

SUBSTITUTE FOR

SENATE BILL NO. 1163

(As amended, March 24, 2010)

<<A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 3, 6, 11, 11a, 11d, 11g, 11j, 11k, 11m, 15,  
18, 19, 20, 20d, 20j, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 31a,  
31d, 31f, 32b, 32d, 32j, 32l, 39a, 41, 51a, 51c, 51d, 53a, 54, 56,  
61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99i, 101, 104, 107, 147,  
166b, and 166c (MCL 388.1603, 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, 388.1620j, 388.1622a, 388.1622b,  
388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c, 388.1626a,  
388.1626b, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632d,

388.1632j, 388.1632l, 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, 388.1701, 388.1704, 388.1707, 388.1747, 388.1766b, and 388.1766c), sections 3, 11a, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 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, sections 6, 11, 94a, and 101 as amended and section 166c as added by 2009 PA 203, section 20j as amended by 2008 PA 561, and section 166b as amended by 2008 PA 219, and by adding section 92; and to repeal acts and parts of acts.>>

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

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

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

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

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

1 will participate in the educational programs.

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

4 (6) "District" means a local school district established under  
5 the revised school code or, except in sections 6(4), 6(6), 13, 20,  
6 22a, 23, 29, 31a, 51a(15), 105, ~~and 105c~~, **AND 166B**, a public school  
7 academy. Except in sections 6(4), 6(6), 13, 20, 22a, 29, 51a(15),  
8 105, ~~and 105c~~, **AND 166B**, district also includes a university  
9 school.

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

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

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

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

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

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

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

1 intermediate district the sum of the product of .75 times the  
2 number of full-time equated pupils in grades K to 12 actually  
3 enrolled and in regular daily attendance on the pupil membership  
4 count day for the current school year, plus the product of .25  
5 times the final audited count from the supplemental count day for  
6 the immediately preceding school year. All pupil counts used in  
7 this subsection are as determined by the department and calculated  
8 by adding the number of pupils registered for attendance plus  
9 pupils received by transfer and minus pupils lost as defined by  
10 rules promulgated by the superintendent, and as corrected by a  
11 subsequent department audit. For the purposes of this section and  
12 section 6a, for a school of excellence that is a cyber school, as  
13 defined in section 551 of the revised school code, MCL 380.551, and  
14 is in compliance with section 553a of the revised school code, MCL  
15 380.553a, a pupil's participation in the cyber school's educational  
16 program is considered regular daily attendance. The amount of the  
17 foundation allowance for a pupil in membership is determined under  
18 section 20. In making the calculation of membership, all of the  
19 following, as applicable, apply to determining the membership of a  
20 district, public school academy, university school, or intermediate  
21 district:

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

27 (b) If a pupil is educated in a district other than the

1 pupil's district of residence, if the pupil is not being educated  
2 as part of a cooperative education program, if the pupil's district  
3 of residence does not give the educating district its approval to  
4 count the pupil in membership in the educating district, and if the  
5 pupil is not covered by an exception specified in subsection (6) to  
6 the requirement that the educating district must have the approval  
7 of the pupil's district of residence to count the pupil in  
8 membership, the pupil shall not be counted in membership in any  
9 district.

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

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

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

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

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

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

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

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

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

27 (j) If a district is the authorizing body for a public school

1 academy, then, in the first school year in which pupils are counted  
 2 in membership on the pupil membership count day in the public  
 3 school academy, the determination of the district's membership  
 4 shall exclude from the district's pupil count for the immediately  
 5 preceding supplemental count day any pupils who are counted in the  
 6 public school academy on that first pupil membership count day who  
 7 were also counted in the district on the immediately preceding  
 8 supplemental count day.

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

14 (l) Pupils to be counted in membership shall be not less than 5  
 15 years of age on December 1 and less than 20 years of age on  
 16 September 1 of the school year except ~~a~~ **AS FOLLOWS:**

17 (i) **A** special education pupil who is enrolled and receiving  
 18 instruction in a special education program or service approved by  
 19 the department, ~~and not having~~ **WHO DOES NOT HAVE** a high school  
 20 diploma, **AND** who is less than 26 years of age as of September 1 of  
 21 the current school year shall be counted in membership.

22 (ii) **A PUPIL WHO IS DETERMINED BY THE DEPARTMENT TO MEET ALL OF**  
 23 **THE FOLLOWING MAY BE COUNTED IN MEMBERSHIP:**

24 (A) **IS ENROLLED IN A PUBLIC SCHOOL ACADEMY THAT IS PRIMARILY**  
 25 **FOCUSED ON EDUCATING HOMELESS PUPILS AND THAT IS LOCATED IN A CITY**  
 26 **WITH A POPULATION OF MORE THAN 750,000.**

27 (B) **HAD DROPPED OUT OF SCHOOL FOR MORE THAN 1 YEAR AND HAS RE-**

1 ENTERED SCHOOL.

2 (C) IS LESS THAN 22 YEARS OF AGE AS OF SEPTEMBER 1 OF THE  
3 CURRENT SCHOOL YEAR.

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

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

25 (i) If the public school academy provides instruction for at  
26 least 1/2 of the class hours specified in subdivision (q), the  
27 public school academy shall receive as its prorated share of the

1 full-time equated membership for each of those pupils an amount  
2 equal to 1 times the product of the hours of instruction the public  
3 school academy provides divided by the number of hours specified in  
4 subdivision (q) for full-time equivalency, and the remainder of the  
5 full-time membership for each of those pupils shall be allocated to  
6 the district or intermediate district providing the remainder of  
7 the hours of instruction.

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

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

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

25 (q) The number of class hours used to calculate full-time  
26 equated memberships shall be consistent with section 101(3). In  
27 determining full-time equated memberships for pupils who are

1 enrolled in a postsecondary institution, a pupil shall not be  
2 considered to be less than a full-time equated pupil solely because  
3 of the effect of his or her postsecondary enrollment, including  
4 necessary travel time, on the number of class hours provided by the  
5 district to the pupil.

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

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

27 (t) A pupil enrolled in a cooperative education program may be

1 counted in membership in the pupil's district of residence with the  
2 written approval of all parties to the cooperative agreement.

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

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

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

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

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

3           (v) A pupil enrolled in an alternative or disciplinary  
4 education program described in section 25 shall be counted in  
5 membership in the district or public school academy that is  
6 educating the pupil.

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

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

24           (y) If a district's membership for a particular fiscal year,  
25 as otherwise calculated under this subsection, would be less than  
26 1,550 pupils and the district has 4.5 or fewer pupils per square  
27 mile, as determined by the department, and, beginning in 2007-2008,

1 if the district does not receive funding under section 22d(2), the  
2 district's membership shall be considered to be the membership  
3 figure calculated under this subdivision. If a district educates  
4 and counts in its membership pupils in grades 9 to 12 who reside in  
5 a contiguous district that does not operate grades 9 to 12 and if 1  
6 or both of the affected districts request the department to use the  
7 determination allowed under this sentence, the department shall  
8 include the square mileage of both districts in determining the  
9 number of pupils per square mile for each of the districts for the  
10 purposes of this subdivision. The membership figure calculated  
11 under this subdivision is the greater of the following:

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

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

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

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

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

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

26           (dd) A district that educates a pupil who attends a United  
27 States Olympic education center may count the pupil in membership

1 regardless of whether or not the pupil is a resident of this state.

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

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

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

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

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

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

19 (d) A pupil enrolled in a district other than the pupil's  
20 district of residence under an intermediate district schools of  
21 choice pilot program as described in section 91a or former section  
22 91 if the intermediate district and its constituent districts have  
23 been exempted from section 105.

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

27 (f) A pupil who has made an official written complaint or

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

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

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

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

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

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

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

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

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

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

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

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

18 (k) An expelled pupil who has been denied reinstatement by the  
19 expelling district and is reinstated by another school board under  
20 section 1311 or 1311a of the revised school code, MCL 380.1311 and  
21 380.1311a.

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

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

1 center.

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

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

9 However, if a district educates pupils who reside in another  
10 district and if the primary instructional site for those pupils is  
11 established by the educating district after 2009-2010 and is  
12 located within the boundaries of that other district, the educating  
13 district must have the approval of that other district to count  
14 those pupils in membership.

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

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

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

25 (i) Fourth Wednesday in July.

26 (ii) Fourth Wednesday after Labor day.

27 (iii) Second Wednesday in February.

1 (iv) Fourth Wednesday in April.

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

1 shall be counted as a prorated membership for the classes the pupil  
2 attended. For purposes of this subsection, "class" means a period  
3 of time in 1 day when pupils and a certificated teacher or legally  
4 qualified substitute teacher are together and instruction is taking  
5 place.

6 (9) "Rule" means a rule promulgated pursuant to the  
7 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
8 24.328.

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

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

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

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

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

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

24 (16) "Tuition pupil" means a pupil of school age attending  
25 school in a district other than the pupil's district of residence  
26 for whom tuition may be charged. Tuition pupil does not include a  
27 pupil who is a special education pupil or a pupil described in

## Senate Bill No. 1163 as amended March 24, 2010

1 subsection (6)(c) to ~~(m)~~—(O). A pupil's district of residence  
 2 shall not require a high school tuition pupil, as provided under  
 3 section 111, to attend another school district after the pupil has  
 4 been assigned to a school district.

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

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

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

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

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

23 Sec. 11. (1) For the fiscal year ending September 30, 2010,  
 24 there is appropriated for the public schools of this state and  
 25 certain other state purposes relating to education the sum of  
 26 ~~\$10,793,954,100.00~~ <<\$10,669,333.500.00>> from the state school aid  
 27 fund ~~established by section 11 of article IX of the state~~

## Senate Bill No. 1163 as amended March 24, 2010

1 ~~constitution of 1963~~ and the sum of ~~\$31,800,000.00~~ **\$30,206,200.00**  
2 from the general fund. For the fiscal year ending September 30,  
3 2010, there is also appropriated the sum of \$450,000,000.00 from  
4 the federal funding awarded to this state under title XIV of the  
5 American recovery and reinvestment act of 2009, Public Law 111-5,  
6 to be used solely for the purpose of funding the primary funding  
7 formula calculated under section 20, in accordance with federal  
8 law. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011, THERE IS**  
9 **APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER**  
10 **STATE PURPOSES RELATING TO EDUCATION THE SUM OF <<\$10,617,876,900.00>>**  
11 **FROM THE STATE SCHOOL AID FUND AND THE SUM OF \$225,606,200.00 FROM**  
12 **THE GENERAL FUND. FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011,**  
13 **THERE IS ALSO APPROPRIATED THE SUM OF \$184,256,600.00 FROM THE**  
14 **FEDERAL FUNDING AWARDED TO THIS STATE UNDER TITLE XIV OF THE**  
15 **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5,**  
16 **TO BE USED SOLELY FOR THE PURPOSE OF FUNDING THE PRIMARY FUNDING**  
17 **FORMULA CALCULATED UNDER SECTION 20, IN ACCORDANCE WITH FEDERAL**  
18 **LAW.** In addition, ~~any money received by this state from the federal~~  
19 ~~incentive grant program created under sections 14005 and 14006 of~~  
20 ~~title XIV of the American recovery and reinvestment act of 2009,~~  
21 ~~Public Law 111-5, known as the "race to the top" grant program, and~~  
22 all other available federal funds are appropriated **EACH FISCAL YEAR**  
23 for the fiscal year ending September 30, 2010 **AND FOR THE FISCAL**  
24 **YEAR ENDING SEPTEMBER 30, 2011.**

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

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

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

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

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

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

27 (i) Districts.

1           (ii) Intermediate districts.

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

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

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

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

27           (5) Except for the allocation under section 26a, any general

1 fund allocations under this act that are not expended by the end of  
2 the state fiscal year are transferred to the school aid  
3 stabilization fund created under section 11a.

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

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

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

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

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

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

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

26 (5) Money in the school aid stabilization fund at the close of  
27 a fiscal year shall remain in the school aid stabilization fund and

1 shall not lapse to the unreserved school aid fund balance or the  
2 general fund.

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

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

19 Sec. 11d. (1) For ~~2009-2010 only-2010-2011~~, the department  
20 shall deduct an amount equal to ~~\$165.00~~ **\$283.00** per membership  
21 pupil from the total state school aid otherwise allocated under  
22 this act to each district, except for money allocated under  
23 sections 11g, 22a, 31d, 51a(12), 51c, and 53a. If a district  
24 complies with subsection (2), a district may choose to apply this  
25 reduction to funding the district receives under any provision of  
26 this act, other than sections 11g, 22a, 31d, 51a(12), 51c, and 53a,  
27 even if the reduction chosen by the district results in a program

1 being reduced or discontinued. If a district does not comply with  
2 subsection (2), the district shall apply this reduction to  
3 available funding under section 22b first, up to the total amount  
4 of the reduction, before reducing other funding the district  
5 receives under this act, other than sections 11g, 22a, 31d,  
6 51a(12), 51c, and 53a. **THE ADDITIONAL PER-PUPIL REDUCTION UNDER  
7 THIS SECTION FOR 2010-2011 IS INTENDED TO BE OFFSET BY THE EMPLOYER  
8 SAVINGS ACCRUING FROM THE LOWER THAN PROJECTED RETIREMENT RATE  
9 UNDER SECTION 147.**

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

21 **(3) NOT LATER THAN FEBRUARY 1, 2011, A DISTRICT SHALL SUBMIT  
22 TO THE DEPARTMENT, IN THE FORM AND MANNER PRESCRIBED BY THE  
23 DEPARTMENT, A REPORT ON THE STATUS OF THE DISTRICT'S IMPLEMENTATION  
24 OF THE SERVICE CONSOLIDATION PLAN THE DISTRICT SUBMITTED UNDER  
25 SUBSECTION (2).**

26 Sec. 11g. (1) From the appropriation in section 11, there is  
27 allocated for this section an amount not to exceed \$39,000,000.00

1 for the fiscal year ending September 30, ~~2010~~ **2011** and for each  
2 succeeding fiscal year through the fiscal year ending September 30,  
3 2015, after which these payments will cease. These allocations are  
4 for paying the amounts described in subsection (3) to districts and  
5 intermediate districts, other than those receiving a lump-sum  
6 payment under section 11f(2), that were not plaintiffs in the  
7 consolidated cases known as Durant v State of Michigan, Michigan  
8 supreme court docket no. 104458-104492 and that, on or before March  
9 2, 1998, submitted to the state treasurer a waiver resolution  
10 described in section 11f. The amounts paid under this section  
11 represent offers of settlement and compromise of any claim or  
12 claims that were or could have been asserted by these districts and  
13 intermediate districts, as described in this section.

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

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

25 (a) If the district or intermediate district does not borrow  
26 money and issue bonds under section 11i, 1/30 of the total amount  
27 listed in section 11h for the district or intermediate district

1 through the fiscal year ending September 30, 2013.

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

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

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

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

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

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

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

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

17 Sec. 11k. For ~~2009-2010-2010-2011~~, there is appropriated from  
18 the general fund to the school loan revolving fund an amount equal  
19 to the amount of school bond loans assigned to the Michigan  
20 ~~municipal bond~~ **FINANCE** authority, not to exceed the total amount of  
21 school bond loans held in reserve as long-term assets. As used in  
22 this section, "school loan revolving fund" means that fund created  
23 in section 16c of the shared credit rating act, 1985 PA 227, MCL  
24 141.1066c.

25 Sec. 11m. From the appropriations in section 11, there is  
26 allocated for 2009-2010 an amount not to exceed **\$30,000,000.00 AND**  
27 **FOR 2010-2011 THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**

1 \$45,000,000.00 for fiscal year cash-flow borrowing costs solely  
2 related to the state school aid fund established by section 11 of  
3 article IX of the state constitution of 1963.

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

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

1 finalized. At the request of the district and upon the district  
2 presenting evidence satisfactory to the department of the hardship,  
3 the department may grant up to an additional 4 years for the  
4 adjustment if the district would otherwise experience a significant  
5 hardship.

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

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

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

23 Sec. 18. (1) Except as provided in another section of this  
24 act, each district or other entity shall apply the money received  
25 by the district or entity under this act to salaries and other  
26 compensation of teachers and other employees, tuition,  
27 transportation, lighting, heating, ventilation, water service, the

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

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

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

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

27 (i) A chart of personnel expenditures, broken into the

1 following subcategories:

2 (A) Salaries and wages.

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

6 (C) Retirement benefit costs.

7 (D) All other personnel costs.

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

10 (A) Instruction.

11 (B) Support services.

12 (C) Business and administration.

13 (D) Operations and maintenance.

14 (c) Links to all of the following:

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

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

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

23 (d) The total salary and a description and cost of each fringe  
24 benefit included in the compensation package for the superintendent  
25 of the district or intermediate district and for each employee of  
26 the district or intermediate district whose salary exceeds  
27 \$100,000.00.

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

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

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

5 (3) For the purpose of determining the reasonableness of  
6 expenditures and whether a violation of this act has occurred, ~~the~~  
7 **ALL OF THE FOLLOWING APPLY:**

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

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

1           (C) An intermediate district's annual financial audit shall be  
2 accompanied by the intermediate district's pupil accounting  
3 procedures report.

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

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

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

20           (G) The annual financial audit reports and pupil accounting  
21 procedures reports shall be available to the public in compliance  
22 with the freedom of information act, 1976 PA 442, MCL 15.231 to  
23 15.246.

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

1 filed an annual financial audit and pupil accounting procedures  
2 report required under this section for the school year ending in  
3 the immediately preceding fiscal year.

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

1 Districts and intermediate districts shall include a link on their  
2 websites to the website where the department posts this  
3 information.

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

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

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

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

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

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

7           ~~— (2) Each district and intermediate district shall provide to~~  
8 ~~the department, in a form and manner prescribed by the department,~~  
9 ~~information necessary for the development of an annual progress~~  
10 ~~report on the required implementation of sections 1204a, 1277,~~  
11 ~~1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,~~  
12 ~~380.1278, and 380.1280, commonly referred to as "public act 25 of~~  
13 ~~1990".~~

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

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

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

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

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

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

1           (6) ~~(8)~~—Before publishing a list of schools or districts  
2 determined to have failed to make adequate yearly progress as  
3 required by the no child left behind act of 2001, Public Law 107-  
4 110, the department shall allow a school or district to appeal that  
5 determination. The department shall consider and act upon the  
6 appeal within 30 days after it is submitted and shall not publish  
7 the list until after all appeals have been considered and decided.

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

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

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

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

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

1           (b) Except as otherwise provided in this subsection, for a  
2 district that in the immediately preceding state fiscal year had a  
3 foundation allowance in an amount at least equal to the amount of  
4 the basic foundation allowance for the immediately preceding state  
5 fiscal year, the district shall receive a foundation allowance in  
6 an amount equal to the sum of the district's foundation allowance  
7 for the immediately preceding state fiscal year plus the dollar  
8 amount of the adjustment from the immediately preceding state  
9 fiscal year to the current state fiscal year in the basic  
10 foundation allowance.

11           (c) For a district that in the 1994-95 state fiscal year had a  
12 foundation allowance greater than \$6,500.00, the district's  
13 foundation allowance is an amount equal to the sum of the  
14 district's foundation allowance for the immediately preceding state  
15 fiscal 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 has a foundation allowance that is not  
25 a whole dollar amount, the district's foundation allowance shall be  
26 rounded up to the nearest whole dollar.

27           (e) For a district that received a payment under section 22c

1 as that section was in effect for 2001-2002, the district's 2001-  
2 2002 foundation allowance shall be considered to have been an  
3 amount equal to the sum of the district's actual 2001-2002  
4 foundation allowance as otherwise calculated under this section  
5 plus the per pupil amount of the district's equity payment for  
6 2001-2002 under section 22c as that section was in effect for 2001-  
7 2002.

8 (f) For a district that received a payment under section 22c  
9 as that section was in effect for 2006-2007, the district's 2006-  
10 2007 foundation allowance shall be considered to have been an  
11 amount equal to the sum of the district's actual 2006-2007  
12 foundation allowance as otherwise calculated under this section  
13 plus the per pupil amount of the district's equity payment for  
14 2006-2007 under section 22c as that section was in effect for 2006-  
15 2007.

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

1 the district's membership excluding special education pupils. For a  
2 district described in subsection (3)(c), the state portion of the  
3 district's foundation allowance is an amount equal to \$6,962.00  
4 plus the difference between the district's foundation allowance for  
5 the current state fiscal year and the district's foundation  
6 allowance for 1998-99, minus the difference between the sum of the  
7 product of the taxable value per membership pupil of all property  
8 in the district that is nonexempt property times the district's  
9 certified mills and, for a district with certified mills exceeding  
10 12, the product of the taxable value per membership pupil of  
11 property in the district that is commercial personal property times  
12 the certified mills minus 12 mills and the quotient of the ad  
13 valorem property tax revenue of the district captured under tax  
14 increment financing acts divided by the district's membership  
15 excluding special education pupils. For a district that has a  
16 millage reduction required under section 31 of article IX of the  
17 state constitution of 1963, the state portion of the district's  
18 foundation allowance shall be calculated as if that reduction did  
19 not occur. For the purposes of state law, federal funding awarded  
20 to this state under title XIV of the American recovery and  
21 reinvestment act of 2009, Public Law 111-5, that is appropriated  
22 under section 11 and allocated under section 22b, is considered to  
23 be part of the state portion of a district's foundation allowance  
24 and is considered to be part of the total state school aid paid to  
25 a public school academy.

26 (5) The allocation calculated under this section for a pupil  
27 shall be based on the foundation allowance of the pupil's district

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

19 (6) Subject to subsection (7) and except as otherwise provided  
20 in this subsection, for pupils in membership, other than special  
21 education pupils, in a public school academy or a university  
22 school, the allocation calculated under this section is an amount  
23 per membership pupil other than special education pupils in the  
24 public school academy or university school equal to the ~~sum of the~~  
25 ~~local school operating revenue per membership pupil other than~~  
26 ~~special education pupils for~~ **FOUNDATION ALLOWANCE OF** the district  
27 in which the public school academy or university school is located

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

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

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

18 (8) If a district does not receive an amount calculated under  
19 subsection (9); if the number of mills the district may levy on a  
20 principal residence, qualified agricultural property, qualified  
21 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal  
22 property, and commercial personal property under section 1211 of  
23 the revised school code, MCL 380.1211, is 0.5 mills or less; and if  
24 the district elects not to levy those mills, the district instead  
25 shall receive a separate supplemental amount calculated under this  
26 subsection in an amount equal to the amount the district would have  
27 received had it levied those mills, as determined by the department

1 of treasury. A district shall not receive a separate supplemental  
2 amount calculated under this subsection for a fiscal year unless in  
3 the calendar year ending in the fiscal year the district levies the  
4 district's certified mills on property that is nonexempt property.

5 (9) For a district that had combined state and local revenue  
6 per membership pupil in the 1993-94 state fiscal year of more than  
7 \$6,500.00 and that had fewer than 350 pupils in membership, if the  
8 district elects not to reduce the number of mills from which a  
9 principal residence, qualified agricultural property, qualified  
10 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal  
11 property, and commercial personal property are exempt and not to  
12 levy school operating taxes on a principal residence, qualified  
13 agricultural property, qualified forest property, **SUPPORTIVE**  
14 **HOUSING PROPERTY**, industrial personal property, and commercial  
15 personal property as provided in section 1211 of the revised school  
16 code, MCL 380.1211, and not to levy school operating taxes on all  
17 property as provided in section 1211(2) of the revised school code,  
18 MCL 380.1211, there is calculated under this subsection for 1994-95  
19 and each succeeding fiscal year a separate supplemental amount in  
20 an amount equal to the amount the district would have received per  
21 membership pupil had it levied school operating taxes on a  
22 principal residence, qualified agricultural property, qualified  
23 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal  
24 property, and commercial personal property at the rate authorized  
25 for the district under section 1211 of the revised school code, MCL  
26 380.1211, and levied school operating taxes on all property at the  
27 rate authorized for the district under section 1211(2) of the

1 revised school code, MCL 380.1211, as determined by the department  
2 of treasury. If in the calendar year ending in the fiscal year a  
3 district does not levy the district's certified mills on property  
4 that is nonexempt property, the amount calculated under this  
5 subsection will be reduced by the same percentage as the millage  
6 actually levied compares to the district's certified mills.

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

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

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

26 (13) To assist the legislature in determining the basic  
27 foundation allowance for the subsequent state fiscal year, each

1 revenue estimating conference conducted under section 367b of the  
2 management and budget act, 1984 PA 431, MCL 18.1367b, shall  
3 calculate a pupil membership factor, a revenue adjustment factor,  
4 and an index as follows:

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

15 (b) The revenue adjustment factor shall be computed by  
16 dividing the sum of the estimated total state school aid fund  
17 revenue for the subsequent state fiscal year plus the estimated  
18 total state school aid fund revenue for the current state fiscal  
19 year, adjusted for any change in the rate or base of a tax the  
20 proceeds of which are deposited in that fund and excluding money  
21 transferred into that fund from the countercyclical budget and  
22 economic stabilization fund under the management and budget act,  
23 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated  
24 total school aid fund revenue for the current state fiscal year  
25 plus the estimated total state school aid fund revenue for the  
26 immediately preceding state fiscal year, adjusted for any change in  
27 the rate or base of a tax the proceeds of which are deposited in

1 that fund. If a consensus revenue factor is not determined at the  
2 revenue estimating conference, the principals of the revenue  
3 estimating conference shall report their estimates to the house and  
4 senate subcommittees responsible for school aid appropriations not  
5 later than 7 days after the conclusion of the revenue conference.

6 (c) The index shall be calculated by multiplying the pupil  
7 membership factor by the revenue adjustment factor. However, for  
8 2009-2010 **AND FOR 2010-2011**, the index shall be 1.00. If a  
9 consensus index is not determined at the revenue estimating  
10 conference, the principals of the revenue estimating conference  
11 shall report their estimates to the house and senate subcommittees  
12 responsible for school aid appropriations not later than 7 days  
13 after the conclusion of the revenue conference.

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

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

1 membership in excess of 101% of the current year pupil membership.

2 (16) For a district that had combined state and local revenue  
3 per membership pupil in the 1993-94 state fiscal year of more than  
4 \$6,500.00, that had fewer than 7 pupils in membership in the 1993-  
5 94 state fiscal year, that has at least 1 child educated in the  
6 district in the current state fiscal year, and that levies the  
7 number of mills of school operating taxes authorized for the  
8 district under section 1211 of the revised school code, MCL  
9 380.1211, a minimum amount of combined state and local revenue  
10 shall be calculated for the district as provided under this  
11 subsection. The minimum amount of combined state and local revenue  
12 for 1999-2000 shall be \$67,000.00 plus the district's additional  
13 expenses to educate pupils in grades 9 to 12 educated in other  
14 districts as determined and allowed by the department. The minimum  
15 amount of combined state and local revenue under this subsection,  
16 before adding the additional expenses, shall increase each fiscal  
17 year by the same percentage increase as the percentage increase in  
18 the basic foundation allowance from the immediately preceding  
19 fiscal year to the current fiscal year. The state portion of the  
20 minimum amount of combined state and local revenue under this  
21 subsection shall be calculated by subtracting from the minimum  
22 amount of combined state and local revenue under this subsection  
23 the sum of the district's local school operating revenue and an  
24 amount equal to the product of ~~the sum of the~~ state portion of the  
25 district's foundation allowance ~~plus the amount calculated under~~  
26 ~~section 20j~~ times the district's membership. As used in this  
27 subsection, "additional expenses" means the district's expenses for

1 tuition or fees, not to exceed the basic foundation allowance for  
2 the current state fiscal year, plus a room and board stipend not to  
3 exceed \$10.00 per school day for each pupil in grades 9 to 12  
4 educated in another district, as approved by the department.

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

16 (18) For a district in which an industrial facilities  
17 exemption certificate that abated taxes on property with a state  
18 equalized valuation greater than the total state equalized  
19 valuation of the district at the time the certificate was issued or  
20 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
21 198, MCL 207.551 to 207.572, before the calculation of the  
22 district's 1994-95 foundation allowance, the district's foundation  
23 allowance for 2002-2003 is an amount equal to the sum of the  
24 district's foundation allowance for 2002-2003, as otherwise  
25 calculated under this section, plus \$250.00.

26 (19) For a district that received a grant under former section  
27 32e for 2001-2002, the district's foundation allowance for 2002-

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

1 purposes identified in the plan are reasonably designed to reduce  
2 class size. If the department does not act to approve or disapprove  
3 an application within 30 days after it is submitted to the  
4 department, the application is considered to be approved. If an  
5 application for flexibility in using the funds is approved, the  
6 district may use the funds identified in the application for any  
7 purpose identified in the plan.

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

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

23 (b) Shall provide early intervening strategies for pupils in  
24 grades K to 3 using schoolwide systems of academic and behavioral  
25 supports and shall be scientifically research-based. The strategies  
26 to be provided shall include at least pupil performance indicators  
27 based upon response to intervention, instructional consultation for

1 teachers, and ongoing progress monitoring. A schoolwide system of  
2 academic and behavioral support should be based on a support team  
3 available to the classroom teachers. The members of this team could  
4 include the principal, special education staff, reading teachers,  
5 and other appropriate personnel who would be available to  
6 systematically study the needs of the individual child and work  
7 with the teacher to match instruction to the needs of the  
8 individual child.

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

17 (22) For a district that levied 2.23 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 \$500,000.00 for a fiscal year as a result of this adjustment.

25 (23) Payments to districts, university schools, or public  
26 school academies shall not be made under this section. Rather, the  
27 calculations under this section shall be used to determine the

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1 amount of state payments under section 22b.

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

<<(25) IF SENATE BILL NO. 884 OF THE 95TH LEGISLATURE IS ENACTED  
INTO LAW NOT LATER THAN SEPTEMBER 30, 2010, THEN THE BASIC FOUNDATION  
ALLOWANCE UNDER SUBSECTION (1) FOR 2009-2010 AND FOR 2010-2011 IS  
INCREASED BY \$10.00 AND THE \$20.00 AMOUNT IN SUBSECTION (3)(A) AND  
SUBSECTION (26)(H) SHALL BE CONSIDERED TO BE \$3.00 FOR THOSE FISCAL  
YEARS, AND EACH DISTRICT'S FOUNDATION ALLOWANCE OR PUBLIC SCHOOL  
ACADEMY'S PER PUPIL ALLOCATION CALCULATED UNDER THIS SECTION FOR THOSE  
FISCAL YEARS SHALL BE ADJUSTED ACCORDINGLY. HOWEVER, IF THAT BILL IS  
ENACTED BY THAT DATE BUT THE REVENUE RESULTING FROM THAT ENACTMENT FOR A  
FISCAL YEAR, AS DETERMINED BY THE DEPARTMENT OF TREASURY, IS NOT  
SUFFICIENT TO FULLY FUND THE ADJUSTMENTS UNDER THIS SUBSECTION AND THE  
PAYMENTS CALCULATED UNDER SECTION 20J FOR THAT FISCAL YEAR, THEN THOSE  
ADJUSTMENTS AND PAYMENTS FOR THAT FISCAL YEAR SHALL BE PRORATED ON AN  
EQUAL PER PUPIL BASIS ACCORDING TO THE AMOUNT OF THE REVENUE THAT RESULTS  
FROM THAT ENACTMENT FOR THAT FISCAL YEAR.

7 (26) ~~(25)~~>> As used in this section:

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

11 (b) "Combined state and local revenue" means the aggregate of  
12 the district's state school aid received by or paid on behalf of  
13 the district under this section and the district's local school  
14 operating revenue.

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

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

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

22 (f) "Local school operating revenue" means school operating  
23 taxes levied under section 1211 of the revised school code, MCL  
24 380.1211.

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

1 (h) "Maximum public school academy allocation", except as  
2 otherwise provided in this subdivision, means the maximum per-pupil  
3 allocation as calculated by adding the highest per-pupil allocation  
4 among all public school academies for the immediately preceding  
5 state fiscal year plus the difference between twice the dollar  
6 amount of the adjustment from the immediately preceding state  
7 fiscal year to the current state fiscal year made in the basic  
8 foundation allowance and [(the dollar amount of the adjustment from  
9 the immediately preceding state fiscal year to the current state  
10 fiscal year made in the basic foundation allowance minus \$20.00)  
11 times (the difference between the highest per-pupil allocation  
12 among all public school academies for the immediately preceding  
13 state fiscal year and the sum of \$7,108.00 plus the total dollar  
14 amount of all adjustments made from 2006-2007 to the immediately  
15 preceding state fiscal year in the lowest per-pupil allocation  
16 among all public school academies) divided by the difference  
17 between the basic foundation allowance for the current state fiscal  
18 year and 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 per-pupil allocation among all public  
21 school academies]. For 2009-2010 **AND 2010-2011**, maximum public  
22 school academy allocation means \$7,580.00.

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

26 (j) "Nonexempt property" means property that is not a  
27 principal residence, qualified agricultural property, qualified

1 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal  
2 property, or commercial personal property.

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

9 (l) "School operating purposes" means the purposes included in  
10 the operation costs of the district as prescribed in sections 7 and  
11 18.

12 (m) "School operating taxes" means local ad valorem property  
13 taxes levied under section 1211 of the revised school code, MCL  
14 380.1211, and retained for school operating purposes.

15 (n) "Tax increment financing acts" means 1975 PA 197, MCL  
16 125.1651 to 125.1681, the tax increment finance authority act, 1980  
17 PA 450, MCL 125.1801 to 125.1830, the local development financing  
18 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
19 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
20 or the corridor improvement authority act, 2005 PA 280, MCL  
21 125.2871 to 125.2899.

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

27 Sec. 20d. In making the final determination required under

1 former section 20a of a district's combined state and local revenue  
2 per membership pupil in 1993-94 and in making calculations under  
3 section 20 for ~~2009-2010~~ **2010-2011**, the department and the  
4 department of treasury shall comply with all of the following:

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

21 (b) If a district had an adjustment made to its 1993-94 total  
22 state school aid that excluded payments made under former section  
23 146 and under section 147 on behalf of the district's employees who  
24 provided direct services for intermediate district center programs  
25 operated by the district under article 5, if nonresident pupils  
26 attending the center programs were included in the district's  
27 membership for purposes of calculating the combined state and local

1 revenue per membership pupil for 1993-94, and if there is a signed  
 2 agreement by all constituent districts of the intermediate district  
 3 that an adjustment under this subdivision shall be made, the  
 4 foundation allowances for 1995-96 and 1996-97 of all districts that  
 5 had pupils attending the intermediate district center program  
 6 operated by the district that had the adjustment shall be  
 7 calculated as if their combined state and local revenue per  
 8 membership pupil for 1993-94 included resident pupils attending the  
 9 center program and excluded nonresident pupils attending the center  
 10 program.

~~<<Sec. 20j. (1) Foundation—SUBJECT TO SUBSECTION (5), IF SENATE  
 BILL NO. 884 OF THE 95TH LEGISLATURE IS ENACTED INTO LAW NOT LATER THAN  
 SEPTEMBER 30, 2010, THEN FOUNDATION allowance supplemental payments for  
 2008-2009—to districts that in the 1994-95 state fiscal year had a  
 foundation allowance greater than \$6,500.00 shall be calculated under  
 this section FOR 2009-2010 AND FOR 2010-2011.~~

~~(2) The—SUBJECT TO SUBSECTION (5), THE per pupil allocation to each  
 district under this section FOR EACH FISCAL YEAR shall be AN AMOUNT EQUAL  
 TO THE PRODUCT OF the difference between the basic foundation allowance  
 for the 1998-99 state fiscal year and \$7,204.00 less \$271.00 minus the  
 dollar amount of the adjustment from the 1998-99 state fiscal year to  
 2007-2008 in the district's foundation allowance, TIMES 50%.~~

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

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

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(5) IF SENATE BILL NO. 884 OF THE 95TH LEGISLATURE IS ENACTED INTO LAW NOT LATER THAN SEPTEMBER 30, 2010 BUT THE REVENUE RESULTING FROM THAT ENACTMENT FOR A FISCAL YEAR, AS DETERMINED BY THE DEPARTMENT OF TREASURY, IS NOT SUFFICIENT TO FULLY FUND THE PAYMENTS CALCULATED UNDER THIS SECTION AND THE ADJUSTMENTS CALCULATED UNDER SECTION 20(25) FOR THAT FISCAL YEAR, THEN THOSE PAYMENTS AND ADJUSTMENTS FOR THAT FISCAL YEAR SHALL BE PRORATED ON AN EQUAL PER PUPIL BASIS ACCORDING TO THE AMOUNT OF THE REVENUE THAT RESULTS FROM THAT ENACTMENT FOR THAT FISCAL YEAR.>>

11       Sec. 22a. (1) From the appropriation in section 11, there is  
12 allocated an amount not to exceed ~~\$5,882,000,000.00~~  
13 **\$5,797,000,000.00** for 2009-2010 **AND AN AMOUNT NOT TO EXCEED**  
14 **\$5,792,000,000.00 FOR 2010-2011** for payments to districts,  
15 qualifying university schools, and qualifying public school  
16 academies to guarantee each district, qualifying university school,  
17 and qualifying public school academy an amount equal to its 1994-95  
18 total state and local per pupil revenue for school operating  
19 purposes under section 11 of article IX of the state constitution  
20 of 1963. Pursuant to section 11 of article IX of the state  
21 constitution of 1963, this guarantee does not apply to a district  
22 in a year in which the district levies a millage rate for school  
23 district operating purposes less than it levied in 1994. However,  
24 subsection (2) applies to calculating the payments under this  
25 section. Funds allocated under this section that are not expended  
26 in the state fiscal year for which they were allocated, as  
27 determined by the department, may be used to supplement the

1 allocations under sections 22b and 51c in order to fully fund those  
2 calculated allocations for the same fiscal year.

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

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

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

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

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

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

27 (5) For a district that is formed or reconfigured after June

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

15 (6) As used in this section:

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

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

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

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

1 year taxable value per membership pupil.

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

13 (f) "Homestead", ~~means that term~~ **"QUALIFIED AGRICULTURAL**  
14 **PROPERTY"**, **"QUALIFIED FOREST PROPERTY"**, **"SUPPORTIVE HOUSING**  
15 **PROPERTY"**, **"INDUSTRIAL PERSONAL PROPERTY"**, **AND "COMMERCIAL PERSONAL**  
16 **PROPERTY" MEAN THOSE TERMS** as defined in section 1211 of the  
17 revised school code, MCL 380.1211.

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

21 (h) "Nonexempt property" means property that is not a  
22 principal residence, qualified agricultural property, qualified  
23 forest property, **SUPPORTIVE HOUSING PROPERTY**, industrial personal  
24 property, or commercial personal property.

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

27 **(I)** ~~(j)~~—"Qualifying public school academy" means a public

1 school academy that was in operation in the 1994-95 school year and  
2 is in operation in the current state fiscal year.

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

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

9 (L) ~~(m)~~—"Tax increment financing acts" means 1975 PA 197, MCL  
10 125.1651 to 125.1681, the tax increment finance authority act, 1980  
11 PA 450, MCL 125.1801 to 125.1830, the local development financing  
12 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
13 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
14 or the corridor improvement authority act, 2005 PA 280, MCL  
15 125.2871 to 125.2899.

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

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

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

6 Sec. 22b. (1) From the state funds appropriated in section 11,  
 7 there is allocated for 2009-2010 an amount not to exceed  
 8 ~~\$3,323,800,000.00~~ <<**\$3,343,500,000.00**>> **AND THERE IS ALLOCATED FOR**  
 9 **2010-2011 AN AMOUNT NOT TO EXCEED <<\$3,634,500,000.00>>** for  
 10 discretionary nonmandated payments to districts under this section.  
 11 Funds allocated under this section that are not expended in the  
 12 state fiscal year for which they were allocated, as determined by  
 13 the department, may be used to supplement the allocations under  
 14 sections 22a and 51c in order to fully fund those calculated  
 15 allocations for the same fiscal year.

16 (2) In addition to the funds allocated in subsection (1),  
 17 there is allocated an amount estimated at \$450,000,000.00 **FOR 2009-**  
 18 **2010 AND THERE IS ALLOCATED AN AMOUNT ESTIMATED AT \$184,256,600.00**  
 19 **FOR 2010-2011** from the federal funds awarded to this state under  
 20 title XIV of the American recovery and reinvestment act of 2009,  
 21 Public Law 111-5. These funds shall be distributed in a form and  
 22 manner determined by the department based on an equal dollar amount  
 23 per the number of membership pupils used to calculate the ~~August~~  
 24 ~~20, 2009~~ **FINAL** state aid payment **OF THE IMMEDIATELY PRECEDING**  
 25 **FISCAL YEAR** and shall be expended in a manner prescribed by federal  
 26 law.

27 (3) Subject to subsection (4) and section 11, the allocation

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

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

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

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

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

20 (d) Comply with section 1230g of the revised school code, MCL  
21 380.1230g.

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

27 (6) **FROM THE ALLOCATION IN SUBSECTION (1), THE DEPARTMENT**

1 SHALL PAY UP TO \$1,000,000.00 IN LITIGATION COSTS INCURRED BY THIS  
2 STATE RELATED TO COMMERCIAL OR INDUSTRIAL PROPERTY TAX APPEALS,  
3 INCLUDING, BUT NOT LIMITED TO, APPEALS OF CLASSIFICATION, THAT  
4 IMPACT REVENUES DEDICATED TO THE STATE SCHOOL AID FUND.

5 (7) ~~(6)~~—From the allocation in subsection (1), the department  
6 shall pay up to \$1,000,000.00 in litigation costs incurred by this  
7 state associated with lawsuits filed by 1 or more districts or  
8 intermediate districts against this state. If the allocation under  
9 this section is insufficient to fully fund all payments required  
10 under this section, the payments under this subsection shall be  
11 made in full before any proration of remaining payments under this  
12 section.

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

1           (9) ~~(8)~~—If the local claims review board or a court of  
2 competent jurisdiction makes a final determination that this state  
3 is in violation of section 29 of article IX of the state  
4 constitution of 1963 regarding state payments to districts, the  
5 state budget director shall use work project funds under subsection  
6 ~~(7)~~—(8) or allocate from the discretionary funds for nonmandated  
7 payments under this section the amount as may be necessary to  
8 satisfy the amount owed to districts before making any payments to  
9 districts under subsection (3).

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

18           (11) ~~(10)~~—If payments resulting from a final determination by  
19 the local claims review board or a court of competent jurisdiction  
20 that there has been a violation of section 29 of article IX of the  
21 state constitution of 1963 exceed the amount allocated for  
22 discretionary nonmandated payments under this section, the  
23 legislature shall provide for adequate funding for this state's  
24 constitutional obligations at its next legislative session.

25           (12) ~~(11)~~—If a lawsuit challenging payments made to districts  
26 related to costs reimbursed by federal title XIX medicaid funds is  
27 filed against this state, then, for the purpose of addressing

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

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

20 (2) From the allocation under subsection (1), there is  
21 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed  
22 \$750,000.00 for payments under this subsection to districts that  
23 meet all of the following:

24 (a) Operates grades K to 12.

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

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

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

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

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

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

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

27           (b) The district has a total square mileage greater than 200.0

1 or is 1 of 2 districts that have consolidated transportation  
2 services and have a combined total square mileage greater than  
3 200.0.

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

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

8 Sec. 22e. (1) Beginning in 2008-2009, an amount will be  
9 allocated each fiscal year from the appropriation in section 11 for  
10 additional payments under this section to districts that meet the  
11 eligibility requirements under subsection (2). For 2009-2010 **AND**  
12 **FOR 2010-2011**, there is allocated for this purpose from the  
13 appropriation in section 11 an amount **EACH FISCAL YEAR** not to  
14 exceed \$1,300,000.00.

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

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

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

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

25 (iii) The amount of operating millage it is authorized to levy  
26 after a millage reduction required under the limitation of section  
27 31 of article IX of the state constitution of 1963, if a ballot

1 question asking for approval to levy millage in excess of the  
2 limitation has been rejected in the district.

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

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

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

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

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

25 **(4) THE AMOUNT OF THE ADDITIONAL FUNDING TO AN ELIGIBLE**  
26 **DISTRICT UNDER THIS SECTION FOR A FISCAL YEAR SHALL NOT EXCEED 15%**  
27 **OF THE TOTAL AMOUNT ALLOCATED UNDER THIS SECTION FOR THAT FISCAL**

1 YEAR.

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

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

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

22 (a) "Added cost" means 100% of the added cost each fiscal year  
23 for educating all pupils assigned by a court or the department of  
24 human services to reside in or to attend a juvenile detention  
25 facility or child caring institution licensed by the department of  
26 human services or the department of energy, labor, and economic  
27 growth and approved by the department to provide an on-grounds

1 education program. Added cost shall be computed by deducting all  
2 other revenue received under this act for pupils described in this  
3 section from total costs, as approved by the department, in whole  
4 or in part, for educating those pupils in the on-grounds education  
5 program or in a program approved by the department that is located  
6 on property adjacent to a juvenile detention facility or child  
7 caring institution. Costs reimbursed by federal funds are not  
8 included.

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

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

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

26 Sec. 24a. From the appropriation in section 11, there is  
27 allocated an amount not to exceed ~~\$2,523,200.00~~ **\$1,751,300.00** for

1 2009-2010 **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**  
2 **\$1,440,000.00 FOR 2010-2011** for payments to intermediate districts  
3 for pupils who are placed in juvenile justice service facilities  
4 operated by the department of human services. Each intermediate  
5 district shall receive an amount equal to the state share of those  
6 costs that are clearly and directly attributable to the educational  
7 programs for pupils placed in facilities described in this section  
8 that are located within the intermediate district's boundaries. The  
9 intermediate districts receiving payments under this section shall  
10 cooperate with the department of human services to ensure that all  
11 funding allocated under this section is utilized by the  
12 intermediate district and department of human services for  
13 educational programs for pupils described in this section. Pupils  
14 described in this section are not eligible to be funded under  
15 section 24. However, a program responsibility or other fiscal  
16 responsibility associated with these pupils shall not be  
17 transferred from the department of human services to a district or  
18 intermediate district unless the district or intermediate district  
19 consents to the transfer.

20 Sec. 24c. From the appropriation in section 11, there is  
21 allocated an amount not to exceed \$642,300.00 for ~~2009-2010-2010-~~  
22 **2011** for payments to districts for pupils who are enrolled in a  
23 nationally administered community-based education and youth  
24 mentoring program, known as the youth challenge program, that is  
25 located within the district and is administered by the department  
26 of military and veterans affairs. A district receiving payments  
27 under this section shall contract with the department of military

1 and veterans affairs to ensure that all funding allocated under  
2 this section is utilized by the district and the department of  
3 military and veterans affairs for the youth challenge program.

4       Sec. 26a. From the state school aid fund appropriation in  
5 section 11, there is allocated an amount not to exceed  
6 \$26,300,000.00 for ~~2009-2010-2010-2011~~, and from the general fund  
7 appropriation in section 11, there is allocated an amount not to  
8 exceed \$9,200,000.00 for ~~2009-2010-2010-2011~~ to reimburse  
9 districts, intermediate districts, and the state school aid fund  
10 pursuant to section 12 of the Michigan renaissance zone act, 1996  
11 PA 376, MCL 125.2692, for taxes levied in ~~2009-2010~~. The  
12 allocations shall be made not later than 60 days after the  
13 department of treasury certifies to the department and to the state  
14 budget director that the department of treasury has received all  
15 necessary information to properly determine the amounts due to each  
16 eligible recipient.

17       Sec. 26b. (1) From the appropriation in section 11, there is  
18 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed  
19 \$3,400,000.00 for payments to districts, intermediate districts,  
20 and community college districts for the portion of the payment in  
21 lieu of taxes obligation that is attributable to districts,  
22 intermediate districts, and community college districts pursuant to  
23 section 2154 of the natural resources and environmental protection  
24 act, 1994 PA 451, MCL 324.2154.

25       (2) If the amount appropriated under this section is not  
26 sufficient to fully pay obligations under this section, payments  
27 shall be prorated on an equal basis among all eligible districts,

1 intermediate districts, and community college districts.

2       Sec. 31a. (1) From the state school aid fund money  
3 appropriated in section 11, there is allocated for ~~2009-2010-2010-~~  
4 **2011** an amount not to exceed \$317,695,500.00 for payments to  
5 eligible districts and eligible public school academies under this  
6 section. Subject to subsection (14), the amount of the additional  
7 allowance under this section, other than funding under subsection  
8 (6) or (7), shall be based on the number of actual pupils in  
9 membership in the district or public school academy who met the  
10 income eligibility criteria for free breakfast, lunch, or milk in  
11 the immediately preceding state fiscal year, as determined under  
12 the Richard B. Russell national school lunch act, 42 USC 1751 to  
13 1769i, and reported to the department by October 31 of the  
14 immediately preceding fiscal year and adjusted not later than  
15 December 31 of the immediately preceding fiscal year. However, for  
16 a public school academy that began operations as a public school  
17 academy after the pupil membership count day of the immediately  
18 preceding school year, the basis for the additional allowance under  
19 this section shall be the number of actual pupils in membership in  
20 the public school academy who met the income eligibility criteria  
21 for free breakfast, lunch, or milk in the current state fiscal  
22 year, as determined under the Richard B. Russell national school  
23 lunch act.

24       (2) To be eligible to receive funding under this section,  
25 other than funding under subsection (6) or (7), a district or  
26 public school academy that has not been previously determined to be  
27 eligible shall apply to the department, in a form and manner

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

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

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

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

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

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

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

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

25 (6) From the funds allocated under subsection (1), there is  
26 allocated for ~~2009-2010-2010-2011~~ an amount not to exceed  
27 \$3,557,300.00 to support child and adolescent health centers. These

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

21 (7) From the funds allocated under subsection (1), there is  
22 allocated for ~~2009-2010~~ 2010-2011 an amount not to exceed  
23 \$5,150,000.00 for the state portion of the hearing and vision  
24 screenings as described in section 9301 of the public health code,  
25 1978 PA 368, MCL 333.9301. A local public health department shall  
26 pay at least 50% of the total cost of the screenings. The frequency  
27 of the screenings shall be as required under R 325.13091 to R

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

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

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

1 school academy shall reimburse the state for all disallowances  
2 found in the audit.

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

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

25 (12) For an individual school or schools operated by a  
26 district or public school academy receiving funds under this  
27 section that have been determined by the department to meet the

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

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

25 (a) Monitors individual pupil learning and provides specific  
26 support or learning strategies to pupils as early as possible in  
27 order to reduce the need for special education placement. The

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

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

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

1 who met the income eligibility criteria for free breakfast, lunch,  
2 or milk in the immediately preceding fiscal year, as described in  
3 subsection (1).

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

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

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

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

27 (18) As used in this section, "at-risk pupil" means a pupil

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

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

1 allocated an amount not to exceed \$22,495,100.00 for ~~2009-2010~~  
2 **2010-2011** for the purpose of making payments to districts and other  
3 eligible entities under this section.

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

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

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

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

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

4           Sec. 31f. (1) From the appropriations in section 11, there is  
5 allocated an amount not to exceed \$9,625,000.00 for ~~2009-2010-2010-~~  
6 **2011** for the purpose of making payments to districts to reimburse  
7 for the cost of providing breakfast.

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

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

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

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

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

26           Sec. 32b. (1) From the funds appropriated under section 11,  
27 there is allocated an amount not to exceed \$6,000,000.00 for ~~2009-~~

1 ~~2010-2010-2011~~ for competitive grants to intermediate districts for  
2 the creation and continuance of great start communities or other  
3 community purposes as identified by the early childhood investment  
4 corporation. These dollars may not be expended until both of the  
5 following conditions have been met:

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

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

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

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

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

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

26 (b) Identification of local resources and services for  
27 children with disabilities, developmental delays, or special needs

1 and their families.

2 (c) Coordination and expansion of infrastructure to support  
3 high-quality early childhood and childcare programs.

4 (d) Evaluation of local programs.

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

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

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

24 Sec. 32d. (1) For ~~2009-2010-2010-2011~~, from the state school  
25 aid fund appropriation in section 11, there is allocated an amount  
26 not to exceed \$88,100,000.00 to eligible districts for great start  
27 readiness programs and from the general fund appropriation in

1 section 11, there is allocated an amount not to exceed  
2 \$7,575,000.00 for competitive great start readiness program grants.  
3 Funds allocated under this section shall be used to provide part-  
4 day or full-day comprehensive free compensatory programs designed  
5 to do 1 or both of the following:

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

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

19 (2) To be eligible to receive payments under this section, a  
20 district shall comply with this section and section 39. To receive  
21 competitive grant payments under this section, an eligible grant  
22 recipient shall comply with this section and section 32l.

23 (3) In addition to the allocation under subsection (1), from  
24 the general fund money appropriated under section 11, there is  
25 allocated an amount not to exceed \$300,000.00 for ~~2009-2010-2010-~~  
26 ~~2011~~ for a competitive grant to continue a longitudinal evaluation  
27 of children who have participated in great start readiness

1 programs.

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

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

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

15 (c) Nutritional services for all program participants.

16 (d) Health **AND DEVELOPMENTAL** screening services for all  
17 program participants.

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

20 (f) Active and continuous involvement of the parents or  
21 guardians of the program participants.

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

25 (h) Participation in a multidistrict, multiagency, school  
26 readiness advisory committee that provides for the involvement of  
27 classroom teachers, parents or guardians of program participants,

1 and community, volunteer, and social service agencies and  
2 organizations, as appropriate. The advisory committee shall review  
3 the program components listed in this subsection and make  
4 recommendations for changes to the great start readiness program  
5 for which it is an advisory committee.

6 (i) For great start readiness programs operated by a district  
7 or consortium of districts, provide for the ongoing articulation of  
8 the early childhood, kindergarten, and first grade programs offered  
9 by the district or districts.

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

13 (a) Ensure compliance with all program components described in  
14 subsection (4).

15 (b) Ensure that more than ~~50%~~**75%** of the children  
16 participating in an eligible great start readiness program are  
17 children who live with families with a household income that is  
18 equal to or less than 300% of the federal poverty level.

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

21 (i) Teachers possessing proper training. For programs the  
22 district manages itself, a valid teaching certificate and an early  
23 childhood (ZA) endorsement are required. This provision does not  
24 apply to a district that subcontracts with an eligible child  
25 development program. In that situation, a teacher must have a valid  
26 Michigan teaching certificate with an early childhood (ZA)  
27 endorsement, a valid Michigan teaching certificate with a child

1 development associate credential, or a bachelor's degree in child  
2 development with specialization in preschool teaching. However,  
3 both of the following apply to this subparagraph:

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

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

19 (ii) Paraprofessionals possessing proper training in early  
20 childhood development, including an associate's degree in early  
21 childhood education or child development or the equivalent, or a  
22 child development associate (CDA) credential, or the equivalent as  
23 approved by the state board. However, if a district demonstrates to  
24 the department that it is unable to fully comply with this  
25 subparagraph after making reasonable efforts to comply, the  
26 district may employ paraprofessionals who have completed at least 1  
27 course in early childhood education or child development if the

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

7 (d) Include a program budget that contains only those costs  
8 that are not reimbursed or reimbursable by federal funding, that  
9 are clearly and directly attributable to the great start readiness  
10 program, and that would not be incurred if the program were not  
11 being offered. The program budget shall indicate the extent to  
12 which these funds will supplement other federal, state, local, or  
13 private funds. Funds received under this section shall not be used  
14 to supplant any federal funds by the applicant to serve children  
15 eligible for a federally funded existing preschool program that has  
16 the capacity to serve those children.

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

1 program.

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

9 (8) Any public or private for-profit or nonprofit legal entity  
10 or agency may apply for a competitive grant under this section.  
11 However, a district or intermediate district may not apply for a  
12 competitive grant under this section unless the district,  
13 intermediate district, or consortium of districts or intermediate  
14 districts is acting as a local grantee for the federal head start  
15 program operating under the head start act, 42 USC 9831 to 9852.

16 (9) A recipient of funds under this section shall report to  
17 the department on the midyear report the number of children  
18 participating in the program who meet the income or other  
19 eligibility criteria prescribed by the department and the total  
20 number of children participating in the program. For children  
21 participating in the program who meet the income or other  
22 eligibility criteria specified under subsection (5)(b), a recipient  
23 shall also report whether or not a parent is available to provide  
24 care based on employment status. For the purposes of this  
25 subsection, "employment status" shall be defined by the department  
26 of human services in a manner consistent with maximizing the amount  
27 of spending that may be claimed for temporary assistance for needy

1 families maintenance of effort purposes.

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

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

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

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

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

26 (c) Providing parents with examples of learning opportunities  
27 to promote intellectual, physical, and social growth of young

1 children, including the acquisition of age-appropriate language,  
2 mathematics, and early reading skills.

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

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

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

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

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

1 may be used for program administration.

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

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

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

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

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

25 (6) An intermediate district receiving funds under this  
26 section shall use the funds only for the program funded under this  
27 section. An intermediate district receiving funds under this

1 section may carry over any unexpended funds received under this  
2 section into the next fiscal year and may expend those unused funds  
3 in the next fiscal year. A recipient of a grant shall return any  
4 unexpended grant funds to the department in the manner prescribed  
5 by the department not later than September 30 of the next fiscal  
6 year after the fiscal year in which the funds are received.

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

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

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

26       (4) All grant awards under this section are contingent on the  
27 availability of funds and documented evidence of grantee compliance

1 with early childhood standards of quality for prekindergarten, as  
2 approved by the state board, and with all operational, fiscal,  
3 administrative, and other program requirements.

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

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

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

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

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

27 (c) An amount estimated at \$109,411,900.00 for the purpose of

1 preparing, training, and recruiting high-quality teachers and class  
2 size reduction, funded from DED-OESE, improving teacher quality  
3 funds.

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

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

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

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

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

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

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

26 (k) An amount estimated at \$24,733,200.00 to promote high-  
27 quality school reading instruction for grades K-3, funded from DED-

1 OESE, title I, reading first state grant funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 style.

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

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

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

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

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

20 Sec. 41. From the appropriation in section 11, there is  
21 allocated an amount not to exceed \$2,800,000.00 for ~~2009-2010-2010-~~  
22 **2011** to applicant districts and intermediate districts offering  
23 programs of instruction for pupils of limited English-speaking  
24 ability under section 1153 of the revised school code, MCL  
25 380.1153. Reimbursement shall be on a per pupil basis and shall be  
26 based on the number of pupils of limited English-speaking ability  
27 in membership on the pupil membership count day. Funds allocated

1 under this section shall be used solely for instruction in  
2 speaking, reading, writing, or comprehension of English. A pupil  
3 shall not be counted under this section or instructed in a program  
4 under this section for more than 3 years.

5       Sec. 51a. (1) From the appropriation in section 11, there is  
6 allocated for 2009-2010 an amount not to exceed ~~\$1,061,283,000.00~~  
7 **\$1,018,583,000.00 AND THERE IS ALLOCATED FOR 2010-2011 AN AMOUNT**  
8 **NOT TO EXCEED \$1,060,683,000.00** from state sources and all  
9 available federal funding under sections 611 to 619 of part B of  
10 the individuals with disabilities education act, 20 USC 1411 to  
11 1419, estimated at \$350,700,000.00 **FOR 2009-2010 AND ESTIMATED AT**  
12 **\$385,700,000.00 FOR 2010-2011**, plus any carryover federal funds  
13 from previous year appropriations. The allocations under this  
14 subsection are for the purpose of reimbursing districts and  
15 intermediate districts for special education programs, services,  
16 and special education personnel as prescribed in article 3 of the  
17 revised school code, MCL 380.1701 to 380.1766; net tuition payments  
18 made by intermediate districts to the Michigan schools for the deaf  
19 and blind; and special education programs and services for pupils  
20 who are eligible for special education programs and services  
21 according to statute or rule. For meeting the costs of special  
22 education programs and services not reimbursed under this article,  
23 a district or intermediate district may use money in general funds  
24 or special education funds, not otherwise restricted, or  
25 contributions from districts to intermediate districts, tuition  
26 payments, gifts and contributions from individuals, or federal  
27 funds that may be available for this purpose, as determined by the

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

11 (2) From the funds allocated under subsection (1), there is  
12 allocated **EACH FISCAL YEAR** the amount necessary, estimated at  
13 ~~\$240,300,000.00~~ **\$236,500,000.00** for 2009-2010 **AND ESTIMATED AT**  
14 **\$247,000,000.00 FOR 2010-2011**, for payments toward reimbursing  
15 districts and intermediate districts for 28.6138% of total approved  
16 costs of special education, excluding costs reimbursed under  
17 section 53a, and 70.4165% of total approved costs of special  
18 education transportation. Allocations under this subsection shall  
19 be made as follows:

20 (a) The initial amount allocated to a district under this  
21 subsection toward fulfilling the specified percentages shall be  
22 calculated by multiplying the district's special education pupil  
23 membership, excluding pupils described in subsection (12), times  
24 the ~~sum of the~~ foundation allowance under section 20 of the pupil's  
25 district of residence, ~~plus the amount of the district's per pupil~~  
26 ~~allocation under section 20j(2)~~, not to exceed the basic foundation  
27 allowance under section 20 for the current fiscal year, or, for a

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

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

18 (3) From the funds allocated under subsection (1), there is  
19 allocated **EACH FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** the  
20 amount necessary, estimated at ~~\$1,300,000.00,~~ **\$1,200,000.00 FOR**  
21 **2009-2010 AND ESTIMATED AT \$800,000.00 FOR 2010-2011,** to make  
22 payments to districts and intermediate districts under this  
23 subsection. If the amount allocated to a district or intermediate  
24 district for a fiscal year under subsection (2)(b) is less than the  
25 sum of the amounts allocated to the district or intermediate  
26 district for 1996-97 under sections 52 and 58, there is allocated  
27 to the district or intermediate district for the fiscal year an

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

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

1 specified percentages in subsection (2), there shall be no  
2 deduction under this subsection.

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

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

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

25 (a) "Total approved costs of special education" shall be  
26 determined in a manner specified by the department and may include  
27 indirect costs, but shall not exceed 115% of approved direct costs

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

19 (b) Beginning with the 2004-2005 fiscal year, a district or  
20 intermediate district that employed special education support  
21 services staff to provide special education support services in  
22 2003-2004 or in a subsequent fiscal year and that in a fiscal year  
23 after 2003-2004 receives the same type of support services from  
24 another district or intermediate district shall report the cost of  
25 those support services for special education reimbursement purposes  
26 under this act. This subdivision does not prohibit the transfer of  
27 special education classroom teachers and special education

1 classroom aides if the pupils counted in membership associated with  
2 those special education classroom teachers and special education  
3 classroom aides are transferred and counted in membership in the  
4 other district or intermediate district in conjunction with the  
5 transfer of those teachers and aides.

6 (c) If the department determines before bookclosing for ~~2008-~~  
7 ~~2009~~ **FISCAL YEAR** that the amounts allocated for ~~2008-2009~~ **THAT**  
8 **FISCAL YEAR** under subsections (2), (3), (6), (8), and (12) and  
9 sections 53a, 54, and 56 will exceed expenditures for ~~2008-2009~~  
10 **THAT FISCAL YEAR** under subsections (2), (3), (6), (8), and (12) and  
11 sections 53a, 54, and 56, then ~~for 2008-2009 only,~~ for a district  
12 or intermediate district whose reimbursement for ~~2008-2009~~ **THAT**  
13 **FISCAL YEAR** would otherwise be affected by subdivision (b),  
14 subdivision (b) does not apply to the calculation of the  
15 reimbursement for that district or intermediate district and  
16 reimbursement for that district or intermediate district shall be  
17 calculated in the same manner as it was for 2003-2004. If the  
18 amount of the excess allocations under subsections (2), (3), (6),  
19 (8), and (12) and sections 53a, 54, and 56 is not sufficient to  
20 fully fund the calculation of reimbursement to those districts and  
21 intermediate districts under this subdivision, then the  
22 calculations and resulting reimbursement under this subdivision  
23 shall be prorated on an equal percentage basis.

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

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

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

23 (8) From the allocation in subsection (1), there is allocated  
24 **EACH FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** an amount not to  
25 exceed \$15,313,900.00 to intermediate districts. The payment under  
26 this subsection to each intermediate district shall be equal to the  
27 amount of the 1996-97 allocation to the intermediate district under

1 subsection (6) of this section as in effect for 1996-97.

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

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

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

19 (12) From the funds allocated in subsection (1), there is  
20 allocated **EACH FISCAL YEAR** the amount necessary, estimated at  
21 \$7,800,000.00 for 2009-2010 **AND ESTIMATED AT \$7,600,000.00 FOR**  
22 **2010-2011**, to pay the foundation allowances for pupils described in  
23 this subsection. The allocation to a district under this subsection  
24 shall be calculated by multiplying the number of pupils described  
25 in this subsection who are counted in membership in the district  
26 times the ~~sum of the~~ foundation allowance under section 20 of the  
27 pupil's district of residence, ~~plus the amount of the district's~~

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

14 (a) Pupils described in section 53a.

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

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

22 (13) If it is determined that funds allocated under subsection  
23 (2) or (12) or under section 51c will not be expended, funds up to  
24 the amount necessary and available may be used to supplement the  
25 allocations under subsection (2) or (12) or under section 51c in  
26 order to fully fund those allocations. After payments under  
27 subsections (2) and (12) and section 51c, the remaining

1 expenditures from the allocation in subsection (1) shall be made in  
2 the following order:

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

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

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

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

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

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

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

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

1 the payment of the added costs of special education programs and  
2 services for the pupil.

3       Sec. 51c. As required by the court in the consolidated cases  
4 known as Durant v State of Michigan, Michigan supreme court docket  
5 no. 104458-104492, from the allocation under section 51a(1), there  
6 is allocated **EACH FISCAL YEAR** for 2009-2010 **AND FOR 2010-2011** the  
7 amount necessary, estimated at ~~\$742,300,000.00,~~ **\$703,500,000.00 FOR**  
8 **2009-2010 AND ESTIMATED AT \$735,700,000.00 FOR 2010-2011**, for  
9 payments to reimburse districts for 28.6138% of total approved  
10 costs of special education excluding costs reimbursed under section  
11 53a, and 70.4165% of total approved costs of special education  
12 transportation. Funds allocated under this section that are not  
13 expended in the state fiscal year for which they were allocated, as  
14 determined by the department, may be used to supplement the  
15 allocations under sections 22a and 22b in order to fully fund those  
16 calculated allocations for the same fiscal year.

17       Sec. 51d. (1) From the federal funds appropriated in section  
18 11, there is allocated for ~~2009-2010-2010-2011~~ all available  
19 federal funding, estimated at \$74,000,000.00, for special education  
20 programs that are funded by federal grants. All federal funds  
21 allocated under this section shall be distributed in accordance  
22 with federal law. Notwithstanding section 17b, payments of federal  
23 funds to districts, intermediate districts, and other eligible  
24 entities under this section shall be paid on a schedule determined  
25 by the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (5) Not more than \$13,500,000.00 of the allocation for ~~2009-~~  
27 ~~2010-2010-2011~~ in section 51a(1) shall be allocated under this

1 section.

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

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

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

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

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

23       (2) From the allocation under section 51a(1), there is  
24 allocated an amount not to exceed \$36,881,100.00 **EACH FISCAL YEAR**  
25 for 2009-2010 **AND FOR 2010-2011** to reimburse intermediate districts  
26 levying millages for special education pursuant to part 30 of the  
27 revised school code, MCL 380.1711 to 380.1743. The purpose, use,

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

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

19 Sec. 61a. (1) From the appropriation in section 11, there is  
20 allocated an amount not to exceed ~~\$27,000,000.00 for 2009-2010~~  
21 **\$26,611,300.00 FOR 2010-2011** to reimburse on an added cost basis  
22 districts, except for a district that served as the fiscal agent  
23 for a vocational education consortium in the 1993-94 school year,  
24 and secondary area vocational-technical education centers for  
25 secondary-level ~~vocational-technical~~ **CAREER AND TECHNICAL** education  
26 programs, ~~including parenthood education programs,~~ according to  
27 rules approved by the superintendent. Applications for

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

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

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

26 (a) "Membership" means for a particular fiscal year the total  
27 membership for the immediately preceding fiscal year of the

1 intermediate district and the districts constituent to the  
2 intermediate district or the total membership for the immediately  
3 preceding fiscal year of the area vocational-technical program.

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

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

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

25 (ii) The district contributes an annual amount to the operation  
26 of the program that is commensurate with the revenue that would  
27 have been raised for operation of the program if millage were

1 levied in the district for the program under sections 681 to 690 of  
2 the revised school code, MCL 380.681 to 380.690.

3 (2) From the appropriation in section 11, there is allocated  
4 an amount not to exceed \$9,000,000.00 **EACH FISCAL YEAR** for 2009-  
5 2010 **AND FOR 2010-2011** to reimburse intermediate districts and area  
6 vocational-technical education programs established under section  
7 690(3) of the revised school code, MCL 380.690, levying millages  
8 for area vocational-technical education pursuant to sections 681 to  
9 690 of the revised school code, MCL 380.681 to 380.690. The  
10 purpose, use, and expenditure of the reimbursement shall be limited  
11 as if the funds were generated by those millages.

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

22 Sec. 64. (1) From the appropriation in section 11, there is  
23 allocated an amount not to exceed \$2,000,000.00 for ~~2009-2010~~ **2010-**  
24 **2011** for grants to intermediate districts or a district of the  
25 first class that are in consortium with a community college or  
26 state public university and a hospital or other appropriate entity  
27 to create and implement a middle college focused on the field of

1 health sciences or other field approved by the superintendent of  
2 public instruction.

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

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

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

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

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

17 (e) Instruction in mathematics, science, and language arts  
18 that is integrated, where appropriate, into the courses in the  
19 approved field.

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

25 (4) Beginning in 2006-2007, a district or intermediate  
26 district may receive a grant under this section for up to 4  
27 consecutive fiscal years. For the first 2 fiscal years of the grant

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

5 Sec. 65. (1) From the amount appropriated in section 11, there  
6 is allocated an amount not to exceed ~~\$980,100.00 for 2009-2010~~  
7 **\$905,100.00 FOR 2010-2011** for grants to districts or intermediate  
8 districts, as determined by the department, for eligible precollege  
9 programs in engineering and the sciences.

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

15 (3) ~~(4)~~ From the funds allocated under subsection (1), the  
16 department shall award \$225,000.00 for ~~2009-2010-2010-2011~~ to  
17 eligible intermediate districts for programs to train pupils in  
18 alternative energy. The department shall award \$75,000.00 to each  
19 eligible intermediate district. The intermediate district shall use  
20 the funds for engineering and sciences programs with industry level  
21 partnerships that are in proximity to renewable energy facilities.  
22 To be eligible for funds under this subsection, an intermediate  
23 district must meet all of the following requirements:

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

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

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

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

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

7 (4) ~~(5)~~—The department shall submit a report to the  
8 appropriations subcommittees responsible for this act, to the state  
9 budget director, and to the house and senate fiscal agencies by  
10 February 1, ~~2010~~—2011 regarding dropout rates, grade point  
11 averages, enrollment in science, engineering, and math-based  
12 curricula, and employment in science, engineering, and mathematics-  
13 based fields for pupils who were enrolled in the programs awarded  
14 funds under ~~this section~~—**SUBSECTION (2)** or under preceding  
15 legislation. The report shall continue to evaluate the  
16 effectiveness of the precollege programs in engineering and  
17 sciences funded under this section.

18 (5) ~~(6)~~—Notwithstanding section 17b, payments under this  
19 section shall be paid on a schedule and in a manner determined by  
20 the department.

21 Sec. 74. (1) From the amount appropriated in section 11, there  
22 is allocated an amount not to exceed ~~\$1,625,000.00~~—**\$2,058,800.00**  
23 for ~~2009-2010~~—**2010-2011** for the purposes of this section.

24 (2) From the allocation in subsection (1), there is allocated  
25 for ~~2009-2010~~—**2010-2011** the amount necessary for payments to state  
26 supported colleges or universities and intermediate districts  
27 providing school bus driver safety instruction pursuant to section

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

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

19 (4) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED  
20 AN AMOUNT NOT TO EXCEED \$433,800.00 FOR 2010-2011 FOR REIMBURSEMENT  
21 TO DISTRICTS AND INTERMEDIATE DISTRICTS FOR COSTS ASSOCIATED WITH  
22 THE INSPECTION OF SCHOOL BUSES AND PUPIL TRANSPORTATION VEHICLES BY  
23 THE DEPARTMENT OF STATE POLICE AS REQUIRED UNDER SECTION 715A OF  
24 THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.715A, AND SECTION  
25 39 OF THE PUPIL TRANSPORTATION ACT, 1990 PA 187, MCL 257.1839. THE  
26 DEPARTMENT OF STATE POLICE SHALL PREPARE A STATEMENT OF COSTS  
27 ATTRIBUTABLE TO EACH DISTRICT FOR WHICH BUS INSPECTIONS ARE

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

13       Sec. 81. (1) Except as otherwise provided in this section,  
14 from the appropriation in section 11, there is allocated for ~~2009-~~  
15 ~~2010-2010-2011~~ to the intermediate districts the sum necessary, but  
16 not to exceed \$65,376,800.00, to provide state aid to intermediate  
17 districts under this section. Except as otherwise provided in this  
18 section, there shall be allocated to each intermediate district for  
19 ~~2009-2010-2010-2011~~ an amount equal to ~~80%-100%~~ of the amount  
20 appropriated under this subsection for ~~2008-2009-2009-2010~~. Funding  
21 provided under this section shall be used to comply with  
22 requirements of this act and the revised school code that are  
23 applicable to intermediate districts, and for which funding is not  
24 provided elsewhere in this act, and to provide technical assistance  
25 to districts as authorized by the intermediate school board.

26       (2) Intermediate districts receiving funds under this section  
27 shall collaborate with the department to develop expanded

1 professional development opportunities for teachers to update and  
2 expand their knowledge and skills needed to support the Michigan  
3 merit curriculum.

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

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

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

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

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

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

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

12 (e) Comply with section 1230g of the revised school code, MCL  
13 380.1230g.

14 (f) Comply with section 761 of the revised school code, MCL  
15 380.761.

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

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

25 (a) Coordinate the collection of all data required by state  
26 and federal law from ~~all entities receiving funds under this~~  
27 ~~act.~~ **DISTRICTS, INTERMEDIATE DISTRICTS, AND POSTSECONDARY**

1 INSTITUTIONS.

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

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

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

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

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

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

24 (ii) DATA ACCESS OR, IF PRACTICAL, DATA SETS, PROVIDED FOR  
25 REGIONAL DATA WAREHOUSES THAT, IN COMBINATION WITH LOCAL DATA, CAN  
26 IMPROVE TEACHING AND LEARNING IN THE CLASSROOM.

27 (iii) RESEARCH-READY DATA SETS FOR RESEARCHERS TO PERFORM

1 **RESEARCH THAT ADVANCES THIS STATE'S EDUCATIONAL PERFORMANCE.**

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

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

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

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

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

21 ~~—— (i) Make accessible annual state assessment records of  
22 individual pupils.~~

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

26 ~~—— (iii) Enable school board members, teachers, and school  
27 administrators to have access to the data so they can make informed~~

1 ~~decisions in order to improve instruction and pupil achievement.~~

2 (G) ~~(j)~~ Other functions as assigned by the state budget  
3 director.

4 (2) Each state department, officer, or agency that collects  
5 information from districts, ~~or intermediate districts, OR~~  
6 **POSTSECONDARY INSTITUTIONS** as required under state or federal law  
7 shall make arrangements with the center, ~~and with the districts or~~  
8 ~~intermediate districts, to have the center collect the information~~  
9 ~~and to provide it to the department, officer, or agency as~~  
10 ~~necessary. To the extent that it does not cause financial hardship,~~  
11 ~~the center shall arrange to collect the information in a manner~~  
12 ~~that allows electronic submission of the information to the center.~~  
13 ~~Each affected state department, officer, or agency shall provide~~  
14 ~~the center with any details necessary for the center to collect~~  
15 ~~information as provided under this subsection. **TO ENSURE THAT THE**~~  
16 **STATE DEPARTMENT, OFFICER, OR AGENCY IS IN COMPLIANCE WITH**  
17 **SUBSECTION (1).** This subsection does not apply to information  
18 collected by the department of treasury under the uniform budgeting  
19 and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised  
20 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the  
21 school bond qualification, approval, and loan act, 2005 PA 92, MCL  
22 388.1921 to 388.1939; or section 1351a of the revised school code,  
23 MCL 380.1351a.

24 (3) The state budget director shall appoint a CEPI advisory  
25 committee, ~~consisting~~ **TO PROVIDE ADVICE TO THE DIRECTOR. THE CEPI**  
26 **ADVISORY COMMITTEE SHALL CONSIST** of the following members:

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

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

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

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

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

7 (f) Three representatives from intermediate school districts.

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

10 (i) Michigan association of school boards.

11 (ii) Michigan association of school administrators.

12 (iii) Michigan school business officials.

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

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

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

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

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

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

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

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

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

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

14 **(G) WORKING WITH STAKEHOLDERS TO DEVELOP A STATE RESEARCH  
15 AGENDA.**

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

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

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

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

25 **(B) SUPPORTS INTEROPERABILITY BY USING STANDARD DATA  
26 STRUCTURES, DATA FORMATS, AND DATA DEFINITIONS TO ENSURE LINKAGE  
27 AND CONNECTIVITY IN A MANNER THAT FACILITATES THE EXCHANGE OF DATA**

1 AMONG AGENCIES AND INSTITUTIONS WITHIN THE STATE AND BETWEEN  
2 STATES.

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

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

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

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

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

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

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

21 (ii) CONTAINS STUDENT-LEVEL ENROLLMENT, DEMOGRAPHIC, AND  
22 PROGRAM PARTICIPATION INFORMATION.

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

26 (iv) HAS THE CAPACITY TO COMMUNICATE WITH HIGHER EDUCATION DATA  
27 SYSTEMS.

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

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

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

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

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

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

16 (A) ENROLLMENT IN REMEDIAL COURSEWORK.

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

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

22 (7) ~~(6)~~ From the general fund appropriation in section 11,  
23 there is allocated an amount not to exceed \$3,486,100.00 EACH  
24 FISCAL YEAR for 2009-2010 AND FOR 2010-2011 to the department of  
25 TECHNOLOGY, management, and budget to support the operations of the  
26 center. ~~and the development and implementation of a comprehensive~~  
27 ~~longitudinal data collection management and reporting system that~~

1 ~~includes student level data.~~ **IN ADDITION, FROM THE FEDERAL FUNDS**  
2 **APPROPRIATED IN SECTION 11 THERE IS ALLOCATED EACH FISCAL YEAR FOR**  
3 **2009-2010 AND 2010-2011 THE AMOUNT NECESSARY, ESTIMATED AT**  
4 **\$18,657,400.00 FOR 2009-2010 AND ESTIMATED AT \$7,270,000.00 FOR**  
5 **2010-2011, TO SUPPORT THE OPERATIONS OF THE CENTER.** The center  
6 shall cooperate with the state education agency to ensure that this  
7 state is in compliance with federal law and is maximizing  
8 opportunities for increased federal funding to improve education in  
9 this state. ~~To the extent that funding under this section allows,~~  
10 ~~the center shall collect data necessary to maximize federal funding~~  
11 ~~under the American recovery and reinvestment act of 2009, Public~~  
12 ~~Law 111-5, and other federal statutes, including data necessary to~~  
13 ~~implement a P-20 longitudinal data system. In addition, from the~~  
14 ~~federal funds appropriated in section 11 for 2009-2010, there is~~  
15 ~~allocated the amount necessary, estimated at \$2,793,200.00, in~~  
16 ~~order to fulfill federal reporting requirements.~~

17 (8) ~~(7)~~ From the federal funds allocated in subsection ~~(6)~~,  
18 (7), there is allocated for 2009-2010 an amount not to exceed  
19 \$750,000.00 **AND FOR 2010-2011 AN AMOUNT NOT TO EXCEED \$850,000.00**  
20 funded from the competitive grants of DED-OESE, title II,  
21 educational technology funds for the purposes of this subsection.  
22 Not later than November 30 ~~, 2008,~~ **OF EACH FISCAL YEAR,** the  
23 department shall award a single grant to an eligible partnership  
24 that includes an intermediate district with at least 1 high-need  
25 local school district and the center.

26 (9) **FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (7), THERE**  
27 **IS ALLOCATED FOR 2009-2010 AN AMOUNT NOT TO EXCEED \$8,440,000.00 TO**

1 SUPPORT THE EFFORTS OF DISTRICTS TO MATCH INDIVIDUAL TEACHER AND  
2 STUDENT RECORDS. THE FUNDS SHALL BE DISTRIBUTED TO DISTRICTS IN AN  
3 AMOUNT AND MANNER DETERMINED BY THE CENTER.

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

10 (11) ~~(8)~~—The center and the department shall work  
11 cooperatively to develop a cost allocation plan that pays for  
12 center expenses from the appropriate federal fund **AND STATE**  
13 **RESTRICTED FUND** revenues.

14 (12) ~~(9)~~—Funds allocated under this section that are not  
15 expended in the fiscal year in which they were allocated may be  
16 carried forward to a subsequent fiscal year **AND ARE APPROPRIATED**  
17 **FOR THE PURPOSES FOR WHICH THE FUNDS WERE ORIGINALLY ALLOCATED.**

18 (13) ~~(10)~~—The center may bill departments as necessary in  
19 order to fulfill reporting requirements of state and federal law.  
20 The center may also enter into agreements to supply custom data,  
21 analysis, and reporting to other principal executive departments,  
22 state agencies, local units of government, and other individuals  
23 and organizations. The center may receive and expend funds in  
24 addition to those authorized in subsection ~~(6)~~—(7) to cover the  
25 costs associated with salaries, benefits, supplies, materials, and  
26 equipment necessary to provide such data, analysis, and reporting  
27 services.

1           (14) ~~(11)~~—As used in this section:

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

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

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

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

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

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

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

27           (c) Provide pupils with opportunities to develop skills and

1 competencies through online learning.

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

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

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

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

13 (a) Information technology courses.

14 (b) College level equivalent courses, as defined in section  
15 1471 of the revised school code, MCL 380.1471.

16 (c) Courses and dual enrollment opportunities.

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

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

20 (f) Special interest courses.

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

23 (4) From the federal funds allocated in subsection (1), there  
24 is allocated for ~~2009-2010-2010-2011~~ an amount estimated at  
25 \$1,700,000.00 from DED-OESE, title II, improving teacher quality  
26 funds for a grant to the Michigan virtual university for the  
27 purpose of this subsection. With the approval of the department,

1 the Michigan virtual university shall coordinate the following  
2 activities related to DED-OESE, title II, improving teacher quality  
3 funds in accordance with federal law:

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

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

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

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

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

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

26 (6) From the federal funds appropriated in subsection (1),  
27 there is allocated for ~~2009-2010~~ **2010-2011** an amount estimated at

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27           (7) If a home-schooled or nonpublic school student is a

1 resident of a district that subscribes to services provided by the  
2 Michigan virtual high school, the student may use the services  
3 provided by the Michigan virtual high school to the district  
4 without charge to the student beyond what is charged to a district  
5 pupil using the same services.

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

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

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

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

19 (d) The overall course completion rate percentage.

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

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

24 (9) As used in this section:

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

27 (b) "High-need local district" means a local educational

1 agency as defined in the enhancing education through technology  
2 part of the no child left behind act of 2001, Public Law 107-110.

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

4 Sec. 99. (1) From the state school aid fund money appropriated  
5 in section 11, there is allocated an amount not to exceed  
6 \$2,515,000.00 for ~~2009-2010-2010-2011~~ and from the general fund  
7 appropriation in section 11, there is allocated an amount not to  
8 exceed \$110,000.00 for ~~2009-2010-2010-2011~~ to support the  
9 activities and programs of mathematics and science centers and for  
10 other purposes as described in this section. In addition, from the  
11 federal funds appropriated in section 11, there is allocated for  
12 ~~2009-2010-2010-2011~~ an amount estimated at \$5,249,300.00 from DED-  
13 OESE, title II, mathematics and science partnership grants.

14 (2) Within a service area designated locally, approved by the  
15 department, and consistent with the comprehensive master plan for  
16 mathematics and science centers developed by the department and  
17 approved by the state board, an established mathematics and science  
18 center shall provide 2 or more of the following 6 basic services,  
19 as described in the master plan, to constituent districts and  
20 communities: leadership, pupil services, curriculum support,  
21 community involvement, professional development, and resource  
22 clearinghouse services.

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

1 region.

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

7 (5) Allocations under this section to support the activities  
8 and programs of mathematics and science centers shall be continuing  
9 support grants to all 33 established mathematics and science  
10 centers. Each established mathematics and science center that was  
11 funded in ~~2008-2009~~**2009-2010** shall receive state funding in an  
12 amount equal to ~~75%~~**100%** of the amount it was allocated under this  
13 subsection for ~~2008-2009~~**2009-2010**. If a center declines state  
14 funding or a center closes, the remaining money available under  
15 this section shall be distributed to the remaining centers, as  
16 determined by the department.

17 (6) From the funds allocated in subsection (1), there is  
18 allocated for ~~2009-2010~~**2010-2011** an amount not to exceed  
19 \$750,000.00 in a form and manner determined by the department to  
20 those centers able to provide curriculum and professional  
21 development support to assist districts in implementing the  
22 Michigan merit curriculum components for mathematics and science.  
23 Funding under this subsection is in addition to funding allocated  
24 under subsection (5).

25 (7) In order to receive state or federal funds under this  
26 section, a grant recipient shall allow access for the department or  
27 the department's designee to audit all records related to the

1 program for which it receives such funds. The grant recipient shall  
2 reimburse the state for all disallowances found in the audit.

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

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

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

13 (11) 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 Sec. 99i. (1) From the funds appropriated in section 11, there  
18 is allocated the amount of \$300,000.00 for ~~2009-2010~~**2010-2011** to a  
19 district that meets all of the following requirements:

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

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

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

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

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

3           Sec. 101. (1) To be eligible to receive state aid under this  
4 act, not later than the fifth Wednesday after the pupil membership  
5 count day and not later than the fifth Wednesday after the  
6 supplemental count day, each district superintendent shall submit  
7 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and  
8 manner prescribed by the center, the number of pupils enrolled and  
9 in regular daily attendance in the district as of the pupil  
10 membership count day and as of the supplemental count day, as  
11 applicable, for the current school year. In addition, a district  
12 maintaining school during the entire year, as provided under  
13 section 1561 of the revised school code, MCL 380.1561, shall submit  
14 to the center **AND THE INTERMEDIATE SUPERINTENDENT**, in the form and  
15 manner prescribed by the center, the number of pupils enrolled and  
16 in regular daily attendance in the district for the current school  
17 year pursuant to rules promulgated by the superintendent. Not later  
18 than the seventh Wednesday after the pupil membership count day and  
19 not later than the seventh Wednesday after the supplemental count  
20 day, the district shall certify the data in a form and manner  
21 prescribed by the center **AND FILE THE CERTIFIED DATA WITH THE**  
22 **INTERMEDIATE SUPERINTENDENT**. If a district fails to submit and  
23 certify the attendance data, as required under this subsection, the  
24 center shall notify the department and state aid due to be  
25 distributed under this act shall be withheld from the defaulting  
26 district immediately, beginning with the next payment after the  
27 failure and continuing with each payment until the district

1 complies with this subsection. If a district does not comply with  
2 this subsection by the end of the fiscal year, the district  
3 forfeits the amount withheld. A person who willfully falsifies a  
4 figure or statement in the certified and sworn copy of enrollment  
5 shall be punished in the manner prescribed by section 161.

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

21 (3) Except as otherwise provided in subsection (11), all of  
22 the following apply to the provision of pupil instruction:

23 (a) Except as otherwise provided in this section, each  
24 district shall provide at least 1,098 hours and, beginning in 2010-  
25 2011, the required minimum number of days of pupil instruction. For  
26 2010-2011 and for 2011-2012, the required minimum number of days of  
27 pupil instruction is 165. **HOWEVER, BEGINNING IN 2010-2011, A**

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1 DISTRICT THAT PROVIDED AT LEAST 170 DAYS OF PUPIL INSTRUCTION FOR  
2 2009-2010 SHALL NOT PROVIDE FEWER THAN 170 DAYS OF PUPIL  
3 INSTRUCTION. Beginning in 2012-2013, the required minimum number of  
4 days of pupil instruction **FOR ALL DISTRICTS** is 170. <<**A DISTRICT MAY  
APPLY FOR A WAIVER UNDER SUBSECTION (9) FROM THE REQUIREMENTS OF THIS  
SUBDIVISION.**>> However,

5 ~~beginning in 2010-2011, a district shall not provide fewer days of~~  
6 ~~pupil instruction than the district provided for 2009-2010.~~

7 (B) Except as otherwise provided in this act, a district  
8 failing to comply with the required minimum hours and days of pupil  
9 instruction under this subsection shall forfeit from its total  
10 state aid allocation an amount determined by applying a ratio of  
11 the number of hours or days the district was in noncompliance in  
12 relation to the required minimum number of hours and days under  
13 this subsection. Not later than August 1, the board of each  
14 district shall certify to the department the number of hours and,  
15 beginning in 2010-2011, days of pupil instruction in the previous  
16 school year. If the district did not provide at least the required  
17 minimum number of hours and days of pupil instruction under this  
18 subsection, the deduction of state aid shall be made in the  
19 following fiscal year from the first payment of state school aid. A  
20 district is not subject to forfeiture of funds under this  
21 subsection for a fiscal year in which a forfeiture was already  
22 imposed under subsection (6).

23 (C) Hours or days lost because of strikes or teachers'  
24 conferences shall not be counted as hours or days of pupil  
25 instruction.

26 (D) If a collective bargaining agreement that provides a  
27 complete school calendar is in effect for employees of a district

1 as of the effective date of the 2009 amendatory act that amended  
2 this subsection **OCTOBER 19, 2009**, and if that school calendar is  
3 not in compliance with this subsection, then this subsection does  
4 not apply to that district until after the expiration of that  
5 collective bargaining agreement.

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

11 **(F)** ~~(c)~~ Beginning in 2005-2006, at ~~AT~~ the request of a  
12 district that operates a department-approved alternative education  
13 program and that does not provide instruction for pupils in all of  
14 grades K to 12, the superintendent shall **MAY** grant a waiver ~~for a~~  
15 ~~period of 3 school years~~ from the requirements of subdivision ~~(b)~~  
16 **(E)** in order to conduct a pilot study. The waiver shall indicate  
17 that an eligible district is subject to the proration provisions of  
18 subdivision ~~(b)~~ **(E)** only if the district does not have at least 50%  
19 of the district's membership in attendance on any day of pupil  
20 instruction. In order to be eligible for this waiver, a district  
21 must maintain records to substantiate its compliance with the  
22 following requirements during the pilot study:

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

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

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

4           (G) ~~(d)~~—The superintendent shall promulgate rules for the  
5 implementation of this subsection.

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

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

1 provided under section 6(4).

2 (6) Not later than April 15 of each fiscal year, the board of  
3 each district shall certify to the department the planned number of  
4 hours and days of pupil instruction in the district for the school  
5 year ending in the fiscal year. In addition to any other penalty or  
6 forfeiture under this section, if at any time the department  
7 determines that 1 or more of the following has occurred in a  
8 district, the district shall forfeit in the current fiscal year  
9 beginning in the next payment to be calculated by the department a  
10 proportion of the funds due to the district under this act that is  
11 equal to the proportion below the required minimum number of hours  
12 and days of pupil instruction under subsection (3), as specified in  
13 the following:

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

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

22 (7) In providing the minimum number of hours and days of pupil  
23 instruction required under subsection (3), a district shall use the  
24 following guidelines, and a district shall maintain records to  
25 substantiate its compliance with the following guidelines:

26 (a) Except as otherwise provided in this subsection, a pupil  
27 must be scheduled for at least the required minimum number of hours

1 of instruction, excluding study halls, or at least the sum of 90  
2 hours plus the required minimum number of hours of instruction,  
3 including up to 2 study halls.

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

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

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

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1 undue costs or hardship to the district, the department may  
2 consider more travel time to be pupil instruction time for this  
3 purpose.

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

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

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

19 (8) Except as otherwise provided in subsection (11), the  
20 department shall apply the guidelines under subsection (7) in  
21 calculating the full-time equivalency of pupils.

22 (9) Upon application by the district for a particular fiscal  
23 year, the superintendent may waive for a district the minimum  
24 number of hours and days of pupil instruction requirement of  
25 subsection (3) for a department-approved alternative education  
26 program or another innovative program approved by the department<<,  
**INCLUDING A 4-DAY SCHOOL WEEK**>>.

27 If a district applies for and receives a waiver under this

1 subsection and complies with the terms of the waiver, for the  
2 fiscal year covered by the waiver the district is not subject to  
3 forfeiture under this section for the specific program covered by  
4 the waiver. If the district does not comply with the terms of the  
5 waiver, the amount of the forfeiture shall be calculated based upon  
6 a comparison of the number of hours and days of pupil instruction  
7 actually provided to the minimum number of hours and days of pupil  
8 instruction required under subsection (3). **PUPILS ENROLLED IN A  
9 DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM UNDER THIS  
10 SUBSECTION SHALL BE REPORTED TO THE CENTER IN A FORM AND MANNER  
11 DETERMINED BY THE CENTER.**

12 ~~(10) If at least 5 of the hours of professional development~~  
13 ~~are provided online by the Michigan virtual university under~~  
14 ~~section 98 or by another department approved intermediate district~~  
15 ~~provider of online professional development, a~~ **A** district may count  
16 up to 38 hours of qualifying professional development for teachers  
17 as hours of pupil instruction. **PROFESSIONAL DEVELOPMENT PROVIDED  
18 ONLINE IS ALLOWABLE AND ENCOURAGED, AS LONG AS THE INSTRUCTION HAS  
19 BEEN APPROVED BY THE DISTRICT. THE DEPARTMENT SHALL ISSUE A LIST OF  
20 APPROVED ONLINE PROFESSIONAL DEVELOPMENT PROVIDERS, WHICH SHALL  
21 INCLUDE THE MICHIGAN VIRTUAL UNIVERSITY.** However, if a collective  
22 bargaining agreement that provides more than 38 but not more than  
23 51 hours of professional development for teachers is in effect for  
24 employees of a district as of October 1, 2006, then until the  
25 fiscal year that begins after the expiration of that collective  
26 bargaining agreement a district may count up to 51 hours of  
27 qualifying professional development for teachers ~~, including the 5~~

1 ~~hours of online professional development,~~ as hours of pupil  
2 instruction. A district that elects to use this exception shall  
3 notify the department of its election. As used in this subsection,  
4 "qualifying professional development" means professional  
5 development that is focused on 1 or more of the following:

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

8 (b) Achieving accreditation or improving a school's  
9 accreditation status under section 1280 of the revised school code,  
10 MCL 380.1280.

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

13 **(D) INTEGRATING TECHNOLOGY INTO CLASSROOM INSTRUCTION.**

14 **(E) ~~(d)~~—**Maintaining teacher certification.

15 (11) Subsections (3) and (8) do not apply to a school of  
16 excellence that is a cyber school, as defined in section 551 of the  
17 revised school code, MCL 380.551, and is in compliance with section  
18 553a of the revised school code, MCL 380.553a.

19 Sec. 104. (1) In order to receive state aid under this act, a  
20 district shall comply with sections 1278a, 1278b, 1279, 1279g, and  
21 1280b of the revised school code, MCL 380.1278a, 380.1278b,  
22 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to  
23 388.1086. From the state school aid fund money appropriated in  
24 section 11, there is allocated for ~~2009-2010-2010-2011~~ an amount  
25 not to exceed \$26,630,700.00 for payments on behalf of districts  
26 for costs associated with complying with those provisions of law.  
27 In addition, from the federal funds appropriated in section 11,

1 there is allocated for ~~2009-2010~~ **2010-2011** an amount estimated at  
2 \$8,313,700.00, funded from DED-OESE, title VI, state assessments  
3 funds and DED-OSERS, section 504 of part B of the individuals with  
4 disabilities education act, Public Law 94-142, plus any carryover  
5 federal funds from previous year appropriations, for the purposes  
6 of complying with the federal no child left behind act of 2001,  
7 Public Law 107-110.

8 ~~—— (2) The department shall determine whether the "Explore" test~~  
9 ~~is at least as robust as the Michigan educational assessment~~  
10 ~~program social studies test. If the department determines that the~~  
11 ~~"Explore" test is at least as robust as the Michigan educational~~  
12 ~~assessment program social studies test, it is the intent of the~~  
13 ~~legislature that the department shall replace the Michigan~~  
14 ~~educational assessment program social studies test with the~~  
15 ~~"Explore" test. If this replacement of tests requires a waiver~~  
16 ~~under federal law in order to comply with federal law, then the~~  
17 ~~department shall apply for that waiver to allow for this~~  
18 ~~replacement.~~

19 (2) ~~(3)~~ The results of each test administered as part of the  
20 Michigan educational assessment program, including tests  
21 administered to high school students, shall include an item  
22 analysis that lists all items that are counted for individual pupil  
23 scores and the percentage of pupils choosing each possible  
24 response.

25 (3) ~~(4)~~ All federal funds allocated under this section shall  
26 be distributed in accordance with federal law and with flexibility  
27 provisions outlined in Public Law 107-116, and in the education

1 flexibility partnership act of 1999, Public Law 106-25.

2 (4) ~~(5)~~ Notwithstanding section 17b, payments on behalf of  
3 districts, intermediate districts, and other eligible entities  
4 under this section shall be paid on a schedule determined by the  
5 department.

6 ~~—— (6) The department shall meet with the United States~~  
7 ~~department of education and shall request a waiver to replace the~~  
8 ~~current Michigan educational assessment program tests used for~~  
9 ~~grades 3 to 8 with a standardized catalog version norm referenced~~  
10 ~~test. Before sending the waiver request to the United States~~  
11 ~~department of education, the department shall seek input on the~~  
12 ~~waiver request from the subcommittees of the senate and house of~~  
13 ~~representatives appropriations committees that have jurisdiction~~  
14 ~~over this act. The department shall submit the waiver request to~~  
15 ~~the subcommittees for input not later than January 15, 2010 and~~  
16 ~~shall submit the waiver request to the United States department of~~  
17 ~~education not later than February 15, 2010. If the waiver is~~  
18 ~~granted by the United States department of education, then the~~  
19 ~~department shall immediately notify the subcommittees of the senate~~  
20 ~~and house of representatives appropriations committees that have~~  
21 ~~jurisdiction over this act of the approval.~~

22 (5) ~~(7)~~ As used in this section:

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

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

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

1           Sec. 107. (1) From the appropriation in section 11, there is  
2 allocated an amount not to exceed \$22,000,000.00 for ~~2009-2010~~  
3 **2010-2011** for adult education programs authorized under this  
4 section. **FUNDS APPROPRIATED UNDER THIS SECTION ARE RESTRICTED FOR**  
5 **ADULT EDUCATION PROGRAMS AS AUTHORIZED UNDER THIS SECTION ONLY. A**  
6 **RECIPIENT OF FUNDS UNDER THIS SECTION SHALL NOT USE THOSE FUNDS FOR**  
7 **ANY OTHER PURPOSE.**

8           (2) To be eligible for funding under this section, a program  
9 shall employ certificated teachers and qualified administrative  
10 staff and shall offer continuing education opportunities for  
11 teachers to allow them to maintain certification.

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

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

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

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

1 by an employer.

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

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

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

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

8 (ii) Is at least 16 years of age on September 1 of the school  
9 year, has been permanently expelled from school under section  
10 1311(2) or 1311a of the revised school code, MCL 380.1311 and  
11 380.1311a, and has no appropriate alternative education program  
12 available through his or her district of residence.

13 (4) Except as otherwise provided in subsection (5), from the  
14 amount allocated under subsection (1), at least \$21,800,000.00  
15 shall be distributed as follows:

16 (a) For districts and consortia that received payments for  
17 ~~2008-2009-2009-2010~~ under this section, the amount allocated to  
18 each for ~~2009-2010-2010-2011~~ shall be based on the number of  
19 participants served by the district or consortium for ~~2009-2010~~  
20 ~~2010-2011~~, using the amount allocated per full-time equated  
21 participant under subsection (7), up to a maximum total allocation  
22 under this subsection in an amount equal to ~~93.5%~~ **100%** of the  
23 amount the district or consortium received for ~~2008-2009-2009-2010~~  
24 under this section before any reallocations made for ~~2008-2009~~  
25 ~~2009-2010~~ under subsection (5).

26 (b) A district or consortium that received funding in ~~2008-~~  
27 ~~2009-2009-2010~~ under this section may operate independently of a

1 consortium or join or form a consortium for ~~2009-2010-2010-2011~~.  
2 The allocation for ~~2009-2010-2010-2011~~ to the district or the newly  
3 formed consortium under this subsection shall be determined by the  
4 department and shall be based on the proportion of the amounts that  
5 are attributable to the district or consortium that received  
6 funding in ~~2008-2009-2009-2010~~. A district or consortium described  
7 in this subdivision shall notify the department of its intention  
8 with regard to ~~2009-2010-2010-2011~~ by October 1, ~~2009-2010~~.

9 (c) If a district had a declaration of financial emergency in  
10 place under the local government fiscal responsibility act, 1990 PA  
11 72, MCL 141.1201 to 141.1291, and that declaration was revoked  
12 during 2005, the district may operate a program under this section  
13 independently of a consortium or may join or form a consortium to  
14 operate a program under this section. The allocation for ~~2009-2010~~  
15 ~~2010-2011~~ to the district or the newly formed consortium under this  
16 subsection shall be determined by the department and shall be based  
17 on the proportion of the amounts that are attributable to the  
18 district or consortium that received funding in ~~2008-2009-2009-2010~~  
19 or, for a district for which a declaration of financial emergency  
20 was revoked during 2005, based on the amount the district received  
21 under this section using a 3-year average of the 3 most recent  
22 fiscal years the district received funding under this section. A  
23 district or consortium described in this subdivision shall notify  
24 the department of its intention with regard to ~~2009-2010-2010-2011~~  
25 by October 1, ~~2009-2010~~.

26 (5) A district that operated an adult education program in  
27 ~~2008-2009-2009-2010~~ and does not intend to operate a program in

1 ~~2009-2010-2010-2011~~ shall notify the department by October 1, ~~2009~~  
2 ~~2010~~ of its intention. The money intended to be allocated under  
3 this section to a district that does not operate a program in ~~2009-~~  
4 ~~2010-2010-2011~~ and the unspent money originally allocated under  
5 this section to a district or consortium that subsequently operates  
6 a program at less than the level of funding allocated under  
7 subsection (4) and any other unallocated money under this section  
8 shall instead be proportionately reallocated to the other districts  
9 described in subsection (4)(a) that are operating an adult  
10 education program in ~~2009-2010-2010-2011~~ under this section.

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

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

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

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

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

27 (e) Uses learning communities to allow for shared, rather than

1 isolated, learning experiences.

2 (f) Provides on-site tutoring.

3 (g) Provides access to up-to-date technology, including  
4 personal computers.

5 (h) Partners with a financial institution to provide financial  
6 literacy education.

7 (i) Assists students in gaining access to financial aid.

8 (j) Provides on-site academic advising to students.

9 (k) Provides vouchers for reduced G.E.D. testing costs.

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

12 (m) Enrolls participants as students of the community college.

13 (n) Partners with philanthropic and business entities to  
14 provide capital funding.

15 (7) The amount allocated under this section per full-time  
16 equated participant is \$2,850.00 for a 450-hour program. The amount  
17 shall be proportionately reduced for a program offering less than  
18 450 hours of instruction.

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

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

27 (b) The program tests individuals for eligibility under

1 subdivision (a) before enrollment and upon completion of the  
2 program in compliance with the state-approved assessment policy.

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

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

7 (ii) The participant fails to show progress on 2 successive  
8 assessments after having completed at least 450 hours of  
9 instruction.

10 (d) A funding recipient enrolling a participant in an English  
11 as a second language program is eligible for funding according to  
12 subsection (12) until the participant meets 1 of the following:

13 (i) The participant is assessed as having attained basic  
14 English proficiency as determined by a department-approved  
15 assessment.

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

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

24 (a) The program enrolls adults who do not have a high school  
25 diploma.

26 (b) The program shall administer a G.E.D. pre-test approved by  
27 the department before enrolling an individual to determine the

1 individual's potential for success on the G.E.D. test, and shall  
2 administer a post-test upon completion of the program in compliance  
3 with the state-approved assessment policy.

4 (c) A funding recipient shall receive funding according to  
5 subsection (12) for a participant, and a participant may be  
6 enrolled in the program until 1 of the following occurs:

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

8 (ii) The participant fails to show progress on 2 successive  
9 department-approved assessments used to determine readiness to take  
10 the G.E.D. test after having completed at least 450 hours of  
11 instruction.

12 (10) A high school completion program operated on a year-round  
13 or school year basis may be funded under this section, subject to  
14 all of the following:

15 (a) The program enrolls adults who do not have a high school  
16 diploma.

17 (b) The program tests participants described in subdivision  
18 (a) before enrollment and upon completion of the program in  
19 compliance with the state-approved assessment policy.

20 (c) A funding recipient shall receive funding according to  
21 subsection (12) for a participant in a course offered under this  
22 subsection until 1 of the following occurs:

23 (i) The participant passes the course and earns a high school  
24 diploma.

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

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

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

9           (b) An individual may be enrolled in this program and the  
10 grant recipient shall receive funding according to subsection (12)  
11 until 1 of the following occurs:

12           (i) The individual achieves the requisite skills as determined  
13 by department-approved assessment instruments administered at least  
14 after every 90 hours of attendance.

15           (ii) The individual fails to show progress on 2 successive  
16 assessments after having completed at least 450 hours of  
17 instruction. The department shall provide information to a funding  
18 recipient regarding appropriate assessment instruments for this  
19 program.

20           (12) A funding recipient shall receive payments under this  
21 section in accordance with the following:

22           (a) Ninety percent for enrollment of eligible participants.

23           (b) Ten percent for completion of the adult basic education  
24 objectives by achieving an increase of at least 1 grade level of  
25 proficiency in reading or mathematics; for achieving basic English  
26 proficiency, as defined by the department in the adult education  
27 guidebook; for obtaining a G.E.D. or passage of 1 or more

1 individual G.E.D. tests; for attainment of a high school diploma or  
2 passage of a course required for a participant to attain a high  
3 school diploma; or for completion of the course and demonstrated  
4 proficiency in the academic skills to be learned in the course, as  
5 applicable.

6 (13) As used in this section, "participant" means the sum of  
7 the number of full-time equated individuals enrolled in and  
8 attending a department-approved adult education program under this  
9 section, using quarterly participant count days on the schedule  
10 described in section 6(7)(b).

11 (14) A person who is not eligible to be a participant funded  
12 under this section may receive adult education services upon the  
13 payment of tuition. In addition, a person who is not eligible to be  
14 served in a program under this section due to the program  
15 limitations specified in subsection (8), (9), (10), or (11) may  
16 continue to receive adult education services in that program upon  
17 the payment of tuition. The tuition level shall be determined by  
18 the local or intermediate district conducting the program.

19 (15) An individual who is an inmate in a state correctional  
20 facility shall not be counted as a participant under this section.

21 (16) A district shall not commingle money received under this  
22 section or from another source for adult education purposes with  
23 any other funds of the district. A district receiving adult  
24 education funds shall establish a separate ledger account for those  
25 funds. This subsection does not prohibit a district from using  
26 general funds of the district to support an adult education or  
27 community education program.

1           (17) A district or intermediate district receiving funds under  
2 this section may establish a sliding scale of tuition rates based  
3 upon a participant's family income. A district or intermediate  
4 district may charge a participant tuition to receive adult  
5 education services under this section from that sliding scale of  
6 tuition rates on a uniform basis. The amount of tuition charged per  
7 participant shall not exceed the actual operating cost per  
8 participant minus any funds received under this section per  
9 participant. A district or intermediate district may not charge a  
10 participant tuition under this section if the participant's income  
11 is at or below 200% of the federal poverty guidelines published by  
12 the United States department of health and human services.

13           (18) In order to receive funds under this section, a district  
14 shall furnish to the department, in a form and manner determined by  
15 the department, all information needed to administer this program  
16 and meet federal reporting requirements; shall allow the department  
17 or the department's designee to review all records related to the  
18 program for which it receives funds; and shall reimburse the state  
19 for all disallowances found in the review, as determined by the  
20 department.

21           (19) All intermediate district participant audits of adult  
22 education programs shall be performed pursuant to the adult  
23 education participant auditing and accounting manuals published by  
24 the department.

25           (20) As used in this section, "department" means the  
26 department of energy, labor, and economic growth.

27 ~~(21) Not later than October 30, 2009, the department shall~~

~~1 create an adult learning planning group. The adult education  
2 advisory board in the department shall work with the state adult  
3 education division to identify members for the adult learning  
4 planning group. Members of the adult learning planning group should  
5 include a balance of rural, urban, and suburban community adult  
6 education program directors throughout the state and advocacy  
7 leaders for adult education, English as a second language, and  
8 adult literacy.~~

~~9 (22) Not later than December 30, 2009, the adult learning  
10 planning group shall do all of the following:~~

~~11 (a) Evaluate the provisions of this section and make  
12 recommendations for updating this section to address the increased  
13 demand for adult education, particularly in underserved areas of  
14 this state, and the need to align adult education with entry level  
15 requirements for postsecondary education, training, and employment.~~

~~16 (b) Develop program entry and exit requirements to facilitate  
17 participant transition from an adult education program to  
18 employment or a postsecondary education program.~~

~~19 (c) Submit its recommendations concerning the matters  
20 considered under subdivisions (a) and (b) to the department, the  
21 senate and house appropriations subcommittees responsible for this  
22 act, and the senate and house fiscal agencies.~~

~~23 (23) Not later than February 1, 2010, the adult learning  
24 planning group shall do all of the following:~~

~~25 (a) Assess and recommend a comprehensive statewide delivery  
26 system that ensures that all areas of this state are adequately  
27 served. The adult learning planning group shall give consideration~~

~~1 to using intermediate districts or countywide agencies as fiscal  
2 agents to lessen the administrative burden on smaller programs and  
3 service areas and to foster partnerships for creating seamless  
4 transitions between educational levels of attainment, career  
5 preparation, and employment in newly designated service areas. The  
6 adult learning planning group shall obtain local community input  
7 from adult education and training stakeholders, including adult  
8 educators and adult learners, and shall combine that input with  
9 current enrollment, employment, and other relevant data in  
10 developing recommendations, including recommendations concerning  
11 fiscal agents and service delivery locations.~~

~~12 — (b) Evaluate the grant recipients in the no worker left behind  
13 program created under 2008 PA 251 to identify lessons learned and  
14 promising practices for consideration in recommendations.~~

~~15 — (c) Examine and evaluate the implementation of accessible  
16 services using flexible year round scheduling and distance  
17 learning.~~

~~18 — (d) Evaluate issues related to staffing of adult education  
19 programs.~~

~~20 — (e) Evaluate modes of education delivery for adult learners  
21 and identify current research based best instructional practices.~~

~~22 — (f) Evaluate current assessment tools and the need for ongoing  
23 program evaluation using established performance measures.~~

~~24 — (g) Submit its recommendations concerning the matters  
25 considered under subdivisions (a) to (f) to the department, the  
26 senate and house appropriations subcommittees responsible for this  
27 act, and the senate and house fiscal agencies.~~

1           Sec. 147. The allocation for ~~2009-2010~~**2010-2011** for the  
2 public school employees' retirement system pursuant to the public  
3 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301  
4 to 38.1408, shall be made using the entry age normal cost actuarial  
5 method and risk assumptions adopted by the public school employees  
6 retirement board and the department of **TECHNOLOGY**, management, and  
7 budget. The annual level percentage of payroll contribution rate is  
8 estimated at ~~16.94%~~**17.08%** for the ~~2009-2010~~**2010-2011** state fiscal  
9 year. The portion of the contribution rate assigned to districts  
10 and intermediate districts for each fiscal year is all of the total  
11 percentage points. This contribution rate reflects an amortization  
12 period of ~~28~~**27** years for ~~2009-2010~~**2010-2011**. The public school  
13 employees' retirement system board shall notify each district and  
14 intermediate district by February 28 of each fiscal year of the  
15 estimated contribution rate for the next fiscal year. **THE**  
16 **CONTRIBUTION RATE FOR 2010-2011 IN THIS SECTION REFLECTS THE**  
17 **SAVINGS TO DISTRICTS AND INTERMEDIATE DISTRICTS IN 2010-2011**  
18 **RESULTING FROM AN INCREASE IN EMPLOYEE CONTRIBUTIONS TO THE PUBLIC**  
19 **SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND OTHER REFORMS TO THAT**  
20 **SYSTEM.**

21           Sec. 166b. (1) This act does not prohibit a parent or legal  
22 guardian of a minor who is enrolled in any of grades 1 to 12 in a  
23 nonpublic school or who is being home-schooled from also enrolling  
24 the minor in a district or intermediate district in any curricular  
25 offering that is provided by the district or intermediate district  
26 at a public school site and is available to pupils in the minor's  
27 grade level or age group, subject to compliance with the same

1 requirements that apply to a full-time pupil's participation in the  
2 offering. However, state school aid shall be provided under this  
3 act for a minor enrolled as described in this subsection only for  
4 curricular offerings that are offered to full-time pupils in the  
5 minor's grade level or age group during regularly scheduled school  
6 hours.

7 (2) This act does not prohibit a parent or legal guardian of a  
8 minor who is enrolled in any of grades 1 to 12 in a nonpublic  
9 school located within the district or who resides within the  
10 district and is being home-schooled from also enrolling the minor  
11 in the district in a curricular offering being provided by the  
12 district at the nonpublic school site. However, state school aid  
13 shall be provided under this act for a minor enrolled as described  
14 in this subsection only if all of the following apply:

15 (a) Either of the following:

16 (i) The nonpublic school site is located, or the nonpublic  
17 students are educated, within the geographic boundaries of the  
18 district.

19 (ii) If the nonpublic school has submitted a written request  
20 for a specific fiscal year to the district in which the nonpublic  
21 school is located for the district to provide certain instruction  
22 under this subsection for a school year and the district does not  
23 agree to provide some or all of that instruction by May 1  
24 immediately preceding that school year or, if the request is  
25 submitted after March 1 immediately preceding that school year,  
26 within 60 days after the nonpublic school submits the request, the  
27 portion of the instruction that the district has not agreed to

1 provide is instead provided by a district that is contiguous to the  
2 district in which the nonpublic school is located. This  
3 subparagraph applies only to instruction, or a portion of  
4 instruction, that is specifically included in the written request  
5 that was made to the district in which the nonpublic school is  
6 located and that was denied by that district. **A PUBLIC SCHOOL**  
7 **ACADEMY THAT IS LOCATED IN A DISTRICT THAT IS CONTIGUOUS TO THE**  
8 **DISTRICT IN WHICH THE NONPUBLIC SCHOOL IS LOCATED ALSO MAY PROVIDE**  
9 **INSTRUCTION UNDER THIS SUBPARAGRAPH IN THE SAME MANNER AS A**  
10 **DISTRICT THAT IS CONTIGUOUS TO THE DISTRICT IN WHICH THE NONPUBLIC**  
11 **SCHOOL IS LOCATED.**

12 (b) The nonpublic school is registered with the department as  
13 a nonpublic school and meets all state reporting requirements for  
14 nonpublic schools.

15 (c) The instruction is scheduled to occur during the regular  
16 school day.

17 (d) The instruction is provided directly by an employee of the  
18 district **OR PUBLIC SCHOOL ACADEMY** or of an intermediate district.

19 (e) The curricular offering is also available to full-time  
20 pupils in the minor's grade level or age group in the district **OR**  
21 **PUBLIC SCHOOL ACADEMY** during the regular school day at a public  
22 school site.

23 (f) The curricular offering is restricted to nonessential  
24 elective courses for pupils in grades 1 to 12.

25 (3) A minor enrolled as described in this section is a part-  
26 time pupil for purposes of state school aid under this act.

27 (4) A district that receives a written request to provide

1 instruction under subsection (2) shall reply to the request in  
2 writing by May 1 immediately preceding the applicable school year  
3 or, if the request is made after March 1 immediately preceding that  
4 school year, within 60 days after the nonpublic school submits the  
5 request. The written reply shall specify whether the district  
6 agrees to provide or does not agree to provide the instruction for  
7 each portion of instruction included in the request.

8       Sec. 166c. ~~(1)~~—The board of a district or intermediate  
9 district shall ensure that all teachers and principals working in  
10 its schools and instructional programs have adequate access to  
11 basic instructional supplies. ~~For the purposes of this section, the~~  
12 ~~department shall develop and publish on its website a definition of~~  
13 ~~what constitutes basic instructional supplies. THE DETERMINATION OF~~  
14 ~~WHAT CONSTITUTES BASIC INSTRUCTIONAL SUPPLIES SHALL BE MADE BY THE~~  
15 ~~DISTRICT OR INTERMEDIATE DISTRICT, AND A DISTRICT OR INTERMEDIATE~~  
16 ~~DISTRICT SHALL DISTRIBUTE BASIC EDUCATIONAL SUPPLIES EQUITABLY~~  
17 ~~BASED ON THE NEEDS OF A PARTICULAR GRADE LEVEL, PROGRAM, OR THE~~  
18 ~~DISTRICT'S OR INTERMEDIATE DISTRICT'S CURRICULUM. A TEACHER OR~~  
19 ~~PRINCIPAL WHO BELIEVES THAT HE OR SHE DOES NOT HAVE ACCESS TO AN~~  
20 ~~EQUITABLE SHARE OF BASIC INSTRUCTIONAL SUPPLIES COMPARED TO OTHER~~  
21 ~~TEACHERS OR PRINCIPALS AT THE SAME GRADE LEVEL OR TEACHING IN THE~~  
22 ~~SAME PROGRAM WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT MAY~~  
23 ~~ADDRESS THIS ISSUE THROUGH EITHER THE DISTRICT'S OR INTERMEDIATE~~  
24 ~~DISTRICT'S POLICY AND PROCEDURES FOR FILING EMPLOYEE COMPLAINTS OR~~  
25 ~~THE GRIEVANCE PROVISION OF THE APPLICABLE COLLECTIVE BARGAINING~~  
26 ~~AGREEMENT.~~

27 ~~———(2) If a teacher or principal does not have adequate access to~~

1 ~~basic instructional supplies, as required under subsection (1), he~~  
2 ~~or she may file a claim with the department asserting the failure~~  
3 ~~of the district or intermediate district to provide adequate access~~  
4 ~~to basic instructional supplies. To facilitate the filing of~~  
5 ~~claims, the department shall establish both a telephone line and an~~  
6 ~~online system for filing a claim.~~

7 ~~—— (3) Subject to subsection (4), if the department receives a~~  
8 ~~claim under this subsection, the department shall contact the~~  
9 ~~district or intermediate district in which the teacher or principal~~  
10 ~~is employed to provide notification of the claim. Within 3 business~~  
11 ~~days after receiving this notification, the district or~~  
12 ~~intermediate district shall either provide to the teacher or~~  
13 ~~principal adequate access to basic instructional supplies or~~  
14 ~~provide to the teacher or principal and the department a written~~  
15 ~~plan for appropriate corrective action. If the department is not~~  
16 ~~satisfied with the response of the district or intermediate~~  
17 ~~district, the department may elect to take corrective action,~~  
18 ~~including, but not limited to, 1 or more of the following:~~

19 ~~—— (a) Investigate and request further clarification of the~~  
20 ~~response from the district or intermediate district.~~

21 ~~—— (b) Withhold a portion of the total funds due to the district~~  
22 ~~or intermediate district under this act and use that money to~~  
23 ~~procure and make available an interim amount of basic instructional~~  
24 ~~supplies for use by the teachers or principals in the district or~~  
25 ~~intermediate district that filed claims under this section and~~  
26 ~~whose claims were not adequately addressed, as determined by the~~  
27 ~~department.~~

## Senate Bill No. 1163 as amended March 24, 2010

1 ~~—— (4) If the department does not have sufficient resources to~~  
2 ~~address all claims under this section, the department may~~  
3 ~~prioritize claims based on need.~~

4 ~~—— (5) The board of a district or intermediate district shall~~  
5 ~~ensure that a teacher or principal who files a claim with the~~  
6 ~~department under this section is not subject to any adverse~~  
7 ~~treatment for filing the claim.~~

8 ~~—— (6) Failure of a district or intermediate district to meet the~~  
9 ~~requirements of this section does not create a cause of action or~~  
10 ~~constitute a breach of any legal duty in a civil action.~~

11 Enacting section 1. (1) In accordance with section 30 of  
12 article IX of the state constitution of 1963, total state spending  
13 in this amendatory act from state sources for fiscal year 2009-2010  
14 is estimated at <<\$10,699,539,700.00>> and state appropriations to be  
15 paid to local units of government for fiscal year 2009-2010 are  
16 estimated at <<\$10,590,360,400.00>>.

17 (2) In accordance with section 30 of article IX of the state  
18 constitution of 1963, total state spending in this amendatory act  
19 from state sources for fiscal year 2010-2011 is estimated at  
20 <<\$10,843,483,100.00>> and state appropriations to be paid to local  
21 units of government for fiscal year 2010-2011 are estimated at  
22 <<\$10,713,999,800.00>>

23 Enacting section 2. Sections 29, 32c, 32n, 57, 98a, and 99p of  
24 the state school aid act of 1979, 1979 PA 94, MCL 388.1629,  
25 388.1632c, 388.1632n, 388.1657, 388.1698a, and 388.1699p, are  
26 repealed.

27 Enacting section 3. (1) Except as otherwise provided in

1 subsection (2), this amendatory act takes effect October 1, 2010.

2 (2) Sections 11, 11m, 20, 22a, 22b, 22e, 24a, 51a, 51c, 56,  
3 62, 94a, and 101 of the state school aid act of 1979, 1979 PA 94,  
4 MCL 388.1611, 388.1611m, 388.1620, 388.1622a, 388.1622b, 388.1622e,  
5 388.1624a, 388.1651a, 388.1651c, 388.1656, 388.1662, 388.1694a, and  
6 388.1701, as amended by this amendatory act, take effect upon  
7 enactment of this amendatory act.