

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 329

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending section 20 (MCL 388.1620), as amended by 2005 PA 155,  
and by adding section 34.

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

1           Sec. 20. (1) ~~For 2003-2004 and for 2004-2005, the basic~~  
2 ~~foundation allowance is \$6,700.00 per membership pupil.~~ For 2005-  
3 2006, the basic foundation allowance is \$6,875.00.

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

7           (3) Except as otherwise provided in this section, the amount  
8 of a district's foundation allowance shall be calculated as

1 follows, using in all calculations the total amount of the  
2 district's foundation allowance as calculated before any proration:

3 (a) Except as otherwise provided in this subsection, for a  
4 district that in the immediately preceding state fiscal year had a  
5 foundation allowance in an amount at least equal to the amount of  
6 the basic foundation allowance for the immediately preceding state  
7 fiscal year, the district shall receive a foundation allowance in  
8 an amount equal to the sum of the district's foundation allowance  
9 for the immediately preceding state fiscal year plus the dollar  
10 amount of the adjustment from the immediately preceding state  
11 fiscal year to the current state fiscal year in the basic  
12 foundation allowance. However, for 2002-2003, the foundation  
13 allowance for a district under this subdivision is an amount equal  
14 to the sum of the district's foundation allowance for the  
15 immediately preceding state fiscal year plus \$200.00.

16 (b) For a district that in the 1994-95 state fiscal year had a  
17 foundation allowance greater than \$6,500.00, the district's  
18 foundation allowance is an amount equal to the sum of the  
19 district's foundation allowance for the immediately preceding state  
20 fiscal year plus the lesser of the increase in the basic foundation  
21 allowance for the current state fiscal year, as compared to the  
22 immediately preceding state fiscal year, or the product of the  
23 district's foundation allowance for the immediately preceding state  
24 fiscal year times the percentage increase in the United States  
25 consumer price index in the calendar year ending in the immediately  
26 preceding fiscal year as reported by the May revenue estimating  
27 conference conducted under section 367b of the management and

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

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

16 (d) For a district that received a payment under former  
17 section 22c for 2001-2002, the district's 2001-2002 foundation  
18 allowance shall be considered to have been an amount equal to the  
19 sum of the district's actual 2001-2002 foundation allowance as  
20 otherwise calculated under this section plus the per pupil amount  
21 of the district's equity payment for 2001-2002 under former section  
22 22c.

23 (4) Except as otherwise provided in this subsection, the state  
24 portion of a district's foundation allowance is an amount equal to  
25 the district's foundation allowance or \$6,500.00, whichever is  
26 less, minus the difference between the product of the taxable value  
27 per membership pupil of all property in the district that is not a

1 principal residence or qualified agricultural property times the  
2 lesser of 18 mills or the number of mills of school operating taxes  
3 levied by the district in 1993-94 and the quotient of the ad  
4 valorem property tax revenue of the district captured under 1975 PA  
5 197, MCL 125.1651 to 125.1681, the tax increment finance authority  
6 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development  
7 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the  
8 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651  
9 to 125.2672, divided by the district's membership excluding special  
10 education pupils. For a district described in subsection (3)(b),  
11 the state portion of the district's foundation allowance is an  
12 amount equal to \$6,962.00 plus the difference between the  
13 district's foundation allowance for the current state fiscal year  
14 and the district's foundation allowance for 1998-99, minus the  
15 difference between the product of the taxable value per membership  
16 pupil of all property in the district that is not a principal  
17 residence or qualified agricultural property times the lesser of 18  
18 mills or the number of mills of school operating taxes levied by  
19 the district in 1993-94 and the quotient of the ad valorem property  
20 tax revenue of the district captured under 1975 PA 197, MCL  
21 125.1651 to 125.1681, the tax increment finance authority act, 1980  
22 PA 450, MCL 125.1801 to 125.1830, the local development financing  
23 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield  
24 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
25 divided by the district's membership excluding special education  
26 pupils. For a district that has a millage reduction required under  
27 section 31 of article IX of the state constitution of 1963, the

1 state portion of the district's foundation allowance shall be  
2 calculated as if that reduction did not occur. The \$6,500.00 amount  
3 prescribed in this subsection shall be adjusted each year by an  
4 amount equal to the dollar amount of the difference between the  
5 basic foundation allowance for the current state fiscal year and  
6 \$5,000.00, minus \$200.00.

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

27 (6) Subject to subsection (7) and section 22b(3) and except as

1 otherwise provided in this subsection, for pupils in membership,  
2 other than special education pupils, in a public school academy or  
3 a university school, the allocation calculated under this section  
4 is an amount per membership pupil other than special education  
5 pupils in the public school academy or university school equal to  
6 the sum of the local school operating revenue per membership pupil  
7 other than special education pupils for the district in which the  
8 public school academy or university school is located and the state  
9 portion of that district's foundation allowance, or the sum of the  
10 basic foundation allowance under subsection (1) plus \$300.00,  
11 whichever is less. Notwithstanding section 101(2), for a public  
12 school academy that begins operations after the pupil membership  
13 count day, the amount per membership pupil calculated under this  
14 subsection shall be adjusted by multiplying that amount per  
15 membership pupil by the number of hours of pupil instruction  
16 provided by the public school academy after it begins operations,  
17 as determined by the department, divided by the minimum number of  
18 hours of pupil instruction required under section 101(3). The  
19 result of this calculation shall not exceed the amount per  
20 membership pupil otherwise calculated under this subsection.

21 (7) If more than 25% of the pupils residing within a district  
22 are in membership in 1 or more public school academies located in  
23 the district, then the amount per membership pupil calculated under  
24 this section for a public school academy located in the district  
25 shall be reduced by an amount equal to the difference between the  
26 product of the taxable value per membership pupil of all property  
27 in the district that is not a principal residence or qualified

1 agricultural property times the lesser of 18 mills or the number of  
2 mills of school operating taxes levied by the district in 1993-94  
3 and the quotient of the ad valorem property tax revenue of the  
4 district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the  
5 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to  
6 125.1830, the local development financing act, 1986 PA 281, MCL  
7 125.2151 to 125.2174, or the brownfield redevelopment financing  
8 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
9 district's membership excluding special education pupils, in the  
10 school fiscal year ending in the current state fiscal year,  
11 calculated as if the resident pupils in membership in 1 or more  
12 public school academies located in the district were in membership  
13 in the district. In order to receive state school aid under this  
14 act, a district described in this subsection shall pay to the  
15 authorizing body that is the fiscal agent for a public school  
16 academy located in the district for forwarding to the public school  
17 academy an amount equal to that local school operating revenue per  
18 membership pupil for each resident pupil in membership other than  
19 special education pupils in the public school academy, as  
20 determined by the department.

21 (8) If a district does not receive an amount calculated under  
22 subsection (9); if the number of mills the district may levy on a  
23 principal residence and qualified agricultural property under  
24 section 1211(1) of the revised school code, MCL 380.1211, is 0.5  
25 mills or less; and if the district elects not to levy those mills,  
26 the district instead shall receive a separate supplemental amount  
27 calculated under this subsection in an amount equal to the amount

1 the district would have received had it levied those mills, as  
2 determined by the department of treasury. A district shall not  
3 receive a separate supplemental amount calculated under this  
4 subsection for a fiscal year unless in the calendar year ending in  
5 the fiscal year the district levies 18 mills or the number of mills  
6 of school operating taxes levied by the district in 1993, whichever  
7 is less, on property that is not a principal residence or qualified  
8 agricultural property.

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



1 treasury. If in the calendar year ending in the fiscal year a  
2 district does not levy 18 mills or the number of mills of school  
3 operating taxes levied by the district in 1993, whichever is less,  
4 on property that is not a principal residence or qualified  
5 agricultural property, the amount calculated under this subsection  
6 will be reduced by the same percentage as the millage actually  
7 levied compares to the 18 mills or the number of mills levied in  
8 1993, whichever is less.

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

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

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

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

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

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

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

9 (c) The index shall be calculated by multiplying the pupil  
10 membership factor by the revenue adjustment factor. However, for  
11 2005-2006, the index shall be 1.00. If a consensus index is not  
12 determined at the revenue estimating conference, the principals of  
13 the revenue estimating conference shall report their estimates to  
14 the house and senate subcommittees responsible for school aid  
15 appropriations not later than 7 days after the conclusion of the  
16 revenue conference.

17 (14) If the principals at the revenue estimating conference  
18 reach a consensus on the index described in subsection (13)(c), the  
19 basic foundation allowance for the subsequent state fiscal year  
20 shall be at least the amount of that consensus index multiplied by  
21 the basic foundation allowance specified in subsection (1).

22 (15) If at the January revenue estimating conference it is  
23 estimated that pupil membership, excluding intermediate district  
24 membership, for the subsequent state fiscal year will be greater  
25 than 101% of the pupil membership, excluding intermediate district  
26 membership, for the current state fiscal year, then it is the  
27 intent of the legislature that the executive budget proposal for

1 the school aid budget for the subsequent state fiscal year include  
2 a general fund/general purpose allocation sufficient to support the  
3 membership in excess of 101% of the current year pupil membership.

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

1 section 20j times the district's membership. As used in this  
2 subsection, "additional expenses" means the district's expenses for  
3 tuition or fees, not to exceed \$6,500.00 as adjusted each year by  
4 an amount equal to the dollar amount of the difference between the  
5 basic foundation allowance for the current state fiscal year and  
6 \$5,000.00, minus \$200.00, plus a room and board stipend not to  
7 exceed \$10.00 per school day for each pupil in grades 9 to 12  
8 educated in another district, as approved by the department.

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

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

1 district's foundation allowance for 2002-2003, as otherwise  
2 calculated under this section, plus \$250.00.

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

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

12 (20) For a district that is a qualifying school district with  
13 a school reform board in place under part 5a of the revised school  
14 code, MCL 380.371 to 380.376, the district's foundation allowance  
15 for 2002-2003 shall be adjusted to be an amount equal to the sum of  
16 the district's foundation allowance, as otherwise calculated under  
17 this section, plus the quotient of \$15,000,000.00 divided by the  
18 district's membership for 2002-2003. If a district ceases to meet  
19 the requirements of this subsection, the department shall adjust  
20 the district's foundation allowance in effect at that time based on  
21 a 2002-2003 foundation allowance for the district that does not  
22 include the 2002-2003 adjustment under this subsection. This  
23 subsection only applies for 2002-2003, 2003-2004, and 2004-2005.  
24 Beginning in 2005-2006, the foundation allowance of a district that  
25 received an adjustment under this subsection for those fiscal years  
26 shall be calculated as if those adjustments did not occur.

27 (21) **AN EARLY INTERVENING PROGRAM THAT USES FUNDS RESULTING**

1 FROM THE ADJUSTMENT UNDER SUBSECTION (19) SHALL MEET EITHER OR BOTH  
2 OF THE FOLLOWING:

3 (A) SHALL MONITOR INDIVIDUAL PUPIL LEARNING FOR PUPILS IN  
4 GRADES K TO 3 AND PROVIDE SPECIFIC SUPPORT OR LEARNING STRATEGIES  
5 TO PUPILS IN GRADES K TO 3 AS EARLY AS POSSIBLE IN ORDER TO REDUCE  
6 THE NEED FOR SPECIAL EDUCATION PLACEMENT. THE PROGRAM SHALL INCLUDE  
7 LITERACY AND NUMERACY SUPPORTS, SENSORY MOTOR SKILL DEVELOPMENT,  
8 BEHAVIOR SUPPORTS, INSTRUCTIONAL CONSULTATION FOR TEACHERS, AND THE  
9 DEVELOPMENT OF A PARENT/SCHOOL LEARNING PLAN. SPECIFIC SUPPORT OR  
10 LEARNING STRATEGIES MAY INCLUDE SUPPORT IN OR OUT OF THE GENERAL  
11 CLASSROOM IN AREAS INCLUDING READING, WRITING, MATH, VISUAL MEMORY,  
12 MOTOR SKILL DEVELOPMENT, BEHAVIOR, OR LANGUAGE DEVELOPMENT. THESE  
13 WOULD BE PROVIDED BASED ON AN UNDERSTANDING OF THE INDIVIDUAL  
14 CHILD'S LEARNING NEEDS.

15 (B) SHALL PROVIDE EARLY INTERVENING STRATEGIES FOR PUPILS IN  
16 GRADES K TO 3 USING SCHOOLWIDE SYSTEMS OF ACADEMIC AND BEHAVIORAL  
17 SUPPORTS AND SHALL BE SCIENTIFICALLY RESEARCH-BASED. THE STRATEGIES  
18 TO BE PROVIDED SHALL INCLUDE AT LEAST PUPIL PERFORMANCE INDICATORS  
19 BASED UPON RESPONSE TO INTERVENTION, INSTRUCTIONAL CONSULTATION FOR  
20 TEACHERS, AND ONGOING PROGRESS MONITORING. A SCHOOLWIDE SYSTEM OF  
21 ACADEMIC AND BEHAVIORAL SUPPORT SHOULD BE BASED ON A SUPPORT TEAM  
22 AVAILABLE TO THE CLASSROOM TEACHERS. THE MEMBERS OF THIS TEAM COULD  
23 INCLUDE THE PRINCIPAL, SPECIAL EDUCATION STAFF, READING TEACHERS,  
24 AND OTHER APPROPRIATE PERSONNEL WHO WOULD BE AVAILABLE TO  
25 SYSTEMATICALLY STUDY THE NEEDS OF THE INDIVIDUAL CHILD AND WORK  
26 WITH THE TEACHER TO MATCH INSTRUCTION TO THE NEEDS OF THE  
27 INDIVIDUAL CHILD.



1           (22) ~~—(21)—~~ Payments to districts, university schools, or  
2 public school academies shall not be made under this section.  
3 Rather, the calculations under this section shall be used to  
4 determine the amount of state payments under section 22b.

5           (23) ~~—(22)—~~ If an amendment to section 2 of article VIII of  
6 the state constitution of 1963 allowing state aid to some or all  
7 nonpublic schools is approved by the voters of this state, each  
8 foundation allowance or per pupil payment calculation under this  
9 section may be reduced.

10           (24) ~~—(23)—~~ As used in this section:

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

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

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

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

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

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

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

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

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

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

13 (k) "Taxable value per membership pupil" means taxable value,  
14 as certified by the department of treasury, for the calendar year  
15 ending in the current state fiscal year divided by the district's  
16 membership excluding special education pupils for the school year  
17 ending in the current state fiscal year.

18 **SEC. 34. (1) IT IS THE INTENT OF THE LEGISLATURE TO**  
19 **APPROPRIATE FUNDS FOR 2006-2007 TO THE DEPARTMENT FOR GRANTS TO**  
20 **DISTRICTS UNDER THIS SECTION.**

21 **(2) NOT MORE THAN 76% OF THE MONEY ALLOCATED UNDER THIS**  
22 **SECTION SHALL BE USED FOR GRANTS TO DISTRICTS FOR THE FIRST YEAR OF**  
23 **A 5-YEAR GRANT PROGRAM TO DEVELOP AN EARLY INTERVENING MODEL**  
24 **PROGRAM FOR GRADES K TO 3. THE EARLY INTERVENING PROGRAM WILL**  
25 **INSTRUCT CLASSROOM TEACHERS AND SUPPORT STAFF ON HOW TO MONITOR**  
26 **INDIVIDUAL PUPIL LEARNING AND HOW TO PROVIDE SPECIFIC SUPPORT OR**  
27 **LEARNING STRATEGIES TO PUPILS AS EARLY AS POSSIBLE IN ORDER TO**

1 REDUCE THE NEED FOR SPECIAL EDUCATION PLACEMENT. THE PROGRAM WILL  
2 INCLUDE LITERACY AND NUMERACY SUPPORTS, SENSORY MOTOR SKILL  
3 DEVELOPMENT, BEHAVIOR SUPPORTS, INSTRUCTIONAL CONSULTATION FOR  
4 TEACHERS, AND THE DEVELOPMENT OF A PARENT/SCHOOL LEARNING PLAN.  
5 SPECIFIC SUPPORT OR LEARNING STRATEGIES MAY INCLUDE SUPPORT IN OR  
6 OUT OF THE GENERAL CLASSROOM IN AREAS INCLUDING READING, WRITING,  
7 MATH, VISUAL MEMORY, MOTOR SKILL DEVELOPMENT, BEHAVIOR, OR LANGUAGE  
8 DEVELOPMENT. THESE WOULD BE PROVIDED BASED ON AN UNDERSTANDING OF  
9 THE INDIVIDUAL CHILD'S LEARNING NEEDS. ALL OF THE FOLLOWING APPLY  
10 TO THE GRANTS:

11 (A) EACH SITE FUNDED BY A GRANT SHALL SERVE AS EITHER A MODEL  
12 SITE OF PRACTICE OR A SITE OF IMPROVEMENT. A MODEL SITE WILL SERVE  
13 AS AN ONGOING MODEL THAT PROVIDES THE EARLY INTERVENING PROGRAM FOR  
14 PUPILS AND CONDUCTS PROFESSIONAL DEVELOPMENT ON SITE FOR PERSONNEL  
15 VISITING FROM A SITE OF IMPROVEMENT. A SITE OF IMPROVEMENT IS A  
16 SITE THAT SEEKS TO IMPLEMENT THE EARLY INTERVENING PROGRAM.

17 (B) THE GRANTS SHALL BE DISTRIBUTED THROUGH A PROCESS  
18 ESTABLISHED BY THE DEPARTMENT. THE SELECTION OF GRANT RECIPIENTS  
19 SHALL BE BASED ON THE ABILITY TO SERVE AS A MODEL SITE OF PRACTICE  
20 OR, FOR A SITE OF IMPROVEMENT, BASED ON THE HIGHEST DEMONSTRATED  
21 NEED TO IMPROVE OPPORTUNITIES FOR LEARNING SUCCESS AS REFLECTED BY  
22 EITHER A COMBINED PERCENTAGE OF PUPILS WHO ARE LEARNING DISABLED,  
23 EMOTIONALLY IMPAIRED, OR SPEECH AND LANGUAGE IMPAIRED THAT IS  
24 HIGHER THAN THE STATEWIDE PERCENTAGE OF THOSE PUPILS OR A  
25 PERCENTAGE OF PUPILS READING BELOW GRADE LEVEL AS MEASURED BY THE  
26 STATEWIDE THIRD GRADE ENGLISH LANGUAGE ARTS ASSESSMENT THAT IS  
27 HIGHER THAN THE STATEWIDE PERCENTAGE OF THOSE PUPILS, AS DETERMINED

1 BY THE DEPARTMENT. THE DEPARTMENT SHALL ENSURE GEOGRAPHIC DIVERSITY  
2 IN AWARDING GRANTS.

3 (C) THE DEPARTMENT SHALL AWARD UP TO 19 GRANTS, WITH NOT MORE  
4 THAN 4 OF THE GRANTS FOR DEVELOPMENT OF MODEL SITES OF PRACTICE AND  
5 NOT MORE THAN 15 OF THE GRANTS FOR SITES OF IMPROVEMENT. A MODEL  
6 SITE OF PRACTICE SHALL USE THE GRANT FUNDS TO MAKE PROFESSIONAL  
7 DEVELOPMENT ON HOW TO PROVIDE THE PROGRAM AVAILABLE ON SITE TO  
8 PERSONNEL FROM SITES OF IMPROVEMENT. A SITE OF IMPROVEMENT SHALL  
9 USE THE GRANT FUNDS TO PAY FOR THE EXPENSES OF OBTAINING THIS  
10 PROFESSIONAL DEVELOPMENT AND OTHER EXPENSES RELATED TO IMPLEMENTING  
11 AN EARLY INTERVENING PROGRAM.

12 (D) THE AMOUNT OF A GRANT TO A DISTRICT SHALL BE \$40,000.00.

13 (E) A GRANT SHALL BE USED FOR EARLY INTERVENING PROGRAMS FOR  
14 PUPILS AT THE ELEMENTARY LEVEL ONLY.

15 (3) NOT MORE THAN 24% OF THE MONEY ALLOCATED UNDER THIS  
16 SECTION SHALL BE USED FOR GRANTS TO DISTRICTS FOR PROGRAMS THAT  
17 PROVIDE EARLY INTERVENING STRATEGIES FOR PUPILS IN GRADES K TO 3  
18 USING SCHOOLWIDE SYSTEMS OF ACADEMIC AND BEHAVIORAL SUPPORTS AND  
19 SHALL BE SCIENTIFICALLY RESEARCH-BASED. THE STRATEGIES TO BE  
20 PROVIDED SHALL INCLUDE AT LEAST PUPIL PERFORMANCE INDICATORS BASED  
21 UPON RESPONSE TO INTERVENTION, INSTRUCTIONAL CONSULTATION FOR  
22 TEACHERS, AND ONGOING PROGRESS MONITORING. A SCHOOLWIDE 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. THESE GRANTS SHALL BE DISTRIBUTED THROUGH A  
3 COMPETITIVE PROCESS ESTABLISHED BY THE DEPARTMENT. A GRANT SHALL BE  
4 USED FOR PROVIDING THESE PROGRAMS FOR PUPILS AT THE ELEMENTARY  
5 LEVEL ONLY.

6 (4) THE DEPARTMENT SHALL DEVELOP GUIDELINES ON THE USE OF THE  
7 GRANT FUNDS ALLOCATED UNDER THIS SECTION. THESE GUIDELINES SHALL  
8 ENSURE THAT THE USE OF THESE GRANT FUNDS IS CONSISTENT WITH  
9 RESEARCH AND INSTRUCTIONAL PROGRAMS THAT INCLUDE DATA-DRIVEN  
10 PROCESSES AND PROVEN METHODS OF SUCCESS.

11 (5) PROGRAMS FUNDED UNDER THIS SECTION SHALL INVITE VISITATION  
12 AND FEEDBACK FROM THE REGIONAL LITERACY TRAINING CENTER IN WHICH  
13 SERVICE AREA THE RECIPIENT DISTRICT IS LOCATED, AS IDENTIFIED BY  
14 THE DEPARTMENT.

15 (6) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION  
16 MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

17 (7) NOT LATER THAN JANUARY 30 OF THE NEXT FISCAL YEAR, THE  
18 DEPARTMENT SHALL PREPARE AND SUBMIT TO THE GOVERNOR, THE SENATE AND  
19 HOUSE STANDING COMMITTEES ON EDUCATION, AND THE SENATE AND HOUSE  
20 APPROPRIATIONS SUBCOMMITTEES HAVING JURISDICTION OVER STATE SCHOOL  
21 AID AN ANNUAL REPORT OF OUTCOMES ACHIEVED BY THE GRANT RECIPIENTS  
22 FUNDED UNDER THIS SECTION FOR A FISCAL YEAR. FOR THIS REPORT, THE  
23 FUNDED SITES SHALL COLLECT DATA PRESCRIBED BY THE DEPARTMENT AND  
24 REPORT TO THE DEPARTMENT ON THE PERCENTAGE OF PUPILS READING AT  
25 GRADE LEVEL BEFORE IMPLEMENTATION OF THE PROGRAM AND THE PERCENTAGE  
26 OF PUPILS READING AT GRADE LEVEL AFTER IMPLEMENTATION OF THE  
27 PROGRAM, AS MEASURED BY THE STATEWIDE THIRD GRADE ENGLISH LANGUAGE

1 ARTS ASSESSMENT.