

SENATE BILL No. 263

EXECUTIVE BUDGET BILL

February 21, 2007, Introduced by Senators SWITALSKI and SCHAUER 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, 6, 8b, 11, 11a, 11f, 11g, 11j, 11k, 11m,
15, 18, 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, 76, 81,
94a, 98, 99, 99e, 99h, 104, 107, 147, and 163 (MCL 388.1603,
388.1606, 388.1608b, 388.1611, 388.1611a, 388.1611f, 388.1611g,
388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1619,
388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d,
388.1624, 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, 388.1676, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699h, 388.1704, 388.1707, 388.1747, and 388.1763), sections 3, 6, 11, 11a, 11f, 11g, 11j, 11k, 15, 18, 20, 20j, 22a, 22b, 22d, 24, 26a, 26b, 31a, 31d, 31f, 32c, 32d, 32j, 32l, 37, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, and 147 as amended and sections 11m, 24a, 24c, 29, 32b, 64, 65, 99e, 99h, and 104 as added by 2006 PA 342, sections 8b and 38 as amended by 2003 PA 158, sections 19 and 39 as amended by 2005 PA 155, section 20d as amended by 1997 PA 93, section 76 as amended by 1996 PA 300, and section 163 as amended by 2004 PA 351, and by adding sections 22e and 32e; 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 ~~and except as used in section 6(4)(bb)~~ ,
3 means 92% of the ~~membership~~ **PUPILS COUNTED IN MEMBERSHIP ON THE**
4 **PUPIL MEMBERSHIP COUNT DAY** as defined in section ~~6(4)~~ **6(7)**.

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

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

9 (4) "Cooperative education program" means a written voluntary
10 agreement between and among districts to provide certain
11 educational programs for pupils in certain groups of districts. The
12 written agreement shall be approved by all affected districts at

1 least annually and shall specify the educational programs to be
2 provided and the estimated number of pupils from each district who
3 will participate in the educational programs.

4 (5) "Department", except in ~~section~~ **SECTIONS 61A AND** 107,
5 means the department of education.

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

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

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

27 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.

24 (s) For a district, university school, or public school
25 academy that has pupils enrolled in a grade level that was not
26 offered by the district, university school, or public school
27 academy in the immediately preceding school year, the number of

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

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

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

1 the purposes of this subdivision, a district shall be considered to
2 be providing appropriate instruction if all of the following are
3 met:

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

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

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

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

15 (v) A pupil enrolled in an alternative or disciplinary
16 education program described in section 25 shall be counted in
17 membership in the district or public school academy that expelled
18 the pupil.

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

26 (x) For a public school academy that has been in operation for
27 at least 2 years and that suspended operations for at least 1

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

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

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

1 those 3 membership figures by 3.

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

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

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

23 ~~(bb) Full-time equated memberships for pupils enrolled in a~~
24 ~~public school academy that is wholly contained within a county~~
25 ~~juvenile detention facility shall be considered to be the average~~
26 ~~daily attendance of pupils enrolled in the public school academy~~
27 ~~for the immediately preceding fiscal year, as reported by the~~

~~public school academy and audited by the intermediate district in which the public school academy is located. However, if a public school academy described in this subdivision does not provide definitive information to the auditing intermediate district to support the pupil memberships generated by average daily attendance, then full-time equated memberships for pupils enrolled in that public school academy shall be calculated as otherwise provided under this subsection.~~

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

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

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

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

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

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

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

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

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

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

27 (ii) "Serious assault" means an act that constitutes a felony

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

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

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

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

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

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

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

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

22 (j) A pupil who is the child of a person who is employed by
23 the district. As used in this subdivision, "child" includes an
24 adopted child, stepchild, or legal ward. However, if a district
25 that is not a first class district educates pupils who reside in a
26 first class district and if the primary instructional site for
27 those pupils is located within the boundaries of the first class

1 district, the educating district must have the approval of the
2 first class district to count those pupils in membership. As used
3 in this subsection, "first class district" means a district
4 organized as a school district of the first class under the revised
5 school code.

6 **(K) AN EXPELLED PUPIL WHO HAS BEEN DENIED REINSTATEMENT BY THE**
7 **EXPELLING DISTRICT AND IS REINSTATED BY ANOTHER SCHOOL BOARD UNDER**
8 **SECTION 1311 OR 1311A OF THE REVISED SCHOOL CODE, MCL 380.1311 AND**
9 **380.1311A.**

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

12 (a) Except as provided in subdivision (b), the fourth
13 Wednesday after Labor day each school year or, for a district or
14 building in which school is not in session on that Wednesday **DUE TO**
15 **CONDITIONS NOT WITHIN CONTROL OF SCHOOL AUTHORITIES**, with the
16 approval of the superintendent, the immediately following day on
17 which school is in session in the district or building.

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

20 (i) Fourth Wednesday in July.

21 (ii) Fourth Wednesday after Labor day.

22 (iii) Second Wednesday in February.

23 (iv) Fourth Wednesday in April.

24 (8) "Pupils in grades K to 12 actually enrolled and in regular
25 daily attendance" means pupils in grades K to 12 in attendance and
26 receiving instruction in all classes for which they are enrolled on
27 the pupil membership count day or the supplemental count day, as

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

1 (9) "Rule" means a rule promulgated pursuant to the
2 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
3 24.328.

4 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
5 380.1852.

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

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

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

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

15 (15) "Tuition pupil" means a pupil of school age attending
16 school in a district other than the pupil's district of residence
17 for whom tuition may be charged. Tuition pupil does not include a
18 pupil who is a special education pupil or a pupil described in
19 subsection (6)(d) to ~~(j)~~ **(K)**. A pupil's district of residence shall
20 not require a high school tuition pupil, as provided under section
21 111, to attend another school district after the pupil has been
22 assigned to a school district.

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

26 (17) "Taxable value" means the taxable value of property as
27 determined under section 27a of the general property tax act, 1893

1 PA 206, MCL 211.27a.

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

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

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

14 Sec. 8b. (1) The department shall assign a district code to
15 each public school academy that is authorized under the revised
16 school code and is eligible to receive funding under this act
17 within 30 days after a contract is submitted to the department by
18 the authorizing body of a public school academy.

19 (2) If the department does not assign a district code to a
20 public school academy within the 30-day period described in
21 subsection (1), the district code the department shall use to make
22 payments under this act to the newly authorized public school
23 academy shall be a number that is equivalent to the sum of the last
24 district code assigned to a public school academy located in the
25 same county as the newly authorized public school academy plus 1.
26 However, if there is not an existing public school academy located
27 in the same county as the newly authorized public school academy,

1 then the district code the department shall use to make payments
 2 under this act to the newly authorized public school academy shall
 3 be a 5-digit number that has the county code in which the public
 4 school academy is located as its first 2 digits, 9 as its third
 5 digit, 0 as its fourth digit, and 1 as its fifth digit. **AT THE**
 6 **POINT THE NUMBER OF PUBLIC SCHOOL ACADEMIES IN A COUNTY EXCEEDS ONE**
 7 **HUNDRED, THE THIRD DIGIT SHALL BE 8.**

8 Sec. 11. (1) ~~For the fiscal year ending September 30, 2006,~~
 9 ~~there is appropriated for the public schools of this state and~~
 10 ~~certain other state purposes relating to education the sum of~~
 11 ~~\$11,200,813,200.00 from the state school aid fund established by~~
 12 ~~section 11 of article IX of the state constitution of 1963, the sum~~
 13 ~~of \$44,500,000.00 from the proceeds of capitalization of the school~~
 14 ~~bond loan fund revolving fund, and the sum of \$62,714,000.00 from~~
 15 ~~the general fund. For the fiscal year ending September 30, 2007,~~
 16 **2008** there is appropriated for the public schools of this state and
 17 certain other state purposes relating to education the sum of
 18 ~~\$11,647,508,200.00~~ **\$11,985,916,700.00** from the state school aid
 19 fund established by section 11 of article IX of the state
 20 constitution of 1963 and the sum of \$35,000,000.00 from the general
 21 fund. In addition, available federal funds are appropriated for
 22 ~~each~~ **THIS** fiscal year.

23 (2) The appropriations under this section shall be allocated
 24 as provided in this act. Money appropriated under this section from
 25 the general fund shall be expended to fund the purposes of this act
 26 before the expenditure of money appropriated under this section
 27 from the state school aid fund. If the maximum amount appropriated

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

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

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

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

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

24 (i) Districts.

25 (ii) Intermediate districts.

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

27 (b) The department shall recover a percentage of the proration

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

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

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

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

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

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

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

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

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

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

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

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

27 (6) If the maximum amount appropriated under section 11 from

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

13 (7) For ~~2006-2007~~, **2007-2008**, there is ~~transferred~~
14 **APPROPRIATED** from the school aid stabilization fund to the state
15 school aid fund the amount necessary to fully fund the allocations
16 under this act.

17 Sec. 11f. (1) From the appropriations under section 11, there
18 is allocated for the purposes of this section an amount not to
19 exceed \$32,000,000.00 for the fiscal year ending September 30, ~~2007~~
20 ~~and for each succeeding fiscal year through the fiscal year ending~~
21 ~~September 30, 2008~~. Payments under this section will cease after
22 September 30, 2008. These allocations are for paying the amounts
23 described in subsection (4) to districts and intermediate
24 districts, other than those receiving a lump sum payment under
25 subsection (2), that were not plaintiffs in the consolidated cases
26 known as Durant v State of Michigan, Michigan supreme court docket
27 no. 104458-104492 and that, on or before March 2, 1998, submitted

1 to the state treasurer a board resolution waiving any right or
2 interest the district or intermediate district has or may have in
3 any claim or litigation based on or arising out of any claim or
4 potential claim through September 30, 1997 that is or was similar
5 to the claims asserted by the plaintiffs in the consolidated cases
6 known as Durant v State of Michigan. The waiver resolution shall be
7 in form and substance as required under subsection (7). The state
8 treasurer is authorized to accept such a waiver resolution on
9 behalf of this state. The amounts described in this subsection
10 represent offers of settlement and compromise of any claim or
11 claims that were or could have been asserted by these districts and
12 intermediate districts, as described in this subsection.

13 (2) In addition to any other money appropriated under this
14 act, there was appropriated from the state school aid fund an
15 amount not to exceed \$1,700,000.00 for the fiscal year ending
16 September 30, 1999. This appropriation was for paying the amounts
17 described in this subsection to districts and intermediate
18 districts that were not plaintiffs in the consolidated cases known
19 as Durant v State of Michigan; that, on or before March 2, 1998,
20 submitted to the state treasurer a board resolution waiving any
21 right or interest the district or intermediate district had or may
22 have had in any claim or litigation based on or arising out of any
23 claim or potential claim through September 30, 1997 that is or was
24 similar to the claims asserted by the plaintiffs in the
25 consolidated cases known as Durant v State of Michigan; and for
26 which the total amount listed in section 11h and paid under this
27 section was less than \$75,000.00. For a district or intermediate

1 district qualifying for a payment under this subsection, the entire
2 amount listed for the district or intermediate district in section
3 11h was paid in a lump sum on November 15, 1998 or on the next
4 business day following that date. The amounts paid under this
5 subsection represent offers of settlement and compromise of any
6 claim or claims that were or could have been asserted by these
7 districts and intermediate districts, as described in this
8 subsection.

9 (3) This section does not create any obligation or liability
10 of this state to any district or intermediate district that does
11 not submit a waiver resolution described in this section. This
12 section, any other provision of this act, and section 353e of the
13 management and budget act, 1984 PA 431, MCL 18.1353e, are not
14 intended to admit liability or waive any defense that is or would
15 be available to this state or its agencies, employees, or agents in
16 any litigation or future litigation with a district or intermediate
17 district.

18 (4) The amount paid each fiscal year to each district or
19 intermediate district under subsection (1) shall be 1/20 of the
20 total amount listed in section 11h for each listed district or
21 intermediate district that qualifies for a payment under subsection
22 (1). The amounts listed in section 11h and paid in part under this
23 subsection and in a lump sum under subsection (2) are offers of
24 settlement and compromise to each of these districts or
25 intermediate districts to resolve, in their entirety, any claim or
26 claims that these districts or intermediate districts may have
27 asserted for violations of section 29 of article IX of the state

1 constitution of 1963 through September 30, 1997, which claims are
2 or were similar to the claims asserted by the plaintiffs in the
3 consolidated cases known as Durant v State of Michigan. This
4 section, any other provision of this act, and section 353e of the
5 management and budget act, 1984 PA 431, MCL 18.1353e, shall not be
6 construed to constitute an admission of liability to the districts
7 or intermediate districts listed in section 11h or a waiver of any
8 defense that is or would have been available to the state or its
9 agencies, employees, or agents in any litigation or future
10 litigation with a district or intermediate district.

11 (5) The entire amount of each payment under subsection (1)
12 each fiscal year shall be paid on November 15 of the applicable
13 fiscal year or on the next business day following that date.

14 (6) Funds paid to a district or intermediate district under
15 this section shall be used only for textbooks, electronic
16 instructional material, software, technology, infrastructure or
17 infrastructure improvements, school buses, school security,
18 training for technology, ~~an early intervening program described in~~
19 ~~subsection (8),~~ or to pay debt service on voter-approved bonds
20 issued by the district or intermediate district before the
21 effective date of this section. For intermediate districts only,
22 funds paid under this section may also be used for other
23 nonrecurring instructional expenditures including, but not limited
24 to, nonrecurring instructional expenditures for vocational
25 education, or for debt service for acquisition of technology for
26 academic support services. Funds received by an intermediate
27 district under this section may be used for projects conducted for

1 the benefit of its constituent districts at the discretion of the
2 intermediate board. To the extent payments under this section are
3 used by a district or intermediate district to pay debt service on
4 debt payable from millage revenues, and to the extent permitted by
5 law, the district or intermediate district may make a corresponding
6 reduction in the number of mills levied for that debt service.

7 (7) The resolution to be adopted and submitted by a district
8 or intermediate district under this section and section 11g shall
9 read as follows:

10 "Whereas, the board of _____ (name of district
11 or intermediate district) desires to settle and compromise, in
12 their entirety, any claim or claims that the district (or
13 intermediate district) has or had for violations of section 29 of
14 article IX of the state constitution of 1963, which claim or claims
15 are or were similar to the claims asserted by the plaintiffs in the
16 consolidated cases known as Durant v State of Michigan, Michigan
17 supreme court docket no. 104458-104492.

18 Whereas, the district (or intermediate district) agrees to
19 settle and compromise these claims for the consideration described
20 in sections 11f and 11g of the state school aid act of 1979, 1979
21 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for
22 the district (or intermediate district) in section 11h of the state
23 school aid act of 1979, 1979 PA 94, MCL 388.1611h.

24 Whereas, the board of _____ (name of district or
25 intermediate district) is authorized to adopt this resolution.

26 Now, therefore, be it resolved as follows:

27 1. The board of _____ (name of district or

1 intermediate district) waives any right or interest it may have in
2 any claim or potential claim through September 30, 1997 relating to
3 the amount of funding the district or intermediate district is, or
4 may have been, entitled to receive under the state school aid act
5 of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or any other source
6 of state funding, by reason of the application of section 29 of
7 article IX of the state constitution of 1963, which claims or
8 potential claims are or were similar to the claims asserted by the
9 plaintiffs in the consolidated cases known as Durant v State of
10 Michigan, Michigan supreme court docket no. 104458-104492.

11 2. The board of _____ (name of district or
12 intermediate district) directs its secretary to submit a certified
13 copy of this resolution to the state treasurer no later than 5 p.m.
14 eastern standard time on March 2, 1998, and agrees that it will not
15 take any action to amend or rescind this resolution.

16 3. The board of _____ (name of district or
17 intermediate district) expressly agrees and understands that, if it
18 takes any action to amend or rescind this resolution, the state,
19 its agencies, employees, and agents shall have available to them
20 any privilege, immunity, and/or defense that would otherwise have
21 been available had the claims or potential claims been actually
22 litigated in any forum.

23 4. This resolution is contingent on continued payments by the
24 state each fiscal year as determined under sections 11f and 11g of
25 the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and
26 388.1611g. However, this resolution shall be an irrevocable waiver
27 of any claim to amounts actually received by the school district or

1 intermediate school district under sections 11f and 11g of the
2 state school aid act of 1979."

3 ~~(8) An early intervening program that uses funds received~~
4 ~~under this section shall meet either or both of the following.~~

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

17 ~~(b) Shall provide early intervening strategies for pupils in~~
18 ~~grades K to 3 using school wide systems of academic and behavioral~~
19 ~~supports and shall be scientifically research based. The strategies~~
20 ~~to be provided shall include at least pupil performance indicators~~
21 ~~based upon response to intervention, instructional consultation for~~
22 ~~teachers, and ongoing progress monitoring. A school wide system of~~
23 ~~academic and behavioral support should be based on a support team~~
24 ~~available to the classroom teachers. The members of this team could~~
25 ~~include the principal, special education staff, reading teachers,~~
26 ~~and other appropriate personnel who would be available to~~
27 ~~systematically study the needs of the individual child and work~~

1 ~~with the teacher to match instruction to the needs of the~~
2 ~~individual child.~~

3 Sec. 11g. (1) From the appropriation in section 11, there is
4 allocated for this section an amount not to exceed \$34,961,000.00
5 for the fiscal year ending September 30, ~~2007~~ **2008**. There is
6 allocated for this section an amount not to exceed \$35,000,000.00
7 for each succeeding fiscal year through the fiscal year ending
8 September 30, 2013. Payments under this section will cease after
9 September 30, 2013. These allocations are for paying the amounts
10 described in subsection (3) to districts and intermediate
11 districts, other than those receiving a lump-sum payment under
12 section 11f(2), that were not plaintiffs in the consolidated cases
13 known as Durant v State of Michigan, Michigan supreme court docket
14 no. 104458-104492 and that, on or before March 2, 1998, submitted
15 to the state treasurer a waiver resolution described in section
16 11f. The amounts paid under this section represent offers of
17 settlement and compromise of any claim or claims that were or could
18 have been asserted by these districts and intermediate districts,
19 as described in this section.

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

1 district regarding these claims or potential claims.

2 (3) The amount paid each fiscal year to each district or
3 intermediate district under this section shall be the sum of the
4 following:

5 (a) $1/30$ of the total amount listed in section 11h for the
6 district or intermediate district.

7 (b) If the district or intermediate district borrows money and
8 issues bonds under section 11i, an additional amount in each fiscal
9 year calculated by the department of treasury that, when added to
10 the amount described in subdivision (a), will cause the net present
11 value as of November 15, 1998 of the total of the 15 annual
12 payments made to the district or intermediate district under this
13 section, discounted at a rate as determined by the state treasurer,
14 to equal the amount of the bonds issued by that district or
15 intermediate district under section 11i and that will result in the
16 total payments made to all districts and intermediate districts in
17 each fiscal year under this section being no more than the amount
18 appropriated under this section in each fiscal year.

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

1 only for the following purposes, in the following order of
 2 priority:

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

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

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

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

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

19 Sec. 11j. From the appropriation in section 11, there is
 20 allocated an amount not to exceed ~~\$48,000,000.00~~ **\$51,800,000.00** for
 21 ~~2006-2007~~ **2007-2008** for payments to the school loan bond redemption
 22 fund in the department of treasury on behalf of districts and
 23 intermediate districts. Notwithstanding section 11 or any other
 24 provision of this act, funds allocated under this section are not
 25 subject to proration and shall be paid in full.

26 Sec. 11k. For ~~2006-2007~~ **2007-2008**, there is appropriated from
 27 the general fund to the school loan revolving fund an amount equal

1 to the amount of school bond loans assigned to the Michigan
2 municipal bond authority, not to exceed the total amount of school
3 bond loans held in reserve as long-term assets. As used in this
4 section, "school loan revolving fund" means that fund created in
5 section 16c of the shared credit rating act, 1985 PA 227, MCL
6 141.1066c.

7 Sec. 11m. From the appropriations in section 11, there is
8 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed
9 \$22,800,000.00 for fiscal year cash-flow borrowing costs solely
10 related to the state school aid fund established by section 11 of
11 article IX of the state constitution of 1963.

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

1 (2) If the result of an audit conducted by or for the
2 department affects the current fiscal year membership, affected
3 payments shall be adjusted in the current fiscal year. A deduction
4 due to an adjustment made as a result of an audit conducted by or
5 for the department, or as a result of information obtained by the
6 department from the district, an intermediate district, the
7 department of treasury, or the office of auditor general, shall be
8 deducted from the district's apportionments ~~within the next fiscal~~
9 ~~year after the fiscal year in which the~~ **WHEN THE** adjustment is
10 finalized. At the request of the district and upon the district
11 presenting evidence satisfactory to the department of the hardship,
12 the department may grant up to an additional 4 years for the
13 adjustment if the district would otherwise experience a significant
14 hardship.

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

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

27 (5) In addition to funds appropriated in section 11 for all

1 programs and services, there is appropriated ~~each fiscal year for~~
2 ~~2005-2006 and 2006-2007~~ **FOR 2007-2008** for obligations in excess of
3 applicable appropriations, an amount equal to the collection of
4 overpayments, but not to exceed amounts available from
5 overpayments.

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

24 (2) Within 30 days after a board or intermediate board adopts
25 its annual operating budget for the following school fiscal year,
26 or after a board or intermediate board adopts a subsequent revision
27 to that budget, the district or intermediate district shall make

1 the budget and subsequent budget revisions available on its
2 website, or a district may make the information available on its
3 intermediate district's website, in a form and manner prescribed by
4 the department.

5 (3) For the purpose of determining the reasonableness of
6 expenditures and whether a violation of this act has occurred, the
7 department shall require that each district and intermediate
8 district have an audit of the district's or intermediate district's
9 financial and pupil accounting records conducted at least annually
10 at the expense of the district or intermediate district, as
11 applicable, by a certified public accountant or by the intermediate
12 district superintendent, as may be required by the department, or
13 in the case of a district of the first class by a certified public
14 accountant, the intermediate superintendent, or the auditor general
15 of the city. An intermediate district's annual financial audit
16 shall be accompanied by the intermediate district's pupil
17 accounting procedures report. A district's or intermediate
18 district's annual financial audit shall include an analysis of the
19 financial and pupil accounting data used as the basis for
20 distribution of state school aid. The pupil accounting records and
21 reports, audits, and management letters are subject to requirements
22 established in the auditing and accounting manuals approved and
23 published by the department. Except as otherwise provided in this
24 subsection, a district shall file the annual financial audit
25 reports with the intermediate district not later than 120 days
26 after the end of each school fiscal year and the intermediate
27 district shall forward the annual financial audit reports for its

1 constituent districts and for the intermediate district, and the
2 pupil accounting procedures report for the pupil membership count
3 day and supplemental count day, to the department not later than
4 November 15 of each year. The annual financial audit reports and
5 pupil accounting procedures reports shall be available to the
6 public in compliance with the freedom of information act, 1976 PA
7 442, MCL 15.231 to 15.246. Not later than December ~~1~~ 31 of each
8 year, the department shall notify the state budget director and the
9 legislative appropriations subcommittees responsible for review of
10 the school aid budget of districts and intermediate districts that
11 have not filed an annual financial audit and pupil accounting
12 procedures report required under this section for the school year
13 ending in the immediately preceding fiscal year.

14 (4) By November 15 of each year, each district and
15 intermediate district shall submit to the center, in a manner
16 prescribed by the center, annual comprehensive financial data
17 consistent with accounting manuals and charts of accounts approved
18 and published by the department. ~~Effective with the report due on~~
19 ~~November 15, 2006, for~~ **FOR** an intermediate district, the report
20 shall also contain the website address where the department can
21 access the report required under section 620 of the revised school
22 code, MCL 380.620.

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

27 (6) By October 7 of each year, each district and intermediate

1 district shall file with the ~~department~~ **CENTER** the transportation
2 expenditure report, known as "SE-4094", on a form and in the manner
3 prescribed by the ~~department~~ **CENTER**.

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

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

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

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,~~

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

~~(3)~~ (2) A district or intermediate district shall comply with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner prescribed by the center, shall be aggregated and disaggregated as required by state and federal law.

~~(4)~~ (3) Each district shall furnish to the center not later than 7 weeks after the pupil membership count day, in a manner prescribed by the center, the information necessary for the preparation of the district and high school graduation report. **IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT, EACH INTERMEDIATE DISTRICT SHALL VERIFY THAT THE INFORMATION SUBMITTED BY ITS CONSTITUENT DISTRICTS IS REASONABLY ACCURATE.** The center shall calculate an annual graduation and pupil dropout rate for each high school, each district, and this state, in compliance with nationally recognized standards for these calculations. The center shall report all graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than 30 days after the publication of the list described in subsection ~~(8)~~ (7).

~~(5)~~ (4) By the first business day in December and by June 30 of each year, a district shall furnish to the center, in a manner prescribed by the center, information related to educational

1 personnel as necessary for reporting required by state and federal
2 law.

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

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

17 ~~(8)~~ (7) Before publishing a list of schools or districts
18 determined to have failed to make adequate yearly progress as
19 required by the federal no child left behind act of 2001, Public
20 Law 107-110, the department shall allow a school or district to
21 appeal that determination. The department shall consider and act
22 upon the appeal within 30 days after it is submitted and shall not
23 publish the list until after all appeals have been considered and
24 decided.

25 Sec. 20. (1) ~~For 2005-2006, the basic foundation allowance is~~
26 ~~\$6,875.00. For 2006-2007, the basic foundation allowance is~~
27 ~~\$7,085.00. FOR 2007-2008, THE BASIC FOUNDATION ALLOWANCE IS~~

1 \$7,286.00.

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

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

9 (a) Except as otherwise provided in this subsection, for a
10 district that in the immediately preceding state fiscal year had a
11 foundation allowance in an amount at least equal to the amount of
12 the basic foundation allowance for the immediately preceding state
13 fiscal year, the district shall receive a foundation allowance in
14 an amount equal to the sum of the district's foundation allowance
15 for the immediately preceding state fiscal year plus the dollar
16 amount of the adjustment from the immediately preceding state
17 fiscal year to the current state fiscal year in the basic
18 foundation allowance. However, for 2002-2003, the foundation
19 allowance for a district under this subdivision is an amount equal
20 to the sum of the district's foundation allowance for the
21 immediately preceding state fiscal year plus \$200.00. **FOR 2007-**
22 **2008, THE FOUNDATION ALLOWANCE FOR A DISTRICT UNDER THIS**
23 **SUBDIVISION IS AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S**
24 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**
25 **YEAR PLUS \$178.00.**

26 (b) For a district that in the 1994-95 state fiscal year had a
27 foundation allowance greater than \$6,500.00, the district's

1 foundation allowance is an amount equal to the sum of the
2 district's foundation allowance for the immediately preceding state
3 fiscal year plus the lesser of the increase in the basic foundation
4 allowance for the current state fiscal year, as compared to the
5 immediately preceding state fiscal year, or the product of the
6 district's foundation allowance for the immediately preceding state
7 fiscal year times the percentage increase in the United States
8 consumer price index in the calendar year ending in the immediately
9 preceding fiscal year as reported by the May revenue estimating
10 conference conducted under section 367b of the management and
11 budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a
12 district that in the 1994-95 state fiscal year had a foundation
13 allowance greater than \$6,500.00, the district's foundation
14 allowance is an amount equal to the sum of the district's
15 foundation allowance for the immediately preceding state fiscal
16 year plus the lesser of \$200.00 or the product of the district's
17 foundation allowance for the immediately preceding state fiscal
18 year times the percentage increase in the United States consumer
19 price index in the calendar year ending in the immediately
20 preceding fiscal year as reported by the May revenue estimating
21 conference conducted under section 367b of the management and
22 budget act, 1984 PA 431, MCL 18.1367b. **FOR 2007-2008, FOR A**
23 **DISTRICT THAT IN THE 1994-95 STATE FISCAL YEAR HAD A FOUNDATION**
24 **ALLOWANCE GREATER THAN \$6,500.00, THE DISTRICT'S FOUNDATION**
25 **ALLOWANCE IS AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S**
26 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**
27 **YEAR PLUS THE LESSER OF \$178.00 OR THE PRODUCT OF THE DISTRICT'S**

1 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL
 2 YEAR TIMES THE PERCENTAGE INCREASE IN THE UNITED STATES CONSUMER
 3 PRICE INDEX IN THE CALENDAR YEAR ENDING IN THE IMMEDIATELY
 4 PRECEDING FISCAL YEAR AS REPORTED BY THE MAY REVENUE ESTIMATING
 5 CONFERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT AND
 6 BUDGET ACT, 1984 PA 431, MCL 18.1367B.

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

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

18 ~~(e) It is the intent of the legislature that beginning in~~
 19 ~~2007-2008, for~~ **BEGINNING IN 2007-2008, FOR** a district that
 20 ~~receives~~ **RECEIVED** a payment under section 22c **AS THAT SECTION WAS**
 21 **IN EFFECT** for 2006-2007, the district's 2006-2007 foundation
 22 allowance shall be considered to have been an amount equal to the
 23 sum of the district's actual 2006-2007 foundation allowance as
 24 otherwise calculated under this section plus the per pupil amount
 25 of the district's equity payment for 2006-2007 under section 22c **AS**
 26 **THAT SECTION WAS IN EFFECT FOR 2006-2007.**

27 (4) Except as otherwise provided in this subsection, the state

1 portion of a district's foundation allowance is an amount equal to
2 the district's foundation allowance or \$6,500.00, whichever is
3 less, minus the difference between the product of the taxable value
4 per membership pupil of all property in the district that is not a
5 principal residence or qualified agricultural property times the
6 lesser of 18 mills or the number of mills of school operating taxes
7 levied by the district in 1993-94 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, or the
12 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
13 to 125.2672, divided by the district's membership excluding special
14 education pupils. For a district described in subsection (3)(b),
15 the state portion of the district's foundation allowance is an
16 amount equal to \$6,962.00 plus the difference between the
17 district's foundation allowance for the current state fiscal year
18 and the district's foundation allowance for 1998-99, minus the
19 difference between the product of the taxable value per membership
20 pupil of all property in the district that is not a principal
21 residence or qualified agricultural property times the lesser of 18
22 mills or the number of mills of school operating taxes levied by
23 the district in 1993-94 and the quotient of the ad valorem property
24 tax revenue of the district captured under 1975 PA 197, MCL
25 125.1651 to 125.1681, the tax increment finance authority act, 1980
26 PA 450, MCL 125.1801 to 125.1830, the local development financing
27 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield

1 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
2 divided by the district's membership excluding special education
3 pupils. For a district that has a millage reduction required under
4 section 31 of article IX of the state constitution of 1963, the
5 state portion of the district's foundation allowance shall be
6 calculated as if that reduction did not occur. ~~The~~ **BEGINNING IN**
7 **2007-2008, THE** \$6,500.00 amount prescribed in this subsection shall
8 be adjusted each year by an amount equal to the dollar amount of
9 the difference between the basic foundation allowance for the
10 current state fiscal year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**.

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

1 foundation allowance of the pupil's district of residence. The
2 calculation under this subsection shall take into account a
3 district's per pupil allocation under section 20j(2).

4 (6) Subject to subsection (7) and section 22b(3) and except as
5 otherwise provided in this subsection, for pupils in membership,
6 other than special education pupils, in a public school academy or
7 a university school, the allocation calculated under this section
8 is an amount per membership pupil other than special education
9 pupils in the public school academy or university school equal to
10 the sum of the local school operating revenue per membership pupil
11 other than special education pupils for the district in which the
12 public school academy or university school is located and the state
13 portion of that district's foundation allowance, or the sum of the
14 basic foundation allowance under subsection (1) plus \$300.00,
15 whichever is less. **HOWEVER, BEGINNING IN 2007-2008, THE \$300.00**
16 **PRESCRIBED IN THIS SUBSECTION SHALL BE REDUCED BY \$23.00.**

17 Notwithstanding section 101(2), for a public school academy that
18 begins operations after the pupil membership count day, the amount
19 per membership pupil calculated under this subsection shall be
20 adjusted by multiplying that amount per membership pupil by the
21 number of hours of pupil instruction provided by the public school
22 academy after it begins operations, as determined by the
23 department, divided by the minimum number of hours of pupil
24 instruction required under section 101(3). The result of this
25 calculation shall not exceed the amount per membership pupil
26 otherwise calculated under this subsection.

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

1 are in membership in 1 or more public school academies located in
2 the district, then the amount per membership pupil calculated under
3 this section for a public school academy located in the district
4 shall be reduced by an amount equal to the difference between the
5 product of the taxable value per membership pupil of all property
6 in the district that is not a principal residence or qualified
7 agricultural property times the lesser of 18 mills or the number of
8 mills of school operating taxes levied by the district in 1993-94
9 and the quotient of the ad valorem property tax revenue of the
10 district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the
11 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to
12 125.1830, the local development financing act, 1986 PA 281, MCL
13 125.2151 to 125.2174, or the brownfield redevelopment financing
14 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
15 district's membership excluding special education pupils, in the
16 school fiscal year ending in the current state fiscal year,
17 calculated as if the resident pupils in membership in 1 or more
18 public school academies located in the district were in membership
19 in the district. In order to receive state school aid under this
20 act, a district described in this subsection shall pay to the
21 authorizing body that is the fiscal agent for a public school
22 academy located in the district for forwarding to the public school
23 academy an amount equal to that local school operating revenue per
24 membership pupil for each resident pupil in membership other than
25 special education pupils in the public school academy, as
26 determined by the department.

27 (8) If a district does not receive an amount calculated under

1 subsection (9); if the number of mills the district may levy on a
2 principal residence and qualified agricultural property under
3 section 1211(1) of the revised school code, MCL 380.1211, is 0.5
4 mills or less; and if the district elects not to levy those mills,
5 the district instead shall receive a separate supplemental amount
6 calculated under this subsection in an amount equal to the amount
7 the district would have received had it levied those mills, as
8 determined by the department of treasury. A district shall not
9 receive a separate supplemental amount calculated under this
10 subsection for a fiscal year unless in the calendar year ending in
11 the fiscal year the district levies 18 mills or the number of mills
12 of school operating taxes levied by the district in 1993, whichever
13 is less, on property that is not a principal residence or qualified
14 agricultural property.

15 (9) For a district **THAT DOES NOT RECEIVE A PAYMENT CALCULATED**
16 **UNDER SECTION 22D**, that had combined state and local revenue per
17 membership pupil in the 1993-94 state fiscal year of more than
18 \$6,500.00 and that had fewer than 350 pupils in membership, if the
19 district elects not to reduce the number of mills from which a
20 principal residence and qualified agricultural property are exempt
21 and not to levy school operating taxes on a principal residence and
22 qualified agricultural property as provided in section 1211(1) of
23 the revised school code, MCL 380.1211, and not to levy school
24 operating taxes on all property as provided in section 1211(2) of
25 the revised school code, MCL 380.1211, there is calculated under
26 this subsection for 1994-95 and each succeeding fiscal year a
27 separate supplemental amount in an amount equal to the amount the

1 district would have received per membership pupil had it levied
2 school operating taxes on a principal residence and qualified
3 agricultural property at the rate authorized for the district under
4 section 1211(1) of the revised school code, MCL 380.1211, and
5 levied school operating taxes on all property at the rate
6 authorized for the district under section 1211(2) of the revised
7 school code, MCL 380.1211, as determined by the department of
8 treasury. If in the calendar year ending in the fiscal year a
9 district does not levy 18 mills or the number of mills of school
10 operating taxes levied by the district in 1993, whichever is less,
11 on property that is not a principal residence or qualified
12 agricultural property, the amount calculated under this subsection
13 will be reduced by the same percentage as the millage actually
14 levied compares to the 18 mills or the number of mills levied in
15 1993, whichever is less.

16 (10) Subject to subsection (4), for a district that is formed
17 or reconfigured after June 1, 2002 by consolidation of 2 or more
18 districts or by annexation, the resulting district's foundation
19 allowance under this section beginning after the effective date of
20 the consolidation or annexation shall be the average of the
21 foundation allowances of each of the original or affected
22 districts, calculated as provided in this section, weighted as to
23 the percentage of pupils in total membership in the resulting
24 district who reside in the geographic area of each of the original
25 or affected districts. The calculation under this subsection shall
26 take into account a district's per pupil allocation under section
27 20j(2).

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

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

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

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

24 (b) The revenue adjustment factor shall be computed by
25 dividing the sum of the estimated total state school aid fund
26 revenue for the subsequent state fiscal year plus the estimated
27 total state school aid fund revenue for the current state fiscal

1 year, adjusted for any change in the rate or base of a tax the
2 proceeds of which are deposited in that fund and excluding money
3 transferred into that fund from the countercyclical budget and
4 economic stabilization fund under section 353e of the management
5 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
6 estimated total school aid fund revenue for the current state
7 fiscal year plus the estimated total state school aid fund revenue
8 for the immediately preceding state fiscal year, adjusted for any
9 change in the rate or base of a tax the proceeds of which are
10 deposited in that fund. If a consensus revenue factor is not
11 determined at the revenue estimating conference, the principals of
12 the revenue estimating conference shall report their estimates to
13 the house and senate subcommittees responsible for school aid
14 appropriations not later than 7 days after the conclusion of the
15 revenue conference.

16 (c) The index shall be calculated by multiplying the pupil
17 membership factor by the revenue adjustment factor. However, for
18 ~~2005-2006 and 2006-2007~~ **2007-2008**, the index shall be 1.00. If a
19 consensus index is not determined at the revenue estimating
20 conference, the principals of the revenue estimating conference
21 shall report their estimates to the house and senate subcommittees
22 responsible for school aid appropriations not later than 7 days
23 after the conclusion of the revenue conference.

24 ~~(14) If the principals at the revenue estimating conference~~
25 ~~reach a consensus on the index described in subsection (13)(c), the~~
26 ~~basic foundation allowance for the subsequent state fiscal year~~
27 ~~shall be at least the amount of that consensus index multiplied by~~

1 ~~the basic foundation allowance specified in subsection (1).~~

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

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

1 fiscal year to the current fiscal year. The state portion of the
2 minimum amount of combined state and local revenue under this
3 subsection shall be calculated by subtracting from the minimum
4 amount of combined state and local revenue under this subsection
5 the sum of the district's local school operating revenue and an
6 amount equal to the product of the sum of the state portion of the
7 district's foundation allowance plus the amount calculated under
8 section 20j times the district's membership. As used in this
9 subsection, "additional expenses" means the district's expenses for
10 tuition or fees, not to exceed \$6,500.00 as adjusted each year by
11 an amount equal to the dollar amount of the difference between the
12 basic foundation allowance for the current state fiscal year and
13 \$5,000.00, minus ~~\$200.00~~ **\$223.00**, plus a room and board stipend not
14 to exceed \$10.00 per school day for each pupil in grades 9 to 12
15 educated in another district, as approved by the department.

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

27 ~~(18)~~ **(16)** For a district in which an industrial facilities

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

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

1 behind act of 2001, Public Law 107-110, in both mathematics and
2 English language arts at all applicable grade levels for all
3 applicable subgroups, the district may submit to the department an
4 application for flexibility in using the funds resulting from this
5 adjustment that are attributable to the pupils in the school or
6 schools. The application shall identify the affected school or
7 schools and the affected funds and shall contain a plan for using
8 the funds for specific purposes identified by the district that are
9 designed to reduce class size, but that may be different from the
10 purposes otherwise allowable under this subsection. The department
11 shall approve the application if the department determines that the
12 purposes identified in the plan are reasonably designed to reduce
13 class size. If the department does not act to approve or disapprove
14 an application within 30 days after it is submitted to the
15 department, the application is considered to be approved. If an
16 application for flexibility in using the funds is approved, the
17 district may use the funds identified in the application for any
18 purpose identified in the plan.

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

22 ~~(a) Shall monitor individual pupil learning for pupils in~~
23 ~~grades K to 3 and provide specific support or learning strategies~~
24 ~~to pupils in grades K to 3 as early as possible in order to reduce~~
25 ~~the need for special education placement. The program shall include~~
26 ~~literacy and numeracy supports, sensory motor skill development,~~
27 ~~behavior supports, instructional consultation for teachers, and the~~

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

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

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

1 adjustment.

2 ~~(22)~~ (19) For a district that levied 2.23 mills in 1993 to
3 finance an operating deficit, the district's foundation allowance
4 shall be calculated as if those mills were included as operating
5 mills in the calculation of the district's 1994-1995 foundation
6 allowance. A district is not entitled to any retroactive payments
7 for fiscal years before 2006-2007 due to this subsection. A
8 district receiving an adjustment under this subsection shall not
9 receive more than \$500,000.00 for a fiscal year as a result of this
10 adjustment.

11 ~~(23)~~ (20) Payments to districts, university schools, or public
12 school academies shall not be made under this section. Rather, the
13 calculations under this section shall be used to determine the
14 amount of state payments under section 22b.

15 ~~(24)~~ (21) If an amendment to section 2 of article VIII of the
16 state constitution of 1963 allowing state aid to some or all
17 nonpublic schools is approved by the voters of this state, each
18 foundation allowance or per pupil payment calculation under this
19 section may be reduced.

20 ~~(25)~~ (22) As used in this section:

21 (a) "Combined state and local revenue" means the aggregate of
22 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) "Combined state and local revenue per membership pupil"
26 means the district's combined state and local revenue divided by
27 the district's membership excluding special education pupils.

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

3 (d) "Immediately preceding state fiscal year" means the state
4 fiscal year immediately preceding the current state fiscal year.

5 (e) "Local school operating revenue" means school operating
6 taxes levied under section 1211 of the revised school code, MCL
7 380.1211.

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

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

14 (h) "Principal residence" and "qualified agricultural
15 property" mean those terms as defined in section 7dd of the general
16 property tax act, 1893 PA 206, MCL 211.7dd.

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

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

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

1 Sec. 20d. In making the final determination required under
2 former section 20a of a district's combined state and local revenue
3 per membership pupil in 1993-94 and in making calculations under
4 section 20, **FOR 2007-2008**, the department and the department of
5 treasury shall comply with all of the following:

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

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

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

12 Sec. 20j. (1) Foundation allowance supplemental payments for
13 ~~2006-2007~~ **2007-2008** to districts that in the 1994-95 state fiscal
14 year had a foundation allowance greater than \$6,500.00 shall be
15 calculated under this section.

16 (2) The per pupil allocation to each district under this
17 section shall be the difference between the dollar amount of the
18 adjustment from the 1998-99 state fiscal year to the current state
19 fiscal year in the basic foundation allowance **LESS \$223.00** minus
20 the dollar amount of the adjustment from the 1998-99 state fiscal
21 year to the current state fiscal year in the district's foundation
22 allowance.

23 (3) If a district's local revenue per pupil does not exceed
24 the sum of its foundation allowance under section 20 plus the per
25 pupil allocation under subsection (2), the total payment to the
26 district calculated under this section shall be the product of the
27 per pupil allocation under subsection (2) multiplied by the

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

14 (4) Payments to districts shall not be made under this
 15 section. Rather, the calculations under this section shall be made
 16 and used to determine the amount of state payments under section
 17 22b.

18 Sec. 22a. (1) From the appropriation in section 11, there is
 19 allocated an amount not to exceed ~~\$6,407,000,000.00 for 2005-2006~~
 20 ~~and an amount not to exceed \$6,207,000,000.00~~ **\$6,016,000,000.00** for
 21 ~~2006-2007~~ **2007-2008** for payments to districts, qualifying
 22 university schools, and qualifying public school academies to
 23 guarantee each district, qualifying university school, and
 24 qualifying public school academy an amount equal to its 1994-95
 25 total state and local per pupil revenue for school operating
 26 purposes under section 11 of article IX of the state constitution
 27 of 1963. Pursuant to section 11 of article IX of the state

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

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

15 (a) Except as otherwise provided in this subsection, the state
16 portion of a district's 1994-95 foundation allowance is an amount
17 equal to the district's 1994-95 foundation allowance or \$6,500.00,
18 whichever is less, minus the difference between the product of the
19 taxable value per membership pupil of all property in the district
20 that is not a homestead or qualified agricultural property times
21 the lesser of 18 mills or the number of mills of school operating
22 taxes levied by the district in 1993-94 and the quotient of the ad
23 valorem property tax revenue of the district captured under 1975 PA
24 197, MCL 125.1651 to 125.1681, the tax increment finance authority
25 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development
26 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the
27 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651

1 to 125.2672, divided by the district's membership. For a district
2 that has a millage reduction required under section 31 of article
3 IX of the state constitution of 1963, the state portion of the
4 district's foundation allowance shall be calculated as if that
5 reduction did not occur.

6 (b) For a district that had a 1994-95 foundation allowance
7 greater than \$6,500.00, the state payment under this subsection
8 shall be the sum of the amount calculated under subdivision (a)
9 plus the amount calculated under this subdivision. The amount
10 calculated under this subdivision shall be equal to the difference
11 between the district's 1994-95 foundation allowance minus \$6,500.00
12 and the current year hold harmless school operating taxes per
13 pupil. If the result of the calculation under subdivision (a) is
14 negative, the negative amount shall be an offset against any state
15 payment calculated under this subdivision. If the result of a
16 calculation under this subdivision is negative, there shall not be
17 a state payment or a deduction under this subdivision. The taxable
18 values per membership pupil used in the calculations under this
19 subdivision are as adjusted by ad valorem property tax revenue
20 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
21 increment finance authority act, 1980 PA 450, MCL 125.1801 to
22 125.1830, the local development financing act, 1986 PA 281, MCL
23 125.2151 to 125.2174, or the brownfield redevelopment financing
24 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
25 district's membership.

26 (3) Beginning in 2003-2004, for pupils in membership in a
27 qualifying public school academy or qualifying university school,

1 there is allocated under this section to the authorizing body that
2 is the fiscal agent for the qualifying public school academy for
3 forwarding to the qualifying public school academy, or to the board
4 of the public university operating the qualifying university
5 school, an amount equal to the 1994-95 per pupil payment to the
6 qualifying public school academy or qualifying university school
7 under section 20.

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

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

1 (6) As used in this section:

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

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

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

12 (d) "Hold harmless millage" means, for a district with a 1994-
13 95 foundation allowance greater than \$6,500.00, the number of mills
14 by which the exemption from the levy of school operating taxes on a
15 homestead and qualified agricultural property could be reduced as
16 provided in section 1211(1) of the revised school code, MCL
17 380.1211, and the number of mills of school operating taxes that
18 could be levied on all property as provided in section 1211(2) of
19 the revised school code, MCL 380.1211, as certified by the
20 department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

(i) For the number of mills by which the exemption from the levy of school operating taxes on a homestead and qualified agricultural property may be reduced as provided in section 1211(1) of the revised school code, MCL 380.1211, the taxable value of homestead and qualified agricultural property for the calendar year ending in the current state fiscal year.

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

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$3,217,000,000.00 for 2005-2006~~ ~~and an amount not to exceed \$3,584,950,000.00~~ **\$3,880,000,000.00** for ~~2006-2007~~ **2007-2008** for discretionary nonmandated payments to districts under this section. Funds allocated under this section

1 that are not expended in the state fiscal year for which they were
2 allocated, as determined by the department, may be used to
3 supplement the allocations under sections 22a and 51c in order to
4 fully fund those calculated allocations for the same fiscal year.

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

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

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

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

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

25 (d) Comply with section 1230g of the revised school code, MCL
26 380.1230g.

27 (4) From the allocation in subsection (1), the department

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

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

23 (6) If the local claims review board or a court of competent
24 jurisdiction makes a final determination that this state is in
25 violation of section 29 of article IX of the state constitution of
26 1963 regarding state payments to districts, the state budget
27 director shall use work project funds under subsection (5) or

1 allocate from the discretionary funds for nonmandated payments
2 under this section the amount as may be necessary to satisfy the
3 amount owed to districts before making any payments to districts
4 under subsection (2).

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

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

20 (9) If a lawsuit challenging payments made to districts
21 related to costs reimbursed by federal title XIX medicaid funds is
22 filed against this state, then, for the purpose of addressing
23 potential liability under such a lawsuit, the state budget director
24 may place funds allocated under this section in escrow or allocate
25 money from the funds otherwise allocated under this section, up to
26 a maximum of 50% of the amount allocated in subsection (1). If
27 funds are placed in escrow under this subsection, those funds are a

1 work project appropriation and the funds are carried forward into
2 the following fiscal year. The purpose of the work project is to
3 provide for any payments that may be awarded to districts as a
4 result of the litigation. The work project shall be completed upon
5 resolution of the litigation. In addition, this state reserves the
6 right to terminate future federal title XIX medicaid reimbursement
7 payments to districts if the amount or allocation of reimbursed
8 funds is challenged in the lawsuit. As used in this subsection,
9 "title XIX" means title XIX of the social security act, 42 USC 1396
10 to 1396v.

11 Sec. 22d. (1) From the amount allocated under section 22b, an
12 amount not to exceed \$750,000.00 is allocated for ~~2006-2007~~ **2007-**
13 **2008** for additional payments to small, geographically isolated
14 districts under this section.

15 (2) To be eligible for a payment under this section, a
16 district shall meet all of the following:

17 (a) Operates grades K to 12.

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

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

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

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

24 (3) The amount of the additional funding to each eligible
25 district under this section shall be determined under a spending
26 plan developed as provided in this subsection and approved by the
27 superintendent of public instruction. The spending plan shall be

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

14 **SEC. 22E. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
15 **ALLOCATED FOR 2007-2008 ONLY, AN AMOUNT NOT TO EXCEED**
16 **\$9,800,000.00, FOR THE PURPOSE OF REWARDING CONSTITUENT DISTRICTS**
17 **THAT ESTABLISH WRITTEN COST-SHARING AGREEMENTS WITH THEIR**
18 **INTERMEDIATE DISTRICTS. COST-SHARING AGREEMENTS SHALL INCLUDE ALL**
19 **OF THE COST-SHARING SERVICES OFFERED BY THAT INTERMEDIATE DISTRICT,**
20 **EXCEPT FOR THOSE SERVICES THAT ARE DUPLICATIVE WITH SERVICES**
21 **CONTAINED IN ANOTHER COST-SHARING AGREEMENT BETWEEN THE DISTRICT**
22 **AND ANOTHER INTERMEDIATE DISTRICT. COST-SHARING SERVICES MAY**
23 **INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:**

24 **(A) PROVISION OF BUSINESS SERVICES, INCLUDING BUT NOT LIMITED**
25 **TO, PURCHASING SERVICES, PAYROLL AND HUMAN RESOURCES SERVICES,**
26 **PUPIL TRANSPORTATION SERVICES, BUDGETING AND ACCOUNTING SERVICES,**
27 **BILLING AND PAYMENT SERVICES, ENERGY CONSORTIA, TELECOMMUNICATIONS**

1 AND DATA TECHNOLOGY SERVICES.

2 (B) JOINT OPERATING AGREEMENTS FOR THE CONSOLIDATION OF
3 ADMINISTRATIVE PERSONNEL POSITIONS, INCLUDING BUT NOT LIMITED TO,
4 SUPERINTENDENT, CHIEF FINANCIAL OFFICER, CURRICULUM DIRECTOR,
5 TRANSPORTATION DIRECTOR, AND FOOD SERVICE DIRECTOR.

6 (C) INSTRUCTIONAL SERVICES.

7 (2) THE DEPARTMENT SHALL AWARD FUNDING TO DISTRICTS THAT
8 DEMONSTRATE TO THE SATISFACTION OF THE DEPARTMENT THAT THE COST-
9 SHARING AGREEMENTS HAVE BEEN IMPLEMENTED IN A FORM AND MANNER
10 APPROVED BY THE DEPARTMENT.

11 (3) THE AWARD TO EACH ELIGIBLE DISTRICT SHALL BE CALCULATED BY
12 DIVIDING \$9,800,000.00 BY THE TOTAL STATEWIDE NUMBER OF PUPILS
13 WITHIN DISTRICTS MULTIPLIED BY THE NUMBER OF PUPILS IN THAT
14 DISTRICT.

15 (4) IN ADDITION TO THE ALLOCATION UNDER SUBSECTION (1), FROM
16 THE GENERAL FUND MONEY ALLOCATED UNDER SECTION 11, THERE IS
17 ALLOCATED TO THE DEPARTMENT AN AMOUNT NOT TO EXCEED \$200,000.00 FOR
18 THE PURPOSES OF IMPLEMENTING THIS SECTION.

19 Sec. 24. (1) From the appropriation in section 11, there is
20 allocated for ~~2006-2007~~ 2007-2008 an amount not to exceed
21 \$8,000,000.00 for payments to the educating district or
22 intermediate district for educating pupils assigned by a court or
23 the department of human services to reside in or to attend a
24 juvenile detention facility or child caring institution licensed by
25 the department of human services and approved by the department to
26 provide an on-grounds education program. The amount of the payment
27 under this section to a district or intermediate district shall be

1 calculated as prescribed under subsection (2).

2 ~~(2) For 2006-2007, 80% of the total amount allocated under~~
3 ~~this section shall be allocated by paying to the educating district~~
4 ~~or intermediate district an amount equal to the lesser of the~~
5 ~~district's or intermediate district's added cost or the~~
6 ~~department's approved per pupil allocation for the district or~~
7 ~~intermediate district, and 20% of the total amount allocated under~~
8 ~~this section shall be allocated by paying to the educating district~~
9 ~~or intermediate district an amount equal to the district's or~~
10 ~~intermediate district's added cost. For 2007-2008, 90% of the total~~
11 amount allocated under this section shall be allocated by paying to
12 the educating district or intermediate district an amount equal to
13 the lesser of the district's or intermediate district's added cost
14 or the department's approved per pupil allocation for the district
15 or intermediate district, and 10% of the total amount allocated
16 under this section shall be allocated by paying to the educating
17 district or intermediate district an amount equal to the district's
18 or intermediate district's added cost. Beginning with allocations
19 for 2008-2009, 100% of the total amount allocated under this
20 section shall be allocated by paying to the educating district or
21 intermediate district an amount equal to the lesser of the
22 district's or intermediate district's added cost or the
23 department's approved per pupil allocation for the district or
24 intermediate district. For the purposes of this subsection:

25 (a) "Added cost" means 100% of the added cost each fiscal year
26 for educating all pupils assigned by a court or the department of
27 human services to reside in or to attend a juvenile detention

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

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

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

27 (4) Special education pupils funded under section 53a shall

1 not be funded under this section.

2 Sec. 24a. From the appropriation in section 11, there is
3 allocated an amount not to exceed ~~\$3,000,000.00~~ **\$3,103,400.00** for
4 ~~2006-2007~~ **2007-2008** for payments to intermediate districts for
5 pupils who are placed in juvenile justice service facilities
6 operated by the department of human services. Each intermediate
7 district shall receive an amount equal to the state share of those
8 costs that are clearly and directly attributable to the educational
9 programs for pupils placed in facilities described in this section
10 that are located within the intermediate district's boundaries. The
11 intermediate districts receiving payments under this section shall
12 cooperate with the department of human services to ensure that all
13 funding allocated under this section is utilized by the
14 intermediate district and department of human services for
15 educational programs for pupils described in this section. Pupils
16 described in this section are not eligible to be funded under
17 section 24. However, a program responsibility or other fiscal
18 responsibility associated with these pupils shall not be
19 transferred from the department of human services to a district or
20 intermediate district unless the district or intermediate district
21 consents to the transfer.

22 Sec. 24c. From the appropriation in section 11, there is
23 allocated an amount not to exceed ~~\$1,253,100.00~~ **\$1,283,900.00** for
24 ~~2006-2007~~ **2007-2008** for payments to districts for pupils who are
25 enrolled in a nationally administered community-based education and
26 youth mentoring program, known as the youth challenge program, that
27 is located within the district and is administered by the

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

6 Sec. 26a. From the state school aid fund appropriation in
7 section 11, there is allocated an amount not to exceed
8 ~~\$37,650,000.00~~ **\$39,700,000.00** for ~~2006-2007~~ **2007-2008**, and from the
9 general fund appropriation in section 11, there is allocated an
10 amount not to exceed ~~\$12,550,000.00~~ **\$13,500,000.00** for ~~2006-2007~~
11 **2007-2008** to reimburse districts, intermediate districts, and the
12 state school aid fund pursuant to section 12 of the Michigan
13 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied
14 ~~in 2006 or for payments to districts as reimbursement for interest~~
15 ~~paid as a result of property tax refunds~~ **2007**. The allocations
16 shall be made not later than 60 days after the department of
17 treasury certifies to the department and to the state budget
18 director that the department of treasury has received all necessary
19 information to properly determine the amounts due to each eligible
20 recipient.

21 Sec. 26b. (1) From the ~~general fund~~ appropriation in section
22 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount not to
23 exceed ~~\$2,400,000.00~~ **\$3,400,000.00** for payments to districts,
24 intermediate districts, and community college districts for the
25 portion of the payment in lieu of taxes obligation that is
26 attributable to districts, intermediate districts, and community
27 college districts pursuant to section 2154 of the natural resources

1 and environmental protection act, 1994 PA 451, MCL 324.2154.

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

6 Sec. 29. (1) From the appropriation in section 11, there is
7 allocated an amount not to exceed ~~\$20,000,000.00~~ **\$36,000,000.00** for
8 ~~2006-2007~~ **2007-2008** for additional payments to eligible districts
9 for declining enrollment assistance.

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

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

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

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

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

1 the payments calculated under this subsection exceeds the
2 allocation for this section, the payment to each district shall be
3 prorated on an equal percentage basis.

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

10 Sec. 31a. (1) From the state school aid fund money
11 appropriated in section 11, there is allocated for ~~2006-2007~~ **2007-**
12 **2008** an amount not to exceed ~~\$319,450,000.00~~ **\$319,350,000.00** for
13 payments to eligible districts and eligible public school academies
14 under this section. Subject to subsection ~~(15)~~ **(13)**, the amount of
15 the additional allowance under this section, other than funding
16 under subsection (6), **OR** (7), ~~or (8)~~, shall be based on the number
17 of actual pupils in membership in the district or public school
18 academy who met the income eligibility criteria for free breakfast,
19 lunch, or milk in the immediately preceding state fiscal year, as
20 determined under the Richard B. Russell national school lunch act,
21 42 USC 1751 to 1769i, and reported to the department by October 31
22 of the immediately preceding fiscal year and adjusted not later
23 than December 31 of the immediately preceding fiscal year. However,
24 for a public school academy that began operations as a public
25 school academy after the pupil membership count day of the
26 immediately preceding school year, the basis for the additional
27 allowance under this section shall be the number of actual pupils

1 in membership in the public school academy who met the income
2 eligibility criteria for free breakfast, lunch, or milk in the
3 current state fiscal year, as determined under the Richard B.
4 Russell national school lunch act.

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

11 (a) The sum of the district's or public school academy's
12 combined state and local revenue per membership pupil in the
13 current state fiscal year, as calculated under section 20, plus the
14 amount of the district's per pupil allocation under section 20j(2),
15 is less than or equal to \$6,500.00 adjusted by the dollar amount of
16 the difference between the basic foundation allowance under section
17 20 for the current state fiscal year and \$5,000.00, minus ~~\$200.00~~
18 **\$223.00**.

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

23 (3) Except as otherwise provided in this subsection, an
24 eligible district or eligible public school academy shall receive
25 under this section for each membership pupil in the district or
26 public school academy who met the income eligibility criteria for
27 free breakfast, lunch, or milk, as determined under the Richard B.

1 Russell national school lunch act and as reported to the department
2 by October 31 of the immediately preceding fiscal year and adjusted
3 not later than December 31 of the immediately preceding fiscal
4 year, an amount per pupil equal to 11.5% of the sum of the
5 district's foundation allowance or public school academy's per
6 pupil amount calculated under section 20, plus the amount of the
7 district's per pupil allocation under section 20j(2), not to exceed
8 \$6,500.00 adjusted by the dollar amount of the difference between
9 the basic foundation allowance under section 20 for the current
10 state fiscal year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**, or of the
11 public school academy's per membership pupil amount calculated
12 under section 20 for the current state fiscal year. A public school
13 academy that began operations as a public school academy after the
14 pupil membership count day of the immediately preceding school year
15 shall receive under this section for each membership pupil in the
16 public school academy who met the income eligibility criteria for
17 free breakfast, lunch, or milk, as determined under the Richard B.
18 Russell national school lunch act and as reported to the department
19 by October 31 of the current fiscal year and adjusted not later
20 than December 31 of the current fiscal year, an amount per pupil
21 equal to 11.5% of the public school academy's per membership pupil
22 amount calculated under section 20 for the current state fiscal
23 year.

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

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

1 noninstructional services funded from a funding source other than
2 funding under this section.

3 (5) Except as otherwise provided in subsection ~~(13)~~ (12), a
4 district or public school academy that receives funds under this
5 section and that operates a school breakfast program under section
6 1272a of the revised school code, MCL 380.1272a, shall use from the
7 funds received under this section an amount, not to exceed \$10.00
8 per pupil for whom the district or public school academy receives
9 funds under this section, necessary to operate the school breakfast
10 program.

11 (6) From the funds allocated under subsection (1), there is
12 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed
13 \$3,743,000.00 to support child and adolescent health centers. These
14 grants shall be awarded for 5 consecutive years beginning with
15 2003-2004 in a form and manner approved jointly by the department
16 and the department of community health. Each grant recipient shall
17 remain in compliance with the terms of the grant award or shall
18 forfeit the grant award for the duration of the 5-year period after
19 the noncompliance. Beginning in 2004-2005, to continue to receive
20 funding for a child and adolescent health center under this section
21 a grant recipient shall ensure that the child and adolescent health
22 center has an advisory committee and that at least one-third of the
23 members of the advisory committee are parents or legal guardians of
24 school-aged children. A child and adolescent health center program
25 shall recognize the role of a child's parents or legal guardian in
26 the physical and emotional well-being of the child. Funding under
27 this subsection shall be used to support child and adolescent

1 health center services provided to children up to age 21. If any
 2 funds allocated under this subsection are not used for the purposes
 3 of this subsection for the fiscal year in which they are allocated,
 4 those unused funds shall be used that fiscal year to avoid or
 5 minimize any proration that would otherwise be required under
 6 subsection ~~(15)~~ **(13)** for that fiscal year.

7 (7) From the funds allocated under subsection (1), there is
 8 allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed
 9 \$5,150,000.00 for the state portion of the hearing and vision
 10 screenings as described in section 9301 of the public health code,
 11 1978 PA 368, MCL 333.9301. A local public health department shall
 12 pay at least 50% of the total cost of the screenings. The frequency
 13 of the screenings shall be as required under R 325.13091 to R
 14 325.13096 and R 325.3271 to R 325.3276 of the Michigan
 15 administrative code. Funds shall be awarded in a form and manner
 16 approved jointly by the department and the department of community
 17 health. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE ENTITIES**
 18 **UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE**
 19 **DEPARTMENT.**

20 ~~(8) From the funds allocated under subsection (1), there is~~
 21 ~~allocated for 2006-2007 an amount not to exceed \$100,000.00 for~~
 22 ~~payment to a district that is a school district of the first class~~
 23 ~~under the revised school code to support after school tutoring for~~
 24 ~~at risk girls in grades 1 to 8. Funds awarded under this subsection~~
 25 ~~may be used to contract with a nondistrict agency for a program or~~
 26 ~~services described in this subsection.~~

27 ~~(9)~~ **(8)** Each district or public school academy receiving funds

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

17 ~~(10)~~ (9) In order to receive funds under this section, a
18 district or public school academy shall allow access for the
19 department or the department's designee to audit all records
20 related to the program for which it receives those funds. The
21 district or public school academy shall reimburse the state for all
22 disallowances found in the audit.

23 ~~(11)~~ (10) Subject to subsections (5), (6), (7), ~~(8)~~, ~~(13)~~, and
24 ~~(14)~~, **AND** (12), any district may use up to 100% of the funds it
25 receives under this section to reduce the ratio of pupils to
26 teachers in grades K-6, or any combination of those grades, in
27 school buildings in which the percentage of pupils described in

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

14 ~~(12)~~ **(11)** A district or public school academy may use funds
15 received under this section for adult high school completion,
16 general educational development (G.E.D.) test preparation, adult
17 English as a second language, or adult basic education programs
18 described in section 107.

19 ~~(13)~~ **(12)** For an individual school or schools operated by a
20 district or public school academy receiving funds under this
21 section that have been determined by the department to meet the
22 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 or public school academy may
26 submit to the department an application for flexibility in using
27 the funds received under this section that are attributable to the

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

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

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

1 ~~development. These would be provided based on an understanding of~~
2 ~~the individual child's learning needs.~~

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

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

25 ~~(16)~~ (14) If a district is formed by consolidation after June
26 1, 1995, and if 1 or more of the original districts was not
27 eligible before the consolidation for an additional allowance under

1 this section, the amount of the additional allowance under this
2 section for the consolidated district shall be based on the number
3 of pupils described in subsection (1) enrolled in the consolidated
4 district who reside in the territory of an original district that
5 was eligible before the consolidation for an additional allowance
6 under this section.

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

1 \$6,500.00 adjusted by the dollar amount of the difference between
2 the basic foundation allowance under section 20 for the current
3 state fiscal year and \$5,000.00, minus ~~\$200.00~~ **\$223.00**.

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

1 received. For pupils in grades K-3, at-risk pupil also includes a
2 pupil who is at risk of not meeting the district's core academic
3 curricular objectives in English language arts or mathematics.

4 Sec. 31d. (1) From the appropriations in section 11, there is
5 allocated an amount not to exceed \$22,495,100.00 for ~~2006-2007~~
6 **2007-2008** for the purpose of making payments to districts and other
7 eligible entities under this section.

8 (2) The amounts allocated from state sources under this
9 section shall be used to pay the amount necessary to reimburse
10 districts for 6.0127% of the necessary costs of the state mandated
11 portion of the school lunch programs provided by those districts.
12 The amount due to each district under this section shall be
13 computed by the department using the methods of calculation adopted
14 by the Michigan supreme court in the consolidated cases known as
15 Durant v State of Michigan, Michigan supreme court docket no.
16 104458-104492.

17 (3) The payments made under this section include all state
18 payments made to districts so that each district receives at least
19 6.0127% of the necessary costs of operating the state mandated
20 portion of the school lunch program in a fiscal year.

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

27 (5) From the federal funds appropriated in section 11, there

1 is allocated for ~~2006-2007~~ **2007-2008** all available federal funding,
2 estimated at \$320,000,000.00, for the national school lunch program
3 and all available federal funding, estimated at \$2,506,000.00, for
4 the emergency food assistance program.

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

8 Sec. 31f. (1) From the appropriations in section 11, there is
9 allocated an amount not to exceed \$9,625,000.00 for ~~2006-2007~~ **2007-**
10 **2008** for the purpose of making payments to districts to reimburse
11 for the cost of providing breakfast.

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

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

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

20 (3) The payment for a district under this section is at a per
21 meal rate equal to the lesser of the district's actual cost or 100%
22 of the cost of a breakfast served by an efficiently operated
23 breakfast program as determined by the department, less federal
24 reimbursement, participant payments, and other state reimbursement.
25 Determination of efficient cost by the department shall be
26 determined by using a statistical sampling of statewide and
27 regional cost as reported in a manner approved by the department

1 for the preceding school year.

2 Sec. 32b. (1) From the funds appropriated under section 11,
3 there is allocated an amount not to exceed \$1,000,000.00 for ~~2006-~~
4 ~~2007~~ **2007-2008** for competitive grants to intermediate districts for
5 the creation **AND SUSTAINING** of great start communities or other
6 community purposes as identified by the early childhood investment
7 corporation. These dollars may not be expended until ~~both of the~~
8 ~~following conditions have been met:~~

9 ~~(a) The~~ **THE** early childhood investment corporation has
10 identified matching dollars of at least an equal amount.

11 ~~(b) The articles of incorporation and bylaws of the early~~
12 ~~childhood investment corporation are amended to increase the~~
13 ~~membership of the executive committee from the current 15 members~~
14 ~~to 19 members and to specify that 1 member shall be appointed by~~
15 ~~the senate majority leader, 1 member appointed by the senate~~
16 ~~minority leader, 1 member appointed by the speaker of the house of~~
17 ~~representatives, and 1 member appointed by the minority leader of~~
18 ~~the house of representatives. The early childhood investment~~
19 ~~corporation shall notify each of these legislative leaders of the~~
20 ~~effective date of this change in the articles of incorporation and~~
21 ~~bylaws, and each of these legislative leaders shall appoint a~~
22 ~~member not later than 60 days after that effective date.~~
23 ~~Thereafter, not later than 60 days after the convening of each~~
24 ~~legislative session in each odd numbered year, each legislative~~
25 ~~leader shall appoint a member of the executive committee. A member~~
26 ~~appointed in this manner shall continue to serve on the executive~~
27 ~~committee through the next regular legislative session unless he or~~

~~1 she voluntarily resigns or is otherwise unable to serve. When a
2 vacancy occurs as a result of a voluntary resignation or inability
3 to serve, the legislative leader who had appointed the member shall
4 make an appointment to fill that vacancy not later than 60 days
5 after the date the vacancy occurs.~~

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

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

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

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

24 (c) Coordination and expansion of high-quality early childhood
25 and childcare programs.

26 (d) Evaluation of local programs.

27 ~~(4) Not later than February 1, 2007, the early childhood~~

~~investment corporation shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the anticipated expenditures by the corporation, grant purposes and amounts to be distributed, and activities to be supported with funding under this section.~~

~~(5)~~ (4) Not later than December 1, 2007, 2008, the early childhood investment corporation **DEPARTMENT** shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the amounts of grants awarded under this section, the grant recipients, the activities funded by each grant under this section, and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports.

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

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$1,750,000.00 for ~~2006-2007~~ 2007-2008 to the department for grants for community-based collaborative prevention services designed to promote marriage **FAMILIES** and foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is

1 to fund secondary prevention programs as defined by the children's
2 trust fund for the prevention of child abuse and neglect.

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

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

13 (b) Demonstrate that the planned services are part of a
14 community's integrated comprehensive family support strategy
15 endorsed by the community collaborative.

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

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

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

26 Sec. 32d. (1) From the state school aid fund money
27 appropriated under section 11, there is allocated an amount not to

1 exceed ~~\$78,600,000.00~~ **\$83,200,000.00** for ~~2006-2007~~ **2007-2008** for
2 school readiness ~~or preschool and parenting program~~ grants to
3 enable eligible districts, as determined under section 37, to
4 develop or expand, in conjunction with whatever federal funds may
5 be available, including, but not limited to, federal funds under
6 title I of the elementary and secondary education act of 1965, 20
7 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford
8 elementary and secondary school improvement amendments of 1988,
9 Public Law 100-297, and the head start act, 42 USC 9831 to 9852,
10 comprehensive compensatory programs designed to ~~do 1 or both of the~~
11 ~~following:~~

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

19 ~~(b) Provide preschool and parenting education programs similar~~
20 ~~to those under former section 32b as in effect for 2001-2002.~~

21 (2) A comprehensive **FREE** compensatory program funded under
22 this section ~~may~~ **SHALL** include an age-appropriate educational
23 curriculum, as described in the early childhood standards of
24 quality for prekindergarten children adopted by the state board,
25 that prepares children for success in school, including language,
26 early literacy, and early mathematics. In addition, the
27 comprehensive program shall include nutritional services, health

1 screening for participating children, a plan for parent and legal
2 guardian involvement, and provision of referral services for
3 families eligible for community social services.

4 (3) In addition to the allocation under subsection (1), from
5 the general fund money allocated under section 11, there is
6 allocated an amount not to exceed \$200,000.00 for ~~2006-2007~~ **2007-**
7 **2008** for a competitive grant to continue a longitudinal evaluation
8 of children who have participated in the Michigan school readiness
9 program.

10 (4) A district receiving a grant under this section may
11 contract for the provision of the comprehensive compensatory
12 program and retain for administrative services an amount equal to
13 not more than 5% of the grant amount. A district may expend not
14 more than 10% of the total grant amount for administration of the
15 program.

16 (5) A grant recipient receiving funds under this section shall
17 report to the department on the midyear report the number of
18 children participating in the program who meet the income or other
19 eligibility criteria specified under section 37(3)(g) and the total
20 number of children participating in the program. For children
21 participating in the program who meet the income or other
22 eligibility criteria specified under section 37(3)(g), grant
23 recipients shall also report whether or not a parent is available
24 to provide care based on employment status. For the purposes of
25 this subsection, "employment status" shall be defined by the
26 department of human services in a manner consistent with maximizing
27 the amount of spending that may be claimed for temporary assistance

1 for needy families maintenance of effort purposes.

2 SEC. 32E. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
3 ALLOCATED AN AMOUNT NOT TO EXCEED \$194,600,000.00 FOR 2007-2008 FOR
4 FOUNDATION ALLOWANCE PAYMENTS FOR ELIGIBLE PRESCHOOL STUDENTS
5 ENROLLED IN GREAT START COMPREHENSIVE COMPENSATORY PROGRAMS
6 DESIGNED TO IMPROVE THE READINESS AND SUBSEQUENT ACHIEVEMENT OF
7 EDUCATIONALLY DISADVANTAGED CHILDREN.

8 (2) THE TENTATIVE ALLOCATION FOR 2007-2008 TO EACH ELIGIBLE
9 DISTRICT UNDER THIS SECTION SHALL BE DETERMINED BY MULTIPLYING THE
10 NUMBER OF CHILDREN DETERMINED IN SECTION 38 OR THE NUMBER OF
11 CHILDREN THE DISTRICT INDICATES IT HAS THE CAPACITY TO SERVE,
12 WHICHEVER IS LESS, BY THE DISTRICT'S FOUNDATION ALLOWANCE, AS
13 CALCULATED UNDER SECTION 20 PLUS THE AMOUNT OF THE DISTRICT'S PER
14 PUPIL ALLOCATION UNDER SECTION 20J(2). THE ALLOCATION UNDER
15 SUBSECTION (1) SHALL BE DISTRIBUTED AMONG ELIGIBLE DISTRICTS IN
16 DECREASING ORDER OF CONCENTRATION OF ELIGIBLE CHILDREN AS
17 DETERMINED BY SECTION 38 UNTIL THE MONEY IS ALLOCATED.

18 (3) THE GREAT START COMPREHENSIVE COMPENSATORY PROGRAM FUNDED
19 UNDER THIS SECTION SHALL INCLUDE AN AGE-APPROPRIATE EDUCATIONAL
20 CURRICULUM, AS DESCRIBED IN THE EARLY CHILDHOOD STANDARDS OF
21 QUALITY FOR PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD,
22 THAT PREPARES CHILDREN FOR SUCCESS IN SCHOOL, INCLUDING LANGUAGE,
23 EARLY LITERACY, AND EARLY MATHEMATICS. IN ADDITION, THE
24 COMPREHENSIVE PROGRAM SHALL INCLUDE NUTRITIONAL SERVICES, HEALTH
25 SCREENING FOR PARTICIPATING CHILDREN, A PLAN FOR PARENT AND LEGAL
26 GUARDIAN INVOLVEMENT, AND PROVISION OF REFERRAL SERVICES FOR
27 FAMILIES ELIGIBLE FOR COMMUNITY SOCIAL SERVICES.

1 (4) ELIGIBLE STUDENTS MUST BE AT LEAST 4, BUT LESS THAN 5
2 YEARS OF AGE, AS OF DECEMBER 1 OF THE SCHOOL YEAR IN WHICH THE
3 PROGRAMS ARE OFFERED, AND MUST SHOW EVIDENCE OF 2 OR MORE RISK
4 FACTORS AS DEFINED IN THE STATE BOARD REPORT ENTITLED "CHILDREN AT
5 RISK" THAT WAS ADOPTED BY THE STATE BOARD ON APRIL 5, 1988.

6 (5) IN ORDER TO BE ELIGIBLE FOR FOUNDATION ALLOWANCE PAYMENTS
7 UNDER THIS SECTION, A DISTRICT SHALL SUBMIT AN APPLICATION TO THE
8 DEPARTMENT, IN A FORM AND MANNER AND BY A DATE SPECIFIED BY THE
9 DEPARTMENT, THAT DEMONSTRATES ALL OF THE FOLLOWING:

10 (A) THE DISTRICT ONLY EMPLOYS FOR THIS PROGRAM THE FOLLOWING:

11 (i) TEACHERS POSSESSING PROPER TRAINING. FOR PROGRAMS THE
12 DISTRICT MANAGES ITSELF, A VALID TEACHING CERTIFICATE AND AN EARLY
13 CHILDHOOD (ZA) ENDORSEMENT ARE REQUIRED. THIS PROVISION DOES NOT
14 APPLY TO A DISTRICT THAT SUBCONTRACTS WITH AN ELIGIBLE CHILD
15 DEVELOPMENT PROGRAM. IN THAT SITUATION A TEACHER MUST HAVE A VALID
16 MICHIGAN TEACHING CERTIFICATE WITH AN EARLY CHILDHOOD (ZA)
17 ENDORSEMENT, A VALID MICHIGAN TEACHING CERTIFICATE WITH A CHILD
18 DEVELOPMENT ASSOCIATE CREDENTIAL, OR A BACHELOR'S DEGREE IN CHILD
19 DEVELOPMENT WITH SPECIALIZATION IN PRESCHOOL TEACHING.

20 (ii) PARAPROFESSIONALS POSSESSING PROPER TRAINING IN EARLY
21 CHILDHOOD DEVELOPMENT, INCLUDING AN ASSOCIATE'S DEGREE IN EARLY
22 CHILDHOOD EDUCATION OR CHILD DEVELOPMENT OR THE EQUIVALENT, OR A
23 CHILD DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL, OR THE EQUIVALENT AS
24 APPROVED BY THE STATE BOARD.

25 (B) MORE THAN 50% OF THE CHILDREN PARTICIPATING IN THE PROGRAM
26 LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS
27 THAN 250% OF THE FEDERAL POVERTY LEVEL.

1 (C) THE DISTRICT WILL PROVIDE FULL-TIME PRESCHOOL PROGRAMS FOR
2 ELIGIBLE STUDENTS AND FULL-TIME KINDERGARTEN PROGRAMS FOR FORMER
3 PRESCHOOL STUDENTS FUNDED UNDER THIS SECTION. FULL-TIME PROGRAMS
4 FOR THE PURPOSES OF THIS SECTION ARE DEFINED AS PROGRAMS THAT
5 PROVIDE AT LEAST 1,098 HOURS OF AGE-APPROPRIATE PUPIL INSTRUCTION.

6 (D) THE NUMBER OF CHILDREN THE DISTRICT WILL BE ABLE TO SERVE
7 INCLUDING A VERIFICATION OF PHYSICAL FACILITY AND STAFF RESOURCES
8 CAPACITY.

9 (6) BY DECEMBER 1 OF EACH YEAR, DISTRICTS RECEIVING FOUNDATION
10 ALLOWANCES UNDER THIS SECTION SHALL MAKE AN EVALUATION OF THE GAINS
11 IN EDUCATIONAL READINESS AND PROGRESS OF THE CHILDREN PARTICIPATING
12 IN THE PROGRAM FUNDED UNDER THIS SECTION IN THE PRIOR SCHOOL YEAR
13 AVAILABLE TO THE PUBLIC ON ITS WEBSITE, IN A FORM AND MANNER THAT
14 PROTECTS THE PRIVACY OF THE STUDENTS.

15 (7) DISTRICTS RECEIVING FOUNDATION ALLOWANCE PAYMENTS UNDER
16 THIS SECTION SHALL REPORT, IN A FORM AND MANNER DETERMINED BY THE
17 DEPARTMENT, THE NUMBER OF CHILDREN PARTICIPATING IN THE PROGRAM WHO
18 MEET THE INCOME OR OTHER ELIGIBILITY CRITERIA SPECIFIED IN THIS
19 SECTION AND THE TOTAL NUMBER OF CHILDREN PARTICIPATING IN THE
20 PROGRAM. FOR CHILDREN PARTICIPATING IN THE PROGRAM WHO MEET THE
21 INCOME OR OTHER ELIGIBILITY CRITERIA SPECIFIED IN THIS SECTION,
22 DISTRICTS SHALL ALSO REPORT WHETHER OR NOT A PARENT IS AVAILABLE TO
23 PROVIDE CARE BASED ON EMPLOYMENT STATUS. FOR THE PURPOSES OF THIS
24 SUBSECTION, "EMPLOYMENT STATUS" SHALL BE DEFINED BY THE DEPARTMENT
25 OF HUMAN SERVICES IN A MANNER CONSISTENT WITH MAXIMIZING THE AMOUNT
26 OF SPENDING THAT MAY BE CLAIMED FOR TEMPORARY ASSISTANCE FOR NEEDY
27 FAMILIES MAINTENANCE OF EFFORT PURPOSES.

1 (8) IF NECESSARY, AND BEFORE ANY PRORATION REQUIRED UNDER
2 SECTION 11, THE DEPARTMENT SHALL PRORATE PAYMENTS UNDER THIS
3 SECTION BY REDUCING THE AMOUNT OF THE PER STUDENT PAYMENT UNDER
4 THIS SECTION BY A DOLLAR AMOUNT CALCULATED BY DETERMINING THE
5 AMOUNT BY WHICH THE AMOUNT NECESSARY TO FULLY FUND THE REQUIREMENTS
6 OF THIS SECTION EXCEEDS THE MAXIMUM AMOUNT ALLOCATED UNDER THIS
7 SECTION AND THEN DIVIDING THAT AMOUNT BY THE TOTAL STATEWIDE NUMBER
8 OF STUDENTS ENROLLED IN A PROGRAM FUNDED UNDER THIS SECTION.

9 Sec. 32j. (1) From the appropriations in section 11, there is
10 allocated an amount not to exceed \$5,000,000.00 for ~~2006-2007~~ 2007-
11 2008 for great parents, great start grants to intermediate
12 districts to provide programs for parents with preschool children.
13 The purpose of these programs is to encourage early mathematics and
14 reading literacy, improve school readiness, reduce the need for
15 special education services, and foster the maintenance of stable
16 families by encouraging positive parenting skills.

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

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

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

1 day.

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

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

8 (e) Promoting ~~marriage~~ **FAMILIES**.

9 (3) To receive a grant under this section, an intermediate
10 district shall submit a plan to the department not later than
11 October 1, ~~2006~~ **2007** in the form and manner prescribed by the
12 department. The plan shall do all of the following in a manner
13 prescribed by the department:

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

19 (b) Demonstrate an adequate collaboration of local entities
20 involved in providing programs and services for preschool children
21 and their parents.

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

1 programs or services. In addition, not more than 10% of the grant
2 may be used for program administration.

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

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

12 (a) The superintendent shall approve or disapprove the plans
13 and notify the intermediate district of that decision not later
14 than November 15, ~~2006~~ **2007**. The amount allocated ~~by~~ **TO** each
15 intermediate district shall be at least an amount equal to ~~150.33%~~
16 ~~of the intermediate district's 2005-2006~~ **2006-2007** payment under
17 this section.

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

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

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

1 section. An intermediate district receiving funds under this
2 section may carry over any unexpended funds received under this
3 section ~~to subsequent fiscal years~~ **INTO THE SUBSEQUENT FISCAL YEAR**
4 and may expend those unused funds in **THE** subsequent fiscal ~~years~~
5 **YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY UNEXPENDED GRANT**
6 **FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED BY THE DEPARTMENT**
7 **NOT LATER THAN SEPTEMBER 30 AFTER THE FISCAL YEAR IN WHICH THE**
8 **FUNDS ARE RECEIVED.**

9 Sec. 32l. (1) From the general fund money appropriated in
10 section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount
11 not to exceed ~~\$12,250,000.00~~ **\$13,050,000.00** for competitive school
12 readiness program grants for the purposes of preparing children for
13 success in school, including language, early literacy, and early
14 mathematics. These grants shall be made available through a
15 competitive application process as follows:

16 (a) Any public or private nonprofit legal entity or agency may
17 apply for a grant under this section. However, a district or
18 intermediate district may not apply for a grant under this section
19 unless the district or intermediate district is acting as a fiscal
20 agent for a child caring organization regulated under 1973 PA 116,
21 MCL 722.111 to 722.128.

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, a valid Michigan teaching certificate
11 with a child development associate credential (CDA), or a
12 bachelor's degree in child development with a specialization in
13 preschool teaching. However, both of the following apply to this
14 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, the superintendent may still give
18 priority to the applicant if the applicant will employ teachers who
19 have significant but incomplete training in early childhood
20 education or child development if the applicant provides to the
21 department, and the department approves, a plan for each teacher to
22 come into compliance with the standards in this subparagraph. A
23 teacher's compliance plan must be completed within 4 years of the
24 date of employment. Progress toward completion of the compliance
25 plan shall consist of at least 2 courses per calendar year.

26 (B) For a subcontracted program, the department shall consider
27 a teacher with 90 credit hours and at least 4 years' teaching

1 experience in a qualified preschool program to meet the
2 requirements under this subparagraph.

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

20 (v) Evidence of collaboration with the community of **CHILD**
21 **DEVELOPMENT PROGRAMS, INCLUDING BUT NOT LIMITED TO MICHIGAN SCHOOL**
22 **READINESS AND HEAD START** providers ~~in early childhood development~~
23 ~~programs~~ including documentation of the total number of children in
24 the community who would meet the criteria established in
25 subparagraph (vii), and who are being served by other providers,
26 and the number of children who will remain unserved by other
27 community early childhood programs if this program is funded.

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

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

9 (viii) The program offers supplementary day care and thereby
10 offers full-day programs as part of its early childhood development
11 program.

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

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

1 the following:

2 (i) Review the mechanisms and criteria used to determine
3 referrals for participation in the school readiness program.

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

5 (iii) Review the nutritional services provided to all
6 participants.

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

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

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

14 (2) To be eligible for a grant under this section, a program
15 shall demonstrate that more than 50% of the children participating
16 in the program live with families with a household income that is
17 less than or equal to 250% of the federal poverty level.

18 (3) The superintendent may award grants under this section at
19 whatever level the superintendent determines appropriate. However,
20 the amount of a grant under this section, when combined with other
21 sources of state revenue for this program, shall not exceed
22 ~~\$3,300.00~~ **\$3,500.00** per participating child or the cost of the
23 program, whichever is less.

24 (4) For a grant recipient that enrolls pupils in a full-day
25 program funded under this section, each child enrolled in the full-
26 day program shall be counted as 2 children served by the program
27 for purposes of determining the number of children to be served and

1 for determining the amount of the grant award. A grant award shall
2 not be increased solely on the basis of providing a full-day
3 program. As used in this subsection, "full-day program" means a
4 program that operates for at least the same length of day as a
5 district's first grade program for a minimum of 4 days per week, 30
6 weeks per year. A classroom that offers a full-day program must
7 enroll all children for the full day to be considered a full-day
8 program.

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

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

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

26 (2) The district shall submit a preapplication, in a manner
27 and on forms prescribed by the department, by a date specified by

1 the department in the immediately preceding state fiscal year. The
2 preapplication shall include a comprehensive needs assessment and
3 community collaboration plan, **INCLUDING BUT NOT LIMITED TO MICHIGAN**
4 **SCHOOL READINESS AND HEAD START PROVIDERS**, and shall identify all
5 of the following:

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

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

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

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

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

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

1 (b) The district provides for the active and continuous
2 participation of parents or guardians of the children in the
3 program, and describes the district's participation plan as part of
4 the application.

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

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

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

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

1 a teacher with 90 credit hours and at least 4 years' teaching
2 experience in a qualified preschool program to meet the
3 requirements under this subparagraph.

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

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

1 (e) The district has established a, or has joined a
2 multidistrict, multiagency, school readiness advisory committee
3 consisting of, at a minimum, classroom teachers for
4 prekindergarten, kindergarten, and first grade; parents or
5 guardians of program participants; representatives from appropriate
6 community agencies and organizations; the district curriculum
7 director or equivalent administrator; and, if feasible, a school
8 psychologist, school social worker, or school counselor. In
9 addition, there shall be on the committee at least 1 parent or
10 guardian of a program participant for every 18 children enrolled in
11 the program, with a minimum of 2 parent or guardian
12 representatives. The committee shall do all of the following:

13 (i) Ensure the ongoing articulation of the early childhood,
14 kindergarten, and first grade programs offered by the district or
15 districts.

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

18 (iii) Review the health screening program for all
19 participants.

20 (iv) Review the nutritional services provided to program
21 participants.

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

24 (vi) Review the collaboration with and the involvement of
25 appropriate community, volunteer, and social service agencies and
26 organizations in addressing all aspects of educational
27 disadvantage.

1 (vii) Review, evaluate, and make recommendations to a local
2 school readiness program or programs for changes to the school
3 readiness program.

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

11 (g) More than 50% of the children participating in the program
12 live with families with a household income that is equal to or less
13 than 250% of the federal poverty level.

14 (4) A consortium of 2 or more districts shall be eligible for
15 an allocation under section 32d if the districts designate a single
16 fiscal agent for the allocation. A district or intermediate
17 district may administer a consortium described in this subsection.
18 A consortium shall submit a single preapplication and application
19 for the children to be served, regardless of the number of
20 districts participating in the consortium.

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

27 Sec. 38. The maximum number of prekindergarten children

1 construed to be in need of special readiness assistance under
2 section 32d **AND SECTION 32E** shall be calculated for each district
3 in the following manner: one-half of the percentage of the
4 district's pupils in grades 1-5 who are eligible for free lunch, as
5 determined by the district's October count in the school year 2
6 years before the fiscal year for which the calculation is made
7 under the Richard B. Russell national school lunch act, chapter
8 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a,
9 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, as
10 reported to the department not later than December 31 of the fiscal
11 year 2 years before the fiscal year for which the calculation is
12 made, shall be multiplied by the average kindergarten enrollment of
13 the district on the pupil membership count day of the 2 immediately
14 preceding years.

15 Sec. 39. (1) The tentative allocation for each fiscal year to
16 each eligible district under section 32d shall be determined by
17 multiplying the number of children determined in section 38 or the
18 number of children the district indicates it will be able to serve
19 under section 37(2)(c), whichever is less, by ~~\$3,300.00~~ **\$3,500.00**
20 and shall be distributed among districts in decreasing order of
21 concentration of eligible children as determined by section 38
22 until the money allocated in section 32d is distributed. ~~If the~~
23 ~~number of children a district indicates it will be able to serve~~
24 ~~under section 37(2)(c) includes children able to be served in a~~
25 ~~full day program, then the number able to be served in a full day~~
26 ~~program shall be doubled for the purposes of making this~~
27 ~~calculation of the lesser of the number of children determined in~~

~~section 38 and the number of children the district indicates it will be able to serve under section 37(2)(c) and determining the amount of the tentative allocation to the district under section 32d.~~

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

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

(4) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 32d.

(5) If, taking into account the total amount to be allocated to the district as calculated under this section, a district determines that it is able to include additional eligible children in the school readiness program without additional funds under this section, the district may include additional eligible children but

1 shall not receive additional funding under this section for those
2 children.

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

10 ~~(7)~~ (6) As used in this section, "full-day program" means a
11 program that operates for at least the same length of day as the
12 district's first grade program for a minimum of 4 days per week, 30
13 weeks per year. A classroom that offers a full-day program must
14 enroll all children for the full day to be considered a full-day
15 program.

16 Sec. 39a. (1) From the federal funds appropriated in section
17 11, there is allocated for ~~2006-2007~~ **2007-2008** to districts,
18 intermediate districts, and other eligible entities all available
19 federal funding, estimated at ~~\$636,978,000.00~~ **\$638,210,100.00**, for
20 the federal programs under the no child left behind act of 2001,
21 Public Law 107-110. These funds are allocated as follows:

22 (a) An amount estimated at \$9,625,800.00 to provide students
23 with drug- and violence-prevention programs and to implement
24 strategies to improve school safety, funded from DED-OESE, drug-
25 free schools and communities funds.

26 (b) An amount estimated at \$6,140,900.00 for the purpose of
27 improving teaching and learning through a more effective use of

1 technology, funded from DED-OESE, educational technology state
2 grant funds.

3 (c) An amount estimated at \$106,249,200.00 for the purpose of
4 preparing, training, and recruiting high-quality teachers and class
5 size reduction, funded from DED-OESE, improving teacher quality
6 funds.

7 (d) An amount estimated at ~~\$7,627,400.00~~ **\$8,859,500.00** for
8 programs to teach English to limited English proficient (LEP)
9 children, funded from DED-OESE, language acquisition state grant
10 funds.

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

14 (f) An amount estimated at \$58,000.00 for Michigan model
15 partnership for character education programs, funded from DED-OESE,
16 title X, fund for improvement of education funds.

17 (g) An amount estimated at \$468,700.00 for rural and low
18 income schools, funded from DED-OESE, rural and low income school
19 funds.

20 (h) An amount estimated at \$3,115,900.00 to help schools
21 develop and implement comprehensive school reform programs, funded
22 from DED-OESE, title I and title X, comprehensive school reform
23 funds.

24 (i) An amount estimated at \$428,860,300.00 to provide
25 supplemental programs to enable educationally disadvantaged
26 children to meet challenging academic standards, funded from DED-
27 OESE, title I, disadvantaged children funds.

1 (j) An amount estimated at \$3,022,700.00 for the purpose of
2 providing unified family literacy programs, funded from DED-OESE,
3 title I, even start funds.

4 (k) An amount estimated at \$8,186,200.00 for the purpose of
5 identifying and serving migrant children, funded from DED-OESE,
6 title I, migrant education funds.

7 (l) An amount estimated at \$22,928,000.00 to promote high-
8 quality school reading instruction for grades K-3, funded from DED-
9 OESE, title I, reading first state grant funds.

10 (m) An amount estimated at \$2,848,900.00 for the purpose of
11 implementing innovative strategies for improving student
12 achievement, funded from DED-OESE, title VI, innovative strategies
13 funds.

14 (n) An amount estimated at \$29,296,000.00 for the purpose of
15 providing high-quality extended learning opportunities, after
16 school and during the summer, for children in low-performing
17 schools, funded from DED-OESE, twenty-first century community
18 learning center funds. Of these funds, \$25,000.00 may be used to
19 support the Michigan after-school partnership. All of the following
20 apply to the Michigan after-school partnership:

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

27 (ii) Funds shall be used to leverage other private and public

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

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

18 (2) From the federal funds appropriated in section 11, there
19 is allocated for ~~2006-2007~~ **2007-2008** to districts, intermediate
20 districts, and other eligible entities all available federal
21 funding, estimated at \$4,646,400.00, for the following programs
22 that are funded by federal grants:

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

26 (b) An amount estimated at \$1,500,100.00 to provide services
27 to homeless children and youth, funded from DED-OVAE, homeless

1 children and youth funds.

2 (c) An amount estimated at \$1,000,000.00 for refugee children
3 school impact grants, funded from HHS-ACF, refugee children school
4 impact funds.

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

8 (e) An amount estimated at \$100,700.00 to encourage interstate
9 and intrastate coordination of migrant education, funded from DED-
10 OESE, title I, migrant education program funds.

11 (3) To the extent allowed under federal law, the funds
12 allocated under subsection (1)(i), (j), and (l) may be used for 1
13 or more reading improvement programs that meet at least 1 of the
14 following:

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

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

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

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

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

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

14 (5) As used in this section:

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

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

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

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

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

24 Sec. 41. From the appropriation in section 11, there is
25 allocated an amount not to exceed \$2,800,000.00 for ~~2006-2007~~ **2007-**
26 **2008** to applicant districts and intermediate districts offering
27 programs of instruction for pupils of limited English-speaking

1 ability under section 1153 of the revised school code, MCL
2 380.1153. Reimbursement shall be on a per pupil basis and shall be
3 based on the number of pupils of limited English-speaking ability
4 in membership on the pupil membership count day. Funds allocated
5 under this section shall be used solely for instruction in
6 speaking, reading, writing, or comprehension of English. A pupil
7 shall not be counted under this section or instructed in a program
8 under this section for more than 3 years.

9 Sec. 51a. (1) From the appropriation in section 11, there is
10 allocated for ~~2005-2006~~ **2007-2008** an amount not to exceed
11 ~~\$932,083,000.00~~ **\$1,023,183,000.00** from state sources and all
12 available federal funding under sections 611 to 619 of part B of
13 the individuals with disabilities education act, 20 USC 1411 to
14 1419, estimated at ~~\$345,850,000.00,~~ **\$350,700,000.00,** plus any
15 carryover federal funds from previous year appropriations. ~~From the~~
16 ~~appropriation in section 11, there is allocated for 2006-2007 an~~
17 ~~amount not to exceed \$991,983,000.00 from state sources and all~~
18 ~~available federal funding under sections 611 to 619 of part B of~~
19 ~~the individuals with disabilities education act, 20 USC 1411 to~~
20 ~~1419, estimated at \$350,700,000.00, plus any carryover federal~~
21 ~~funds from previous year appropriations.~~ The allocations under this
22 subsection are for the purpose of reimbursing districts and
23 intermediate districts for special education programs, services,
24 and special education personnel as prescribed in article 3 of the
25 revised school code, MCL 380.1701 to 380.1766; net tuition payments
26 made by intermediate districts to the Michigan schools for the deaf
27 and blind; and special education programs and services for pupils

1 who are eligible for special education programs and services
2 according to statute or rule. For meeting the costs of special
3 education programs and services not reimbursed under this article,
4 a district or intermediate district may use money in general funds
5 or special education funds, not otherwise restricted, or
6 contributions from districts to intermediate districts, tuition
7 payments, gifts and contributions from individuals, or federal
8 funds that may be available for this purpose, as determined by the
9 intermediate district plan prepared pursuant to article 3 of the
10 revised school code, MCL 380.1701 to 380.1766. All federal funds
11 allocated under this section in excess of those allocated under
12 this section for 2002-2003 may be distributed in accordance with
13 the flexible funding provisions of the individuals with
14 disabilities education act, Public Law 108-446, including, but not
15 limited to, 34 CFR 300.234 and 300.235. Notwithstanding section
16 17b, payments of federal funds to districts, intermediate
17 districts, and other eligible entities under this section shall be
18 paid on a schedule determined by the department.

19 (2) From the funds allocated under subsection (1), there is
20 allocated ~~each fiscal year for 2005-2006 and for 2007-2008~~ the
21 amount necessary, estimated at ~~\$191,800,000.00 for 2005-2006 and~~
22 ~~\$205,600,000.00 for 2006-2007~~ **\$220,000,000.00**, for payments toward
23 reimbursing districts and intermediate districts for 28.6138% of
24 total approved costs of special education, excluding costs
25 reimbursed under section 53a, and 70.4165% of total approved costs
26 of special education transportation. Allocations under this
27 subsection shall be made as follows:

1 (a) The initial amount allocated to a district under this
2 subsection toward fulfilling the specified percentages shall be
3 calculated by multiplying the district's special education pupil
4 membership, excluding pupils described in subsection (12), times
5 the sum of the foundation allowance under section 20 of the pupil's
6 district of residence plus the amount of the district's per pupil
7 allocation under section 20j(2), not to exceed \$6,500.00 adjusted
8 by the dollar amount of the difference between the basic foundation
9 allowance under section 20 for the current fiscal year and
10 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, or, for a special education pupil
11 in membership in a district that is a public school academy or
12 university school, times an amount equal to the amount per
13 membership pupil calculated under section 20(6). For an
14 intermediate district, the amount allocated under this subdivision
15 toward fulfilling the specified percentages shall be an amount per
16 special education membership pupil, excluding pupils described in
17 subsection (12), and shall be calculated in the same manner as for
18 a district, using the foundation allowance under section 20 of the
19 pupil's district of residence, not to exceed \$6,500.00 adjusted by
20 the dollar amount of the difference between the basic foundation
21 allowance under section 20 for the current fiscal year and
22 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, and that district's per pupil
23 allocation under section 20j(2).

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

1 intermediate district.

2 (3) From the funds allocated under subsection (1), there is
3 allocated ~~each fiscal year for 2005-2006 and for 2006-2007~~ **FOR**
4 **2007-2008** the amount necessary, estimated at ~~\$2,200,000.00 for~~
5 ~~2005-2006 and \$1,600,000.00~~ **\$1,700,000.00** for ~~2006-2007~~ **2007-2008**,
6 to make payments to districts and intermediate districts under this
7 subsection. If the amount allocated to a district or intermediate
8 district for a fiscal year under subsection (2)(b) is less than the
9 sum of the amounts allocated to the district or intermediate
10 district for 1996-97 under sections 52 and 58, there is allocated
11 to the district or intermediate district for the fiscal year an
12 amount equal to that difference, adjusted by applying the same
13 proration factor that was used in the distribution of funds under
14 section 52 in 1996-97 as adjusted to the district's or intermediate
15 district's necessary costs of special education used in
16 calculations for the fiscal year. This adjustment is to reflect
17 reductions in special education program operations or services
18 between 1996-97 and subsequent fiscal years. Adjustments for
19 reductions in special education program operations or services
20 shall be made in a manner determined by the department and shall
21 include adjustments for program or service shifts.

22 (4) If the department determines that the sum of the amounts
23 allocated for a fiscal year to a district or intermediate district
24 under subsection (2)(a) and (b) is not sufficient to fulfill the
25 specified percentages in subsection (2), then the shortfall shall
26 be paid to the district or intermediate district during the fiscal
27 year beginning on the October 1 following the determination and

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

14 (5) State funds shall be allocated on a total approved cost
15 basis. Federal funds shall be allocated under applicable federal
16 requirements, except that an amount not to exceed \$3,500,000.00 may
17 be allocated by the department ~~each fiscal year for 2005-2006 and~~
18 ~~for 2006-2007~~ **FOR 2007-2008** to districts, intermediate districts,
19 or other eligible entities on a competitive grant basis for
20 programs, equipment, and services that the department determines to
21 be designed to benefit or improve special education on a statewide
22 scale.

23 (6) From the amount allocated in subsection (1), there is
24 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~
25 ~~for 2005-2006 and for 2006-2007~~ **FOR 2007-2008** to reimburse 100% of
26 the net increase in necessary costs incurred by a district or
27 intermediate district in implementing the revisions in the

1 administrative rules for special education that became effective on
2 July 1, 1987. As used in this subsection, "net increase in
3 necessary costs" means the necessary additional costs incurred
4 solely because of new or revised requirements in the administrative
5 rules minus cost savings permitted in implementing the revised
6 rules. Net increase in necessary costs shall be determined in a
7 manner specified by the 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) Except as otherwise provided in subdivisions (c) and (d),~~
4 ~~beginning~~ **BEGINNING** with the 2004-2005 fiscal year, a district or
5 intermediate district that employed special education support
6 services staff to provide special education support services in
7 2003-2004 or in a subsequent fiscal year and that in a fiscal year
8 after 2003-2004 receives the same type of support services from
9 another district or intermediate district shall report the cost of
10 those support services for special education reimbursement purposes
11 under this act. This subdivision does not prohibit the transfer of
12 special education classroom teachers and special education
13 classroom aides if the pupils counted in membership associated with
14 those special education classroom teachers and special education
15 classroom aides are transferred and counted in membership in the
16 other district or intermediate district in conjunction with the
17 transfer of those teachers and aides.

18 ~~(c) If the department determines before bookclosing for 2004-~~
19 ~~2005 that the amounts allocated under this section for 2004-2005~~
20 ~~will exceed expenditures under this section for 2004-2005, then for~~
21 ~~2004-2005 only, for a district or intermediate district whose~~
22 ~~reimbursement for 2004-2005 would otherwise be affected by~~
23 ~~subdivision (b), subdivision (b) does not apply to the calculation~~
24 ~~of the reimbursement for that district or intermediate district and~~
25 ~~reimbursement for that district or intermediate district shall be~~
26 ~~calculated in the same manner as it was for 2003-2004. If the~~
27 ~~amount of the excess allocations under this section is not~~

1 ~~sufficient to fully fund the calculation of reimbursement to those~~
2 ~~districts and intermediate districts under this subdivision, then~~
3 ~~the calculations and resulting reimbursement under this subdivision~~
4 ~~shall be prorated on an equal percentage basis.~~

5 ~~(d) If the department determines before bookclosing for 2005-~~
6 ~~2006 that the amounts allocated for 2005-2006 under subsections~~
7 ~~(2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will~~
8 ~~exceed expenditures for 2005-2006 under subsections (2), (3), (6),~~
9 ~~(8), and (12) and sections 53a, 54, and 56, then for 2005-2006~~
10 ~~only, for a district or intermediate district whose reimbursement~~
11 ~~for 2005-2006 would otherwise be affected by subdivision (b),~~
12 ~~subdivision (b) does not apply to the calculation of the~~
13 ~~reimbursement for that district or intermediate district and~~
14 ~~reimbursement for that district or intermediate district shall be~~
15 ~~calculated in the same manner as it was for 2003-2004. If the~~
16 ~~amount of the excess allocations under subsections (2), (3), (6),~~
17 ~~(8), and (12) and sections 53a, 54, and 56 is not sufficient to~~
18 ~~fully fund the calculation of reimbursement to those districts and~~
19 ~~intermediate districts under this subdivision, then the~~
20 ~~calculations and resulting reimbursement under this subdivision~~
21 ~~shall be prorated on an equal percentage basis.~~

22 ~~(e) (C)~~ Reimbursement for ancillary and other related
23 services, as defined by R 340.1701c of the Michigan administrative
24 code, shall not be provided when those services are covered by and
25 available through private group health insurance carriers or
26 federal reimbursed program sources unless the department and
27 district or intermediate district agree otherwise and that

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

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

21 (8) From the allocation in subsection (1), there is allocated
22 ~~each fiscal year for 2005-2006 and for 2006-2007~~ **FOR 2007-2008** an
23 amount not to exceed \$15,313,900.00 to intermediate districts. The
24 payment under this subsection to each intermediate district shall
25 be equal to the amount of the 1996-97 allocation to the
26 intermediate district under subsection (6) of this section as in
27 effect for 1996-97.

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

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

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

18 (12) From the funds allocated in subsection (1), there is
19 allocated ~~each fiscal year for 2005-2006 and for 2006-2007~~ **FOR**
20 **2007-2008** the amount necessary, estimated at ~~\$6,900,000.00 for~~
21 ~~2005-2006 and \$7,700,000.00 for 2006-2007~~ **\$6,400,000.00**, to pay the
22 foundation allowances for pupils described in this subsection. The
23 allocation to a district under this subsection shall be calculated
24 by multiplying the number of pupils described in this subsection
25 who are counted in membership in the district times the sum of the
26 foundation allowance under section 20 of the pupil's district of
27 residence plus the amount of the district's per pupil allocation

1 under section 20j(2), not to exceed \$6,500.00 adjusted by the
2 dollar amount of the difference between the basic foundation
3 allowance under section 20 for the current fiscal year and
4 \$5,000.00 minus ~~\$200.00~~ **\$223.00**, or, for a pupil described in this
5 subsection who is counted in membership in a district that is a
6 public school academy or university school, times an amount equal
7 to the amount per membership pupil under section 20(6). The
8 allocation to an intermediate district under this subsection shall
9 be calculated in the same manner as for a district, using the
10 foundation allowance under section 20 of the pupil's district of
11 residence, not to exceed \$6,500.00 adjusted by the dollar amount of
12 the difference between the basic foundation allowance under section
13 20 for the current fiscal year and \$5,000.00 minus ~~\$200.00~~ **\$223.00**,
14 and that district's per pupil allocation under section 20j(2). This
15 subsection applies to all of the following pupils:

16 (a) Pupils described in section 53a.

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

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

24 (13) After payments under subsections (2) and (12) and section
25 51c, the remaining expenditures from the allocation in subsection
26 (1) shall be made in the following order:

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

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

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

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

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

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

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

11 Sec. 51c. As required by the court in the consolidated cases
12 known as Durant v State of Michigan, Michigan supreme court docket
13 no. 104458-104492, from the allocation under section 51a(1), there
14 is allocated ~~each fiscal year for 2005-2006 and for 2006-2007~~ **FOR**
15 **2007-2008** the amount necessary, estimated at ~~\$662,300,000.00 for~~
16 ~~2005-2006 and \$708,200,000.00 for 2006-2007~~ **\$726,200,000.00**, for
17 payments to reimburse districts for 28.6138% of total approved
18 costs of special education excluding costs reimbursed under section
19 53a, and 70.4165% of total approved costs of special education
20 transportation. Funds allocated under this section that are not
21 expended in the state fiscal year for which they were allocated, as
22 determined by the department, may be used to supplement the
23 allocations under sections 22a and 22b in order to fully fund those
24 calculated allocations for the same fiscal year.

25 Sec. 51d. (1) From the federal funds appropriated in section
26 11, there is allocated for ~~2006-2007~~ **2007-2008** all available
27 federal funding, estimated at \$74,000,000.00, for special education

1 programs that are funded by federal grants. All federal funds
2 allocated under this section shall be distributed in accordance
3 with federal law. Notwithstanding section 17b, payments of federal
4 funds to districts, intermediate districts, and other eligible
5 entities under this section shall be paid on a schedule determined
6 by the department.

7 (2) From the federal funds allocated under subsection (1), the
8 following amounts are allocated for ~~2006-2007~~ **2007-2008**:

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

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

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

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

21 Sec. 53a. (1) For districts, reimbursement for pupils
22 described in subsection (2) shall be 100% of the total approved
23 costs of operating special education programs and services approved
24 by the department and included in the intermediate district plan
25 adopted pursuant to article 3 of the revised school code, MCL
26 380.1701 to 380.1766, minus the district's foundation allowance
27 calculated under section 20, and minus the amount calculated for

1 the district under section 20j. For intermediate districts,
2 reimbursement for pupils described in subsection (2) shall be
3 calculated in the same manner as for a district, using the
4 foundation allowance under section 20 of the pupil's district of
5 residence, not to exceed \$6,500.00 adjusted by the dollar amount of
6 the difference between the basic foundation allowance under section
7 20 for the current fiscal year and \$5,000.00, minus ~~\$200.00~~
8 **\$223.00**, and under section 20j.

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

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

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

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

21 (d) Pupils enrolled in a department-approved on-grounds
22 educational program longer than 180 days, but not longer than 233
23 days, at a residential child care institution, if the child care
24 institution offered in 1991-92 an on-grounds educational program
25 longer than 180 days but not longer than 233 days.

26 (e) Pupils placed in a district by a parent for the purpose of
27 seeking a suitable home, if the parent does not reside in the same

1 intermediate district as the district in which the pupil is placed.

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

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

9 (5) Not more than \$12,800,000.00 of the allocation for ~~2006-~~
10 ~~2007~~ **2007-2008** in section 51a(1) shall be allocated under this
11 section.

12 Sec. 54. Each intermediate district shall receive an amount
13 per pupil for each pupil in attendance at the Michigan schools for
14 the deaf and blind. The amount shall be proportionate to the total
15 instructional cost at each school. Not more than \$1,688,000.00 of
16 the allocation for ~~2006-2007~~ **2007-2008** in section 51a(1) shall be
17 allocated under this section.

18 Sec. 54a. (1) From the state school aid fund money
19 appropriated in section 11, there is allocated an amount not to
20 exceed \$250,000.00 for ~~2006-2007~~ **2007-2008** to the lending library
21 located at central Michigan university from which districts and
22 intermediate districts can borrow assessment materials designed
23 specifically for children with severe loss of vision or hearing,
24 severe cognitive or motor disabilities, or multiple disabilities
25 and for children who require the most specialized types of
26 psychological and educational assessment. The lending library shall
27 make test assessment materials available through borrowing to

1 districts and intermediate districts. The lending library shall
2 also provide information about the lending library at meetings and
3 conferences for school personnel and shall develop a website to
4 describe the services offered by the lending library. The lending
5 library also shall mail information about the services offered by
6 the lending library to all districts and intermediate districts.

7 **(2) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED**
8 **FOR THREE CONSECUTIVE YEARS BEGINNING WITH 2005-2006 IN A FORM AND**
9 **MANNER APPROVED BY THE DEPARTMENT.**

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

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

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

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

25 (2) From the allocation under section 51a(1), there is
26 allocated an amount ~~each fiscal year~~ not to exceed \$36,881,100.00
27 ~~for 2005-2006 and for 2006-2007~~ **2007-2008** to reimburse intermediate

districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) Reimbursement for those millages levied in ~~2004-2005-2006-~~ **2007** shall be made in ~~2005-2006~~ **2007-2008** at an amount per ~~2004-~~ ~~2005~~ **2006-2007** membership pupil computed by subtracting from ~~\$142,900.00~~ **\$161,200.00** the ~~2004-2005~~ **2006-2007** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2004-2005~~ **2006-2007** millage levied. ~~Reimbursement for those millages levied in 2005-2006 shall be made in 2006-2007 at an amount per 2005-2006 membership pupil computed by subtracting from \$151,300.00 the 2005-2006 taxable value behind each membership pupil and multiplying the resulting difference by the 2005-2006 millage levied.~~

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$285,000.00 for ~~2006-2007~~ **2007-2008** for grants to intermediate districts for advanced and accelerated students.

(2) To qualify for funding under this section, a grant recipient shall support part of the cost of summer institutes for

1 advanced and accelerated students and, to the extent the funding
2 allows, provide comprehensive programs for advanced and accelerated
3 pupils.

4 (3) Except as otherwise provided in this subsection, the
5 amount of a single grant award under this section shall not exceed
6 \$5,000.00. Intermediate districts may form a consortium, and that
7 consortium may receive a maximum grant amount of \$5,000.00 for each
8 participant intermediate district. Each intermediate district or
9 consortium must apply for grant funding by April 1, ~~2007~~ **2008** and
10 demonstrate compliance with subsection (2).

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

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

18 Sec. 61a. (1) From the appropriation in section 11, there is
19 allocated an amount not to exceed \$30,000,000.00 for ~~2006-2007~~
20 **2007-2008** to reimburse on an added cost basis districts, except for
21 a district that served as the fiscal agent for a vocational
22 education consortium in the 1993-94 school year, and secondary area
23 vocational-technical education centers for secondary-level
24 vocational-technical education programs, including parenthood
25 education programs, according to rules approved by the
26 superintendent. Applications for participation in the programs
27 shall be submitted in the form prescribed by the department. The

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

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

21 (3) From the allocation in subsection (1), there is allocated
22 an amount not to exceed \$388,700.00 for 2006-2007 to intermediate
23 districts with constituent districts that had combined state and
24 local revenue per membership pupil in the 1994-95 state fiscal year
25 of \$6,500.00 or more, served as a fiscal agent for a state board
26 designated area vocational education center in the 1993-94 school
27 year, and had an adjustment made to their 1994-95 combined state

1 and local revenue per membership pupil pursuant to section 20d. The
2 payment under this subsection to the intermediate district shall
3 equal the amount of the allocation to the intermediate district for
4 1996-97 under this subsection.

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

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

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

17 (c) "Taxable value" means the total taxable value of the
18 districts constituent to an intermediate district or area
19 vocational-technical education program, except that if a district
20 has elected not to come under sections 681 to 690 of the revised
21 school code, MCL 380.681 to 380.690, the membership and taxable
22 value of that district shall not be included in the membership and
23 taxable value of the intermediate district. However, the membership
24 and taxable value of a district that has elected not to come under
25 sections 681 to 690 of the revised school code, MCL 380.681 to
26 380.690, shall be included in the membership and taxable value of
27 the intermediate district if the district meets both of the

1 following:

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

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

10 (2) From the appropriation in section 11, there is allocated
11 ~~each fiscal year~~ an amount not to exceed \$9,000,000.00 for ~~2005-~~
12 ~~2006 and for 2006-2007~~ **2007-2008** to reimburse intermediate
13 districts and area vocational-technical education programs
14 established under section 690(3) of the revised school code, MCL
15 380.690, levying millages for area vocational-technical education
16 pursuant to sections 681 to 690 of the revised school code, MCL
17 380.681 to 380.690. The purpose, use, and expenditure of the
18 reimbursement shall be limited as if the funds were generated by
19 those millages.

20 (3) Reimbursement for the millages levied in ~~2004-2005~~ **2006-**
21 **2007** shall be made in ~~2005-2006~~ **2007-2008** at an amount per ~~2004-~~
22 ~~2005~~ **2006-2007** membership pupil computed by subtracting from
23 ~~\$152,000.00~~ **\$171,200.00** the ~~2004-2005~~ **2006-2007** taxable value
24 behind each membership pupil and multiplying the resulting
25 difference by the ~~2004-2005~~ **2006-2007** millage levied. ~~Reimbursement~~
26 ~~for the millages levied in 2005-2006 shall be made in 2006-2007 at~~
27 ~~an amount per 2005-2006 membership pupil computed by subtracting~~

1 ~~from \$160,500.00 the 2005-2006 taxable value behind each membership~~
2 ~~pupil and multiplying the resulting difference by the 2005-2006~~
3 ~~millage levied.~~

4 Sec. 64. (1) From the appropriation in section 11, there is
5 allocated an amount not to exceed ~~\$2,000,000.00~~ **\$4,000,000.00 FOR**
6 **2007-2008** for grants to intermediate districts or a district of the
7 first class that are in consortium with a community college or
8 state public university and a hospital to create and implement a
9 middle college focused on the field of health sciences.

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

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

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

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

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

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

27 **(4) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED**

1 FOR FOUR CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND
2 MANNER APPROVED BY THE DEPARTMENT.

3 (5) A DISTRICT THAT RECEIVED A GRANT UNDER THIS SECTION IN
4 2006-2007 SHALL RECEIVE 100% OF THAT AMOUNT IN 2007-2008, 50% OF
5 THE 2007-2008 AMOUNT IN 2008-2009, AND 50% OF THE 2008-2009 AMOUNT
6 IN 2009-2010.

7 Sec. 65. (1) From the amount appropriated in section 11, there
8 is allocated an amount not to exceed ~~\$780,100.00~~ **\$680,100.00** for
9 ~~2006-2007~~ **2007-2008** for grants to districts or intermediate
10 districts, as determined by the department of labor and economic
11 growth, for eligible precollege programs in engineering and the
12 sciences.

13 (2) ~~From the funds allocated under subsection (1), the~~ **THE**
14 department of labor and economic growth shall ~~award \$680,100.00 for~~
15 ~~2006-2007~~ **GIVE PREFERENCE IN AWARDING THE GRANTS ALLOCATED IN**
16 **SUBSECTION (1)** to the 2 eligible existing **PRECOLLEGE** programs **IN**
17 **ENGINEERING AND SCIENCES** that received funds appropriated for these
18 purposes in the appropriations act containing the department of
19 labor and economic growth budget for 2005-2006.

20 ~~(3) From the funds allocated under subsection (1), the~~
21 department of labor and economic growth shall ~~award \$100,000.00 for~~
22 ~~2006-2007 to the Kalamazoo regional education service agency to~~
23 ~~support an area program substantially similar to the 2 eligible~~
24 ~~existing programs receiving funds under subsection (1).~~

25 ~~(4)~~ (3) The department of labor and economic growth shall
26 submit a report to the appropriations subcommittees responsible for
27 this act and to the house and senate fiscal agencies by February 1,

1 2007 2008 regarding dropout rates, grade point averages, enrollment
2 in science, engineering, and math-based curricula, and employment
3 in science, engineering, and mathematics-based fields for pupils
4 who were enrolled in the programs awarded funds under this section
5 or under preceding legislation. The report shall continue to
6 evaluate the effectiveness of the precollege programs in
7 engineering and sciences funded under this section.

8 ~~(5)~~ (4) Notwithstanding section 17b, payments under this
9 section may be made pursuant to an agreement with the department.

10 Sec. 74. (1) From the amount appropriated in section 11, there
11 is allocated an amount not to exceed ~~\$2,965,000.00~~ **\$3,025,800.00**
12 for ~~2006-2007~~ **2007-2008** for the purposes of this section.

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

1 providing the course of instruction.

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

9 (4) From the funds allocated in subsection (1), there is
10 allocated an amount not to exceed ~~\$1,340,000.00~~ **\$1,400,800.00** for
11 ~~2006-2007~~ **2007-2008** for reimbursement to districts and intermediate
12 districts for costs associated with the inspection of school buses
13 and pupil transportation vehicles by the department of state police
14 as required under section 715a of the Michigan vehicle code, 1949
15 PA 300, MCL 257.715a, and section 39 of the pupil transportation
16 act, 1990 PA 187, MCL 257.1839. The department of state police
17 shall prepare a statement of costs attributable to each district
18 for which bus inspections are provided and submit it to the
19 department and to each affected district in a time and manner
20 determined jointly by the department and the department of state
21 police. The department shall reimburse each district and
22 intermediate district for costs detailed on the statement within 30
23 days after receipt of the statement. Districts for which services
24 are provided shall make payment in the amount specified on the
25 statement to the department of state police within 45 days after
26 receipt of the statement. The total reimbursement of costs under
27 this subsection shall not exceed the amount allocated under this

1 subsection. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE**
 2 **ENTITIES UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE**
 3 **DETERMINED BY THE DEPARTMENT.**

4 Sec. 76. If a district received money in 1993-94 attributable
 5 to nonspecial education transportation under former section 71 and
 6 that money was included in calculating the district's combined
 7 state and local revenue per membership pupil in 1993-94 under
 8 section 20(21), as that section was in effect for 1994-95, then the
 9 district shall use ~~money received~~ **FUNDING AS CALCULATED** under
 10 section 20 as the funding for transporting nonpublic school
 11 students as required under section 1321 of the revised school code,
 12 being section 380.1321 of the Michigan Compiled Laws.

13 Sec. 81. (1) Except as otherwise provided in this section,
 14 from the appropriation in section 11, there is allocated for ~~2006-~~
 15 ~~2007~~ **2007-2008** to the intermediate districts the sum necessary, but
 16 not to exceed ~~\$80,110,900.00~~ **\$82,114,000.00**, to provide state aid
 17 to intermediate districts under this section. Except as otherwise
 18 provided in this section, there shall be allocated to each
 19 intermediate district for ~~2006-2007~~ **2007-2008** an amount equal to
 20 ~~103.1%~~ **102.5%** of the amount appropriated under this subsection for
 21 ~~2005-2006~~ **2006-2007**. Funding provided under this section shall be
 22 used to comply with requirements of this act and the revised school
 23 code that are applicable to intermediate districts, and for which
 24 funding is not provided elsewhere in this act, and to provide
 25 technical assistance to districts as authorized by the intermediate
 26 school board.

27 (2) ~~It is the intent of the legislature that intermediate~~

1 **INTERMEDIATE** districts receiving funds under this section shall
2 collaborate with the department to develop expanded professional
3 development opportunities for teachers to update and expand their
4 knowledge and skills needed to support the Michigan merit
5 curriculum.

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

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

25 (5) In order to receive funding under this section, ~~an~~ **EACH**
26 intermediate district shall **DO ALL OF THE FOLLOWING:**

27 (A) ~~demonstrate~~ **DEMONSTRATE** to the satisfaction of the

1 department that the intermediate district employs at least 1 person
2 who is trained in pupil counting procedures, rules, and
3 regulations.

4 (B) DEMONSTRATE TO THE SATISFACTION OF THE DEPARTMENT THAT THE
5 INTERMEDIATE DISTRICT EMPLOYS AT LEAST 1 PERSON WHO IS TRAINED IN
6 RULES, REGULATIONS, AND DISTRICT REPORTING PROCEDURES FOR THE
7 INDIVIDUAL-LEVEL STUDENT DATA WHICH SERVES AS THE BASIS FOR THE
8 CALCULATION OF THE DISTRICT AND HIGH SCHOOL GRADUATION AND DROPOUT
9 RATES.

10 (C) COMPLY WITH SECTIONS 1278A AND 1278B OF THE REVISED SCHOOL
11 CODE, MCL 380.1278A AND 380.1278B.

12 (D) FURNISH DATA AND OTHER INFORMATION REQUIRED BY STATE AND
13 FEDERAL LAW TO THE CENTER AND THE DEPARTMENT IN THE FORM AND MANNER
14 SPECIFIED BY THE CENTER OR THE DEPARTMENT, AS APPLICABLE.

15 (E) COMPLY WITH SECTION 1230G OF THE REVISED SCHOOL CODE, MCL
16 380.1230G.

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

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

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

25 (c) Establish procedures to ensure the **REASONABLE** validity and
26 reliability of the data and the collection process.

27 (d) Develop state and model local data collection policies,

1 including, but not limited to, policies that ensure the privacy of
2 individual student data. State privacy policies shall ensure that
3 student social security numbers are not released to the public for
4 any purpose.

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

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

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

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

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

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

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

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

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

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

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

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

14 (f) Three representatives from intermediate school districts.

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

17 (i) Michigan association of school boards.

18 (ii) Michigan association of school administrators.

19 (iii) Michigan school business officials.

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

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

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

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

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

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

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

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

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

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

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

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

23 (6) From the general fund appropriation in section 11, there
24 is allocated an amount not to exceed ~~\$2,350,000.00~~ **\$2,435,400.00**
25 for ~~2006-2007~~ **2007-2008** to the department of management and budget
26 to support the operations of the center and the development and
27 implementation of a comprehensive data management and student

1 tracking system. The center shall cooperate with the state
2 education agency to ensure that this state is in compliance with
3 federal law and is maximizing opportunities for increased federal
4 funding to improve education in this state. In addition, from the
5 federal funds appropriated in section 11 for ~~2006-2007~~ **2007-2008**,
6 there is allocated the amount necessary, estimated at \$3,543,200.00
7 in order to fulfill federal reporting requirements.

8 (7) From the ~~general fund~~ allocation under subsection (6),
9 there is allocated for ~~2006-2007~~ **2007-2008** an amount ~~not to exceed~~
10 ~~\$1,850,000.00~~ to support the development and implementation of a
11 comprehensive longitudinal educational data management and student
12 tracking system. In addition, from the federal funds allocated in
13 subsection (6), there is allocated for ~~2006-2007~~ **2007-2008** an
14 amount not to exceed \$1,500,000.00 funded from the competitive
15 grants of DED-OESE, title II, educational technology funds for the
16 purposes of this subsection. Not later than November 30, ~~2006~~ **2007**,
17 the department shall award a single grant to an eligible
18 partnership that includes an intermediate district with at least 1
19 high-need local school district and the center.

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

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

26 (10) The center may bill departments as necessary in order to
27 fulfill reporting requirements of state and federal law. The center

1 may also enter into agreements to supply custom data, analysis, and
2 reporting to other principal executive departments, state agencies,
3 local units of government, and other individuals and organizations.
4 The center may receive and expend funds in addition to those
5 authorized in subsection (6) to cover the costs associated with
6 salaries, benefits, supplies, materials, and equipment necessary to
7 provide such data, analysis, and reporting services.

8 (11) As used in this section:

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

11 (b) "High-need local school district" means a local
12 educational agency as defined in the enhancing education through
13 technology part of the no child left behind act of 2001, Public Law
14 107-110.

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

16 Sec. 98. (1) From the state school aid fund money appropriated
17 in section 11, there is allocated an amount not to exceed
18 \$500,000.00 for ~~2006-2007~~ **2007-2008** and from the general fund money
19 appropriated in section 11, there is allocated an amount not to
20 exceed \$2,250,000.00 for ~~2006-2007~~ **2007-2008** to provide a grant to
21 the Michigan virtual university for the development,
22 implementation, and operation of the Michigan virtual high school;
23 to provide professional development opportunities for educators;
24 and to fund other purposes described in this section. In addition,
25 from the federal funds appropriated in section 11, there is
26 allocated for ~~2006-2007~~ **2007-2008** an amount estimated at
27 \$3,250,000.00.

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

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

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

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

14 (d) Provide online test preparation resources for pupils.

15 (e) Grant high school diplomas through a dual enrollment
16 method with districts.

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

21 (3) From the general fund money allocated in subsection (1),
22 an amount estimated at, but not to exceed \$500,000.00, shall be
23 used by the Michigan virtual high school to provide online test
24 preparation resources for all Michigan high school pupils using
25 web-based tools that align with the Michigan merit exam
26 requirements, including the ACT and the revised MEAP exam. These
27 resources shall include the following:

1 (a) Practice test opportunities for students.

2 (b) Information on effective test taking strategies.

3 (c) Diagnostic tools to identify student learning gaps.

4 (d) Self-paced online instructional tutorials.

5 (e) Electronic reports that provide feedback for students and
6 school personnel.

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

9 (a) Information technology courses.

10 (b) College level equivalent courses, as defined in section
11 1471 of the revised school code, MCL 380.1471.

12 (c) Courses and dual enrollment opportunities.

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

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

16 (f) Special interest courses.

17 (g) Professional development programs and services for
18 teachers.

19 (5) From the federal funds allocated in subsection (1), there
20 is allocated for ~~2006-2007~~ **2007-2008** an amount estimated at
21 \$2,250,000.00 from DED-OESE, title II, improving teacher quality
22 funds for a grant to the Michigan virtual university for the
23 purpose of this subsection. The state education agency shall sign a
24 memorandum of understanding with the Michigan virtual university
25 regarding the DED-OESE, title II, improving teacher quality funds
26 as provided under this subsection. The memorandum of understanding
27 under this subsection shall require that the Michigan virtual

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

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

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

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

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

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

22 (6) The Michigan virtual university shall offer at least 200
23 hours of online professional development for classroom teachers
24 under this section each fiscal year beginning in 2006-2007 without
25 charge to the teachers or to districts or intermediate districts. A
26 district or intermediate district may require a full-time teacher
27 to participate in at least 5 hours of online professional

1 development provided by the Michigan virtual university under
2 subsection (5). Five hours of this professional development shall
3 be considered to be part of the 38 hours allowed to be counted as
4 hours of pupil instruction under section 101(10).

5 (7) From the federal funds appropriated in subsection (1),
6 there is allocated for ~~2006-2007~~ **2007-2008** an amount estimated at
7 \$1,000,000.00 from the DED-OESE, title II, educational technology
8 grant funds to support e-learning and virtual school initiatives
9 consistent with the goals contained in the United States national
10 educational technology plan issued in January 2005. Not later than
11 November 30, ~~2006~~, **2007**, from the funds allocated in this
12 subsection, the department shall award a single grant of
13 \$1,000,000.00 to a consortium or partnership established by the
14 Michigan virtual university that meets the requirements of this
15 subsection. To be eligible for this funding, a consortium or
16 partnership established by the Michigan virtual university shall
17 include at least 1 intermediate district and at least 1 high-need
18 local district. All of the following apply to this funding:

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

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

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

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

27 (iv) Knowledge and experience in providing technical

1 assistance and support to K-12 schools in the area of online
2 education.

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

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

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

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

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

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

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

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

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

27 (8) From the state school aid fund allocation in subsection

(1), an amount not to exceed \$500,000.00 for ~~2006-2007~~ **2007-2008** shall be awarded as a single grant to an intermediate district working in partnership with the Michigan virtual high school for a statewide license for "my dream explorer", a career exploration and planning tool, to be made available to all pupils at no cost.

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

~~(10) All activities funded under this section relating to science shall include the use of the scientific method to critically evaluate scientific theories and the use of relevant scientific data to assess the validity of those theories.~~

~~(11)~~ (10) As used in this section:

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

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

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

Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$3,416,000.00~~ **\$3,390,000.00** for ~~2006-2007~~ **2007-2008** and from the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$84,000.00~~ **\$110,000.00** for ~~2006-2007~~ **2007-2008**

1 for implementing the comprehensive master plan for mathematics and
2 science centers developed by the department and approved by the
3 state board on August 8, 2002, and for other purposes as described
4 in this section. In addition, from the federal funds appropriated
5 in section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount
6 estimated at \$4,456,000.00 from DED-OESE, title II, mathematics and
7 science partnership grants.

8 (2) Within a service area designated locally, approved by the
9 department, and consistent with the master plan described in
10 subsection (1), an established mathematics and science center shall
11 address 2 or more of the following 6 basic services, as described
12 in the master plan, to constituent districts and communities:
13 leadership, pupil services, curriculum support, community
14 involvement, professional development, and resource clearinghouse
15 services.

16 (3) The department shall not award a state grant under this
17 section to more than 1 mathematics and science center located in a
18 designated region as prescribed in the 2002 master plan unless each
19 of the grants serves a distinct target population or provides a
20 service that does not duplicate another program in the designated
21 region.

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

27 (5) Allocations under this section to support the activities

1 and programs of mathematics and science centers shall be continuing
2 support grants to all 33 established mathematics and science
3 centers. Each established mathematics and science center that was
4 funded in ~~2005-2006~~ **2006-2007** shall receive state funding in an
5 amount equal to 100% of the amount it ~~received~~ **WAS ALLOCATED** under
6 this ~~section~~ **SUBSECTION** for ~~2005-2006~~ **2006-2007**. If a center
7 declines state funding or a center closes, the remaining money
8 available under this section shall be distributed on a pro rata
9 basis to the remaining centers, as determined by the department.

10 (6) From the funds allocated in subsection (1), there is
11 allocated **FOR 2007-2008 AN AMOUNT NOT TO EXCEED** \$1,000,000.00 in a
12 form and manner determined by the department to those centers able
13 to provide curriculum and professional development support to
14 assist districts in implementing the Michigan merit curriculum
15 components for mathematics and science. Funding under this
16 subsection is in addition to funding **ALLOCATED** under subsection
17 (5).

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

23 (8) Not later than September 30, ~~2007~~ **2008**, the department
24 shall reevaluate and update the comprehensive master plan described
25 in subsection (1).

26 (9) The department shall give preference in awarding the
27 federal grants allocated in subsection (1) to eligible existing

1 mathematics and science centers.

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

6 ~~(11) All activities funded under this section relating to~~
7 ~~science shall include the use of the scientific method to~~
8 ~~critically evaluate scientific theories and the use of relevant~~
9 ~~scientific data to assess the validity of those theories.~~

10 ~~(12)~~ (11) As used in this section:

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

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

14 Sec. 99e. (1) From the funds appropriated in section 11, there
15 is allocated the amount of \$125,000.00 for ~~2006-2007~~ **2007-2008** to a
16 district that meets all of the following requirements:

17 (a) The district's membership ~~has grown~~ **INCREASED** by at least
18 20% between 2004-2005 and 2005-2006.

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

21 (c) The district levies at least 10 mills for the purpose of
22 debt retirement.

23 (d) The district had an emergency financial manager in place
24 during 2004-2005.

25 (2) The funds allocated under subsection (1) shall be used to
26 supplement the district's operational funds as compensation for
27 having received a reduced foundation allowance due to proration

1 while having had an emergency financial manager in place.

2 **(3) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED**
3 **FOR THREE CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND**
4 **MANNER APPROVED BY THE DEPARTMENT.**

5 ~~(3)~~ (4) Notwithstanding section 17b, payments under this
6 section may be made pursuant to an agreement with the department.

7 Sec. 99h. (1) From the appropriation in section 11, there is
8 allocated an amount not to exceed \$150,000.00 for ~~2006-2007~~ **2007-**
9 **2008** for competitive grants to districts that provide pupils in
10 high school with expanded opportunities to improve mathematics,
11 science, and technology skills by participating in events hosted by
12 a science and technology development program known as FIRST (for
13 inspiration and recognition of science and technology) robotics
14 competition.

15 (2) A district applying for a grant shall submit an
16 application in a form and manner determined by the department. To
17 be eligible for a grant, a district shall demonstrate in its
18 application that the district has established a partnership for the
19 purposes of the program with at least 1 sponsor, business entity,
20 higher education institution, or technical school.

21 (3) Each grant recipient shall provide a local match from
22 other private or local funds for the funds received under this
23 section. The amount of the local match shall be at least equal to
24 50% of the costs of participating in an event.

25 (4) Grant awards shall be made in a manner determined by the
26 department in collaboration with the department of labor and
27 economic growth. However, the department shall set maximum grant

1 amounts in a manner that maximizes the number of high schools that
2 will be able to participate.

3 (5) Funds received under this section may be used for event
4 registrations, materials, travel costs, and other expenses
5 associated with the preparation for and attendance at FIRST
6 robotics competitions.

7 (6) **THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED**
8 **FOR THREE CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND**
9 **MANNER APPROVED BY THE DEPARTMENT.**

10 Sec. 104. (1) From the state school aid fund money
11 appropriated in section 11, there is allocated for ~~2006-2007~~ **2007-**
12 **2008** an amount not to exceed ~~\$19,500,000.00~~ **\$29,800,000.00** for
13 ~~reimbursement to~~ **PAYMENTS ON BEHALF OF** districts ~~of~~ **FOR** costs
14 associated with complying with sections 104a and 104b, sections
15 1279, 1279g, and 1280b of the revised school code, MCL 380.1279,
16 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086.
17 In addition, from the federal funds appropriated in section 11,
18 there is allocated for ~~2006-2007~~ **2007-2008** an amount estimated at
19 ~~\$8,425,200.00~~ **\$8,800,000.00**, funded from DED-OESE, title VI, state
20 assessments funds for the purposes of complying with the federal no
21 child left behind act of 2001, Public Law 107-110.

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

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

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

9 Sec. 107. (1) From the appropriation in section 11, there is
10 allocated an amount not to exceed \$24,000,000.00 for ~~2006-2007~~
11 **2007-2008** for adult education programs authorized under this
12 section.

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

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

23 (i) Is less than 20 years of age on September 1 of the school
24 year and is enrolled in the ~~state technical institute and~~
25 ~~rehabilitation center~~ **MICHIGAN CAREER AND TECHNICAL INSTITUTE.**

26 (ii) Is less than 20 years of age on September 1 of the school
27 year, is not attending an institution of higher education, and is

1 enrolled in a job or employment-related program through a referral
2 by an employer.

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

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

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

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

9 (ii) Is at least 16 years of age on September 1 of the school
10 year, has been permanently expelled from school under section
11 1311(2) or 1311a of the revised school code, MCL 380.1311 and
12 380.1311a, and has no appropriate alternative education program
13 available through his or her district of residence.

14 (3) Except as otherwise provided in subsection (4), from the
15 amount allocated under subsection (1), ~~\$22,500,000.00~~
16 **\$23,800,000.00** shall be distributed as follows:

17 (a) For districts and consortia that received payments for
18 ~~2005-2006~~ **2006-2007** under this section, the amount allocated to
19 each for ~~2006-2007~~ **2007-2008** shall be based on the number of
20 participants served by the district or consortium for ~~2006-2007~~
21 **2007-2008**, using the amount allocated per full-time equated
22 participant under subsection (6), up to a maximum total allocation
23 under this subsection in an amount equal to ~~107.1%~~ **104.3%** of the
24 amount the district or consortium received for ~~2005-2006~~ **2006-2007**
25 under this section before any reallocations made for ~~2005-2006~~
26 **2006-2007** under subsection (4).

27 (b) A district or consortium that received funding in 2003-

1 2004 under this section may operate independently of a consortium
2 or join or form a consortium for ~~2006-2007~~ **2007-2008**. The
3 allocation for ~~2006-2007~~ **2007-2008** to the district or the newly
4 formed consortium under this subsection shall be determined by the
5 department of labor and economic growth and shall be based on the
6 proportion of the amounts that are attributable to the district or
7 consortium that received funding in ~~2005-2006~~ **2006-2007**. A district
8 or consortium described in this subdivision shall notify the
9 department of labor and economic growth of its intention with
10 regard to ~~2006-2007~~ **2007-2008** by October 1, ~~2006~~ **2007**.

11 (4) A district that operated an adult education program in
12 ~~2005-2006~~ **2006-2007** and does not intend to operate a program in
13 ~~2006-2007~~ **2007-2008** shall notify the department of labor and
14 economic growth by October 1, ~~2006~~ **2007** of its intention. The funds
15 intended to be allocated under this section to a district that does
16 not operate a program in ~~2006-2007~~ **2007-2008** and the unspent funds
17 originally allocated under this section to a district or consortium
18 that subsequently operates a program at less than the level of
19 funding allocated under subsection (3) shall instead be
20 proportionately reallocated to the other districts described in
21 subsection (3)(a) that are operating an adult education program in
22 ~~2006-2007~~ **2007-2008** under this section.

23 (5) From the amount allocated under subsection (1),
24 ~~\$1,500,000.00 shall be allocated as follows:~~

25 ~~(a) At least \$1,300,000.00 shall be allocated for districts or~~
26 ~~consortia that did not receive payments for 2005-2006 under this~~
27 ~~section and that notify the department of labor and economic growth~~

1 ~~by October 1, 2006 of an intention to operate a program in 2006~~
2 ~~2007 and provide an estimate of full-time equated participants to~~
3 ~~be served. The allocation for 2006-2007 shall be based on the~~
4 ~~number of participants served by the district or consortium for~~
5 ~~2006-2007, using the amount allocated per full-time equated~~
6 ~~participant under subsection (6), up to a maximum total allocation~~
7 ~~under this subsection in an amount equal to \$1,400,000.00.~~

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

15 ~~(i)~~ **(A)** Collaborates with local districts and businesses to
16 determine area academic needs and to promote the learning
17 opportunities.

18 ~~(ii)~~ **(B)** Is located off-campus in an urban residential setting
19 with documented high poverty and low high school graduation rates.

20 ~~(iii)~~ **(C)** Provides general educational development (G.E.D.)
21 test preparation courses and workshops.

22 ~~(iv)~~ **(D)** Provides developmental courses taught by college
23 faculty that prepare students to be successful in college-level
24 courses.

25 ~~(v)~~ **(E)** Uses learning communities to allow for shared, rather
26 than isolated, learning experiences.

27 ~~(vi)~~ **(F)** Provides on-site tutoring.

1 ~~(vii)~~ (G) Provides access to up-to-date technology, including
2 personal computers.

3 ~~(viii)~~ (H) Partners with a financial institution to provide
4 financial literacy education.

5 ~~(ix)~~ (I) Assists students in gaining access to financial aid.

6 ~~(x)~~ (J) Provides on-site academic advising to students.

7 ~~(xi)~~ (K) Provides vouchers for reduced G.E.D. testing costs.

8 ~~(xii)~~ (L) Partners with local agencies to provide referrals
9 for social services as needed.

10 ~~(xiii)~~ (M) Enrolls participants as students of the community
11 college.

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

14 ~~(e) After October 1, 2006, if the department of labor and~~
15 ~~economic growth determines that there will be unspent funds under~~
16 ~~this subsection, then those unspent funds shall instead be~~
17 ~~proportionally reallocated to the districts or consortia that~~
18 ~~receive funds under subsection (3)(a) and under this subsection.~~

19 (6) The amount allocated under this section per full-time
20 equated participant is \$2,850.00 for a 450-hour program. The amount
21 shall be proportionately reduced for a program offering less than
22 450 hours of instruction.

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

27 (a) The program enrolls adults who are determined by an

1 appropriate assessment, **IN A FORM AND MANNER DETERMINED BY THE**
2 **DEPARTMENT**, to be below ninth grade level in reading or
3 mathematics, or both, or to lack basic English proficiency.

4 (b) The program tests individuals for eligibility under
5 subdivision (a) before enrollment and tests participants to
6 determine progress after every 90 hours of attendance, using
7 assessment instruments approved by the department of labor and
8 economic growth.

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

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

13 (ii) The participant fails to show progress on 2 successive
14 assessments after having completed at least 450 hours of
15 instruction.

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

19 (i) The participant is assessed as having attained basic
20 English proficiency.

21 (ii) The participant fails to show progress on 2 successive
22 assessments after having completed at least 450 hours of
23 instruction. The department of labor and economic growth shall
24 provide information to a funding recipient regarding appropriate
25 assessment instruments for this program.

26 (8) A general educational development (G.E.D.) test
27 preparation program operated on a year-round or school year basis

1 may be funded under this section, subject to all of the following:

2 (a) The program enrolls adults who do not have a high school
3 diploma.

4 (b) The program shall administer a G.E.D. pre-test approved by
5 the department of labor and economic growth before enrolling an
6 individual to determine the individual's potential for success on
7 the G.E.D. test, and shall administer other tests after every 90
8 hours of attendance to determine a participant's readiness to take
9 the G.E.D. test.

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

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

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

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

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

22 (b) A funding recipient shall receive funding according to
23 subsection (11) for a participant in a course offered under this
24 subsection until 1 of the following occurs:

25 (i) The participant passes the course and earns a high school
26 diploma.

27 (ii) The participant fails to earn credit in 2 successive

1 semesters or terms in which the participant is enrolled after
2 having completed at least 900 hours of instruction.

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

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

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

14 (i) The individual achieves the requisite skills as determined
15 by appropriate assessment instruments administered at least after
16 every 90 hours of attendance.

17 (ii) The individual fails to show progress on 2 successive
18 assessments after having completed at least 450 hours of
19 instruction. The department of labor and economic growth shall
20 provide information to a funding recipient regarding appropriate
21 assessment instruments for this program.

22 (11) A funding recipient shall receive payments under this
23 section in accordance with the following:

24 (a) ~~Ninety~~ **SEVENTY-FIVE** percent for enrollment of eligible
25 participants.

26 (b) ~~Ten~~ **TWENTY-FIVE** percent for completion of the adult basic
27 education objectives by achieving an increase of at least 1 grade

1 level of proficiency in reading or mathematics; for achieving basic
2 English proficiency; for passage of the G.E.D. test; for passage of
3 a course required for a participant to attain a high school
4 diploma; or for completion of the course and demonstrated
5 proficiency in the academic skills to be learned in the course, as
6 applicable.

7 (12) As used in this section, "participant" means the sum of
8 the number of full-time equated individuals enrolled in and
9 attending a department-approved adult education program under this
10 section, using quarterly participant count days on the schedule
11 described in section 6(7)(b).

12 (13) A person who is not eligible to be a participant funded
13 under this section may receive adult education services upon the
14 payment of tuition. In addition, a person who is not eligible to be
15 served in a program under this section due to the program
16 limitations specified in subsection (7), (8), (9), or (10) may
17 continue to receive adult education services in that program upon
18 the payment of tuition. The tuition level shall be determined by
19 the local or intermediate district conducting the program.

20 (14) An individual who is an inmate in a state correctional
21 facility shall not be counted as a participant under this section.

22 (15) A district shall not commingle money received under this
23 section or from another source for adult education purposes with
24 any other funds of the district. A district receiving adult
25 education funds shall establish a separate ledger account for those
26 funds. This subsection does not prohibit a district from using
27 general funds of the district to support an adult education or

1 community education program.

2 (16) A district or intermediate district receiving funds under
3 this section may establish a sliding scale of tuition rates based
4 upon a participant's family income. A district or intermediate
5 district may charge a participant tuition to receive adult
6 education services under this section from that sliding scale of
7 tuition rates on a uniform basis. The amount of tuition charged per
8 participant shall not exceed the actual operating cost per
9 participant minus any funds received under this section per
10 participant. A district or intermediate district may not charge a
11 participant tuition under this section if the participant's income
12 is at or below 200% of the federal poverty guidelines published by
13 the United States department of health and human services.

14 (17) IN ORDER TO RECEIVE FUNDS UNDER THIS SECTION, A DISTRICT
15 SHALL FURNISH TO THE DEPARTMENT, IN A FORM AND MANNER DETERMINED BY
16 THE DEPARTMENT, ALL INFORMATION NEEDED TO ADMINISTER THIS PROGRAM,
17 SHALL ALLOW THE DEPARTMENT OR THE DEPARTMENT'S DESIGNEE TO REVIEW
18 ALL RECORDS RELATED TO THE PROGRAM FOR WHICH IT RECEIVES FUNDS, AND
19 SHALL REIMBURSE THE STATE FOR ALL DISALLOWANCES FOUND IN THE
20 REVIEW, AS DETERMINED BY THE DEPARTMENT.

21 (18) FOR THE PURPOSES OF THIS SECTION, "DEPARTMENT" MEANS THE
22 DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

23 Sec. 147. The allocation for ~~2006-2007~~ 2007-2008 for the
24 public school employees' retirement system pursuant to the public
25 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
26 to 38.1408, shall be made using the entry age normal cost actuarial
27 method and risk assumptions adopted by the public school employees

1 retirement board and the department of management and budget. The
 2 annual level percentage of payroll contribution rate is estimated
 3 at ~~17.74%~~ 18.56% for the ~~2006-2007~~ 2007-2008 state fiscal year.

4 **HOWEVER, IF LEGISLATION IS ENACTED THAT REASSIGNS THE ASSETS HELD**
 5 **BY THE RETIREMENT SYSTEM TO THEIR FAIR MARKET VALUE AS OF SEPTEMBER**
 6 **30,2006, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE**
 7 **IS ESTIMATED AT 16.72% FOR THE 2007-2008 STATE FISCAL YEAR.** The
 8 portion of the contribution rate assigned to districts and
 9 intermediate districts for each fiscal year is all of the total
 10 percentage points. This contribution rate reflects an amortization
 11 period of 30 years for ~~2006-2007~~ 2007-2008. The public school
 12 employees' retirement system board shall notify each district and
 13 intermediate district by February 28 of each fiscal year of the
 14 estimated contribution rate for the next fiscal year.

15 Sec. 163. (1) Except as provided in the revised school code ~~or~~
 16 ~~in section 107b~~, the board of a district or intermediate district
 17 shall not permit any of the following:

18 (a) A noncertificated teacher to teach in an elementary or
 19 secondary school or in an adult basic education or high school
 20 completion program.

21 (b) A noncertificated counselor to provide counseling services
 22 to pupils in an elementary or secondary school or in an adult basic
 23 education or high school completion program.

24 (2) Except as provided in the revised school code ~~or in~~
 25 ~~section 107b~~, a district or intermediate district employing
 26 teachers or counselors not legally certificated shall have deducted
 27 the sum equal to the amount paid the teachers or counselors for the

1 period of noncertificated or illegal employment. Each intermediate
2 superintendent shall notify the department of the name of the
3 noncertificated teacher or counselor, and the district employing
4 that individual and the amount of salary the noncertificated
5 teacher or counselor was paid within a constituent district.

6 (3) If a school official is notified by the department that he
7 or she is employing a nonapproved noncertificated teacher or
8 counselor in violation of this section and knowingly continues to
9 employ that teacher or counselor, the school official is guilty of
10 a misdemeanor, punishable by a fine of \$1,500.00 for each
11 incidence.

12 Enacting section 1. In accordance with section 30 of article
13 I of the state constitution of 1963, total state spending from
14 state sources for fiscal year 2007-2008 in this amendatory act is
15 estimated at \$12,020,916,700.00 and state appropriations to be paid
16 to local units of government for fiscal year 2007-2008 are
17 estimated at \$11,861,170,300.00.

18 Enacting section 2. Sections 31c, 32m, 34, 57a, 98c, 99d, 99f
19 and 99g of the state school aid act of 1979, 1979 PA 94, MCL
20 388.1631c, MCL 388.1632m, MCL 388.1634, MCL 388.1657a, MCL.1698c,
21 MCL.1699d, MCL.1699f and MCL.1699g are repealed effective October
22 1, 2006.

23 Enacting section 3. Sections 8a, 22c, 41a, 54b, 98b, 99c, and
24 166 of the state school aid act of 1979, 1979 PA 94, MCL 388.1608a,
25 MCL 388.1622c, MCL 388.1641a, MCL 388.1654b, MCL 388.1698b, MCL
26 388.1699c, and MCL 388.1766 are repealed effective October 1, 2007.