district.

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

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

**[(D) BEGINNING WITH 2010-2011, THE DISTRICT RECEIVED FUNDING UNDER
THIS SECTION FOR THE FIRST TIME IN EITHER 2008-2009 OR 2009-2010.]**

18 (3) ~~The~~**SUBJECT TO SUBSECTION (4), THE** amount of the
19 additional funding to each eligible district under this section is
20 the sum of the following and shall be paid to the eligible
21 districts in the same manner as payments under section 22b:

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

27 (b) The product of the taxable value of the district's

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 commercial personal property for the calendar year ending in the
2 fiscal year multiplied by the lesser of 12 mills or the total
3 number of mills the district levies on nonexempt property under
4 section 1211 of the revised school code, MCL 380.1211, for that
5 calendar year.

6 **[(4) BEGINNING WITH 2010-2011, THE AMOUNT OF THE ADDITIONAL FUNDING**
7 **TO AN ELIGIBLE DISTRICT UNDER THIS SECTION FOR A FISCAL YEAR IS AS**
8 **FOLLOWS:**

9 **(A) IF THE DISTRICT FIRST RECEIVED FUNDING UNDER THIS SECTION FOR**
10 **2008-2009, AN AMOUNT EQUAL TO THE AMOUNT THE DISTRICT ACTUALLY RECEIVED**
11 **UNDER THIS SECTION FOR 2008-2009.**

12 **(B) IF THE DISTRICT FIRST RECEIVED FUNDING UNDER THIS SECTION FOR**
13 **2009-2010, AN AMOUNT EQUAL TO THE AMOUNT THE DISTRICT ACTUALLY RECEIVED**
14 **UNDER THIS SECTION FOR 2009-2010.]**

15 **(5) IF THE TOTAL AMOUNT OF THE PAYMENTS CALCULATED UNDER THIS**
16 **SECTION FOR A FISCAL YEAR EXCEEDS THE ALLOCATION FOR THIS SECTION**
17 **FOR THAT FISCAL YEAR, THE PAYMENT TO EACH DISTRICT SHALL BE**
18 **PRORATED ON AN EQUAL PERCENTAGE BASIS.**

19 Sec. 24. (1) From the appropriation in section 11, there is
20 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
21 \$8,000,000.00 for payments to the educating district or
22 intermediate district for educating pupils assigned by a court or
23 the department of human services to reside in or to attend a
24 juvenile detention facility or child caring institution licensed by
25 the department of human services and approved by the department to
26 provide an on-grounds education program. The amount of the payment
27 under this section to a district or intermediate district shall be
calculated as prescribed under subsection (2).

(2) The total amount allocated under this section shall be
allocated by paying to the educating district or intermediate
district an amount equal to the lesser of the district's or
intermediate district's added cost or the department's approved per

1 pupil allocation for the district or intermediate district. For the
2 purposes of this subsection:

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

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

23 (3) A district or intermediate district educating pupils
24 described in this section at a residential child caring institution
25 may operate, and receive funding under this section for, a
26 department-approved on-grounds educational program for those pupils
27 that is longer than 181 days, but not longer than 233 days, if the

1 child caring institution was licensed as a child caring institution
2 and offered in 1991-92 an on-grounds educational program that was
3 longer than 181 days but not longer than 233 days and that was
4 operated by a district or intermediate district.

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

7 Sec. 24a. From the appropriation in section 11, there is
8 allocated an amount not to exceed ~~\$2,523,200.00~~ **\$1,751,300.00** for
9 2009-2010 **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
10 **\$1,526,200.00 FOR 2010-2011** for payments to intermediate districts
11 for pupils who are placed in juvenile justice service facilities
12 operated by the department of human services. Each intermediate
13 district shall receive an amount equal to the state share of those
14 costs that are clearly and directly attributable to the educational
15 programs for pupils placed in facilities described in this section
16 that are located within the intermediate district's boundaries. The
17 intermediate districts receiving payments under this section shall
18 cooperate with the department of human services to ensure that all
19 funding allocated under this section is utilized by the
20 intermediate district and department of human services for
21 educational programs for pupils described in this section. Pupils
22 described in this section are not eligible to be funded under
23 section 24. However, a program responsibility or other fiscal
24 responsibility associated with these pupils shall not be
25 transferred from the department of human services to a district or
26 intermediate district unless the district or intermediate district
27 consents to the transfer.

1 Sec. 24c. From the appropriation in section 11, there is
2 allocated an amount not to exceed ~~\$642,300.00 for 2009-2010~~
3 **\$653,200.00 FOR 2010-2011** for payments to districts for pupils who
4 are enrolled in a nationally administered community-based education
5 and youth mentoring program, known as the youth challenge program,
6 that is located within the district and is administered by the
7 department of military and veterans affairs. A district receiving
8 payments under this section shall contract with the department of
9 military and veterans affairs to ensure that all funding allocated
10 under this section is utilized by the district and the department
11 of military and veterans affairs for the youth challenge program.

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

25 Sec. 26b. (1) From the appropriation in section 11, there is
26 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
27 \$3,400,000.00 for payments to districts, intermediate districts,

1 and community college districts for the portion of the payment in
2 lieu of taxes obligation that is attributable to districts,
3 intermediate districts, and community college districts pursuant to
4 section 2154 of the natural resources and environmental protection
5 act, 1994 PA 451, MCL 324.2154.

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

10 Sec. 29. (1) From the appropriation in section 11, there is
11 allocated an amount not to exceed \$20,000,000.00 for ~~2009-2010~~
12 **2010-2011** for additional payments to eligible districts for
13 declining enrollment assistance.

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

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

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

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

27 (3) Payments to each eligible district shall be equal to the

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

8 (4) For the purposes of this section, "average pupil
9 membership" means the average of the district's membership for the
10 3-fiscal-year period ending with the current fiscal year,
11 calculated by adding the district's actual membership for each of
12 those 3 fiscal years, as otherwise calculated under section 6, and
13 dividing the sum of those 3 membership figures by 3.

14 Sec. 31a. (1) From the state school aid fund money
15 appropriated in section 11, there is allocated for ~~2009-2010-2010-~~
16 ~~2011~~ an amount not to exceed ~~\$317,695,500.00~~ **\$318,881,200.00** for
17 payments to eligible districts and eligible public school academies
18 under this section. Subject to subsection (14), the amount of the
19 additional allowance under this section, other than funding under
20 subsection (6) or (7), shall be based on the number of actual
21 pupils in membership in the district or public school academy who
22 met the income eligibility criteria for free breakfast, lunch, or
23 milk in the immediately preceding state fiscal year, as determined
24 under the Richard B. Russell national school lunch act, 42 USC 1751
25 to 1769i, and reported to the department by October 31 of the
26 immediately preceding fiscal year and adjusted not later than
27 December 31 of the immediately preceding fiscal year. However, for

1 a public school academy that began operations as a public school
2 academy after the pupil membership count day of the immediately
3 preceding school year, the basis for the additional allowance under
4 this section shall be the number of actual pupils in membership in
5 the public school academy who met the income eligibility criteria
6 for free breakfast, lunch, or milk in the current state fiscal
7 year, as determined under the Richard B. Russell national school
8 lunch act.

9 (2) To be eligible to receive funding under this section,
10 other than funding under subsection (6) or (7), a district or
11 public school academy that has not been previously determined to be
12 eligible shall apply to the department, in a form and manner
13 prescribed by the department, and a district or public school
14 academy must meet all of the following:

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

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

25 (3) Except as otherwise provided in this subsection, an
26 eligible district or eligible public school academy shall receive
27 under this section for each membership pupil in the district or

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

24 (4) Except as otherwise provided in this section, a district
25 or public school academy receiving funding under this section shall
26 use that money only to provide instructional programs and direct
27 noninstructional services, including, but not limited to, medical

1 or counseling services, for at-risk pupils; for school health
2 clinics; and for the purposes of subsection (5), (6), or (7). In
3 addition, a district that is a school district of the first class
4 or a district or public school academy in which at least 50% of the
5 pupils in membership met the income eligibility criteria for free
6 breakfast, lunch, or milk in the immediately preceding state fiscal
7 year, as determined and reported as described in subsection (1),
8 may use not more than 20% of the funds it receives under this
9 section for school security. A district or public school academy
10 shall not use any of that money for administrative costs or to
11 supplant another program or other funds, except for funds allocated
12 to the district or public school academy under this section in the
13 immediately preceding year and already being used by the district
14 or public school academy for at-risk pupils. The instruction or
15 direct noninstructional services provided under this section may be
16 conducted before or after regular school hours or by adding extra
17 school days to the school year and may include, but are not limited
18 to, tutorial services, early childhood programs to serve children
19 age 0 to 5, and reading programs as described in former section 32f
20 as in effect for 2001-2002. A tutorial method may be conducted with
21 paraprofessionals working under the supervision of a certificated
22 teacher. The ratio of pupils to paraprofessionals shall be between
23 10:1 and 15:1. Only 1 certificated teacher is required to supervise
24 instruction using a tutorial method. As used in this subsection,
25 "to supplant another program" means to take the place of a
26 previously existing instructional program or direct
27 noninstructional services funded from a funding source other than

1 funding under this section.

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

10 (6) From the funds allocated under subsection (1), there is
11 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed
12 ~~\$3,557,300.00~~ **\$4,743,000.00** to support child and adolescent health
13 centers. These grants shall be awarded for 5 consecutive years
14 beginning with 2003-2004 in a form and manner approved jointly by
15 the department and the department of community health. Each grant
16 recipient shall remain in compliance with the terms of the grant
17 award or shall forfeit the grant award for the duration of the 5-
18 year period after the noncompliance. To continue to receive funding
19 for a child and adolescent health center under this section a grant
20 recipient shall ensure that the child and adolescent health center
21 has an advisory committee and that at least one-third of the
22 members of the advisory committee are parents or legal guardians of
23 school-aged children. A child and adolescent health center program
24 shall recognize the role of a child's parents or legal guardian in
25 the physical and emotional well-being of the child. Funding under
26 this subsection shall be used to support child and adolescent
27 health center services provided to children up to age 21. If any

1 funds allocated under this subsection are not used for the purposes
2 of this subsection for the fiscal year in which they are allocated,
3 those unused funds shall be used that fiscal year to avoid or
4 minimize any proration that would otherwise be required under
5 subsection (14) for that fiscal year.

6 (7) From the funds allocated under subsection (1), there is
7 allocated for ~~2009-2010~~ **2010-2011** an amount not to exceed
8 \$5,150,000.00 for the state portion of the hearing and vision
9 screenings as described in section 9301 of the public health code,
10 1978 PA 368, MCL 333.9301. A local public health department shall
11 pay at least 50% of the total cost of the screenings. The frequency
12 of the screenings shall be as required under R 325.13091 to R
13 325.13096 and R 325.3271 to R 325.3276 of the Michigan
14 administrative code. Funds shall be awarded in a form and manner
15 approved jointly by the department and the department of community
16 health. Notwithstanding section 17b, payments to eligible entities
17 under this subsection shall be paid on a schedule determined by the
18 department.

19 (8) Each district or public school academy receiving funds
20 under this section shall submit to the department by July 15 of
21 each fiscal year a report, not to exceed 10 pages, on the usage by
22 the district or public school academy of funds under this section,
23 which report shall include at least a brief description of each
24 program conducted by the district or public school academy using
25 funds under this section, the amount of funds under this section
26 allocated to each of those programs, the number of at-risk pupils
27 eligible for free or reduced price school lunch who were served by

1 each of those programs, and the total number of at-risk pupils
2 served by each of those programs. If a district or public school
3 academy does not comply with this subsection, the department shall
4 withhold an amount equal to the August payment due under this
5 section until the district or public school academy complies with
6 this subsection. If the district or public school academy does not
7 comply with this subsection by the end of the state fiscal year,
8 the withheld funds shall be forfeited to the school aid fund.

9 (9) In order to receive funds under this section, a district
10 or public school academy shall allow access for the department or
11 the department's designee to audit all records related to the
12 program for which it receives those funds. The district or public
13 school academy shall reimburse the state for all disallowances
14 found in the audit.

15 (10) Subject to subsections (5), (6), (7), (12), and (13), any
16 district may use up to 100% of the funds it receives under this
17 section to reduce the ratio of pupils to teachers in grades K-6, or
18 any combination of those grades, in school buildings in which the
19 percentage of pupils described in subsection (1) exceeds the
20 district's aggregate percentage of those pupils. Subject to
21 subsections (5), (6), (7), (12), and (13), if a district obtains a
22 waiver from the department, the district may use up to 100% of the
23 funds it receives under this section to reduce the ratio of pupils
24 to teachers in grades K-6, or any combination of those grades, in
25 school buildings in which the percentage of pupils described in
26 subsection (1) is at least 60% of the district's aggregate
27 percentage of those pupils and at least 30% of the total number of

1 pupils enrolled in the school building. To obtain a waiver, a
2 district must apply to the department and demonstrate to the
3 satisfaction of the department that the class size reductions would
4 be in the best interests of the district's at-risk pupils.

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

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

1 within 30 days after it is submitted to the department, the
2 application is considered to be approved. If an application for
3 flexibility in using the funds is approved, the district may use
4 the funds identified in the application for any purpose identified
5 in the plan.

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

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

21 (b) Provides early intervening strategies using school-wide
22 systems of academic and behavioral supports and is scientifically
23 research-based. The strategies to be provided shall include at
24 least pupil performance indicators based upon response to
25 intervention, instructional consultation for teachers, and ongoing
26 progress monitoring. A school-wide system of academic and
27 behavioral support should be based on a support team available to

1 the classroom teachers. The members of this team could include the
2 principal, special education staff, reading teachers, and other
3 appropriate personnel who would be available to systematically
4 study the needs of the individual child and work with the teacher
5 to match instruction to the needs of the individual child.

6 (14) If necessary, and before any proration required under
7 section 11, the department shall prorate payments under this
8 section by reducing the amount of the per pupil payment under this
9 section by a dollar amount calculated by determining the amount by
10 which the amount necessary to fully fund the requirements of this
11 section exceeds the maximum amount allocated under this section and
12 then dividing that amount by the total statewide number of pupils
13 who met the income eligibility criteria for free breakfast, lunch,
14 or milk in the immediately preceding fiscal year, as described in
15 subsection (1).

16 (15) If a district is formed by consolidation after June 1,
17 1995, and if 1 or more of the original districts was not eligible
18 before the consolidation for an additional allowance under this
19 section, the amount of the additional allowance under this section
20 for the consolidated district shall be based on the number of
21 pupils described in subsection (1) enrolled in the consolidated
22 district who reside in the territory of an original district that
23 was eligible before the consolidation for an additional allowance
24 under this section.

25 (16) ~~A-EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (18), A~~
26 district or public school academy that does not meet the
27 eligibility requirement under subsection (2)(a) is eligible for

1 funding under this section if at least 1/4 of the pupils in
2 membership in the district or public school academy met the income
3 eligibility criteria for free breakfast, lunch, or milk in the
4 immediately preceding state fiscal year, as determined and reported
5 as described in subsection (1), and at least 4,500 of the pupils in
6 membership in the district or public school academy met the income
7 eligibility criteria for free breakfast, lunch, or milk in the
8 immediately preceding state fiscal year, as determined and reported
9 as described in subsection (1). A district or public school academy
10 that is eligible for funding under this section because the
11 district meets the requirements of this subsection shall receive
12 under this section for each membership pupil in the district or
13 public school academy who met the income eligibility criteria for
14 free breakfast, lunch, or milk in the immediately preceding fiscal
15 year, as determined and reported as described in subsection (1), an
16 amount per pupil equal to ~~8.63%~~ 11.5% of the ~~sum of the district's~~
17 ~~foundation allowance or public school academy's per pupil~~
18 ~~allocation under section 20, plus the amount of the district's per~~
19 ~~pupil allocation under section 20j(2),~~ not to exceed the basic
20 foundation allowance under section 20 for the current state fiscal
21 year.

22 (17) A district that does not meet the eligibility requirement
23 under subsection (2)(a) is eligible for funding under this section
24 if at least 75% of the pupils in membership in the district met the
25 income eligibility criteria for free breakfast, lunch, or milk in
26 the immediately preceding state fiscal year, as determined and
27 reported as described in subsection (1), the district receives an

1 adjustment under section 20(19), and the district does not receive
2 any state portion of its foundation allowance as calculated under
3 section 20. A district that is eligible for funding under this
4 section because the district meets the requirements of this
5 subsection shall receive under this section for each membership
6 pupil in the district who met the income eligibility criteria for
7 free breakfast, lunch, or milk in the immediately preceding fiscal
8 year, as determined and reported as described in subsection (1), an
9 amount per pupil equal to 11.5% of the sum of the district's
10 foundation allowance under section 20, not to exceed the basic
11 foundation allowance under section 20 for the current state fiscal
12 year.

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

17 **(19)** ~~(18)~~—As used in this section, "at-risk pupil" means a
18 pupil for whom the district has documentation that the pupil meets
19 at least 2 of the following criteria: is a victim of child abuse or
20 neglect; is below grade level in English language and communication
21 skills or mathematics; is a pregnant teenager or teenage parent; is
22 eligible for a federal free or reduced-price lunch subsidy; has
23 atypical behavior or attendance patterns; or has a family history
24 of school failure, incarceration, or substance abuse. For pupils
25 for whom the results of at least the applicable Michigan education
26 assessment program (MEAP) test have been received, at-risk pupil
27 also includes a pupil who does not meet the other criteria under

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

17 Sec. 31d. (1) From the appropriations in section 11, there is
18 allocated an amount not to exceed \$22,495,100.00 for ~~2009-2010~~
19 **2010-2011** for the purpose of making payments to districts and other
20 eligible entities under this section.

21 (2) The amounts allocated from state sources under this
22 section shall be used to pay the amount necessary to reimburse
23 districts for 6.0127% of the necessary costs of the state mandated
24 portion of the school lunch programs provided by those districts.
25 The amount due to each district under this section shall be
26 computed by the department using the methods of calculation adopted
27 by the Michigan supreme court in the consolidated cases known as

1 Durant v State of Michigan, Michigan supreme court docket no.
2 104458-104492.

3 (3) The payments made under this section include all state
4 payments made to districts so that each district receives at least
5 6.0127% of the necessary costs of operating the state mandated
6 portion of the school lunch program in a fiscal year.

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

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

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

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

25 Sec. 31f. (1) From the appropriations in section 11, there is
26 allocated an amount not to exceed \$9,625,000.00 for ~~2009-2010-2010-~~
27 **2011** for the purpose of making payments to districts to reimburse

1 for the cost of providing breakfast.

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

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

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

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

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

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

24 Sec. 32b. (1) From the funds appropriated under section 11,
25 there is allocated an amount not to exceed \$6,000,000.00 for ~~2009-~~
26 ~~2010-~~2010-2011 for competitive grants to intermediate districts for
27 the creation and continuance of great start communities or other

1 community purposes as identified by the early childhood investment
2 corporation. These dollars may not be expended until both of the
3 following conditions have been met:

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

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

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

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

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

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

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

27 (c) Coordination and expansion of infrastructure to support

1 high-quality early childhood and childcare programs.

2 (d) Evaluation of local programs.

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

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

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

22 Sec. 32c. (1) ~~From~~ **IF THE DOUBLE DEDUCTION ALLOWED FOR STATE**
23 **INCOME TAX PURPOSES FOR INDIRECT COSTS INCURRED IN OIL AND GAS**
24 **PRODUCTION IS ELIMINATED, THEN FROM** the general fund appropriation
25 in section 11, there is allocated an amount not to exceed
26 ~~\$2,125,000.00 for 2008-2009~~ **\$1,500,000.00 FOR 2010-2011** to the
27 department for grants for community-based collaborative prevention

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

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

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

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

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

27 (3) Notwithstanding section 17b, payments under this section

1 may be made pursuant to an agreement with the department.

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

7 Sec. 32d. (1) For ~~2009-2010-2010-2011~~, ~~from the state school~~
8 ~~aid fund appropriation in section 11~~, there is allocated an amount
9 ~~not to exceed \$88,100,000.00~~ to eligible districts for great start
10 readiness programs and ~~from~~ **AN AMOUNT NOT TO EXCEED \$88,100,000.00**
11 **FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11. IN**
12 **ADDITION, FROM** the general fund appropriation in section 11, there
13 is allocated an amount not to exceed ~~\$7,575,000.00~~ **\$15,150,000.00**
14 for competitive great start readiness program grants. Funds
15 allocated under this section shall be used to provide part-day or
16 full-day comprehensive free compensatory programs designed to do 1
17 or both of the following:

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

24 (b) Provide preschool and parenting education programs similar
25 to those under former section 32b as in effect for 2001-2002.
26 Beginning in 2007-2008, funds spent by a district for programs
27 described in this subdivision shall not exceed the lesser of the

1 amount spent by the district under this subdivision for 2006-2007
2 or the amount spent under this subdivision in any subsequent fiscal
3 year.

4 (2) To be eligible to receive payments under this section, a
5 district shall comply with this section and section 39. To receive
6 competitive grant payments under this section, an eligible grant
7 recipient shall comply with this section and section 32l.

8 (3) In addition to the allocation under subsection (1), from
9 the general fund money appropriated under section 11, there is
10 allocated an amount not to exceed \$300,000.00 for ~~2009-2010-2010-~~
11 **2011** for a competitive grant to continue a longitudinal evaluation
12 of children who have participated in great start readiness
13 programs.

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

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

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

27 (c) Nutritional services for all program participants.

1 (d) Health **AND DEVELOPMENTAL** screening services for all
2 program participants.

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

5 (f) Active and continuous involvement of the parents or
6 guardians of the program participants.

7 (g) A plan to conduct and report annual great start readiness
8 program evaluations and continuous improvement plans using criteria
9 approved by the department.

10 (h) Participation in a multidistrict, multiagency, school
11 readiness advisory committee that provides for the involvement of
12 classroom teachers, parents or guardians of program participants,
13 and community, volunteer, and social service agencies and
14 organizations, as appropriate. The advisory committee shall review
15 the program components listed in this subsection and make
16 recommendations for changes to the great start readiness program
17 for which it is an advisory committee.

18 (i) For great start readiness programs operated by a district
19 or consortium of districts, provide for the ongoing articulation of
20 the early childhood, kindergarten, and first grade programs offered
21 by the district or districts.

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

25 (a) Ensure compliance with all program components described in
26 subsection (4).

27 (b) Ensure that more than ~~50%~~**75%** of the children

1 participating in an eligible great start readiness program are
2 children who live with families with a household income that is
3 equal to or less than 300% of the federal poverty level.

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

6 (i) Teachers possessing proper training. For programs the
7 district manages itself, a valid teaching certificate and an early
8 childhood (ZA) endorsement are required. This provision does not
9 apply to a district that subcontracts with an eligible child
10 development program. In that situation, a teacher must have a valid
11 Michigan teaching certificate with an early childhood (ZA)
12 endorsement, a valid Michigan teaching certificate with a child
13 development associate credential, or a bachelor's degree in child
14 development with specialization in preschool teaching. However,
15 both of the following apply to this subparagraph:

16 (A) If a district demonstrates to the department that it is
17 unable to fully comply with this subparagraph after making
18 reasonable efforts to comply, teachers who have significant but
19 incomplete training in early childhood education or child
20 development may be employed by the district if the district
21 provides to the department, and the department approves, a plan for
22 each teacher to come into compliance with the standards in this
23 subparagraph. A teacher's compliance plan must be completed within
24 4 years of the date of employment. Progress toward completion of
25 the compliance plan shall consist of at least 2 courses per
26 calendar year.

27 (B) For a subcontracted program, the department shall consider

1 a teacher ~~with~~ **WHO HAS** 90 credit hours and at least 4 years'
2 teaching experience in a qualified preschool program **AND WHO WAS**
3 **EMPLOYED AS A TEACHER IN THE PROGRAM IN 2009-2010** to meet the
4 requirements under this subparagraph.

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

20 (d) Include a program budget that contains only those costs
21 that are not reimbursed or reimbursable by federal funding, that
22 are clearly and directly attributable to the great start readiness
23 program, and that would not be incurred if the program were not
24 being offered. The program budget shall indicate the extent to
25 which these funds will supplement other federal, state, local, or
26 private funds. Funds received under this section shall not be used
27 to supplant any federal funds by the applicant to serve children

1 eligible for a federally funded existing preschool program that has
2 the capacity to serve those children.

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

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

22 (8) Any public or private for-profit or nonprofit legal entity
23 or agency may apply for a competitive grant under this section.
24 However, a district or intermediate district may not apply for a
25 competitive grant under this section unless the district,
26 intermediate district, or consortium of districts or intermediate
27 districts is acting as a local grantee for the federal head start

1 program operating under the head start act, 42 USC 9831 to 9852.

2 (9) A recipient of funds under this section shall report to
3 the department on the midyear report the number of children
4 participating in the program who meet the income or other
5 eligibility criteria prescribed by the department and the total
6 number of children participating in the program. For children
7 participating in the program who meet the income or other
8 eligibility criteria specified under subsection (5)(b), a recipient
9 shall also report whether or not a parent is available to provide
10 care based on employment status. For the purposes of this
11 subsection, "employment status" shall be defined by the department
12 of human services in a manner consistent with maximizing the amount
13 of spending that may be claimed for temporary assistance for needy
14 families maintenance of effort purposes.

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

20 (11) A DISTRICT OR INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER
21 THIS SECTION IS ENCOURAGED TO ESTABLISH A SLIDING SCALE OF TUITION
22 RATES BASED UPON A CHILD'S FAMILY INCOME FOR THE PURPOSE OF
23 EXPANDING ELIGIBLE PROGRAMS UNDER THIS SECTION. A DISTRICT OR
24 INTERMEDIATE DISTRICT MAY CHARGE TUITION FOR PROGRAMS PROVIDED
25 UNDER THIS SECTION ACCORDING TO THAT SLIDING SCALE OF TUITION RATES
26 ON A UNIFORM BASIS FOR ANY CHILD WHO DOES NOT MEET THE PROGRAM
27 ELIGIBILITY REQUIREMENTS UNDER THIS SECTION.

1 (12) IF THERE IS ADDITIONAL LOTTERY REVENUE RESULTING FROM
2 IMPLEMENTATION OF NEW TECHNOLOGY PULL-TAB DISPENSERS IN LOTTERY
3 GAMES, IT IS THE INTENT OF THE LEGISLATURE THAT THE ADDITIONAL
4 REVENUE SHALL BE APPROPRIATED FOR THE PURPOSES OF THIS SECTION.

5 Sec. 32j. (1) From the appropriations in section 11, there is
6 allocated an amount not to exceed \$5,000,000.00 for ~~2009-2010-2010-~~
7 2011 for great parents, great start grants to intermediate
8 districts to provide programs for parents with young children. The
9 purpose of these programs is to encourage early mathematics and
10 reading literacy, improve school readiness, reduce the need for
11 special education services, and foster the maintenance of stable
12 families by encouraging positive parenting skills.

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

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

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

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

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

3 (3) To receive a grant under this section, an intermediate
4 district shall submit a plan to the department not later than
5 October 15, ~~2009~~—2010 in the form and manner prescribed by the
6 department. The plan shall do all of the following in a manner
7 prescribed by the department:

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

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

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

27 (4) Each intermediate district receiving a grant under this

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

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

9 (a) The superintendent shall approve or disapprove the plans
10 and notify the intermediate district of that decision not later
11 than November 15, ~~2009~~2010. The amount allocated to each
12 intermediate district shall be at least an amount equal to 100% of
13 the intermediate district's ~~2008-2009~~2009-2010 payment under this
14 section.

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

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

23 (6) An intermediate district receiving funds under this
24 section shall use the funds only for the program funded under this
25 section. An intermediate district receiving funds under this
26 section may carry over any unexpended funds received under this
27 section into the next fiscal year and may expend those unused funds

1 in the next fiscal year. A recipient of a grant shall return any
2 unexpended grant funds to the department in the manner prescribed
3 by the department not later than September 30 of the next fiscal
4 year after the fiscal year in which the funds are received.

5 Sec. 32l. (1) The department shall establish a diverse
6 interagency committee to review the applications for competitive
7 grants under section 32d. The committee shall be composed of
8 representatives of the department, appropriate community,
9 volunteer, and social service agencies and organizations, and
10 parents.

11 (2) The superintendent shall award the competitive grants
12 under section 32d to applicants that are in compliance with that
13 section and shall give priority for awarding the competitive grants
14 to programs that offer or contract with another nonprofit or for-
15 profit early childhood program to provide supplementary day care
16 and thereby offers full-day programs as part of its early childhood
17 development program.

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

24 (4) All grant awards under this section are contingent on the
25 availability of funds and documented evidence of grantee compliance
26 with early childhood standards of quality for prekindergarten, as
27 approved by the state board, and with all operational, fiscal,

1 administrative, and other program requirements.

2 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN
3 APPLICANT THAT RECEIVES A NEW GRANT UNDER THIS SECTION FOR 2010-
4 2011 SHALL ALSO RECEIVE PRIORITY FOR FUNDING UNDER THIS SECTION FOR
5 2011-2012 AND 2012-2013. HOWEVER, AFTER 3 FISCAL YEARS OF
6 CONTINUOUS FUNDING, AN APPLICANT IS REQUIRED TO COMPETE OPENLY WITH
7 NEW PROGRAMS AND OTHER PROGRAMS COMPLETING THEIR THIRD YEAR.

8 (6) ~~(5)~~ Notwithstanding section 17b, competitive grant
9 payments to eligible entities under section 32d shall be paid on a
10 schedule and in a manner determined by the department.

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

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

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

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

1 funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 service funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 by the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 section and shall not be reimbursed under section 58.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Senate Bill No. 1163 (H-4) as amended May 26, 2010

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

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

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

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

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

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

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

24 Sec. 74. (1) From the amount appropriated in section 11, there
25 is allocated an amount not to exceed ~~\$1,625,000.00~~ **[\$3,028,500.00]**
26 for ~~2009-2010-2010-2011~~ for the purposes of this section.

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

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 for ~~2009-2010-2010-2011~~ the amount necessary for payments to state
2 supported colleges or universities and intermediate districts
3 providing school bus driver safety instruction pursuant to section
4 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
5 payments shall be in an amount determined by the department not to
6 exceed 75% of the actual cost of instruction and driver
7 compensation for each public or nonpublic school bus driver
8 attending a course of instruction. For the purpose of computing
9 compensation, the hourly rate allowed each school bus driver shall
10 not exceed the hourly rate received for driving a school bus.
11 Reimbursement compensating the driver during the course of
12 instruction shall be made by the department to the college or
13 university or intermediate district providing the course of
14 instruction.

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

22 [(4) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED
23 AN AMOUNT NOT TO EXCEED \$1,403,500.00 FOR 2010-2011 FOR REIMBURSEMENT TO
24 DISTRICTS AND INTERMEDIATE DISTRICTS FOR COSTS ASSOCIATED WITH THE
25 INSPECTION OF SCHOOL BUSES AND PUPIL TRANSPORTATION VEHICLES BY THE
26 DEPARTMENT OF STATE POLICE AS REQUIRED UNDER SECTION 715A OF THE MICHIGAN
27 VEHICLE CODE, 1949 PA 300, MCL 257.715A, AND SECTION 39 OF THE PUPIL

Senate Bill No. 1163 (H-4) as amended May 26, 2010

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

15]

16 Sec. 81. (1) Except as otherwise provided in this section,
 17 from the appropriation in section 11, there is allocated **EACH**
 18 **FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** to the intermediate
 19 districts the sum necessary, but not to exceed ~~\$65,376,800.00~~
 20 **\$73,376,800.00 EACH FISCAL YEAR**, to provide state aid to
 21 intermediate districts under this section. Except as otherwise
 22 provided in this section, there shall be allocated to each
 23 intermediate district **EACH FISCAL YEAR** for 2009-2010 **AND FOR 2010-**
 24 **2011** an amount equal to ~~80%~~**89.79%** of the amount appropriated under
 25 this subsection for 2008-2009. Funding provided under this section
 26 shall be used to comply with requirements of this act and the
 27 revised school code that are applicable to intermediate districts,

1 and for which funding is not provided elsewhere in this act, and to
2 provide technical assistance to districts as authorized by the
3 intermediate school board.

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

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

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

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

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

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

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

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

17 (e) Comply with section 1230g of the revised school code, MCL
18 380.1230g.

19 (f) Comply with section 761 of the revised school code, MCL
20 380.761.

21 **(6) IF THE AMOUNT OF THE ALLOCATION TO INTERMEDIATE DISTRICTS**
22 **UNDER SUBSECTION (1) IS REDUCED IN A FISCAL YEAR AFTER 2009-2010**
23 **FROM THE AMOUNT OF THAT ALLOCATION FOR 2009-2010, THAT REDUCED**
24 **ALLOCATION SHALL NOT RESULT IN AN INTERMEDIATE DISTRICT'S**
25 **ALLOCATION BEING LESS THAN THE FUNDING ACTUALLY RECEIVED BY OR PAID**
26 **ON BEHALF OF THE INTERMEDIATE DISTRICT FOR THE 1994-1995 FISCAL**
27 **YEAR UNDER FORMER SECTION 146A(1) AND SECTION 147(1), AS THOSE**

1 SECTIONS WERE IN EFFECT FOR THE 1994-1995 FISCAL YEAR.

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

7 SEC. 93. (1) FROM THE AMOUNT APPROPRIATED IN SECTION 11, THERE
8 IS ALLOCATED AN AMOUNT NOT TO EXCEED \$250,000.00 FOR 2010-2011 FOR
9 GRANTS TO INTERMEDIATE DISTRICTS TO FACILITATE ONLINE COURSE
10 REGISTRATION AND PROVIDE SUPPORT TO PUPILS ACROSS THIS STATE WHOSE
11 DISTRICT RECEIVES A SEAT TIME WAIVER FOR THE PUPILS AS AUTHORIZED
12 BY THE DEPARTMENT UNDER SECTION 101, OR TO FACILITATE OTHER ONLINE
13 LEARNING OPTIONS AS REQUESTED. TO BE ELIGIBLE FOR FUNDS UNDER THIS
14 SUBSECTION, AN INTERMEDIATE DISTRICT MUST MEET ALL OF THE FOLLOWING
15 REQUIREMENTS:

16 (A) HAVE A COMBINED TOTAL MEMBERSHIP OF ALL OF ITS DISTRICTS
17 OF MORE THAN 75,000 AND LESS THAN 100,000.

18 (B) HAD AT LEAST 7,500 ONLINE COURSE REGISTRATIONS DURING THE
19 2009-2010 SCHOOL YEAR.

20 (2) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION
21 SHALL BE PAID ON A SCHEDULE AND IN A MANNER DETERMINED BY THE
22 DEPARTMENT.

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

27 (a) Coordinate the collection of all data required by state

1 and federal law from ~~all entities receiving funds under this~~
2 ~~act.~~ DISTRICTS, INTERMEDIATE DISTRICTS, AND POSTSECONDARY
3 INSTITUTIONS.

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

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

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

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

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

22 (i) DATA SETS THAT LINK TEACHERS TO STUDENT INFORMATION,
23 ALLOWING DISTRICTS TO ASSESS INDIVIDUAL TEACHER IMPACT ON STUDENT
24 PERFORMANCE AND CONSIDER STUDENT GROWTH FACTORS IN TEACHER AND
25 PRINCIPAL EVALUATION SYSTEMS.

26 (ii) DATA ACCESS OR, IF PRACTICAL, DATA SETS, PROVIDED FOR
27 REGIONAL DATA WAREHOUSES THAT, IN COMBINATION WITH LOCAL DATA, CAN

1 IMPROVE TEACHING AND LEARNING IN THE CLASSROOM.

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

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

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

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

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

18 ~~—— (i) In cooperation with the department, create and implement a
19 teacher identifier system with the ability to match an individual
20 teacher to individual pupils the teacher has taught. Subject to
21 applicable law regarding student privacy, the system shall do all
22 of the following:~~

23 ~~—— (i) Make accessible annual state assessment records of
24 individual pupils.~~

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

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

4 (G) ~~(j)~~ Other functions as assigned by the state budget
 5 director.

6 (2) Each state department, officer, or agency that collects
 7 information from districts, ~~or~~ intermediate districts, **OR**
 8 **POSTSECONDARY INSTITUTIONS** as required under state or federal law
 9 shall make arrangements with the center, ~~and with the districts or~~
 10 ~~intermediate districts, to have the center collect the information~~
 11 ~~and to provide it to the department, officer, or agency as~~
 12 ~~necessary. To the extent that it does not cause financial hardship,~~
 13 ~~the center shall arrange to collect the information in a manner~~
 14 ~~that allows electronic submission of the information to the center.~~

15 Each affected state department, officer, or agency shall provide
 16 the center with any details necessary for the center to collect
 17 information as provided under this subsection. **TO ENSURE THAT THE**
 18 **STATE DEPARTMENT, OFFICER, OR AGENCY IS IN COMPLIANCE WITH**
 19 **SUBSECTION (1).** This subsection does not apply to information
 20 collected by the department of treasury under the uniform budgeting
 21 and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised
 22 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the
 23 school bond qualification, approval, and loan act, 2005 PA 92, MCL
 24 388.1921 to 388.1939; or section 1351a of the revised school code,
 25 MCL 380.1351a.

26 (3) The state budget director shall appoint a CEPI advisory
 27 committee, ~~consisting~~ **TO PROVIDE ADVICE TO THE DIRECTOR. THE CEPI**

1 **ADVISORY COMMITTEE SHALL CONSIST** of the following members:

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

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

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

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

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

9 (f) Three representatives from intermediate school districts.

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

12 (i) Michigan association of school boards.

13 (ii) Michigan association of school administrators.

14 (iii) Michigan school business officials.

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

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

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

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

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

1 (c) Recommending timelines for the implementation and ongoing
2 collection of data.

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

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

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

13 ~~—— (g) Ensuring the data is made available to state and local~~
14 ~~policy makers and citizens of this state in the most useful format~~
15 ~~possible.~~

16 **(G) WORKING WITH STAKEHOLDERS TO DEVELOP A STATE RESEARCH**
17 **AGENDA.**

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

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

22 **(6) THE CENTER SHALL ENSURE THAT THE STATEWIDE LONGITUDINAL**
23 **DATA SYSTEM REQUIRED UNDER SUBSECTION (1) (B) MEETS ALL OF THE**
24 **FOLLOWING:**

25 **(A) INCLUDES DATA AT THE INDIVIDUAL STUDENT LEVEL FROM**
26 **PRESCHOOL THROUGH POSTSECONDARY EDUCATION AND INTO THE WORKFORCE.**

27 **(B) SUPPORTS INTEROPERABILITY BY USING STANDARD DATA**

1 STRUCTURES, DATA FORMATS, AND DATA DEFINITIONS TO ENSURE LINKAGE
2 AND CONNECTIVITY IN A MANNER THAT FACILITATES THE EXCHANGE OF DATA
3 AMONG AGENCIES AND INSTITUTIONS WITHIN THE STATE AND BETWEEN
4 STATES.

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

8 (D) ENABLES THE MATCHING OF INDIVIDUAL TEACHERS WITH
9 INFORMATION ABOUT THEIR CERTIFICATION AND THE INSTITUTIONS THAT
10 PREPARED AND RECOMMENDED THOSE TEACHERS FOR STATE CERTIFICATION.

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

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

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

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

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

23 (ii) CONTAINS STUDENT-LEVEL ENROLLMENT, DEMOGRAPHIC, AND
24 PROGRAM PARTICIPATION INFORMATION.

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

1 (iv) HAS THE CAPACITY TO COMMUNICATE WITH HIGHER EDUCATION DATA
2 SYSTEMS.

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

5 (i) CONTAINS YEARLY TEST RECORDS OF INDIVIDUAL STUDENTS FOR
6 ASSESSMENTS APPROVED BY DED-OESE FOR ACCOUNTABILITY PURPOSES UNDER
7 SECTION 1111(B) OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF
8 1965, 20 USC 6311, INCLUDING INFORMATION ON INDIVIDUAL STUDENTS NOT
9 TESTED, BY GRADE AND SUBJECT.

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

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

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

14 (i) CONTAINS DATA THAT PROVIDE INFORMATION REGARDING THE EXTENT
15 TO WHICH INDIVIDUAL STUDENTS TRANSITION SUCCESSFULLY FROM SECONDARY
16 SCHOOL TO POSTSECONDARY EDUCATION, INCLUDING, BUT NOT LIMITED TO,
17 ALL OF THE FOLLOWING:

18 (A) ENROLLMENT IN REMEDIAL COURSEWORK.

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

21 (ii) CONTAINS DATA THAT PROVIDE OTHER INFORMATION DETERMINED
22 NECESSARY TO ADDRESS ALIGNMENT AND ADEQUATE PREPARATION FOR SUCCESS
23 IN POSTSECONDARY EDUCATION.

24 (7) ~~(6)~~—From the general fund appropriation in section 11,
25 there is allocated an amount not to exceed \$3,486,100.00 for 2009-
26 2010 AND AN AMOUNT NOT TO EXCEED \$3,656,100.00 FOR 2010-2011 to the
27 department of TECHNOLOGY, management, and budget to support the

1 operations of the center. ~~and the development and implementation of~~
2 ~~a comprehensive longitudinal data collection management and~~
3 ~~reporting system that includes student level data.~~ **IN ADDITION,**
4 **FROM THE FEDERAL FUNDS APPROPRIATED IN SECTION 11 THERE IS**
5 **ALLOCATED EACH FISCAL YEAR FOR 2009-2010 AND 2010-2011 THE AMOUNT**
6 **NECESSARY, ESTIMATED AT \$18,657,400.00 FOR 2009-2010 AND ESTIMATED**
7 **AT \$7,270,100.00 FOR 2010-2011, TO SUPPORT THE OPERATIONS OF THE**
8 **CENTER.** The center shall cooperate with the state education agency
9 to ensure that this state is in compliance with federal law and is
10 maximizing opportunities for increased federal funding to improve
11 education in this state. ~~To the extent that funding under this~~
12 ~~section allows, the center shall collect data necessary to maximize~~
13 ~~federal funding under the American recovery and reinvestment act of~~
14 ~~2009, Public Law 111-5, and other federal statutes, including data~~
15 ~~necessary to implement a P-20 longitudinal data system. In~~
16 ~~addition, from the federal funds appropriated in section 11 for~~
17 ~~2009-2010, there is allocated the amount necessary, estimated at~~
18 ~~\$2,793,200.00, in order to fulfill federal reporting requirements.~~

19 (8) ~~(7)~~ From the federal funds allocated in subsection ~~(6)~~,
20 (7), there is allocated for 2009-2010 an amount not to exceed
21 \$750,000.00 **AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED \$850,000.00**
22 funded from the competitive grants of DED-OESE, title II,
23 educational technology funds for the purposes of this subsection.
24 Not later than November 30 ~~, 2008,~~ **OF EACH FISCAL YEAR,** the
25 department shall award a single grant to an eligible partnership
26 that includes an intermediate district with at least 1 high-need
27 local school district and the center.

1 (9) FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (7), THERE
2 IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED \$8,440,000.00 TO
3 SUPPORT THE EFFORTS OF DISTRICTS TO MATCH INDIVIDUAL TEACHER AND
4 STUDENT RECORDS. THE FUNDS SHALL BE DISTRIBUTED TO DISTRICTS IN AN
5 AMOUNT AND MANNER DETERMINED BY THE CENTER.

6 (10) FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (7), THERE
7 IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED \$1,274,000.00 TO
8 SUPPORT THE EFFORTS OF POSTSECONDARY INSTITUTIONS TO COMPLY WITH
9 THE REQUIREMENTS OF THIS STATE'S STATEWIDE LONGITUDINAL DATA
10 SYSTEM. THE FUNDS SHALL BE DISTRIBUTED TO POSTSECONDARY
11 INSTITUTIONS IN AN AMOUNT AND MANNER DETERMINED BY THE CENTER.

12 (11) ~~(8)~~—The center and the department shall work
13 cooperatively to develop a cost allocation plan that pays for
14 center expenses from the appropriate federal fund **AND STATE**
15 **RESTRICTED FUND** revenues.

16 (12) ~~(9)~~—Funds allocated under this section that are not
17 expended in the fiscal year in which they were allocated may be
18 carried forward to a subsequent fiscal year **AND ARE APPROPRIATED**
19 **FOR THE PURPOSES FOR WHICH THE FUNDS WERE ORIGINALLY ALLOCATED.**

20 (13) ~~(10)~~—The center may bill departments as necessary in
21 order to fulfill reporting requirements of state and federal law.
22 The center may also enter into agreements to supply custom data,
23 analysis, and reporting to other principal executive departments,
24 state agencies, local units of government, and other individuals
25 and organizations. The center may receive and expend funds in
26 addition to those authorized in subsection ~~(6)~~—(7) to cover the
27 costs associated with salaries, benefits, supplies, materials, and

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 equipment necessary to provide such data, analysis, and reporting
2 services.

3 (14) ~~(11)~~—As used in this section:

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

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

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

11 Sec. 98. (1) From the general fund money appropriated in
12 section 11, there is allocated an amount not to exceed
13 ~~[\$1,687,500.00-\$1,437,500.00]~~ for ~~2009-2010-2010-2011~~ to provide a
14 grant to the Michigan virtual university for the development, implementation,
15 and operation of the Michigan virtual high school; to provide
16 professional development opportunities for educators; and to fund
17 other purposes described in this section. In addition, from the
18 federal funds appropriated in section 11, there is allocated for
19 ~~2009-2010-2010-2011~~ an amount estimated at \$2,700,000.00.

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

22 (a) Significantly expand curricular offerings for high schools
23 across this state through agreements with districts or licenses
24 from other recognized providers.

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

1 for distributed learning at the high school level.

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

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

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

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

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

15 (a) Information technology courses.

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

18 (c) Courses and dual enrollment opportunities.

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

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

22 (f) Special interest courses.

23 (g) Professional development programs that teach Michigan
24 educators how to develop and deliver online instructional services.

25 (4) From the federal funds allocated in subsection (1), there
26 is allocated for ~~2009-2010-2010-2011~~ an amount estimated at
27 \$1,700,000.00 from DED-OESE, title II, improving teacher quality

1 funds for a grant to the Michigan virtual university for the
2 purpose of this subsection. With the approval of the department,
3 the Michigan virtual university shall coordinate the following
4 activities related to DED-OESE, title II, improving teacher quality
5 funds in accordance with federal law:

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

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

14 (c) Coordinate the activities of eligible partnerships that
15 include higher education institutions for the purposes of providing
16 professional development activities for teachers,
17 paraprofessionals, and principals as defined in federal law.

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

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

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

1 (6) From the federal funds appropriated in subsection (1),
2 there is allocated for ~~2009-2010-2010-2011~~ an amount estimated at
3 \$1,000,000.00 from the DED-OESE, title II, educational technology
4 grant funds to support e-learning and virtual school initiatives
5 consistent with the goals contained in the United States national
6 educational technology plan issued in January 2005. These funds
7 shall be used to support activities designed to build the capacity
8 of the Michigan virtual university and shall not be used to
9 supplant other funding. Not later than November 30, ~~2009,~~2010,
10 from the funds allocated in this subsection, the department shall
11 award a single grant of \$1,000,000.00 to a consortium or
12 partnership established by the Michigan virtual university that
13 meets the requirements of this subsection. To be eligible for this
14 funding, a consortium or partnership established by the Michigan
15 virtual university shall include at least 1 intermediate district
16 and at least 1 high-need local district. All of the following apply
17 to this funding:

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

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

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

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

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

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

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

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

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

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

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

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

21 (iv) Continue to evaluate and conduct pilot programs for new
22 and innovative online tools, resources, and courses.

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

26 (vi) Develop, support, and maintain the technology
27 infrastructure and related software required to deliver online

1 courses and instructional services to students statewide.

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

8 (8) Not later than December 1, ~~2009~~, **2010**, the Michigan
9 virtual university shall provide a report to the house and senate
10 appropriations subcommittees on state school aid, the state budget
11 director, the house and senate fiscal agencies, and the department
12 that includes at least all of the following information related to
13 the Michigan virtual high school for the preceding state fiscal
14 year:

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

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

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

21 (d) The overall course completion rate percentage.

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

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

26 (9) As used in this section:

27 (a) "DED-OESE" means the United States department of education

1 office of elementary and secondary education.

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

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

6 SEC. 98D. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
7 ALLOCATED AN AMOUNT NOT TO EXCEED \$100.00 FOR 2010-2011 TO
8 DISTRICTS TO PAY FOR ONLINE COURSES. WITH THE FUNDS PROVIDED IN
9 THIS SECTION, A DISTRICT THAT SERVES PUPILS IN GRADES 6-12 SHALL
10 PROVIDE PUPILS WITH NO-COST ACCESS TO HIGH-QUALITY ONLINE COURSE
11 OPTIONS IF 1 OR MORE OF THE FOLLOWING CONDITIONS EXIST:

12 (A) THE PUPIL IS PREGNANT OR HAS PERSISTENT HEALTH ISSUES THAT
13 PREVENT REGULAR ATTENDANCE AT SCHOOL.

14 (B) THE PUPIL HAS DROPPED OUT OF SCHOOL.

15 (C) THE PUPIL HAS FAILED AT LEAST 1 COURSE AT SCHOOL AND HAS
16 REQUESTED TO RETAKE THE COURSE IN AN ONLINE FORMAT.

17 (D) THE PUPIL HAS AN INTEREST IN TAKING A SPECIFIC COURSE THAT
18 IS NOT CURRENTLY AVAILABLE AT THE PUPIL'S SCHOOL.

19 (E) THE PUPIL IS PURSUING ADVANCED OPPORTUNITIES IN THE ARTS
20 OR ATHLETICS.

21 (F) THE PUPIL HAS BEEN EXPELLED OR SUSPENDED FOR DISCIPLINARY
22 REASONS.

23 (2) EACH ONLINE COURSE PROVIDER THAT PROVIDES ONLINE COURSE
24 OPTIONS FUNDED UNDER THIS SECTION SHALL BE ACCREDITED BY A
25 NATIONALLY RECOGNIZED PROGRAM OR AGENCY AND SHALL INCLUDE AS ONLINE
26 INSTRUCTORS ONLY TEACHERS HOLDING A VALID MICHIGAN TEACHING
27 CERTIFICATE.

1 Sec. 99. (1) From the state school aid fund money appropriated
2 in section 11, there is allocated an amount not to exceed
3 \$2,515,000.00 for ~~2009-2010-2010-2011~~ and from the general fund
4 appropriation in section 11, there is allocated an amount not to
5 exceed \$110,000.00 for ~~2009-2010-2010-2011~~ to support the
6 activities and programs of mathematics and science centers and for
7 other purposes as described in this section. In addition, from the
8 federal funds appropriated in section 11, there is allocated for
9 ~~2009-2010-2010-2011~~ an amount estimated at \$5,249,300.00 from DED-
10 OESE, title II, mathematics and science partnership grants.

11 (2) Within a service area designated locally, approved by the
12 department, and consistent with the comprehensive master plan for
13 mathematics and science centers developed by the department and
14 approved by the state board, an established mathematics and science
15 center shall provide 2 or more of the following 6 basic services,
16 as described in the master plan, to constituent districts and
17 communities: leadership, pupil services, curriculum support,
18 community involvement, professional development, and resource
19 clearinghouse services.

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

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

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

4 (5) Allocations under this section to support the activities
5 and programs of mathematics and science centers shall be continuing
6 support grants to all 33 established mathematics and science
7 centers. Each established mathematics and science center that was
8 funded in ~~2008-2009~~**2009-2010** shall receive state funding in an
9 amount equal to ~~75%~~**100%** of the amount it was allocated under this
10 subsection for ~~2008-2009~~**2009-2010**. If a center declines state
11 funding or a center closes, the remaining money available under
12 this section shall be distributed to the remaining centers, as
13 determined by the department.

14 (6) From the funds allocated in subsection (1), there is
15 allocated for ~~2009-2010~~**2010-2011** an amount not to exceed
16 \$750,000.00 in a form and manner determined by the department to
17 those centers able to provide curriculum and professional
18 development support to assist districts in implementing the
19 Michigan merit curriculum components for mathematics and science.
20 Funding under this subsection is in addition to funding allocated
21 under subsection (5).

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

27 (8) Not later than September 30, 2013, the department shall

1 reevaluate and update the comprehensive master plan described in
2 subsection (1).

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

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

10 (11) As used in this section:

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

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

14 Sec. 99i. (1) From the funds appropriated in section 11, there
15 is allocated the amount of \$300,000.00 for ~~2009-2010~~**2010-2011** to a
16 district that meets all of the following requirements:

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

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

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

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

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

27 Sec. 99p. (1) From the appropriation in section 11, there is

1 allocated an amount not to exceed \$100,000.00 for ~~2008-2009-2010-~~
2 **2011** for competitive grants to districts for programs that provide
3 pupils with access to cultural, art, or music resources and
4 experiences, **INCLUDING ZOO EXPERIENCES**, that are available in the
5 community and that may promote reading, literacy, and
6 communications skills among pupils.

7 (2) A district applying for a grant shall submit an
8 application to the department in a form and manner determined by
9 the department. To be eligible for a grant, a district shall
10 demonstrate in its application that at least 50% of the pupils in
11 membership in the district 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.

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

21 (4) Notwithstanding section 17b, payments to eligible
22 districts under this section shall be paid on a schedule determined
23 by 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 shall submit

1 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and
2 manner prescribed by the center, the number of pupils enrolled and
3 in regular daily attendance in the district as of the pupil
4 membership count day and as of the supplemental count day, as
5 applicable, for the current school year. In addition, a district
6 maintaining school during the entire year, as provided under
7 section 1561 of the revised school code, MCL 380.1561, shall submit
8 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and
9 manner prescribed by the center, the number of pupils enrolled and
10 in regular daily attendance in the district for the current school
11 year pursuant to rules promulgated by the superintendent. Not later
12 than the seventh Wednesday after the pupil membership count day and
13 not later than the seventh Wednesday after the supplemental count
14 day, the district shall certify the data in a form and manner
15 prescribed by the center **AND FILE THE CERTIFIED DATA WITH THE**
16 **INTERMEDIATE SUPERINTENDENT**. If a district fails to submit and
17 certify the attendance data, as required under this subsection, the
18 center shall notify the department and state aid due to be
19 distributed under this act shall be withheld from the defaulting
20 district immediately, beginning with the next payment after the
21 failure and continuing with each payment until the district
22 complies with this subsection. If a district does not comply with
23 this subsection by the end of the fiscal year, the district
24 forfeits the amount withheld. A person who willfully falsifies a
25 figure or statement in the certified and sworn copy of enrollment
26 shall be punished in the manner prescribed by section 161.

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

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

15 (3) Except as otherwise provided in subsection (11), all of
16 the following apply to the provision of pupil instruction:

17 (a) Except as otherwise provided in this section, each
18 district shall provide at least 1,098 hours and, beginning in 2010-
19 2011, the required minimum number of days of pupil instruction. For
20 2010-2011 and for 2011-2012, the required minimum number of days of
21 pupil instruction is 165. Beginning in 2012-2013, the required
22 minimum number of days of pupil instruction is 170. However,
23 beginning in 2010-2011, a district shall not provide fewer days of
24 pupil instruction than the district provided for 2009-2010.

25 (B) Except as otherwise provided in this act, a district
26 failing to comply with the required minimum hours and days of pupil
27 instruction under this subsection shall forfeit from its total

1 state aid allocation an amount determined by applying a ratio of
2 the number of hours or days the district was in noncompliance in
3 relation to the required minimum number of hours and days under
4 this subsection. Not later than August 1, the board of each
5 district shall certify to the department the number of hours and,
6 beginning in 2010-2011, days of pupil instruction in the previous
7 school year. If the district did not provide at least the required
8 minimum number of hours and days of pupil instruction under this
9 subsection, the deduction of state aid shall be made in the
10 following fiscal year from the first payment of state school aid. A
11 district is not subject to forfeiture of funds under this
12 subsection for a fiscal year in which a forfeiture was already
13 imposed under subsection (6).

14 (C) Hours or days lost because of strikes or teachers'
15 conferences shall not be counted as hours or days of pupil
16 instruction.

17 (D) If a collective bargaining agreement that provides a
18 complete school calendar is in effect for employees of a district
19 as of ~~the effective date of the 2009 amendatory act that amended~~
20 ~~this subsection~~ **OCTOBER 19, 2009**, and if that school calendar is
21 not in compliance with this subsection, then this subsection does
22 not apply to that district until after the expiration of that
23 collective bargaining agreement.

24 (E) ~~(b)~~ Except as otherwise provided in subdivision ~~(e)~~ **(F)**, a
25 district not having at least 75% of the district's membership in
26 attendance on any day of pupil instruction shall receive state aid
27 in that proportion of 1/180 that the actual percent of attendance

1 bears to the specified percentage.

2 (F) ~~(c) Beginning in 2005-2006, at~~ **AT** the request of a
3 district that operates a department-approved alternative education
4 program and that does not provide instruction for pupils in all of
5 grades K to 12, the superintendent ~~shall~~ **MAY** grant a waiver ~~for a~~
6 ~~period of 3 school years~~ from the requirements of subdivision ~~(b)~~
7 **(E)** in order to conduct a pilot study. The waiver shall indicate
8 that an eligible district is subject to the proration provisions of
9 subdivision ~~(b)~~ **(E)** only if the district does not have at least 50%
10 of the district's membership in attendance on any day of pupil
11 instruction. In order to be eligible for this waiver, a district
12 must maintain records to substantiate its compliance with the
13 following requirements during the pilot study:

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

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

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

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

24 (4) Except as otherwise provided in this subsection, the first
25 ~~30 hours or 6 days~~ **OR THE EQUIVALENT NUMBER OF HOURS** for which
26 pupil instruction is not provided because of conditions not within
27 the control of school authorities, such as severe storms, fires,

1 epidemics, utility power unavailability, water or sewer failure, or
2 health conditions as defined by the city, county, or state health
3 authorities, shall be counted as hours and days of pupil
4 instruction. With the approval of the superintendent of public
5 instruction, the department shall count as hours and days of pupil
6 instruction for a fiscal year not more than ~~30 additional hours or~~
7 6 additional days **OR THE EQUIVALENT NUMBER OF ADDITIONAL HOURS** for
8 which pupil instruction is not provided in a district after April 1
9 of the applicable school year due to unusual and extenuating
10 occurrences resulting from conditions not within the control of
11 school authorities such as those conditions described in this
12 subsection. Subsequent such hours or days shall not be counted as
13 hours or days of pupil instruction.

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

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

1 proportion of the funds due to the district under this act that is
2 equal to the proportion below the required minimum number of hours
3 and days of pupil instruction under subsection (3), as specified in
4 the following:

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

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

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

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

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

25 (c) Except as otherwise provided in this subdivision, a pupil
26 in grades 9 to 12 for whom a reduced schedule is determined to be
27 in the individual pupil's best educational interest must be

1 scheduled for a number of hours equal to at least 80% of the
2 required minimum number of hours of pupil instruction to be
3 considered a full-time equivalent pupil. A pupil in grades 9 to 12
4 who is scheduled in a 4-block schedule may receive a reduced
5 schedule under this subsection if the pupil is scheduled for a
6 number of hours equal to at least 75% of the required minimum
7 number of hours of pupil instruction to be considered a full-time
8 equivalent pupil.

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

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

27 (i) The instructor has met all of the requirements established

1 by the United States department of defense and the applicable
2 branch of the armed services for serving as an instructor in the
3 junior reserve officer training corps program.

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

10 (8) Except as otherwise provided in subsection (11), the
11 department shall apply the guidelines under subsection (7) in
12 calculating the full-time equivalency of pupils.

13 (9) Upon application by the district for a particular fiscal
14 year, the superintendent may waive for a district the minimum
15 number of hours and days of pupil instruction requirement of
16 subsection (3) for a department-approved alternative education
17 program or another innovative program approved by the department.
18 If a district applies for and receives a waiver under this
19 subsection and complies with the terms of the waiver, for the
20 fiscal year covered by the waiver the district is not subject to
21 forfeiture under this section for the specific program covered by
22 the waiver. If the district does not comply with the terms of the
23 waiver, the amount of the forfeiture shall be calculated based upon
24 a comparison of the number of hours and days of pupil instruction
25 actually provided to the minimum number of hours and days of pupil
26 instruction required under subsection (3). **PUPILS ENROLLED IN A**
27 **DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM UNDER THIS**

1 SUBSECTION SHALL BE REPORTED TO THE CENTER IN A FORM AND MANNER
2 DETERMINED BY THE CENTER.

3 (10) ~~If at least 5 of the hours of professional development~~
4 ~~are provided online by the Michigan virtual university under~~
5 ~~section 98 or by another department approved intermediate district~~
6 ~~provider of online professional development, a~~ A district may count
7 up to 38 hours of qualifying professional development for teachers
8 as hours of pupil instruction. **PROFESSIONAL DEVELOPMENT PROVIDED**
9 **ONLINE IS ALLOWABLE AND ENCOURAGED, AS LONG AS THE INSTRUCTION HAS**
10 **BEEN APPROVED BY THE DISTRICT. THE DEPARTMENT SHALL ISSUE A LIST OF**
11 **APPROVED ONLINE PROFESSIONAL DEVELOPMENT PROVIDERS, WHICH SHALL**
12 **INCLUDE THE MICHIGAN VIRTUAL UNIVERSITY.** However, if a collective
13 bargaining agreement that provides more than 38 but not more than
14 51 hours of professional development for teachers is in effect for
15 employees of a district as of October 1, 2006, then until the
16 fiscal year that begins after the expiration of that collective
17 bargaining agreement a district may count up to 51 hours of
18 qualifying professional development for teachers ~~, including the 5~~
19 ~~hours of online professional development,~~ as hours of pupil
20 instruction. A district that elects to use this exception shall
21 notify the department of its election. As used in this subsection,
22 "qualifying professional development" means professional
23 development that is focused on 1 or more of the following:

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

26 (b) Achieving accreditation or improving a school's
27 accreditation status under section 1280 of the revised school code,

1 MCL 380.1280.

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

4 **(D) INTEGRATING TECHNOLOGY INTO CLASSROOM INSTRUCTION.**

5 **(E)** ~~(d)~~—Maintaining teacher certification.

6 (11) Subsections (3) and (8) do not apply to a school of
7 excellence that is a cyber school, as defined in section 551 of the
8 revised school code, MCL 380.551, and is in compliance with section
9 553a of the revised school code, MCL 380.553a.

10 Sec. 104. (1) In order to receive state aid under this act, a
11 district shall comply with sections 1278a, 1278b, 1279, 1279g, and
12 1280b of the revised school code, MCL 380.1278a, 380.1278b,
13 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to
14 388.1086. From the state school aid fund money appropriated in
15 section 11, there is allocated for ~~2009-2010-2010-2011~~ an amount
16 not to exceed \$26,630,700.00 for payments on behalf of districts
17 for costs associated with complying with those provisions of law.
18 In addition, from the federal funds appropriated in section 11,
19 there is allocated for ~~2009-2010-2010-2011~~ an amount estimated at
20 \$8,313,700.00, funded from DED-OESE, title VI, state assessments
21 funds and DED-OSERS, section 504 of part B of the individuals with
22 disabilities education act, Public Law 94-142, plus any carryover
23 federal funds from previous year appropriations, for the purposes
24 of complying with the federal no child left behind act of 2001,
25 Public Law 107-110.

26 ~~—— (2) The department shall determine whether the "Explore" test~~
27 ~~is at least as robust as the Michigan educational assessment~~

1 ~~program social studies test. If the department determines that the~~
2 ~~"Explore" test is at least as robust as the Michigan educational~~
3 ~~assessment program social studies test, it is the intent of the~~
4 ~~legislature that the department shall replace the Michigan~~
5 ~~educational assessment program social studies test with the~~
6 ~~"Explore" test. If this replacement of tests requires a waiver~~
7 ~~under federal law in order to comply with federal law, then the~~
8 ~~department shall apply for that waiver to allow for this~~
9 ~~replacement.~~

10 (2) ~~(3)~~—The results of each test administered as part of the
11 Michigan educational assessment program, including tests
12 administered to high school students, shall include an item
13 analysis that lists all items that are counted for individual pupil
14 scores and the percentage of pupils choosing each possible
15 response.

16 (3) ~~(4)~~—All federal funds allocated under this section shall
17 be distributed in accordance with federal law and with flexibility
18 provisions outlined in Public Law 107-116, and in the education
19 flexibility partnership act of 1999, Public Law 106-25.

20 (4) ~~(5)~~—Notwithstanding section 17b, payments on behalf of
21 districts, intermediate districts, and other eligible entities
22 under this section shall be paid on a schedule determined by the
23 department.

24 ~~—(6) The department shall meet with the United States~~
25 ~~department of education and shall request a waiver to replace the~~
26 ~~current Michigan educational assessment program tests used for~~
27 ~~grades 3 to 8 with a standardized catalog version norm referenced~~

1 ~~test. Before sending the waiver request to the United States~~
2 ~~department of education, the department shall seek input on the~~
3 ~~waiver request from the subcommittees of the senate and house of~~
4 ~~representatives appropriations committees that have jurisdiction~~
5 ~~over this act. The department shall submit the waiver request to~~
6 ~~the subcommittees for input not later than January 15, 2010 and~~
7 ~~shall submit the waiver request to the United States department of~~
8 ~~education not later than February 15, 2010. If the waiver is~~
9 ~~granted by the United States department of education, then the~~
10 ~~department shall immediately notify the subcommittees of the senate~~
11 ~~and house of representatives appropriations committees that have~~
12 ~~jurisdiction over this act of the approval.~~

13 (5) ~~(7)~~ As used in this section:

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

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

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

19 Sec. 107. (1) From the appropriation in section 11, there is
20 allocated an amount not to exceed \$22,000,000.00 for ~~2009-2010~~
21 **2010-2011** for adult education programs authorized under this
22 **section. FUNDS APPROPRIATED UNDER THIS SECTION ARE RESTRICTED FOR**
23 **ADULT EDUCATION PROGRAMS AS AUTHORIZED UNDER THIS SECTION ONLY. A**
24 **RECIPIENT OF FUNDS UNDER THIS SECTION SHALL NOT USE THOSE FUNDS FOR**
25 **ANY OTHER PURPOSE.**

26 (2) To be eligible for funding under this section, a program
27 shall employ certificated teachers and qualified administrative

1 staff and shall offer continuing education opportunities for
2 teachers to allow them to maintain certification.

3 (3) To be eligible to be a participant funded under this
4 section, a person shall be enrolled in an adult basic education
5 program, an adult English as a second language program, a general
6 educational development (G.E.D.) test preparation program, a job or
7 employment related program, or a high school completion program,
8 that meets the requirements of this section, and shall meet either
9 of the following, as applicable:

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

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

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

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

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

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

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

26 (ii) Is at least 16 years of age on September 1 of the school
27 year, has been permanently expelled from school under section

1 1311(2) or 1311a of the revised school code, MCL 380.1311 and
2 380.1311a, and has no appropriate alternative education program
3 available through his or her district of residence.

4 (4) Except as otherwise provided in subsection (5), from the
5 amount allocated under subsection (1), at least \$21,800,000.00
6 shall be distributed as follows:

7 (a) For districts and consortia that received payments for
8 ~~2008-2009-2009-2010~~ under this section, the amount allocated to
9 each for ~~2009-2010-2010-2011~~ shall be based on the number of
10 participants served by the district or consortium for ~~2009-2010~~
11 ~~2010-2011~~, using the amount allocated per full-time equated
12 participant under subsection (7), up to a maximum total allocation
13 under this subsection in an amount equal to ~~93.5%-100%~~ of the
14 amount the district or consortium received for ~~2008-2009-2009-2010~~
15 under this section before any reallocations made for ~~2008-2009~~
16 ~~2009-2010~~ under subsection (5).

17 (b) A district or consortium that received funding in ~~2008-~~
18 ~~2009-2009-2010~~ under this section may operate independently of a
19 consortium or join or form a consortium for ~~2009-2010-2010-2011~~.
20 The allocation for ~~2009-2010-2010-2011~~ to the district or the newly
21 formed consortium under this subsection shall be determined by the
22 department and shall be based on the proportion of the amounts that
23 are attributable to the district or consortium that received
24 funding in ~~2008-2009-2009-2010~~. A district or consortium described
25 in this subdivision shall notify the department of its intention
26 with regard to ~~2009-2010-2010-2011~~ by October 1, ~~2009-2010~~.

27 (c) If a district had a declaration of financial emergency in

1 place under the local government fiscal responsibility act, 1990 PA
2 72, MCL 141.1201 to 141.1291, and that declaration was revoked
3 during 2005, the district may operate a program under this section
4 independently of a consortium or may join or form a consortium to
5 operate a program under this section. The allocation for ~~2009-2010~~
6 **2010-2011** to the district or the newly formed consortium under this
7 subsection shall be determined by the department and shall be based
8 on the proportion of the amounts that are attributable to the
9 district or consortium that received funding in ~~2008-2009-2009-2010~~
10 or, for a district for which a declaration of financial emergency
11 was revoked during 2005, based on the amount the district received
12 under this section using a 3-year average of the 3 most recent
13 fiscal years the district received funding under this section. A
14 district or consortium described in this subdivision shall notify
15 the department of its intention with regard to ~~2009-2010-2010-2011~~
16 by October 1, ~~2009-2010~~.

17 (5) A district that operated an adult education program in
18 ~~2008-2009-2009-2010~~ and does not intend to operate a program in
19 ~~2009-2010-2010-2011~~ shall notify the department by October 1, ~~2009~~
20 **2010** of its intention. The money intended to be allocated under
21 this section to a district that does not operate a program in ~~2009-~~
22 ~~2010-2010-2011~~ and the unspent money originally allocated under
23 this section to a district or consortium that subsequently operates
24 a program at less than the level of funding allocated under
25 subsection (4) and any other unallocated money under this section
26 shall instead be proportionately reallocated to the other districts
27 described in subsection (4)(a) that are operating an adult

1 education program in ~~2009-2010~~ **2010-2011** under this section.

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

9 (a) Collaborates with local districts and businesses to
10 determine area academic needs and to promote the learning
11 opportunities.

12 (b) Is located off-campus in an urban residential setting with
13 documented high poverty and low high school graduation rates.

14 (c) Provides general educational development (G.E.D.) test
15 preparation courses and workshops.

16 (d) Provides developmental courses taught by college faculty
17 that prepare students to be successful in college-level courses.

18 (e) Uses learning communities to allow for shared, rather than
19 isolated, learning experiences.

20 (f) Provides on-site tutoring.

21 (g) Provides access to up-to-date technology, including
22 personal computers.

23 (h) Partners with a financial institution to provide financial
24 literacy education.

25 (i) Assists students in gaining access to financial aid.

26 (j) Provides on-site academic advising to students.

27 (k) Provides vouchers for reduced G.E.D. testing costs.

1 (l) Partners with local agencies to provide referrals for
2 social services as needed.

3 (m) Enrolls participants as students of the community college.

4 (n) Partners with philanthropic and business entities to
5 provide capital funding.

6 (7) The amount allocated under this section per full-time
7 equated participant is \$2,850.00 for a 450-hour program. The amount
8 shall be proportionately reduced for a program offering less than
9 450 hours of instruction.

10 (8) An adult basic education program or an adult English as a
11 second language program operated on a year-round or school year
12 basis may be funded under this section, subject to all of the
13 following:

14 (a) The program enrolls adults who are determined by a
15 department-approved assessment, in a form and manner prescribed by
16 the department, to be below ninth grade level in reading or
17 mathematics, or both, or to lack basic English proficiency.

18 (b) The program tests individuals for eligibility under
19 subdivision (a) before enrollment and upon completion of the
20 program in compliance with the state-approved assessment policy.

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

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

25 (ii) The participant fails to show progress on 2 successive
26 assessments after having completed at least 450 hours of
27 instruction.

1 (d) A funding recipient enrolling a participant in an English
2 as a second language program is eligible for funding according to
3 subsection (12) until the participant meets 1 of the following:

4 (i) The participant is assessed as having attained basic
5 English proficiency as determined by a department-approved
6 assessment.

7 (ii) The participant fails to show progress on 2 successive
8 department-approved assessments after having completed at least 450
9 hours of instruction. The department shall provide information to a
10 funding recipient regarding appropriate assessment instruments for
11 this program.

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

15 (a) The program enrolls adults who do not have a high school
16 diploma.

17 (b) The program shall administer a G.E.D. pre-test approved by
18 the department before enrolling an individual to determine the
19 individual's potential for success on the G.E.D. test, and shall
20 administer a post-test upon completion of the program in compliance
21 with the state-approved assessment policy.

22 (c) A funding recipient shall receive funding according to
23 subsection (12) for a participant, and a participant may be
24 enrolled in the program until 1 of the following occurs:

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

26 (ii) The participant fails to show progress on 2 successive
27 department-approved assessments used to determine readiness to take

1 the G.E.D. test after having completed at least 450 hours of
2 instruction.

3 (10) A high school completion program operated on a year-round
4 or school year basis may be funded under this section, subject to
5 all of the following:

6 (a) The program enrolls adults who do not have a high school
7 diploma.

8 (b) The program tests participants described in subdivision
9 (a) before enrollment and upon completion of the program in
10 compliance with the state-approved assessment policy.

11 (c) A funding recipient shall receive funding according to
12 subsection (12) for a participant in a course offered under this
13 subsection until 1 of the following occurs:

14 (i) The participant passes the course and earns a high school
15 diploma.

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

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

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

27 (b) An individual may be enrolled in this program and the

1 grant recipient shall receive funding according to subsection (12)
2 until 1 of the following occurs:

3 (i) The individual achieves the requisite skills as determined
4 by department-approved assessment instruments administered at least
5 after every 90 hours of attendance.

6 (ii) The individual fails to show progress on 2 successive
7 assessments after having completed at least 450 hours of
8 instruction. The department shall provide information to a funding
9 recipient regarding appropriate assessment instruments for this
10 program.

11 (12) A funding recipient shall receive payments under this
12 section in accordance with the following:

13 (a) Ninety percent for enrollment of eligible participants.

14 (b) Ten percent for completion of the adult basic education
15 objectives by achieving an increase of at least 1 grade level of
16 proficiency in reading or mathematics; for achieving basic English
17 proficiency, as defined by the department in the adult education
18 guidebook; for obtaining a G.E.D. or passage of 1 or more
19 individual G.E.D. tests; for attainment of a high school diploma or
20 passage of a course required for a participant to attain a high
21 school diploma; or for completion of the course and demonstrated
22 proficiency in the academic skills to be learned in the course, as
23 applicable.

24 (13) As used in this section, "participant" means the sum of
25 the number of full-time equated individuals enrolled in and
26 attending a department-approved adult education program under this
27 section, using quarterly participant count days on the schedule

1 described in section 6(7)(b).

2 (14) A person who is not eligible to be a participant funded
3 under this section may receive adult education services upon the
4 payment of tuition. In addition, a person who is not eligible to be
5 served in a program under this section due to the program
6 limitations specified in subsection (8), (9), (10), or (11) may
7 continue to receive adult education services in that program upon
8 the payment of tuition. The tuition level shall be determined by
9 the local or intermediate district conducting the program.

10 (15) An individual who is an inmate in a state correctional
11 facility shall not be counted as a participant under this section.

12 (16) A district shall not commingle money received under this
13 section or from another source for adult education purposes with
14 any other funds of the district. A district receiving adult
15 education funds shall establish a separate ledger account for those
16 funds. This subsection does not prohibit a district from using
17 general funds of the district to support an adult education or
18 community education program.

19 (17) A district or intermediate district receiving funds under
20 this section may establish a sliding scale of tuition rates based
21 upon a participant's family income. A district or intermediate
22 district may charge a participant tuition to receive adult
23 education services under this section from that sliding scale of
24 tuition rates on a uniform basis. The amount of tuition charged per
25 participant shall not exceed the actual operating cost per
26 participant minus any funds received under this section per
27 participant. A district or intermediate district may not charge a

1 participant tuition under this section if the participant's income
2 is at or below 200% of the federal poverty guidelines published by
3 the United States department of health and human services.

4 (18) In order to receive funds under this section, a district
5 shall furnish to the department, in a form and manner determined by
6 the department, all information needed to administer this program
7 and meet federal reporting requirements; shall allow the department
8 or the department's designee to review all records related to the
9 program for which it receives funds; and shall reimburse the state
10 for all disallowances found in the review, as determined by the
11 department.

12 (19) All intermediate district participant audits of adult
13 education programs shall be performed pursuant to the adult
14 education participant auditing and accounting manuals published by
15 the department.

16 (20) As used in this section, "department" means the
17 department of energy, labor, and economic growth.

18 ~~—— (21) Not later than October 30, 2009, the department shall~~
19 ~~create an adult learning planning group. The adult education~~
20 ~~advisory board in the department shall work with the state adult~~
21 ~~education division to identify members for the adult learning~~
22 ~~planning group. Members of the adult learning planning group should~~
23 ~~include a balance of rural, urban, and suburban community adult~~
24 ~~education program directors throughout the state and advocacy~~
25 ~~leaders for adult education, English as a second language, and~~
26 ~~adult literacy.~~

27 ~~—— (22) Not later than December 30, 2009, the adult learning~~

1 ~~planning group shall do all of the following:~~

2 ~~—— (a) Evaluate the provisions of this section and make~~
3 ~~recommendations for updating this section to address the increased~~
4 ~~demand for adult education, particularly in underserved areas of~~
5 ~~this state, and the need to align adult education with entry level~~
6 ~~requirements for postsecondary education, training, and employment.~~

7 ~~—— (b) Develop program entry and exit requirements to facilitate~~
8 ~~participant transition from an adult education program to~~
9 ~~employment or a postsecondary education program.~~

10 ~~—— (c) Submit its recommendations concerning the matters~~
11 ~~considered under subdivisions (a) and (b) to the department, the~~
12 ~~senate and house appropriations subcommittees responsible for this~~
13 ~~act, and the senate and house fiscal agencies.~~

14 ~~—— (23) Not later than February 1, 2010, the adult learning~~
15 ~~planning group shall do all of the following:~~

16 ~~—— (a) Assess and recommend a comprehensive statewide delivery~~
17 ~~system that ensures that all areas of this state are adequately~~
18 ~~served. The adult learning planning group shall give consideration~~
19 ~~to using intermediate districts or countywide agencies as fiscal~~
20 ~~agents to lessen the administrative burden on smaller programs and~~
21 ~~service areas and to foster partnerships for creating seamless~~
22 ~~transitions between educational levels of attainment, career~~
23 ~~preparation, and employment in newly designated service areas. The~~
24 ~~adult learning planning group shall obtain local community input~~
25 ~~from adult education and training stakeholders, including adult~~
26 ~~educators and adult learners, and shall combine that input with~~
27 ~~current enrollment, employment, and other relevant data in~~

1 ~~developing recommendations, including recommendations concerning~~
 2 ~~fiscal agents and service delivery locations.~~

3 ~~—— (b) Evaluate the grant recipients in the no worker left behind~~
 4 ~~program created under 2008 PA 251 to identify lessons learned and~~
 5 ~~promising practices for consideration in recommendations.~~

6 ~~—— (c) Examine and evaluate the implementation of accessible~~
 7 ~~services using flexible year round scheduling and distance~~
 8 ~~learning.~~

9 ~~—— (d) Evaluate issues related to staffing of adult education~~
 10 ~~programs.~~

11 ~~—— (e) Evaluate modes of education delivery for adult learners~~
 12 ~~and identify current research based best instructional practices.~~

13 ~~—— (f) Evaluate current assessment tools and the need for ongoing~~
 14 ~~program evaluation using established performance measures.~~

15 ~~—— (g) Submit its recommendations concerning the matters~~
 16 ~~considered under subdivisions (a) to (f) to the department, the~~
 17 ~~senate and house appropriations subcommittees responsible for this~~
 18 ~~act, and the senate and house fiscal agencies.~~

19 Sec. 147. The allocation for ~~2009-2010~~ **2010-2011** for the
 20 public school employees' retirement system pursuant to the public
 21 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
 22 to 38.1408, shall be made using the entry age normal cost actuarial
 23 method and risk assumptions adopted by the public school employees
 24 retirement board and the department of **TECHNOLOGY**, management, and
 25 budget. The annual level percentage of payroll contribution rate is
 26 estimated at ~~16.94%~~ **19.41%** for the ~~2009-2010~~ **2010-2011** state fiscal
 27 year. The portion of the contribution rate assigned to districts

1 and intermediate districts for each fiscal year is all of the total
2 percentage points. This contribution rate reflects an amortization
3 period of ~~28~~ 27 years for ~~2009-2010~~ 2010-2011. **HOWEVER, THE**
4 **CONTRIBUTION RATE FOR 2010-2011 MAY BE REDUCED BY AN AMOUNT**
5 **APPROVED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM BOARD IF**
6 **REFORMS IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ARE**
7 **ENACTED AND IN EFFECT BY DECEMBER 31, 2010.** The public school
8 employees' retirement system board shall notify each district and
9 intermediate district by February 28 of each fiscal year of the
10 estimated contribution rate for the next fiscal year.

11 **SEC. 166D. (1) A DISTRICT, OR AN EDUCATIONAL MANAGEMENT**
12 **ORGANIZATION WITH WHICH THE DISTRICT HAS A CONTRACT, SHALL NOT**
13 **REQUIRE AN EMPLOYEE, A FORMER EMPLOYEE, OR AN INDIVIDUAL DOING WORK**
14 **IN THE DISTRICT AS AN INDEPENDENT CONTRACTOR OR AS AN EMPLOYEE OF**
15 **THE EDUCATIONAL MANAGEMENT ORGANIZATION OR ANOTHER THIRD PARTY TO**
16 **SIGN AN AGREEMENT THAT HE OR SHE WILL NOT DISCLOSE SALARY OR OTHER**
17 **COMPENSATION INFORMATION.**

18 **(2) A DISTRICT THAT VIOLATES SUBSECTION (1) OR THAT IS PARTY**
19 **TO A CONTRACT WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION THAT**
20 **VIOLATES SUBSECTION (1) SHALL FORFEIT FROM ITS STATE AID UNDER THIS**
21 **ACT AN AMOUNT EQUAL TO 5% OF ITS TOTAL STATE AID.**

22 Enacting section 1. (1) In accordance with section 30 of
23 article IX of the state constitution of 1963, total state spending
24 in this amendatory act from state sources for fiscal year 2009-2010
25 is estimated at \$10,756,063,700.00 and state appropriations to be
26 paid to local units of government for fiscal year 2009-2010 are
27 estimated at \$10,666,477,000.00.

Senate Bill No. 1163 (H-4) as amended May 26, 2010

1 (2) In accordance with section 30 of article IX of the state
2 constitution of 1963, total state spending in this amendatory act
3 from state sources for fiscal year 2010-2011 is estimated at
4 [\$11,084,344,800.00] and state appropriations to be paid to local
5 units of government for fiscal year 2010-2011 are estimated at
6 [\$10,948,401,200.00].

7 Enacting section 2. Sections 32n, 57, and 98a of the state
8 school aid act of 1979, 1979 PA 94, MCL 388.1632n, 388.1657, and
9 388.1698a, are repealed.

10 Enacting section 3. (1) Except as otherwise provided in
11 subsection (2), this amendatory act takes effect October 1, 2010.

12 (2) Sections 11, 11d, 11m, 20, 22a, 22b, 22e, 24a, 51a, 51c,
13 56, 62, 81, 94a, and 101 of the state school aid act of 1979, 1979
14 PA 94, MCL 388.1611, 388.1611d, 388.1611m, 388.1620, 388.1622a,
15 388.1622b, 388.1622e, 388.1624a, 388.1651a, 388.1651c, 388.1656,
16 388.1662, 388.1681, 388.1694a, and 388.1701, as amended by this
17 amendatory act, take effect upon enactment of this amendatory act.