

# HOUSE BILL No. 5820

## EXECUTIVE BUDGET BILL

February 26, 2008, Introduced by Rep. Gillard and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 104, 105, 105c, 107, 147, 151, and 164c (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j,

388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1704, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, and 388.1764c), sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 19, 20, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 104, 107, and 151 as amended by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, section 18b as amended by 2000 PA 297, section 20d as amended by 1997 PA 93, section 38 as amended by 2003 PA 158, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92; and by adding sections 11n, 20h, 32e, 32h and 99h; 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

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

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

7 (6) "District" means a local school district established under  
8 the revised school code, a local act school district, or, except in  
9 sections 6(4), 6(6), **11N**, 13, 20, 22a, 23, 29, 31a, ~~99j, 99k~~, 105,  
10 and 105c, a public school academy. Except in sections 6(4), 6(6),  
11 **11N**, 13, 20, 22a, 29, ~~99j, 99k~~, 105, and 105c, district also  
12 includes a university school.

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

25 (8) "District superintendent" means the superintendent of a  
26 district, the chief administrator of a public school academy, or  
27 the chief administrator of a university school.  
28

1           Sec. 4. (1) "Elementary pupil" means a pupil in membership in  
2 grades K to 8 in a district not maintaining classes above the  
3 eighth grade or in grades K to 6 in a district maintaining classes  
4 above the eighth grade. **FOR THE PURPOSES OF CALCULATING UNIVERSAL**  
5 **SERVICE FUND (E-RATE) DISCOUNTS, "ELEMENTARY PUPIL" INCLUDES**  
6 **CHILDREN ENROLLED IN A PRESCHOOL PROGRAM OPERATED BY A DISTRICT IN**  
7 **ITS FACILITIES.**

8           (2) "Extended school year" means an educational program  
9 conducted by a district in which pupils must be enrolled but not  
10 necessarily in attendance on the pupil membership count day in an  
11 extended year program. The mandatory clock hours shall be completed  
12 by each pupil not more than 365 calendar days after the pupil's  
13 first day of classes for the school year prescribed. The department  
14 shall prescribe pupil, personnel, and other reporting requirements  
15 for the educational program.

16           (3) "Fiscal year" means the state fiscal year that commences  
17 October 1 and continues through September 30.

18           (4) "General educational development testing preparation  
19 program" means a program that has high school level courses in  
20 English language arts, social studies, science, and mathematics and  
21 that prepares a person to successfully complete the general  
22 educational development (GED) test.

23           (5) "High school pupil" means a pupil in membership in grades  
24 7 to 12, except in a district not maintaining grades above the  
25 eighth grade.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (r) Full-time equated memberships for pupils in kindergarten  
20 shall be determined by dividing the number of class hours scheduled  
21 and provided per year per kindergarten pupil by a number equal to  
22 1/2 the number used for determining full-time equated memberships  
23 for pupils in grades 1 to 12. **BEGINNING IN 2009-2010, FULL-TIME**  
24 **EQUATED MEMBERSHIPS FOR PUPILS IN KINDERGARTEN SHALL BE DETERMINED**  
25 **BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND PROVIDED PER**  
26 **YEAR PER KINDERGARTEN PUPIL BY THE NUMBER USED FOR DETERMINING**  
27 **FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12.**

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

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

19           (u) If, as a result of a disciplinary action, a district  
20 determines through the district's alternative or disciplinary  
21 education program that the best instructional placement for a pupil  
22 is in the pupil's home or otherwise apart from the general school  
23 population, if that placement is authorized in writing by the  
24 district superintendent and district alternative or disciplinary  
25 education supervisor, and if the district provides appropriate  
26 instruction as described in this subdivision to the pupil at the  
27 pupil's home or otherwise apart from the general school population,

1 the district may count the pupil in membership on a pro rata basis,  
2 with the proration based on the number of hours of instruction the  
3 district actually provides to the pupil divided by the number of  
4 hours specified in subdivision (q) for full-time equivalency. For  
5 the purposes of this subdivision, a district shall be considered to  
6 be providing appropriate instruction if all of the following are  
7 met:

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

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

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

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

19 ~~(v) A pupil enrolled in an alternative or disciplinary~~  
20 ~~education program described in section 25 shall be counted in~~  
21 ~~membership in the district or public school academy that expelled~~  
22 ~~the pupil.~~

23 (V) FOR THE FIRST YEAR IN WHICH A PUPIL IS COUNTED IN  
24 MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY IN A MIDDLE COLLEGE  
25 PROGRAM DESCRIBED IN SECTION 64, THE PUPIL'S MEMBERSHIP IS EQUAL TO  
26 THE AVERAGE OF THE FULL-TIME EQUATED MEMBERSHIP ON THE PUPIL  
27 MEMBERSHIP COUNT DAY AND ON THE SUPPLEMENTAL COUNT DAY FOR THE

1 CURRENT SCHOOL YEAR, AS DETERMINED BY THE DEPARTMENT. IF THE PUPIL  
2 WAS COUNTED BY THE OPERATING DISTRICT IN THE IMMEDIATELY PRECEDING  
3 SUPPLEMENTAL COUNT DAY, THE PUPIL SHALL BE EXCLUDED FROM THE  
4 DISTRICT'S IMMEDIATELY PRECEDING SUPPLEMENTAL COUNT FOR PURPOSES OF  
5 DETERMINING THE DISTRICT'S MEMBERSHIP.

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

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

23 (y) If a district's membership for a particular fiscal year,  
24 as otherwise calculated under this subsection, would be less than  
25 1,550 pupils and the district has 4.5 or fewer pupils per square  
26 mile, as determined by the department, and if the district does not  
27 receive funding under section 22d, the district's membership shall

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

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

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

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

27 (aa) Full-time equated memberships for preprimary-aged special

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

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

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

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

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

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

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

1 school.

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

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

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

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

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

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

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

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

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

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

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

21           (v) **THE PUPIL IS ENROLLED IN AN ALTERNATIVE OR DISCIPLINARY**  
22 **EDUCATION PROGRAM DESCRIBED IN SECTION 25.**

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

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

1           (k) An expelled pupil who has been denied reinstatement by the  
2 expelling district and is reinstated by another school board under  
3 section 1311 or 1311a of the revised school code, MCL 380.1311 and  
4 380.1311a.

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

9           However, if a district that is not a first class district  
10 educates pupils who reside in a first class district and if the  
11 primary instructional site for those pupils is located within the  
12 boundaries of the first class district, the educating district must  
13 have the approval of the first class district to count those pupils  
14 in membership. As used in this subsection, "first class district"  
15 means a district organized as a school district of the first class  
16 under the revised school code.

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

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

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

27           (i) Fourth Wednesday in July.

1           (ii) Fourth Wednesday after Labor day.

2           (iii) Second Wednesday in February.

3           (iv) Fourth Wednesday in April.

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

1 supplemental count day of that particular year. Pupils not counted  
2 as 1.0 full-time equated membership due to an absence from a class  
3 shall be counted as a prorated membership for the classes the pupil  
4 attended. For purposes of this subsection, "class" means a period  
5 of time in 1 day when pupils and a certificated teacher or legally  
6 qualified substitute teacher are together and instruction is taking  
7 place.

8 (9) "Rule" means a rule promulgated pursuant to the  
9 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
10 24.328.

11 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to  
12 380.1852.

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

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

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

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

22 (15) "Tuition pupil" means a pupil of school age attending  
23 school in a district other than the pupil's district of residence  
24 for whom tuition may be charged. Tuition pupil does not include a  
25 pupil who is a special education pupil or a pupil described in  
26 subsection (6) ~~(d)~~ **(C)** to ~~(k)~~ **(L)**. A pupil's district of residence  
27 shall not require a high school tuition pupil, as provided under

1 section 111, to attend another school district after the pupil has  
2 been assigned to a school district.

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

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

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

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

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

21 Sec. 11. (1) For the fiscal year ending September 30, 2008,  
22 there is appropriated for the public schools of this state and  
23 certain other state purposes relating to education the sum of  
24 ~~\$11,493,064,200.00~~ \$11,386,986,600.00 from the state school aid  
25 fund established by section 11 of article IX of the state  
26 constitution of 1963 and the sum of \$34,909,600.00 from the general  
27 fund. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, THERE IS**

1 APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER  
2 STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$11,910,219,100.00  
3 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE  
4 IX OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$43,000,000.00  
5 FROM THE GENERAL FUND. In addition, available federal funds are  
6 appropriated for ~~the fiscal year ending September 30, 2008.~~ **EACH**  
7 **FISCAL YEAR.**

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

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

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

1 economic stabilization fund, state school aid fund balance, or  
2 another source to fund the amount of the projected shortfall.

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

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

10 (i) Districts.

11 (ii) Intermediate districts.

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

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

22 (c) The department shall recover a percentage of the proration  
23 amount required under subsection (3) that is equal to the  
24 percentage calculated under subdivision (a)(ii) for intermediate  
25 districts by reducing payments to intermediate districts. This  
26 reduction shall be made by reducing the payments to each  
27 intermediate district, other than payments under sections 11f, 11g,

1 11N, 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
2 basis.

3 (d) 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)(iii) for entities other  
6 than districts and intermediate districts by reducing payments to  
7 these entities. This reduction shall be made by reducing the  
8 payments to each of these entities, other than payments under  
9 sections 11j, 26a, and 26b, on an equal percentage basis.

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

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

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

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

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

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

27 (3) Money available in the school aid stabilization fund may

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

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

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

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

26 (7) For ~~2007-2008~~, **2008-2009**, there is appropriated from the  
27 school aid stabilization fund to the state school aid fund the

1 amount necessary to fully fund the allocations under this act.

2       Sec. 11g. (1) From the appropriation in section 11, there is  
3 allocated for this section an amount not to exceed ~~\$141,000.00 for~~  
4 ~~the fiscal year ending September 30, 2008, and an amount not to~~  
5 ~~exceed \$42,000,000.00~~ **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009**  
6 **AND** for each succeeding fiscal year through the fiscal year ending  
7 September 30, 2015, after which these payments will cease. These  
8 allocations are for paying the amounts described in subsection (3)  
9 to districts and intermediate districts, other than those receiving  
10 a lump-sum payment under section 11f(2), that were not plaintiffs  
11 in the consolidated cases known as Durant v State of Michigan,  
12 Michigan supreme court docket no. 104458-104492 and that, on or  
13 before March 2, 1998, submitted to the state treasurer a waiver  
14 resolution described in section 11f. The amounts paid under this  
15 section represent offers of settlement and compromise of any claim  
16 or claims that were or could have been asserted by these districts  
17 and intermediate districts, as described in this section.

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

27       (3) The amount paid each fiscal year to each district or

1 intermediate district under this section shall be 1 of the  
2 following:

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

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

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

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

1 of this section.

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

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

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

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

15 Sec. 11j. From the appropriation in section 11, there is  
16 allocated an amount not to exceed ~~\$1,900,000.00~~ **\$3,900,000.00** for  
17 2007-2008 **AND \$39,000,000.00 FOR 2008-2009** for payments to the  
18 school loan bond redemption fund in the department of treasury on  
19 behalf of districts and intermediate districts. Notwithstanding  
20 section 11 or any other provision of this act, funds allocated  
21 under this section are not subject to proration and shall be paid  
22 in full.

23 Sec. 11k. For ~~2007-2008~~, **2008-2009**, there is appropriated from  
24 the general fund to the school loan revolving fund an amount equal  
25 to the amount of school bond loans assigned to the Michigan  
26 municipal bond authority, not to exceed the total amount of school  
27 bond loans held in reserve as long-term assets. As used in this

1 section, "school loan revolving fund" means that fund created in  
2 section 16c of the shared credit rating act, 1985 PA 227, MCL  
3 141.1066c.

4 Sec. 11m. From the appropriations in section 11, there is  
5 allocated for ~~2007-2008~~ 2008-2009 an amount not to exceed  
6 ~~\$22,800,000.00~~ \$45,000,000.00 for fiscal year cash-flow borrowing  
7 costs solely related to the state school aid fund established by  
8 section 11 of article IX of the state constitution of 1963.

9 SEC. 11N. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS  
10 ALLOCATED \$32,000,000.00 FOR THE FISCAL YEAR ENDING SEPTEMBER 30,  
11 2009 AND FOR EACH SUCCEEDING FISCAL YEAR THROUGH SEPTEMBER 30,  
12 2028, AFTER WHICH THESE ALLOCATIONS WILL CEASE. THESE ALLOCATIONS  
13 SHALL BE DEPOSITED IN THE 21<sup>ST</sup> CENTURY SCHOOLS FUND ON NOVEMBER 15  
14 OF THE APPLICABLE FISCAL YEAR OR ON THE NEXT BUSINESS DAY FOLLOWING  
15 THAT DATE AND SHALL BE DISTRIBUTED IN EACH FISCAL YEAR AS FOLLOWS:

16 (A) TO EACH DISTRICT OR INTERMEDIATE DISTRICT THAT BORROWS  
17 MONEY AND ISSUES BONDS UNDER SUBSECTION (7), AN AMOUNT IN EACH  
18 FISCAL YEAR CALCULATED BY THE DEPARTMENT OF TREASURY THAT IS EQUAL  
19 TO THE DEBT SERVICE AMOUNT IN THAT FISCAL YEAR ON THE BONDS ISSUED  
20 BY THAT DISTRICT OR INTERMEDIATE DISTRICT UNDER SUBSECTION (7). THE  
21 AMOUNTS PAID UNDER THIS SUBDIVISION SHALL BE PAID ON THE DATES THAT  
22 THE CORRESPONDING DEBT SERVICE PAYMENTS ARE REQUIRED TO BE MADE. A  
23 DISTRICT OR INTERMEDIATE DISTRICT THAT RECEIVES FUNDS UNDER THIS  
24 SUBDIVISION SHALL USE SUCH FUNDS ONLY TO PAY DEBT SERVICE ON BONDS  
25 ISSUED UNDER SUBSECTION (7) AND FOR NO OTHER PURPOSE.

26 (B) AMOUNTS NOT NEEDED TO MAKE PAYMENTS UNDER SUBDIVISION (A)  
27 MAY BE USED TO FUND AWARDS MADE UNDER SUBSECTIONS (5) AND (6) TO

1 THE EXTENT DETERMINED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION  
2 IN EACH FISCAL YEAR.

3 (2) THE 21<sup>ST</sup> CENTURY SCHOOLS FUND IS ESTABLISHED IN THE  
4 DEPARTMENT OF TREASURY. AMOUNTS IN THE 21<sup>ST</sup> CENTURY SCHOOLS FUND AT  
5 THE END OF EACH FISCAL YEAR SHALL REMAIN IN THE 21<sup>ST</sup> CENTURY SCHOOLS  
6 FUND AND SHALL NOT LAPSE TO THE SCHOOL AID FUND OR THE GENERAL  
7 FUND.

8 (3) FUNDS IN THE 21<sup>ST</sup> CENTURY SCHOOLS FUND ARE APPROPRIATED FOR  
9 THE CREATION OF SMALL HIGH SCHOOLS THAT PROVIDE CONTEXTUAL LEARNING  
10 ENVIRONMENTS DESIGNED TO SUPPORT STUDENT ACADEMIC ACHIEVEMENT THAT  
11 PREPARES STUDENTS FOR POSTSECONDARY EDUCATION AND EMPLOYMENT, AND  
12 FOR THE PAYMENT OF DEBT SERVICE ON BONDS ISSUED PURSUANT TO  
13 SUBSECTION (7).

14 (4) ELIGIBLE DISTRICTS AND INTERMEDIATE DISTRICTS MAY APPLY TO  
15 THE SUPERINTENDENT OF PUBLIC INSTRUCTION FOR START-UP GRANTS.  
16 ELIGIBLE DISTRICTS AS FURTHER DEFINED IN THIS SECTION MAY APPLY TO  
17 THE SUPERINTENDENT OF PUBLIC INSTRUCTION FOR FACILITY GRANTS.  
18 APPLICATIONS FOR START-UP GRANTS AND FACILITY GRANTS SHALL BE MADE  
19 IN A MANNER AND FORM AS DETERMINED BY THE SUPERINTENDENT OF PUBLIC  
20 INSTRUCTION.

21 (5) THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY AWARD START-  
22 UP GRANTS OF UP TO \$2,000,000.00 IN TOTAL TO ELIGIBLE DISTRICTS AND  
23 INTERMEDIATE DISTRICTS FOR EACH SMALL HIGH SCHOOL FOR WHICH THE  
24 DISTRICT OR INTERMEDIATE DISTRICT IS APPLYING. TOTAL START-UP  
25 GRANTS SHALL BE DISTRIBUTED TO EACH ELIGIBLE DISTRICT OR  
26 INTERMEDIATE DISTRICT IN DECLINING AMOUNTS OVER FOUR YEARS, AS  
27 DETERMINED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION, BEGINNING

1 IN THE SCHOOL YEAR PRIOR TO THE FIRST YEAR OF OPERATIONS. IF A  
2 SMALL HIGH SCHOOL DOES NOT BEGIN OR CEASES OPERATIONS FOR WHICH A  
3 DISTRICT OR INTERMEDIATE DISTRICT RECEIVED ANY PORTION OF START-UP  
4 GRANTS FUNDING, THAT DISTRICT OR INTERMEDIATE DISTRICT SHALL REPAY  
5 ALL OF THE FUNDS RECEIVED TO THE DEPARTMENT OF TREASURY FOR DEPOSIT  
6 INTO THE 21<sup>ST</sup> CENTURY SCHOOLS FUND, IN A MANNER DETERMINED BY THE  
7 SUPERINTENDENT OF PUBLIC INSTRUCTION. START-UP GRANTS SHALL BE USED  
8 FOR ALL OF THE FOLLOWING PURPOSES:

9 (A) PLANNING AND IMPLEMENTATION OF SITE-BASED MANAGEMENT FOR  
10 EACH PROPOSED SMALL HIGH SCHOOL FOR WHICH THE ELIGIBLE DISTRICT OR  
11 INTERMEDIATE DISTRICT RECEIVES AN AWARD. IMPLEMENTATION OF SITE-  
12 BASED MANAGEMENT MAY INCLUDE THE AUTHORIZATION OF A PUBLIC SCHOOL  
13 ACADEMY OR CONTRACT SCHOOL BY THE ELIGIBLE DISTRICT OR INTERMEDIATE  
14 DISTRICT.

15 (B) PLANNING AND IMPLEMENTATION OF HIGH SCHOOL CURRICULA  
16 CONSISTENT WITH THE CREDIT REQUIREMENTS CONTAINED IN SECTIONS 1278A  
17 AND 1278B OF THE REVISED SCHOOL CODE, MCL 380.1278A AND MCL  
18 380.1278B, AND ORGANIZED IN ACCORDANCE WITH CAREER CLUSTERS THAT  
19 PREPARE STUDENTS FOR POSTSECONDARY EDUCATION AND EMPLOYMENT.

20 (C) PLANNING AND IMPLEMENTATION OF EARLY POSTSECONDARY  
21 OPPORTUNITIES FOR HIGH SCHOOL STUDENTS THAT PROVIDE COLLEGE OR  
22 COLLEGE EQUIVALENT COURSEWORK INCLUDING, BUT NOT LIMITED TO, DUAL  
23 ENROLLMENT, ADVANCED PLACEMENT, AND EARLY/MIDDLE COLLEGE.

24 (D) PLANNING AND IMPLEMENTATION OF TEACHER AND ADMINISTRATIVE  
25 PROFESSIONAL DEVELOPMENT THAT WILL LEAD TO SUCCESSFUL STUDENT  
26 ACHIEVEMENT IN SMALL HIGH SCHOOL CONTEXTUAL LEARNING ENVIRONMENTS.

27 (6) ELIGIBLE DISTRICTS MAY APPLY FOR FACILITY GRANTS TO

1 RENOVATE OR REPLACE EXISTING HIGH SCHOOL BUILDINGS IN ORDER TO  
2 CREATE SMALL HIGH SCHOOLS THAT IMPROVE EDUCATIONAL OPPORTUNITIES  
3 FOR STUDENTS BEING EDUCATED IN HIGH PRIORITY HIGH SCHOOL BUILDINGS.  
4 FACILITY GRANTS SHALL NOT BE USED FOR LAND PURCHASES OR BUILDING A  
5 NEW FACILITY ON CURRENTLY VACANT LAND. A FACILITY GRANT FOR AN  
6 APPROVED SMALL HIGH SCHOOL MAY BE AWARDED BY THE SUPERINTENDENT OF  
7 PUBLIC INSTRUCTION UNDER EITHER SUBDIVISION (A) OR (B), BUT NOT  
8 BOTH:

9 (A) ELIGIBLE DISTRICTS MAY APPLY TO THE SUPERINTENDENT OF  
10 PUBLIC INSTRUCTION FOR GRANTS OF UP TO \$8,000,000.00 TO BE MATCHED  
11 BY PRIVATE REVENUES ON AT LEAST A ONE-TO-ONE BASIS FOR THE TOTAL  
12 COSTS OF RENOVATING OR REPLACING AN EXISTING HIGH SCHOOL.

13 (B) ELIGIBLE DISTRICTS MAY ALSO APPLY FOR ANNUAL MILLAGE  
14 EQUALIZATION GRANTS NOT TO EXCEED A TOTAL OF 20 ANNUAL PAYMENTS.  
15 THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL AWARD THE ANNUAL  
16 MILLAGE EQUALIZATION GRANTS TO ELIGIBLE DISTRICTS SO THAT FUNDS  
17 GENERATED BY MILLAGES APPROVED BY THE VOTERS AND ACTUALLY LEVIED  
18 PLUS THE MILLAGE EQUALIZATION GRANT AWARDED TO THE ELIGIBLE  
19 DISTRICT FOR EACH SMALL HIGH SCHOOL EQUALS THE STATE AVERAGE  
20 TAXABLE VALUE BEHIND EACH MEMBERSHIP PUPIL FOR 2006-2007. LOCAL  
21 REVENUES FROM THE LEVIED MILLAGE PLUS STATE MILLAGE EQUALIZATION  
22 GRANTS SHALL NOT EXCEED MORE THAN \$16,000,000.00 FOR EACH SMALL  
23 HIGH SCHOOL OVER THE LIFE OF THE MILLAGE AUTHORIZATION.

24 (7) IN ADDITION TO ANY OTHER AUTHORITY GRANTED UNDER LAW, AN  
25 ELIGIBLE DISTRICT OR ELIGIBLE INTERMEDIATE DISTRICT MAY BORROW, TO  
26 THE EXTENT PERMITTED BY THE AWARD, FROM THE MICHIGAN MUNICIPAL BOND  
27 AUTHORITY CREATED UNDER THE SHARED CREDIT RATING ACT, 1985 PA 227,

1 MCL 141.1051 TO 141.1077, AN AMOUNT NOT GREATER THAN THE AMOUNT  
2 AWARDED TO THE DISTRICT OR INTERMEDIATE DISTRICT IN SUBSECTIONS (5)  
3 AND (6), IN ANTICIPATION OF THE RECEIPT OF THE PAYMENTS  
4 APPROPRIATED UNDER SUBSECTION (1), AND MAY AUTHORIZE BY RESOLUTION  
5 OF ITS GOVERNING BODY AND ISSUE ITS BONDS TO EVIDENCE ITS  
6 OBLIGATIONS TO THE MICHIGAN MUNICIPAL BOND AUTHORITY ON THE TERMS  
7 AND WITH THOSE PROVISIONS AS ARE PROVIDED BY RESOLUTION OF THE  
8 BOARD OF THE DISTRICT OR INTERMEDIATE DISTRICT AND AS ARE  
9 ACCEPTABLE TO THE MICHIGAN MUNICIPAL BOND AUTHORITY. A DISTRICT OR  
10 INTERMEDIATE DISTRICT MAY PLEDGE AND ASSIGN TO THE MICHIGAN  
11 MUNICIPAL BOND AUTHORITY, AS SECURITY FOR THE BONDS, ALL OF THE  
12 PAYMENTS APPROPRIATED TO IT UNDER SUBSECTION (1) (A) BUT MAY NOT  
13 OTHERWISE PLEDGE OR ASSIGN THOSE PAYMENTS. BONDS ISSUED UNDER THIS  
14 SUBSECTION ARE NOT SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT OR  
15 THE AGENCY FINANCING REPORTING ACT, 2002 PA 470, MCL 129.171 TO  
16 129.177. THIS SUBSECTION SHALL BE CONSTRUED AS CUMULATIVE AUTHORITY  
17 FOR THE EXERCISE OF THE POWERS GRANTED IN THIS SUBSECTION AND SHALL  
18 NOT BE CONSTRUED TO REPEAL ANY EXISTING LAW. THE PURPOSE OF THIS  
19 SUBSECTION IS TO CREATE FULL AND COMPLETE ADDITIONAL AND ALTERNATE  
20 METHODS FOR THE EXERCISE OF EXISTING POWERS, AND THE POWERS  
21 CONFERRED BY THIS SECTION ARE NOT AFFECTED OR LIMITED BY ANY OTHER  
22 STATUTE OR BY ANY CHARTER OR INCORPORATING DOCUMENT.

23 (8) PROCEEDS OF BONDS ISSUED UNDER SUBSECTION (7) SHALL BE  
24 MADE AVAILABLE TO DISTRICTS AND INTERMEDIATE DISTRICTS ON OR AFTER  
25 OCTOBER 1, 2008. EACH DISTRICT AND INTERMEDIATE DISTRICT SHALL USE  
26 PROCEEDS OF BONDS ISSUED BY IT UNDER SUBSECTION (7) ONLY FOR A  
27 PURPOSE FOR WHICH AWARDS ARE MADE UNDER SUBSECTIONS (5) AND (6),

1 INCLUDING REIMBURSEMENT OF ADVANCES FROM THE 21<sup>ST</sup> CENTURY SCHOOLS  
2 FUND.

3 (9) BONDS ISSUED UNDER SUBSECTION (7) DO NOT CONSTITUTE A  
4 GENERAL OBLIGATION OR DEBT OF A DISTRICT OR INTERMEDIATE DISTRICT  
5 WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT  
6 LIMITATION.

7 (10) A PLEDGE MADE BY A DISTRICT OR INTERMEDIATE DISTRICT  
8 UNDER SUBSECTION (7) IS VALID AND BINDING FROM THE TIME THE PLEDGE  
9 IS MADE. THE REVENUE OR OTHER MONEY PLEDGED UNDER SUBSECTION (7)  
10 AND THEREAFTER RECEIVED BY A DISTRICT OR INTERMEDIATE DISTRICT IS  
11 IMMEDIATELY SUBJECT TO THE LIEN OF THE PLEDGE WITHOUT PHYSICAL  
12 DELIVERY OF THE REVENUE OR MONEY OR ANY FURTHER ACT. THE LIEN OF  
13 SUCH A PLEDGE IS VALID AND BINDING AGAINST A PARTY HAVING A CLAIM  
14 OF ANY KIND IN TORT, CONTRACT, OR OTHERWISE AGAINST THE DISTRICT OR  
15 INTERMEDIATE DISTRICT, IRRESPECTIVE OF WHETHER THAT PARTY HAS  
16 NOTICE OF THE PLEDGE. THE RESOLUTION OR ANY OTHER INSTRUMENT BY  
17 WHICH A PLEDGE IS CREATED IS NOT REQUIRED TO BE FILED OR RECORDED  
18 IN ORDER TO ESTABLISH AND PERFECT A LIEN OR SECURITY INTEREST IN  
19 THE PROPERTY PLEDGED.

20 (11) BONDS ISSUED UNDER SUBSECTION (7) ARE NOT IN ANY WAY A  
21 DEBT OR LIABILITY OF THIS STATE; DO NOT CREATE OR CONSTITUTE ANY  
22 INDEBTEDNESS, LIABILITY, OR OBLIGATION OF THIS STATE; ARE NOT AND  
23 DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THIS STATE;  
24 AND SHALL CONTAIN ON THEIR FACE A STATEMENT TO THAT EFFECT.

25 (12) AS USED IN THIS SECTION:

26 (A) "CAREER CLUSTERS" MEANS BROAD GROUPINGS OF CAREERS THAT  
27 SHARE SIMILAR COMPETENCY REQUIREMENTS, AS DEFINED BY THE

1 DEPARTMENT.

2 (B) "ELIGIBLE DISTRICTS" MEANS THOSE DISTRICTS CONTAINING AT  
3 LEAST ONE HIGH SCHOOL BUILDING THAT HAS NOT MADE ADEQUATE YEARLY  
4 PROGRESS FOR AT LEAST TWO YEARS AS DETERMINED BY THE DEPARTMENT. IN  
5 ADDITION, FOR THOSE DISTRICTS APPLYING FOR FACILITY GRANTS,  
6 "ELIGIBLE DISTRICTS" MEANS THOSE DISTRICTS OTHERWISE ELIGIBLE AND  
7 THAT HAVE AT LEAST 800 PUPILS IN MEMBERSHIP IN GRADES 9 TO 12 IN  
8 2007-2008, INCLUDING THOSE PUPILS ATTENDING ALTERNATIVE EDUCATION.

9 (C) "ELIGIBLE INTERMEDIATE DISTRICTS" MEANS THOSE INTERMEDIATE  
10 DISTRICTS THAT APPLY FOR START-UP FUNDING UNDER SUBSECTION (5) FOR  
11 THE PURPOSE OF ESTABLISHING REGIONAL SMALL HIGH SCHOOLS THAT  
12 PRIMARILY SERVE STUDENTS WHO WOULD HAVE ATTENDED HIGH SCHOOLS NOT  
13 ACHIEVING ADEQUATE YEARLY PROGRESS. THE REGIONAL SMALL HIGH SCHOOLS  
14 SHALL PROVIDE EARLY POSTSECONDARY OPPORTUNITIES FOR HIGH SCHOOL  
15 STUDENTS THAT LEAD TO POSTSECONDARY DEGREES OR CERTIFICATIONS AND  
16 EMPLOYMENT. INTERMEDIATE DISTRICTS ARE NOT ELIGIBLE TO APPLY FOR  
17 FACILITY GRANTS UNDER SUBSECTION (6).

18 (D) "HIGH PRIORITY HIGH SCHOOL BUILDING" MEANS A HIGH SCHOOL  
19 BUILDING THAT HAS NOT ACHIEVED ADEQUATE YEARLY PROGRESS FOR AT  
20 LEAST TWO YEARS AND IS IN A SANCTION PHASE, AS DETERMINED BY THE  
21 DEPARTMENT.

22 (E) "SMALL HIGH SCHOOL" MEANS A SCHOOL EDUCATING A MAXIMUM  
23 AVERAGE OF 450 PUPILS PER HIGH SCHOOL BUILDING FOR ANY COMBINATION  
24 OF GRADES 9 TO 12.

25 Sec. 15. (1) If a district or intermediate district fails to  
26 receive its proper apportionment, the department, upon satisfactory  
27 proof that the district or intermediate district was entitled

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

14 (2) If the result of an audit conducted by or for the  
15 department affects the current fiscal year membership, affected  
16 payments shall be adjusted in the current fiscal year. A deduction  
17 due to an adjustment made as a result of an audit conducted by or  
18 for the department, or as a result of information obtained by the  
19 department from the district, an intermediate district, the  
20 department of treasury, or the office of auditor general, shall be  
21 deducted from the district's apportionments when the adjustment is  
22 finalized. At the request of the district and upon the district  
23 presenting evidence satisfactory to the department of the hardship,  
24 the department may grant up to an additional 4 years for the  
25 adjustment if the district would otherwise experience a significant  
26 hardship.

27 (3) If, because of the receipt of new or updated data, the

1 department determines during a fiscal year that the amount paid to  
2 a district or intermediate district under this act for a prior  
3 fiscal year was incorrect under the law in effect for that year,  
4 the department may make the appropriate deduction or payment in the  
5 district's or intermediate district's allocation for the fiscal  
6 year in which the determination is made. The deduction or payment  
7 shall be calculated according to the law in effect in the fiscal  
8 year in which the improper amount was paid.

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

12 (5) In addition to funds appropriated in section 11 for all  
13 programs and services, there is appropriated for ~~2007-2008~~ **2008-**  
14 **2009** for obligations in excess of applicable appropriations, an  
15 amount equal to the collection of overpayments, but not to exceed  
16 amounts available from overpayments.

17 Sec. 18b. (1) Property of a public school academy that was  
18 acquired substantially with funds appropriated under this act shall  
19 be transferred to this state by the public school academy  
20 corporation if any of the following occur:

21 (a) The public school academy has been ineligible to receive  
22 funding under this act for 18 consecutive months.

23 (b) The public school academy's contract has been revoked **OR**  
24 **TERMINATED FOR ANY REASON.**

25 (c) The public school academy's contract has not been reissued  
26 by the authorizing body.

27 (2) Property required to be transferred to this state under

1 this section includes title to all real and personal property,  
2 interests in real or personal property, and other assets owned by  
3 the public school academy corporation that were substantially  
4 acquired with funds appropriated under this act.

5 (3) The state treasurer, or his or her designee, is authorized  
6 to dispose of property transferred to this state under this  
7 section. Except as otherwise provided in this section, the state  
8 treasurer shall deposit in the state school aid fund any money  
9 included in that property and the net proceeds from the sale of the  
10 property or interests in property, after payment by the state  
11 treasurer of any public school academy debt secured by the property  
12 or interest in property.

13 (4) This section does not impose any liability on this state,  
14 any agency of this state, or an authorizing body for any debt  
15 incurred by a public school academy.

16 (5) As used in this section and section 18c, "authorizing  
17 body" means an authorizing body defined under ~~section~~ **SECTIONS** 501  
18 **AND 1311B** of the revised school code, MCL 380.501 **AND MCL**  
19 **380.1311B**.

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

26 (2) Each district and intermediate district shall provide to  
27 the department, in a form and manner prescribed by the department,

1 information necessary for the development of an annual progress  
2 report on the required implementation of sections 1204a, 1277,  
3 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,  
4 380.1278, and 380.1280, commonly referred to as "public act 25 of  
5 1990".

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

11 (4) Each district shall furnish to the center not later than  
12 ~~7~~ 5 weeks after the pupil membership count day, in a manner  
13 prescribed by the center, the information necessary for the  
14 preparation of the district and high school graduation report. This  
15 information shall meet requirements established in the pupil  
16 auditing manual approved and published by the department. The  
17 center shall calculate an annual graduation and pupil dropout rate  
18 for each high school, each district, and this state, in compliance  
19 with nationally recognized standards for these calculations. The  
20 center shall report all graduation and dropout rates to the senate  
21 and house education committees and appropriations committees, the  
22 state budget director, and the department not later than 30 days  
23 after the publication of the list described in subsection (8).

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

1 law.

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

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

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

23 Sec. 20. (1) ~~For 2006-2007, the basic foundation allowance is~~  
24 ~~\$7,085.00.~~ For 2007-2008, the basic foundation allowance is  
25 \$8,433.00. **FOR 2008-2009, THE BASIC FOUNDATION ALLOWANCE IS**  
26 **\$8,541.00.**

27 (2) The amount of each district's foundation allowance shall

1 be calculated as provided in this section, using a basic foundation  
2 allowance in the amount specified in subsection (1).

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

7 (a) ~~For 2007-2008, for a district that had a foundation~~  
8 ~~allowance for 2006-2007, including any adjustment under subdivision~~  
9 ~~(f), that was at least equal to \$7,108.00 but less than \$8,385.00,~~  
10 ~~the district shall receive a foundation allowance in an amount~~  
11 ~~equal to the sum of the district's foundation allowance for 2006-~~  
12 ~~2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00)~~  
13 ~~times (the difference between the district's foundation allowance~~  
14 ~~for 2006-2007, including any adjustment under subdivision (f), and~~  
15 ~~\$7,108.00) divided by \$1,325.00]. Beginning in~~ **FOR** 2008-2009, for  
16 a district that had a foundation allowance for the immediately  
17 preceding state fiscal year that was at least equal to the sum of  
18 \$7,108.00 plus the total dollar amount of all adjustments made from  
19 2006-2007 to the immediately preceding state fiscal year in the  
20 lowest foundation allowance among all districts, but less than the  
21 basic foundation allowance for the immediately preceding state  
22 fiscal year, the district shall receive a foundation allowance in  
23 an amount equal to the sum of the district's foundation allowance  
24 for the immediately preceding state fiscal year plus the difference  
25 between twice the dollar amount of the adjustment from the  
26 immediately preceding state fiscal year to the current state fiscal  
27 year made in the basic foundation allowance and [(the dollar amount

1 of the adjustment from the immediately preceding state fiscal year  
2 to the current state fiscal year made in the basic foundation  
3 allowance minus \$50.00) times (the difference between the  
4 district's foundation allowance for the immediately preceding state  
5 fiscal year and the sum of \$7,108.00 plus the total dollar amount  
6 of all adjustments made from 2006-2007 to the immediately preceding  
7 state fiscal year in the lowest foundation allowance among all  
8 districts) divided by the difference between the basic foundation  
9 allowance for the current state fiscal year and the sum of  
10 \$7,108.00 plus the total dollar amount of all adjustments made from  
11 2006-2007 to the immediately preceding state fiscal year in the  
12 lowest foundation allowance among all districts]. However, the  
13 foundation allowance for a district that had less than the basic  
14 foundation allowance for the immediately preceding state fiscal  
15 year shall not exceed the basic foundation allowance for the  
16 current state fiscal year.

17 (b) Except as otherwise provided in this subsection, ~~beginning~~  
18 ~~in 2008-2009,~~ for a district that in the immediately preceding  
19 state fiscal year had a foundation allowance in an amount at least  
20 equal to the amount of the basic foundation allowance for the  
21 immediately preceding state fiscal year, the district shall receive  
22 a foundation allowance in an amount equal to the sum of the  
23 district's foundation allowance for the immediately preceding state  
24 fiscal year plus the dollar amount of the adjustment from the  
25 immediately preceding state fiscal year to the current state fiscal  
26 year in the basic foundation allowance.

27 (c) For a district that in the 1994-95 state fiscal year had a

1 foundation allowance greater than \$6,500.00, the district's  
2 foundation allowance is an amount equal to the sum of the  
3 district's foundation allowance for the immediately preceding state  
4 fiscal year plus the lesser of the increase in the basic foundation  
5 allowance for the current state fiscal year, as compared to the  
6 immediately preceding state fiscal year, or the product of the  
7 district's foundation allowance for the immediately preceding state  
8 fiscal year times the percentage increase in the United States  
9 consumer price index in the calendar year ending in the immediately  
10 preceding fiscal year as reported by the May revenue estimating  
11 conference conducted under section 367b of the management and  
12 budget act, 1984 PA 431, MCL 18.1367b. ~~For 2002-2003, for a~~  
13 ~~district that in the 1994-95 state fiscal year had a foundation~~  
14 ~~allowance greater than \$6,500.00, the district's foundation~~  
15 ~~allowance is an amount equal to the sum of the district's~~  
16 ~~foundation allowance for the immediately preceding state fiscal~~  
17 ~~year plus the lesser of \$200.00 or the product of the district's~~  
18 ~~foundation allowance for the immediately preceding state fiscal~~  
19 ~~year times the percentage increase in the United States consumer~~  
20 ~~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. For 2007-2008, for a~~  
24 ~~district that in the 1994-95 state fiscal year had a foundation~~  
25 ~~allowance greater than \$6,500.00, the district's foundation~~  
26 ~~allowance is an amount equal to the district's foundation allowance~~  
27 ~~for the immediately preceding state fiscal year plus \$48.00.~~

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

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

12 (f) ~~Beginning in 2007-2008, for~~ **FOR** a district that received a  
13 payment under section 22c as that section was in effect for 2006-  
14 2007, the district's 2006-2007 foundation allowance shall be  
15 considered to have been an amount equal to the sum of the  
16 district's actual 2006-2007 foundation allowance as otherwise  
17 calculated under this section plus the per pupil amount of the  
18 district's equity payment for 2006-2007 under section 22c as that  
19 section was in effect for 2006-2007.

20 (4) Except as otherwise provided in this subsection, the state  
21 portion of a district's foundation allowance is an amount equal to  
22 the district's foundation allowance or the basic foundation  
23 allowance for the current state fiscal year, whichever is less,  
24 minus the difference between the **SUM OF THE** product of the taxable  
25 value per membership pupil of all property in the district that is  
26 ~~not a principal residence or qualified agricultural~~ **NON-EXEMPT**  
27 property times the ~~lesser of 18 mills or the number of mills of~~

1 ~~school operating taxes levied by the district in 1993-94~~ **CERTIFIED**  
2 **MILLS AND, FOR A DISTRICT WHOSE CERTIFIED MILLS EXCEEDS 12, THE**  
3 **PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN**  
4 **THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES THE**  
5 **CERTIFIED MILLS MINUS 12 MILLS** and the quotient of the ad valorem  
6 property tax revenue of the district captured under ~~1975 PA 197,~~  
7 ~~MCL 125.1651 to 125.1681, the tax increment finance authority act,~~  
8 ~~1980 PA 450, MCL 125.1801 to 125.1830, the local development~~  
9 ~~financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the~~  
10 ~~brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651~~  
11 ~~to 125.2672, or the corridor improvement authority act, 2005 PA~~  
12 ~~280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT FINANCING ACTS**, divided  
13 by the district's membership excluding special education pupils.  
14 For a district described in subsection (3)(c), the state portion of  
15 the district's foundation allowance is an amount equal to \$6,962.00  
16 plus the difference between the district's foundation allowance for  
17 the current state fiscal year and the district's foundation  
18 allowance for 1998-99, minus the difference between the **SUM OF THE**  
19 product of the taxable value per membership pupil of all property  
20 in the district that is ~~not a principal residence or qualified~~  
21 ~~agricultural~~ **NON-EXEMPT** property times the ~~lesser of 18 mills or~~  
22 ~~the number of mills of school operating taxes levied by the~~  
23 ~~district in 1993-94~~ **CERTIFIED MILLS AND, FOR A DISTRICT WHOSE**  
24 **CERTIFIED MILLS EXCEEDS 12, THE PRODUCT OF THE TAXABLE VALUE PER**  
25 **MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL**  
26 **PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** and the  
27 quotient of the ad valorem property tax revenue of the district

1 captured under ~~1975 PA 197, MCL 125.1651 to 125.1681, the tax~~  
2 ~~increment finance authority act, 1980 PA 450, MCL 125.1801 to~~  
3 ~~125.1830, the local development financing act, 1986 PA 281, MCL~~  
4 ~~125.2151 to 125.2174, the brownfield redevelopment financing act,~~  
5 ~~1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement~~  
6 ~~authority act, 2005 PA 280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT**  
7 **FINANCING ACTS**, divided by the district's membership excluding  
8 special education pupils. For a district that has a millage  
9 reduction required under section 31 of article IX of the state  
10 constitution of 1963, the state portion of the district's  
11 foundation allowance shall be calculated as if that reduction did  
12 not occur.

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

1 based on the foundation allowance of the educating district if the  
2 educating district's foundation allowance is greater than the  
3 foundation allowance of the pupil's district of residence. The  
4 calculation under this subsection shall take into account a  
5 district's per pupil allocation under section 20j(2).

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

1 whichever is less. Notwithstanding section 101(2), for a public  
2 school academy that begins operations after the pupil membership  
3 count day, the amount per membership pupil calculated under this  
4 subsection shall be adjusted by multiplying that amount per  
5 membership pupil by the number of hours of pupil instruction  
6 provided by the public school academy after it begins operations,  
7 as determined by the department, divided by the minimum number of  
8 hours of pupil instruction required under section 101(3). The  
9 result of this calculation shall not exceed the amount per  
10 membership pupil otherwise calculated under this subsection.

11 (7) If more than 25% of the pupils residing within a district  
12 are in membership in 1 or more public school academies located in  
13 the district, then the amount per membership pupil calculated under  
14 this section for a public school academy located in the district  
15 shall be reduced by an amount equal to the difference between the  
16 **SUM OF THE** product of the taxable value per membership pupil of all  
17 property in the district that is ~~not a principal residence or~~  
18 ~~qualified agricultural~~ **NON-EXEMPT** property times the lesser of ~~18~~  
19 ~~mills or the number of mills of school operating taxes levied by~~  
20 ~~the district in 1993-94~~ **CERTIFIED MILLS AND, FOR A DISTRICT WHOSE**  
21 **CERTIFIED MILLS EXCEEDS 12, THE PRODUCT OF THE TAXABLE VALUE PER**  
22 **MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL**  
23 **PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS** and the  
24 quotient of the ad valorem property tax revenue of the district  
25 captured under ~~1975 PA 197, MCL 125.1651 to 125.1681, the tax~~  
26 ~~increment finance authority act, 1980 PA 450, MCL 125.1801 to~~  
27 ~~125.1830, the local development financing act, 1986 PA 281, MCL~~

1 ~~125.2151 to 125.2174, the brownfield redevelopment financing act,~~  
 2 ~~1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement~~  
 3 ~~authority act, 2005 PA 280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT**  
 4 **FINANCING ACTS**, divided by the district's membership excluding  
 5 special education pupils, in the school fiscal year ending in the  
 6 current state fiscal year, calculated as if the resident pupils in  
 7 membership in 1 or more public school academies located in the  
 8 district were in membership in the district. In order to receive  
 9 state school aid under this act, a district described in this  
 10 subsection shall pay to the authorizing body that is the fiscal  
 11 agent for a public school academy located in the district for  
 12 forwarding to the public school academy an amount equal to that  
 13 local school operating revenue per membership pupil for each  
 14 resident pupil in membership other than special education pupils in  
 15 the public school academy, as determined by the department.

16 (8) If a district does not receive an amount calculated under  
 17 subsection (9); if the number of mills the district may levy on a  
 18 principal residence ~~and~~ , qualified agricultural property ,  
 19 **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY AND**  
 20 **COMMERCIAL PERSONAL PROPERTY** under section 1211~~(1)~~ of the revised  
 21 school code, MCL 380.1211, is 0.5 mills or less; and if the  
 22 district elects not to levy those mills, the district instead shall  
 23 receive a separate supplemental amount calculated under this  
 24 subsection in an amount equal to the amount the district would have  
 25 received had it levied those mills, as determined by the department  
 26 of treasury. A district shall not receive a separate supplemental  
 27 amount calculated under this subsection for a fiscal year unless in

1 the calendar year ending in the fiscal year the district levies ~~18~~  
2 ~~mills or the number of mills of school operating taxes levied by~~  
3 ~~the district in 1993, whichever is less~~ **THE CERTIFIED MILLS**, on  
4 property that is ~~not a principal residence or qualified~~  
5 ~~agricultural~~ **NON-EXEMPT** property.

6 (9) For a district that had combined state and local revenue  
7 per membership pupil in the 1993-94 state fiscal year of more than  
8 \$6,500.00 and that had fewer than 350 pupils in membership, if the  
9 district elects not to reduce the number of mills from which a  
10 principal residence ~~and~~ , qualified agricultural property ,  
11 **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY AND**  
12 **COMMERCIAL PERSONAL PROPERTY** are exempt and not to levy school  
13 operating taxes on a principal residence ~~and~~ , qualified  
14 agricultural property , **QUALIFIED FOREST PROPERTY, INDUSTRIAL**  
15 **PERSONAL PROPERTY AND COMMERCIAL PERSONAL PROPERTY** as provided in  
16 section 1211~~(1)~~ of the revised school code, MCL 380.1211, and not  
17 to levy school operating taxes on all property as provided in  
18 section 1211(2) of the revised school code, MCL 380.1211, there is  
19 calculated under this subsection for 1994-95 and each succeeding  
20 fiscal year a separate supplemental amount in an amount equal to  
21 the amount the district would have received per membership pupil  
22 had it levied school operating taxes on a principal residence ~~and~~ ,  
23 qualified agricultural property , **QUALIFIED FOREST PROPERTY,**  
24 **INDUSTRIAL PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** at  
25 the rate authorized for the district under section 1211~~(1)~~ of the  
26 revised school code, MCL 380.1211, and levied school operating  
27 taxes on all property at the rate authorized for the district under

1 section 1211(2) of the revised school code, MCL 380.1211, as  
2 determined by the department of treasury. If in the calendar year  
3 ending in the fiscal year a district does not levy ~~18 mills or the~~  
4 ~~number of mills of school operating taxes levied by the district in~~  
5 ~~1993, whichever is less,~~ **THE CERTIFIED MILLS** on property that is  
6 ~~not a principal residence or qualified agricultural property~~ **NON-**  
7 **EXEMPT**, the amount calculated under this subsection will be reduced  
8 by the same percentage as the millage actually levied compares ~~to~~  
9 ~~the 18 mills or the number of mills levied in 1993~~ **THE CERTIFIED**  
10 **MILLS**, whichever is less.

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

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

27 (12) State payments related to payment of the foundation

1 allowance for a special education pupil are not calculated under  
2 this section but are instead calculated under section 51a.

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

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

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

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

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

19 (14) If the principals at the revenue estimating conference  
20 reach a consensus on the index described in subsection (13)(c), the  
21 ~~basic~~ **LOWEST** foundation allowance **AMONG ALL DISTRICTS** for the  
22 subsequent state fiscal year shall be at least the amount of that  
23 consensus index multiplied by the ~~basic~~ **LOWEST** foundation allowance  
24 ~~specified in subsection (1)~~ **AMONG ALL DISTRICTS IN THE IMMEDIATELY**  
25 **PRECEDING STATE FISCAL YEAR.**

26 ~~(15) If at the January revenue estimating conference it is~~  
27 ~~estimated that pupil membership, excluding intermediate district~~

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

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

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

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

22 ~~(18)~~ (17) For a district in which an industrial facilities  
23 exemption certificate that abated taxes on property with a state  
24 equalized valuation greater than the total state equalized  
25 valuation of the district at the time the certificate was issued or  
26 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
27 198, MCL 207.551 to 207.572, before the calculation of the

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

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

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

14 ~~(20)~~ **(19)** An early intervening program that uses funds  
15 resulting from the adjustment under subsection ~~(19)~~ **(18)** shall meet  
16 either or both of the following:

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

1 child's learning needs.

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

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

24 ~~(22)~~ (21) For a district that levied 2.23 mills in 1993 to  
25 finance an operating deficit, the district's foundation allowance  
26 shall be calculated as if those mills were included as operating  
27 mills in the calculation of the district's 1994-1995 foundation

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

6 (22) FOR 2008-2009, THE TOTAL DOLLAR AMOUNT OF THE ADJUSTMENT  
7 FROM THE IMMEDIATELY PRECEDING STATE FISCAL YEAR TO THE CURRENT  
8 STATE FISCAL YEAR IN A DISTRICT OR PUBLIC SCHOOL ACADEMY'S  
9 FOUNDATION ALLOWANCE, AS OTHERWISE DETERMINED UNDER THIS SECTION,  
10 SHALL BE ADJUSTED IN A MANNER DETERMINED BY THE DEPARTMENT AS  
11 FOLLOWS:

12 (A) 100% OF THE ADJUSTMENT IN THE FOUNDATION ALLOWANCE SHALL  
13 BE GIVEN TO EACH DISTRICT OR PUBLIC SCHOOL ACADEMY THAT PROVIDES  
14 INSTRUCTION TO PUPILS IN EITHER ALL HIGH SCHOOL GRADES OR A PROGRAM  
15 IN WHICH 100% OF THE PUPILS ENROLLED ARE IN A TRANSITIONAL  
16 EDUCATION PROGRAM THAT PREPARES STUDENTS WITH DISABILITIES FOR  
17 ADULT ROLES IN THE WORKPLACE AND LIFE.

18 (B) 92.5% OF THE ADJUSTMENT IN THE FOUNDATION ALLOWANCE SHALL  
19 BE GIVEN TO EACH DISTRICT OR PUBLIC SCHOOL ACADEMY THAT PROVIDES  
20 INSTRUCTION TO PUPILS IN THREE HIGH SCHOOL GRADES.

21 (C) 85.0% OF THE ADJUSTMENT IN THE FOUNDATION ALLOWANCE SHALL  
22 BE GIVEN TO EACH DISTRICT OR PUBLIC SCHOOL ACADEMY THAT PROVIDES  
23 INSTRUCTION TO PUPILS IN TWO HIGH SCHOOL GRADES.

24 (D) 77.5% OF THE ADJUSTMENT IN THE FOUNDATION ALLOWANCE SHALL  
25 BE GIVEN TO EACH DISTRICT OR PUBLIC SCHOOL ACADEMY THAT PROVIDES  
26 INSTRUCTION TO PUPILS IN ONE HIGH SCHOOL GRADE.

27 (E) 70.0% OF THE ADJUSTMENT IN THE FOUNDATION ALLOWANCE SHALL

1 BE GIVEN TO EACH DISTRICT OR PUBLIC SCHOOL ACADEMY THAT PROVIDES  
2 INSTRUCTION TO PUPILS IN GRADES 8 AND BELOW.

3 (F) FOR THE PURPOSES OF THIS SUBSECTION, "HIGH SCHOOL GRADE"  
4 MEANS ANY GRADE FROM 9 TO 12.

5 (23) Payments to districts, university schools, or public  
6 school academies shall not be made under this section. Rather, the  
7 calculations under this section shall be used to determine the  
8 amount of state payments under section 22b. **A DISTRICT OR PUBLIC  
9 SCHOOL ACADEMY MAY USE FOUNDATION ALLOWANCE PAYMENTS AS CALCULATED  
10 UNDER THIS SECTION FOR PROGRAMS THAT PREPARE CHILDREN FROM BIRTH TO  
11 5 YEARS OF AGE FOR SUCCESS IN SCHOOL.**

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

17 (25) As used in this section:

18 (A) "CERTIFIED MILLS" MEANS THE LESSER OF 18 MILLS OR THE  
19 NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN  
20 1993-94.

21 ~~(a)~~ (B) "Combined state and local revenue" means the aggregate  
22 of the district's state school aid received by or paid on behalf of  
23 the district under this section and the district's local school  
24 operating revenue.

25 ~~(b)~~ (C) "Combined state and local revenue per membership  
26 pupil" means the district's combined state and local revenue  
27 divided by the district's membership excluding special education

1 pupils.

2 ~~(e)~~ (D) "Current state fiscal year" means the state fiscal  
3 year for which a particular calculation is made.

4 ~~(d)~~ (E) "Immediately preceding state fiscal year" means the  
5 state fiscal year immediately preceding the current state fiscal  
6 year.

7 ~~(e)~~ (F) "Local school operating revenue" means school  
8 operating taxes levied under section 1211 of the revised school  
9 code, MCL 380.1211.

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

13 ~~(g)~~ (H) "Maximum public school academy allocation" means the  
14 maximum per-pupil allocation as calculated by adding the highest  
15 per-pupil allocation among all public school academies for the  
16 immediately preceding state fiscal year plus the difference between  
17 twice the dollar amount of the adjustment from the immediately  
18 preceding state fiscal year to the current state fiscal year made  
19 in the basic foundation allowance and [(the dollar amount of the  
20 adjustment from the immediately preceding state fiscal year to the  
21 current state fiscal year made in the basic foundation allowance  
22 minus \$50.00) times (the difference between the highest per-pupil  
23 allocation among all public school academies for the immediately  
24 preceding state fiscal year and the sum of \$7,108.00 plus the total  
25 dollar amount of all adjustments made from 2006-2007 to the  
26 immediately preceding state fiscal year in the lowest per-pupil  
27 allocation among all public school academies) divided by the

1 difference between the basic foundation allowance for the current  
2 state fiscal year and the sum of \$7,108.00 plus the total dollar  
3 amount of all adjustments made from 2006-2007 to the immediately  
4 preceding state fiscal year in the lowest per-pupil allocation  
5 among all public school academies].

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

9 (J) "NON-EXEMPT PROPERTY" MEANS PROPERTY THAT IS NOT A  
10 PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED  
11 FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL  
12 PERSONAL PROPERTY.

13 ~~(i)~~ (K) "Principal residence" and , "qualified agricultural  
14 property" , "QUALIFIED FOREST PROPERTY", "INDUSTRIAL PERSONAL  
15 PROPERTY", AND "COMMERCIAL PERSONAL PROPERTY" mean those terms as  
16 defined in section 7dd of the general property tax act, 1893 PA  
17 206, MCL 211.7dd AND SECTION 1211 OF THE REVISED SCHOOL CODE,  
18 MCL.380.1211.

19 ~~(j)~~ (L) "School operating purposes" means the purposes  
20 included in the operation costs of the district as prescribed in  
21 sections 7 and 18.

22 ~~(k)~~ (M) "School operating taxes" means local ad valorem  
23 property taxes levied under section 1211 of the revised school  
24 code, MCL 380.1211, and retained for school operating purposes.

25 (N) "TAX INCREMENT FINANCING ACTS" MEANS 1975 PA 197, MCL  
26 125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980  
27 PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING

1 ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, THE BROWNFIELD  
2 REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672,  
3 OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL  
4 125.2871 TO 125.2899.

5 ~~(1)~~ (0) "Taxable value per membership pupil" means taxable  
6 value, as certified by the department of treasury, for the calendar  
7 year ending in the current state fiscal year divided by the  
8 district's membership excluding special education pupils for the  
9 school year ending in the current state fiscal year.

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

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

1 levied by the district under section 1211 of the revised school  
2 code, MCL 380.1211, as a result of the adjustment under this  
3 subdivision.

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

21 **SEC. 20H. (1) FROM THE AMOUNT ALLOCATED UNDER SECTION 22B, AN**  
22 **AMOUNT ESTIMATED AT \$1,300,000.00 IS ALLOCATED FOR SUPPLEMENTAL**  
23 **PAYMENTS TO DISTRICTS THAT ARE DETERMINED BY THE DEPARTMENT AND THE**  
24 **DEPARTMENT OF TREASURY TO MEET THE ELIGIBILITY REQUIREMENTS UNDER**  
25 **THIS SECTION.**

26 (2) TO BE ELIGIBLE FOR A PAYMENT UNDER THIS SECTION, A  
27 DISTRICT SHALL MEET ALL OF THE FOLLOWING:

1 (A) THE DISTRICT DOES NOT RECEIVE ANY STATE PORTION OF ITS  
2 FOUNDATION ALLOWANCE, AS CALCULATED UNDER SECTION 20(4).

3 (B) THE DISTRICT'S LOCAL REVENUE FROM MILLAGE LEVIED FOR  
4 SCHOOL OPERATING PURPOSES IS REDUCED DUE TO EXEMPTIONS OF  
5 INDUSTRIAL PERSONAL PROPERTY AND COMMERCIAL PERSONAL PROPERTY  
6 RESULTING FROM THE ENACTMENT OF 2007 PA 37.

7 (3) PAYMENTS SHALL BE THE SUM OF THE PRODUCT OF THE DISTRICT'S  
8 INDUSTRIAL PERSONAL PROPERTY TAXABLE VALUE FOR THE CALENDAR YEAR  
9 ENDING IN THE CURRENT FISCAL YEAR MULTIPLIED BY THE TOTAL NUMBER OF  
10 MILLS THE DISTRICT LEVIES ON ALL PROPERTY THAT IS NOT EXEMPT UNDER  
11 SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, FOR THAT  
12 CALENDAR YEAR, AND THE PRODUCT OF THE DISTRICT'S COMMERCIAL  
13 PERSONAL PROPERTY TAXABLE VALUE FOR THE CALENDAR YEAR ENDING IN THE  
14 CURRENT FISCAL YEAR MULTIPLIED BY THE LESSER OF 12 MILLS OR THE  
15 TOTAL NUMBER OF MILLS THE DISTRICT LEVIES ON ALL PROPERTY THAT IS  
16 NOT EXEMPT UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL  
17 380.1211, FOR THAT CALENDAR YEAR.

18 (4) PAYMENTS TO DISTRICTS SHALL NOT BE MADE UNDER THIS  
19 SECTION. RATHER, THE CALCULATIONS UNDER THIS SECTION SHALL BE MADE  
20 AND USED TO DETERMINE THE AMOUNT OF ADDITIONAL STATE PAYMENTS UNDER  
21 SECTION 22B.

22 Sec. 20j. (1) Foundation allowance supplemental payments for  
23 ~~2007-2008~~ 2008-2009 to districts that in the 1994-95 state fiscal  
24 year had a foundation allowance greater than \$6,500.00 shall be  
25 calculated under this section.

26 (2) The per pupil allocation to each district under this  
27 section shall be the difference between the basic foundation

1 allowance for the 1998-99 state fiscal year and ~~\$7,108.00~~ **\$7,204.00**  
2 less \$223.00 minus the dollar amount of the adjustment from the  
3 1998-99 state fiscal year to ~~2006-2007~~ **2007-2008** in the district's  
4 foundation allowance.

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

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

27 Sec. 22a. (1) From the appropriation in section 11, there is

1 allocated an amount not to exceed ~~\$6,012,000,000.00~~  
2 **\$5,951,000,000.00** for 2007-2008 **AND \$6,038,000,000.00 FOR 2008-2009**  
3 for payments to districts, qualifying university schools, and  
4 qualifying public school academies to guarantee each district,  
5 qualifying university school, and qualifying public school academy  
6 an amount equal to its 1994-95 total state and local per pupil  
7 revenue for school operating purposes under section 11 of article  
8 IX of the state constitution of 1963. Pursuant to section 11 of  
9 article IX of the state constitution of 1963, this guarantee does  
10 not apply to a district in a year in which the district levies a  
11 millage rate for school district operating purposes less than it  
12 levied in 1994. However, subsection (2) applies to calculating the  
13 payments under this section. Funds allocated under this section  
14 that are not expended in the state fiscal year for which they were  
15 allocated, as determined by the department, may be used to  
16 supplement the allocations under sections 22b and 51c in order to  
17 fully fund those calculated allocations for the same fiscal year.

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

23 (a) Except as otherwise provided in this subsection, the state  
24 portion of a district's 1994-95 foundation allowance is an amount  
25 equal to the district's 1994-95 foundation allowance or \$6,500.00,  
26 whichever is less, minus the difference between the **SUM OF THE**  
27 product of the taxable value per membership pupil of all property

1 in the district that is ~~not a homestead or qualified agricultural~~  
2 **NON-EXEMPT** property times the ~~lesser of 18 mills or the number of~~  
3 ~~mills of school operating taxes levied by the district in 1993-94~~  
4 **CERTIFIED MILLS AND, FOR A DISTRICT WHOSE CERTIFIED MILLS EXCEEDS**  
5 **12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF**  
6 **PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY TIMES**  
7 **THE CERTIFIED MILLS MINUS 12 MILLS** and the quotient of the ad  
8 valorem property tax revenue of the district captured under ~~1975-PA~~  
9 ~~197, MCL 125.1651 to 125.1681, the tax increment finance authority~~  
10 ~~act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development~~  
11 ~~financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the~~  
12 ~~brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651~~  
13 ~~to 125.2672, or the corridor improvement authority act, 2005 PA~~  
14 ~~280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT FINANCING ACTS**, divided  
15 by the district's membership. For a district that has a millage  
16 reduction required under section 31 of article IX of the state  
17 constitution of 1963, the state portion of the district's  
18 foundation allowance shall be calculated as if that reduction did  
19 not occur.

20 (b) For a district that had a 1994-95 foundation allowance  
21 greater than \$6,500.00, the state payment under this subsection  
22 shall be the sum of the amount calculated under subdivision (a)  
23 plus the amount calculated under this subdivision. The amount  
24 calculated under this subdivision shall be equal to the difference  
25 between the district's 1994-95 foundation allowance minus \$6,500.00  
26 and the current year hold harmless school operating taxes per  
27 pupil. If the result of the calculation under subdivision (a) is

1 negative, the negative amount shall be an offset against any state  
2 payment calculated under this subdivision. If the result of a  
3 calculation under this subdivision is negative, there shall not be  
4 a state payment or a deduction under this subdivision. The taxable  
5 values per membership pupil used in the calculations under this  
6 subdivision are as adjusted by ad valorem property tax revenue  
7 captured under ~~1975 PA 197, MCL 125.1651 to 125.1681, the tax~~  
8 ~~increment finance authority act, 1980 PA 450, MCL 125.1801 to~~  
9 ~~125.1830, the local development financing act, 1986 PA 281, MCL~~  
10 ~~125.2151 to 125.2174, the brownfield redevelopment financing act,~~  
11 ~~1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement~~  
12 ~~authority act, 2005 PA 280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT**  
13 **FINANCING ACTS**, divided by the district's membership.

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

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

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

16           (6) As used in this section:

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

21           **(B) "CERTIFIED MILLS" MEANS THE LESSER OF 18 MILLS OR THE**  
22 **NUMBER OF MILLS OF SCHOOL OPERATING TAXES LEVIED BY THE DISTRICT IN**  
23 **1993-94.**

24           ~~(b)~~ (C) "Current state fiscal year" means the state fiscal  
25 year for which a particular calculation is made.

26           ~~(e)~~ (D) "Current year hold harmless school operating taxes per  
27 pupil" means the per pupil revenue generated by multiplying a

1 district's 1994-95 hold harmless millage by the district's current  
2 year taxable value per membership pupil.

3 ~~(d)~~ **(E)** "Hold harmless millage" means, for a district with a  
4 1994-95 foundation allowance greater than \$6,500.00, the number of  
5 mills by which the exemption from the levy of school operating  
6 taxes on a homestead ~~and~~ , qualified agricultural property ,  
7 **QUALIFIED FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, AND**  
8 **COMMERCIAL PERSONAL PROPERTY** could be reduced as provided in  
9 section 1211(1) of the revised school code, MCL 380.1211, and the  
10 number of mills of school operating taxes that could be levied on  
11 all property as provided in section 1211(2) of the revised school  
12 code, MCL 380.1211, as certified by the department of treasury for  
13 the 1994 tax year.

14 ~~(e)~~ **(F)** "Homestead" means that term as defined in section 1211  
15 of the revised school code, MCL 380.1211.

16 ~~(f)~~ **(G)** "Membership" means the definition of that term under  
17 section 6 as in effect for the particular fiscal year for which a  
18 particular calculation is made.

19 **(H) "NON-EXEMPT PROPERTY" MEANS PROPERTY THAT IS NOT A**  
20 **PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL PROPERTY, QUALIFIED**  
21 **FOREST PROPERTY, INDUSTRIAL PERSONAL PROPERTY, OR COMMERCIAL**  
22 **PERSONAL PROPERTY.**

23 ~~(g)~~ **(I)** "Qualified agricultural property" means that term as  
24 defined in section 1211 of the revised school code, MCL 380.1211.

25 ~~(h)~~ **(J)** "Qualifying public school academy" means a public  
26 school academy that was in operation in the 1994-95 school year and  
27 is in operation in the current state fiscal year.

1       ~~(i)~~ (K) "Qualifying university school" means a university  
 2 school that was in operation in the 1994-95 school year and is in  
 3 operation in the current fiscal year.

4       ~~(j)~~ (L) "School operating taxes" means local ad valorem  
 5 property taxes levied under section 1211 of the revised school  
 6 code, MCL 380.1211, and retained for school operating purposes.

7       (M) **"TAX INCREMENT FINANCING ACTS" MEANS 1975 PA 197, MCL**  
 8 **125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980**  
 9 **PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING**  
 10 **ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, THE BROWNFIELD**  
 11 **REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672,**  
 12 **OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL**  
 13 **125.2871 TO 125.2899.**

14       ~~(k)~~ (N) "Taxable value per membership pupil" means each of the  
 15 following divided by the district's membership:

16       (i) For the number of mills by which the exemption from the  
 17 levy of school operating taxes on a homestead ~~and~~ , qualified  
 18 agricultural property , **QUALIFIED FOREST PROPERTY, INDUSTRIAL**  
 19 **PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** may be reduced  
 20 as provided in section 1211~~(1)~~ of the revised school code, MCL  
 21 380.1211, the taxable value of homestead ~~and~~ , qualified  
 22 agricultural property , **QUALIFIED FOREST PROPERTY, INDUSTRIAL**  
 23 **PERSONAL PROPERTY, AND COMMERCIAL PERSONAL PROPERTY** for the  
 24 calendar year ending in the current state fiscal year.

25       (ii) For the number of mills of school operating taxes that  
 26 may be levied on all property as provided in section 1211(2) of the  
 27 revised school code, MCL 380.1211, the taxable value of all

1 property for the calendar year ending in the current state fiscal  
2 year.

3       Sec. 22b. (1) From the appropriation in section 11, there is  
4 allocated an amount not to exceed ~~\$3,722,000,000.00~~  
5 **\$3,683,275,000.00** for 2007-2008 **AND \$3,949,325,000.00 FOR 2008-2009**  
6 for discretionary nonmandated payments to districts under this  
7 section. Funds allocated under this section that are not expended  
8 in the state fiscal year for which they were allocated, as  
9 determined by the department, may be used to supplement the  
10 allocations under sections 22a and 51c in order to fully fund those  
11 calculated allocations for the same fiscal year.

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

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

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

27       (b) Comply with sections 1278a and 1278b of the revised school

1 code, MCL 380.1278a and 380.1278b.

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

5 (d) Comply with section 1230g of the revised school code, MCL  
6 380.1230g.

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

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

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

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

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

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

25 (9) If payments resulting from a final determination by the  
26 local claims review board or a court of competent jurisdiction that  
27 there has been a violation of section 29 of article IX of the state

1 constitution of 1963 exceed the amount allocated for discretionary  
2 nonmandated payments under this section, the legislature shall  
3 provide for adequate funding for this state's constitutional  
4 obligations at its next legislative session.

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

23 ~~—— (11) From the allocation in subsection (1), there is allocated~~  
24 ~~for 2007-2008 only an amount not to exceed \$40,000.00 for payment~~  
25 ~~to a district that meets all of the following:~~

26 ~~—— (a) Had a membership of less than 900 pupils for 2006-2007.~~

27 ~~—— (b) Is located in an intermediate district that had a taxable~~

1 ~~value per membership pupil, as defined in section 22a, of greater~~  
2 ~~than \$290,000.00 for 2006-2007.~~

3 ~~—— (c) The school electors of the district voted in the~~  
4 ~~affirmative on May 8, 2007 to restore a millage reduction required~~  
5 ~~under section 31 of article IX of the state constitution of 1963,~~  
6 ~~but the district was later found to have an incorrect millage~~  
7 ~~reduction fraction as defined in section 34d of the general~~  
8 ~~property tax act, 1893 PA 206, MCL 211.34d.~~

9       Sec. 22d. (1) From the amount allocated under section 22b, an  
10 amount not to exceed ~~\$750,000.00~~ **\$2,025,000.00** is allocated for  
11 2007-2008 **AND 2008-2009** for additional payments to small,  
12 geographically isolated districts under this section.

13       (2) ~~To be eligible for a payment under this section, a~~  
14 ~~district shall meet all of the following:~~ **FROM THE ALLOCATION IN**  
15 **SUBSECTION (1), THERE IS ALLOCATED FOR 2007-2008 AND 2008-2009 AN**  
16 **AMOUNT NOT TO EXCEED \$750,000.00 FOR A DISTRICT THAT MEETS ALL OF**  
17 **THE FOLLOWING:**

18       (a) Operates grades K to 12.

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

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

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

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

25       (3) The amount of the additional funding to each eligible  
26 district under ~~this section~~ **SUBSECTION (2)** shall be determined  
27 under a spending plan developed as provided in this subsection and

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

16 **(4) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED**  
17 **FOR 2007-2008 AND 2008-2009 AN AMOUNT NOT TO EXCEED \$1,275,000.00**  
18 **FOR PAYMENTS TO DISTRICTS UNDER THIS SUBSECTION.**

19 **(A) TO BE ELIGIBLE, A DISTRICT SHALL MEET ALL OF THE**  
20 **FOLLOWING:**

21 **(i) HAS 5.0 OR FEWER PUPILS PER SQUARE MILE AS DETERMINED BY**  
22 **THE DEPARTMENT.**

23 **(ii) IS LOCATED IN THE UPPER PENINSULA.**

24 **(B) THE FUNDS ALLOCATED UNDER THIS SUBSECTION SHALL BE**  
25 **ALLOCATED ON AN EQUAL PER PUPIL BASIS.**

26 **(5) A DISTRICT RECEIVING FUNDS ALLOCATED UNDER SUBSECTION 2 IS**  
27 **NOT ELIGIBLE FOR FUNDING ALLOCATED UNDER SUBSECTION (4).**

1           Sec. 24. (1) From the appropriation in section 11, there is  
2 allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed  
3 \$8,000,000.00 for payments to the educating district or  
4 intermediate district for educating pupils assigned by a court or  
5 the department of human services to reside in or to attend a  
6 juvenile detention facility or child caring institution licensed by  
7 the department of human services and approved by the department to  
8 provide an on-grounds education program. The amount of the payment  
9 under this section to a district or intermediate district shall be  
10 calculated as prescribed under subsection (2).

11           (2) ~~For 2007-2008, 90% of the total amount allocated under~~  
12 ~~this section shall be allocated by paying to the educating district~~  
13 ~~or intermediate district an amount equal to the lesser of the~~  
14 ~~district's or intermediate district's added cost or the~~  
15 ~~department's approved per pupil allocation for the district or~~  
16 ~~intermediate district, and 10% of the total amount allocated under~~  
17 ~~this section shall be allocated by paying to the educating district~~  
18 ~~or intermediate district an amount equal to the district's or~~  
19 ~~intermediate district's added cost.~~ Beginning with allocations for  
20 2008-2009, 100% of the total amount allocated under this section  
21 shall be allocated by paying to the educating district or  
22 intermediate district an amount equal to the lesser of the  
23 district's or intermediate district's added cost or the  
24 department's approved per pupil allocation for the district or  
25 intermediate district. For the purposes of this subsection:

26           (a) "Added cost" means 100% of the added cost each fiscal year  
27 for educating all pupils assigned by a court or the department of

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

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

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

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

3 Sec. 24a. From the appropriation in section 11, there is  
4 allocated an amount not to exceed ~~\$3,103,400.00~~ **\$2,828,500.00** for  
5 ~~2007-2008~~ **2008-2009** for payments to intermediate districts for  
6 pupils who are placed in juvenile justice service facilities  
7 operated by the department of human services. Each intermediate  
8 district shall receive an amount equal to the state share of those  
9 costs that are clearly and directly attributable to the educational  
10 programs for pupils placed in facilities described in this section  
11 that are located within the intermediate district's boundaries. The  
12 intermediate districts receiving payments under this section shall  
13 cooperate with the department of human services to ensure that all  
14 funding allocated under this section is utilized by the  
15 intermediate district and department of human services for  
16 educational programs for pupils described in this section. Pupils  
17 described in this section are not eligible to be funded under  
18 section 24. However, a program responsibility or other fiscal  
19 responsibility associated with these pupils shall not be  
20 transferred from the department of human services to a district or  
21 intermediate district unless the district or intermediate district  
22 consents to the transfer.

23 Sec. 24c. From the appropriation in section 11, there is  
24 allocated an amount not to exceed ~~\$1,283,900.00~~ **\$1,284,600.00** for  
25 ~~2007-2008~~ **2008-2009** for payments to districts for pupils who are  
26 enrolled in a nationally administered community-based education and  
27 youth mentoring program, known as the youth challenge program, that

1 is located within the district and is administered by the  
2 department of military and veterans affairs. A district receiving  
3 payments under this section shall contract with the department of  
4 military and veterans affairs to ensure that all funding allocated  
5 under this section is utilized by the district and the department  
6 of military and veterans affairs for the youth challenge program.

7       Sec. 26a. From the state school aid fund appropriation in  
8 section 11, there is allocated an amount not to exceed  
9 ~~\$36,000,000.00~~ **\$41,400,000.00** for ~~2007-2008~~ **2008-2009**, and from the  
10 general fund appropriation in section 11, there is allocated an  
11 amount not to exceed ~~\$14,000,000.00~~ **\$16,100,000.00** for ~~2007-2008~~  
12 **2008-2009** to reimburse districts, intermediate districts, and the  
13 state school aid fund pursuant to section 12 of the Michigan  
14 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied  
15 in ~~2007~~ **2008**. The allocations shall be made not later than 60 days  
16 after the department of treasury certifies to the department and to  
17 the state budget director that the department of treasury has  
18 received all necessary information to properly determine the  
19 amounts due to each eligible recipient.

20       Sec. 26b. (1) From the appropriation in section 11, there is  
21 allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed  
22 \$3,400,000.00 for payments to districts, intermediate districts,  
23 and community college districts for the portion of the payment in  
24 lieu of taxes obligation that is attributable to districts,  
25 intermediate districts, and community college districts pursuant to  
26 section 2154 of the natural resources and environmental protection  
27 act, 1994 PA 451, MCL 324.2154.

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

5           Sec. 29. (1) From the appropriation in section 11, there is  
6 allocated an amount not to exceed \$20,000,000.00 for ~~2007-2008~~  
7 **2008-2009** for additional payments to eligible districts for  
8 declining enrollment assistance.

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

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

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

20           (c) The district is not eligible to receive funding under  
21 sections 6(4)(y) or 22d.

22           (3) Payments to each eligible district shall be equal to the  
23 difference between the district's average pupil membership and the  
24 district's pupil membership as calculated under section 6 for the  
25 current fiscal year multiplied by the district's foundation  
26 allowance as calculated under section 20. If the total amount of  
27 the payments calculated under this subsection exceeds the

1 allocation for this section, the payment to each district shall be  
2 prorated on an equal percentage basis.

3 (4) For the purposes of this section, "average pupil  
4 membership" means the average of the district's membership for the  
5 3-fiscal-year period ending with the current fiscal year,  
6 calculated by adding the district's actual membership for each of  
7 those 3 fiscal years, as otherwise calculated under section 6, and  
8 dividing the sum of those 3 membership figures by 3.

9 Sec. 31a. (1) From the state school aid fund money  
10 appropriated in section 11, there is allocated for ~~2007-2008~~ **2008-**  
11 **2009** an amount not to exceed ~~\$319,350,000.00~~ **\$321,350,000.00** for  
12 payments to eligible districts and eligible public school academies  
13 under this section. Subject to subsection (14), the amount of the  
14 additional allowance under this section, other than funding under  
15 subsection (6) or (7), shall be based on the number of actual  
16 pupils in membership in the district or public school academy who  
17 met the income eligibility criteria for free breakfast, lunch, or  
18 milk in the immediately preceding state fiscal year, as determined  
19 under the Richard B. Russell national school lunch act, 42 USC 1751  
20 to 1769i, and reported to the department by October 31 of the  
21 immediately preceding fiscal year and adjusted not later than  
22 December 31 of the immediately preceding fiscal year. However, for  
23 a public school academy that began operations as a public school  
24 academy after the pupil membership count day of the immediately  
25 preceding school year, the basis for the additional allowance under  
26 this section shall be the number of actual pupils in membership in  
27 the public school academy who met the income eligibility criteria

1 for free breakfast, lunch, or milk in the current state fiscal  
2 year, as determined under the Richard B. Russell national school  
3 lunch act.

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

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

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

20 (3) Except as otherwise provided in this subsection, an  
21 eligible district or eligible public school academy shall receive  
22 under this section for each membership pupil in the district or  
23 public school academy who met the income eligibility criteria for  
24 free breakfast, lunch, or milk, as determined under the Richard B.  
25 Russell national school lunch act and as reported to the department  
26 by October 31 of the immediately preceding fiscal year and adjusted  
27 not later than December 31 of the immediately preceding fiscal

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

19 (4) Except as otherwise provided in this section, a district  
20 or public school academy receiving funding under this section shall  
21 use that money only to provide instructional programs and direct  
22 noninstructional services, including, but not limited to, medical  
23 or counseling services, for at-risk pupils; for school health  
24 clinics; and for the purposes of subsection (5), (6), or (7). In  
25 addition, a district that is organized as a school district of the  
26 first class under the revised school code or a district or public  
27 school academy in which at least 50% of the pupils in membership

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

25 (5) Except as otherwise provided in subsection (12), a  
26 district or public school academy that receives funds under this  
27 section and that operates a school breakfast program under section

1 1272a of the revised school code, MCL 380.1272a, shall use from the  
2 funds received under this section an amount, not to exceed \$10.00  
3 per pupil for whom the district or public school academy receives  
4 funds under this section, necessary ~~to operate~~ **TO PAY FOR COSTS**  
5 **ASSOCIATED WITH THE OPERATION OF** the school breakfast program.

6 (6) From the funds allocated under subsection (1), there is  
7 allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed  
8 ~~\$3,743,000.00~~ **\$5,743,000.00** to support child and adolescent health  
9 centers. These grants shall be awarded for 5 consecutive years  
10 beginning with 2003-2004 in a form and manner approved jointly by  
11 the department and the department of community health. Each grant  
12 recipient shall remain in compliance with the terms of the grant  
13 award or shall forfeit the grant award for the duration of the 5-  
14 year period after the noncompliance. Beginning in 2004-2005, to  
15 continue to receive funding for a child and adolescent health  
16 center under this section a grant recipient shall ensure that the  
17 child and adolescent health center has an advisory committee and  
18 that at least one-third of the members of the advisory committee  
19 are parents or legal guardians of school-aged children. A child and  
20 adolescent health center program shall recognize the role of a  
21 child's parents or legal guardian in the physical and emotional  
22 well-being of the child. Funding under this subsection shall be  
23 used to support child and adolescent health center services  
24 provided to children up to age 21. If any funds allocated under  
25 this subsection are not used for the purposes of this subsection  
26 for the fiscal year in which they are allocated, those unused funds  
27 shall be used that fiscal year to avoid or minimize any proration

1 that would otherwise be required under subsection (14) for that  
2 fiscal year.

3 (7) From the funds allocated under subsection (1), there is  
4 allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed  
5 \$5,150,000.00 for the state portion of the hearing and vision  
6 screenings as described in section 9301 of the public health code,  
7 1978 PA 368, MCL 333.9301. A local public health department shall  
8 pay at least 50% of the total cost of the screenings. The frequency  
9 of the screenings shall be as required under R 325.13091 to R  
10 325.13096 and R 325.3271 to R 325.3276 of the Michigan  
11 administrative code. Funds shall be awarded in a form and manner  
12 approved jointly by the department and the department of community  
13 health. Notwithstanding section 17b, payments to eligible entities  
14 under this subsection shall be paid on a schedule determined by the  
15 department.

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

1 withhold an amount equal to the August payment due under this  
2 section until the district or public school academy complies with  
3 this subsection. If the district or public school academy does not  
4 comply with this subsection by the end of the state fiscal year,  
5 the withheld funds shall be forfeited to the school aid fund.

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

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

1 be in the best interests of the district's at-risk pupils.

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

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

1 the funds identified in the application for any purpose identified  
2 in the plan.

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

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

18 (b) Provides early intervening strategies using school-wide  
19 systems of academic and behavioral supports and is scientifically  
20 research-based. The strategies to be provided shall include at  
21 least pupil performance indicators based upon response to  
22 intervention, instructional consultation for teachers, and ongoing  
23 progress monitoring. A school-wide system of academic and  
24 behavioral support should be based on a support team available to  
25 the classroom teachers. The members of this team could include the  
26 principal, special education staff, reading teachers, and other  
27 appropriate personnel who would be available to systematically

1 study the needs of the individual child and work with the teacher  
2 to match instruction to the needs of the individual child.

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

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

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

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

18 (17) As used in this section, "at-risk pupil" means a pupil  
19 for whom the district has documentation that the pupil meets at  
20 least 2 of the following criteria: is a victim of child abuse or  
21 neglect; is below grade level in English language and communication  
22 skills or mathematics; is a pregnant teenager or teenage parent; is  
23 eligible for a federal free or reduced-price lunch subsidy; has  
24 atypical behavior or attendance patterns; or has a family history  
25 of school failure, incarceration, or substance abuse. For pupils  
26 for whom the results of at least the applicable Michigan education  
27 assessment program (MEAP) test have been received, at-risk pupil

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

18       Sec. 31d. (1) From the appropriations in section 11, there is  
19 allocated an amount not to exceed \$22,495,100.00 for ~~2007-2008~~  
20 **2008-2009** for the purpose of making payments to districts and other  
21 eligible entities under this section.

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

1 by the Michigan supreme court in the consolidated cases known as  
2 Durant v State of Michigan, Michigan supreme court docket no.  
3 104458-104492.

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

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

14 (5) From the federal funds appropriated in section 11, there  
15 is allocated for ~~2007-2008~~ **2008-2009** all available federal funding,  
16 estimated at \$330,000,000.00, for the national school lunch program  
17 and all available federal funding, estimated at \$2,506,000.00, for  
18 the emergency food assistance program.

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

22 Sec. 31f. (1) From the appropriations in section 11, there is  
23 allocated an amount not to exceed \$9,625,000.00 for ~~2007-2008~~ **2008-**  
24 **2009** for the purpose of making payments to districts to reimburse  
25 for the cost of providing breakfast.

26 (2) The funds allocated under this section for school  
27 breakfast programs shall be made available to all eligible

1 applicant districts that meet all of the following criteria:

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

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

7 (3) The payment for a district under this section is at a per  
8 meal rate equal to the lesser of the district's actual cost or 100%  
9 of the ~~cost of~~ **STATEWIDE AVERAGE COST OF** a breakfast served by an  
10 ~~efficiently operated breakfast program~~ as determined **AND APPROVED**  
11 by the department, less federal reimbursement, participant  
12 payments, and other state reimbursement. ~~Determination of efficient~~  
13 ~~cost by the department shall be determined by using a statistical~~  
14 ~~sampling of statewide and regional cost~~ **THE STATEWIDE AVERAGE COST**  
15 **SHALL BE DETERMINED BY THE DEPARTMENT USING COSTS** as reported in a  
16 manner approved by the department for the preceding school year.

17 (4) **NOTWITHSTANDING SECTION 17B, PAYMENTS MADE UNDER THIS**  
18 **SECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE DEPARTMENT.**

19 Sec. 32b. (1) From the funds appropriated under section 11,  
20 there is allocated an amount not to exceed ~~\$1,750,000.00~~  
21 **\$6,750,000.00** for ~~2007-2008~~ **2008-2009** for competitive grants to  
22 intermediate districts for the creation and continuance of great  
23 start communities or other community purposes as identified by the  
24 early childhood investment corporation. These dollars may not be  
25 expended until both of the following conditions have been met:

26 (a) The early childhood investment corporation has identified  
27 matching dollars of at least an ~~equal~~ amount **EQUAL TO THE 2006-2007**

1 **FISCAL YEAR MATCH.**

2           (b) ~~The membership of the executive committee includes 1~~  
3 ~~member appointed by the senate majority leader, 1 member appointed~~  
4 ~~by the senate minority leader, 1 member appointed by the speaker of~~  
5 ~~the house of representatives, and 1 member appointed by the~~  
6 ~~minority leader of the house of representatives. Not later than 60~~  
7 ~~days after the convening of each legislative session in each odd~~  
8 ~~numbered year, each legislative leader shall appoint a member of~~  
9 ~~the executive committee~~ **SHALL CONSIST OF 4 MEMBERS APPOINTED BY THE**  
10 **GOVERNOR. THE GOVERNOR SHALL APPOINT 1 MEMBER FROM AMONG NOMINEES**  
11 **SUBMITTED BY THE SENATE MAJORITY LEADER, 1 MEMBER FROM AMONG**  
12 **NOMINEES SUBMITTED BY THE SENATE MINORITY LEADER, 1 MEMBER FROM**  
13 **AMONG NOMINEES SUBMITTED BY THE SPEAKER OF THE HOUSE OF**  
14 **REPRESENTATIVES, AND 1 MEMBER FROM AMONG NOMINEES SUBMITTED BY THE**  
15 **MINORITY LEADER OF THE HOUSE OR REPRESENTATIVES. THE GOVERNOR SHALL**  
16 **APPOINT THESE MEMBERS NOT LATER THAN 60 DAYS AFTER THE CONVENING OF**  
17 **THE LEGISLATIVE SESSION IN EACH ODD-NUMBERED YEAR.** A member  
18 ~~appointed in this manner shall continue to~~ **SHALL** serve on the  
19 executive committee through the ~~next~~ regular legislative session  
20 unless he or she voluntarily resigns or is otherwise unable to  
21 serve. When a vacancy occurs as a result of a voluntary resignation  
22 or inability to serve, the ~~legislative leader who had appointed the~~  
23 ~~member~~ **GOVERNOR** shall make an appointment to fill that vacancy **IN**  
24 **THE SAME MANNER AS THE ORIGINAL APPOINTMENT** not later than 60 days  
25 after the date the vacancy occurs.

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

1 determined by the corporation.

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

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

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

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

19 (d) Evaluation of local programs.

20 (4) ~~Not later than December 1, 2007 for the 2006-2007 fiscal~~  
21 ~~year grants under this section, and not~~ **NOT** later than December 1,  
22 2008 for the 2007-2008 **STATE FISCAL YEAR** grants under this section,  
23 the department shall provide to the house and senate appropriations  
24 subcommittees on state school aid, the state budget director, and  
25 the house and senate fiscal agencies a report detailing the amounts  
26 of grants awarded under this section, the grant recipients, the  
27 activities funded by each grant under this section, and an analysis

1 of each grant recipient's success in addressing the development of  
2 a comprehensive system of early childhood services and supports.

3 (5) AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER THIS  
4 SECTION MAY CARRY OVER ANY UNEXPENDED FUNDS RECEIVED UNDER THIS  
5 SECTION INTO THE NEXT FISCAL YEAR AND MAY EXPEND THOSE UNUSED FUNDS  
6 IN THE NEXT FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY  
7 UNEXPENDED GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED  
8 BY THE DEPARTMENT NOT LATER THAN SEPTEMBER 30 OF THE NEXT FISCAL  
9 YEAR AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.

10 ~~(5)~~ (6) Notwithstanding section 17b, payments under this  
11 section may be made pursuant to an agreement with the department.

12 Sec. 32c. (1) From the general fund appropriation in section  
13 11, there is allocated an amount not to exceed \$2,125,000.00 for  
14 ~~2007-2008~~ 2008-2009 to the department for grants for community-  
15 based collaborative prevention services designed to foster positive  
16 parenting skills; improve parent/child interaction, especially for  
17 children 0-3 years of age; promote access to needed community  
18 services; increase local capacity to serve families at risk;  
19 improve school readiness; and support healthy family environments  
20 that discourage alcohol, tobacco, and other drug use. The  
21 allocation under this section is to fund secondary prevention  
22 programs as defined by the children's trust fund for the prevention  
23 of child abuse and neglect.

24 (2) The funds allocated under subsection (1) shall be  
25 distributed through a joint request for proposals process  
26 established by the department in conjunction with the children's  
27 trust fund and the interagency director's workgroup. Projects

1 funded with grants awarded under this section shall meet all of the  
2 following:

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

7 (b) Demonstrate that the planned services are part of a  
8 community's integrated comprehensive family support strategy  
9 endorsed by the community collaborative **AND, WHERE THERE IS A GREAT**  
10 **START COLLABORATIVE, DEMONSTRATE THAT THE PLANNED SERVICES ARE PART**  
11 **OF THE COMMUNITY'S GREAT START STRATEGIC PLAN.**

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

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

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

22 Sec. 32d. (1) From the state school aid fund money  
23 appropriated under section 11, there is allocated an amount not to  
24 exceed ~~\$80,900,000.00 for 2007-2008~~ **\$102,900,000.00 FOR 2008-2009**  
25 ~~for school GREAT START readiness or preschool and parenting program~~  
26 grants to enable eligible districts, as determined under section  
27 37, to develop or expand, in conjunction with whatever federal

1 funds may be available **TO THE DISTRICT AND ITS COMMUNITY**,  
2 including, but not limited to, federal funds under title I of the  
3 elementary and secondary education act of 1965, 20 USC 6301 to  
4 6578, chapter 1 of title I of the Hawkins-Stafford elementary and  
5 secondary school improvement amendments of 1988, Public Law 100-  
6 297, and the head start act, 42 USC 9831 to 9852, **PART-DAY OR FULL-**  
7 **DAY** comprehensive compensatory programs designed to ~~do 1 or both of~~  
8 ~~the following:~~

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

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

23 (2) A comprehensive free compensatory program funded under  
24 this section shall include an age-appropriate educational  
25 curriculum, as described in the early childhood standards of  
26 quality for prekindergarten children adopted by the state board,  
27 that prepares children for success in school, including language,

1 early literacy, and early mathematics. In addition, the  
2 comprehensive program shall include nutritional services, health  
3 **AND DEVELOPMENTAL** screening **AS DESCRIBED IN THE EARLY CHILDHOOD**  
4 **STANDARDS OF QUALITY FOR PREKINDERGARTEN** for participating  
5 children, a plan for parent and legal guardian involvement, and  
6 provision of referral services for families eligible for community  
7 social services.

8 (3) In addition to the allocation under subsection (1), from  
9 the general fund money appropriated under section 11, there is  
10 allocated an amount not to exceed \$279,100.00 for ~~2007-2008~~ **2008-**  
11 **2009** for a competitive grant to continue a longitudinal evaluation  
12 of children who have participated in the ~~Michigan school~~ **GREAT**  
13 **START** readiness program.

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

22 (5) A ~~grant recipient~~ **DISTRICT** receiving funds under this  
23 section shall report to the department on the midyear report the  
24 number of children participating in the program who meet the income  
25 or other eligibility criteria specified under section 37(3)(g) and  
26 the total number of children participating in the program. For  
27 children participating in the program who meet the income or other

1 eligibility criteria specified under section 37(3)(g), ~~grant~~  
2 ~~recipients~~ **DISTRICTS** shall also report whether or not a parent is  
3 available to provide care based on employment status. For the  
4 purposes of this subsection, "employment status" shall be defined  
5 by the department of human services in a manner consistent with  
6 maximizing the amount of spending that may be claimed for temporary  
7 assistance for needy families maintenance of effort purposes.

8       **SEC 32E. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED**  
9 **UNDER SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**  
10 **\$4,700,000.00 FOR 2007-2008 TO DISTRICTS ELIGIBLE TO RECEIVE**  
11 **FUNDING UNDER SECTION 32D. THE FUNDING SHALL BE DISTRIBUTED AMONG**  
12 **DISTRICTS IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN**  
13 **AS DETERMINED BY SECTION 38. THE AMOUNT DISTRIBUTED TO EACH**  
14 **DISTRICT SHALL BE EQUAL TO THE NUMBER OF CHILDREN THE DISTRICT**  
15 **SERVED IN 2006-2007 OR THE NUMBER OF CHILDREN THE DISTRICT**  
16 **INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C),**  
17 **WHICHEVER IS LESS, MINUS THE NUMBER OF CHILDREN FOR WHICH THE**  
18 **DISTRICT HAS PREVIOUSLY RECEIVED FUNDING IN 2007-2008 AS DETERMINED**  
19 **BY THE DEPARTMENT, MULTIPLIED BY \$3,400.00. DISTRICTS SHALL NOT**  
20 **RETURN PREVIOUSLY ALLOCATED FUNDING TO THE SCHOOL AID FUND IN 2007-**  
21 **2008 AS A RESULT OF THIS CALCULATION.**

22       **SEC. 32H. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**  
23 **ALLOCATED AN AMOUNT NOT TO EXCEED \$2,500,000.00 FOR 2008-2009 FOR**  
24 **GREAT START INNOVATION GRANTS TO INTERMEDIATE DISTRICTS FOR THE**  
25 **PURPOSE OF IDENTIFYING EVIDENCED-BASED PRACTICES THAT PROVIDE**  
26 **CHILDREN FROM BIRTH TO AGE 5 WITH QUALITY EARLY LEARNING**  
27 **EXPERIENCES THAT PROMOTE SCHOOL READINESS.**

1           (2) THE EARLY CHILDHOOD INVESTMENT CORPORATION SHALL AWARD  
2 GRANTS TO ELIGIBLE INTERMEDIATE DISTRICTS IN AN AMOUNT TO BE  
3 DETERMINED BY THE CORPORATION.

4           (3) IN ORDER TO RECEIVE FUNDING, EACH INTERMEDIATE DISTRICT  
5 APPLICANT MUST DEMONSTRATE IT IS A MEMBER OF AN ESTABLISHED LOCAL  
6 GREAT START COLLABORATIVE AND THAT THE FUNDS WILL BE USED IN  
7 SUPPORT OF THE COMMUNITY'S GREAT START STRATEGIC PLAN.

8           (4) GREAT START INNOVATION GRANTS SHALL BE USED TO DEVELOP  
9 MODEL PROGRAMS THAT CAN BE IMPLEMENTED STATEWIDE FOR ONE OR MORE OF  
10 THE FOLLOWING PURPOSES:

11           (A) TO PROVIDE PROFESSIONAL DEVELOPMENT FOR CHILDCARE  
12 PROVIDERS THAT IDENTIFY EARLY LEARNING OPPORTUNITIES FOR CHILDREN  
13 AT RISK OF NOT BEING PREPARED TO SUCCEED IN SCHOOL.

14           (B) TO CREATE A CHILDCARE QUALITY RATING IMPROVEMENT SYSTEM  
15 THAT IDENTIFIES QUALITY EARLY LEARNING ENVIRONMENTS AND MAKES THAT  
16 INFORMATION AVAILABLE TO PARENTS.

17           (C) TO EXPAND EARLY LEARNING OPPORTUNITIES FOR AT-RISK  
18 CHILDREN USING CREATIVE COMMUNITY-BASED APPROACHES.

19           (D) TO IMPLEMENT AN EARLY DEVELOPMENTAL INVENTORY THAT  
20 ASSESSES A BROAD RANGE OF COMPETENCIES, INCLUDING PHYSICAL HEALTH  
21 AND WELL-BEING, SOCIAL COMPETENCE, EMOTIONAL MATURITY, LANGUAGE AND  
22 COGNITIVE DEVELOPMENT, AND USES THAT INVENTORY TOOL TO TARGET  
23 COMMUNITY RESOURCES TOWARD IMPROVING ACADEMIC OUTCOMES FOR AT-RISK  
24 CHILDREN.

25           (5) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION  
26 MAY BE PAID ON A SCHEDULE MADE PURSUANT TO AN AGREEMENT WITH THE  
27 DEPARTMENT.

1           Sec. 32j. (1) From the appropriations in section 11, there is  
2 allocated an amount not to exceed \$5,000,000.00 for ~~2007-2008~~ **2008-**  
3 **2009** for great parents, great start grants to intermediate  
4 districts to provide programs for parents with ~~preschool~~ **YOUNG**  
5 children. The purpose of these programs is to encourage early  
6 mathematics and reading literacy, improve school readiness, reduce  
7 the need for special education services, and foster the maintenance  
8 of stable families by encouraging positive parenting skills.

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

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

15           (b) Providing parents with methods to enhance parent-child  
16 interaction that promote social and emotional development ~~for~~  
17 ~~infants and toddlers and~~, age-appropriate language, mathematics,  
18 and early reading skills **FOR YOUNG CHILDREN**; including, but not  
19 limited to, encouraging parents to read to their preschool children  
20 at least 1/2 hour per day.

21           (c) Providing parents with examples of learning opportunities  
22 to promote intellectual, physical, and social growth of  
23 ~~preschoolers~~ **YOUNG CHILDREN**, including the acquisition of age-  
24 appropriate language, mathematics, and early reading skills.

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

27           (3) To receive a grant under this section, an intermediate

1 district shall submit a plan to the department not later than  
2 ~~October 1, 2007~~ **OCTOBER 15, 2008** in the form and manner prescribed  
3 by the department. The plan shall do all of the following in a  
4 manner prescribed by the department:

5 (a) Provide a plan for the delivery of the program components  
6 described in subsection (2) that **TARGETS RESOURCES BASED ON FAMILY**  
7 **NEED AND** provides for educators trained in child development to  
8 help parents understand their role in their child's developmental  
9 process, thereby promoting school readiness and mitigating the need  
10 for special education services.

11 (b) Demonstrate an adequate collaboration of local entities  
12 involved in providing programs and services for preschool children  
13 and their parents **AND, WHERE THERE IS A GREAT START COLLABORATIVE,**  
14 **DEMONSTRATE THAT THE PLANNED SERVICES ARE PART OF THE COMMUNITY'S**  
15 **GREAT START STRATEGIC PLAN.**

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

24 (4) Each intermediate district receiving a grant under this  
25 section shall agree to include a data collection system approved by  
26 the department. The data collection system shall provide a report  
27 by October 15 of each year on the number of children in families

1 with income below 200% of the federal poverty level that received  
2 services under this program and the total number of children who  
3 received services under this program.

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

6 (a) The superintendent shall approve or disapprove the plans  
7 and notify the intermediate district of that decision not later  
8 than November 15, ~~2007~~ **2008**. The amount allocated to each  
9 intermediate district shall be at least an amount equal to 100% of  
10 the intermediate district's ~~2006-2007~~ **2007-2008** payment under this  
11 section.

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

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

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

1 year after the fiscal year in which the funds are received.

2           Sec. 321. (1) From the general fund money appropriated in  
3 section 11, there is allocated for ~~2007-2008~~ **2008-2009** an amount  
4 not to exceed ~~\$12,650,000.00~~ **\$14,650,000.00** for competitive ~~school~~  
5 **GREAT START** readiness program grants for the purposes of preparing  
6 children for success in school, ~~including~~ **THROUGH COMPREHENSIVE**  
7 **PART-DAY OR FULL-DAY PROGRAMS THAT INCLUDE** language, early  
8 literacy, ~~and~~ early mathematics, **NUTRITIONAL SERVICES, AND HEALTH**  
9 **AND DEVELOPMENTAL SCREENING, AS DESCRIBED IN THE EARLY CHILDHOOD**  
10 **STANDARDS OF QUALITY FOR PREKINDERGARTEN FOR PARTICIPATING**  
11 **CHILDREN; A PLAN FOR PARENT AND LEGAL GUARDIAN INVOLVEMENT; AND**  
12 **PROVISION OF REFERRAL SERVICES FOR FAMILIES ELIGIBLE FOR COMMUNITY**  
13 **SOCIAL SERVICES.** These grants shall be made available through a  
14 competitive application process as follows:

15           (a) Any public or private nonprofit legal entity or agency may  
16 apply for a grant under this section. However, a district or  
17 intermediate district may not apply for a grant under this section  
18 unless the district or intermediate district is acting as a ~~fiscal~~  
19 ~~agent for a child caring organization regulated under 1973 PA 116,~~  
20 ~~MCL 722.111 to 722.128~~ **LOCAL GRANTEE FOR THE FEDERAL HEAD START**  
21 **PROGRAM, OPERATING UNDER 42 USC 9831 TO 9852.**

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

24           (c) The department shall establish a diverse interagency  
25 committee to review the applications. The committee shall be  
26 composed of representatives of the department, appropriate  
27 community, volunteer, and social service agencies and

1 organizations, and parents.

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

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

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

8 (iii) Employment of teachers possessing proper training,  
9 including a valid Michigan teaching certificate with an early  
10 childhood (ZA) endorsement **OR THE EQUIVALENT FROM ANOTHER STATE**, a  
11 ~~valid Michigan teaching certificate with a child development~~  
12 ~~associate credential (CDA)~~, or a bachelor's degree in child  
13 development with a specialization in preschool teaching. ~~However,~~  
14 ~~both of the following apply to this subparagraph:~~

15 ~~—— (A) If an applicant demonstrates to the department that it is~~  
16 ~~unable to fully comply with this subparagraph after making~~  
17 ~~reasonable efforts to comply, **ALL NEW APPLICANTS MUST COMPLY WITH**~~  
18 **THE TEACHER REQUIREMENTS AS INDICATED. WHERE A CONTINUING**  
19 **APPLICANT'S TEACHERS DO NOT MEET THE QUALIFICATIONS AS INDICATED,**  
20 the superintendent may still give priority to the applicant if the  
21 applicant will employ teachers who have significant but incomplete  
22 training in early childhood education or child development if the  
23 applicant provides to the department, and the department approves,  
24 a plan for each teacher to come into compliance with the standards  
25 in this subparagraph. A teacher's compliance plan must be completed  
26 within 4 years of the date of employment. Progress toward  
27 completion of the compliance plan shall consist of at least 2

1 courses per calendar year.

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

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

23 (v) Evidence of collaboration with the community of child  
24 development programs, including, but not limited to, Michigan  
25 ~~school~~ **GREAT START** readiness **PROGRAM** and head start providers,  
26 including documentation of the total number of children in the  
27 community who would meet the criteria established in subparagraph

1 (vii), and who are being served by other providers, and the number  
2 of children who will remain unserved by other community early  
3 childhood programs if this program is funded.

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

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

12 (viii) The program offers **OR CONTRACTS WITH OTHER NON-PROFIT**  
13 **EARLY CHILDHOOD PROGRAMS TO PROVIDE** supplementary day care and  
14 thereby offers full-day programs as part of its early childhood  
15 development program.

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

23 (e) An application shall demonstrate that the program has  
24 established or has joined a multidistrict, multiagency school  
25 readiness advisory committee that is involved in the planning and  
26 evaluation of the program and that provides for the involvement of  
27 parents and appropriate community, volunteer, and social service

1 agencies and organizations. The advisory committee shall include at  
2 least 1 parent or guardian of a program participant for every 18  
3 children enrolled in the program, with a minimum of 2 parent or  
4 guardian representatives. The advisory committee shall do all of  
5 the following:

6 (i) Review the mechanisms and criteria used to determine  
7 referrals for participation in the ~~school~~ **GREAT START** readiness  
8 program.

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

10 (iii) Review the nutritional services provided to all  
11 participants.

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

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

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

19 ~~(vii) Review the agency's participation in a collaborative~~  
20 ~~recruitment and enrollment process with, at a minimum, all other~~  
21 ~~funded preschool programs that may serve children in the same~~  
22 ~~geographic area, including school district part day programs~~  
23 ~~described under section 32d and head start programs, to assure that~~  
24 ~~each child is enrolled in the program most appropriate to his or~~  
25 ~~her needs and to maximize the use of federal, state, and local~~  
26 ~~funds. The collaborative recruitment and enrollment process should~~  
27 ~~be established to reflect the geographic service areas of the~~

1 ~~collaborative partners.~~

2           (2) TO BE ELIGIBLE FOR A GRANT UNDER THIS SECTION, THE AGENCY  
3 MUST DEMONSTRATE PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND  
4 ENROLLMENT PROCESS WITH ALL OTHER FUNDED PRESCHOOL PROGRAMS SERVING  
5 CHILDREN IN THE SAME GEOGRAPHIC AREA TO ASSURE THAT EACH CHILD IS  
6 ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS.

7           ~~(2)~~ (3) To be eligible for a grant under this section, a  
8 program shall demonstrate that more than 50% of the children  
9 participating in the program live with families with a household  
10 income that is less than or equal to ~~250%~~ 300% of the federal  
11 poverty level.

12           ~~(3)~~ (4) The superintendent may award grants under this section  
13 at whatever level the superintendent determines appropriate.  
14 However, the amount of a grant under this section, when combined  
15 with other sources of state revenue for this program, shall not  
16 exceed \$3,400.00 per participating child or the cost of the  
17 program, whichever is less.

18           ~~(4)~~ (5) For a grant recipient that enrolls pupils in a full-  
19 day program funded under this section, each child enrolled in the  
20 full-day program shall be counted as 2 children served by the  
21 program for purposes of determining the number of children to be  
22 served and for determining the amount of the grant award. A grant  
23 award shall not be increased solely on the basis of providing a  
24 full-day program. As used in this subsection, "full-day program"  
25 means a program that operates for at least the same length of day  
26 as a district's first grade program for a minimum of 4 days per  
27 week, 30 weeks per year. A classroom that offers a full-day program

1 must enroll all children for the full day to be considered a full-  
2 day program.

3 ~~(5)~~ (6) Except as otherwise provided in this subsection, an  
4 applicant that received a new grant under this section for ~~2006-~~  
5 ~~2007~~ **2007-2008** shall also receive priority for funding under this  
6 section for ~~2007-2008~~ and 2008-2009 **AND 2009-2010**. However, after 3  
7 fiscal years of continuous funding, an applicant is required to  
8 compete openly with new programs and other programs completing  
9 their third year. All grant awards under this section are  
10 contingent on the availability of funds and documented evidence of  
11 grantee compliance with early childhood standards of quality for  
12 prekindergarten, as approved by the state board, and with all  
13 operational, fiscal, administrative, and other program  
14 requirements.

15 ~~(6)~~ (7) Notwithstanding section 17b, payments to eligible  
16 entities under this section shall be paid on a schedule and in a  
17 manner determined by the department.

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

21 (2) The district shall submit a preapplication, in a manner  
22 and on forms prescribed by the department, by a date specified by  
23 the department in the immediately preceding state fiscal year. The  
24 preapplication shall include a comprehensive needs assessment and  
25 community collaboration plan that includes, but is not limited to,  
26 ~~Michigan school~~ **GREAT START** readiness **PROGRAM** and head start  
27 providers, and shall identify all of the following:

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

4 (b) The estimated number of children in the community who meet  
5 the criteria of section 32d and are being served by other early  
6 childhood development programs operating in the community, and how  
7 that calculation was made.

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

11 (d) The estimated number of children who meet the criteria of  
12 section 32d who will remain unserved after the district and  
13 community early childhood programs have met their funded  
14 enrollments. The school district shall maintain a waiting list of  
15 identified unserved eligible children who would be served when  
16 openings are available.

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

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

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

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

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

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

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

26           (ii) Paraprofessionals possessing proper training in early  
27 childhood development, including an associate's degree in early

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

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

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

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

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

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

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

15 (iv) Review the nutritional services provided to program  
16 participants.

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

19 ~~(vi) Review the collaboration with and the involvement of~~  
20 ~~appropriate community, volunteer, and social service agencies and~~  
21 ~~organizations in addressing all aspects of educational~~  
22 ~~disadvantage. The district must participate in a collaborative~~  
23 ~~recruitment and enrollment process with, at a minimum, all other~~  
24 ~~funded preschool programs that may serve children in the same~~  
25 ~~geographic area, including the competitive programs described under~~  
26 ~~section 321 and head start programs, to assure that each child is~~  
27 ~~enrolled in the program most appropriate to his or her needs and to~~

1 ~~maximize the use of federal, state, and local funds. The~~  
2 ~~collaborative recruitment and enrollment process should be~~  
3 ~~established to reflect the geographic service areas of the~~  
4 ~~collaborative partners.~~

5 ~~(vii)~~ (VI) Review, evaluate, and make recommendations to a  
6 local school readiness program or programs for changes to the  
7 ~~school~~ **GREAT START** readiness program.

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

15 (g) More than 50% of the children participating in the program  
16 live with families with a household income that is equal to or less  
17 than ~~250%~~ 300% of the federal poverty level.

18 **(H) THE DISTRICT MUST DEMONSTRATE PARTICIPATION IN A**  
19 **COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH ALL OTHER**  
20 **FUNDED PRESCHOOL PROGRAMS SERVING CHILDREN IN THE SAME GEOGRAPHIC**  
21 **AREA TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST**  
22 **APPROPRIATE TO HIS OR HER NEEDS.**

23 (4) A consortium of 2 or more districts shall be eligible for  
24 an allocation under section 32d if the districts designate a single  
25 fiscal agent for the allocation. A district or intermediate  
26 district may administer a consortium described in this subsection.  
27 A consortium shall submit a single preapplication and application

1 for the children to be served, regardless of the number of  
2 districts participating in the consortium.

3 (5) With the final application, an applicant district shall  
4 submit to the department a resolution adopted by its board  
5 certifying the number of 4-year-old children who show evidence of  
6 risk factors as described in section 32d who live with families  
7 with a household income that is less than or equal to ~~250%~~ **300%** of  
8 the federal poverty level.

9 Sec. 38. The ~~maximum~~ number of prekindergarten children  
10 construed to be in need of special readiness assistance under  
11 section 32d shall be calculated for each district in the following  
12 manner: one-half of the percentage of the district's pupils in  
13 grades 1-5 who are eligible for free lunch, as determined by the  
14 district's October count in the school year 2 years before the  
15 fiscal year for which the calculation is made under the Richard B.  
16 Russell national school lunch act, chapter 281, 60 Stat. 230, 42  
17 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769,  
18 1769b to 1769c, and 1769f to 1769h, as reported to the department  
19 not later than December 31 of the fiscal year 2 years before the  
20 fiscal year for which the calculation is made, shall be multiplied  
21 by the average kindergarten enrollment of the district on the pupil  
22 membership count day of the 2 immediately preceding years.

23 Sec. 39. (1) ~~The tentative~~ **BEGINNING IN 2008-2009, THE INITIAL**  
24 allocation for each fiscal year to each eligible district under  
25 section 32d shall be determined by multiplying the number of  
26 children determined in section 38 or the number of children the  
27 district indicates it will be able to serve under section 37(2)(c),

1 whichever is less, by \$3,400.00 and shall be distributed among  
2 districts in decreasing order of concentration of eligible children  
3 as determined by section 38 ~~until the money allocated in section~~  
4 ~~32d is distributed~~. If the number of children a district indicates  
5 it will be able to serve under section 37(2)(c) includes children  
6 able to be served in a full-day program, then the number able to be  
7 served in a full-day program shall be doubled for the purposes of  
8 making this calculation of the lesser of the number of children  
9 determined in section 38 and the number of children the district  
10 indicates it will be able to serve under section 37(2)(c) and  
11 determining the amount of the ~~tentative~~ **INITIAL** allocation to the  
12 district under section 32d.

13       (2) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE  
14 INITIAL ALLOCATION IN SUBSECTION (1), THE ALLOCATION UNDER THIS  
15 SUBSECTION SHALL BE DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER  
16 SECTION 32D IN DECREASING ORDER OF CONCENTRATION OF ELIGIBLE  
17 CHILDREN AS DETERMINED BY SECTION 38. THE ALLOCATION SHALL BE  
18 DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN EACH ELIGIBLE  
19 DISTRICT SERVED IN THE IMMEDIATELY PRECEDING FISCAL YEAR OR THE  
20 NUMBER OF CHILDREN THE DISTRICT INDICATES IT WILL BE ABLE TO SERVE  
21 UNDER SECTION 37(2)(C), WHICHEVER IS LESS, MINUS THE NUMBER OF  
22 CHILDREN FOR WHICH THE DISTRICT RECEIVED FUNDING IN SUBSECTION (1)  
23 BY \$3,400.00.

24       (3) IF FUNDS APPROPRIATED IN SECTION 32D REMAIN AFTER THE  
25 ALLOCATIONS IN SUBSECTIONS (1) AND (2), REMAINING FUNDS SHALL BE  
26 DISTRIBUTED TO EACH ELIGIBLE DISTRICT UNDER SECTION 32D IN  
27 DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN AS

1 DETERMINED BY SECTION 38. IF THE NUMBER OF CHILDREN THE DISTRICT  
2 INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) EXCEEDS  
3 THE NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER  
4 SUBSECTIONS (1) AND (2), THE ALLOCATION UNDER THIS SUBSECTION SHALL  
5 BE DETERMINED BY MULTIPLYING THE NUMBER OF CHILDREN THE DISTRICT  
6 INDICATES IT WILL BE ABLE TO SERVE UNDER SECTION 37(2)(C) LESS THE  
7 NUMBER OF CHILDREN FOR WHICH FUNDS HAVE BEEN RECEIVED UNDER  
8 SUBSECTIONS (1) AND (2) BY \$3,400.00 UNTIL THE FUNDS ALLOCATED IN  
9 SECTION 32D ARE DISTRIBUTED.

10 (4) IF A DISTRICT IS PARTICIPATING IN A PROGRAM UNDER SECTION  
11 32D FOR THE FIRST YEAR, THE MAXIMUM ALLOCATION UNDER THIS SECTION  
12 IS 32 MULTIPLIED BY \$3,400.00.

13 ~~(2)~~ (5) A district that received funds under this section in  
14 at least 1 of the 2 immediately preceding fiscal years shall  
15 receive priority in funding over other eligible districts. However,  
16 funding beyond 3 state fiscal years is contingent upon the  
17 availability of funds and documented evidence satisfactory to the  
18 department of compliance with all operational, fiscal,  
19 administrative, and other program requirements.

20 ~~(3)~~ (6) A district that offers supplementary day care funded  
21 by funds other than those received under this section and therefore  
22 offers full-day programs as part of its early childhood development  
23 program shall receive priority in the allocation of funds under  
24 this section over other eligible districts other than those  
25 districts funded under subsection (2).

26 ~~(4)~~ (7) For any district with 315 or more eligible pupils, the  
27 number of eligible pupils shall be 65% of the number calculated

1 under section 38. However, none of these districts may have less  
2 than 315 pupils for purposes of calculating the tentative  
3 allocation under section 32d.

4 ~~(5)~~ (8) If, taking into account the total amount to be  
5 allocated to the district as calculated under this section, a  
6 district determines that it is able to include additional eligible  
7 children in the ~~school~~ **GREAT START** readiness program without  
8 additional funds under this section, the district may include  
9 additional eligible children but shall not receive additional  
10 funding under this section for those children.

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

18 ~~(7)~~ (10) As used in this section, **"PART-DAY PROGRAM" MEANS A**  
19 **PROGRAM THAT OPERATES AT LEAST 4 DAYS PER WEEK, 30 WEEKS PER YEAR,**  
20 **WITH AT LEAST 300 HOURS OF TEACHER-CHILD CONTACT, AND A "full-day**  
21 **program"** means a program that operates for at least the same length  
22 of day as the district's first grade program for a minimum of 4  
23 days per week, 30 weeks per year. A classroom that offers a full-  
24 day program must enroll all children for the full day to be  
25 considered a full-day program.

26 Sec. 39a. (1) From the federal funds appropriated in section  
27 11, there is allocated for ~~2007-2008~~ **2008-2009** to districts,

1 intermediate districts, and other eligible entities all available  
2 federal funding, estimated at ~~\$669,660,100.00~~ **\$752,987,500.00**, for  
3 the federal programs under the no child left behind act of 2001,  
4 Public Law 107-110. These funds are allocated as follows:

5 (a) An amount estimated at ~~\$9,625,800.00~~ **\$8,033,600.00** to  
6 provide students with drug- and violence-prevention programs and to  
7 implement strategies to improve school safety, funded from DED-  
8 OESE, drug-free schools and communities funds.

9 (b) An amount estimated at ~~\$6,405,500.00~~ **\$7,461,800.00** for the  
10 purpose of improving teaching and learning through a more effective  
11 use of technology, funded from DED-OESE, educational technology  
12 state grant funds.

13 (c) An amount estimated at ~~\$106,249,200.00~~ **\$109,411,900.00** for  
14 the purpose of preparing, training, and recruiting high-quality  
15 teachers and class size reduction, funded from DED-OESE, improving  
16 teacher quality funds.

17 (d) An amount estimated at ~~\$9,854,300.00~~ **\$10,322,300.00** for  
18 programs to teach English to limited English proficient (LEP)  
19 children, funded from DED-OESE, language acquisition state grant  
20 funds.

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

24 (f) An amount estimated at ~~\$676,000.00~~ **\$898,300.00** for rural  
25 and low income schools, funded from DED-OESE, rural and low income  
26 school funds.

27 (g) An amount estimated at ~~\$3,115,900.00~~ **\$1,000.00** to help

1 schools develop and implement comprehensive school reform programs,  
2 funded from DED-OESE, title I and title X, comprehensive school  
3 reform funds.

4 (h) An amount estimated at ~~\$456,971,500.00~~ **\$517,479,800.00** to  
5 provide supplemental programs to enable educationally disadvantaged  
6 children to meet challenging academic standards, funded from DED-  
7 OESE, title I, disadvantaged children funds.

8 **(I) AN AMOUNT ESTIMATED AT \$17,586,100.00 TO HELP SUPPORT**  
9 **LOCAL SCHOOL IMPROVEMENT EFFORTS, FUNDED FROM DED-OESE, TITLE I,**  
10 **LOCAL SCHOOL IMPROVEMENT GRANTS.**

11 ~~(i)~~ **(J)** An amount estimated at ~~\$2,531,700.00~~ **\$2,152,700.00** for  
12 the purpose of providing unified family literacy programs, funded  
13 from DED-OESE, title I, even start funds.

14 ~~(j)~~ **(K)** An amount estimated at ~~\$8,186,200.00~~ **\$7,797,700.00** for  
15 the purpose of identifying and serving migrant children, funded  
16 from DED-OESE, title I, migrant education funds.

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

20 ~~(l)~~ **(M)** An amount estimated at \$2,849,000.00 for the purpose  
21 of implementing innovative strategies for improving student  
22 achievement, funded from DED-OESE, title VI, innovative strategies  
23 funds.

24 ~~(m)~~ **(N)** An amount estimated at ~~\$29,911,800.00~~ **\$35,710,100.00**  
25 for the purpose of providing high-quality extended learning  
26 opportunities, after school and during the summer, for children in  
27 low-performing schools, funded from DED-OESE, twenty-first century

1 community learning center funds. Of these funds, \$50,000.00 may be  
2 used to support the Michigan after-school partnership. All of the  
3 following apply to the Michigan after-school partnership:

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

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

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

1 (2) From the federal funds appropriated in section 11, there  
2 is allocated for ~~2007-2008~~ **2008-2009** to districts, intermediate  
3 districts, and other eligible entities all available federal  
4 funding, estimated at ~~\$32,411,000.00~~ **\$32,559,700.00**, for the  
5 following programs that are funded by federal grants:

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

9 (b) An amount estimated at ~~\$1,665,400.00~~ **\$1,814,100.00** to  
10 provide services to homeless children and youth, funded from DED-  
11 OVAE, homeless children and youth funds.

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

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

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

21 (3) To the extent allowed under federal law, the funds  
22 allocated under subsection (1)(h), (i), **(J)** and ~~(k)~~ **(L)** may be used  
23 for 1 or more reading improvement programs that meet at least 1 of  
24 the following:

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

1 for pupils.

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

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

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

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

24 (5) As used in this section:

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

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

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

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

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

7 Sec. 41. From the appropriation in section 11, there is  
8 allocated an amount not to exceed \$2,800,000.00 for ~~2007-2008~~ **2008-**  
9 **2009** to applicant districts and intermediate districts offering  
10 programs of instruction for pupils of limited English-speaking  
11 ability under section 1153 of the revised school code, MCL  
12 380.1153. Reimbursement shall be on a per pupil basis and shall be  
13 based on the number of pupils of limited English-speaking ability  
14 in membership on the pupil membership count day. Funds allocated  
15 under this section shall be used solely for instruction in  
16 speaking, reading, writing, or comprehension of English. A pupil  
17 shall not be counted under this section or instructed in a program  
18 under this section for more than 3 years.

19 Sec. 51a. (1) From the appropriation in section 11, there is  
20 allocated for 2007-2008 an amount not to exceed ~~\$1,006,483,000.00~~  
21 **\$990,483,000.00 AND FOR 2008-2009 AN AMOUNT NOT TO EXCEED**  
22 **\$1,026,283,000.00** from state sources and all available federal  
23 funding under sections 611 to 619 of part B of the individuals with  
24 disabilities education act, 20 USC 1411 to 1419, estimated at  
25 \$350,700,000.00 **EACH YEAR**, plus any carryover federal funds from  
26 previous year appropriations. The allocations under this subsection  
27 are for the purpose of reimbursing districts and intermediate

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

24 (2) From the funds allocated under subsection (1), there is  
25 allocated ~~for 2007-2008~~ the amount necessary, estimated at  
26 ~~\$215,900,000.00~~ **\$216,500,000.00 FOR 2007-2008 AND \$224,600,000.00**  
27 **FOR 2008-2009**, for payments toward reimbursing districts and

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

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

26 (b) After the allocations under subdivision (a), districts and  
27 intermediate districts for which the payments under subdivision (a)

1 do not fulfill the specified percentages shall be paid the amount  
2 necessary to achieve the specified percentages for the district or  
3 intermediate district.

4 (3) From the funds allocated under subsection (1), there is  
5 allocated for 2007-2008 **AND 2008-2009** the amount necessary,  
6 estimated at \$1,500,000.00 **EACH YEAR**, to make payments to districts  
7 and intermediate districts under this subsection. If the amount  
8 allocated to a district or intermediate district for a fiscal year  
9 under subsection (2)(b) is less than the sum of the amounts  
10 allocated to the district or intermediate district for 1996-97  
11 under sections 52 and 58, there is allocated to the district or  
12 intermediate district for the fiscal year an amount equal to that  
13 difference, adjusted by applying the same proration factor that was  
14 used in the distribution of funds under section 52 in 1996-97 as  
15 adjusted to the district's or intermediate district's necessary  
16 costs of special education used in calculations for the fiscal  
17 year. This adjustment is to reflect reductions in special education  
18 program operations or services between 1996-97 and subsequent  
19 fiscal years. Adjustments for reductions in special education  
20 program operations or services shall be made in a manner determined  
21 by the department and shall include adjustments for program or  
22 service shifts.

23 (4) If the department determines that the sum of the amounts  
24 allocated for a fiscal year to a district or intermediate district  
25 under subsection (2)(a) and (b) is not sufficient to fulfill the  
26 specified percentages in subsection (2), then the shortfall shall  
27 be paid to the district or intermediate district during the fiscal

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

15 (5) State funds shall be allocated on a total approved cost  
16 basis. Federal funds shall be allocated under applicable federal  
17 requirements, except that an amount not to exceed \$3,500,000.00 may  
18 be allocated by the department for 2007-2008 **AND 2008-2009** to  
19 districts, intermediate districts, or other eligible entities on a  
20 competitive grant basis for programs, equipment, and services that  
21 the department determines to be designed to benefit or improve  
22 special education on a statewide scale.

23 (6) From the amount allocated in subsection (1), there is  
24 allocated an amount not to exceed \$2,200,000.00 **EACH YEAR** for 2007-  
25 2008 **AND 2008-2009** to reimburse 100% of the net increase in  
26 necessary costs incurred by a district or intermediate district in  
27 implementing the revisions in the administrative rules for special

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

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

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

1 juvenile detention programs approved by the department to provide  
2 an on-grounds education program.

3 (b) Beginning with the 2004-2005 fiscal year, a district or  
4 intermediate district that employed special education support  
5 services staff to provide special education support services in  
6 2003-2004 or in a subsequent fiscal year and that in a fiscal year  
7 after 2003-2004 receives the same type of support services from  
8 another district or intermediate district shall report the cost of  
9 those support services for special education reimbursement purposes  
10 under this act. This subdivision does not prohibit the transfer of  
11 special education classroom teachers and special education  
12 classroom aides if the pupils counted in membership associated with  
13 those special education classroom teachers and special education  
14 classroom aides are transferred and counted in membership in the  
15 other district or intermediate district in conjunction with the  
16 transfer of those teachers and aides.

17 ~~(c) If the department determines before bookclosing for 2006-~~  
18 ~~2007 that the amounts allocated for 2006-2007 under subsections~~  
19 ~~(2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will~~  
20 ~~exceed expenditures for 2006-2007 under subsections (2), (3), (6),~~  
21 ~~(8), and (12) and sections 53a, 54, and 56, then for 2006-2007~~  
22 ~~only, for a district or intermediate district whose reimbursement~~  
23 ~~for 2006-2007 would otherwise be affected by subdivision (b),~~  
24 ~~subdivision (b) does not apply to the calculation of the~~  
25 ~~reimbursement for that district or intermediate district and~~  
26 ~~reimbursement for that district or intermediate district shall be~~  
27 ~~calculated in the same manner as it was for 2003-2004. If the~~

1 ~~amount of the excess allocations under subsections (2), (3), (6),~~  
2 ~~(8), and (12) and sections 53a, 54, and 56 is not sufficient to~~  
3 ~~fully fund the calculation of reimbursement to those districts and~~  
4 ~~intermediate districts under this subdivision, then the~~  
5 ~~calculations and resulting reimbursement under this subdivision~~  
6 ~~shall be prorated on an equal percentage basis.~~

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

19       ~~(e)~~ **(D)** Beginning with calculations for 2004-2005, if an  
20 intermediate district purchases a special education pupil  
21 transportation service from a constituent district that was  
22 previously purchased from a private entity; if the purchase from  
23 the constituent district is at a lower cost, adjusted for changes  
24 in fuel costs; and if the cost shift from the intermediate district  
25 to the constituent does not result in any net change in the revenue  
26 the constituent district receives from payments under sections 22b  
27 and 51c, then upon application by the intermediate district, the

1 department shall direct the intermediate district to continue to  
2 report the cost associated with the specific identified special  
3 education pupil transportation service and shall adjust the costs  
4 reported by the constituent district to remove the cost associated  
5 with that specific service.

6 (8) From the allocation in subsection (1), there is allocated  
7 for 2007-2008 **AND 2008-2009** an amount not to exceed \$15,313,900.00  
8 to intermediate districts. The payment under this subsection to  
9 each intermediate district shall be equal to the amount of the  
10 1996-97 allocation to the intermediate district under subsection  
11 (6) of this section as in effect for 1996-97.

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

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

23 (11) If a district or intermediate district uses money  
24 received under this section for a purpose other than the purpose or  
25 purposes for which the money is allocated, the department may  
26 require the district or intermediate district to refund the amount  
27 of money received. Money that is refunded shall be deposited in the

1 state treasury to the credit of the state school aid fund.

2 (12) From the funds allocated in subsection (1), there is  
3 allocated ~~for 2007-2008~~ the amount necessary, estimated at  
4 ~~\$6,600,000.00,~~ **\$7,600,000.00 FOR 2007-2008 AND \$7,100,000.00 FOR**  
5 **2008-2009,** to pay the foundation allowances for pupils described in  
6 this subsection. The allocation to a district under this subsection  
7 shall be calculated by multiplying the number of pupils described  
8 in this subsection who are counted in membership in the district  
9 times the sum of the foundation allowance under section 20 of the  
10 pupil's district of residence plus the amount of the district's per  
11 pupil allocation under section 20j(2), not to exceed the basic  
12 foundation allowance under section 20 for the current fiscal year,  
13 or, for a pupil described in this subsection who is counted in  
14 membership in a district that is a public school academy or  
15 university school, times an amount equal to the amount per  
16 membership pupil under section 20(6). The allocation to an  
17 intermediate district under this subsection shall be calculated in  
18 the same manner as for a district, using the foundation allowance  
19 under section 20 of the pupil's district of residence, not to  
20 exceed the basic foundation allowance under section 20 for the  
21 current fiscal year, and that district's per pupil allocation under  
22 section 20j(2). This subsection applies to all of the following  
23 pupils:

24 (a) Pupils described in section 53a.

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

1 facility.

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

5 (13) IF IT IS DETERMINED THAT FUNDS ALLOCATED UNDER  
6 SUBSECTIONS (2) AND (12) AND SECTION 51C WILL NOT BE EXPENDED,  
7 FUNDS UP TO THE AMOUNT NECESSARY AND AVAILABLE MAY BE USED TO  
8 SUPPLEMENT THE ALLOCATIONS UNDER SUBSECTIONS (2) AND (12) AND  
9 SECTION 51C IN ORDER TO FULLY FUND THOSE ALLOCATIONS. After  
10 payments under subsections (2) and (12) and section 51c, the  
11 remaining expenditures from the allocation in subsection (1) shall  
12 be made in the following order:

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

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

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

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

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

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

19 (14) The allocations under subsection (2), ~~subsection~~ (3), and  
20 ~~subsection~~ (12) shall be allocations to intermediate districts only  
21 and shall not be allocations to districts, but instead shall be  
22 calculations used only to determine the state payments under  
23 section 22b.

24 Sec. 51c. As required by the court in the consolidated cases  
25 known as Durant v State of Michigan, Michigan supreme court docket  
26 no. 104458-104492, from the allocation under section 51a(1), there  
27 is allocated for 2007-2008 the amount necessary, estimated at

1 ~~\$713,600,000.00~~ **\$696,000,000.00 AND FOR 2008-2009 THE AMOUNT**  
2 **NECESSARY, ESTIMATED AT \$724,200,000.00**, for payments to reimburse  
3 districts for 28.6138% of total approved costs of special education  
4 excluding costs reimbursed under section 53a, and 70.4165% of total  
5 approved costs of special education transportation. Funds allocated  
6 under this section that are not expended in the state fiscal year  
7 for which they were allocated, as determined by the department, may  
8 be used to supplement the allocations under sections 22a and 22b in  
9 order to fully fund those calculated allocations for the same  
10 fiscal year.

11       Sec. 51d. (1) From the federal funds appropriated in section  
12 11, there is allocated for ~~2007-2008~~ **2008-2009** all available  
13 federal funding, estimated at \$74,000,000.00, for special education  
14 programs that are funded by federal grants. All federal funds  
15 allocated under this section shall be distributed in accordance  
16 with federal law. Notwithstanding section 17b, payments of federal  
17 funds to districts, intermediate districts, and other eligible  
18 entities under this section shall be paid on a schedule determined  
19 by the department.

20       (2) From the federal funds allocated under subsection (1), the  
21 following amounts are allocated for ~~2007-2008~~ **2008-2009**:

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

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

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

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

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

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

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

27 (b) Pupils who are residents of institutions operated by the

1 department of community health.

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

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

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

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

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

20 (5) Not more than \$12,800,000.00 of the allocation for ~~2007-~~  
21 ~~2008~~ **2008-2009** in section 51a(1) shall be allocated under this  
22 section.

23 Sec. 54. Each intermediate district shall receive an amount  
24 per pupil for each pupil in attendance at the Michigan schools for  
25 the deaf and blind. The amount shall be proportionate to the total  
26 instructional cost at each school. Not more than \$1,688,000.00 of  
27 the allocation for ~~2007-2008~~ **2008-2009** in section 51a(1) shall be

1 allocated under this section.

2       Sec. 54a. (1) From the state school aid fund money  
3 appropriated in section 11, there is allocated an amount not to  
4 exceed ~~\$250,000.00~~ **\$100,000.00** for ~~2007-2008~~ **2008-2009** to the  
5 lending library located at central Michigan university from which  
6 districts and intermediate districts can borrow assessment  
7 materials designed specifically for children with severe loss of  
8 vision or hearing, severe cognitive or motor disabilities, or  
9 multiple disabilities and for children who require the most  
10 specialized types of psychological and educational assessment. ~~It~~  
11 ~~is the intent of the legislature to allocate an amount not to~~  
12 ~~exceed \$100,000.00 for subsequent fiscal years for this purpose.~~

13       (2) The lending library shall make test assessment materials  
14 available through borrowing to districts and intermediate  
15 districts. The lending library shall also provide information about  
16 the lending library at meetings and conferences for school  
17 personnel and shall develop a website to describe the services  
18 offered by the lending library. The lending library also shall mail  
19 information about the services offered by the lending library to  
20 all districts and intermediate districts.

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

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

26       (b) "Millage levied" means the millage levied for special  
27 education pursuant to part 30 of the revised school code, MCL

1 380.1711 to 380.1743, including a levy for debt service  
2 obligations.

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

9 (2) From the allocation under section 51a(1), there is  
10 allocated an amount not to exceed \$36,881,100.00 for 2007-2008 **AND**  
11 **2008-2009** to reimburse intermediate districts levying millages for  
12 special education pursuant to part 30 of the revised school code,  
13 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the  
14 reimbursement shall be limited as if the funds were generated by  
15 these millages and governed by the intermediate district plan  
16 adopted pursuant to article 3 of the revised school code, MCL  
17 380.1701 to 380.1766. As a condition of receiving funds under this  
18 section, an intermediate district distributing any portion of  
19 special education millage funds to its constituent districts shall  
20 submit for departmental approval and implement a distribution plan.

21 (3) Reimbursement for those millages levied in 2006-2007 shall  
22 be made in 2007-2008 at an amount per 2006-2007 membership pupil  
23 computed by subtracting from ~~\$161,400.00~~ **\$161,800.00** the 2006-2007  
24 taxable value behind each membership pupil and multiplying the  
25 resulting difference by the 2006-2007 millage levied. **REIMBURSEMENT**  
26 **FOR THOSE MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009**  
27 **AT AN AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING**

1 FROM \$172,500.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP  
2 PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2007-2008  
3 MILLAGE LEVIED.

4 Sec. 57. (1) From the appropriation in section 11, there is  
5 allocated an amount not to exceed ~~\$285,000.00~~ \$1,000,000.00 for  
6 ~~2007-2008~~ 2008-2009 for grants to intermediate districts for  
7 advanced and accelerated students.

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

13 (3) Except as otherwise provided in this subsection, the  
14 amount of a single grant award under this section shall not exceed  
15 ~~\$5,000.00~~ \$17,500.00. Intermediate districts may form a consortium,  
16 and that consortium may receive a maximum grant amount of ~~\$5,000.00~~  
17 \$17,500.00 for each participant intermediate district. Each  
18 intermediate district or consortium must apply for grant funding by  
19 April 1, ~~2008~~ 2009 and demonstrate compliance with subsection (2).

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

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

27 Sec. 61a. (1) From the appropriation in section 11, there is

1 allocated an amount not to exceed \$30,000,000.00 for ~~2007-2008~~  
2 **2008-2009** to reimburse on an added cost basis districts, except for  
3 a district that served as the fiscal agent for a vocational  
4 education consortium in the 1993-94 school year, and secondary area  
5 vocational-technical education centers for secondary-level  
6 vocational-technical education programs, including parenthood  
7 education programs, according to rules approved by the  
8 superintendent. Applications for participation in the programs  
9 shall be submitted in the form prescribed by the department. The  
10 department shall determine the added cost for each vocational-  
11 technical program area. The allocation of added cost funds shall be  
12 based on the type of vocational-technical programs provided, the  
13 number of pupils enrolled, and the length of the training period  
14 provided, and shall not exceed 75% of the added cost of any  
15 program. With the approval of the department, the board of a  
16 district maintaining a secondary vocational-technical education  
17 program may offer the program for the period from the close of the  
18 school year until September 1. The program shall use existing  
19 facilities and shall be operated as prescribed by rules promulgated  
20 by the superintendent.

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

1 superintendent. Not more than \$800,000.00 of the allocation in  
2 subsection (1) shall be distributed under this subsection.

3 (3) From the allocation in subsection (1), there is allocated  
4 an amount not to exceed \$388,700.00 for ~~2007-2008~~ **2008-2009** to  
5 intermediate districts with constituent districts that had combined  
6 state and local revenue per membership pupil in the 1994-95 state  
7 fiscal year of \$6,500.00 or more, served as a fiscal agent for a  
8 state board designated area vocational education center in the  
9 1993-94 school year, and had an adjustment made to their 1994-95  
10 combined state and local revenue per membership pupil pursuant to  
11 section 20d. The payment under this subsection to the intermediate  
12 district shall equal the amount of the allocation to the  
13 intermediate district for 1996-97 under this subsection.

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

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

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

26 (c) "Taxable value" means the total taxable value of the  
27 districts constituent to an intermediate district or area

1 vocational-technical education program, except that if a district  
2 has elected not to come under sections 681 to 690 of the revised  
3 school code, MCL 380.681 to 380.690, the membership and taxable  
4 value of that district shall not be included in the membership and  
5 taxable value of the intermediate district. However, the membership  
6 and taxable value of a district that has elected not to come under  
7 sections 681 to 690 of the revised school code, MCL 380.681 to  
8 380.690, shall be included in the membership and taxable value of  
9 the intermediate district if the district meets both of the  
10 following:

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

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

19 (2) From the appropriation in section 11, there is allocated  
20 an amount not to exceed \$9,000,000.00 for 2007-2008 **AND 2008-2009**  
21 to reimburse intermediate districts and area vocational-technical  
22 education programs established under section 690(3) of the revised  
23 school code, MCL 380.690, levying millages for area vocational-  
24 technical education pursuant to sections 681 to 690 of the revised  
25 school code, MCL 380.681 to 380.690. The purpose, use, and  
26 expenditure of the reimbursement shall be limited as if the funds  
27 were generated by those millages.

1           (3) Reimbursement for the millages levied in 2006-2007 shall  
2 be made in 2007-2008 at an amount per 2006-2007 membership pupil  
3 computed by subtracting from ~~\$171,200.00~~ **\$171,300.00** the 2006-2007  
4 taxable value behind each membership pupil and multiplying the  
5 resulting difference by the 2006-2007 millage levied. **REIMBURSEMENT**  
6 **FOR THE MILLAGES LEVIED IN 2007-2008 SHALL BE MADE IN 2008-2009 AT**  
7 **AN AMOUNT PER 2007-2008 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING**  
8 **FROM \$181,500.00 THE 2007-2008 TAXABLE VALUE BEHIND EACH MEMBERSHIP**  
9 **PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2007-2008**  
10 **MILLAGE LEVIED.**

11           Sec. 64. (1) From the appropriation in section 11, there is  
12 allocated an amount not to exceed \$2,000,000.00 for ~~2007-2008~~ **2008-**  
13 **2009** for grants to intermediate districts or a district of the  
14 first class that are in consortium with a community college or  
15 state public university and a hospital to create and implement a  
16 middle college focused on the field of health sciences.

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

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

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

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

27           (d) Clinical rotations that provide opportunities for pupils

1 to observe careers in the health sciences.

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

7 ~~(4) A district or intermediate district that received a grant~~  
8 ~~under this section in 2006-2007 shall receive 100% of that amount~~  
9 ~~in 2007-2008, 50% of the 2007-2008 amount in 2008-2009, and 50% of~~  
10 ~~the 2008-2009 amount in 2009-2010. BEGINNING IN 2006-2007, A~~  
11 **DISTRICT OR INTERMEDIATE DISTRICT MAY RECEIVE A GRANT UNDER THIS**  
12 **SECTION FOR UP TO FOUR CONSECUTIVE YEARS. THE GRANT SHALL BE 100%**  
13 **OF THE AWARD DETERMINED BY THE DEPARTMENT IN THE FIRST TWO YEARS OF**  
14 **THE GRANT PERIOD AND SHALL BE REDUCED BY 50% OF THE PREVIOUS YEAR'S**  
15 **GRANT FOR EACH OF THE REMAINING TWO YEARS OF THE GRANT PERIOD.**

16 Sec. 65. (1) From the amount appropriated in section 11, there  
17 is allocated an amount not to exceed \$680,100.00 for ~~2007-2008~~  
18 **2008-2009** for grants to districts or intermediate districts, as  
19 determined by the department, for eligible precollege programs in  
20 engineering and the sciences.

21 (2) From the funds allocated under subsection (1), the  
22 department shall award \$680,100.00 for ~~2007-2008~~ **2008-2009** to the 2  
23 eligible existing programs that received funds appropriated for  
24 these purposes in the appropriations act containing the department  
25 of labor and economic growth budget for 2005-2006.

26 (3) The department shall submit a report to the appropriations  
27 subcommittees responsible for this act, **THE STATE BUDGET DIRECTOR**

1 and to the house and senate fiscal agencies by February 1, ~~2008~~  
2 ~~2009~~ regarding dropout rates, grade point averages, enrollment in  
3 science, engineering, and math-based curricula, and employment in  
4 science, engineering, and mathematics-based fields for pupils who  
5 were enrolled in the programs awarded funds under this section or  
6 under preceding legislation. The report shall continue to evaluate  
7 the effectiveness of the precollege programs in engineering and  
8 sciences funded under this section.

9 (4) Notwithstanding section 17b, payments under this section  
10 ~~may be made pursuant to an agreement with~~ **SHALL BE PAID ON A**  
11 **SCHEDULE AND IN A MANNER DETERMINED BY** the department.

12 Sec. 74. (1) From the amount appropriated in section 11, there  
13 is allocated an amount not to exceed ~~\$3,025,800.00~~ **\$3,028,500.00**  
14 for ~~2007-2008~~ **2008-2009** for the purposes of this section.

15 (2) From the allocation in subsection (1), there is allocated  
16 for ~~2007-2008~~ **2008-2009** the amount necessary for payments to state  
17 supported colleges or universities and intermediate districts  
18 providing school bus driver safety instruction or driver skills  
19 road tests pursuant to sections 51 and 52 of the pupil  
20 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The  
21 payments shall be in an amount determined by the department not to  
22 exceed 75% of the actual cost of instruction and driver  
23 compensation for each public or nonpublic school bus driver  
24 attending a course of instruction. For the purpose of computing  
25 compensation, the hourly rate allowed each school bus driver shall  
26 not exceed the hourly rate received for driving a school bus.  
27 Reimbursement compensating the driver during the course of

1 instruction or driver skills road tests shall be made by the  
2 department to the college or university or intermediate district  
3 providing the course of instruction.

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

11 (4) From the funds allocated in subsection (1), there is  
12 allocated an amount not to exceed ~~\$1,400,800.00~~ **\$1,403,500.00** for  
13 ~~2007-2008~~ **2008-2009** for reimbursement to districts and intermediate  
14 districts for costs associated with the inspection of school buses  
15 and pupil transportation vehicles by the department of state police  
16 as required under section 715a of the Michigan vehicle code, 1949  
17 PA 300, MCL 257.715a, and section 39 of the pupil transportation  
18 act, 1990 PA 187, MCL 257.1839. The department of state police  
19 shall prepare a statement of costs attributable to each district  
20 for which bus inspections are provided and submit it to the  
21 department and to each affected district in a time and manner  
22 determined jointly by the department and the department of state  
23 police. The department shall reimburse each district and  
24 intermediate district for costs detailed on the statement within 30  
25 days after receipt of the statement. Districts for which services  
26 are provided shall make payment in the amount specified on the  
27 statement to the department of state police within 45 days after

1 receipt of the statement. The total reimbursement of costs under  
 2 this subsection shall not exceed the amount allocated under this  
 3 subsection. Notwithstanding section 17b, payments to eligible  
 4 entities under this subsection shall be paid on a schedule  
 5 prescribed by the department.

6       Sec. 81. (1) Except as otherwise provided in this section,  
 7 from the appropriation in section 11, there is allocated for ~~2007-~~  
 8 ~~2008~~ 2008-2009 to the intermediate districts the sum necessary, but  
 9 not to exceed ~~\$80,912,000.00~~ \$83,812,000.00, to provide state aid  
 10 to intermediate districts under this section. Except as otherwise  
 11 provided in this section, there shall be allocated to each  
 12 intermediate district for ~~2007-2008~~ 2008-2009 an amount equal to  
 13 ~~101.0%~~ 101.2% of the amount appropriated under this subsection for  
 14 ~~2006-2007~~ 2007-2008. Funding provided under this section shall be  
 15 used to comply with requirements of this act and the revised school  
 16 code that are applicable to intermediate districts, and for which  
 17 funding is not provided elsewhere in this act, and to provide  
 18 technical assistance to districts as authorized by the intermediate  
 19 school board.

20       (2) ~~Intermediate~~ **FROM THE FUNDS ALLOCATED UNDER SUBSECTION**  
 21 **(1), THERE IS ALLOCATED \$1,929,000.00 TO INTERMEDIATE** districts  
 22 receiving funds under this section ~~shall~~ **TO** collaborate with the  
 23 department to ~~develop expanded professional development~~  
 24 ~~opportunities for teachers to update and expand their knowledge and~~  
 25 ~~skills needed to support~~ **STRENGTHEN CURRICULUM AND INSTRUCTION**  
 26 **RELATED TO** the Michigan merit curriculum **IN HIGH SCHOOLS NOT**  
 27 **ACHIEVING ADEQUATE YEARLY PROGRESS. ALLOCATION OF THESE FUNDS TO**

1 **SPECIFIC INTERMEDIATE DISTRICTS OR CONSORTIA OF INTERMEDIATE**  
2 **DISTRICTS SHALL BE MADE IN A MANNER DETERMINED BY THE DEPARTMENT.**

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

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

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

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

27 (b) Demonstrate to the satisfaction of the department that the

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

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

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

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

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

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

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

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

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

25 (d) Develop state and model local data collection policies,  
26 including, but not limited to, policies that ensure the privacy of  
27 individual student data. State privacy policies shall ensure that

1 student social security numbers are not released to the public for  
2 any purpose.

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

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

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

11 **(H) COORDINATE THE ELECTRONIC EXCHANGE OF STUDENT RECORDS**  
12 **USING A UNIQUE IDENTIFICATION NUMBERING SYSTEM AMONG ENTITIES**  
13 **RECEIVING FUNDS UNDER THIS ACT AND POSTSECONDARY INSTITUTIONS FOR**  
14 **STUDENTS PARTICIPATING IN PUBLIC EDUCATION PROGRAMS FROM PRESCHOOL**  
15 **THROUGH POSTSECONDARY EDUCATION.**

16 ~~(h)~~ (I) Other functions as assigned by the state budget  
17 director.

18 (2) Each state department, officer, or agency that collects  
19 information from districts or intermediate districts as required  
20 under state or federal law shall make arrangements with the center,  
21 and with the districts or intermediate districts, to have the  
22 center collect the information and to provide it to the department,  
23 officer, or agency as necessary. To the extent that it does not  
24 cause financial hardship, the center shall arrange to collect the  
25 information in a manner that allows electronic submission of the  
26 information to the center. Each affected state department, officer,  
27 or agency shall provide the center with any details necessary for

1 the center to collect information as provided under this  
2 subsection. This subsection does not apply to information collected  
3 by the department of treasury under the uniform budgeting and  
4 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised  
5 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the  
6 school bond qualification, approval, and loan act, 2005 PA 92, MCL  
7 388.1921 to 388.1939; or section 1351a of the revised school code,  
8 MCL 380.1351a.

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

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

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

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

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

16 (e) One representative each from the department of labor and  
17 economic growth and the department of treasury.

18 (f) Three representatives from intermediate school districts.

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

21 (i) Michigan association of school boards.

22 (ii) Michigan association of school administrators.

23 (iii) Michigan school business officials.

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

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

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

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

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

10           (c) Recommending timelines for the implementation and ongoing  
11 collection of data.

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

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

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

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

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

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

27           (6) From the general fund appropriation in section 11, there

1 is allocated an amount not to exceed ~~\$2,435,400.00~~ **\$6,755,400.00**  
2 for ~~2007-2008~~ **2008-2009** to the department of management and budget  
3 to support the operations of the center and the development and  
4 implementation of a comprehensive **LONGITUDINAL** data **COLLECTION**,  
5 management and ~~student tracking~~ **REPORTING** system **THAT INCLUDES**  
6 **STUDENT-LEVEL DATA**. The center shall cooperate with the state  
7 education agency to ensure that this state is in compliance with  
8 federal law and is maximizing opportunities for increased federal  
9 funding to improve education in this state. In addition, from the  
10 federal funds appropriated in section 11 for ~~2007-2008~~ **2008-2009**,  
11 there is allocated the amount necessary, estimated at ~~\$3,543,200.00~~  
12 **\$2,793,200.00**, in order to fulfill federal reporting requirements.

13 (7) ~~From the allocation under subsection (6), there is~~  
14 ~~allocated for 2007-2008 an amount to support the development and~~  
15 ~~implementation of a comprehensive longitudinal educational data~~  
16 ~~management and student tracking system. In addition, from~~ **FROM** the  
17 federal funds allocated in subsection (6), there is allocated for  
18 ~~2007-2008~~ **2008-2009** an amount not to exceed ~~\$1,500,000.00~~  
19 **\$750,000.00** funded from the competitive grants of DED-OESE, title  
20 II, educational technology funds for the purposes of this  
21 subsection. Not later than November 30, ~~2007,~~ **2008**, the department  
22 shall award a single grant to an eligible partnership that includes  
23 an intermediate district with at least 1 high-need local school  
24 district and the center.

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

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

4 (10) The center may bill departments as necessary in order to  
5 fulfill reporting requirements of state and federal law. The center  
6 may also enter into agreements to supply custom data, analysis, and  
7 reporting to other principal executive departments, state agencies,  
8 local units of government, and other individuals and organizations.  
9 The center may receive and expend funds in addition to those  
10 authorized in subsection (6) to cover the costs associated with  
11 salaries, benefits, supplies, materials, and equipment necessary to  
12 provide such data, analysis, and reporting services.

13 (11) As used in this section:

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

16 (b) "High-need local school district" means a local  
17 educational agency as defined in the enhancing education through  
18 technology part of the no child left behind act of 2001, Public Law  
19 107-110.

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

21 Sec. 98. (1) From the state school aid fund money appropriated  
22 in section 11, there is allocated an amount not to exceed  
23 \$500,000.00 for ~~2007-2008~~ **2008-2009** and from the general fund money  
24 appropriated in section 11, there is allocated an amount not to  
25 exceed \$1,750,000.00 for ~~2007-2008~~ **2008-2009** to provide a grant to  
26 the Michigan virtual university for the development,  
27 implementation, and operation of the Michigan virtual high school;

1 to provide professional development opportunities for educators;  
2 and to fund other purposes described in this section. In addition,  
3 from the federal funds appropriated in section 11, there is  
4 allocated for ~~2007-2008~~ 2008-2009 an amount estimated at  
5 ~~\$3,250,000.00~~ \$2,700,000.00.

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

8 (a) Significantly expand curricular offerings for high schools  
9 across this state through agreements with districts or licenses  
10 from other recognized providers. The Michigan virtual high school  
11 shall explore options for providing rigorous civics curricula  
12 online.

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

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

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

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

25 **(F) MAINTAIN THE ACCREDITATION STATUS OF THE MICHIGAN VIRTUAL**  
26 **HIGH SCHOOL FROM RECOGNIZED NATIONAL AND INTERNATIONAL ACCREDITING**  
27 **ENTITIES.**

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

3 (a) Information technology courses.

4 (b) College level equivalent courses, as defined in section  
5 1471 of the revised school code, MCL 380.1471.

6 (c) Courses and dual enrollment opportunities.

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

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

10 (f) Special interest courses.

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

13 (4) From the federal funds allocated in subsection (1), there  
14 is allocated for ~~2007-2008~~ **2008-2009** an amount estimated at  
15 ~~\$2,250,000.00~~ **\$1,700,000.00** from DED-OESE, title II, improving  
16 teacher quality funds for a grant to the Michigan virtual  
17 university for the purpose of this subsection. The state education  
18 agency shall sign a memorandum of understanding with the Michigan  
19 virtual university regarding the DED-OESE, title II, improving  
20 teacher quality funds as provided under this subsection. The  
21 memorandum of understanding under this subsection shall require  
22 that the Michigan virtual university coordinate the following  
23 activities related to DED-OESE, title II, improving teacher quality  
24 funds in accordance with federal law:

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

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

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

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

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

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

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

26 (6) From the federal funds appropriated in subsection (1),  
27 there is allocated for ~~2007-2008~~ **2008-2009** 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 CAPACITY-BUILDING ACTIVITIES AND SHALL NOT**  
6 **BE USED TO SUPPLANT OTHER FUNDS.** Not later than November 30, ~~2007~~  
7 2008, from the funds allocated in this subsection, the department  
8 shall award a single grant of \$1,000,000.00 to a consortium or  
9 partnership established by the Michigan virtual university that  
10 meets the requirements of this subsection. To be eligible for this  
11 funding, a consortium or partnership established by the Michigan  
12 virtual university shall include at least 1 intermediate district  
13 and at least 1 high-need local district. All of the following apply  
14 to this funding:

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

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

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

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

23 (iv) Knowledge and experience in providing technical  
24 assistance and support to K-12 schools in the area of online  
25 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  
4 skills 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)~~ (II) Examine the curricular and specific course content  
13 needs of middle and high school students in the areas of  
14 mathematics and science.

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

19 ~~(iii)~~ (IV) Conduct a demonstration pilot to promote new and  
20 innovative online courses and instructional services.

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

24 ~~(v)~~ (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) From the state school aid fund allocation in subsection

1 (1), an amount not to exceed \$500,000.00 for ~~2007-2008~~ 2008-2009  
2 shall be awarded as a single grant to an intermediate district  
3 working in partnership with the Michigan virtual high school for a  
4 statewide license for "my dream explorer", a career exploration and  
5 planning tool, to be made available to all pupils at no cost. **THE**  
6 **MICHIGAN VIRTUAL HIGH SCHOOL WILL WORK COLLABORATIVELY WITH THE**  
7 **DEPARTMENT, THE PRESIDENTS COUNCIL OF STATE UNIVERSITIES OF**  
8 **MICHIGAN, THE MICHIGAN COMMUNITY COLLEGE ASSOCIATION, THE**  
9 **ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES OF MICHIGAN**  
10 **AND THE RELEVANT K-12 ORGANIZATIONS TO DEVELOP A COMPREHENSIVE**  
11 **OUTREACH AND COMMUNICATIONS PLAN THAT PROVIDES PARENTS AND STUDENTS**  
12 **WITH ACCESS TO ONLINE RESOURCES DESIGNED TO INCREASE POSTSECONDARY**  
13 **ENROLLMENTS AND PROVIDE CURRENT INFORMATION RELATED TO CAREER**  
14 **PLANNING, COLLEGE SELECTION, FINANCIAL AID AND DUAL ENROLLMENT**  
15 **OPPORTUNITIES.**

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

22 (9) **NOT LATER THAN DECEMBER 1, 2008, THE MICHIGAN VIRTUAL**  
23 **UNIVERSITY SHALL PROVIDE A REPORT TO THE HOUSE AND SENATE**  
24 **APPROPRIATIONS SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET**  
25 **DIRECTOR, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT**  
26 **WHICH SHALL INCLUDE AT LEAST ALL OF THE FOLLOWING INFORMATION**  
27 **RELATED TO THE MICHIGAN VIRTUAL HIGH SCHOOL FOR THE PRIOR STATE**

1 FISCAL YEAR:

2 (A) A LIST OF THE MICHIGAN SCHOOLS SERVED BY THE MICHIGAN  
3 VIRTUAL HIGH SCHOOL.

4 (B) A LIST OF ONLINE COURSE TITLES AVAILABLE TO MICHIGAN  
5 SCHOOLS.

6 (C) THE TOTAL NUMBER OF ONLINE COURSE ENROLLMENTS AND  
7 INFORMATION ON REGISTRATIONS AND COMPLETIONS BY COURSE.

8 (D) THE OVERALL COURSE COMPLETION RATE PERCENTAGE.

9 (E) A SUMMARY OF DED-OESE TITLE IIA, TEACHER QUALITY GRANT AND  
10 DED-OESE TITLE IID, EDUCATION TECHNOLOGY GRANT EXPENDITURES.

11 (F) IDENTIFICATION OF UNMET EDUCATIONAL NEEDS THAT COULD BE  
12 ADDRESSED BY THE MICHIGAN VIRTUAL HIGH SCHOOL.

13 (G) THE TOTAL NUMBER OF ACTIVE USERS OF "MY DREAM EXPLORER"  
14 FUNDED UNDER SUBSECTION (7).

15 ~~(9)~~ (10) As used in this section:

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

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

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

22 Sec. 99. (1) From the state school aid fund money appropriated  
23 in section 11, there is allocated an amount not to exceed  
24 \$3,390,000.00 for ~~2007-2008~~ 2008-2009 and from the general fund  
25 appropriation in section 11, there is allocated an amount not to  
26 exceed \$110,000.00 for ~~2007-2008~~ 2008-2009 for implementing the  
27 comprehensive master plan for mathematics and science centers

1 developed by the department and approved by the state board, and  
2 for other purposes as described in this section. In addition, from  
3 the federal funds appropriated in section 11, there is allocated  
4 for ~~2007-2008~~ 2008-2009 an amount estimated at ~~\$4,456,000.00~~  
5 \$5,249,300.00 from DED-OESE, title II, mathematics and science  
6 partnership grants.

7 (2) Within a service area designated locally, approved by the  
8 department, and consistent with the master plan described in  
9 subsection (1), an established mathematics and science center shall  
10 address 2 or more of the following 6 basic services, as described  
11 in the master plan, to constituent districts and communities:  
12 leadership, pupil services, curriculum support, community  
13 involvement, professional development, and resource clearinghouse  
14 services.

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

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

26 (5) Allocations under this section to support the activities  
27 and programs of mathematics and science centers shall be continuing

1 support grants to all 33 established mathematics and science  
2 centers. Each established mathematics and science center that was  
3 funded in ~~2006-2007~~ **2007-2008** shall receive state funding in an  
4 amount equal to 100% of the amount it was allocated under this  
5 subsection for ~~2006-2007~~ **2007-2008**. If a center declines state  
6 funding or a center closes, the remaining money available under  
7 this section shall be distributed ~~on a pro rata basis~~ to the  
8 remaining centers, as determined by the department.

9 (6) From the funds allocated in subsection (1), there is  
10 allocated for ~~2007-2008~~ **2008-2009** an amount not to exceed  
11 \$1,000,000.00 in a form and manner determined by the department to  
12 those centers able to provide curriculum and professional  
13 development support to assist districts in implementing the  
14 Michigan merit curriculum components for mathematics and science.  
15 Funding under this subsection is in addition to funding allocated  
16 under subsection (5).

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

22 (8) Not later than September 30, ~~2008~~, **2013**, the department  
23 shall reevaluate and update the comprehensive master plan described  
24 in subsection (1).

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

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

5 (11) As used in this section:

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

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

9 Sec. 99e. (1) From the funds appropriated in section 11, there  
10 is allocated the amount of \$125,000.00 for ~~2007-2008~~ **2008-2009** to a  
11 district that meets all of the following requirements:

12 (a) The district's membership increased by at least 20%  
13 between 2004-2005 and 2005-2006.

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

16 (c) The district levies at least 10 mills for the purpose of  
17 debt retirement.

18 (d) The district had an emergency financial manager in place  
19 during 2004-2005.

20 (2) The funds allocated under subsection (1) shall be used to  
21 supplement the district's operational funds as compensation for  
22 having received a reduced foundation allowance due to proration  
23 while having had an emergency financial manager in place.

24 (3) The funds appropriated in this section shall be awarded  
25 for 3 consecutive years beginning with 2006-2007 in a form and  
26 manner approved by the department.

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

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

2 SEC. 99H. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS  
3 ALLOCATED AN AMOUNT NOT TO EXCEED \$300,000.00 FOR 2007-2008 AND  
4 \$1,000,000.00 FOR 2008-2009 FOR COMPETITIVE GRANTS TO DISTRICTS  
5 THAT PROVIDE PUPILS IN HIGH SCHOOL WITH EXPANDED OPPORTUNITIES TO  
6 IMPROVE MATHEMATICS, SCIENCE, AND TECHNOLOGY SKILLS BY  
7 PARTICIPATING IN EVENTS HOSTED BY A SCIENCE AND TECHNOLOGY  
8 DEVELOPMENT PROGRAM KNOWN AS FIRST (FOR INSPIRATION AND RECOGNITION  
9 OF SCIENCE AND TECHNOLOGY) ROBOTICS COMPETITION.

10 (2) A DISTRICT APPLYING FOR A GRANT SHALL SUBMIT AN  
11 APPLICATION IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT. TO  
12 BE ELIGIBLE FOR A GRANT, A DISTRICT SHALL DEMONSTRATE IN ITS  
13 APPLICATION THAT THE DISTRICT HAS ESTABLISHED A PARTNERSHIP FOR THE  
14 PURPOSES OF THE PROGRAM WITH AT LEAST 1 SPONSOR, BUSINESS ENTITY,  
15 HIGHER EDUCATION INSTITUTION, OR TECHNICAL SCHOOL.

16 (3) EACH GRANT RECIPIENT SHALL PROVIDE A LOCAL MATCH FROM  
17 OTHER PRIVATE OR LOCAL FUNDS FOR THE FUNDS RECEIVED UNDER THIS  
18 SECTION. THE AMOUNT OF THE LOCAL MATCH SHALL BE AT LEAST EQUAL TO  
19 50% OF THE COSTS OF PARTICIPATING IN AN EVENT.

20 (4) GRANT AWARDS SHALL BE MADE IN A MANNER DETERMINED BY THE  
21 DEPARTMENT. HOWEVER, THE DEPARTMENT SHALL SET MAXIMUM GRANT AMOUNTS  
22 IN A MANNER THAT MAXIMIZES THE NUMBER OF HIGH SCHOOLS THAT WILL BE  
23 ABLE TO PARTICIPATE.

24 (5) FUNDS RECEIVED UNDER THIS SECTION MAY BE USED FOR EVENT  
25 REGISTRATIONS, MATERIALS, TRAVEL COSTS, AND OTHER EXPENSES  
26 ASSOCIATED WITH THE PREPARATION FOR AND ATTENDANCE AT FIRST  
27 ROBOTICS COMPETITIONS.

1           (6) NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE  
2 DISTRICTS UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE DETERMINED  
3 BY THE DEPARTMENT.

4           Sec. 104. (1) From the state school aid fund money  
5 appropriated in section 11, there is allocated ~~for 2007-2008~~ an  
6 amount not to exceed ~~\$25,400,000.00~~ **\$29,322,400.00 FOR 2007-2008**  
7 **AND \$30,872,800.00 FOR 2008-2009** for payments on behalf of  
8 districts for costs associated with complying with ~~sections 104a~~  
9 ~~and 104b~~, sections **1278A, 1278B**, 1279, 1279g, and 1280b of the  
10 revised school code, **MCL 380.1278A, MCL.1278B**, MCL 380.1279,  
11 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086.  
12 In addition, from the federal funds appropriated in section 11,  
13 there is allocated ~~for 2007-2008~~ an amount estimated at  
14 ~~\$8,800,000.00~~ **\$5,477,600.00 FOR 2007-2008 AND \$8,512,900.00 FOR**  
15 **2008-2009**, funded from DED-OESE, title VI, state assessments funds  
16 **AND DED-OSERS, SECTION 504 OF PART B OF THE INDIVIDUALS WITH**  
17 **DISABILITIES EDUCATION ACT, PUBLIC LAW 94-142, PLUS ANY CARRYOVER**  
18 **FEDERAL FUNDS FROM PREVIOUS YEAR APPROPRIATIONS** for the purposes of  
19 complying with the federal no child left behind act of 2001, Public  
20 Law 107-110.

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

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

1 distributed in accordance with federal law and with flexibility  
2 provisions outlined in Public Law 107-116, and in the education  
3 flexibility partnership act of 1999, Public Law 106-25.

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

8 (5) **AS USED IN THIS SECTION:**

9 (A) **"DED" MEANS THE UNITED STATES DEPARTMENT OF EDUCATION.**

10 (B) **"DED-OESE" MEANS THE DED OFFICE OF ELEMENTARY AND**  
11 **SECONDARY EDUCATION.**

12 (C) **"DED-OSERS" MEANS THE DED OFFICE OF SPECIAL EDUCATION AND**  
13 **REHABILITATIVE SERVICES.**

14 Sec. 105. (1) In order to avoid a penalty under this section,  
15 and in order to count a nonresident pupil residing within the same  
16 intermediate district in membership without the approval of the  
17 pupil's district of residence, a district shall comply with this  
18 section.

19 (2) Except as otherwise provided in this section, a district  
20 shall determine whether or not it will accept applications for  
21 enrollment by nonresident applicants residing within the same  
22 intermediate district for the next school year. If the district  
23 determines to accept applications for enrollment of a number of  
24 nonresidents, beyond those entitled to preference under this  
25 section, the district shall use the following procedures for  
26 accepting applications from and enrolling nonresidents:

27 (a) The district shall publish the grades, schools, and

1 special programs, if any, for which enrollment may be available to,  
2 and for which applications will be accepted from, nonresident  
3 applicants residing within the same intermediate district.

4 (b) If the district has a limited number of positions  
5 available for nonresidents residing within the same intermediate  
6 district in a grade, school, or program, all of the following apply  
7 to accepting applications for and enrollment of nonresidents in  
8 that grade, school, or program:

9 (i) The district shall do all of the following not later than  
10 the second Friday in August:

11 (A) Provide notice to the general public that applications  
12 will be taken for a ~~15-day period~~ **AT LEAST 15 CALENDAR DAYS BUT NOT**  
13 **MORE THAN 30 CALENDAR DAYS** from nonresidents residing within the  
14 same intermediate district for enrollment in that grade, school, or  
15 program. The notice shall identify the ~~15-day~~ **DATES OF THE**  
16 **APPLICATION** period and the place and manner for submitting  
17 applications.

18 (B) During the application period under sub-subparagraph (A),  
19 accept applications from nonresidents residing within the same  
20 intermediate district for enrollment in that grade, school, or  
21 program.

22 (C) Within 15 **CALENDAR** days after the end of the application  
23 period under sub-subparagraph (A), using the procedures and  
24 preferences required under this section, determine which  
25 nonresident applicants will be allowed to enroll in that grade,  
26 school, or program, using the random draw system required under  
27 subsection (14) as necessary, and notify the parent or legal

1 guardian of each nonresident applicant of whether or not the  
2 applicant may enroll in the district. The notification to parents  
3 or legal guardians of nonresident applicants accepted for  
4 enrollment shall contain notification of the date by which the  
5 applicant must enroll in the district and procedures for  
6 enrollment. **ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST**  
7 **WEEK OF SCHOOL.**

8 (ii) Beginning on the third Monday in August and not later  
9 than the end of the first week of school, if any positions become  
10 available in a grade, school, or program due to accepted applicants  
11 failing to enroll or to more positions being added, the district  
12 may enroll nonresident applicants from the waiting list maintained  
13 under subsection (14), offering enrollment in the order that  
14 applicants appear on the waiting list. If there are still positions  
15 available after enrolling all applicants from the waiting list who  
16 desire to enroll, the district may not fill those positions until  
17 the second semester **OR TRIMESTER** enrollment under subsection (3),  
18 as provided under that subsection, or until the next school year.

19 (c) For a grade, school, or program that has an unlimited  
20 number of positions available for nonresidents residing within the  
21 same intermediate district, all of the following apply to  
22 enrollment of nonresidents in that grade, school, or program:

23 (i) The district may accept applications for enrollment in  
24 that grade, school, or program, and may enroll nonresidents  
25 residing within the same intermediate district in that grade,  
26 school, or program, until the end of the first week of school. The  
27 district shall provide notice to the general public of the place

1 and manner for submitting applications and, if the district has a  
2 limited application period, the notice shall include the dates of  
3 the application period. The application period shall be at least a  
4 ~~15-day~~ **15 CALENDAR DAY** period.

5 (ii) Not later than the end of the first week of school, the  
6 district shall notify the parent or legal guardian of each  
7 nonresident applicant who is accepted for enrollment that the  
8 applicant has been accepted for enrollment in the grade, school, or  
9 program ~~and of the date by which the applicant must enroll in the~~  
10 ~~district~~ and the procedures for enrollment. **ENROLLMENT SHALL BE NO**  
11 **LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

12 (3) If a district determines during the first semester **OR**  
13 **TRIMESTER** of a school year that it has positions available for  
14 enrollment of a number of nonresidents residing within the same  
15 intermediate district, beyond those entitled to preference under  
16 this section, for the second semester **OR TRIMESTER** of the school  
17 year, the district may accept applications from and enroll  
18 nonresidents residing within the same intermediate district for the  
19 second semester **OR TRIMESTER** using the following procedures:

20 (a) Not later than 2 weeks before the end of the first  
21 semester **OR TRIMESTER**, the district shall publish the grades,  
22 schools, and special programs, if any, for which enrollment for the  
23 second semester **OR TRIMESTER** may be available to, and for which  
24 applications will be accepted from, nonresident applicants residing  
25 within the same intermediate district.

26 (b) During the last 2 weeks of the first semester **OR**  
27 **TRIMESTER**, the district shall accept applications from nonresidents

1 residing within the same intermediate district for enrollment for  
2 the second semester **OR TRIMESTER** in the available grades, schools,  
3 and programs.

4 (c) By the beginning of the second semester **OR TRIMESTER**,  
5 using the procedures and preferences required under this section,  
6 the district shall determine which nonresident applicants will be  
7 allowed to enroll in the district for the second semester **OR**  
8 **TRIMESTER** and notify the parent or legal guardian of each  
9 nonresident applicant residing within the same intermediate  
10 district of whether or not the applicant may enroll in the  
11 district. The notification to parents or legal guardians of  
12 nonresident applicants accepted for enrollment shall contain  
13 notification of the date by which the applicant must enroll in the  
14 district and procedures for enrollment. **ENROLLMENT SHALL BE NO**  
15 **LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

16 (4) If deadlines similar to those described in subsection (2)  
17 or (3) have been established in an intermediate district, and if  
18 those deadlines are not later than the deadlines under subsection  
19 (2) or (3), the districts within the intermediate district may use  
20 those deadlines.

21 (5) A district offering to enroll nonresident applicants  
22 residing within the same intermediate district may limit the number  
23 of nonresident pupils it accepts in a grade, school, or program, at  
24 its discretion, and may use that limit as the reason for refusal to  
25 enroll an applicant.

26 (6) A nonresident applicant residing within the same  
27 intermediate district shall not be granted or refused enrollment

1 based on intellectual, academic, artistic, or other ability,  
2 talent, or accomplishment, or lack thereof, or based on a mental or  
3 physical disability, except that a district may refuse to admit a  
4 nonresident applicant if the applicant does not meet the same  
5 criteria, other than residence, that an applicant who is a resident  
6 of the district must meet to be accepted for enrollment in a grade  
7 or a specialized, magnet, or intra-district choice school or  
8 program to which the applicant applies.

9 (7) A nonresident applicant residing within the same  
10 intermediate district shall not be granted or refused enrollment  
11 based on age, except that a district may refuse to admit a  
12 nonresident applicant applying for a program that is not  
13 appropriate for the age of the applicant.

14 (8) A nonresident applicant residing within the same  
15 intermediate district shall not be granted or refused enrollment  
16 based upon religion, race, color, national origin, sex, height,  
17 weight, marital status, or athletic ability, or, generally, in  
18 violation of any state or federal law prohibiting discrimination.

19 (9) Subject to subsection (10), a district may refuse to  
20 enroll a nonresident applicant if any of the following are met:

21 (a) The applicant is, or has been within the preceding 2  
22 years, suspended from another school.

23 (b) The applicant, at any time before enrolling under this  
24 section, has been expelled from another school.

25 (c) The applicant, at any time before enrolling under this  
26 section, has been convicted of a felony.

27 (10) If a district has counted a pupil in membership on either

1 the pupil membership count day or the supplemental count day, the  
2 district shall not refuse to enroll or refuse to continue to enroll  
3 that pupil for a reason specified in subsection (9). This  
4 subsection does not prohibit a district from expelling a pupil  
5 described in this subsection for disciplinary reasons.

6 (11) A district shall continue to allow a pupil who was  
7 enrolled in and attended the district under this section in the  
8 school year or semester **OR TRIMESTER** immediately preceding the  
9 school year or semester **OR TRIMESTER** in question to enroll in the  
10 district until the pupil graduates from high school. This  
11 subsection does not prohibit a district from expelling a pupil  
12 described in this subsection for disciplinary reasons.

13 (12) A district shall give preference for enrollment under  
14 this section over all other nonresident applicants residing within  
15 the same intermediate district to other school-age children who  
16 reside in the same household as a pupil described in subsection  
17 (11).

18 (13) If a nonresident pupil was enrolled in and attending  
19 school in a district as a nonresident pupil in the 1995-96 school  
20 year and continues to be enrolled continuously each school year in  
21 that district, the district shall allow that nonresident pupil to  
22 continue to enroll in and attend school in the district until high  
23 school graduation, without requiring the nonresident pupil to apply  
24 for enrollment under this section. This subsection does not  
25 prohibit a district from expelling a pupil described in this  
26 subsection for disciplinary reasons.

27 (14) If the number of qualified nonresident applicants

1 eligible for acceptance in a school, grade, or program does not  
2 exceed the positions available for nonresident pupils in the  
3 school, grade, or program, the school district shall accept for  
4 enrollment all of the qualified nonresident applicants eligible for  
5 acceptance. If the number of qualified nonresident applicants  
6 residing within the same intermediate district eligible for  
7 acceptance exceeds the positions available in a grade, school, or  
8 program in a district for nonresident pupils, the district shall  
9 use a random draw system, subject to the need to abide by state and  
10 federal antidiscrimination laws and court orders and subject to  
11 preferences allowed by this section. The district shall develop and  
12 maintain a waiting list based on the order in which nonresident  
13 applicants were drawn under this random draw system.

14 (15) If a district, or the nonresident applicant, requests the  
15 district in which a nonresident applicant resides to supply  
16 information needed by the district for evaluating the applicant's  
17 application for enrollment or for enrolling the applicant, the  
18 district of residence shall provide that information on a timely  
19 basis.

20 (16) If a district is subject to a court-ordered desegregation  
21 plan, and if the court issues an order prohibiting pupils residing  
22 in that district from enrolling in another district or prohibiting  
23 pupils residing in another district from enrolling in that  
24 district, this section is subject to the court order.

25 (17) This section does not require a district to provide  
26 transportation for a nonresident pupil enrolled in the district  
27 under this section or for a resident pupil enrolled in another

1 district under this section. However, at the time a nonresident  
2 pupil enrolls in the district, a district shall provide to the  
3 pupil's parent or legal guardian information on available  
4 transportation to and from the school in which the pupil enrolls.

5 (18) A district may participate in a cooperative education  
6 program with 1 or more other districts or intermediate districts  
7 whether or not the district enrolls any nonresidents pursuant to  
8 this section.

9 (19) A district that, pursuant to this section, enrolls a  
10 nonresident pupil who is eligible for special education programs  
11 and services according to statute or rule, or who is a child with  
12 disabilities, as defined under the individuals with disabilities  
13 education act, Public Law 108-446, shall be considered to be the  
14 resident district of the pupil for the purpose of providing the  
15 pupil with a free appropriate public education. Consistent with  
16 state and federal law, that district is responsible for developing  
17 and implementing an individualized education plan annually for a  
18 nonresident pupil described in this subsection.

19 (20) If a district does not comply with this section, the  
20 district forfeits 5% of the total state school aid allocation to  
21 the district under this act.

22 (21) Upon application by a district, the superintendent may  
23 grant a waiver for the district from a specific requirement under  
24 this section for not more than 1 year.

25 Sec. 105c. (1) In order to avoid a penalty under this section,  
26 and in order to count a nonresident pupil residing in a district  
27 located in a contiguous intermediate district in membership without

1 the approval of the pupil's district of residence, a district shall  
2 comply with this section.

3 (2) Except as otherwise provided in this section, a district  
4 shall determine whether or not it will accept applications for  
5 enrollment by nonresident applicants residing in a district located  
6 in a contiguous intermediate district for the next school year. If  
7 the district determines to accept applications for enrollment of a  
8 number of nonresidents under this section, beyond those entitled to  
9 preference under this section, the district shall use the following  
10 procedures for accepting applications from and enrolling  
11 nonresidents under this section:

12 (a) The district shall publish the grades, schools, and  
13 special programs, if any, for which enrollment may be available to,  
14 and for which applications will be accepted from, nonresident  
15 applicants residing in a district located in a contiguous  
16 intermediate district.

17 (b) If the district has a limited number of positions  
18 available for nonresidents residing in a district located in a  
19 contiguous intermediate district in a grade, school, or program,  
20 all of the following apply to accepting applications for and  
21 enrollment of nonresidents under this section in that grade,  
22 school, or program:

23 (i) The district shall do all of the following not later than  
24 the second Friday in August:

25 (A) Provide notice to the general public that applications  
26 will be taken for a ~~15-day period~~ **AT LEAST 15 CALENDAR DAYS BUT NOT**  
27 **MORE THAN 30 CALENDAR DAYS** from nonresidents residing in a district

1 located in a contiguous intermediate district for enrollment in  
2 that grade, school, or program. The notice shall identify the ~~15-~~  
3 ~~day~~ **DATES OF THE APPLICATION** period and the place and manner for  
4 submitting applications.

5 (B) During the application period under sub-subparagraph (A),  
6 accept applications from nonresidents residing in a district  
7 located in a contiguous intermediate district for enrollment in  
8 that grade, school, or program.

9 (C) Within 15 **CALENDAR** days after the end of the application  
10 period under sub-subparagraph (A), using the procedures and  
11 preferences required under this section, determine which  
12 nonresident applicants will be allowed to enroll under this section  
13 in that grade, school, or program, using the random draw system  
14 required under subsection (14) as necessary, and notify the parent  
15 or legal guardian of each nonresident applicant of whether or not  
16 the applicant may enroll in the district. The notification to  
17 parents or legal guardians of nonresident applicants accepted for  
18 enrollment under this section shall contain notification of the  
19 date by which the applicant must enroll in the district and  
20 procedures for enrollment. **ENROLLMENT SHALL BE NO LATER THAN THE**  
21 **END OF THE FIRST WEEK OF SCHOOL.**

22 (ii) Beginning on the third Monday in August and not later  
23 than the end of the first week of school, if any positions become  
24 available in a grade, school, or program due to accepted applicants  
25 failing to enroll or to more positions being added, the district  
26 may enroll nonresident applicants from the waiting list maintained  
27 under subsection (14), offering enrollment in the order that

1 applicants appear on the waiting list. If there are still positions  
2 available after enrolling all applicants from the waiting list who  
3 desire to enroll, the district may not fill those positions until  
4 the second semester **OR TRIMESTER** enrollment under subsection (3),  
5 as provided under that subsection, or until the next school year.

6 (c) For a grade, school, or program that has an unlimited  
7 number of positions available for nonresidents residing in a  
8 district located in a contiguous intermediate district, all of the  
9 following apply to enrollment of nonresidents in that grade,  
10 school, or program under this section:

11 (i) The district may accept applications for enrollment in  
12 that grade, school, or program, and may enroll nonresidents  
13 residing in a district located in a contiguous intermediate  
14 district in that grade, school, or program, until the end of the  
15 first week of school. The district shall provide notice to the  
16 general public of the place and manner for submitting applications  
17 and, if the district has a limited application period, the notice  
18 shall include the dates of the application period. The application  
19 period shall be at least a ~~15-day~~ **15 CALENDAR DAY** period.

20 (ii) Not later than the end of the first week of school, the  
21 district shall notify the parent or legal guardian of each  
22 nonresident applicant who is accepted for enrollment under this  
23 section that the applicant has been accepted for enrollment in the  
24 grade, school, or program and of the date by which the applicant  
25 must enroll in the district and the procedures for enrollment.  
26 **ENROLLMENT SHALL BE NO LATER THAN THE END OF THE FIRST WEEK OF**  
27 **SCHOOL.**

1 (3) If a district determines during the first semester  
2 **TRIMESTER** of a school year that it has positions available for  
3 enrollment of a number of nonresidents residing in a district  
4 located in a contiguous intermediate district, beyond those  
5 entitled to preference under this section, for the second semester  
6 **OR TRIMESTER** of the school year, the district may accept  
7 applications from and enroll nonresidents residing in a district  
8 located in a contiguous intermediate district for the second  
9 semester **OR TRIMESTER** using the following procedures:

10 (a) Not later than 2 weeks before the end of the first  
11 semester **OR TRIMESTER**, the district shall publish the grades,  
12 schools, and special programs, if any, for which enrollment for the  
13 second semester **OR TRIMESTER** may be available to, and for which  
14 applications will be accepted from, nonresident applicants residing  
15 in a district located in a contiguous intermediate district.

16 (b) During the last 2 weeks of the first semester **OR**  
17 **TRIMESTER**, the district shall accept applications from nonresidents  
18 residing in a district located in a contiguous intermediate  
19 district for enrollment for the second semester **OR TRIMESTER** in the  
20 available grades, schools, and programs.

21 (c) By the beginning of the second semester **OR TRIMESTER**,  
22 using the procedures and preferences required under this section,  
23 the district shall determine which nonresident applicants will be  
24 allowed to enroll under this section in the district for the second  
25 semester **OR TRIMESTER** and notify the parent or legal guardian of  
26 each nonresident applicant residing in a district located in a  
27 contiguous intermediate district of whether or not the applicant

1 may enroll in the district. The notification to parents or legal  
2 guardians of nonresident applicants accepted for enrollment shall  
3 contain notification of the date by which the applicant must enroll  
4 in the district and procedures for enrollment. **ENROLLMENT SHALL BE**  
5 **NO LATER THAN THE END OF THE FIRST WEEK OF SCHOOL.**

6 (4) If deadlines similar to those described in subsection (2)  
7 or (3) have been established in an intermediate district, and if  
8 those deadlines are not later than the deadlines under subsection  
9 (2) or (3), the districts within the intermediate district may use  
10 those deadlines.

11 (5) A district offering to enroll nonresident applicants  
12 residing in a district located in a contiguous intermediate  
13 district may limit the number of those nonresident pupils it  
14 accepts in a grade, school, or program, at its discretion, and may  
15 use that limit as the reason for refusal to enroll an applicant  
16 under this section.

17 (6) A nonresident applicant residing in a district located in  
18 a contiguous intermediate district shall not be granted or refused  
19 enrollment based on intellectual, academic, artistic, or other  
20 ability, talent, or accomplishment, or lack thereof, or based on a  
21 mental or physical disability, except that a district may refuse to  
22 admit a nonresident applicant under this section if the applicant  
23 does not meet the same criteria, other than residence, that an  
24 applicant who is a resident of the district must meet to be  
25 accepted for enrollment in a grade or a specialized, magnet, or  
26 intra-district choice school or program to which the applicant  
27 applies.

1           (7) A nonresident applicant residing in a district located in  
2 a contiguous intermediate district shall not be granted or refused  
3 enrollment under this section based on age, except that a district  
4 may refuse to admit a nonresident applicant applying for a program  
5 that is not appropriate for the age of the applicant.

6           (8) A nonresident applicant residing in a district located in  
7 a contiguous intermediate district shall not be granted or refused  
8 enrollment under this section based upon religion, race, color,  
9 national origin, sex, height, weight, marital status, or athletic  
10 ability, or, generally, in violation of any state or federal law  
11 prohibiting discrimination.

12           (9) Subject to subsection (10), a district may refuse to  
13 enroll a nonresident applicant under this section if any of the  
14 following are met:

15           (a) The applicant is, or has been within the preceding 2  
16 years, suspended from another school.

17           (b) The applicant, at any time before enrolling under this  
18 section, has been expelled from another school.

19           (c) The applicant, at any time before enrolling under this  
20 section, has been convicted of a felony.

21           (10) If a district has counted a pupil in membership on either  
22 the pupil membership count day or the supplemental count day, the  
23 district shall not refuse to enroll or refuse to continue to enroll  
24 that pupil for a reason specified in subsection (9). This  
25 subsection does not prohibit a district from expelling a pupil  
26 described in this subsection for disciplinary reasons.

27           (11) A district shall continue to allow a pupil who was

1 enrolled in and attended the district under this section in the  
2 school year or semester **OR TRIMESTER** immediately preceding the  
3 school year or semester **OR TRIMESTER** in question to enroll in the  
4 district until the pupil graduates from high school. This  
5 subsection does not prohibit a district from expelling a pupil  
6 described in this subsection for disciplinary reasons.

7 (12) A district shall give preference for enrollment under  
8 this section over all other nonresident applicants residing in a  
9 district located in a contiguous intermediate district to other  
10 school-age children who reside in the same household as a pupil  
11 described in subsection (11).

12 (13) If a nonresident pupil was enrolled in and attending  
13 school in a district as a nonresident pupil in the 1995-96 school  
14 year and continues to be enrolled continuously each school year in  
15 that district, the district shall allow that nonresident pupil to  
16 continue to enroll in and attend school in the district until high  
17 school graduation, without requiring the nonresident pupil to apply  
18 for enrollment under this section. This subsection does not  
19 prohibit a district from expelling a pupil described in this  
20 subsection for disciplinary reasons.

21 (14) If the number of qualified nonresident applicants  
22 eligible for acceptance under this section in a school, grade, or  
23 program does not exceed the positions available for nonresident  
24 pupils under this section in the school, grade, or program, the  
25 school district shall accept for enrollment all of the qualified  
26 nonresident applicants eligible for acceptance. If the number of  
27 qualified nonresident applicants residing in a district located in

1 a contiguous intermediate district eligible for acceptance under  
2 this section exceeds the positions available in a grade, school, or  
3 program in a district for nonresident pupils, the district shall  
4 use a random draw system, subject to the need to abide by state and  
5 federal antidiscrimination laws and court orders and subject to  
6 preferences allowed by this section. The district shall develop and  
7 maintain a waiting list based on the order in which nonresident  
8 applicants were drawn under this random draw system.

9 (15) If a district, or the nonresident applicant, requests the  
10 district in which a nonresident applicant resides to supply  
11 information needed by the district for evaluating the applicant's  
12 application for enrollment or for enrolling the applicant under  
13 this section, the district of residence shall provide that  
14 information on a timely basis.

15 (16) If a district is subject to a court-ordered desegregation  
16 plan, and if the court issues an order prohibiting pupils residing  
17 in that district from enrolling in another district or prohibiting  
18 pupils residing in another district from enrolling in that  
19 district, this section is subject to the court order.

20 (17) This section does not require a district to provide  
21 transportation for a nonresident pupil enrolled in the district  
22 under this section or for a resident pupil enrolled in another  
23 district under this section. However, at the time a nonresident  
24 pupil enrolls in the district, a district shall provide to the  
25 pupil's parent or legal guardian information on available  
26 transportation to and from the school in which the pupil enrolls.

27 (18) A district may participate in a cooperative education

1 program with 1 or more other districts or intermediate districts  
2 whether or not the district enrolls any nonresidents pursuant to  
3 this section.

4 (19) In order for a district or intermediate district to  
5 enroll pursuant to this section a nonresident pupil who resides in  
6 a district located in a contiguous intermediate district and who is  
7 eligible for special education programs and services according to  
8 statute or rule, or who is a child with disabilities, as defined  
9 under the individuals with disabilities education act, Public Law  
10 108-446, the enrolling district shall have a written agreement with  
11 the resident district of the pupil for the purpose of providing the  
12 pupil with a free appropriate public education. The written  
13 agreement shall include, but is not limited to, an agreement on the  
14 responsibility for the payment of the added costs of special  
15 education programs and services for the pupil. **THE WRITTEN**  
16 **AGREEMENT SHALL ADDRESS HOW THE AGREEMENT SHALL BE AMENDED IN THE**  
17 **EVENT OF SIGNIFICANT CHANGES IN THE COSTS OR LEVEL OF SPECIAL**  
18 **EDUCATION PROGRAMS OR SERVICES REQUIRED BY THE PUPIL.**

19 (20) If a district does not comply with this section, the  
20 district forfeits 5% of the total state school aid allocation to  
21 the district under this act.

22 (21) Upon application by a district, the superintendent may  
23 grant a waiver for the district from a specific requirement under  
24 this section for not more than 1 year.

25 (22) This section is repealed if the final decision of a court  
26 of competent jurisdiction holds that any portion of this section is  
27 unconstitutional, ineffective, invalid, or in violation of federal

1 law.

2 (23) As used in this section, "district located in a  
3 contiguous intermediate district" means a district located in an  
4 intermediate district that is contiguous to the intermediate  
5 district in which a pupil's district of residence is located.

6 Sec. 107. (1) From the appropriation in section 11, there is  
7 allocated an amount not to exceed \$24,000,000.00 for ~~2007-2008~~  
8 **2008-2009** for adult education programs authorized under this  
9 section.

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

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

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

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

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

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

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

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

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

11 (3) Except as otherwise provided in subsection (4), from the  
12 amount allocated under subsection (1), \$23,800,000.00 shall be  
13 distributed as follows:

14 (a) For districts and consortia that received payments for  
15 ~~2006-2007~~ **2007-2008** under this section, the amount allocated to  
16 each for ~~2007-2008~~ **2008-2009** shall be based on the number of  
17 participants served by the district or consortium for ~~2007-2008~~  
18 **2008-2009**, using the amount allocated per full-time equated  
19 participant under subsection (6), up to a maximum total allocation  
20 under this subsection in an amount equal to ~~104.3%~~ of the amount  
21 the district or consortium received for ~~2006-2007~~ **2007-2008** under  
22 this section before any reallocations made for ~~2006-2007~~ **2007-2008**  
23 under subsection (4).

24 (b) A district or consortium that received funding in ~~2003-~~  
25 ~~2004~~ **2007-2008** under this section may operate independently of a  
26 consortium or join or form a consortium for ~~2007-2008~~ **2008-2009**.  
27 The allocation for ~~2007-2008~~ **2008-2009** to the district or the newly

1 formed consortium under this subsection shall be determined by the  
2 department ~~of labor and economic growth~~ and shall be based on the  
3 proportion of the amounts that are attributable to the district or  
4 consortium that received funding in ~~2006-2007~~ **2007-2008**. A district  
5 or consortium described in this subdivision shall notify the  
6 department ~~of labor and economic growth~~ of its intention with  
7 regard to ~~2007-2008~~ **2008-2009** by ~~October 1, 2007~~ **OCTOBER 1, 2008**.

8 (4) A district that operated an adult education program in  
9 ~~2006-2007~~ **2007-2008** and does not intend to operate a program in  
10 ~~2007-2008~~ **2008-2009** shall notify the department ~~of labor and~~  
11 ~~economic growth~~ by October 1, ~~2007~~ **2008** of its intention. The funds  
12 intended to be allocated under this section to a district that does  
13 not operate a program in ~~2007-2008~~ **2008-2009** and the unspent funds  
14 originally allocated under this section to a district or consortium  
15 that subsequently operates a program at less than the level of  
16 funding allocated under subsection (3) shall instead be  
17 proportionately reallocated to the other districts described in  
18 subsection (3)(a) that are operating an adult education program in  
19 ~~2007-2008~~ **2008-2009** under this section.

20 (5) From the amount allocated under subsection (1), up to a  
21 maximum of \$200,000.00 shall be allocated for not more than 1 grant  
22 not to exceed \$200,000.00 for expansion of an existing innovative  
23 community college program that focuses on educating adults. Grants  
24 may be used for program operating expenses such as staffing, rent,  
25 equipment, and other expenses. To be eligible for this grant  
26 funding, a program must meet the following criteria:

27 (a) Collaborates with local districts and businesses to

1 determine area academic needs and to promote the learning  
2 opportunities.

3 (b) Is located off-campus in an urban residential setting with  
4 documented high poverty and low high school graduation rates.

5 (c) Provides general educational development (G.E.D.) test  
6 preparation courses and workshops.

7 (d) Provides developmental courses taught by college faculty  
8 that prepare students to be successful in college-level courses.

9 (e) Uses learning communities to allow for shared, rather than  
10 isolated, learning experiences.

11 (f) Provides on-site tutoring.

12 (g) Provides access to up-to-date technology, including  
13 personal computers.

14 (h) Partners with a financial institution to provide financial  
15 literacy education.

16 (i) Assists students in gaining access to financial aid.

17 (j) Provides on-site academic advising to students.

18 (k) Provides vouchers for reduced G.E.D. testing costs.

19 (l) Partners with local agencies to provide referrals for  
20 social services as needed.

21 (m) Enrolls participants as students of the community college.

22 (n) Partners with philanthropic and business entities to  
23 provide capital funding.

24 (6) The amount allocated under this section per full-time  
25 equated participant is \$2,850.00 for a 450-hour program. The amount  
26 shall be proportionately reduced for a program offering less than  
27 450 hours of instruction.

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

5           (a) The program enrolls adults who are determined by an  
6 appropriate assessment, in a form and manner prescribed by the  
7 department, to be below ninth grade level in reading or  
8 mathematics, or both, or to lack basic English proficiency.

9           (b) The program tests individuals for eligibility under  
10 subdivision (a) before enrollment and tests participants to  
11 determine **INITIAL PROGRESS AFTER 40 HOURS OF ATTENDANCE, AND THEN**  
12 **TESTS PARTICIPANTS TO DETERMINE ADDITIONAL** progress after every 90  
13 hours of attendance, using assessment instruments approved by the  
14 department of labor and economic.

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

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

19           (ii) The participant fails to show progress on 2 successive  
20 assessments after having completed at least 450 hours of  
21 instruction.

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

25           (i) The participant is assessed as having attained basic  
26 English proficiency **AS DEFINED BY THE DEPARTMENT**.

27           (ii) The participant fails to show progress on 2 successive

1 assessments after having completed at least 450 hours of  
2 instruction. The department ~~of labor and economic growth~~ shall  
3 provide information to a funding recipient regarding appropriate  
4 assessment instruments for this program.

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

8 (a) The program enrolls adults who do not have a high school  
9 diploma.

10 (b) The program shall administer a G.E.D. pre-test approved by  
11 the department ~~of labor and economic growth~~ before enrolling an  
12 individual to determine the individual's potential for success on  
13 the G.E.D. test, and shall ~~administer other tests~~ **TEST PARTICIPANTS**  
14 **TO DETERMINE INITIAL PROGRESS AFTER 40 HOURS OF ATTENDANCE, AND**  
15 **THEN TEST PARTICIPANTS TO DETERMINE ADDITIONAL PROGRESS** after every  
16 90 hours of attendance ~~to determine a participant's readiness to~~  
17 ~~take the G.E.D. test~~ , **USING ASSESSMENT INSTRUMENTS APPROVED BY THE**  
18 **DEPARTMENT.**

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

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

23 (ii) The participant fails to show progress on 2 successive  
24 tests used to determine readiness to take the G.E.D. test after  
25 having completed at least 450 hours of instruction.

26 (9) A high school completion program operated on a year-round  
27 or school year basis may be funded under this section, subject to

1 all of the following:

2 (a) The program enrolls adults who do not have a high school  
3 diploma.

4 **(B) THE PROGRAM DETERMINES EDUCATIONAL GAIN BY TESTING**  
5 **PARTICIPANTS BEFORE ENROLLMENT AND AT THE END OF THE INSTRUCTIONAL**  
6 **PERIOD OR PROGRAM YEAR USING ASSESSMENT INSTRUMENTS APPROVED BY THE**  
7 **DEPARTMENT.**

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

11 (i) The participant passes the course and earns a high school  
12 diploma.

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

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

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

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

27 (i) The individual achieves the requisite skills as determined

1 by appropriate assessment instruments administered at least after  
2 every 90 hours of attendance.

3 (ii) The individual fails to show progress on 2 successive  
4 assessments after having completed at least 450 hours of  
5 instruction. The department ~~of labor and economic growth~~ shall  
6 provide information to a funding recipient regarding appropriate  
7 assessment instruments for this program.

8 (11) A funding recipient shall receive payments under this  
9 section in accordance with the following:

10 (a) Ninety percent for enrollment of eligible participants.

11 (b) Ten percent for completion of the adult basic education  
12 objectives by achieving an increase of at least 1 ~~grade level~~  
13 **EDUCATIONAL FUNCTIONING LEVEL** of proficiency in reading or  
14 mathematics; for achieving basic English proficiency ~~for passage~~  
15 ~~of the G.E.D. test;~~ , **AS DEFINED BY THE DEPARTMENT IN THE ADULT**  
16 **EDUCATION GUIDEBOOK; FOR OBTAINING A G.E.D. OR PASSAGE OF 1 OR MORE**  
17 **INDIVIDUAL G.E.D. TESTS;** for passage of a course required for a  
18 participant to attain a high school diploma **OR ATTAINMENT OF A HIGH**  
19 **SCHOOL DIPLOMA;** or for completion of the course and demonstrated  
20 proficiency in the academic skills to be learned in the course, as  
21 applicable.

22 (12) As used in this section, "participant" means the sum of  
23 the number of full-time equated individuals enrolled in and  
24 attending a department-approved adult education program under this  
25 section, using quarterly participant count days on the schedule  
26 described in section 6(7)(b).

27 (13) A person who is not eligible to be a participant funded

1 under this section may receive adult education services upon the  
2 payment of tuition. In addition, a person who is not eligible to be  
3 served in a program under this section due to the program  
4 limitations specified in subsection (7), (8), (9), or (10) may  
5 continue to receive adult education services in that program upon  
6 the payment of tuition. The tuition level shall be determined by  
7 the local or intermediate district conducting the program.

8 (14) An individual who is an inmate in a state correctional  
9 facility shall not be counted as a participant under this section.

10 (15) A district shall not commingle money received under this  
11 section or from another source for adult education purposes with  
12 any other funds of the district. A district receiving adult  
13 education funds shall establish a separate ledger account for those  
14 funds. This subsection does not prohibit a district from using  
15 general funds of the district to support an adult education or  
16 community education program.

17 (16) A district or intermediate district receiving funds under  
18 this section may establish a sliding scale of tuition rates based  
19 upon a participant's family income. A district or intermediate  
20 district may charge a participant tuition to receive adult  
21 education services under this section from that sliding scale of  
22 tuition rates on a uniform basis. The amount of tuition charged per  
23 participant shall not exceed the actual operating cost per  
24 participant minus any funds received under this section per  
25 participant. A district or intermediate district may not charge a  
26 participant tuition under this section if the participant's income  
27 is at or below 200% of the federal poverty guidelines published by

1 the United States department of health and human services.

2 (17) In order to receive funds under this section, a district  
3 shall furnish to the department, in a form and manner determined by  
4 the department, all information needed to administer this program  
5 **AND MEET FEDERAL REPORTING REQUIREMENTS**; shall allow the department  
6 or the department's designee to review all records related to the  
7 program for which it receives funds; and shall reimburse the state  
8 for all disallowances found in the review, as determined by the  
9 department.

10 (18) **ALL INTERMEDIATE SCHOOL DISTRICT PARTICIPANT AUDITS OF**  
11 **ADULT EDUCATION PROGRAMS SHALL BE PERFORMED PURSUANT TO THE ADULT**  
12 **EDUCATION PARTICIPANT AUDITING AND ACCOUNTING MANUALS PUBLISHED BY**  
13 **THE DEPARTMENT.**

14 ~~(18)~~ (19) As used in this section, "department" means the  
15 department of labor and economic growth.

16 Sec. 147. The allocation for ~~2007-2008~~ **2008-2009** for the  
17 public school employees' retirement system pursuant to the public  
18 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301  
19 to 38.1408, shall be made using the entry age normal cost actuarial  
20 method and risk assumptions adopted by the public school employees  
21 retirement board and the department of management and budget. The  
22 annual level percentage of payroll contribution rate is estimated  
23 at ~~16.72%~~ **16.54%** for the ~~2007-2008~~ **2008-2009** state fiscal year. The  
24 portion of the contribution rate assigned to districts and  
25 intermediate districts for each fiscal year is all of the total  
26 percentage points. This contribution rate reflects an amortization  
27 period of ~~30~~ **29** years for ~~2007-2008~~ **2008-2009**. The public school

1 employees' retirement system board shall notify each district and  
2 intermediate district by February 28 of each fiscal year of the  
3 estimated contribution rate for the next fiscal year.

4       Sec. 151. (1) The treasurer of each county shall furnish to  
5 the department, on or before August 1 of each year following the  
6 receipt of assessment rolls, a statement of the taxable value of  
7 each district and fraction of a district within the county, using  
8 forms furnished by the department. On or before May 1 of each year,  
9 the treasurer of each county shall submit to the department  
10 revisions to the taxable value for the immediately preceding year  
11 of each district and fraction of a district within the county,  
12 using forms furnished by the department. On or before October 1 of  
13 each year, the treasurer of each county shall submit to the  
14 department revisions to the taxable value for the years after 1993  
15 of each district and fraction of a district within the county,  
16 using forms furnished by the department. The reports required by  
17 this subsection shall also contain the amount of ad valorem taxable  
18 value captured for school operating taxes under ~~a tax increment~~  
19 ~~financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax~~  
20 ~~increment finance authority act, 1980 PA 450, MCL 125.1801 to~~  
21 ~~125.1830, the local development financing act, 1986 PA 281, MCL~~  
22 ~~125.2151 to 125.2174, the brownfield redevelopment financing act,~~  
23 ~~1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement~~  
24 ~~authority act, 2005 PA 280, MCL 125.2871 to 125.2899~~ **TAX INCREMENT**  
25 **FINANCING ACTS.**

26       (2) Not later than the tenth day of each month, the tax  
27 tribunal created by the tax tribunal act, 1973 PA 186, MCL 205.701

1 to 205.779, shall report to the department the changes in taxable  
2 value for tax years after 1993 that are not reported to the  
3 department under subsection (1) and that are caused by tax tribunal  
4 decisions in the immediately preceding month for property that is a  
5 principal residence or qualified agricultural property, as defined  
6 in section 1211 of the revised school code, MCL 380.1211, and for  
7 property that is not a principal residence or qualified  
8 agricultural property, in each district and intermediate district.  
9 The report shall also contain the amount of taxable value captured  
10 under a tax increment financing plan described in subsection (1)  
11 for school operating tax purposes.

12           **(3) FOR THE PURPOSES OF THIS SECTION, "TAX INCREMENT FINANCING**  
13 **ACTS" MEANS 1975 PA 197, MCL 125.1651 TO 125.1681, THE TAX**  
14 **INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL 125.1801 TO**  
15 **125.1830, THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL**  
16 **125.2151 TO 125.2174, THE BROWNFIELD REDEVELOPMENT FINANCING ACT,**  
17 **1996 PA 381, MCL 125.2651 TO 125.2672, OR THE CORRIDOR IMPROVEMENT**  
18 **AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.**

19           Sec. 164c. A district or intermediate district shall not use  
20 funds appropriated under this act to purchase foreign goods or  
21 services, or both, if American goods or services, or both, are  
22 available and are competitively priced and of comparable quality.  
23 Preference should be given to goods or services, or both,  
24 manufactured or provided by Michigan businesses if they are  
25 competitively priced and of comparable quality. **IN ADDITION,**  
26 **PREFERENCE SHALL BE GIVEN TO GOODS OR SERVICES, OR BOTH, THAT ARE**  
27 **MANUFACTURED OR PROVIDED BY MICHIGAN BUSINESSES OWNED AND OPERATED**

1 BY VETERANS, IF THEY ARE COMPETITIVELY PRICED AND OF COMPARABLE  
2 QUALITY.

3 Enacting section 1. (1) In accordance with section 30 of  
4 article I of the state constitution of 1963, total state spending  
5 in this amendatory act from state sources for fiscal year 2007-2008  
6 is estimated at \$11,421,896,200.00 and state appropriations to be  
7 paid to local units of government for fiscal year 2007-2008 are  
8 estimated at \$11,346,493,300.00.

9 (2) In accordance with section 30 of article I of the state  
10 constitution of 1963, total state spending in this amendatory act  
11 from state sources for fiscal year 2008-2009 is estimated at  
12 \$11,953,219,100.00 and state appropriations to be paid to local  
13 units of government for fiscal year 2008-2009 are estimated at  
14 \$11,738,786,800.00.

15 Enacting section 2. Sections 32, 99c, 99i, 99j, 99k, 104a,  
16 104b and 166 of the state school aid act of 1979, 1979 PA 94, MCL  
17 388.1632, MCL 388.1699c, MCL 388.1699i, MCL 388.1699j, MCL  
18 388.1699k, 388.1704a, 388.1704b and 388.1766 and Section 32e as  
19 added by this amendatory act are repealed effective October 1,  
20 2008.

21 Enacting section 3. (1) Except as otherwise provided in  
22 subsection (2), this amendatory act takes effect October 1, 2008.

23 (2) Sections 11, 11j, 22a, 22b, 22d, 51a, 51c, 56, 62 and 104  
24 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611,  
25 388.1611j, 388.1622a, 388.1622b, 388.1622d, 388.1651a, 388.1651c,  
26 388.1656, 388.1662 and 388.1704, as amended by this amendatory act,  
27 and sections 32e and 99h, as added by this amendatory act, take

1 effect upon enactment of this amendatory act.