

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4721**

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 6, 11, 11j, 11n, 20, 22a, 22b, 26a, 31a, 51a,  
51c, 53a, and 94a (MCL 388.1606, 388.1611, 388.1611j, 388.1611n,  
388.1620, 388.1622a, 388.1622b, 388.1626a, 388.1631a, 388.1651a,  
388.1651c, 388.1653a, and 388.1694a), sections 6, 11, 11j, 22a,  
22b, 26a, 31a, 51a, 51c, 53a, and 94a as amended and section 11n as  
added by 2008 PA 268 and section 20 as amended by 2008 PA 561, and  
by adding section 98a.

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

1       Sec. 6. (1) "Center program" means a program operated by a  
2 district or intermediate district for special education pupils from  
3 several districts in programs for pupils with autism spectrum  
4 disorder, pupils with severe cognitive impairment, pupils with

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

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

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

25 (4) "Membership", except as otherwise provided in this act,  
26 means for a district, public school academy, university school, or  
27 intermediate district the sum of the product of .75 times the

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

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

20 (b) If a pupil is educated in a district other than the  
21 pupil's district of residence, if the pupil is not being educated  
22 as part of a cooperative education program, if the pupil's district  
23 of residence does not give the educating district its approval to  
24 count the pupil in membership in the educating district, and if the  
25 pupil is not covered by an exception specified in subsection (6) to  
26 the requirement that the educating district must have the approval  
27 of the pupil's district of residence to count the pupil in

1 membership, the pupil shall not be counted in membership in any  
2 district.

3 (c) A special education pupil educated by the intermediate  
4 district shall be counted in membership in the intermediate  
5 district.

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

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

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

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

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

25 (i) For a new district, university school, or public school  
26 academy beginning its operation after December 31, 1994, membership  
27 for the first 2 full or partial fiscal years of operation shall be

1 determined as follows:

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

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

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

1 supplemental count day.

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

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

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

23 (n) If a pupil counted in membership in a public school  
24 academy is also educated by a district or intermediate district as  
25 part of a cooperative education program, the pupil shall be counted  
26 in membership only in the public school academy unless a written  
27 agreement signed by all parties designates the party or parties in

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

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

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

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

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

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

16 (r) Except as otherwise provided in this subdivision, full-  
17 time equated memberships for pupils in kindergarten shall be  
18 determined by dividing the number of class hours scheduled and  
19 provided per year per kindergarten pupil by a number equal to 1/2  
20 the number used for determining full-time equated memberships for  
21 pupils in grades 1 to 12. ~~Beginning in 2009-2010, full-time equated~~  
22 ~~memberships for pupils enrolled in developmental kindergarten,~~  
23 ~~prekindergarten, or a similar class intended to be the first of 2~~  
24 ~~school years before a pupil enters grade 1 shall be determined by~~  
25 ~~dividing the number of class hours scheduled and provided per year~~  
26 ~~per kindergarten pupil by the number used for determining full-time~~  
27 ~~equated memberships for pupils in grades 1 to 12. For 2010-2011,~~

~~1 full-time equated memberships for pupils enrolled in kindergarten  
2 shall be determined by dividing the number of class hours scheduled  
3 and provided per year per kindergarten pupil by a number equal to  
4 60% of the number used for determining full-time equated  
5 memberships for pupils in grades 1 to 12. Beginning in 2011-2012,  
6 full-time equated memberships for pupils enrolled in kindergarten  
7 shall be determined by dividing the number of class hours scheduled  
8 and provided per year per kindergarten pupil by a number equal to  
9 70% of the number used for determining full-time equated  
10 memberships for pupils in grades 1 to 12.~~

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

26 (t) A pupil enrolled in a cooperative education program may be  
27 counted in membership in the pupil's district of residence with the

1 written approval of all parties to the cooperative agreement.

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

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

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

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

27 (iv) Credit earned is awarded to the pupil and placed on the

1 pupil's transcript.

2 (v) For 2007-2008 only, a pupil enrolled in an alternative or  
3 disciplinary education program described in section 25 shall be  
4 counted in membership in the district or public school academy that  
5 expelled the pupil.

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

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

23 (y) If a district's membership for a particular fiscal year,  
24 as otherwise calculated under this subsection, would be less than  
25 1,550 pupils and the district has 4.5 or fewer pupils per square  
26 mile, as determined by the department, and, beginning in 2007-2008,  
27 if the district does not receive funding under section 22d(2), the

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

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

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

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

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

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

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

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

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

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

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

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

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

12           (d) A pupil enrolled in a district other than the pupil's  
13 district of residence under an intermediate district schools of  
14 choice pilot program as described in section 91a or former section  
15 91 if the intermediate district and its constituent districts have  
16 been exempted from section 105.

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

20           (f) A pupil who has made an official written complaint or  
21 whose parent or legal guardian has made an official written  
22 complaint to law enforcement officials and to school officials of  
23 the pupil's district of residence that the pupil has been the  
24 victim of a criminal sexual assault or other serious assault, if  
25 the official complaint either indicates that the assault occurred  
26 at school or that the assault was committed by 1 or more other  
27 pupils enrolled in the school the pupil would otherwise attend in

1 the district of residence or by an employee of the district of  
2 residence. A person who intentionally makes a false report of a  
3 crime to law enforcement officials for the purposes of this  
4 subdivision is subject to section 411a of the Michigan penal code,  
5 1931 PA 328, MCL 750.411a, which provides criminal penalties for  
6 that conduct. As used in this subdivision:

7 (i) "At school" means in a classroom, elsewhere on school  
8 premises, on a school bus or other school-related vehicle, or at a  
9 school-sponsored activity or event whether or not it is held on  
10 school premises.

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

16 (g) A pupil whose district of residence changed after the  
17 pupil membership count day and before the supplemental count day  
18 and who continues to be enrolled on the supplemental count day as a  
19 nonresident in the district in which he or she was enrolled as a  
20 resident on the pupil membership count day of the same school year.

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

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

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

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

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

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

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

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

11           (k) An expelled pupil who has been denied reinstatement by the  
12 expelling district and is reinstated by another school board under  
13 section 1311 or 1311a of the revised school code, MCL 380.1311 and  
14 380.1311a.

15           (l) A pupil enrolled in a district other than the pupil's  
16 district of residence in a program described in section 64 if the  
17 pupil's district of residence and the enrolling district are both  
18 constituent districts of the same intermediate district.

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

22           However, if a district that is not a first class district  
23 educates pupils who reside in a first class district and if the  
24 primary instructional site for those pupils is located within the  
25 boundaries of the first class district, the educating district must  
26 have the approval of the first class district to count those pupils  
27 in membership. As used in this subsection, "first class district"

1 means a district organized as a school district of the first class  
2 under the revised school code.

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

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

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

13 (i) Fourth Wednesday in July.

14 (ii) Fourth Wednesday after Labor day.

15 (iii) Second Wednesday in February.

16 (iv) Fourth Wednesday in April.

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

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

21 (9) "Rule" means a rule promulgated pursuant to the  
22 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
23 24.328.

24 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to  
25 380.1852.

26 (11) "School district of the first class", "first class school  
27 district", and "district of the first class", except in subsection

1 (6), mean a district that had at least 60,000 pupils in membership  
2 for the immediately preceding fiscal year.

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

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

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

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

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

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

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

26 (19) "Textbook" means a book that is selected and approved by  
27 the governing board of a district and that contains a presentation

1 of principles of a subject, or that is a literary work relevant to  
2 the study of a subject required for the use of classroom pupils, or  
3 another type of course material that forms the basis of classroom  
4 instruction.

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

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

11 Sec. 11. (1) ~~For the fiscal year ending September 30, 2008,~~  
12 ~~there is appropriated for the public schools of this state and~~  
13 ~~certain other state purposes relating to education the sum of~~  
14 ~~\$11,386,866,600.00 from the state school aid fund established by~~  
15 ~~section 11 of article IX of the state constitution of 1963 and the~~  
16 ~~sum of \$34,909,600.00 from the general fund. For the fiscal year~~  
17 ~~ending September 30, 2009, there is appropriated for the public~~  
18 ~~schools of this state and certain other state purposes relating to~~  
19 ~~education the sum of \$11,776,098,200.00~~ **\$11,019,798,200.00** from the  
20 state school aid fund established by section 11 of article IX of  
21 the state constitution of 1963 and the sum of ~~\$40,800,000.00~~  
22 **\$78,000,000.00** from the general fund. **FOR THE FISCAL YEAR ENDING**  
23 **SEPTEMBER 30, 2009, THERE IS ALSO APPROPRIATED THE SUM OF**  
24 **\$600,000,000.00 FROM THE FEDERAL FUNDING AWARDED TO THIS STATE**  
25 **UNDER TITLE XIV OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF**  
26 **2009, PUBLIC LAW 111-5, TO BE USED SOLELY FOR THE PURPOSE OF**  
27 **FUNDING THE PRIMARY FUNDING FORMULA CALCULATED UNDER SECTION 20, IN**

1 **ACCORDANCE WITH FEDERAL LAW.** In addition, **OTHER** available federal  
2 funds are appropriated ~~for the fiscal year ending September 30,~~  
3 ~~2008 and~~ for the fiscal year ending September 30, 2009.

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

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

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

26 (4) If proration is necessary under subsection (3), the  
27 department shall calculate the proration in district and

1 intermediate district payments that is required under subsection  
2 (3) as follows:

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

6 (i) Districts.

7 (ii) Intermediate districts.

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

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

18 (c) The department shall recover a percentage of the proration  
19 amount required under subsection (3) that is equal to the  
20 percentage calculated under subdivision (a) (ii) for intermediate  
21 districts by reducing payments to intermediate districts. This  
22 reduction shall be made by reducing the payments to each  
23 intermediate district, other than payments under sections 11f, 11g,  
24 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
25 basis.

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

1 percentage calculated under subdivision (a) (iii) for entities other  
2 than districts and intermediate districts by reducing payments to  
3 these entities. This reduction shall be made by reducing the  
4 payments to each of these entities, other than payments under  
5 sections 11j, 26a, and 26b, on an equal percentage basis.

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

10 Sec. 11j. From the appropriation in section 11, there is  
11 allocated ~~an amount not to exceed \$3,900,000.00 for 2007-2008 and~~  
12 an amount not to exceed ~~\$39,000,000.00~~ **\$40,000,000.00** for 2008-2009  
13 for payments to the school loan bond redemption fund in the  
14 department of treasury on behalf of districts and intermediate  
15 districts. Notwithstanding section 11 or any other provision of  
16 this act, funds allocated under this section are not subject to  
17 proration and shall be paid in full.

18 Sec. 11n. (1) From the appropriation in section 11, there is  
19 allocated ~~\$15,000,000.00~~ **\$8,000,000.00** for 2008-2009 for the  
20 purposes of this section. Money allocated under this section shall  
21 be deposited in the 21st century schools fund on November 15 of the  
22 fiscal year for which it is allocated or on the next business day  
23 following that date.

24 (2) The 21st century schools fund is created as a separate  
25 account within the state school aid fund. The state treasurer may  
26 receive money or other assets from any source for deposit into the  
27 21st century schools fund. The state treasurer shall direct the

1 investment of the 21st century schools fund. The state treasurer  
2 shall credit to the 21st century schools fund interest and earnings  
3 from 21st century schools fund investments. Money in the 21st  
4 century schools fund at the close of the fiscal year shall remain  
5 in the 21st century schools fund and shall not lapse to the state  
6 school aid fund or to the general fund. The department of treasury  
7 shall be the administrator of the 21st century schools fund for  
8 auditing purposes. Money from the 21st century schools fund shall  
9 be expended, upon appropriation, only for purposes of this section.

10 (3) For 2008-2009, an amount not to exceed ~~\$15,000,000.00~~  
11 **\$8,000,000.00** is allocated from the 21st century schools fund for  
12 21st century schools grants under this section of up to  
13 \$3,000,000.00 for each school project to eligible districts that  
14 meet the requirements of this section. The funds may be used for  
15 planning and start-up costs of newly constructed or newly  
16 configured schools or learning communities and renovations of  
17 existing facilities as well as other expenditures outlined in the  
18 applicants' proposals relating to planning and start-up costs and  
19 approved by the department. Notwithstanding section 17b, the total  
20 grant amount for 2008-2009 to each eligible district or public  
21 school academy shall be distributed over a 4-year period on a  
22 schedule to be determined by the department.

23 (4) To apply for a 21st century schools grant, an eligible  
24 district shall submit an application to the department, in a form  
25 and manner prescribed by the department, that meets the application  
26 criteria under this section. An application shall demonstrate to  
27 the satisfaction of the department that the school or learning

1 community of an eligible district to be funded meets all of the  
2 following:

3 (a) Will be designed to achieve the following outcomes not  
4 later than the school year in which the third high school  
5 graduating class graduates from the school or learning community:

6 (i) An 80% graduation rate, as determined by the department.

7 (ii) At least 80% of the high school graduates from the school  
8 or learning community are enrolled in postsecondary studies within  
9 6 months after high school graduation. For purposes of this  
10 subparagraph, "postsecondary studies" includes 4-year colleges and  
11 universities, community colleges, technical schools,  
12 apprenticeships, and military enlistment.

13 (b) Will provide an open enrollment such that if there are  
14 more applications to enroll than there are spaces available, pupils  
15 shall be selected to attend using a random selection process.  
16 However, a school or learning community may give enrollment  
17 priority to a sibling of a pupil enrolled in the school or learning  
18 community, and a school or learning community shall allow any pupil  
19 who was enrolled in the school or learning community in the  
20 immediately preceding school year to enroll in the school or  
21 learning community in the next appropriate grade until the pupil  
22 graduates from the school or learning community.

23 (c) Will have a maximum of 110 pupils in each high school  
24 grade level and an average of at least 75 pupils in each high  
25 school grade level.

26 (d) Will incorporate a relationship-building goal between the  
27 teaching staff, administration, pupils, and parents.

1 (e) Has a commitment of private matching funds at least equal  
2 to the amount of the grant under this section.

3 (5) If the department determines that a grant recipient has  
4 failed to achieve the outcomes described in subsection (4)(a), the  
5 grant recipient shall return to the state 50% of the total grant  
6 awarded. To accomplish the return of these funds, the department  
7 shall deduct an amount equal to 50% of the total grant awarded from  
8 the grant recipient's state school aid installment payments, on a  
9 schedule determined by the department. Funds returned under this  
10 subsection shall be deposited in the 21st century schools fund.

11 (6) In awarding grants under this section, the department  
12 shall give preference to grant applications for starting a new  
13 school or learning community that will implement strategies to  
14 prepare middle school students likely to attend the school or  
15 learning community or that will include grades 6 to 12 rather than  
16 proposals for stand-alone schools including only grades 9 to 12 and  
17 not implementing strategies to prepare middle school students.

18 (7) The department shall not award more than 1/3 of the grants  
19 under this section to public school academies.

20 (8) The department shall establish and publicize the  
21 application process and a schedule for the application process.

22 (9) As used in this section, "eligible district" means all of  
23 the following:

24 (a) A district with a districtwide cohort graduation rate for  
25 high school pupils below 70%, as determined by the center for  
26 educational performance and information, for its most recent  
27 graduating class for which data are available.

1 (b) A public school academy if a majority of the pupils  
2 enrolled in the public school academy reside in a district that  
3 meets the criteria under subdivision (a).

4 Sec. 20. (1) ~~For 2007-2008, the basic foundation allowance is~~  
5 ~~\$8,433.00.~~ For 2008-2009, the basic foundation allowance is  
6 \$8,489.00.

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

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

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

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

24 (b) Except as otherwise provided in this subsection, beginning  
25 in 2008-2009, for a district that in the immediately preceding  
26 state fiscal year had a foundation allowance in an amount at least  
27 equal to the amount of the basic foundation allowance for the

1 immediately preceding state fiscal year, the district shall receive  
2 a foundation allowance in an amount equal to the sum of the  
3 district's foundation allowance for the immediately preceding state  
4 fiscal year plus the dollar amount of the adjustment from the  
5 immediately preceding state fiscal year to the current state fiscal  
6 year in the basic foundation allowance.

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

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

23 (e) For a district that received a payment under section 22c  
24 as that section was in effect for 2001-2002, the district's 2001-  
25 2002 foundation allowance shall be considered to have been an  
26 amount equal to the sum of the district's actual 2001-2002  
27 foundation allowance as otherwise calculated under this section

1 plus the per pupil amount of the district's equity payment for  
2 2001-2002 under section 22c as that section was in effect for 2001-  
3 2002.

4 (f) For a district that received a payment under section 22c  
5 as that section was in effect for 2006-2007, the district's 2006-  
6 2007 foundation allowance shall be considered to have been an  
7 amount equal to the sum of the district's actual 2006-2007  
8 foundation allowance as otherwise calculated under this section  
9 plus the per pupil amount of the district's equity payment for  
10 2006-2007 under section 22c as that section was in effect for 2006-  
11 2007.

12 (4) Except as otherwise provided in this subsection, the state  
13 portion of a district's foundation allowance is an amount equal to  
14 the district's foundation allowance or the basic foundation  
15 allowance for the current state fiscal year, whichever is less,  
16 minus the difference between the sum of the product of the taxable  
17 value per membership pupil of all property in the district that is  
18 nonexempt property times the district's certified mills and, for a  
19 district with certified mills exceeding 12, the product of the  
20 taxable value per membership pupil of property in the district that  
21 is commercial personal property times the certified mills minus 12  
22 mills and the quotient of the ad valorem property tax revenue of  
23 the district captured under tax increment financing acts divided by  
24 the district's membership excluding special education pupils. For a  
25 district described in subsection (3)(c), the state portion of the  
26 district's foundation allowance is an amount equal to \$6,962.00  
27 plus the difference between the district's foundation allowance for

1 the current state fiscal year and the district's foundation  
2 allowance for 1998-99, minus the difference between the sum of the  
3 product of the taxable value per membership pupil of all property  
4 in the district that is nonexempt property times the district's  
5 certified mills and, for a district with certified mills exceeding  
6 12, the product of the taxable value per membership pupil of  
7 property in the district that is commercial personal property times  
8 the certified mills minus 12 mills and the quotient of the ad  
9 valorem property tax revenue of the district captured under tax  
10 increment financing acts divided by the district's membership  
11 excluding special education pupils. For a district that has a  
12 millage reduction required under section 31 of article IX of the  
13 state constitution of 1963, the state portion of the district's  
14 foundation allowance shall be calculated as if that reduction did  
15 not occur. **FOR THE PURPOSES OF STATE LAW, FEDERAL FUNDING AWARDED**  
16 **TO THIS STATE UNDER TITLE XIV OF THE AMERICAN RECOVERY AND**  
17 **REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, THAT IS APPROPRIATED**  
18 **UNDER SECTION 11 AND ALLOCATED UNDER SECTION 22B, IS CONSIDERED TO**  
19 **BE PART OF THE STATE PORTION OF A DISTRICT'S FOUNDATION ALLOWANCE**  
20 **AND IS CONSIDERED TO BE PART OF THE TOTAL STATE SCHOOL AID PAID TO**  
21 **A PUBLIC SCHOOL ACADEMY.**

22 (5) The allocation calculated under this section for a pupil  
23 shall be based on the foundation allowance of the pupil's district  
24 of residence. However, for a pupil enrolled in a district other  
25 than the pupil's district of residence, if the foundation allowance  
26 of the pupil's district of residence has been adjusted pursuant to  
27 subsection (19), the allocation calculated under this section shall

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

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

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

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

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

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

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

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

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

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

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

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

25 (13) To assist the legislature in determining the basic  
26 foundation allowance for the subsequent state fiscal year, each  
27 revenue estimating conference conducted under section 367b of the

1 management and budget act, 1984 PA 431, MCL 18.1367b, shall  
2 calculate a pupil membership factor, a revenue adjustment factor,  
3 and an index as follows:

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

14 (b) The revenue adjustment factor shall be computed by  
15 dividing the sum of the estimated total state school aid fund  
16 revenue for the subsequent state fiscal year plus the estimated  
17 total state school aid fund revenue for the current state fiscal  
18 year, adjusted for any change in the rate or base of a tax the  
19 proceeds of which are deposited in that fund and excluding money  
20 transferred into that fund from the countercyclical budget and  
21 economic stabilization fund under the management and budget act,  
22 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated  
23 total school aid fund revenue for the current state fiscal year  
24 plus the estimated total state school aid fund revenue for the  
25 immediately preceding state fiscal year, adjusted for any change in  
26 the rate or base of a tax the proceeds of which are deposited in  
27 that fund. If a consensus revenue factor is not determined at the

1 revenue estimating conference, the principals of the revenue  
2 estimating conference shall report their estimates to the house and  
3 senate subcommittees responsible for school aid appropriations not  
4 later than 7 days after the conclusion of the revenue conference.

5 (c) The index shall be calculated by multiplying the pupil  
6 membership factor by the revenue adjustment factor. However, for  
7 2008-2009, the index shall be 1.00. If a consensus index is not  
8 determined at the revenue estimating conference, the principals of  
9 the revenue estimating conference shall report their estimates to  
10 the house and senate subcommittees responsible for school aid  
11 appropriations not later than 7 days after the conclusion of the  
12 revenue conference.

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

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

1           (16) For a district that had combined state and local revenue  
2 per membership pupil in the 1993-94 state fiscal year of more than  
3 \$6,500.00, that had fewer than 7 pupils in membership in the 1993-  
4 94 state fiscal year, that has at least 1 child educated in the  
5 district in the current state fiscal year, and that levies the  
6 number of mills of school operating taxes authorized for the  
7 district under section 1211 of the revised school code, MCL  
8 380.1211, a minimum amount of combined state and local revenue  
9 shall be calculated for the district as provided under this  
10 subsection. The minimum amount of combined state and local revenue  
11 for 1999-2000 shall be \$67,000.00 plus the district's additional  
12 expenses to educate pupils in grades 9 to 12 educated in other  
13 districts as determined and allowed by the department. The minimum  
14 amount of combined state and local revenue under this subsection,  
15 before adding the additional expenses, shall increase each fiscal  
16 year by the same percentage increase as the percentage increase in  
17 the basic foundation allowance from the immediately preceding  
18 fiscal year to the current fiscal year. The state portion of the  
19 minimum amount of combined state and local revenue under this  
20 subsection shall be calculated by subtracting from the minimum  
21 amount of combined state and local revenue under this subsection  
22 the sum of the district's local school operating revenue and an  
23 amount equal to the product of the sum of the state portion of the  
24 district's foundation allowance plus the amount calculated under  
25 section 20j times the district's membership. As used in this  
26 subsection, "additional expenses" means the district's expenses for  
27 tuition or fees, not to exceed the basic foundation allowance for

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

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

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

25 (19) For a district that received a grant under former section  
26 32e for 2001-2002, the district's foundation allowance for 2002-  
27 2003 and each succeeding fiscal year shall be adjusted to be an

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

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

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

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

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

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

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

16 (22) For a district that levied 2.23 mills in 1993 to finance  
17 an operating deficit, the district's foundation allowance shall be  
18 calculated as if those mills were included as operating mills in  
19 the calculation of the district's 1994-1995 foundation allowance. A  
20 district is not entitled to any retroactive payments for fiscal  
21 years before 2006-2007 due to this subsection. A district receiving  
22 an adjustment under this subsection shall not receive more than  
23 \$500,000.00 for a fiscal year as a result of this adjustment.

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

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

6           (25) As used in this section:

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

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

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

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

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

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

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

27           (h) "Maximum public school academy allocation" means the

1 maximum per-pupil allocation as calculated by adding the highest  
2 per-pupil allocation among all public school academies for the  
3 immediately preceding state fiscal year plus the difference between  
4 twice the dollar amount of the adjustment from the immediately  
5 preceding state fiscal year to the current state fiscal year made  
6 in the basic foundation allowance and [(the dollar amount of the  
7 adjustment from the immediately preceding state fiscal year to the  
8 current state fiscal year made in the basic foundation allowance  
9 minus \$20.00) times (the difference between the highest per-pupil  
10 allocation among all public school academies for the immediately  
11 preceding state fiscal year and the sum of \$7,108.00 plus the total  
12 dollar amount of all adjustments made from 2006-2007 to the  
13 immediately preceding state fiscal year in the lowest per-pupil  
14 allocation among all public school academies) divided by the  
15 difference between the basic foundation allowance for the current  
16 state fiscal year and the sum of \$7,108.00 plus the total dollar  
17 amount of all adjustments made from 2006-2007 to the immediately  
18 preceding state fiscal year in the lowest per-pupil allocation  
19 among all public school academies].

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

23 (j) "Nonexempt property" means property that is not a  
24 principal residence, qualified agricultural property, qualified  
25 forest property, industrial personal property, or commercial  
26 personal property.

27 (k) "Principal residence", "qualified agricultural property",

1 "qualified forest property", "industrial personal property", and  
2 "commercial personal property" mean those terms as defined in  
3 section 7dd of the general property tax act, 1893 PA 206, MCL  
4 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

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

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

11 (n) "Tax increment financing acts" means 1975 PA 197, MCL  
12 125.1651 to 125.1681, the tax increment finance authority act, 1980  
13 PA 450, MCL 125.1801 to 125.1830, the local development financing  
14 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
15 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
16 or the corridor improvement authority act, 2005 PA 280, MCL  
17 125.2871 to 125.2899.

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

23 Sec. 22a. (1) From the appropriation in section 11, there is  
24 allocated ~~an amount not to exceed \$5,951,000,000.00 for 2007-2008~~  
25 ~~and an amount not to exceed \$6,092,000,000.00~~ **\$6,008,000,000.00** for  
26 2008-2009 for payments to districts, qualifying university schools,  
27 and qualifying public school academies to guarantee each district,

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

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

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

1 the certified mills minus 12 mills and the quotient of the ad  
2 valorem property tax revenue of the district captured under tax  
3 increment financing acts divided by the district's membership. For  
4 a district that has a millage reduction required under section 31  
5 of article IX of the state constitution of 1963, the state portion  
6 of the district's foundation allowance shall be calculated as if  
7 that reduction did not occur.

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

24 (3) Beginning in 2003-2004, for pupils in membership in a  
25 qualifying public school academy or qualifying university school,  
26 there is allocated under this section to the authorizing body that  
27 is the fiscal agent for the qualifying public school academy for

1 forwarding to the qualifying public school academy, or to the board  
2 of the public university operating the qualifying university  
3 school, an amount equal to the 1994-95 per pupil payment to the  
4 qualifying public school academy or qualifying university school  
5 under section 20.

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

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

26 (6) As used in this section:

27 (a) "1994-95 foundation allowance" means a district's 1994-95

1 foundation allowance calculated and certified by the department of  
2 treasury or the superintendent under former section 20a as enacted  
3 in 1993 PA 336 and as amended by 1994 PA 283.

4 (b) "Certified mills" means the lesser of 18 mills or the  
5 number of mills of school operating taxes levied by the district in  
6 1993-94.

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

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

13 (e) "Hold harmless millage" means, for a district with a 1994-  
14 95 foundation allowance greater than \$6,500.00, the number of mills  
15 by which the exemption from the levy of school operating taxes on a  
16 homestead, qualified agricultural property, qualified forest  
17 property, industrial personal property, and commercial personal  
18 property could be reduced as provided in section 1211 of the  
19 revised school code, MCL 380.1211, and the number of mills of  
20 school operating taxes that could be levied on all property as  
21 provided in section 1211(2) of the revised school code, MCL  
22 380.1211, as certified by the department of treasury for the 1994  
23 tax year.

24 (f) "Homestead" means that term as defined in section 1211 of  
25 the revised school code, MCL 380.1211.

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

1 particular calculation is made.

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

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

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

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

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

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

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

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

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

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

13 Sec. 22b. (1) From the appropriation in section 11, there is  
14 allocated ~~an amount not to exceed \$3,683,275,000.00 for 2007-2008~~  
15 ~~and FOR 2008-2009 an amount not to exceed \$3,796,750,000.00 for~~  
16 ~~2008-2009 \$3,198,000,000.00~~ for discretionary nonmandated payments  
17 to districts under this section. Funds allocated under this section  
18 that are not expended in the state fiscal year for which they were  
19 allocated, as determined by the department, may be used to  
20 supplement the allocations under sections 22a and 51c in order to  
21 fully fund those calculated allocations for the same fiscal year.

22 (2) **IN ADDITION TO THE FUNDS ALLOCATED IN SUBSECTION (1),**  
23 **THERE IS ALLOCATED AN AMOUNT ESTIMATED AT \$600,000,000.00 FROM THE**  
24 **FEDERAL FUNDS AWARDED TO THIS STATE UNDER TITLE XIV OF THE AMERICAN**  
25 **RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5. THESE**  
26 **FUNDS SHALL BE DISTRIBUTED IN A FORM AND MANNER DETERMINED BY THE**  
27 **DEPARTMENT BASED ON AN EQUAL DOLLAR AMOUNT PER THE NUMBER OF**

1 MEMBERSHIP PUPILS USED TO CALCULATE THE MAY 20, 2009 STATE AID  
2 PAYMENT AND SHALL BE EXPENDED IN A MANNER PRESCRIBED BY FEDERAL  
3 LAW.

4 (3) ~~(2)~~—Subject to subsection ~~(3)~~—(4) and section 11, the  
5 allocation to a district under this section shall be an amount  
6 equal to the sum of the amounts calculated under sections 20, 20j,  
7 51a(2), 51a(3), and 51a(12), minus the sum of the allocations to  
8 the district under sections 22a and 51c.

9 (4) ~~(3)~~—In order to receive an allocation under ~~this section~~  
10 **SUBSECTION (1)**, each district shall do all of the following:

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

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

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

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

26 (5) ~~(4)~~—Districts are encouraged to use funds allocated under  
27 this section for the purchase and support of payroll, human

1 resources, and other business function software that is compatible  
2 with that of the intermediate district in which the district is  
3 located and with other districts located within that intermediate  
4 district.

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

13 (7) ~~(6)~~—It is the intent of the legislature that all  
14 constitutional obligations of this state have been fully funded  
15 under sections 22a, 31d, 51a, and 51c. If a claim is made by an  
16 entity receiving funds under this act that challenges the  
17 legislative determination of the adequacy of this funding or  
18 alleges that there exists an unfunded constitutional requirement,  
19 the state budget director may escrow or allocate from the  
20 discretionary funds for nonmandated payments under this section the  
21 amount as may be necessary to satisfy the claim before making any  
22 payments to districts under subsection ~~(2)~~—(3). If funds are  
23 escrowed, the escrowed funds are a work project appropriation and  
24 the funds are carried forward into the following fiscal year. The  
25 purpose of the work project is to provide for any payments that may  
26 be awarded to districts as a result of litigation. The work project  
27 shall be completed upon resolution of the litigation.

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

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

18           (10) ~~(9)~~—If payments resulting from a final determination by  
19 the local claims review board or a court of competent jurisdiction  
20 that there has been a violation of section 29 of article IX of the  
21 state constitution of 1963 exceed the amount allocated for  
22 discretionary nonmandated payments under this section, the  
23 legislature shall provide for adequate funding for this state's  
24 constitutional obligations at its next legislative session.

25           (11) ~~(10)~~—If a lawsuit challenging payments made to districts  
26 related to costs reimbursed by federal title XIX medicaid funds is  
27 filed against this state, then, for the purpose of addressing

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

16 Sec. 26a. From the state school aid fund appropriation in  
17 section 11, there is allocated an amount not to exceed  
18 ~~\$41,400,000.00~~ **\$26,300,000.00** for 2008-2009, and from the general  
19 fund appropriation in section 11, there is allocated an amount not  
20 to exceed ~~\$16,100,000.00~~ **\$9,200,000.00** for 2008-2009 to reimburse  
21 districts, intermediate districts, and the state school aid fund  
22 pursuant to section 12 of the Michigan renaissance zone act, 1996  
23 PA 376, MCL 125.2692, for taxes levied in 2008. The allocations  
24 shall be made not later than 60 days after the department of  
25 treasury certifies to the department and to the state budget  
26 director that the department of treasury has received all necessary  
27 information to properly determine the amounts due to each eligible

1 recipient.

2       Sec. 31a. (1) From the state school aid fund money  
3 appropriated in section 11, there is allocated for 2008-2009 an  
4 amount not to exceed \$320,350,000.00 for payments to eligible  
5 districts and eligible public school academies under this section.  
6 Subject to subsection (14), the amount of the additional allowance  
7 under this section, other than funding under subsection (6) or (7),  
8 shall be based on the number of actual pupils in membership in the  
9 district or public school academy who met the income eligibility  
10 criteria for free breakfast, lunch, or milk in the immediately  
11 preceding state fiscal year, as determined under the Richard B.  
12 Russell national school lunch act, 42 USC 1751 to 1769i, and  
13 reported to the department by October 31 of the immediately  
14 preceding fiscal year and adjusted not later than December 31 of  
15 the immediately preceding fiscal year. However, for a public school  
16 academy that began operations as a public school academy after the  
17 pupil membership count day of the immediately preceding school  
18 year, the basis for the additional allowance under this section  
19 shall be the number of actual pupils in membership in the public  
20 school academy who met the income eligibility criteria for free  
21 breakfast, lunch, or milk in the current state fiscal year, as  
22 determined under the Richard B. Russell national school lunch act.

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

1 academy must meet all of the following:

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

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

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

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

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

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

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

24 (6) From the funds allocated under subsection (1), there is  
25 allocated for 2008-2009 an amount not to exceed \$4,743,000.00 to  
26 support child and adolescent health centers. These grants shall be  
27 awarded for 5 consecutive years beginning with 2003-2004 in a form

1 and manner approved jointly by the department and the department of  
2 community health. Each grant recipient shall remain in compliance  
3 with the terms of the grant award or shall forfeit the grant award  
4 for the duration of the 5-year period after the noncompliance.  
5 Beginning in 2004-2005, to continue to receive funding for a child  
6 and adolescent health center under this section a grant recipient  
7 shall ensure that the child and adolescent health center has an  
8 advisory committee and that at least one-third of the members of  
9 the advisory committee are parents or legal guardians of school-  
10 aged children. A child and adolescent health center program shall  
11 recognize the role of a child's parents or legal guardian in the  
12 physical and emotional well-being of the child. Funding under this  
13 subsection shall be used to support child and adolescent health  
14 center services provided to children up to age 21. If any funds  
15 allocated under this subsection are not used for the purposes of  
16 this subsection for the fiscal year in which they are allocated,  
17 those unused funds shall be used that fiscal year to avoid or  
18 minimize any proration that would otherwise be required under  
19 subsection (14) for that fiscal year.

20 (7) From the funds allocated under subsection (1), there is  
21 allocated for 2008-2009 an amount not to exceed \$5,150,000.00 for  
22 the state portion of the hearing and vision screenings as described  
23 in section 9301 of the public health code, 1978 PA 368, MCL  
24 333.9301. A local public health department shall pay at least 50%  
25 of the total cost of the screenings. The frequency of the  
26 screenings shall be as required under R 325.13091 to R 325.13096  
27 and R 325.3271 to R 325.3276 of the Michigan administrative code.

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

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

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

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

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

23           (12) For an individual school or schools operated by a  
24 district or public school academy receiving funds under this  
25 section that have been determined by the department to meet the  
26 adequate yearly progress standards of the federal no child left  
27 behind act of 2001, Public Law 107-110, in both mathematics and

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

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

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

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

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

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

1 subsection (1).

2 (15) If a district is formed by consolidation after June 1,  
3 1995, and if 1 or more of the original districts was not eligible  
4 before the consolidation for an additional allowance under this  
5 section, the amount of the additional allowance under this section  
6 for the consolidated district shall be based on the number of  
7 pupils described in subsection (1) enrolled in the consolidated  
8 district who reside in the territory of an original district that  
9 was eligible before the consolidation for an additional allowance  
10 under this section.

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

1 amount per pupil equal to 11.5% of the sum of the district's  
2 foundation allowance or public school academy's per pupil  
3 allocation under section 20, plus the amount of the district's per  
4 pupil allocation under section 20j(2), not to exceed the basic  
5 foundation allowance under section 20 for the current state fiscal  
6 year.

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

25 (18) As used in this section, "at-risk pupil" means a pupil  
26 for whom the district has documentation that the pupil meets at  
27 least 2 of the following criteria: is a victim of child abuse or

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

25       Sec. 51a. (1) From the appropriation in section 11, there is  
26 allocated for 2008-2009 an amount not to exceed ~~\$1,023,783,000.00~~  
27 **\$1,016,933,000.00** from state sources and all available federal

1 funding under sections 611 to 619 of part B of the individuals with  
2 disabilities education act, 20 USC 1411 to 1419, estimated at  
3 \$350,700,000.00, plus any carryover federal funds from previous  
4 year appropriations. The allocations under this subsection are for  
5 the purpose of reimbursing districts and intermediate districts for  
6 special education programs, services, and special education  
7 personnel as prescribed in article 3 of the revised school code,  
8 MCL 380.1701 to 380.1766; net tuition payments made by intermediate  
9 districts to the Michigan schools for the deaf and blind; and  
10 special education programs and services for pupils who are eligible  
11 for special education programs and services according to statute or  
12 rule. For meeting the costs of special education programs and  
13 services not reimbursed under this article, a district or  
14 intermediate district may use money in general funds or special  
15 education funds, not otherwise restricted, or contributions from  
16 districts to intermediate districts, tuition payments, gifts and  
17 contributions from individuals, or federal funds that may be  
18 available for this purpose, as determined by the intermediate  
19 district plan prepared pursuant to article 3 of the revised school  
20 code, MCL 380.1701 to 380.1766. All federal funds allocated under  
21 this section in excess of those allocated under this section for  
22 2002-2003 may be distributed in accordance with the flexible  
23 funding provisions of the individuals with disabilities education  
24 act, Public Law 108-446, including, but not limited to, 34 CFR  
25 300.206 and 300.208. Notwithstanding section 17b, payments of  
26 federal funds to districts, intermediate districts, and other  
27 eligible entities under this section shall be paid on a schedule

1 determined by the department.

2 (2) From the funds allocated under subsection (1), there is  
3 allocated the amount necessary, estimated at ~~\$224,800,000.00~~  
4 **\$228,500,000.00** for 2008-2009, for payments toward reimbursing  
5 districts and intermediate districts for 28.6138% of total approved  
6 costs of special education, excluding costs reimbursed under  
7 section 53a, and 70.4165% of total approved costs of special  
8 education transportation. Allocations under this subsection shall  
9 be made as follows:

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

1 year, and that district's per pupil allocation under section  
2 20j(2).

3 (b) After the allocations under subdivision (a), districts and  
4 intermediate districts for which the payments under subdivision (a)  
5 do not fulfill the specified percentages shall be paid the amount  
6 necessary to achieve the specified percentages for the district or  
7 intermediate district.

8 (3) From the funds allocated under subsection (1), there is  
9 allocated for 2008-2009 the amount necessary, estimated at  
10 ~~\$1,600,000.00~~ **\$1,700,000.00**, to make payments to districts and  
11 intermediate districts under this subsection. If the amount  
12 allocated to a district or intermediate district for a fiscal year  
13 under subsection (2)(b) is less than the sum of the amounts  
14 allocated to the district or intermediate district for 1996-97  
15 under sections 52 and 58, there is allocated to the district or  
16 intermediate district for the fiscal year an amount equal to that  
17 difference, adjusted by applying the same proration factor that was  
18 used in the distribution of funds under section 52 in 1996-97 as  
19 adjusted to the district's or intermediate district's necessary  
20 costs of special education used in calculations for the fiscal  
21 year. This adjustment is to reflect reductions in special education  
22 program operations or services between 1996-97 and subsequent  
23 fiscal years. Adjustments for reductions in special education  
24 program operations or services shall be made in a manner determined  
25 by the department and shall include adjustments for program or  
26 service shifts.

27 (4) If the department determines that the sum of the amounts

1 allocated for a fiscal year to a district or intermediate district  
2 under subsection (2)(a) and (b) is not sufficient to fulfill the  
3 specified percentages in subsection (2), then the shortfall shall  
4 be paid to the district or intermediate district during the fiscal  
5 year beginning on the October 1 following the determination and  
6 payments under subsection (3) shall be adjusted as necessary. If  
7 the department determines that the sum of the amounts allocated for  
8 a fiscal year to a district or intermediate district under  
9 subsection (2)(a) and (b) exceeds the sum of the amount necessary  
10 to fulfill the specified percentages in subsection (2), then the  
11 department shall deduct the amount of the excess from the  
12 district's or intermediate district's payments under this act for  
13 the fiscal year beginning on the October 1 following the  
14 determination and payments under subsection (3) shall be adjusted  
15 as necessary. However, if the amount allocated under subsection  
16 (2)(a) in itself exceeds the amount necessary to fulfill the  
17 specified percentages in subsection (2), there shall be no  
18 deduction under this subsection.

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

27 (6) From the amount allocated in subsection (1), there is

1 allocated an amount not to exceed \$2,200,000.00 for 2008-2009 to  
2 reimburse 100% of the net increase in necessary costs incurred by a  
3 district or intermediate district in implementing the revisions in  
4 the administrative rules for special education that became  
5 effective on July 1, 1987. As used in this subsection, "net  
6 increase in necessary costs" means the necessary additional costs  
7 incurred solely because of new or revised requirements in the  
8 administrative rules minus cost savings permitted in implementing  
9 the revised rules. Net increase in necessary costs shall be  
10 determined in a manner specified by the department.

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

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

1 portion of time actually spent providing these programs and  
2 services, with the exception of special education programs and  
3 services provided to youth placed in child caring institutions or  
4 juvenile detention programs approved by the department to provide  
5 an on-grounds education program.

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

20 (c) If the department determines before bookclosing for 2007-  
21 2008 that the amounts allocated for 2007-2008 under subsections  
22 (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will  
23 exceed expenditures for 2007-2008 under subsections (2), (3), (6),  
24 (8), and (12) and sections 53a, 54, and 56, then for 2007-2008  
25 only, for a district or intermediate district whose reimbursement  
26 for 2007-2008 would otherwise be affected by subdivision (b),  
27 subdivision (b) does not apply to the calculation of the

1 reimbursement for that district or intermediate district and  
2 reimbursement for that district or intermediate district shall be  
3 calculated in the same manner as it was for 2003-2004. If the  
4 amount of the excess allocations under subsections (2), (3), (6),  
5 (8), and (12) and sections 53a, 54, and 56 is not sufficient to  
6 fully fund the calculation of reimbursement to those districts and  
7 intermediate districts under this subdivision, then the  
8 calculations and resulting reimbursement under this subdivision  
9 shall be prorated on an equal percentage basis.

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

22 (e) Beginning with calculations for 2004-2005, if an  
23 intermediate district purchases a special education pupil  
24 transportation service from a constituent district that was  
25 previously purchased from a private entity; if the purchase from  
26 the constituent district is at a lower cost, adjusted for changes  
27 in fuel costs; and if the cost shift from the intermediate district

1 to the constituent does not result in any net change in the revenue  
2 the constituent district receives from payments under sections 22b  
3 and 51c, then upon application by the intermediate district, the  
4 department shall direct the intermediate district to continue to  
5 report the cost associated with the specific identified special  
6 education pupil transportation service and shall adjust the costs  
7 reported by the constituent district to remove the cost associated  
8 with that specific service.

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

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

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

26 (11) If a district or intermediate district uses money  
27 received under this section for a purpose other than the purpose or

1 purposes for which the money is allocated, the department may  
2 require the district or intermediate district to refund the amount  
3 of money received. Money that is refunded shall be deposited in the  
4 state treasury to the credit of the state school aid fund.

5 (12) From the funds allocated in subsection (1), there is  
6 allocated the amount necessary, estimated at ~~\$7,100,000.00~~  
7 **\$8,000,000.00** for 2008-2009, to pay the foundation allowances for  
8 pupils described in this subsection. The allocation to a district  
9 under this subsection shall be calculated by multiplying the number  
10 of pupils described in this subsection who are counted in  
11 membership in the district times the sum of the foundation  
12 allowance under section 20 of the pupil's district of residence  
13 plus the amount of the district's per pupil allocation under  
14 section 20j(2), not to exceed the basic foundation allowance under  
15 section 20 for the current fiscal year, or, for a pupil described  
16 in this subsection who is counted in membership in a district that  
17 is a public school academy or university school, times an amount  
18 equal to the amount per membership pupil under section 20(6). The  
19 allocation to an intermediate district under this subsection shall  
20 be calculated in the same manner as for a district, using the  
21 foundation allowance under section 20 of the pupil's district of  
22 residence, not to exceed the basic foundation allowance under  
23 section 20 for the current fiscal year, and that district's per  
24 pupil allocation under section 20j(2). This subsection applies to  
25 all of the following pupils:

26 (a) Pupils described in section 53a.

27 (b) Pupils counted in membership in an intermediate district

1 who are not special education pupils and are served by the  
2 intermediate district in a juvenile detention or child caring  
3 facility.

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

7 (13) If it is determined that funds allocated under subsection  
8 (2) or (12) or under section 51c will not be expended, funds up to  
9 the amount necessary and available may be used to supplement the  
10 allocations under subsection (2) or (12) or under section 51c in  
11 order to fully fund those allocations. After payments under  
12 subsections (2) and (12) and section 51c, the remaining  
13 expenditures from the allocation in subsection (1) shall be made in  
14 the following order:

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

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

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

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

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

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

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

25 (15) If a public school academy enrolls pursuant to this  
26 section a pupil who resides outside of the intermediate district in  
27 which the public school academy is located and who is eligible for

1 special education programs and services according to statute or  
2 rule, or who is a child with disabilities, as defined under the  
3 individuals with disabilities education act, Public Law 108-446,  
4 the provision of special education programs and services and the  
5 payment of the added costs of special education programs and  
6 services for the pupil are the responsibility of the district and  
7 intermediate district in which the pupil resides unless the  
8 enrolling district or intermediate district has a written agreement  
9 with the district or intermediate district in which the pupil  
10 resides or the public school academy for the purpose of providing  
11 the pupil with a free appropriate public education and the written  
12 agreement includes at least an agreement on the responsibility for  
13 the payment of the added costs of special education programs and  
14 services for the pupil.

15       Sec. 51c. As required by the court in the consolidated cases  
16 known as Durant v State of Michigan, Michigan supreme court docket  
17 no. 104458-104492, from the allocation under section 51a(1), there  
18 is allocated for 2008-2009 the amount necessary, estimated at  
19 ~~\$721,400,000.00~~ **\$709,150,000.00**, for payments to reimburse  
20 districts for 28.6138% of total approved costs of special education  
21 excluding costs reimbursed under section 53a, and 70.4165% of total  
22 approved costs of special education transportation. Funds allocated  
23 under this section that are not expended in the state fiscal year  
24 for which they were allocated, as determined by the department, may  
25 be used to supplement the allocations under sections 22a and 22b in  
26 order to fully fund those calculated allocations for the same  
27 fiscal year.

1           Sec. 53a. (1) For districts, reimbursement for pupils  
2 described in subsection (2) shall be 100% of the total approved  
3 costs of operating special education programs and services approved  
4 by the department and included in the intermediate district plan  
5 adopted pursuant to article 3 of the revised school code, MCL  
6 380.1701 to 380.1766, minus the district's foundation allowance  
7 calculated under section 20, and minus the amount calculated for  
8 the district under section 20j. For intermediate districts,  
9 reimbursement for pupils described in subsection (2) shall be  
10 calculated in the same manner as for a district, using the  
11 foundation allowance under section 20 of the pupil's district of  
12 residence, not to exceed the basic foundation allowance under  
13 section 20 for the current fiscal year, and under section 20j.

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

16           (a) Pupils assigned to a district or intermediate district  
17 through the community placement program of the courts or a state  
18 agency, if the pupil was a resident of another intermediate  
19 district at the time the pupil came under the jurisdiction of the  
20 court or a state agency.

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

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

26           (d) Pupils enrolled in a department-approved on-grounds  
27 educational program longer than 180 days, but not longer than 233

1 days, at a residential child care institution, if the child care  
2 institution offered in 1991-92 an on-grounds educational program  
3 longer than 180 days but not longer than 233 days.

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

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

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

14 (5) Not more than ~~\$12,800,000.00~~ **\$13,500,000.00** of the  
15 allocation for 2008-2009 in section 51a(1) shall be allocated under  
16 this section.

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

19 (i) Other functions as assigned by the state budget director.

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

1 information to the center. Each affected state department, officer,  
2 or agency shall provide the center with any details necessary for  
3 the center to collect information as provided under this  
4 subsection. This subsection does not apply to information collected  
5 by the department of treasury under the uniform budgeting and  
6 accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised  
7 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the  
8 school bond qualification, approval, and loan act, 2005 PA 92, MCL  
9 388.1921 to 388.1939; or section 1351a of the revised school code,  
10 MCL 380.1351a.

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

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

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

15 (c) One representative from the office of the state budget  
16 director.

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

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

20 (f) Three representatives from intermediate school districts.

21 (g) One representative from each of the following educational  
22 organizations:

23 (i) Michigan association of school boards.

24 (ii) Michigan association of school administrators.

25 (iii) Michigan school business officials.

26 (h) One representative representing private sector firms  
27 responsible for auditing school records.

1 (i) Other representatives as the state budget director  
2 determines are necessary.

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

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

10 (b) Defining the roles of all stakeholders in the data  
11 collection system.

12 (c) Recommending timelines for the implementation and ongoing  
13 collection of data.

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

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

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

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

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

27 (5) The center may enter into any interlocal agreements

1 necessary to fulfill its functions.

2 (6) From the general fund appropriation in section 11, there  
3 is allocated an amount not to exceed ~~\$4,935,400.00~~ **\$3,435,400.00**  
4 for 2008-2009 to the department of management and budget to support  
5 the operations of the center and the development and implementation  
6 of a comprehensive longitudinal data collection management and  
7 reporting system that includes student-level data. The center shall  
8 cooperate with the state education agency to ensure that this state  
9 is in compliance with federal law and is maximizing opportunities  
10 for increased federal funding to improve education in this state.  
11 In addition, from the federal funds appropriated in section 11 for  
12 2008-2009, there is allocated the amount necessary, estimated at  
13 \$2,793,200.00, in order to fulfill federal reporting requirements.

14 (7) From the federal funds allocated in subsection (6), there  
15 is allocated for 2008-2009 an amount not to exceed \$750,000.00  
16 funded from the competitive grants of DED-OESE, title II,  
17 educational technology funds for the purposes of this subsection.  
18 Not later than November 30, 2008, the department shall award a  
19 single grant to an eligible partnership that includes an  
20 intermediate district with at least 1 high-need local school  
21 district and the center.

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

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

## House Bill No. 4721 as amended June 24, 2009

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

10 (11) As used in this section:

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

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

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

18 **SEC. 98A. (1) IT IS THE INTENT OF THE LEGISLATURE THAT FOR**  
19 **2009-2010 THERE WILL BE ALLOCATED AN AMOUNT NOT TO EXCEED**  
20 **\$11,500,000.00 FROM THE COMPETITIVE EDUCATION TECHNOLOGY GRANT**  
21 **FUNDS AWARDED UNDER TITLE <<VIII>> OF THE AMERICAN RECOVERY AND**  
22 **REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, TO BE USED FOR THE 21ST**  
23 **CENTURY LEARNING ENVIRONMENT INITIATIVE DESCRIBED IN THIS SECTION.**

24 **(2) THE DEPARTMENT SHALL USE THE ALLOCATIONS IN SUBSECTION (1)**  
25 **TO MAKE COMPETITIVE GRANTS TO LOCAL EDUCATION AGENCIES AND ELIGIBLE**  
26 **PARTNERSHIPS FOR THE 21ST CENTURY LEARNING ENVIRONMENT INITIATIVE**  
27 **IN ACCORDANCE WITH SECTION 2412 (A) (2) (B) OF THE ENHANCING EDUCATION**

1 THROUGH TECHNOLOGY PART OF THE NO CHILD LEFT BEHIND ACT OF 2001,  
2 PUBLIC LAW 107-110, 20 USC 6762 (A) (2) (B) .

3 (3) THE PROGRAM FUNDED UNDER THIS SECTION SHALL FOCUS ON WAYS  
4 TO USE 21ST CENTURY LEARNING ENVIRONMENTS THAT INCLUDE HIGH ACCESS  
5 TO MOBILE TECHNOLOGY TO ENABLE INNOVATIVE TEACHING AND LEARNING  
6 STRATEGIES THAT HELP ACCELERATE ACHIEVEMENT IN CORE ACADEMIC  
7 SUBJECT AREAS, CLOSE ACHIEVEMENT GAPS, AND PREPARE MICHIGAN  
8 STUDENTS FOR 21ST CENTURY JOBS.

9 (4) THE DEPARTMENT SHALL FUND AT LEAST 1 GRANT IN EACH OF THE  
10 FOLLOWING AREAS:

11 (A) RESEARCH-BASED DROPOUT PREVENTION AND REENGAGEMENT  
12 INITIATIVES THAT UTILIZE DIGITAL ENVIRONMENTS TO ENABLE PROJECT-  
13 BASED LEARNING, NONTRADITIONAL INSTRUCTIONAL METHODS,  
14 CYBERLEARNING, AND OTHER METHODS AIMED AT ENGAGING STUDENTS WHO  
15 HAVE DROPPED OUT OR WHO ARE AT-RISK OF DROPPING OUT. WHEREVER  
16 POSSIBLE, THE DEPARTMENT SHALL TAKE THE NECESSARY STEPS TO REMOVE  
17 REGULATORY BARRIERS TO ALLOW LOCAL EDUCATION AGENCIES OR ELIGIBLE  
18 PARTNERSHIPS TO RECEIVE GRANTS UNDER THIS SUBSECTION.

19 (B) RESEARCH-BASED UBIQUITOUS DIGITAL LEARNING ENVIRONMENT  
20 PROGRAMS ACTING AS A SCHOOL IMPROVEMENT OR INTERVENTION TECHNIQUE  
21 TO ENABLE LEARNING TRANSFORMATIONS AND PROVEN STRATEGIES FOR  
22 ACCELERATING ACHIEVEMENT FOR SCHOOLS NOT MEETING ADEQUATE YEARLY  
23 PROGRESS OR WITH HIGH CONCENTRATIONS OF AT-RISK STUDENTS. THESE  
24 STRATEGIES MAY INCLUDE PROJECT-BASED LEARNING OR INDIVIDUALIZED AND  
25 STUDENT-CENTERED INSTRUCTION ENABLED BY USING LAPTOPS AND OTHER  
26 MOBILE TECHNOLOGY.

27 (C) PROGRAMS AIMED AT PREPARING HIGH SCHOOL STUDENTS FOR

1 MICHIGAN'S 21ST CENTURY JOBS IN THE DIGITAL MEDIA ARTS, FILM  
2 PRODUCTION, OR CREATIVE ARTS FIELDS. THESE PROJECTS SHALL INCLUDE  
3 PROGRAMS THAT COMBINE INSTRUCTION IN CORE SUBJECT AREAS WITH  
4 INSTRUCTION AND INDUSTRY CERTIFICATION IN DIGITAL MEDIA PRODUCTION  
5 TECHNOLOGIES.

6 (D) FULL-TIME ONLINE LEARNING OPPORTUNITY SPONSORED BY A  
7 CONSORTIUM OR PARTNERSHIP THAT IS ESTABLISHED BY AN ORGANIZATION  
8 DEDICATED TO ONLINE LEARNING AND AT LEAST 1 INTERMEDIATE DISTRICT.  
9 THESE PROGRAMS SHALL USE STRATEGIES THAT USE MULTIPLE EDUCATION  
10 DELIVERY SYSTEMS INCLUDING INTERNET-BASED ONLINE APPROACHES. ALL OF  
11 THE FOLLOWING APPLY TO AN ONLINE EDUCATION PROGRAM RECEIVING A  
12 GRANT UNDER THIS SUBDIVISION:

13 (i) NOTWITHSTANDING ANY RULE TO THE CONTRARY, AN ONLINE  
14 EDUCATION PROGRAM RECEIVING A GRANT UNDER THIS SUBDIVISION IS NOT  
15 REQUIRED TO COMPLY WITH ANY RULE THAT WOULD REQUIRE A PUPIL'S  
16 PHYSICAL PRESENCE OR ATTENDANCE IN A CLASSROOM OR THAT IS OTHERWISE  
17 INCONSISTENT WITH A PUPIL'S PARTICIPATION IN AN ONLINE, REMOTE  
18 EDUCATION PROGRAM, INCLUDING, BUT NOT LIMITED TO, R 340.10 AND R  
19 340.11 OF THE MICHIGAN ADMINISTRATIVE CODE, THE PUPIL INSTRUCTION  
20 TIME REQUIREMENTS OF SECTION 101, AND SECTION 109. FURTHER, THE  
21 SUPERINTENDENT MAY WAIVE ANY OTHER PROVISION OF THIS ACT, OF THE  
22 REVISED SCHOOL CODE, OR OF THE MICHIGAN ADMINISTRATIVE CODE THAT  
23 WOULD OTHERWISE INTERFERE WITH THE OPERATION OR FUNDING OF AN  
24 ONLINE EDUCATION PROGRAM RECEIVING A GRANT UNDER THIS SUBDIVISION.

25 (ii) PROGRAM GOALS SHALL INCLUDE INCREASING THE NUMBER OF  
26 ONLINE ENROLLMENTS AND COMPLETIONS BY AT-RISK STUDENTS.

27 (iii) AN ONLINE EDUCATION PROGRAM RECEIVING A GRANT UNDER THIS

1 SUBDIVISION SHALL ENSURE ALL OF THE FOLLOWING:

2 (A) THAT A TEACHER WHO HOLDS APPROPRIATE CERTIFICATION  
3 ACCORDING TO STATE BOARD RULE, WHO IS EMPLOYED BY A DISTRICT  
4 PARTICIPATING IN THE CONSORTIUM OR PARTNERSHIP, AND WHO IS A MEMBER  
5 OF A COLLECTIVE BARGAINING UNIT OF A DISTRICT PARTICIPATING IN THE  
6 CONSORTIUM OR PARTNERSHIP WILL BE RESPONSIBLE FOR IMPROVING  
7 LEARNING BY PLANNED INSTRUCTION, DIAGNOSING LEARNING NEEDS,  
8 ASSESSING LEARNING, AND REPORTING OUTCOMES TO ADMINISTRATORS AND  
9 PARENTS OR LEGAL GUARDIANS FOR EACH COURSE IN WHICH A PUPIL IS  
10 ENROLLED. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT OR ANY  
11 RULE, IF THESE REQUIREMENTS ARE MET, ANY OTHER ADULT ASSISTING WITH  
12 THE OVERSIGHT OF A PUPIL DURING THE PUPIL'S PARTICIPATION IN THE  
13 ONLINE EDUCATION PROGRAM IS NOT REQUIRED TO BE A CERTIFICATED  
14 TEACHER OR AN EMPLOYEE OF A PARTICIPATING DISTRICT.

15 (B) THAT THE ONLINE EDUCATION PROGRAM WILL MAKE EDUCATIONAL  
16 SERVICES AVAILABLE TO PUPILS FOR A MINIMUM OF 1,098 HOURS DURING A  
17 SCHOOL YEAR AND WILL ENSURE THAT EACH PUPIL PARTICIPATES IN THE  
18 EDUCATIONAL PROGRAM FOR AT LEAST 1,098 HOURS DURING A SCHOOL YEAR.

19 (5) A GRANT RECIPIENT SHALL USE 25% OF GRANT FUNDS FOR  
20 PROFESSIONAL DEVELOPMENT THAT FOCUSES ON UTILIZING DIGITAL  
21 ENVIRONMENTS TO ENABLE NEW TEACHING AND LEARNING METHODS SUCH AS  
22 INDIVIDUALIZING INSTRUCTION AND PROJECT-BASED LEARNING.

23 (6) THE DEPARTMENT SHALL LIMIT THE NUMBER OF GRANTS AWARDED  
24 UNDER THIS SECTION TO NOT MORE THAN 10 SO THAT EACH GRANT RECIPIENT  
25 RECEIVES AN AMOUNT THAT IS SUFFICIENT TO CREATE LARGE-SCALE  
26 LEARNING ENVIRONMENT CHANGES THAT FACILITATE THE GOALS OF THIS  
27 SECTION.

1           (7) THE DEPARTMENT SHALL ASSIST GRANT RECIPIENTS AND OTHER  
2 DISTRICTS THAT DO NOT RECEIVE AWARDS BUT THAT WANT TO ACHIEVE THE  
3 GOALS OF THIS SECTION IN WAYS TO UTILIZE OTHER STATE, LOCAL, AND  
4 FEDERAL FUNDS TO PURCHASE OR LEASE TECHNOLOGY THAT CREATES 21ST  
5 CENTURY LEARNING ENVIRONMENTS THAT ENABLE THE GOALS AND TYPES OF  
6 PROJECTS DESCRIBED IN THIS SECTION.

7           Enacting section 1. In accordance with section 30 of article  
8 IX of the state constitution of 1963, total state spending in this  
9 amendatory act and in 2008 PA 268 from state sources for fiscal  
10 year 2008-2009 is estimated at \$11,097,798,200.00 and state  
11 appropriations to be paid to local units of government for fiscal  
12 year 2008-2009 are estimated at \$10,890,765,900.00.