

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1069**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15,
18a, 19, 20, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f,
32j, 37, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62,
74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, 163,
and 166a (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b,
388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a,
388.1619, 388.1620, 388.1621b, 388.1622a, 388.1622b, 388.1624,
388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d,
388.1632f, 388.1632j, 388.1637, 388.1639a, 388.1641, 388.1641a,
388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656,
388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a,
388.1698, 388.1698b, 388.1699, 388.1701, 388.1704a, 388.1707,
388.1747, 388.1752, 388.1758b, 388.1763, and 388.1766a), sections

3, 6, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 101, 104a, 107, 147, and 166a as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, sections 11, 11b, and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, sections 21b, 152, and 163 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 37 as amended by 2002 PA 191, section 94a as amended by 2003 PA 180, and section 158b as added by 1994 PA 283, and by adding sections 20l, 22d, 32k, 107b, and 146; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

1 (5) "Department", except in sections ~~67, 68,~~ 107 ~~and~~
2 ~~108,~~ **and 107b**, means the department of education.

3 (6) "District" means a local school district established
4 under the revised school code, a local act school district, or,
5 except in sections 6(4), 6(6), 13, 20, 22a, 23, 31a, ~~32f,~~ 105,
6 and 105c, a public school academy. Except in sections 6(4),
7 6(6), 13, 20, 22a, 105, and 105c, district also includes a
8 university school.

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

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

25 Sec. 4. (1) "Elementary pupil" means a pupil in membership
26 in grades K to 8 in a district not maintaining classes above the
27 eighth grade or in grades K to 6 in a district maintaining

1 classes above the eighth grade.

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

11 (3) "Fiscal year" means the state fiscal year which commences
12 October 1 and continues through September 30.

13 (4) "General educational development testing preparation
14 program" means a program that has high school level courses in
15 ~~writing skills~~ **English language arts**, social studies, science,
16 ~~reading skills,~~ and mathematics and that prepares a person to
17 successfully complete the general educational development (GED)
18 test.

19 (5) "High school pupil" means a pupil in membership in grades
20 7 to 12, except in a district not maintaining grades above the
21 eighth grade.

22 Sec. 6. (1) "Center program" means a program operated by a
23 district or intermediate district for special education pupils
24 from several districts in programs for the autistically impaired,
25 trainable mentally impaired, severely mentally impaired, severely
26 multiply impaired, hearing impaired, physically and otherwise
27 health impaired, and visually impaired. Programs for emotionally

1 impaired pupils housed in buildings that do not serve regular
2 education pupils also qualify. Unless otherwise approved by the
3 department, a center program either shall serve all constituent
4 districts within an intermediate district or shall serve several
5 districts with less than 50% of the pupils residing in the
6 operating district. In addition, special education center
7 program pupils placed part-time in noncenter programs to comply
8 with the least restrictive environment provisions of section 612
9 of part B of the individuals with disabilities education act,
10 ~~title VI of Public Law 91-230,~~ 20 ~~U.S.C.~~ **USC** 1412, may be
11 considered center program pupils for pupil accounting purposes
12 for the time scheduled in either a center program or a noncenter
13 program.

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

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

23 (4) "Membership", except as otherwise provided in this act,
24 means for a district, public school academy, university school,
25 or intermediate district the sum of the product of .8 times the
26 number of full-time equated pupils in grades K to 12 actually
27 enrolled and in regular daily attendance on the pupil membership

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

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

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

1 be counted in membership in any district.

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

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

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

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

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

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

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

1 (i) If operations begin before the pupil membership count day
2 for the fiscal year, membership is the average number of
3 full-time equated pupils in grades K to 12 actually enrolled and
4 in regular daily attendance on the pupil membership count day for
5 the current school year and on the supplemental count day for the
6 current school year, as determined by the department and
7 calculated by adding the number of pupils registered for
8 attendance on the pupil membership count day plus pupils received
9 by transfer and minus pupils lost as defined by rules promulgated
10 by the superintendent, and as corrected by a subsequent
11 department audit, plus the final audited count from the
12 supplemental count day for the current school year, and dividing
13 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
19 count 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
22 counted in membership on the pupil membership count day in the
23 public school academy, the determination of the district's
24 membership shall exclude from the district's pupil count for the
25 immediately preceding supplemental count day any pupils who are
26 counted in the public school academy on that first pupil
27 membership count day who were also counted in the district on the

1 immediately preceding supplemental count day.

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

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

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

25 (n) If a pupil counted in membership in a public school
26 academy is also educated by a district or intermediate district
27 as part of a cooperative education program, the pupil shall be

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

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

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

1 equivalency, and the remainder of the full-time membership for
2 each of those pupils shall be allocated to the public school
3 academy.

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

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

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

19 (r) Full-time equated memberships for pupils in kindergarten
20 shall be determined by dividing the number of class hours
21 scheduled and provided per year per kindergarten pupil by a
22 number equal to 1/2 the number used for determining full-time
23 equated memberships for pupils in grades 1 to 12.

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

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

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

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

1 subdivision (q) for full-time equivalency. For the purposes of
2 this subdivision, a district shall be considered to be providing
3 appropriate instruction if all of the following are met:

4 (i) The district provides at least 2 nonconsecutive hours of
5 instruction per week to the pupil at the pupil's home under the
6 supervision of a certificated teacher.

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

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

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

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

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

27 (x) For a public school academy that has been in operation

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

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

27 (i) The average of the district's membership for the

1 3-fiscal-year period ending with that fiscal year, calculated by
2 adding the district's actual membership for each of those 3
3 fiscal years, as otherwise calculated under this subsection, and
4 dividing the sum of those 3 membership figures by 3.

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

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

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

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

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

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

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

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

8 (e) A pupil enrolled in a district other than the pupil's
9 district of residence ~~but within the same intermediate district~~
10 ~~if the educating district enrolls nonresident pupils if the~~
11 **pupil was enrolled** in accordance with section 105 **or 105c**.

12 ~~(f) A pupil enrolled in a district other than the pupil's~~
13 ~~district of residence if the pupil has been continuously enrolled~~
14 ~~in the educating district since a school year in which the pupil~~
15 ~~enrolled in the educating district under section 105 or 105c and~~
16 ~~in which the educating district enrolled nonresident pupils in~~
17 ~~accordance with section 105 or 105c.~~

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

1 crime to law enforcement officials for the purposes of this
2 subdivision is subject to section 411a of the Michigan penal
3 code, 1931 PA 328, MCL 750.411a, which provides criminal
4 penalties for that conduct. As used in this subdivision:

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

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

14 ~~(h) A pupil enrolled in a district located in a contiguous~~
15 ~~intermediate district, as described in section 105c, if the~~
16 ~~educating district enrolls those nonresident pupils in accordance~~
17 ~~with section 105c.~~

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

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

27 (i) The pupil has been suspended or expelled from his or her

1 district of residence for any reason, including, but not limited
 2 to, a suspension or expulsion under section 1310, 1311, or 1311a
 3 of the revised school code, MCL 380.1310, 380.1311, and
 4 380.1311a.

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

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

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

8 (i) ~~(k)~~ A pupil enrolled in the Michigan virtual high
 9 school, for the pupil's enrollment in the Michigan virtual high
 10 school.

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

19 (7) "Pupil membership count day" of a district or
 20 intermediate district means:

21 (a) Except as provided in subdivision (b), the fourth
 22 Wednesday in September each school year.

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

25 (i) Fourth Wednesday in July.

26 (ii) Fourth Wednesday in September.

27 (iii) Second Wednesday in February.

1 (iv) Fourth Wednesday in April.

2 (8) "Pupils in grades K to 12 actually enrolled and in
3 regular daily attendance" means pupils in grades K to 12 in
4 attendance and receiving instruction in all classes for which
5 they are enrolled on the pupil membership count day or the
6 supplemental count day, as applicable. A pupil who is absent
7 from any of the classes in which the pupil is enrolled on the
8 pupil membership count day or supplemental count day and who does
9 not attend each of those classes during the 10 consecutive school
10 days immediately following the pupil membership count day or
11 supplemental count day, except for a pupil who has been excused
12 by the district, shall not be counted as 1.0 full-time equated
13 membership. In addition, a pupil who is excused from attendance
14 on the pupil membership count day or supplemental count day and
15 who fails to attend each of the classes in which the pupil is
16 enrolled within 30 calendar days after the pupil membership count
17 day or supplemental count day shall not be counted as 1.0
18 full-time equated membership. Pupils not counted as 1.0
19 full-time equated membership due to an absence from a class shall
20 be counted as a prorated membership for the classes the pupil
21 attended. For purposes of this subsection, "class" means a
22 period of time in 1 day when pupils and a certificated teacher or
23 legally qualified substitute teacher are together and instruction
24 is taking place.

25 (9) "Rule" means a rule promulgated pursuant to the
26 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
27 24.328.

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

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

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

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

12 (15) "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
15 a pupil who is a special education pupil or a pupil described in
16 subsection (6)(d) to ~~(k)~~ (i). A pupil's district of residence
17 shall not require a high school tuition pupil, as provided under
18 section 111, to attend another school district after the pupil
19 has been assigned to a school district.

20 (16) "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 (17) "Taxable value" means the taxable value of property as
24 determined under section 27a of the general property tax act,
25 1893 PA 206, MCL 211.27a.

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

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

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

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

12 Sec. 11. (1) For the fiscal year ending September 30,
13 ~~2004~~ **2005**, there is appropriated for the public schools of this
14 state and certain other state purposes relating to education the
15 sum of ~~-\$10,962,387,100.00~~ **\$11,038,650,000.00** from the state
16 school aid fund established by section 11 of article IX of the
17 state constitution of 1963 and the sum of ~~-\$327,700,000.00~~
18 **\$137,907,700.00** from the general fund. ~~For the fiscal year~~
19 ~~ending September 30, 2003, from loan repayments deposited to the~~
20 ~~general fund pursuant to section 4 of 1961 PA 112, MCL 388.984,~~
21 ~~on the settlement date, as determined under section 9c of 1961 PA~~
22 ~~108, MCL 388.959c, there is appropriated from the general fund to~~
23 ~~the state school aid fund the amount determined by the state~~
24 ~~treasurer to equal the difference between the outstanding amount~~
25 ~~of general obligation debt incurred pursuant to 1961 PA 112, MCL~~
26 ~~388.981 to 388.985, and the outstanding amount of loans under~~
27 ~~1961 PA 108, MCL 388.951 to 388.963, as reduced in accordance~~

1 ~~with section 9c(1) of 1961 PA 108, MCL 388.959c. In addition,~~
2 ~~for the fiscal year ending September 30, 2003, there is~~
3 ~~appropriated from the general fund to the state school aid fund~~
4 ~~an amount equal to the amount of all school bond loan fund~~
5 ~~repayments received by the state treasurer from June 1, 2003~~
6 ~~through December 21, 2003, determined by the state treasurer not~~
7 ~~to have been paid from proceeds of bonds of the school district~~
8 ~~and representing the difference between the outstanding amount of~~
9 ~~general obligation debt incurred by this state under 1961 PA 112,~~
10 ~~MCL 388.981 to 388.985, and the outstanding amount of loans under~~
11 ~~1961 PA 108, MCL 388.951 to 388.963, at the time of repayment.~~
12 ~~Funds appropriated to the state school aid fund from the general~~
13 ~~fund from loan repayments received as described in this~~
14 ~~subsection shall be expended within 90 days of deposit within the~~
15 ~~state school aid fund. In addition, available federal funds are~~
16 ~~appropriated for each of those fiscal years~~ **the fiscal year**
17 **ending September 30, 2005.**

18 (2) The appropriations under this section shall be allocated
19 as provided in this act. Money appropriated under this section
20 from the general fund shall be expended to fund the purposes of
21 this act before the expenditure of money appropriated under this
22 section from the state school aid fund. If the maximum amount
23 appropriated under this section from the state school aid fund
24 for a fiscal year exceeds the amount necessary to fully fund
25 allocations under this act from the state school aid fund, that
26 excess amount shall not be expended in that state fiscal year and
27 shall not lapse to the general fund, but instead shall be

1 deposited into the school aid stabilization fund created in
2 section 11a.

3 (3) If the maximum amount appropriated under this section
4 from the state school aid fund and the school aid stabilization
5 fund for a fiscal year exceeds the amount available for
6 expenditure from the state school aid fund for that fiscal year,
7 payments under sections 11f, 11g, **11j**, 22a, **26a**, 31d, 51a(2),
8 ~~and 51a(12)~~, 51c, **53a**, and **56** shall be made in full. In
9 addition, for districts beginning operations after 1994-95 that
10 qualify for payments under section 22b, payments under section
11 22b shall be made so that the qualifying districts receive the
12 lesser of an amount equal to the 1994-95 foundation allowance of
13 the district in which the district beginning operations after
14 1994-95 is located or \$5,500.00. The amount of the payment to be
15 made under section 22b for these qualifying districts shall be as
16 calculated under section 22a, with the balance of the payment
17 under section 22b being subject to the proration otherwise
18 provided under this subsection and subsection (4). ~~For any~~
19 **Subject to subsection (5), if** proration **is** necessary after
20 2002-2003, state payments under each of the other sections of
21 this act from all state funding sources shall be prorated in the
22 manner prescribed in subsection (4) as necessary to reflect the
23 amount available for expenditure from the state school aid fund
24 for the affected fiscal year. However, if the department of
25 treasury determines that proration will be required under this
26 subsection, the department of treasury shall notify the state
27 budget director, and the state budget director shall notify the

1 legislature at least 30 calendar days or 6 legislative session
2 days, whichever is more, before the department reduces any
3 payments under this act because of the proration. During the 30
4 calendar day or 6 legislative session day period after that
5 notification by the state budget director, the department shall
6 not reduce any payments under this act because of proration under
7 this subsection. The legislature may prevent proration from
8 occurring by, within the 30 calendar day or 6 legislative session
9 day period after that notification by the state budget director,
10 enacting legislation appropriating additional funds from the
11 general fund, countercyclical budget and economic stabilization
12 fund, state school aid fund balance, or another source to fund
13 the amount of the projected shortfall.

14 (4) ~~For any~~ **Subject to subsection (5), if proration is**
15 necessary, ~~after 2002-2003,~~ the department shall calculate the
16 proration in district and intermediate district payments that is
17 required under subsection (3) as follows:

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

21 (i) Districts.

22 (ii) Intermediate districts.

23 (iii) Entities other than districts or intermediate
24 districts.

25 (b) The department shall recover a percentage of the
26 proration amount required under subsection (3) that is equal to
27 the percentage calculated under subdivision (a)(i) for districts

1 by reducing payments to districts. This reduction shall be made
2 by calculating an equal dollar amount per pupil as necessary to
3 recover this percentage of the proration amount and reducing each
4 district's total state school aid from state sources, other than
5 payments under sections 11f, 11g, **11j**, 22a, **26a**, 31d, 51a(2),
6 51a(12), 51c, **and** 53a, ~~and 56,~~ by that amount.

7 (c) The department shall recover a percentage of the
8 proration amount required under subsection (3) that is equal to
9 the percentage calculated under subdivision (a)(ii) for
10 intermediate districts by reducing payments to intermediate
11 districts. This reduction shall be made by reducing the payments
12 to each intermediate district, other than payments under sections
13 11f, 11g, ~~22a, 31d,~~ **26a**, 51a(2), 51a(12), ~~51e,~~ 53a, and 56,
14 on an equal percentage basis.

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

23 (5) **Beginning in 2004-2005, if a district has an emergency**
24 **financial manager in place under the local government fiscal**
25 **responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291,**
26 **payments to that district are not subject to proration under this**
27 **section.**

1 **(6)** ~~-(5)-~~ Except for the allocation under section 26a, any
2 general fund allocations under this act that are not expended by
3 the end of the state fiscal year are transferred to the state
4 school aid fund.

5 Sec. 11b. From the general fund money appropriated in
6 section 11, there is allocated for ~~2003-2004~~ **2004-2005** the sum
7 of ~~-\$67,600,000.00~~ **\$4,999,900.00** for deposit into the school aid
8 stabilization fund created in section 11a.

9 Sec. 11f. (1) From the appropriations under section 11,
10 there is allocated for the purposes of this section an amount not
11 to exceed ~~-\$32,000,000.00~~ **\$31,999,900.00** for the fiscal year
12 ending September 30, ~~2004~~ **2005** and for each succeeding fiscal
13 year through the fiscal year ending September 30, 2008. Payments
14 under this section will cease after September 30, 2008. These
15 allocations are for paying the amounts described in
16 subsection (4) to districts and intermediate districts, other
17 than those receiving a lump sum payment under subsection (2),
18 that were not plaintiffs in the consolidated cases known as
19 Durant v State of Michigan, Michigan supreme court docket
20 no. 104458-104492 and that, on or before March 2, 1998, submitted
21 to the state treasurer a board resolution waiving any right or
22 interest the district or intermediate district has or may have in
23 any claim or litigation based on or arising out of any claim or
24 potential claim through September 30, 1997 that is or was similar
25 to the claims asserted by the plaintiffs in the consolidated
26 cases known as Durant v State of Michigan. The waiver resolution
27 shall be in form and substance as required under subsection (7).

1 The state treasurer is authorized to accept such a waiver
2 resolution on behalf of this state. The amounts described in
3 this subsection represent offers of settlement and compromise of
4 any claim or claims that were or could have been asserted by
5 these districts and intermediate districts, as described in this
6 subsection.

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

1 claims that were or could have been asserted by these districts
2 and intermediate districts, as described in this subsection.

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

12 (4) The amount paid each fiscal year to each district or
13 intermediate district under subsection (1) shall be 1/20 of the
14 total amount listed in section 11h for each listed district or
15 intermediate district that qualifies for a payment under
16 subsection (1). The amounts listed in section 11h and paid in
17 part under this subsection and in a lump sum under subsection (2)
18 are offers of settlement and compromise to each of these
19 districts or intermediate districts to resolve, in their
20 entirety, any claim or claims that these districts or
21 intermediate districts may have asserted for violations of
22 section 29 of article IX of the state constitution of 1963
23 through September 30, 1997, which claims are or were similar to
24 the claims asserted by the plaintiffs in the consolidated cases
25 known as Durant v State of Michigan. This section, any other
26 provision of this act, and section 353e of the management and
27 budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to

1 constitute an admission of liability to the districts or
2 intermediate districts listed in section 11h or a waiver of any
3 defense that is or would have been available to the state or its
4 agencies, employees, or agents in any litigation or future
5 litigation with a district or intermediate district.

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

9 (6) Funds paid to a district or intermediate district under
10 this section shall be used only for textbooks, electronic
11 instructional material, software, technology, infrastructure or
12 infrastructure improvements, school buses, school security,
13 training for technology, or to pay debt service on voter-approved
14 bonds issued by the district or intermediate district before the
15 effective date of this section. For intermediate districts only,
16 funds paid under this section may also be used for other
17 nonrecurring instructional expenditures including, but not
18 limited to, nonrecurring instructional expenditures for
19 vocational education, or for debt service for acquisition of
20 technology for academic support services. Funds received by an
21 intermediate district under this section may be used for projects
22 conducted for the benefit of its constituent districts at the
23 discretion of the intermediate board. To the extent payments
24 under this section are used by a district or intermediate
25 district to pay debt service on debt payable from millage
26 revenues, and to the extent permitted by law, the district or
27 intermediate district may make a corresponding reduction in the

1 number of mills levied for that debt service.

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

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

13 Whereas, the district (or intermediate district) agrees to
14 settle and compromise these claims for the consideration
15 described in sections 11f and 11g of the state school aid act of
16 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount
17 specified for the district (or intermediate district) in
18 section 11h of the state school aid act of 1979, 1979 PA 94,
19 MCL 388.1611h.

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

22 Now, therefore, be it resolved as follows:

23 1. The board of _____ (name of district or
24 intermediate district) waives any right or interest it may have
25 in any claim or potential claim through September 30, 1997
26 relating to the amount of funding the district or intermediate
27 district is, or may have been, entitled to receive under the

1 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to
2 388.1772, or any other source of state funding, by reason of the
3 application of section 29 of article IX of the state constitution
4 of 1963, which claims or potential claims are or were similar to
5 the claims asserted by the plaintiffs in the consolidated cases
6 known as Durant v State of Michigan, Michigan supreme court
7 docket no. 104458-104492.

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

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

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

1 Sec. 11g. (1) From the general fund appropriation in
2 section 11, there is allocated an amount not to exceed
3 ~~-\$141,000.00 each fiscal year for the fiscal year ending~~
4 ~~September 30, 2003, for the fiscal year ending September 30,~~
5 ~~2004, and~~ **\$140,900.00** for the fiscal year ending September 30,
6 2005. There is allocated an amount not to exceed
7 ~~-\$34,200,000.00~~ **\$35,000,000.00** for each succeeding fiscal year
8 through the fiscal year ending September 30, 2013. Payments
9 under this section will cease after September 30, 2013. These
10 allocations are for paying the amounts described in
11 subsection (3) to districts and intermediate districts, other
12 than those receiving a lump sum payment under section 11f(2),
13 that were not plaintiffs in the consolidated cases known as
14 Durant v State of Michigan, Michigan supreme court docket
15 no. 104458-104492 and that, on or before March 2, 1998, submitted
16 to the state treasurer a waiver resolution described in section
17 11f. The amounts paid under this section represent offers of
18 settlement and compromise of any claim or claims that were or
19 could have been asserted by these districts and intermediate
20 districts, as described in this section.

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

1 in any litigation or future litigation with a district or
2 intermediate district regarding these claims or potential
3 claims.

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

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

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

22 (4) The entire amount of each payment under this section each
23 fiscal year shall be paid on May 15 of the applicable fiscal year
24 or on the next business day following that date. If a district
25 or intermediate district borrows money and issues bonds under
26 section 11i, the district or intermediate district shall use
27 funds received under this section to pay debt service on bonds

1 issued under section 11i. If a district or intermediate district
2 does not borrow money and issue bonds under section 11i, the
3 district or intermediate district shall use funds received under
4 this section only for the following purposes, in the following
5 order of priority:

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

9 (b) Second, to pay debt service on other limited tax
10 obligations.

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

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

19 (6) A district or intermediate district may pledge or assign
20 payments under this section as security for bonds issued under
21 section 11i, but shall not otherwise pledge or assign payments
22 under this section.

23 Sec. 11j. From the appropriation in section 11, there is
24 allocated an amount not to exceed ~~-\$28,300,000.00~~ **\$41,099,900.00**
25 for ~~-2003-2004-~~ **2004-2005** for payments to the school loan bond
26 redemption fund in the department of treasury **on behalf of**
27 **districts and intermediate districts.**

1 Sec. 13. Except as otherwise provided in this act, the
2 apportionments and limitations of the apportionments made under
3 this act shall be made on the membership and number of teachers
4 and other professionals approved by the superintendent employed
5 as of the pupil membership count day of each year and on the
6 taxable value and the operating millage of each district for the
7 calendar year. In addition, a district maintaining school during
8 the entire year, as provided in section 1561 of the revised
9 school code, MCL 380.1561, shall count memberships and ~~teachers~~
10 **educational personnel** pursuant to rules promulgated by the
11 superintendent **and shall report to the center as required by**
12 **state and federal law.**

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

1 may be recovered from subsequent special education or special
2 education transportation payments.

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

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

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

1 by revenue from the write-off of prior year accruals.

2 Sec. 18a. Grant funds awarded and allotted to a district,
3 ~~or~~ intermediate district, **or other entity**, unless otherwise
4 specified in this act, shall be expended by the grant recipient
5 before the end of the school fiscal year immediately following
6 the fiscal year in which the funds are received. If a grant
7 recipient does not expend the funds received under this act
8 before the end of the fiscal year in which the funds are
9 received, the grant recipient shall submit a report to the
10 department not later than November 1 after the fiscal year in
11 which the funds are received indicating whether it expects to
12 expend those funds during the fiscal year in which the report is
13 submitted. A recipient of a grant shall return any unexpended
14 grant funds to the department in the manner prescribed by the
15 department not later than September 30 after the fiscal year in
16 which the funds are received.

17 Sec. 19. (1) A district shall comply with any requirements
18 of sections 1204a, 1277, 1278, and 1280 of the revised school
19 code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly
20 referred to as "public act 25 of 1990" that are not also required
21 by the no child left behind act of 2001, Public Law 107-110, ~~115~~
22 ~~Stat. 1425,~~ as determined by the department.

23 (2) Each district and intermediate district shall provide to
24 the department, in a form and manner prescribed by the
25 department, information necessary for the development of an
26 annual progress report on the required implementation of sections
27 1204a, 1277, 1278, and 1280 of the revised school code,

1 MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly
2 referred to as "public act 25 of 1990".

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

8 (4) Each district shall furnish to the center not later than
9 7 weeks after the pupil membership count day, in a manner
10 prescribed by the center, the information necessary for the
11 preparation of the district and high school graduation report.
12 The center shall calculate an annual graduation and pupil dropout
13 rate for each high school, each district, and this state, in
14 compliance with nationally recognized standards for these
15 calculations. The center shall report all graduation and dropout
16 rates to the senate and house education committees and
17 appropriations committees, the state budget director, and the
18 department not later than June 1 of each year.

19 (5) A district shall furnish to the center, in a manner
20 prescribed by the center, information related to educational
21 personnel as necessary for reporting required by state and
22 federal law.

23 (6) A district shall furnish to the center, in a manner
24 prescribed by the center, information related to safety practices
25 and criminal incidents as necessary for reporting required by
26 state and federal law.

27 (7) ~~(6)~~ If a district or intermediate district fails to

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

10 ~~(7) If a school in a district is not accredited under~~
11 ~~section 1280 of the revised school code, MCL 380.1280, or is not~~
12 ~~making satisfactory progress toward meeting the standards for~~
13 ~~that accreditation, the department shall withhold 5% of the total~~
14 ~~funds for which the district qualifies under this act that are~~
15 ~~attributable to pupils attending that school. The department~~
16 ~~shall place the amount withheld from a district under this~~
17 ~~subsection in an escrow account and shall not release the funds~~
18 ~~to the district until the district submits to the department a~~
19 ~~plan for achieving accreditation for each of the district's~~
20 ~~schools that are not accredited under section 1280 of the revised~~
21 ~~school code, MCL 380.1280, or are not making satisfactory~~
22 ~~progress toward meeting the standards for that accreditation.~~

23 (8) Before publishing a list of schools or districts
24 determined to have failed to make adequate yearly progress as
25 required by the federal no child left behind act of 2001, Public
26 Law 107-110, 115 Stat. 1425, the department shall allow a school
27 or district to appeal that determination. The department shall

1 consider and act upon the appeal within 30 days after it is
2 submitted and shall not publish the list until after all appeals
3 have been considered and decided.

4 Sec. 20. (1) For ~~2002-2003 and for 2003-2004~~ **2004-2005**,
5 the basic foundation allowance is \$6,700.00 per membership
6 pupil.

7 (2) The amount of each district's foundation allowance shall
8 be calculated as provided in this section, using a basic
9 foundation 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
14 proration:

15 (a) Except as otherwise provided in this subsection, for a
16 district that in the immediately preceding state fiscal year had
17 a foundation allowance in an amount at least equal to the amount
18 of the basic foundation allowance for the immediately preceding
19 state fiscal year, the district shall receive a foundation
20 allowance in an amount equal to the sum of the district's
21 foundation allowance for the immediately preceding state fiscal
22 year plus the dollar amount of the adjustment from the
23 immediately preceding state fiscal year to the current state
24 fiscal year in the basic foundation allowance. However, for
25 2002-2003, the foundation allowance for a district under this
26 subdivision is an amount equal to the sum of the district's
27 foundation allowance for the immediately preceding state fiscal

1 year plus \$200.00.

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

27 (c) For a district that has a foundation allowance that is

1 not a whole dollar amount, the district's foundation allowance
2 shall be rounded up to the nearest whole dollar.

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

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

1 district's foundation allowance for the current state fiscal year
2 and the district's foundation allowance for 1998-99, minus the
3 difference between the product of the taxable value per
4 membership pupil of all property in the district that is not a
5 principal residence or qualified agricultural property times the
6 lesser of 18 mills or the number of mills of school operating
7 taxes levied by the district in 1993-94 and the quotient of the
8 ad valorem property tax revenue of the district captured under
9 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance
10 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local
11 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
12 or the brownfield redevelopment financing act, 1996 PA 381,
13 MCL 125.2651 to 125.2672, divided by the district's membership
14 excluding special education pupils. For a district that has a
15 millage reduction required under section 31 of article IX of the
16 state constitution of 1963, the state portion of the district's
17 foundation allowance shall be calculated as if that reduction did
18 not occur. The \$6,500.00 amount prescribed in this subsection
19 shall be adjusted each year by an amount equal to the dollar
20 amount of the difference between the basic foundation allowance
21 for the current state fiscal year and \$5,000.00, minus \$200.00.

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

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

16 (6) Subject to subsection (7) and section 22b(3) and except
17 as otherwise provided in this subsection, for pupils in
18 membership, other than special education pupils, in a public
19 school academy or a university school, the allocation calculated
20 under this section is an amount per membership pupil other than
21 special education pupils in the public school academy or
22 university school equal to the sum of the local school operating
23 revenue per membership pupil other than special education pupils
24 for the district in which the public school academy or university
25 school is located and the state portion of that district's
26 foundation allowance, or the sum of the basic foundation
27 allowance under subsection (1) plus \$300.00, whichever is less.

1 Notwithstanding section 101(2), for a public school academy that
2 begins operations ~~in 2002-2003 or 2003-2004, as applicable,~~
3 after the pupil membership count day, the amount per membership
4 pupil calculated under this subsection shall be adjusted by
5 multiplying that amount per membership pupil by the number of
6 hours of pupil instruction provided by the public school academy
7 after it begins operations, as determined by the department,
8 divided by the minimum number of hours of pupil instruction
9 required under section 101(3). The result of this calculation
10 shall not exceed the amount per membership pupil otherwise
11 calculated under this subsection.

12 (7) If more than 25% of the pupils residing within a district
13 are in membership in 1 or more public school academies located in
14 the district, then the amount per membership pupil calculated
15 under this section for a public school academy located in the
16 district shall be reduced by an amount equal to the difference
17 between the product of the taxable value per membership pupil of
18 all property in the district that is not a principal residence or
19 qualified agricultural property times the lesser of 18 mills or
20 the number of mills of school operating taxes levied by the
21 district in 1993-94 and the quotient of the ad valorem property
22 tax revenue of the district captured under 1975 PA 197,
23 MCL 125.1651 to 125.1681, the tax increment finance authority
24 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development
25 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the
26 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
27 to 125.2672, divided by the district's membership excluding

1 special education pupils, in the school fiscal year ending in the
2 current state fiscal year, calculated as if the resident pupils
3 in membership in 1 or more public school academies located in the
4 district were in membership in the district. In order to receive
5 state school aid under this act, a district described in this
6 subsection shall pay to the authorizing body that is the fiscal
7 agent for a public school academy located in the district for
8 forwarding to the public school academy an amount equal to that
9 local school operating revenue per membership pupil for each
10 resident pupil in membership other than special education pupils
11 in the public school academy, as determined by the department.

12 (8) If a district does not receive an amount calculated under
13 subsection (9); if the number of mills the district may levy on a
14 principal residence and qualified agricultural property under
15 section 1211(1) of the revised school code, MCL 380.1211, is 0.5
16 mills or less; and if the district elects not to levy those
17 mills, the district instead shall receive a separate supplemental
18 amount calculated under this subsection in an amount equal to the
19 amount the district would have received had it levied those
20 mills, as determined by the department of treasury. A district
21 shall not receive a separate supplemental amount calculated under
22 this subsection for a fiscal year unless in the calendar year
23 ending in the fiscal year the district levies 18 mills or the
24 number of mills of school operating taxes levied by the district
25 in 1993, whichever is less, on property that is not a principal
26 residence or qualified agricultural property.

27 (9) For a district that had combined state and local revenue

1 per membership pupil in the 1993-94 state fiscal year of more
2 than \$6,500.00 and that had fewer than 350 pupils in membership,
3 if the district elects not to reduce the number of mills from
4 which a principal residence and qualified agricultural property
5 are exempt and not to levy school operating taxes on a principal
6 residence and qualified agricultural property as provided in
7 section 1211(1) of the revised school code, MCL 380.1211, and not
8 to levy school operating taxes on all property as provided in
9 section 1211(2) of the revised school code, MCL 380.1211, there
10 is calculated under this subsection for 1994-95 and each
11 succeeding fiscal year a separate supplemental amount in an
12 amount equal to the amount the district would have received per
13 membership pupil had it levied school operating taxes on a
14 principal residence and qualified agricultural property at the
15 rate authorized for the district under section 1211(1) of the
16 revised school code, MCL 380.1211, and levied school operating
17 taxes on all property at the rate authorized for the district
18 under section 1211(2) of the revised school code, MCL 380.1211,
19 as determined by the department of treasury. If in the calendar
20 year ending in the fiscal year a district does not levy 18 mills
21 or the number of mills of school operating taxes levied by the
22 district in 1993, whichever is less, on property that is not a
23 principal residence or qualified agricultural property, the
24 amount calculated under this subsection will be reduced by the
25 same percentage as the millage actually levied compares to the 18
26 mills or the number of mills levied in 1993, whichever is less.
27 (10) Subject to subsection (4), for a district that is formed

1 or reconfigured after June 1, 2002 by consolidation of 2 or more
2 districts or by annexation, the resulting district's foundation
3 allowance under this section beginning after the effective date
4 of the consolidation or annexation shall be the average of the
5 foundation allowances of each of the original or affected
6 districts, calculated as provided in this section, weighted as to
7 the percentage of pupils in total membership in the resulting
8 district who reside in the geographic area of each of the
9 original or affected districts.

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

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

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

23 (a) The pupil membership factor shall be computed by dividing
24 the estimated membership in the school year ending in the current
25 state fiscal year, excluding intermediate district membership, by
26 the estimated membership for the school year ending in the
27 subsequent state fiscal year, excluding intermediate district

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

7 (b) The revenue adjustment factor shall be computed by
8 dividing the sum of the estimated total state school aid fund
9 revenue for the subsequent state fiscal year plus the estimated
10 total state school aid fund revenue for the current state fiscal
11 year, adjusted for any change in the rate or base of a tax the
12 proceeds of which are deposited in that fund and excluding money
13 transferred into that fund from the countercyclical budget and
14 economic stabilization fund under section 353e of the management
15 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
16 estimated total school aid fund revenue for the current state
17 fiscal year plus the estimated total state school aid fund
18 revenue for the immediately preceding state fiscal year, adjusted
19 for any change in the rate or base of a tax the proceeds of which
20 are deposited in that fund. If a consensus revenue factor is not
21 determined at the revenue estimating conference, the principals
22 of the revenue estimating conference shall report their estimates
23 to the house and senate subcommittees responsible for school aid
24 appropriations not later than 7 days after the conclusion of the
25 revenue conference.

26 (c) The index shall be calculated by multiplying the pupil
27 membership factor by the revenue adjustment factor. However, for

1 ~~2003-2004 only~~ **2004-2005**, the index shall be 1.00. If a
2 consensus index is not determined at the revenue estimating
3 conference, the principals of the revenue estimating conference
4 shall report their estimates to the house and senate
5 subcommittees responsible for school aid appropriations not later
6 than 7 days after the conclusion of the revenue conference.

7 (14) If the principals at the revenue estimating conference
8 reach a consensus on the index described in subsection (13)(c),
9 the basic foundation allowance for the subsequent state fiscal
10 year shall be at least the amount of that consensus index
11 multiplied by the basic foundation allowance specified in
12 subsection (1).

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

23 (16) For a district that had combined state and local revenue
24 per membership pupil in the 1993-94 state fiscal year of more
25 than \$6,500.00, that had fewer than 7 pupils in membership in the
26 1993-94 state fiscal year, that has at least 1 child educated in
27 the district in the current state fiscal year, and that levies

1 the number of mills of school operating taxes authorized for the
2 district under section 1211 of the revised school code,
3 MCL 380.1211, a minimum amount of combined state and local
4 revenue shall be calculated for the district as provided under
5 this subsection. The minimum amount of combined state and local
6 revenue for 1999-2000 shall be \$67,000.00 plus the district's
7 additional expenses to educate pupils in grades 9 to 12 educated
8 in other districts as determined and allowed by the department.
9 The minimum amount of combined state and local revenue under this
10 subsection, before adding the additional expenses, shall increase
11 each fiscal year by the same percentage increase as the
12 percentage increase in the basic foundation allowance from the
13 immediately preceding fiscal year to the current fiscal year.
14 The state portion of the minimum amount of combined state and
15 local revenue under this subsection shall be calculated by
16 subtracting from the minimum amount of combined state and local
17 revenue under this subsection the sum of the district's local
18 school operating revenue and an amount equal to the product of
19 the sum of the state portion of the district's foundation
20 allowance plus the amount calculated under section 20j times the
21 district's membership. As used in this subsection, "additional
22 expenses" means the district's expenses for tuition or fees, not
23 to exceed \$6,500.00 as adjusted each year by an amount equal to
24 the dollar amount of the difference between the basic foundation
25 allowance for the current state fiscal year and \$5,000.00, minus
26 \$200.00, plus a room and board stipend not to exceed \$10.00 per
27 school day for each pupil in grades 9 to 12 educated in another

1 district, as approved by the department.

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

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

23 (19) For a district that received a grant under former
24 section 32e for 2001-2002, ~~the district's foundation allowance~~
25 ~~for 2002-2003 shall be adjusted to be an amount equal to the sum~~
26 ~~of the district's foundation allowance, as otherwise calculated~~
27 ~~under this section, plus the quotient of the amount of the grant~~

1 ~~award to the district for 2001-2002 under former section 32e~~
2 ~~divided by the district's membership for 2001-2002, and the~~
3 district's foundation allowance for ~~2003-2004~~ **2002-2003 and**
4 **each succeeding fiscal year** shall be adjusted to be an amount
5 equal to the sum of the district's foundation allowance, as
6 otherwise calculated under this section, plus the quotient of
7 100% of the amount of the grant award to the district for
8 2001-2002 under former section 32e divided by **the number of**
9 **pupils in** the district's membership for 2001-2002 **who were**
10 **residents of and enrolled in the district.** Except as otherwise
11 provided in this subsection, a district qualifying for a
12 foundation allowance adjustment under this subsection shall use
13 the funds resulting from this adjustment for at least 1 of grades
14 K to 3 for purposes allowable under former section 32e as in
15 effect for 2001-2002. For an individual school or schools
16 operated by a district qualifying for a foundation allowance
17 under this subsection that have been determined by the department
18 to meet the adequate yearly progress standards of the federal no
19 child left behind act of 2001, Public Law 107-110, 115
20 Stat. 1425, in both mathematics and English language arts at all
21 applicable grade levels for all applicable subgroups, the
22 district may submit to the department an application for
23 flexibility in using the funds resulting from this adjustment
24 that are attributable to the pupils in the school or schools.
25 The application shall identify the affected school or schools and
26 the affected funds and shall contain a plan for using the funds
27 for specific purposes identified by the district that are

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

12 (20) For a district that is a qualifying school district with
13 a school reform board in place under part 5a of the revised
14 school code, MCL 380.371 to 380.376, the district's foundation
15 allowance for 2002-2003 shall be adjusted to be an amount equal
16 to the sum of the district's foundation allowance, as otherwise
17 calculated under this section, plus the quotient of
18 ~~-\$15,000,000.00-~~ **\$100.00** divided by the district's membership for
19 2002-2003. If a district ceases to meet the requirements of this
20 subsection, the department shall adjust the district's foundation
21 allowance in effect at that time based on a 2002-2003 foundation
22 allowance for the district that does not include the 2002-2003
23 adjustment under this subsection. **This adjustment shall be made**
24 **within 60 days after the date of the election at which the school**
25 **electors vote to remove the school reform board. [This subsection only**
applies for 2002-2003 and 2003-2004. Beginning in 2004-2005, the
foundation allowance of a district that received an increased foundation
allowance for 2002-2003 and 2003-2004 due to adjustment under this
subsection shall be calculated as if the adjustments under this
subsection for 2002-2003 and 2003-2004 did not occur.]

26 (21) For a district in which the school electors voted in

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27 1993 on a proposal to override a millage reduction required under

1 section 31 of article IX of the state constitution of 1963 of
2 4.38 mills for operating purposes but did not approve the
3 proposal, the district's combined state and local revenue per
4 membership pupil shall be recalculated as if that millage
5 reduction did not occur and, beginning in 2004-2005, the
6 district's foundation allowance shall be calculated as if its
7 1994-1995 foundation allowance had been calculated using the
8 recalculated 1993-1994 combined state and local revenue per
9 membership pupil as a base. A district is not entitled to any
10 retroactive payments for fiscal years before 2004-2005 due to
11 this subsection. A district receiving an adjustment under this
12 subsection shall not receive more than \$500,000.00 for a fiscal
13 year as a result of this adjustment.

14 (22) For a district that levied 1.9 mills in 1993 to finance
15 an operating deficit, the district's foundation allowance shall
16 be calculated as if those mills were included as operating mills
17 in the calculation of the district's 1994-1995 foundation
18 allowance. A district is not entitled to any retroactive
19 payments for fiscal years before 2004-2005 due to this
20 subsection. A district receiving an adjustment under this
21 subsection shall not receive more than \$700,000.00 for a fiscal
22 year as a result of this adjustment.

23 (23) ~~-(21)-~~ Payments to districts, university schools, or
24 public school academies shall not be made under this section.
25 Rather, the calculations under this section shall be used to
26 determine the amount of state payments under section 22b.

27 (24) ~~-(22)-~~ If an amendment to section 2 of article VIII of

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

5 **(25)** ~~-(23)-~~ As used in this section:

6 (a) "Combined state and local revenue" means the aggregate of
7 the district's state school aid received by or paid on behalf of
8 the district under this section and the district's local school
9 operating revenue.

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

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

15 (d) "Immediately preceding state fiscal year" means the state
16 fiscal year immediately preceding the current state fiscal year.

17 (e) "Local school operating revenue" means school operating
18 taxes levied under section 1211 of the revised school code,
19 MCL 380.1211.

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

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

26 (h) "Principal residence" and "qualified agricultural
27 property" mean those terms as defined in section 7dd of the

1 general property tax act, 1893 PA 206, MCL 211.7dd.

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

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

8 (k) "Taxable value per membership pupil" means taxable value,
9 as certified by the department of treasury, for the calendar year
10 ending in the current state fiscal year divided by the district's
11 membership excluding special education pupils for the school year
12 ending in the current state fiscal year.

13 **Sec. 20/. (1) From the allocation in section 22b, there is**
14 **allocated for 2004-2005 an amount not to exceed \$100.00 for**
15 **consolidation incentive payments to districts under this**
16 **section. A district that is formed by consolidation, or by the**
17 **annexation by 1 district of all of the territory of another**
18 **district, after June 1, 2004 is eligible to receive a**
19 **consolidation incentive payment under this section. The payment**
20 **of an incentive payment to a district under this section shall be**
21 **an amount equal to \$25.00 per pupil in membership in the**
22 **consolidated district or in the district formed by the**
23 **annexation, not to exceed a total payment of \$500,000.00 to any**
24 **1 consolidated district or district formed by annexation.**

25 (2) If the amount allocated under this section for a
26 particular fiscal year is not sufficient to fully fund payments
27 to all eligible districts for the fiscal year, the department

1 shall prorate payments under this section for that fiscal year on
2 an equal percentage basis.

3 Sec. 21b. (1) Subject to subsections (2) and (3), a
4 district shall use funds received under ~~section 20 or, beginning~~
5 ~~in 2000-2001, under~~ section 22a or 22b to support the attendance
6 of a district pupil at an eligible postsecondary institution
7 under the postsecondary enrollment options act, 1996 PA 160,
8 MCL 388.511 to 388.524, or under the career and technical
9 preparation act, **2000 PA 258, MCL 388.1901 to 388.1913.**

10 (2) To the extent required under subsection (3), a district
11 shall pay tuition and mandatory course fees, material fees, and
12 registration fees required by an eligible postsecondary
13 institution for enrollment in an eligible course. A district
14 also shall pay any late fees charged by an eligible postsecondary
15 institution due to the district's failure to make a required
16 payment according to the timetable prescribed by the
17 postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to
18 388.524, or the career and technical preparation act, **2000 PA**
19 **258, MCL 388.1901 to 388.1913.** A district is not required to pay
20 transportation costs, parking costs, or activity fees.

21 (3) A district shall pay to the eligible postsecondary
22 institution on behalf of an eligible student an amount equal to
23 the lesser of the amount of the eligible charges described in
24 subsection (2) or the prorated percentage of the state portion of
25 the foundation allowance paid or calculated, as applicable, on
26 behalf of that eligible student under section 20, with the
27 proration based on the proportion of the school year that the

1 eligible student attends the postsecondary institution. A
2 district may pay more money to an eligible postsecondary
3 institution on behalf of an eligible student than required under
4 this section and the postsecondary enrollment options act, 1996
5 PA 160, MCL 388.511 to 388.524, or the career and technical
6 preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**, and may
7 use local school operating revenue for that purpose. An eligible
8 student is responsible for payment of the remainder of the costs
9 associated with his or her postsecondary enrollment that exceed
10 the amount the district is required to pay under this section and
11 the postsecondary enrollment options act, 1996 PA 160,
12 MCL 388.511 to 388.524, or the career and technical preparation
13 act, **2000 PA 258, MCL 388.1901 to 388.1913**, and that are not paid
14 by the district. As used in this subsection, "local school
15 operating revenue" means that term as defined in section 20.

16 (4) As used in this section, "eligible course", "eligible
17 student", and "eligible postsecondary institution" mean those
18 terms as defined in section 3 of the postsecondary enrollment
19 options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3
20 of the career and technical preparation act, **2000 PA 258, MCL**
21 **388.1903**, as applicable.

22 Sec. 22a. (1) From the appropriation in section 11, there
23 is allocated an amount not to exceed ~~-\$6,816,000,000.00~~
24 **\$6,765,300,000.00** for 2003-2004 **and an amount not to exceed**
25 **\$6,690,300,000.00 for 2004-2005** for payments to districts,
26 qualifying university schools, and qualifying public school
27 academies to guarantee each district, qualifying university

1 school, and qualifying public school academy an amount equal to
2 its 1994-95 total state and local per pupil revenue for school
3 operating purposes under section 11 of article IX of the state
4 constitution of 1963. Pursuant to section 11 of article IX of
5 the state constitution of 1963, this guarantee does not apply to
6 a district in a year in which the district levies a millage rate
7 for school district operating purposes less than it levied in
8 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
11 were 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
14 year.

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

20 (a) Except as otherwise provided in this subsection, the
21 state portion of a district's 1994-95 foundation allowance is an
22 amount equal to the district's 1994-95 foundation allowance or
23 \$6,500.00, whichever is less, minus the difference between the
24 product of the taxable value per membership pupil of all property
25 in the district that is not a homestead or qualified agricultural
26 property times the lesser of 18 mills or the number of mills of
27 school operating taxes levied by the district in 1993-94 and the

1 quotient of the ad valorem property tax revenue of the district
2 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
3 increment finance authority act, 1980 PA 450, MCL 125.1801 to
4 125.1830, the local development financing act, 1986 PA 281,
5 MCL 125.2151 to 125.2174, or the brownfield redevelopment
6 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by
7 the district's membership. For a district that has a millage
8 reduction required under section 31 of article IX of the state
9 constitution of 1963, the state portion of the district's
10 foundation allowance shall be calculated as if that reduction did
11 not occur.

12 (b) For a district that had a 1994-95 foundation allowance
13 greater than \$6,500.00, the state payment under this subsection
14 shall be the sum of the amount calculated under subdivision (a)
15 plus the amount calculated under this subdivision. The amount
16 calculated under this subdivision shall be equal to the
17 difference between the district's 1994-95 foundation allowance
18 minus \$6,500.00 and the current year hold harmless school
19 operating taxes per pupil. If the result of the calculation
20 under subdivision (a) is negative, the negative amount shall be
21 an offset against any state payment calculated under this
22 subdivision. If the result of a calculation under this
23 subdivision is negative, there shall not be a state payment or a
24 deduction under this subdivision. The taxable values per
25 membership pupil used in the calculations under this subdivision
26 are as adjusted by ad valorem property tax revenue captured under
27 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance

1 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local
2 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
3 or the brownfield redevelopment financing act, 1996 PA 381,
4 MCL 125.2651 to 125.2672, divided by the district's membership.

5 (3) ~~For~~ **Beginning in 2003-2004, for** pupils in membership in
6 a qualifying public school academy or qualifying university
7 school, there is allocated under this section ~~for 2003-2004~~ to
8 the authorizing body that is the fiscal agent for the qualifying
9 public school academy for forwarding to the qualifying public
10 school academy, or to the board of the public university
11 operating the qualifying university school, an amount equal to
12 the 1994-95 per pupil payment to the qualifying public school
13 academy or qualifying university school under section 20.

14 (4) A district, qualifying university school, or qualifying
15 public school academy may use funds allocated under this section
16 in conjunction with any federal funds for which the district,
17 qualifying university school, or qualifying public school academy
18 otherwise would be eligible.

19 (5) For a district that is formed or reconfigured after
20 June 1, 2000 by consolidation of 2 or more districts or by
21 annexation, the resulting district's 1994-95 foundation allowance
22 under this section beginning after the effective date of the
23 consolidation or annexation shall be the average of the 1994-95
24 foundation allowances of each of the original or affected
25 districts, calculated as provided in this section, weighted as to
26 the percentage of pupils in total membership in the resulting
27 district in the state fiscal year in which the consolidation

1 takes place who reside in the geographic area of each of the
2 original districts. If an affected district's 1994-95 foundation
3 allowance is less than the 1994-95 basic foundation allowance,
4 the amount of that district's 1994-95 foundation allowance shall
5 be considered for the purpose of calculations under this
6 subsection to be equal to the amount of the 1994-95 basic
7 foundation allowance.

8 (6) As used in this section:

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

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

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

19 (d) "Hold harmless millage" means, for a district with a
20 1994-95 foundation allowance greater than \$6,500.00, the number
21 of mills by which the exemption from the levy of school operating
22 taxes on a homestead and qualified agricultural property could be
23 reduced as provided in section 1211(1) of the revised school
24 code, MCL 380.1211, and the number of mills of school operating
25 taxes that could be levied on all property as provided in section
26 1211(2) of the revised school code, MCL 380.1211, as certified by
27 the department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

20 (i) For the number of mills by which the exemption from the
21 levy of school operating taxes on a homestead and qualified
22 agricultural property may be reduced as provided in section
23 1211(1) of the revised school code, MCL 380.1211, the taxable
24 value of homestead and qualified agricultural property for the
25 calendar year ending in the current state fiscal year.

26 (ii) For the number of mills of school operating taxes that
27 may be levied on all property as provided in section 1211(2) of

1 the revised school code, MCL 380.1211, the taxable value of all
2 property for the calendar year ending in the current state fiscal
3 year.

4 Sec. 22b. (1) From the appropriation in section 11, there
5 is allocated an amount not to exceed ~~-\$2,881,000,000.00 for~~
6 ~~2003-2004~~ **\$2,901,700,000.00 for 2004-2005** for discretionary
7 nonmandated payments to districts under this section. Funds
8 allocated under this section that are not expended in the state
9 fiscal year for which they were allocated, as determined by the
10 department, may be used to supplement the allocations under
11 sections 22a and 51c in order to fully fund those calculated
12 allocations for the same fiscal year.

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

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

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

1 shall ~~expend funds to pay for necessary costs associated with~~
2 ~~resolving matters pending in federal court impacting payments to~~
3 ~~districts, including, but not limited to, expert witness fees.~~
4 ~~Beginning in 2001-2002, from the allocation in subsection (1),~~
5 ~~the department shall also~~ pay up to \$1,000,000.00 in litigation
6 costs incurred by this state associated with lawsuits filed by 1
7 or more districts or intermediate districts against this state.
8 If the allocation under this section is insufficient to fully
9 fund all payments required under this section, the payments under
10 this subsection shall be made in full before any proration of
11 remaining payments under this section.

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

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

10 (7) 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
13 an unfunded constitutional requirement, any interested party may
14 seek an expedited review of the claim by the local claims review
15 board. If the claim exceeds \$10,000,000.00, this state may
16 remove the action to the court of appeals, and the court of
17 appeals shall have and shall exercise jurisdiction over the
18 claim.

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

26 (9) If a lawsuit challenging payments made to districts
27 related to costs reimbursed by federal title XIX medicaid funds

1 is filed against this state during 2001-2002, 2002-2003, or
2 2003-2004, 50% of the amount allocated in subsection (1) not
3 previously paid out for 2002-2003, 2003-2004, and each succeeding
4 fiscal year is a work project appropriation and the funds are
5 carried forward into the following fiscal year. The purpose of
6 the work project is to provide for any payments that may be
7 awarded to districts as a result of the litigation. The work
8 project shall be completed upon resolution of the litigation. In
9 addition, this state reserves the right to terminate future
10 federal title XIX medicaid reimbursement payments to districts if
11 the amount or allocation of reimbursed funds is challenged in the
12 lawsuit. As used in this subsection, "title XIX" means title XIX
13 of the social security act, ~~chapter 531, 49 Stat. 620, 42~~
14 ~~U.S.C. USC 1396 to 1396r-6 and 1396r-8 to 1396v.~~

15 **Sec. 22d. (1) From the amount allocated under section 22b,**
16 **an amount not to exceed \$1,000,000.00 is allocated for additional**
17 **payments to small, geographically isolated districts under this**
18 **section.**

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

21 (a) Operates grades K to 12.

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

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

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

27 (ii) Is located on an island that is not accessible by

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1 bridge.

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

20 [Sec. 24. (1) ~~Subject to subsection (2), from~~ **From** the
21 appropriation in section 11, there is allocated ~~each fiscal year for~~
22 ~~2002-2003, and for 2003-2004~~ **for 2004-2005 an amount not to exceed**
23 **\$8,000,000.00 for payments** to the educating district or intermediate
24 district ~~an amount equal to 100% of the added cost each fiscal year for~~
25 educating ~~all~~ pupils assigned by a court or the family independence
26 agency to reside in or to attend a juvenile detention facility or child
27 caring institution licensed by the family independence agency or the

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1 department of consumer and industry services and approved by the
2 department to provide an on-grounds education program. ~~The total amount~~
3 ~~to be paid under this section for added cost shall not exceed~~
4 ~~\$8,900,000.00 for 2002-2003 and \$8,000,000.00 for 2003-2004.~~ The amount
5 of the payment under this section to a district or intermediate district
6 shall be calculated as prescribed under subsection (2).

7 (2) For 2004-2005, 70% of the total amount allocated under this
8 section shall be allocated by paying to the educating district or
9 intermediate district an amount equal to the lesser of the district's or
10 intermediate district's added cost or the department's approved per pupil
11 allocation for the district or intermediate district, and 30% of the
12 total amount allocated under this section shall be allocated by paying to
13 the educating district or intermediate district an amount equal to the
14 district's or intermediate district's added cost. For 2005-2006, 80% of
15 the total amount allocated under this section shall be allocated by
16 paying to the educating district or intermediate district an amount equal
17 to the lesser of the district's or intermediate district's added cost or
18 the department's approved per pupil allocation for the district or
19 intermediate district, and 20% of the total amount allocated under this
20 section shall be allocated by paying to the educating district or
21 intermediate district an amount equal to the district's or intermediate
22 district's added cost. For 2006-2007, 90% of the total amount allocated
23 under this section shall be allocated by paying to the educating district
24 or intermediate district an amount equal to the lesser of the district's
25 or intermediate district's added cost or the department's approved per
26 pupil allocation for the district or intermediate district, and 10% of
27 the total amount allocated under this section shall be allocated by

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1 paying to the educating district or intermediate district an amount equal
 2 to the district's or intermediate district's added cost. For 2007-2008,
 3 100% of the total amount allocated under this section shall be allocated
 4 by paying to the educating district or intermediate district an amount
 5 equal to the lesser of the district's or intermediate district's added
 6 cost or the department's approved per pupil allocation for the district
 7 or intermediate district. For the purposes of this section, ~~"added~~
 8 ~~cost"~~ subsection:

9 (a) "Added cost" means 100% of the added cost each fiscal year for
 10 educating all pupils assigned by a court or the family independence
 11 agency to reside in or to attend a juvenile detention facility or child
 12 caring institution licensed by the family independence agency or the
 13 department of consumer and industry services and approved by the
 14 department to provide an on-grounds education program. Added cost shall
 15 be computed by deducting all other revenue received under this act for
 16 pupils described in this section from total costs, as approved by the
 17 department, in whole or in part, for educating those pupils in the on-
 18 grounds education program or in a program approved by the department that
 19 is located on property adjacent to a juvenile detention facility or child
 20 caring institution. Costs reimbursed by federal funds are not included.

21 ~~For 2003-2004 only, for an on-grounds education program or a program~~
~~located on property adjacent to a juvenile detention facility or child~~
~~caring institution that was not in existence at the time the allocations~~
~~under this section were approved, the department shall give approval for~~
~~only that portion of the educating district's or intermediate district's~~
~~total costs that will not prevent the allocated amounts under this~~
~~section from first being applied to 100% of the added cost of the~~
~~programs that were in existence at the time the preliminary allocations~~
~~under this section were approved.~~

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

(3) ~~-(2)-~~ A district or intermediate district educating pupils

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described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.

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

~~(4) The department shall appoint a committee to study and make recommendations concerning issues related to the education of pupils under this section, including, but not limited to, pupil counts, cost controls, and the number and type of eligible programs under this section. The committee may include, but is not limited to, appointees from 1 or more adjudicated youth educators associations, the house fiscal agency, the senate fiscal agency, the department of management and budget, the family independence agency, the department of corrections, the court system, and the department. Not later than May 15, 2004, the committee shall submit its recommendations to the house and senate appropriations subcommittees responsible for this act and to the department of management and budget.]~~

22 Sec. 26. A district or intermediate district receiving
 23 money pursuant to 1975 PA 197, MCL 125.1651 to 125.1681, the tax
 24 increment finance authority act, 1980 PA 450, MCL 125.1801 to
 25 125.1830, the local development financing act, 1986 PA 281, MCL
 26 125.2151 to 125.2174, or the Brownfield redevelopment financing
 27 act, 1996 PA 381, MCL 125.2651 to 125.2672, shall have its funds

1 received under section ~~20~~ **22b**, 56, or 62 reduced by an amount
2 equal to the added local money.

3 Sec. 26a. **(1)** From the general fund appropriation in
4 section 11, there is allocated an amount not to exceed
5 ~~\$29,960,000.00 for 2003-2004~~ **\$36,337,200.00 for 2004-2005** to
6 reimburse districts, intermediate districts, and the state school
7 aid fund pursuant to section 12 of the Michigan renaissance zone
8 act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2003~~ **2004**
9 **or for payments to districts as reimbursement for interest paid**
10 **as a result of property tax refunds.** ~~This reimbursement shall~~
11 ~~be made by adjusting payments under section 22a to eligible~~
12 ~~districts, adjusting payments under section 56, 62, or 81 to~~
13 ~~eligible intermediate districts, and adjusting the state school~~
14 ~~aid fund.~~ The ~~adjustments~~ **allocations** shall be made not later
15 than 60 days after the department of treasury certifies to the
16 department and to the state budget director that the department
17 of treasury has received all necessary information to properly
18 determine the amounts due to each eligible recipient.

19 **(2)** From the allocation in subsection (1), there is
20 allocated an amount not to exceed \$120,000.00 for 2004-2005 for
21 interest payments to districts under this subsection. If the
22 department determines that a district is required to pay interest
23 on any property tax refund ordered in the partial consent
24 judgment entered on November 6, 2001 in Hitachi Magnetics
25 Corporation v Home Township, Michigan tax tribunal, docket
26 nos. 190507 and 247733 (consolidated), the district shall receive
27 a payment under this subsection to reimburse the district for

1 interest paid, in an amount determined by the department of
2 treasury.

3 (3) From the allocation in subsection (1), there is
4 allocated an amount not to exceed \$17,200.00 for 2004-2005 to the
5 department of treasury to refund to a township the amount of
6 state education tax the township is required by court order to
7 repay to a business that has been declared bankrupt.

8 Sec. 31a. (1) From the ~~state school aid fund~~ money
9 appropriated in section 11, there is allocated for ~~2003-2004~~
10 **2004-2005** an amount not to exceed \$314,200,000.00 for payments to
11 eligible districts and eligible public school academies under
12 this section. Subject to subsection (12), the amount of the
13 additional allowance under this section shall be based on the
14 number of actual pupils in membership in the district or public
15 school academy who met the income eligibility criteria for free
16 breakfast, lunch, or milk in the immediately preceding state
17 fiscal year, as determined under the Richard B. Russell national
18 school lunch act, ~~chapter 281, 60 Stat. 230, 42 U.S.C. USC~~
19 ~~1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to~~
20 ~~1769e, and 1769f to 1769h,~~ and reported to the department by
21 October 31 of the immediately preceding fiscal year and adjusted
22 not later than December 31 of the immediately preceding fiscal
23 year. However, for a public school academy that began operations
24 as a public school academy after the pupil membership count day
25 of the immediately preceding school year, the basis for the
26 additional allowance under this section shall be the number of
27 actual pupils in membership in the public school academy who met

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

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

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

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

22 (3) Except as otherwise provided in this subsection, an
23 eligible district or eligible public school academy 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, as determined under the Richard
27 B. Russell national school lunch act and as reported to the

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

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

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

23 (5) Except as otherwise provided in subsection (11), a
24 district or public school academy that receives funds under this
25 section and that operates a school breakfast program under
26 section 1272a of the revised school code, MCL 380.1272a, shall
27 use from the funds received under this section an amount, not to

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1 exceed \$10.00 per pupil for whom the district or public school
2 academy receives funds under this section, necessary to operate
3 the school breakfast program.

4 (6) From the funds allocated under subsection (1), there is
5 allocated ~~beginning with 2003-2004~~ **for 2004-2005** an amount not
6 to exceed \$3,743,000.00 to support teen health centers. These
7 grants shall be awarded for 3 consecutive years beginning with
8 2003-2004 in a form and manner approved jointly by the department
9 and the department of community health. Each grant recipient
10 shall remain in compliance with the terms of the grant award or
11 shall forfeit the grant award for the duration of the 3-year
12 period after the noncompliance. **[Beginning in 2004-2005, to continue to
receive funding for a teen health center under this section a grant
recipient shall ensure that the teen health center has an advisory
committee and that at least one-third of the members of the advisory
committee are parents or legal guardians of school-aged children. A teen
health center program shall recognize the role of a child's parents or
legal guardian in the physical and emotional well-being of the child.]**
If any funds allocated under

13 this subsection are not used for the purposes of this subsection
14 for the fiscal year in which they are allocated, those unused
15 funds shall be used that fiscal year to avoid or minimize any
16 proration that would otherwise be required under subsection (12)
17 for that fiscal year.

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

1 of at-risk pupils served by each of those programs. If a
2 district or public school academy does not comply with this
3 subsection, the department shall withhold an amount equal to the
4 August payment due under this section until the district or
5 public school academy complies with this subsection. If the
6 district or public school academy does not comply with this
7 subsection by the end of the state fiscal year, the withheld
8 funds shall be forfeited to the school aid fund.

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

15 (9) Subject to subsections (5), (6), and (11), any district
16 may use up to 100% of the funds it receives under this section to
17 reduce the ratio of pupils to teachers in grades K-6, or any
18 combination of those grades, in school buildings in which the
19 percentage of pupils described in subsection (1) exceeds the
20 district's aggregate percentage of those pupils. Subject to
21 subsections (5), (6), and (11), if a district obtains a waiver
22 from the department, the district may use up to 100% of the funds
23 it receives under this section to reduce the ratio of pupils to
24 teachers in grades K-6, or any combination of those grades, in
25 school buildings in which the percentage of pupils described in
26 subsection (1) is at least 60% of the district's aggregate
27 percentage of those pupils and at least 30% of the total number

1 of pupils enrolled in the school building. To obtain a waiver, a
2 district must apply to the department and demonstrate to the
3 satisfaction of the department that the class size reductions
4 would be in the best interests of the district's at-risk pupils.

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

10 (11) For an individual school or schools operated by a
11 district or public school academy receiving funds under this
12 section that have been determined by the department to meet the
13 adequate yearly progress standards of the federal no child left
14 behind act of 2001, Public Law 107-110, ~~115 Stat. 1425,~~ in both
15 mathematics and English language arts at all applicable grade
16 levels for all applicable subgroups, the district or public
17 school academy may submit to the department an application for
18 flexibility in using the funds received under this section that
19 are attributable to the pupils in the school or schools. The
20 application shall identify the affected school or schools and the
21 affected funds and shall contain a plan for using the funds for
22 specific purposes identified by the district that are designed to
23 benefit at-risk pupils in the school, but that may be different
24 from the purposes otherwise allowable under this section. The
25 department shall approve the application if the department
26 determines that the purposes identified in the plan are
27 reasonably designed to benefit at-risk pupils in the school. If

1 the department does not act to approve or disapprove an
2 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 (12) If necessary, and before any proration required under
8 section 11, the department shall prorate payments under this
9 section by reducing the amount of the per pupil payment under
10 this section by a dollar amount calculated by determining the
11 amount by which the amount necessary to fully fund the
12 requirements of this section exceeds the maximum amount allocated
13 under this section and then dividing that amount by the total
14 statewide number of pupils who met the income eligibility
15 criteria for free breakfast, lunch, or milk in the immediately
16 preceding fiscal year, as described in subsection (1).

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

26 (14) A district or public school academy that does not meet
27 the eligibility requirement under subsection (2)(a) is eligible

1 for funding under this section if at least 1/4 of the pupils in
2 membership in the district or public school academy met the
3 income eligibility criteria for free breakfast, lunch, or milk in
4 the immediately preceding state fiscal year, as determined and
5 reported as described in subsection (1), and at least 4,500 of
6 the pupils in membership in the district or public school academy
7 met the income eligibility criteria for free breakfast, lunch, or
8 milk in the immediately preceding state fiscal year, as
9 determined and reported as described in subsection (1). A
10 district or public school academy that is eligible for funding
11 under this section because the district meets the requirements of
12 this subsection shall receive under this section for each
13 membership pupil in the district or public school academy who met
14 the income eligibility criteria for free breakfast, lunch, or
15 milk in the immediately preceding fiscal year, as determined and
16 reported as described in subsection (1), an amount per pupil
17 equal to 11.5% of the sum of the district's foundation allowance
18 or public school academy's per pupil allocation under section 20,
19 plus the amount of the district's per pupil allocation under
20 section 20j(2), not to exceed \$6,500.00 adjusted by the dollar
21 amount of the difference between the basic foundation allowance
22 under section 20 for the current state fiscal year and \$5,000.00,
23 minus \$200.00.

24 (15) As used in this section, "at-risk pupil" means a pupil
25 for whom the district has documentation that the pupil meets at
26 least 2 of the following criteria: is a victim of child abuse or
27 neglect; is below grade level in English language and

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

20 Sec. 31d. (1) From the appropriations in section 11, there
 21 is allocated an amount not to exceed ~~—\$18,315,000.00 for~~
 22 ~~2002-2003 and an amount not to exceed \$21,300,000.00 for~~
 23 ~~2003-2004~~ **\$21,095,000.00 for 2004-2005** for the purpose of making
 24 payments to districts and other eligible entities under this
 25 section.

26 (2) The amounts allocated from state sources under this
 27 section shall be used to pay the amount necessary to reimburse

1 districts for 6.0127% of the necessary costs of the state
2 mandated portion of the school lunch programs provided by those
3 districts. The amount due to each district under this section
4 shall be computed by the department using the methods of
5 calculation adopted by the Michigan supreme court in the
6 consolidated cases known as Durant v State of Michigan, Michigan
7 supreme court docket no. 104458-104492.

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

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

19 (5) From the federal funds appropriated in section 11, there
20 is allocated for ~~2003-2004~~ **2004-2005** all available federal
21 funding, estimated at ~~\$272,125,000.00~~ **\$286,494,000.00**, for the
22 national school lunch program and all available federal funding,
23 estimated at \$2,506,000.00, for the emergency food assistance
24 program.

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

1 Sec. 32c. (1) From the general fund appropriation in
2 section 11, there is allocated an amount not to exceed
3 ~~-\$250,000.00-~~ **\$249,900.00** for ~~-2003-2004-~~ **2004-2005** to the
4 department for grants for community-based collaborative
5 prevention services designed to **promote marriage and** foster
6 positive parenting skills; improve parent/child interaction,
7 especially for children 0-3 years of age; promote access to
8 needed community services; increase local capacity to serve
9 families at risk; improve school readiness; and support healthy
10 family environments that discourage alcohol, tobacco, and other
11 drug use. The allocation under this section is to fund secondary
12 prevention programs as defined by the children's trust fund for
13 the prevention of child abuse and neglect.

14 (2) The funds allocated under subsection (1) shall be
15 distributed through a joint request for proposals process
16 established by the department in conjunction with the children's
17 trust fund and the ~~-state's interagency systems reform workgroup~~
18 **children's action network**. Projects funded with grants awarded
19 under this section shall meet all of the following:

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

24 (b) Demonstrate that the planned services are part of a
25 community's integrated comprehensive family support strategy
26 endorsed by the local multi-purpose collaborative body.

27 (c) Provide a 25% local match, of which not more than 10% may

1 be in-kind services, unless this requirement is waived by the
 2 ~~interagency systems reform workgroup~~ **children's action**
 3 **network.**

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

6 (4) **Not later than January 30 of the next fiscal year, the**
 7 **department shall prepare and submit to the governor and the**
 8 **legislature an annual report of outcomes achieved by the**
 9 **providers of the community-based collaborative prevention**
 10 **services funded under this section for a fiscal year.**

11 Sec. 32d. (1) From the state school aid fund money
 12 appropriated under section 11, there is allocated an amount not
 13 to exceed ~~\$72,600,000.00 for 2003-2004~~ **\$70,599,900.00 for**
 14 **2004-2005** for school readiness ~~or preschool and parenting~~
 15 ~~program~~ grants to enable eligible districts, as determined under
 16 section 37, to develop or expand, in conjunction with whatever
 17 federal funds may be available, including, but not limited to,
 18 federal funds under title I of the elementary and secondary
 19 education act of 1965, ~~Public Law 89-10, 108 Stat. 3519, 20~~
 20 ~~U.S.C. 20 USC 6301 to 6304, 6311 to 6339, 6361 to 6368, 6371 to~~
 21 ~~6376, 6381 to 6383, 6391 to 6399, 6421 to 6472, 6491 to 6494,~~
 22 ~~6511 to 6518, 6531 to 6537, 6551 to 6561i, and 6571 to 6578,~~
 23 chapter 1 of title I of the Hawkins-Stafford elementary and
 24 secondary school improvement amendments of 1988, Public Law
 25 ~~89-10, 102 Stat. 140~~ **100-297**, and the head start act,
 26 ~~subchapter B of chapter 8 of subtitle A of title VI of the~~
 27 ~~omnibus budget reconciliation act of 1981, Public Law 97-35, 42~~

1 U.S.C.— **42 USC** 9831 to ~~9835, 9836 to 9844, 9846, and 9848 to~~
2 ~~9852—~~ **9852a**, comprehensive compensatory programs designed to ~~de~~
3 ~~1 or both of the following:~~—(a) ~~Improve~~ **improve** the readiness
4 and subsequent achievement of educationally disadvantaged
5 children as defined by the department who will be at least 4, but
6 less than 5 years of age, as of December 1 of the school year in
7 which the programs are offered, and who show evidence of 2 or
8 more risk factors as defined in the state board report entitled
9 "children at risk" that was adopted by the state board on April
10 5, 1988.

11 ~~(b) Provide preschool and parenting education programs~~
12 ~~similar to those under former section 32b as in effect for~~
13 ~~2001-2002.~~

14 (2) A comprehensive compensatory program funded under this
15 section may include an age-appropriate educational curriculum,
16 nutritional services, health screening for participating
17 children, a plan for parent and legal guardian involvement, and
18 provision of referral services for families eligible for
19 community social services.

20 (3) In addition to the allocation under subsection (1), from
21 the general fund money allocated under section 11, there is
22 allocated an amount not to exceed \$200,000.00 for ~~2003-2004 for~~
23 ~~the purposes of subsection (4).~~—(4) ~~From the general fund~~
24 ~~allocation in subsection (3), there is allocated for 2003-2004 an~~
25 ~~amount not to exceed \$200,000.00—~~ **2004-2005** for a competitive
26 grant to continue a longitudinal evaluation of children who have
27 participated in the Michigan school readiness program.

1 (4) ~~—(5)—~~ A district receiving a grant under this section
2 may contract for the provision of the comprehensive compensatory
3 program and retain for administrative services an amount equal to
4 not more than 5% of the grant amount.

5 (5) ~~—(6)—~~ A grant recipient receiving funds under this
6 section shall report to the department no later than October 15
7 of each year the number of children participating in the program
8 who meet the income or other eligibility criteria specified under
9 section 37(3)(g) and the total number of children participating
10 in the program. For children participating in the program who
11 meet the income or other eligibility criteria specified under
12 section 37(3)(g), grant recipients shall also report whether or
13 not a parent is available to provide care based on employment
14 status. For the purposes of this subsection, "employment status"
15 shall be defined by the family independence agency in a manner
16 consistent with maximizing the amount of spending that may be
17 claimed for temporary assistance for needy families maintenance
18 of effort purposes.

19 Sec. 32f. ~~—(1) From the state school aid fund allocation~~
20 ~~under section 32a(1), there is allocated for 2001-2002 an amount~~
21 ~~not to exceed \$45,000,000.00 and for 2002-2003 and 2003-2004~~
22 ~~\$0.00, for grants under this section. From the general fund~~
23 ~~allocation under section 32a(1), there is allocated each fiscal~~
24 ~~year for 2001-2002, 2002-2003, and 2003-2004 \$0.00 for the~~
25 ~~purposes of subsection (3).~~

26 ~~———(2) From the allocation in subsection (1), there is allocated~~
27 ~~for 2001-2002 an amount not to exceed \$2,000,000.00 and for~~

1 ~~2002-2003 and 2003-2004 \$0.00, for providing grants to the 8~~
2 ~~regional literacy centers for the purposes of expanding training~~
3 ~~programs for trainers and teachers in the use of strategies for~~
4 ~~reading instruction and assessment, including the Michigan~~
5 ~~literacy progress profile.~~

6 ~~—— (3) From the general fund allocation in subsection (1), there~~
7 ~~is allocated to the department \$0.00 each fiscal year for~~
8 ~~2001-2002, 2002-2003, and 2003-2004 for the development and~~
9 ~~dissemination of~~ **In collaboration with central Michigan**
10 **university, the department shall develop and disseminate** read,
11 educate, and develop youth ~~—(READY)—~~ **(R.E.A.D.Y.)** kits to parents
12 of preschool and kindergarten children to provide these parents
13 with information about how they can prepare their children for
14 reading success.

15 ~~(4) From the general fund allocation in subsection (1),~~
16 ~~there is allocated to the department each fiscal year for~~
17 ~~2001-2002, 2002-2003, and 2003-2004 \$0.00 for the grant review~~
18 ~~process and grant administration under this section.~~

19 ~~—— (5) Except as otherwise provided in subsection (17), to be~~
20 ~~eligible for a grant under this section, a district must have had~~
21 ~~at least 1,500 pupils in membership in 1998-99, and the number of~~
22 ~~pupils in the district that have been determined to have a~~
23 ~~specific learning disability according to R 340.1713 of the~~
24 ~~Michigan administrative code, as determined in the December 1,~~
25 ~~1998 head count required under the individuals with disabilities~~
26 ~~education act, title VI of Public Law 91-230, must equal or~~
27 ~~exceed 5% of the district's membership. In addition, a district~~

~~1 is eligible for a grant under this section if the district had at
2 least 1,500 pupils in membership in 1998-99 and if not more than
3 41% of the district's pupils who took the spring 1999 fourth
4 grade MEAP reading test achieved a score of at least
5 satisfactory. Except as otherwise provided in subsection (17),
6 for a public school academy to be eligible for a grant under this
7 section, the public school academy must be located in a district
8 that is eligible under this subsection.~~

~~9 (6) From the allocation in subsection (1), there is allocated
10 for 2001-2002 an amount not to exceed \$43,000,000.00 and for
11 2002-2003 and 2003-2004 \$0.00, for competitive grants to eligible
12 districts, to intermediate districts, and to public school
13 academies located within eligible districts for reading
14 improvements programs for pupils in grades K to 4, reading
15 disorders and reading methods programs, mentoring programs,
16 language and literacy outreach programs, or cognitive development
17 programs. For 2001-2002, grants under this subsection shall be
18 paid to grant recipients in the same proportion of the total
19 allocation under this subsection as for 2000-2001. If the
20 legislature enacts legislation authorizing the appropriation of
21 federal funds for reading improvement programs for 2001-2002, for
22 2002-2003, or for 2003-2004, then it is the intent of the
23 legislature that these funds be used to the extent possible for
24 the purposes of this subsection. Federal funds received for
25 reading improvement programs that can be used for substantially
26 similar purposes as described under this section shall be first
27 expended for the purposes of this subsection before funds~~

~~1 appropriated from the state school aid fund allocated under this
2 subsection, and the expenditure of funds under this subsection
3 from the state school aid fund shall be reduced by an amount
4 equal to the amount of the expenditure of federal funds under
5 this subsection. If any conflict exists between federal reading
6 program guidelines and this section, federal law will control.~~

~~7 (7) Except as otherwise provided in subsection (17), to
8 qualify for funding under this section, a proposed reading
9 improvement program must meet all of the following:~~

~~10 (a) The program shall include assessment of reading skills of
11 pupils in grades K to 4 to identify those pupils who are reading
12 below grade level and must provide special reading assistance for
13 these pupils.~~

~~14 (b) The program shall be a research-based, validated,
15 structured reading program.~~

~~16 (c) The program shall include continuous assessment of pupils
17 and individualized education plans for pupils.~~

~~18 (d) The program shall align learning resources to state
19 standards.~~

~~20 (e) For each school building receiving funding under this
21 section for a reading improvement program, the program shall
22 serve at least 25% of pupils who are identified as at-risk, as
23 determined by the Michigan literacy progress profile, of reading
24 failure, and the amount of the grant shall not exceed \$85,000.00
25 per school building annually.~~

~~26 (8) Funds allocated for programs described in subsection (7)
27 may be used to reimburse grant recipients for funds paid by~~

~~1 districts for up to 1/2 of the salaries and benefits for each
2 teacher trained and certified to provide a reading improvement
3 program.~~

~~4 ——— (9) Except as otherwise provided under subsection (17), to
5 qualify for funding under this section, a proposed mentoring
6 program must be a research-based, validated program or a
7 statewide 1-to-1 mentoring program to enhance the independence
8 and life quality of pupils who are mentally impaired by providing
9 opportunities for mentoring and integrated employment.~~

~~10 ——— (10) Except as otherwise provided under subsection (17), to
11 qualify for funding under this section, a proposed cognitive
12 development program must be a research-based, validated
13 educational service program, focused on assessing and building
14 essential cognitive and perceptual learning abilities to
15 strengthen pupil concentration and learning.~~

~~16 ——— (11) Except as otherwise provided under subsection (17), to
17 qualify for funding under this section, a proposed structured
18 mentoring tutorial reading program for preschool to grade 4
19 pupils must be a research-based, validated program that develops
20 individualized instructional plans based on each pupil's age,
21 assessed needs, reading level, interests, and learning style.~~

~~22 ——— (12) A program receiving funding under this section may be
23 conducted outside of regular school hours or outside the regular
24 school calendar.~~

~~25 ——— (13) To compete for a grant under this section, an applicant
26 shall apply to the superintendent in the form and manner
27 prescribed by the superintendent. The department shall make~~

~~1 applications available for this purpose. An applicant shall
2 include in its application a projected budget for the programs.
3 The grant recipient shall provide at least a 20% local match from
4 local public or private resources for the funds received under
5 this section. Not more than 1/2 of this matching requirement, up
6 to a total of 10% of the total project budget, may be satisfied
7 through in-kind services provided by participating providers of
8 programs or services. In addition, not more than 10% of the
9 grant may be used for program administration.~~

~~10 (14) The superintendent shall approve or disapprove
11 applications and notify the applicant of that decision. Priority
12 in awarding grants shall be given to programs that focus on
13 accelerating student achievement on a cost effective basis,
14 reducing the number of pupils requiring special education
15 programs and services, and improving pupil scores on standardized
16 tests and assessments.~~

~~17 (15) A grant recipient receiving funds under this section
18 shall report to the department, in the form and manner prescribed
19 by the department, on the results achieved by the program. At a
20 minimum, the grant recipient shall report to the department by
21 October 15 regarding the program's impact on reducing the number
22 of pupils requiring special education programs and services and
23 on improving pupil scores on standardized tests and assessments,
24 and information on the costs and benefits per unit of pupil
25 improvement. In addition, the report shall state the number of
26 pupils eligible for free or reduced price school lunch who
27 received services under the program and the total number of~~

~~1 pupils who received services under the program. Not later than
2 November 15 of each fiscal year, the department shall submit a
3 report to the legislature, the state budget director, and the
4 senate and house fiscal agencies detailing the results of the
5 programs. It is the intent of the legislature that further
6 funding for the programs under this section will reflect the
7 results achieved in these programs.~~

~~8 ——— (16) Notwithstanding section 17b, payments under this section
9 shall be paid on a schedule determined by the department.~~

~~10 ——— (17) For a district or public school academy awarded a grant
11 under former section 32, the determination of whether the
12 district or public school academy is eligible for a grant under
13 this section may be made according to the eligibility standards
14 in effect under former section 32. Further, the district or
15 public school academy may continue to use the grant proceeds for
16 any use permissible under this section or former section 32 as in
17 effect at the time the district or public school academy was
18 awarded the grant.~~

~~19 ——— (18) If the maximum amount appropriated under this section
20 exceeds the amount necessary to fully fund allocations under this
21 section, that excess amount shall not be expended in that state
22 fiscal year but shall instead be carried forward to the
23 succeeding fiscal year and added to any funds appropriated for
24 that fiscal year for expenditure in that fiscal year.~~

~~25 ——— (19) A district that received funding for 1999-2000 under
26 former section 32 shall receive funding under this section for
27 2001-2002.~~

1 ~~—— (20) A district or intermediate district receiving funds~~
2 ~~under this section may carry over any unexpended funds received~~
3 ~~under this section to subsequent fiscal years and may expend~~
4 ~~those unused funds in subsequent fiscal years.~~

5 Sec. 32j. (1) From the ~~appropriation~~ **allocation** in
6 section ~~11~~ **81**, there is allocated an amount not to exceed
7 \$3,326,000.00 for ~~2003-2004~~ **2004-2005** for **great parents, great**
8 **start** grants to intermediate districts to provide programs for
9 parents with preschool children. The purpose of these programs
10 is to **encourage early literacy, improve school readiness, reduce**
11 **the need for special education services,** and foster the
12 maintenance of stable families by encouraging positive parenting
13 skills.

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

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

20 (b) Providing parents with methods to enhance parent-child
21 interaction; including, but not limited to, encouraging parents
22 to read to their preschool children at least 1/2 hour per day.

23 (c) Providing parents with examples of learning opportunities
24 to promote intellectual, physical, and social growth of
25 preschoolers.

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

1 **(e) Promoting marriage.**

2 (3) To ~~compete for~~ **receive** a grant under this section, an
3 intermediate district shall ~~apply~~ **submit a plan** to the
4 department not later than October 1, ~~2003~~ **2004** in the form and
5 manner prescribed by the department. ~~To be considered for a~~
6 ~~grant under this section, a grant application~~ **The plan** shall do
7 all of the following in a manner prescribed by the department:

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

14 (b) Demonstrate an adequate collaboration of local entities
15 involved in providing programs and services for preschool
16 children and their parents.

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

26 (4) Each ~~successful grant recipient~~ **intermediate district**
27 **receiving a grant under this section** shall agree to include a

1 data collection system ~~and an evaluation tool~~ approved by the
2 department. ~~to measure the impact of the program on improving~~
3 ~~school readiness and fostering the maintenance of stable~~
4 ~~families.~~ The data collection system shall provide a report by
5 October 15 of each year on the number of children in families
6 with income below 200% of the federal poverty level that received
7 services under this program and the total number of children who
8 received services under this program.

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

11 ~~(a) The department shall make applications available for the~~
12 ~~purposes of this section not later than August 15, 2003.~~

13 **(a)** ~~(b)~~ The superintendent shall approve or disapprove
14 ~~applications~~ **the plans** and notify the ~~applying~~ intermediate
15 district of that decision not later than November 15, ~~2003~~
16 **2004.** The amount ~~of each approved grant shall not exceed~~
17 **allocated by each intermediate district shall be at least an**
18 **amount equal to 3.5%** of the intermediate district's 2002-2003
19 payment under section 81.

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

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

1 (6) An intermediate district receiving funds under this
2 section shall use the funds only for the program funded under
3 this section. An intermediate district receiving funds under
4 this section may carry over any unexpended funds received under
5 this section to subsequent fiscal years and may expend those
6 unused funds in subsequent fiscal years.

7 **Sec. 32k. (1) From the funds appropriated in section 11,**
8 **there is allocated an amount not to exceed \$0.00 for a statewide**
9 **before- or after-school program to provide youth with a safe,**
10 **engaging environment to motivate and inspire learning outside the**
11 **traditional classroom setting. Before-school programs are**
12 **limited to elementary school-aged children. Effective before- or**
13 **after-school programs combine academic, enrichment, and**
14 **recreation activities to guide learning and inspire children and**
15 **youth in various activities. The before- or after-school**
16 **programs can meet the needs of the communities served by the**
17 **programs.**

18 (2) The department shall work in collaboration with the
19 family independence agency under this section.

20 (3) The department shall, through a competitive bid process,
21 provide grants or contracts up to \$0.00 in state school aid funds
22 for the program based on community needs. A county shall receive
23 no more than 20% of the funds allocated under this section for
24 this program. The use of funds under this section should not be
25 considered an ongoing commitment of funding.

26 (4) The before- or after-school programs funded under this
27 section shall include, at a minimum, at least 3 of the following

1 topics:

2 (a) Abstinence-based pregnancy prevention.

3 (b) Chemical abuse and dependency including nonmedical
4 services.

5 (c) Gang violence prevention.

6 (d) Academic assistance, including assistance with reading
7 and writing.

8 (e) Preparation toward future self-sufficiency.

9 (f) Leadership development.

10 (g) Case management or mentoring.

11 (h) Parental involvement.

12 (i) Anger management.

13 (5) The department may enter into grants or contracts with
14 independent contractors including, but not limited to,
15 faith-based organizations, boys or girls clubs, schools, or
16 nonprofit organizations. The department shall grant priority in
17 funding independent contractors who secure at least 25% in
18 matching funds. The matching funds may either be fulfilled
19 through local, state, or federal funds, or through in-kind or
20 other donations.

21 (6) A referral to a program may be made by, but is not
22 limited to, any of the following: a teacher, counselor, parent,
23 police officer, judge, or social worker.

24 (7) By August 30, 2005, the department before- or
25 after-school program expenditures shall be audited and the
26 department shall work in collaboration with independent
27 contractors to provide a report on the before- or after-school

1 program to the senate and house standing committees dealing with
2 human services and education, the senate and house appropriations
3 subcommittees for this act, the senate and house fiscal agencies,
4 and the senate and house policy offices. The report shall
5 include the number of participants and the average cost per
6 participant, as well as changes noted in program participants in
7 any of the following categories:

- 8 (a) Juvenile crime.
- 9 (b) Aggressive behavior.
- 10 (c) Academic achievement.
- 11 (d) Development of new skills and interests.
- 12 (e) School attendance and dropout rates.
- 13 (f) Behavioral changes in school.
- 14 (8) Private foundations may contribute funding to this
15 program, as determined by the department.

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

19 (2) The district shall submit a preapplication, in a manner
20 and on forms prescribed by the department, by a date specified by
21 the department in the immediately preceding state fiscal year.
22 The preapplication shall include a comprehensive needs assessment
23 and community collaboration plan, and shall identify all of the
24 following:

- 25 (a) The estimated total number of children in the community
26 who meet the criteria of section 32d and how that calculation was
27 made.

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

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

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

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

18 (a) The district complies with the state board approved
19 standards of quality and curriculum guidelines for early
20 childhood programs for 4-year-olds.

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

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

27 (i) Teachers possessing proper training, including, but not

1 limited to, a valid teaching certificate and an early childhood
2 (ZA) endorsement. This provision does not apply to a district
3 that subcontracts with an eligible child development program. In
4 that situation a teacher must have ~~a~~ **proper training in early**
5 **childhood development equivalent to 4 years of formal training in**
6 **early childhood/preschool education or child development. This**
7 **may include 1 or more of the following:**

8 (A) A valid **Michigan** teaching certificate ~~and may have a~~
9 ~~child development associate credential (CDA) instead of~~ **with** an
10 early childhood (ZA) endorsement.

11 (B) A valid **Michigan** teaching certificate with a child
12 **development associate credential (CDA).**

13 (C) A **bachelor's degree in child care or child development.**

14 (D) A **child development associate credential (CDA) combined**
15 **with an associate of arts (AA) degree in early**
16 **childhood/preschool education or child development.**

17 (ii) Paraprofessionals possessing proper training in early
18 childhood development or who have completed at least 1 course in
19 an appropriate training program, including, but not limited to, a
20 child development associate credential (CDA) or associate degree
21 in child development or other similar program, as approved by the
22 department.

23 (d) The district has submitted for approval a program budget
24 that includes only those costs not reimbursed or reimbursable by
25 federal funding, that are clearly and directly attributable to
26 the early childhood readiness program, and that would not be
27 incurred if the program were not being offered. If children

1 other than those determined to be educationally disadvantaged
2 participate in the program, state reimbursement under section 32d
3 shall be limited to the portion of approved costs attributable to
4 educationally disadvantaged children.

5 (e) The district has established a school readiness advisory
6 committee consisting of, at a minimum, classroom teachers for
7 prekindergarten, kindergarten, and first grade; parents or
8 guardians of program participants; representatives from
9 appropriate community agencies and organizations; the district
10 curriculum director or equivalent administrator; and, if
11 feasible, a school psychologist, school social worker, or school
12 counselor. In addition, there shall be on the committee at least
13 1 parent or guardian of a program participant for every 18
14 children enrolled in the program, with a minimum of 2 parent or
15 guardian representatives. The committee shall do all of the
16 following:

17 (i) Ensure the ongoing articulation of the early childhood,
18 kindergarten, and first grade programs offered by the district.

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

21 (iii) Review the health screening program for all
22 participants.

23 (iv) Review the nutritional services provided to program
24 participants.

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

27 (vi) Review the collaboration with and the involvement of

1 appropriate community, volunteer, and social service agencies and
2 organizations in addressing all aspects of educational
3 disadvantage.

4 (vii) Review, evaluate, and make recommendations to a local
5 school readiness program or programs for changes to the school
6 readiness program.

7 (f) The district has submitted for departmental approval a
8 plan to conduct and report annual school readiness program
9 evaluations using criteria approved by the department. At a
10 minimum, the evaluations shall include assessment of the gains in
11 educational readiness and progress through first grade of
12 children participating in the school readiness program.

13 (g) More than 50% of the children participating in the
14 program meet the income eligibility criteria for free or reduced
15 price lunch, as determined under the Richard B. Russell national
16 school lunch act, ~~chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to~~
17 ~~1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769e,~~
18 ~~and 1769f~~ **42 USC 1751** to 1769h, or meet the income and all other
19 eligibility criteria for the family independence agency unified
20 child day care program.

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

1 consortium.

2 (5) With the final application, an applicant district shall
 3 submit to the department a resolution adopted by its board
 4 certifying the number of 4-year-old children who show evidence of
 5 risk factors as described in section 32d who meet the income
 6 eligibility criteria for free or reduced price lunch or the
 7 income and all other eligibility criteria for the family
 8 independence agency unified child day care program, and who will
 9 participate in a school readiness program funded under section
 10 32d.

11 Sec. 39a. (1) From the ~~appropriation~~ **federal funds**
 12 **appropriated** in section 11, there is allocated for ~~2003-2004~~
 13 **2004-2005** to districts, intermediate districts, and other
 14 eligible entities all available federal funding, estimated at
 15 ~~-\$665,458,500.00~~ **\$637,809,700.00**, for the federal programs under
 16 the no child left behind act of 2001, Public Law 107-110. ~~—, 115~~
 17 ~~Stat. 1425.~~ These funds are allocated ~~for each fiscal year~~ as
 18 follows:

19 ~~(a) An amount estimated at \$1,666,300.00 for community~~
 20 ~~service state grants, funded from DED-OESE, community service~~
 21 ~~state grant funds.~~

22 ~~(a) —(b)—~~ An amount estimated at ~~-\$15,946,200.00~~
 23 **\$12,095,000.00** to provide students with drug- and
 24 violence-prevention programs and to implement strategies to
 25 improve school safety, funded from DED-OESE, drug-free schools
 26 and communities funds.

27 ~~(b) —(c)—~~ An amount estimated at ~~-\$14,546,300.00~~

1 **\$9,520,500.00** for the purpose of improving teaching and learning
2 through a more effective use of technology, funded from DED-OESE,
3 educational technology state grant funds.

4 (c) ~~-(d)-~~ An amount estimated at ~~-\$105,570,600.00~~
5 **\$105,565,700.00** for the purpose of preparing, training, and
6 recruiting high-quality teachers and class size reduction, funded
7 from DED-OESE, improving teacher quality funds.

8 (d) ~~-(e)-~~ An amount estimated at ~~-\$4,647,700.00~~
9 **\$5,713,700.00** for programs to teach English to limited English
10 proficient (LEP) children, funded from DED-OESE, language
11 acquisition state grant funds.

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

15 (f) ~~-(g)-~~ An amount estimated at ~~-\$247,600.00~~ **\$332,700.00**
16 for Michigan model partnership for character education programs,
17 funded from DED-OESE, title X, fund for improvement of education
18 funds.

19 (g) ~~-(h)-~~ An amount estimated at ~~-\$2,010,100.00~~ **\$469,900.00**
20 for rural and low income schools, funded from DED-OESE, rural and
21 low income school funds.

22 (h) ~~-(i)-~~ An amount estimated at ~~-\$11,123,700.00~~
23 **\$9,563,000.00** to help schools develop and implement comprehensive
24 school reform programs, funded from DED-OESE, title I and title
25 X, comprehensive school reform funds.

26 (i) ~~-(j)-~~ An amount estimated at ~~-\$427,000,000.00~~
27 **\$411,090,000.00** to provide supplemental programs to enable

1 educationally disadvantaged children to meet challenging academic
2 standards, funded from DED-OESE, title I, disadvantaged children
3 funds.

4 (j) ~~-(k)-~~ An amount estimated at ~~-\$8,246,600.00~~
5 **\$6,622,900.00** for the purpose of providing unified family
6 literacy programs, funded from DED-OESE, title I, even start
7 funds.

8 (k) ~~-(l)-~~ An amount estimated at ~~-\$8,953,100.00~~
9 **\$8,175,200.00** for the purpose of identifying and serving migrant
10 children, funded from DED-OESE, title I, migrant education
11 funds.

12 (l) ~~-(m)-~~ An amount estimated at ~~-\$22,779,000.00~~
13 **\$21,936,600.00** to promote high-quality school reading instruction
14 for grades K-3, funded from DED-OESE, title I, reading first
15 state grant funds.

16 (m) ~~-(n)-~~ An amount estimated at ~~-\$13,475,000.00~~
17 **\$8,582,300.00** for the purpose of implementing innovative
18 strategies for improving student achievement, funded from
19 DED-OESE, title VI, innovative strategies funds.

20 (n) ~~-(o)-~~ An amount estimated at ~~-\$20,696,300.00~~
21 **\$29,592,200.00** for the purpose of providing high-quality extended
22 learning opportunities, after school and during the summer, for
23 children in low-performing schools, funded from DED-OESE,
24 twenty-first century community learning center funds. **Of these**
25 **funds, \$25,000.00 may be used to support the Michigan**
26 **after-school partnership. All of the following apply to the**
27 **Michigan after-school partnership:**

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

7 (ii) Funds shall be used to leverage other private and public
8 funding to engage the public and private sectors in building and
9 sustaining high quality out-of-school-time programs and
10 resources. The cochairs, representing the department and the
11 Michigan family independence agency, shall name a fiduciary agent
12 and may authorize the fiduciary to expend funds and hire people
13 to accomplish the work of the Michigan after-school partnership.

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

25 (2) From the federal funds ~~appropriation~~ **appropriated** in
26 section 11, there is allocated for ~~2003-2004~~ **2004-2005** to
27 districts, intermediate districts, and other eligible entities

1 all available federal funding, estimated at ~~-\$5,421,800.00~~ each
2 ~~fiscal year~~ **\$5,427,500.00**, for the following programs that are
3 funded by federal grants:

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

7 (b) An amount estimated at ~~-\$1,553,500.00~~ **\$953,500.00** for
8 emergency services to immigrants, funded from DED-OBEMLA,
9 emergency immigrant education assistance funds.

10 (c) An amount estimated at ~~-\$1,468,300.00~~ **\$1,428,400.00** to
11 provide services to homeless children and youth, funded from
12 DED-OVAE, homeless children and youth funds.

13 (d) An amount estimated at \$1,000,000.00 for refugee children
14 school impact grants, funded from HHS-ACF, refugee children
15 school impact funds.

16 (e) An amount estimated at ~~-\$800,000.00~~ **\$1,445,600.00** for
17 serve America grants, funded from the corporation for national
18 and community service funds.

19 (3) All federal funds allocated under this section shall be
20 distributed in accordance with federal law and with flexibility
21 provisions outlined in Public Law 107-116, ~~115 Stat. 2177~~ and
22 in the education flexibility partnership act of 1999, Public Law
23 106-25. ~~113 Stat. 41.~~ Notwithstanding section 17b, payments
24 of federal funds to districts, intermediate districts, and other
25 eligible entities under this section shall be paid on a schedule
26 determined by the department.

27 (4) As used in this section:

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

2 (b) "DED-OBEMLA" means the DED office of bilingual education
3 and minority languages affairs.

4 (c) "DED-OESE" means the DED office of elementary and
5 secondary education.

6 (d) "DED-OVAE" means the DED office of vocational and adult
7 education.

8 (e) "HHS" means the United States department of health and
9 human services.

10 (f) "HHS-ACF" means the HHS administration for children and
11 families.

12 Sec. 41. From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~-\$2,800,000.00~~ **\$2,799,900.00**
14 for ~~2003-2004~~ **2004-2005** to applicant districts and intermediate
15 districts offering programs of instruction for pupils of limited
16 English-speaking ability under section 1153 of the revised school
17 code, MCL 380.1153. Reimbursement shall be on a per pupil basis
18 and shall be based on the number of pupils of limited
19 English-speaking ability in membership on the pupil membership
20 count day. Funds allocated under this section shall be used
21 solely for instruction in speaking, reading, writing, or
22 comprehension of English. A pupil shall not be counted under
23 this section or instructed in a program under this section for
24 more than 3 years.

25 Sec. 41a. From the federal funds appropriated in section
26 11, there is allocated an amount estimated at ~~-\$1,232,100.00~~
27 **\$1,232,000.00 for 2004-2005** from the United States department of

1 education - office of elementary and secondary education,
2 language acquisition state grant funds, to districts and
3 intermediate districts offering programs of instruction for
4 pupils of limited English-speaking ability.

5 Sec. 51a. (1) From the appropriation in section 11, there
6 is allocated for ~~2003-2004~~ **2004-2005** an amount not to exceed
7 ~~\$882,683,000.00~~ **\$906,183,000.00** from state sources and all
8 available federal funding under sections 611 to 619 of part B of
9 the individuals with disabilities education act, ~~title VI of~~
10 ~~Public Law 91-230, 20 U.S.C.~~ **20 USC** 1411 to 1419, estimated at
11 ~~\$285,000,000.00~~ **\$329,850,000.00** plus any carryover federal
12 funds from previous year appropriations. The allocations under
13 this subsection are for the purpose of reimbursing districts and
14 intermediate districts for special education programs, services,
15 and special education personnel as prescribed in article 3 of the
16 revised school code, MCL 380.1701 to 380.1766; net tuition
17 payments made by intermediate districts to the Michigan schools
18 for the deaf and blind; and special education programs and
19 services for pupils who are eligible for special education
20 programs and services according to statute or rule. For meeting
21 the costs of special education programs and services not
22 reimbursed under this article, a district or intermediate
23 district may use money in general funds or special education
24 funds, not otherwise restricted, or contributions from districts
25 to intermediate districts, tuition payments, gifts and
26 contributions from individuals, or federal funds that may be
27 available for this purpose, as determined by the intermediate

1 district plan prepared pursuant to article 3 of the revised
2 school code, MCL 380.1701 to 380.1766. All federal funds
3 allocated under this section in excess of those allocated under
4 this section for 2002-2003 may be distributed in accordance with
5 the flexible funding provisions of the individuals with
6 disabilities education act, title VI of Public Law 91-230,
7 including, but not limited to, 34 ~~C.F.R.~~ **CFR** 300.234 and
8 300.235. Notwithstanding section 17b, payments of federal funds
9 to districts, intermediate districts, and other eligible entities
10 under this section shall be paid on a schedule determined by the
11 department.

12 (2) From the funds allocated under subsection (1), there is
13 allocated for ~~2003-2004~~ **2004-2005** the amount necessary,
14 estimated at ~~-\$160,500,000.00~~ **\$169,100,000.00** for 2003-2004, for
15 payments toward reimbursing districts and intermediate districts
16 for 28.6138% of total approved costs of special education,
17 excluding costs reimbursed under section 53a, and 70.4165% of
18 total approved costs of special education transportation.
19 Allocations under this subsection shall be made as follows:

20 (a) The initial amount allocated to a district under this
21 subsection toward fulfilling the specified percentages shall be
22 calculated by multiplying the district's special education pupil
23 membership, excluding pupils described in subsection (12), times
24 the sum of the foundation allowance under section 20 of the
25 pupil's district of residence plus the amount of the district's
26 per pupil allocation under section 20j(2), not to exceed
27 \$6,500.00 adjusted by the dollar amount of the difference between

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

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

21 (3) From the funds allocated under subsection (1), there is
22 allocated for ~~2003-2004~~ **2004-2005** the amount necessary,
23 estimated at ~~-\$2,600,000.00~~ **\$2,900,000.00**, to make payments to
24 districts and intermediate districts under this subsection. If
25 the amount allocated to a district or intermediate district for a
26 fiscal year under subsection (2)(b) is less than the sum of the
27 amounts allocated to the district or intermediate district for

1 1996-97 under sections 52 and 58, there is allocated to the
2 district or intermediate district for the fiscal year an amount
3 equal to that difference, adjusted by applying the same proration
4 factor that was used in the distribution of funds under section
5 52 in 1996-97 as adjusted to the district's or intermediate
6 district's necessary costs of special education used in
7 calculations for the fiscal year. This adjustment is to reflect
8 reductions in special education program operations between
9 1996-97 and subsequent fiscal years. Adjustments for reductions
10 in special education program operations shall be made in a manner
11 determined by the department and shall include adjustments for
12 program shifts.

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

1 subsection (3) shall be adjusted as necessary. However, if the
2 amount allocated under subsection (2)(a) in itself exceeds the
3 amount necessary to fulfill the specified percentages in
4 subsection (2), there shall be no deduction under this
5 subsection.

6 (5) State funds shall be allocated on a total approved cost
7 basis. Federal funds shall be allocated under applicable federal
8 requirements, except that an amount not to exceed \$3,500,000.00
9 may be allocated by the department for ~~2003-2004~~ **2004-2005** to
10 districts or intermediate districts on a competitive grant basis
11 for programs, equipment, and services that the department
12 determines to be designed to benefit or improve special education
13 on a statewide scale.

14 (6) From the amount allocated in subsection (1), there is
15 allocated an amount not to exceed \$2,200,000.00 for ~~2003-2004~~
16 **2004-2005** to reimburse 100% of the net increase in necessary
17 costs incurred by a district or intermediate district in
18 implementing the revisions in the administrative rules for
19 special education that became effective on July 1, 1987. As used
20 in this subsection, "net increase in necessary costs" means the
21 necessary additional costs incurred solely because of new or
22 revised requirements in the administrative rules minus cost
23 savings permitted in implementing the revised rules. Net
24 increase in necessary costs shall be determined in a manner
25 specified by the department.

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

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

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

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

8 (8) From the allocation in subsection (1), there is allocated
9 for ~~2003-2004~~ 2004-2005 an amount not to exceed \$15,313,900.00
10 to intermediate districts. The payment under this subsection to
11 each intermediate district shall be equal to the amount of the
12 1996-97 allocation to the intermediate district under subsection
13 (6) of this section as in effect for 1996-97.

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

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

25 (11) If a district or intermediate district uses money
26 received under this section for a purpose other than the purpose
27 or purposes for which the money is allocated, the department may

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

5 (12) From the funds allocated in subsection (1), there is
6 allocated for ~~2003-2004~~ **2004-2005** the amount necessary,
7 estimated at ~~-\$6,300,000.00~~ **\$6,000,000.00**, to pay the foundation
8 allowances for pupils described in this subsection. The
9 allocation to a district under this subsection shall be
10 calculated by multiplying the number of pupils described in this
11 subsection who are counted in membership in the district times
12 the sum of the foundation allowance under section 20 of the
13 pupil's district of residence plus the amount of the district's
14 per pupil allocation under section 20j(2), not to exceed
15 \$6,500.00 adjusted by the dollar amount of the difference between
16 the basic foundation allowance under section 20 for the current
17 fiscal year and \$5,000.00 minus \$200.00, or, for a pupil
18 described in this subsection who is counted in membership in a
19 district that is a public school academy or university school,
20 times an amount equal to the amount per membership pupil under
21 section 20(6). The allocation to an intermediate district under
22 this subsection shall be calculated in the same manner as for a
23 district, using the foundation allowance under section 20 of the
24 pupil's district of residence, not to exceed \$6,500.00 adjusted
25 by the dollar amount of the difference between the basic
26 foundation allowance under section 20 for the current fiscal year
27 and \$5,000.00 minus \$200.00, and that district's per pupil

1 allocation under section 20j(2). This subsection applies to all
2 of the following pupils:

3 (a) Pupils described in section 53a.

4 (b) Pupils counted in membership in an intermediate district
5 who are not special education pupils and are served by the
6 intermediate district in a juvenile detention or child caring
7 facility.

8 (c) Emotionally impaired pupils counted in membership by an
9 intermediate district and provided educational services by the
10 department of community health.

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

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

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

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

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

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

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

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

25 Sec. 51c. As required by the court in the consolidated
26 cases known as Durant v State of Michigan, Michigan supreme court
27 docket no. 104458-104492, from the allocation under section

1 51a(1), there is allocated for ~~2003-2004~~ **2004-2005** the amount
2 necessary, estimated at ~~-\$644,400,000.00~~ **\$659,300,000.00**, for
3 payments to reimburse districts for 28.6138% of total approved
4 costs of special education excluding costs reimbursed under
5 section 53a, and 70.4165% of total approved costs of special
6 education transportation. Funds allocated under this section
7 that are not expended in the state fiscal year for which they
8 were allocated, as determined by the department, may be used to
9 supplement the allocations under sections 22a and 22b in order to
10 fully fund those calculated allocations for the same fiscal
11 year.

12 Sec. 51d. (1) From the federal funds appropriated in
13 section 11, there is allocated for ~~2003-2004~~ **2004-2005** all
14 available federal funding, estimated at ~~-\$60,500,000.00~~
15 **\$65,000,000.00**, for special education programs that are funded by
16 federal grants. All federal funds allocated under this section
17 shall be distributed in accordance with federal law.
18 Notwithstanding section 17b, payments of federal funds to
19 districts, intermediate districts, and other eligible entities
20 under this section shall be paid on a schedule determined by the
21 department.

22 (2) From the federal funds allocated under subsection (1),
23 the following amounts are allocated for ~~2003-2004~~ **2004-2005**:

24 (a) An amount estimated at ~~-\$16,000,000.00~~ **\$15,000,000.00**
25 for handicapped infants and toddlers, funded from DED-OSERS,
26 handicapped infants and toddlers funds.

27 (b) An amount estimated at ~~-\$13,500,000.00~~ **\$14,000,000.00**

1 for preschool grants (Public Law 94-142), funded from DED-OSERS,
2 handicapped preschool incentive funds.

3 (c) An amount estimated at ~~-\$31,000,000.00~~ **\$36,000,000.00**
4 for special education programs funded by DED-OSERS, handicapped
5 program, individuals with disabilities act funds.

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

9 Sec. 53a. (1) For districts, reimbursement for pupils
10 described in subsection (2) ~~—, reimbursement~~ shall be 100% of
11 the total approved costs of operating special education programs
12 and services approved by the department and included in the
13 intermediate district plan adopted pursuant to article 3 of the
14 revised school code, MCL 380.1701 to 380.1766, minus the
15 district's foundation allowance calculated under section 20, and
16 minus the amount calculated for the district under section 20j.
17 For intermediate districts, reimbursement for pupils described in
18 section (2) shall be calculated in the same manner as for a
19 district, using the foundation allowance under section 20 of the
20 pupil's district of residence, not to exceed \$6,500.00 adjusted
21 by the dollar amount of the difference between the basic
22 foundation allowance under section 20 for the current fiscal year
23 and \$5,000.00, minus \$200.00, and under section 20j.

24 (2) Reimbursement under subsection (1) is for the following
25 special education pupils:

26 (a) Pupils assigned to a district or intermediate district
27 through the community placement program of the courts or a state

1 agency, if the pupil was a resident of another intermediate
2 district at the time the pupil came under the jurisdiction of the
3 court or a state agency.

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

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

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

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

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

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

26 (5) Not more than \$12,800,000.00 of the allocation for
27 ~~2003-2004~~ **2004-2005** in section 51a(1) shall be allocated under

1 this section.

2 Sec. 54. In addition to the aid received under section 52,
3 each intermediate district shall receive an amount per pupil for
4 each pupil in attendance at the Michigan schools for the deaf and
5 blind. The amount shall be proportionate to the total
6 instructional cost at each school. Not more than \$1,688,000.00
7 of the allocation for ~~2003-2004~~ **2004-2005** in section 51a(1)
8 shall be allocated under this section.

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

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

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

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

24 (2) From the allocation under section 51a(1), there is
25 allocated an amount not to exceed \$36,881,100.00 for ~~2003-2004~~
26 **2004-2005** to reimburse intermediate districts levying millages
27 for special education pursuant to part 30 of the revised school

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

10 (3) Reimbursement for those millages levied in ~~2002-2003~~
11 ~~2003-2004~~ shall be made in ~~2003-2004~~ **2004-2005** at an amount per
12 ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting
13 from ~~\$132,275.00 the 2002-2003~~ **\$133,300.00 the 2003-2004**
14 taxable value behind each membership pupil and multiplying the
15 resulting difference by the ~~2002-2003~~ **2003-2004** millage
16 levied.

17 Sec. 57. (1) From the appropriation in section 11, there is
18 allocated an amount not to exceed \$50,000.00 for ~~2003-2004~~
19 **2004-2005** to applicant intermediate districts that provide
20 support services for the education of advanced and accelerated
21 pupils. An intermediate district is entitled to 75% of the
22 actual salary, but not to exceed \$25,000.00 reimbursement for an
23 individual salary, of a support services teacher approved by the
24 department, and not to exceed \$4,000.00 reimbursement for
25 expenditures to support program costs, excluding in-county travel
26 and salary, as approved by the department.

27 (2) From the appropriation in section 11, there is allocated

1 an amount not to exceed \$0.00 for ~~2003-2004~~ **2004-2005** to
2 support part of the cost of summer institutes for advanced and
3 accelerated students. This amount shall be contracted to
4 applicant intermediate districts in cooperation with a local
5 institution of higher education and shall be coordinated by the
6 department.

7 (3) From the appropriation in section 11, there is allocated
8 an amount not to exceed ~~\$200,000.00~~ **\$199,900.00** for ~~2003-2004~~
9 **2004-2005** for the development and operation of comprehensive
10 programs for advanced and accelerated pupils. An eligible
11 district or consortium of districts shall receive an amount not
12 to exceed \$100.00 per K-12 pupil for up to 5% of the district's
13 or consortium's K-12 membership for the immediately preceding
14 fiscal year with a minimum total grant of \$6,000.00. Funding
15 shall be provided in the following order: the per pupil
16 allotment, and then the minimum total grant of \$6,000.00 to
17 individual districts. An intermediate district may act as the
18 fiscal agent for a consortium of districts. In order to be
19 eligible for funding under this subsection, the district or
20 consortium of districts shall submit each year a current 3-year
21 plan for operating a comprehensive program for advanced and
22 accelerated pupils and the district or consortium shall
23 demonstrate to the department that the district or consortium
24 will contribute matching funds of at least \$50.00 per K-12
25 pupil. The plan or revised plan shall be developed in accordance
26 with criteria established by the department and shall be
27 submitted to the department for approval. Within the criteria,

1 the department shall encourage the development of consortia among
2 districts of less than 5,000 memberships.

3 Sec. 61a. (1) From the appropriation in section 11, there
4 is allocated an amount not to exceed ~~-\$30,000,000.00 for~~
5 ~~2003-2004~~ **\$27,999,900.00 for 2004-2005** to reimburse on an added
6 cost basis districts, except for a district that served as the
7 fiscal agent for a vocational education consortium in the 1993-94
8 school year, and secondary area vocational-technical education
9 centers for secondary-level vocational-technical education
10 programs, including parenthood education programs, according to
11 rules approved by the superintendent. Applications for
12 participation in the programs shall be submitted in the form
13 prescribed by the department. The department shall determine the
14 added cost for each vocational-technical program area. The
15 allocation of added cost funds shall be based on the type of
16 vocational-technical programs provided, the number of pupils
17 enrolled, and the length of the training period provided, and
18 shall not exceed 75% of the added cost of any program. With the
19 approval of the department, the board of a district maintaining a
20 secondary vocational-technical education program may offer the
21 program for the period from the close of the school year until
22 September 1. The program shall use existing facilities and shall
23 be operated as prescribed by rules promulgated by the
24 superintendent.

25 (2) Except for a district that served as the fiscal agent for
26 a vocational education consortium in the 1993-94 school year,
27 districts and intermediate districts shall be reimbursed for

1 local vocational administration, shared time vocational
2 administration, and career education planning district
3 vocational-technical administration. The definition of what
4 constitutes administration and reimbursement shall be pursuant to
5 guidelines adopted by the superintendent. Not more than
6 \$800,000.00 of the allocation in subsection (1) shall be
7 distributed under this subsection.

8 (3) From the allocation in subsection (1), there is allocated
9 an amount not to exceed \$388,700.00 for ~~2003-2004~~ **2004-2005** to
10 intermediate districts with constituent districts that had
11 combined state and local revenue per membership pupil in the
12 1994-95 state fiscal year of \$6,500.00 or more, served as a
13 fiscal agent for a state board designated area vocational
14 education center in the 1993-94 school year, and had an
15 adjustment made to their 1994-95 combined state and local revenue
16 per membership pupil pursuant to section 20d. The payment under
17 this subsection to the intermediate district shall equal the
18 amount of the allocation to the intermediate district for 1996-97
19 under this subsection.

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

21 (a) "Membership" means for a particular fiscal year the total
22 membership for the immediately preceding fiscal year of the
23 intermediate district and the districts constituent to the
24 intermediate district or the total membership for the immediately
25 preceding fiscal year of the area vocational-technical program.

26 (b) "Millage levied" means the millage levied for area
27 vocational-technical education pursuant to sections 681 to 690 of

1 the revised school code, MCL 380.681 to 380.690, including a levy
2 for debt service obligations incurred as the result of borrowing
3 for capital outlay projects and in meeting capital projects fund
4 requirements of area vocational-technical education.

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

17 (i) The district operates the area vocational-technical
18 education program pursuant to a contract with the intermediate
19 district.

20 (ii) The district contributes an annual amount to the
21 operation of the program that is commensurate with the revenue
22 that would have been raised for operation of the program if
23 millage were levied in the district for the program under
24 sections 681 to 690 of the revised school code, MCL 380.681 to
25 380.690.

26 (2) From the appropriation in section 11, there is allocated
27 an amount not to exceed ~~-\$9,000,000.00~~ **\$8,999,900.00** for

1 ~~2003-2004~~ **2004-2005** to reimburse intermediate districts and
2 area vocational-technical education programs established under
3 section 690(3) of the revised school code, MCL 380.690, levying
4 millages for area vocational-technical education pursuant to
5 sections 681 to 690 of the revised school code, MCL 380.681 to
6 380.690. The purpose, use, and expenditure of the reimbursement
7 shall be limited as if the funds were generated by those
8 millages.

9 (3) Reimbursement for the millages levied in ~~2002-2003~~
10 **2003-2004** shall be made in ~~2003-2004~~ **2004-2005** at an amount per
11 ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting
12 from ~~\$137,700.00 the 2002-2003~~ **\$142,200.00 the 2003-2004**
13 taxable value behind each membership pupil and multiplying the
14 resulting difference by the ~~2002-2003~~ **2003-2004** millage
15 levied.

16 Sec. 74. (1) From the amount appropriated in section 11,
17 there is allocated an amount not to exceed ~~\$1,625,000.00~~
18 **\$1,624,900.00** for ~~2003-2004~~ **2004-2005** for the purposes of
19 subsections (2) and (3).

20 (2) From the allocation in subsection (1), there is allocated
21 each fiscal year the amount necessary for payments to state
22 supported colleges or universities and intermediate districts
23 providing school bus driver safety instruction or driver skills
24 road tests pursuant to sections 51 and 52 of the pupil
25 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The
26 payments shall be in an amount determined by the department not
27 to exceed 75% of the actual cost of instruction and driver

1 compensation for each public or nonpublic school bus driver
 2 attending a course of instruction. For the purpose of computing
 3 compensation, the hourly rate allowed each school bus driver
 4 shall not exceed the hourly rate received for driving a school
 5 bus. Reimbursement compensating the driver during the course of
 6 instruction or driver skills road tests shall be made by the
 7 department to the college or university or intermediate district
 8 providing the course of instruction.

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

16 Sec. 81. (1) Except as otherwise provided in this section,
 17 from the appropriation in section 11, there is allocated for
 18 ~~2003-2004~~ **2004-2005** to the intermediate districts the sum
 19 necessary, but not to exceed ~~\$91,702,100.00~~ **\$83,028,100.00**, to
 20 provide state aid to intermediate districts under this section.
 21 Except as otherwise provided in this section, there shall be
 22 allocated to each intermediate district for ~~2003-2004~~ **2004-2005**
 23 an amount equal to ~~96.5%~~ **87.4%** of the amount appropriated under
 24 this subsection for 2002-2003 in 2002 PA 521, before any
 25 reduction made for 2002-2003 under section 11(3). Funding
 26 provided under this section shall be used to comply with
 27 requirements of this act and the revised school code that are

1 applicable to intermediate districts, and for which funding is
2 not provided elsewhere in this act, and to provide technical
3 assistance to districts as authorized by the intermediate school
4 board. **In order to receive funding under this section for**
5 **2004-2005, an intermediate district shall allocate for 2004-2005**
6 **at least an amount equal to 3.5% of its total funding received**
7 **under this section for 2002-2003 toward providing the great**
8 **parents, great start program under section 32j.**

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

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

1 (4) In order to receive funding under this section, an
2 intermediate district shall demonstrate to the satisfaction of
3 the department that the intermediate district employs at least 1
4 person who is trained in pupil counting procedures, rules, and
5 regulations.

6 (5) From the allocation in subsection (1), up to \$100,000.00
7 is for a pilot program to develop a model for consolidation of
8 services between 2 intermediate districts. The pilot program
9 shall be developed as a model for other intermediate districts as
10 they reexamine service consolidation plans. The model will be
11 developed with the following outcomes in mind:

12 (a) To consolidate services based on relative intermediate
13 district strengths, available resources, and regional needs.

14 (b) To expand general education support services to
15 partnering agencies to address the requirements of the no child
16 left behind act of 2001, Public Law 107-110, and of section 1280
17 of the revised school code, MCL 380.1280.

18 (c) To complete an analysis of regional needs and wants.

19 (d) To combine resources to provide a more economical
20 educational delivery system.

21 (e) To include in the delivery model postsecondary options
22 for pupils through partnerships with colleges and universities
23 and the Michigan virtual high school.

24 (f) To expand content-driven professional development
25 services for all teachers.

26 (g) To reconfigure services available through mathematics and
27 science centers to continue high-quality mathematics and science

1 **instruction.**

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

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

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

11 (c) Establish procedures to ensure the validity and
12 reliability of the data and the collection process.

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

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

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

23 (g) Assist all entities receiving funds under this act in
24 complying with audits performed according to generally accepted
25 accounting procedures.

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

1 (2) Not later than August 15, 2004, each state department,
 2 officer, or agency that collects information from districts or
 3 intermediate districts as required under state or federal law
 4 shall make arrangements with the center, and with the districts
 5 or intermediate districts, to have the center collect the
 6 information and to provide it to the department, officer, or
 7 agency as necessary. To the extent that it does not cause
 8 financial hardship, the center shall arrange to collect the
 9 information in a manner that allows electronic submission of the
 10 information to the center. Each affected state department,
 11 officer, or agency shall provide the center with any details
 12 necessary for the center to collect information as provided under
 13 this subsection. This subsection does not apply to information
 14 collected by the department of treasury under the uniform
 15 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a;
 16 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
 17 141.2821; 1961 PA 108, MCL 388.951 to 388.963; or section 1351a
 18 of the revised school code, MCL 380.1351a.

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

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

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

23 (c) One representative from the office of the state budget
 24 director.

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

26 (e) One representative each from the department of ~~career~~
 27 ~~development~~ **labor and economic growth** and the department of

1 treasury.

2 (f) Three representatives from intermediate school
3 districts.

4 (g) One representative from each of the following educational
5 organizations:

6 (i) Michigan association of school boards.

7 (ii) Michigan association of school administrators.

8 (iii) Michigan school business officials.

9 (h) One representative representing private sector firms
10 responsible for auditing school records.

11 (i) Other representatives as the state budget director
12 determines are necessary.

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

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

20 (b) Defining the roles of all stakeholders in the data
21 collection system.

22 (c) Recommending timelines for the implementation and ongoing
23 collection of data.

24 (d) Establishing and maintaining data definitions, data
25 transmission protocols, and system specifications and procedures
26 for the efficient and accurate transmission and collection of
27 data.

1 (e) Establishing and maintaining a process for ensuring the
2 accuracy of the data.

3 (f) Establishing and maintaining state and model local
4 policies related to data collection, including, but not limited
5 to, privacy policies related to individual student data.

6 (g) Ensuring the data is made available to state and local
7 policymakers and citizens of this state in the most useful format
8 possible.

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

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

13 (6) From the general fund appropriation in section 11, there
14 is allocated an amount not to exceed ~~-\$4,500,000.00 each fiscal~~
15 ~~year for 2002-2003 and for 2003-2004~~ **\$1,499,900.00 for 2004-2005**
16 to the department of management and budget to support the
17 operations of the center. The center shall cooperate with the
18 state education agency to ensure that this state is in compliance
19 with federal law and is maximizing opportunities for increased
20 federal funding to improve education in this state. In addition,
21 from the federal funds appropriated in section 11 for ~~2002-2003~~
22 ~~and for 2003-2004~~ **2004-2005**, there is allocated the following
23 amounts ~~each fiscal year~~ **for 2004-2005** in order to fulfill
24 federal reporting requirements:

25 (a) An amount ~~estimated at \$1,000,000.00~~ **not to exceed**
26 **\$835,000.00** funded from DED-OESE, title I, disadvantaged children
27 funds.

1 (b) An amount ~~estimated at \$284,700.00~~ **not to exceed**
2 **\$63,000.00** funded from DED-OESE, title I, reading first state
3 grant funds.

4 (c) An amount ~~estimated at \$46,750.00~~ **not to exceed**
5 **\$46,800.00** funded from DED-OESE, title I, migrant education
6 funds.

7 (d) An amount ~~estimated at \$500,000.00~~ **not to exceed**
8 **\$285,000.00** funded from DED-OESE, improving teacher quality
9 funds.

10 (e) An amount ~~estimated at \$526,100.00~~ **not to exceed**
11 **\$73,000.00** funded from DED-OESE, drug-free schools and
12 communities funds.

13 (f) An amount not to exceed \$150,000.00 funded under sections
14 611 to 619 of part B of the individuals with disabilities
15 education act, title VI of Public Law 91-230, 20 USC 1411 to
16 1419.

17 (g) An amount not to exceed \$13,500.00 for data collection
18 systems, funded from DED-NCES, common core data funds.

19 (h) An amount not to exceed \$400,000.00 for the collection
20 and dissemination of state assessment data, funded from DED-OESE,
21 title VI, state assessments funds.

22 (7) In addition, from the federal funds appropriated in
23 section 11 for the 2003-2004 and 2004-2005 fiscal years, there is
24 allocated the following amounts each fiscal year in order to
25 fulfill federal reporting requirements:

26 (a) An amount not to exceed \$80,000.00 for data collection
27 systems, funded from DED-NCES, task award funds.

1 **(b) An amount not to exceed \$100,000.00 for data collection**
2 **systems development funded from DED-NCES, performance based data**
3 **management initiative.**

4 **(8) ~~-(7)-~~** Funds allocated under this section that are not
5 expended in the fiscal year in which they were allocated may be
6 carried forward to a subsequent fiscal year. ~~From the funds~~
7 ~~allocated for 1999-2000 that were carried forward under this~~
8 ~~section and from the general funds appropriated under this~~
9 ~~section for 2002-2003, the center shall make grants to~~
10 ~~intermediate districts for the purpose of assisting the~~
11 ~~intermediate districts and their constituent districts in data~~
12 ~~collection required by state and federal law or necessary for~~
13 ~~audits according to generally accepted accounting procedures.~~
14 ~~Grants to each intermediate district shall be made at the rate of~~
15 ~~\$2.00 per each full-time equated membership pupil times the total~~
16 ~~number of 2000-2001 pupils in membership in the intermediate~~
17 ~~district and its constituent districts. An intermediate district~~
18 ~~shall develop a plan in cooperation with its constituent~~
19 ~~districts to distribute the grants between the intermediate~~
20 ~~district and its constituent districts. These grants shall be~~
21 ~~paid to intermediate districts no later than the next regularly~~
22 ~~scheduled school aid payment after the effective date of this~~
23 ~~section.~~

24 ~~—— (8) If the applicable intermediate district determines that~~
25 ~~the pupil counts submitted by a district for the February 2002~~
26 ~~supplemental pupil count using the single record student database~~
27 ~~cannot be audited by the intermediate district pursuant to~~

1 section 101, all of the following apply:

2 ~~—— (a) The district may submit its pupil count data for the~~
3 ~~February 2002 supplemental pupil count using the education data~~
4 ~~network system.~~

5 ~~—— (b) If the applicable intermediate district determines that~~
6 ~~the pupil counts submitted by the district for the 2002-2003~~
7 ~~pupil membership count day using the single record student~~
8 ~~database cannot be audited by the intermediate district pursuant~~
9 ~~to section 101, the district may submit its pupil count data for~~
10 ~~the 2002-2003 pupil membership count day using the education data~~
11 ~~network system.~~

12 ~~—— (9) At least 30 days before implementing a proposed~~
13 ~~electronic data collection, submission, or collation process, or~~
14 ~~a proposed change to 1 or more of those processes, the center~~
15 ~~shall submit the proposal and an analysis of the proposal to the~~
16 ~~senate and house of representatives appropriations subcommittees~~
17 ~~responsible for this act. The analysis shall include at least a~~
18 ~~determination of the cost of the proposal for districts and~~
19 ~~intermediate districts and of available funding for districts and~~
20 ~~intermediate districts.~~

21 ~~(9) —(10)—~~ The center may bill departments as necessary in
22 order to fulfill reporting requirements of state and federal
23 law.

24 ~~(10) —(11)—~~ As used in this section:

25 ~~(a) "Center" means the center for educational performancee~~
26 ~~and information created under this section.~~

27 ~~(a) "DED-NCES" means the United States department of~~

1 **education national center for education statistics.**

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

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

5 Sec. 98. (1) From the general fund money appropriated in
6 section 11, there is allocated an amount not to exceed
7 ~~-\$750,000.00-~~ **\$749,900.00** for ~~-2003-2004-~~ **2004-2005** to provide a
8 grant to the Michigan virtual university for the development,
9 implementation, and operation of the Michigan virtual high school
10 and to fund other purposes described in this section. In
11 addition, from the federal funds appropriated in section 11,
12 there is allocated for ~~-2003-2004-~~ **2004-2005** an amount estimated
13 at ~~-\$2,250,000.00-~~ **\$2,249,900.00** from DED-OESE, title II,
14 improving teacher quality funds.

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

17 (a) Significantly expand curricular offerings for high
18 schools across this state through agreements with districts or
19 licenses from other recognized providers. The Michigan virtual
20 university shall explore options for providing rigorous civics
21 curricula online.

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

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

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

3 (e) Accelerate this state's ability to respond to current and
4 emerging educational demands.

5 (f) Grant high school diplomas through a dual enrollment
6 method with districts.

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

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

13 (a) Information technology courses.

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

16 (c) Courses and dual enrollment opportunities.

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

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

20 (f) Special interest courses.

21 (g) Professional development programs and services for
22 teachers.

23 (4) The state education agency shall sign a memorandum of
24 understanding with the Michigan virtual university regarding the
25 DED-OESE, title II, improving teacher quality funds as provided
26 under this subsection. The memorandum of understanding under
27 this subsection shall require that the Michigan virtual

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

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

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

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

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

23 (6) From the allocations in subsection (1), the amount
24 necessary, not to exceed \$1,250,000.00, shall be used to provide
25 online professional development for classroom teachers. This
26 allocation is intended to be for the ~~first~~ **second** of 3 years.
27 These funds may be used for designing and building courses,

1 marketing and outreach, workshops and evaluation, content
 2 acquisition, technical assistance, project management, and
 3 customer support. The Michigan virtual university shall offer at
 4 least 5 hours of online professional development for classroom
 5 teachers under this section in ~~2003-2004~~ **2004-2005** without
 6 charge to the teachers or to districts or intermediate
 7 districts.

8 (7) A district or intermediate district may require a
 9 full-time teacher to participate in at least 5 hours of online
 10 professional development provided by the Michigan virtual
 11 university under subsection (6). Five hours of this professional
 12 development shall be considered to be part of the 51 hours
 13 allowed to be counted as hours of pupil instruction under section
 14 101(10).

15 (8) As used in this section:

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

18 (b) "State education agency" means the department.

19 Sec. 98b. (1) From the school aid stabilization fund
 20 created in section 11a, there is appropriated and allocated for
 21 ~~2003-2004~~ **2004-2005** an amount not to exceed ~~\$22,000,000.00~~
 22 **\$4,999,900.00** for the freedom to learn program described in this
 23 section. In addition, **from the federal funds appropriated in**
 24 **section 11** there is allocated for ~~2003-2004~~ the following
 25 ~~federal funds:~~

26 ~~—— (a) From the federal funds appropriated in section 11, an~~
 27 ~~amount estimated at \$10,343,200.00 from the competitive grants of~~

1 ~~DED-OESE, title II, educational technology grants funds.~~
 2 ~~—— (b) An amount estimated at \$7,000,000.00 from funds carried~~
 3 ~~forward from 2002-2003 from unexpended DED-OESE, title II,~~
 4 ~~educational technology grants funds— 2004-2005 an amount not to~~
 5 ~~exceed \$10,343,100.00 from the competitive grants of DED-OESE,~~
 6 ~~title II, educational technology grants funds, and an amount not~~
 7 ~~to exceed \$7,000,000.00 from funds carried forward from 2003-2004~~
 8 ~~from unexpended DED-OESE, title II, educational technology grants~~
 9 ~~funds.~~

10 (2) The allocations in subsection (1) shall be used to
 11 develop, implement, and operate the freedom to learn program and
 12 make program grants. The goal of the program is to achieve
 13 one-to-one access to wireless technology for K-12 pupils through
 14 statewide and local public-private partnerships. To implement
 15 the program, the state education agency shall sign a memorandum
 16 of understanding with the Michigan virtual university that
 17 provides for joint administration of program grants under this
 18 subsection. ~~By December 1, 2003, the~~ **The** Michigan virtual
 19 university and the state education agency shall make grants to
 20 districts as described in this section. In awarding the grants,
 21 the Michigan virtual university and the state education agency
 22 shall give priority to applications that demonstrate that the
 23 district's program will meet all of the following:

24 (a) Will be ready for **immediate** implementation ~~by January 1,~~
 25 ~~2004~~ and will have begun professional development on technology
 26 integration in the classroom. ~~before January 1, 2004.~~

27 (b) Will utilize state structure and resources for

1 professional development, as coordinated by the Michigan virtual
2 university.

3 (c) Will opt to participate in the statewide partnership
4 described in subsection ~~-(6)-~~ **(8)**.

5 (3) The amount of program grants to districts is estimated at
6 \$250.00 per pupil in membership in grade 6 in ~~-2003-2004~~
7 **2004-2005**, or in another grade allowed in this section, **or per**
8 **grade 6 teacher if the funding is awarded in a ratio of at least**
9 **20 pupils funded for each teacher funded**. The state education
10 agency and the Michigan virtual university shall establish grant
11 criteria that maximize the distribution of federal funds to
12 achieve the \$250.00 per pupil **or teacher** in districts that
13 qualify for federal funds. To qualify for a grant under this
14 section, a district shall submit an application to the state
15 education agency and the Michigan virtual university and complete
16 the application process established by the state education agency
17 and the Michigan virtual university. The application shall
18 include at least all of the following:

19 (a) If the district is applying for federal funds, how the
20 district will meet the requirements of the competitive grants
21 under DED-OESE, title II, part D.

22 (b) How the district will provide the opportunity for each
23 pupil in membership in grade 6 to receive a wireless computing
24 device. If the district has already achieved one-to-one wireless
25 access in grade 6 or if the district's school building grade
26 configuration makes implementation of the program for grade 6
27 impractical, the district may apply for a grant for the next

1 highest grade. If the district does not have a grade 6 or
2 higher, the district may apply for funding for the next lowest
3 grade level. If the district operates 1 or more schools that are
4 not meeting adequate yearly progress, as determined by the
5 department, and that contain grade 6, the district may apply for
6 funding for a school building-wide program for 1 or more of those
7 schools. A public school academy that does not offer a grade
8 higher than grade 5 may apply to receive a grant under this
9 section for pupils in the highest grade offered by the public
10 school academy.

11 (c) The district shall submit a plan describing the uses of
12 the grant funds. The plan shall describe a plan for professional
13 development on technology integration, content and curriculum,
14 and local partnerships with the other districts and
15 representatives from businesses, industry, and higher education.
16 The plan shall include at least the following:

17 (i) The academic achievement goals, which may include, but
18 are not limited to, goals related to mathematics, science, and
19 language arts.

20 (ii) The engagement goals, which may include, but are not
21 limited to, goals related to retention rates, dropout rates,
22 detentions, and suspensions.

23 (iii) A commitment that at least 25% of the total local
24 budget for the program will be used on professional development
25 on technology integration in the classroom.

26 (d) A 3- to 5-year plan or funding model for increasing the
27 share that is borne locally of the expenditures for one-to-one

1 wireless access. The Michigan virtual university shall provide
2 districts with sample local plans and funding models for the
3 purposes of this subdivision and with information on available
4 federal and private resources.

5 (e) How the district will amend its local technology plan as
6 required under state and federal law to reflect the program under
7 this section.

8 (4) A district that receives a grant under this section shall
9 provide at least a \$25.00 per pupil match for grant money
10 received under this section from local public or private
11 resources.

12 (5) A district that received money under section 98 in
13 2002-2003 for a wireless technology grant is eligible to receive
14 a grant under this section.

15 (6) The **federal** funding under subsection ~~-(1)-(b)-~~ (1) shall
16 be used first to provide the grants under this subsection. A
17 district described in this subsection shall apply to the Michigan
18 virtual university and the state education agency for a grant in
19 the form and manner prescribed by the department. An application
20 under this section is not subject to the requirements of
21 subsection (3) if the application demonstrates that the program
22 will meet all of the following:

23 (a) Will continue as a demonstration program.

24 (b) Will provide regional assistance to schools that are not
25 meeting adequate yearly progress, as determined by the
26 department, and to new grant recipients, as directed by the state
27 education agency and the Michigan virtual university.

1 (c) Will seek to expand its existing wireless technology
2 initiatives.

3 (7) **The state funding under subsection (1) shall be used**
4 **first to provide grants to districts that received money under**
5 **section 98 in 2002-2003 and were designated as program**
6 **application sites.**

7 (8) ~~(6) By October 15, 2003, the~~ **The** department of
8 management and budget shall establish a statewide public-private
9 partnership to implement the program. The department of
10 management and budget shall select a program partner through a
11 request for proposals process for a total learning technology
12 package that includes, but is not limited to, a wireless laptop,
13 software, professional development, service, and support, and for
14 management by a single point of contact individual responsible
15 for the overall implementation. The proposal selected shall
16 achieve significant efficiencies and economies of scale and be
17 interoperable with existing technologies. The private partner
18 selected in the request for proposals process to partner with the
19 state must possess all of the following:

20 (a) Experience in the development and successful
21 implementation of large-scale, school-based wireless technology
22 projects.

23 (b) Proven technical ability to deliver a total solutions
24 package of learning technology for elementary and secondary
25 students and teachers.

26 (c) Results-based education solutions to increase student
27 achievement and advance professional development for teachers.

1 (d) Ability to coordinate, utilize, and expand existing
2 technology infrastructures and professional development delivery
3 systems within school districts and regions.

4 (e) Ability to provide a wireless computing device that is
5 able to be connected to the wireless network and is able to
6 access a school's preexisting local network and the internet both
7 wirelessly in the school and through dial-up or other remote
8 connection from the home or elsewhere outside school.

9 **(9)** ~~-(7)-~~ A district may elect to purchase or lease wireless
10 computing devices from a vendor other than the statewide
11 partnership described in subsection ~~-(6)-~~ **(8)** if the Michigan
12 virtual university determines that the vendor meets the
13 requirements of subdivisions (a) to (d) of subsection ~~-(6)-~~ **(8)**
14 and the vendor is identified in the district's grant
15 application.

16 **(10)** ~~-(8)-~~ The state education agency shall sign a memorandum
17 of understanding with the Michigan virtual university regarding
18 DED-OESE, title II, educational technology grants, as provided
19 under this subsection. The Michigan virtual university shall
20 coordinate activities described in this subsection with the
21 freedom to learn grants described under this section. The
22 memorandum of understanding shall require that the Michigan
23 virtual university coordinate the following state activities
24 related to DED-OESE, title II, educational technology grants in
25 accordance with federal law:

26 (a) Assist in the development of innovative strategies for
27 the delivery of specialized or rigorous academic courses and

1 curricula through the use of technology, including distance
2 learning technologies.

3 (b) Establish and support public-private initiatives for the
4 acquisition of educational technology for students in high-need
5 districts.

6 (11) ~~-(9)-~~ Funds allocated under this section that are not
7 expended in the state fiscal year for which they were allocated
8 may be carried forward to a subsequent state fiscal year.

9 (12) ~~-(10)-~~ The state education agency and the Michigan
10 virtual university shall complete the memoranda of understanding
11 required under this section within 60 days after the effective
12 date of the amendatory act that added this subsection. It is the
13 intent of the legislature that all plans or applications
14 submitted by the state education agency to the United States
15 department of education relating to the distribution of federal
16 funds under this section are for the purposes described in this
17 section.

18 (13) ~~-(11)-~~ The state education agency shall ensure that the
19 program goals and plans for the freedom to learn program are
20 contained in the state technology plan required by federal law.

21 (14) ~~-(12)-~~ From the funds allocated under this section, an
22 amount not to exceed ~~-\$4,000,000.00-~~ **\$2,700,000.00** is allocated
23 to the Michigan virtual university to be used for statewide
24 activities, as follows:

25 (a) An amount estimated at ~~-\$2,700,000.00-~~ **\$1,700,000.00** to
26 develop a professional development network in partnership with
27 other statewide entities for professional development on

1 technology integration in the classroom.

2 (b) An amount estimated at \$250,000.00 for development of a
3 content resource package that will include on-line coursework
4 content.

5 (c) An amount estimated at \$250,000.00 to **Ferris state**
6 **university to** develop or purchase an on-line assessment system to
7 supplement the Michigan education assessment program tests and
8 provide immediate feedback on pupil achievement. The assessment
9 system shall include high-quality tests aligned to the state
10 curriculum framework and tests that can be customized by teachers
11 and integrated with on-line instructional resources. The
12 Michigan virtual university and the state education agency shall
13 work in partnership ~~with the department of treasury~~ to
14 implement the assessment program. The state education agency
15 shall give first priority in implementing the assessment systems
16 to districts not meeting adequately yearly progress requirements
17 as established by the federal no child left behind act and to
18 schools participating in grant programs under this section.

19 (d) An amount not to exceed ~~\$800,000.00~~ **\$500,000.00** for
20 comprehensive statewide evaluation of current and future projects
21 under this section and for statewide administration of the
22 freedom to learn program.

23 **(15)** ~~-(13)-~~ The Michigan virtual university is encouraged to
24 work in partnership with Ferris state university in performing
25 the functions under subsection ~~-(12)-~~ **(14)**.

26 **(16)** ~~-(14)-~~ Notwithstanding section 17b, payments under this
27 section may be made pursuant to an agreement with the

1 department.

2 (17) ~~-(15)-~~ It is the intent of the legislature that this
3 state will seek to raise private funds for the current and future
4 funding of the freedom to learn program under this section and
5 all of the program components.

6 (18) ~~-(16)-~~ As used in this section:

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

9 (b) "State education agency" means the department.

10 Sec. 99. (1) From the ~~appropriations~~ **state school aid**
11 **fund money appropriated** in section 11, there is allocated an
12 amount not to exceed ~~-\$2,500,000.00 for 2003-2004~~ **\$2,415,900.00**
13 **for 2004-2005 and from the general fund appropriation in section**
14 **11, there is allocated an amount not to exceed \$84,000.00 for**
15 **2004-2005** for implementing the comprehensive master plan for
16 mathematics and science centers developed by the department and
17 approved by the state board on August 8, 2002. In addition, from
18 the federal funds appropriated in section 11, there is allocated
19 an amount estimated at ~~-\$2,487,700.00~~ **\$3,581,300.00** from
20 DED-OESE, title II, mathematics and science partnership grants.

21 (2) Within a service area designated locally, approved by the
22 department, and consistent with the master plan described in
23 subsection (1), an established mathematics and science center
24 shall address ~~4~~ **2** or more of the following 6 basic services, as
25 described in the master plan, to constituent districts and
26 communities: leadership, pupil services, curriculum support,
27 community involvement, professional development, and resource

1 clearinghouse services.

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

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

13 (5) Allocations under this section to support the activities
14 and programs of mathematics and science centers shall be
15 continuing support grants to all 33 established mathematics and
16 science centers. Each established mathematics and science center
17 that was funded in ~~2002-2003~~ **2003-2004** shall receive state
18 funding in an amount equal to ~~24.43% of~~ the amount it received
19 under this section for ~~2002-2003 in 2002 PA 521, before any~~
20 ~~reduction made for 2002-2003 under section 11(3)~~ **2003-2004. If**
21 **a center declines state funding or a center closes, the remaining**
22 **money available under this section shall be distributed on a pro**
23 **rata basis to the remaining centers, as determined by the**
24 **department.**

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

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

3 (7) Not later than September 30, 2007, the department shall
4 reevaluate and update the comprehensive master plan described in
5 subsection (1). ~~including any recommendations for upgrading~~
6 ~~satellite extensions to full centers.~~

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

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

14 (10) As used in this section:

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

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

18 Sec. 101. (1) To be eligible to receive state aid under
19 this act, not later than the fifth Wednesday after the pupil
20 membership count day and not later than the fifth Wednesday after
21 the supplemental count day, each district superintendent through
22 the secretary of the district's board shall file with the
23 intermediate superintendent a certified and sworn copy of the
24 number of pupils enrolled and in regular daily attendance in the
25 district as of the pupil membership count day and as of the
26 supplemental count day, as applicable, for the current school
27 year. In addition, a district maintaining school during the

1 entire year, as provided under section 1561 of the revised school
2 code, MCL 380.1561, shall file with the intermediate
3 superintendent a certified and sworn copy of the number of pupils
4 enrolled and in regular daily attendance in the district for the
5 current school year pursuant to rules promulgated by the
6 superintendent. Not later than the seventh Wednesday after the
7 pupil membership count day and not later than the seventh
8 Wednesday after the supplemental count day, the intermediate
9 district shall transmit to the center ~~the data filed by~~ **revised**
10 **data, as applicable, for** each of its constituent districts. If a
11 district fails to file the sworn and certified copy with the
12 intermediate superintendent in a timely manner, as required under
13 this subsection, the intermediate district shall notify the
14 department and state aid due to be distributed under this act
15 shall be withheld from the defaulting district immediately,
16 beginning with the next payment after the failure and continuing
17 with each payment until the district complies with this
18 subsection. If an intermediate district fails to transmit the
19 data in its possession in a timely and accurate manner to the
20 ~~department~~ **center**, as required under this subsection, state aid
21 due to be distributed under this act shall be withheld from the
22 defaulting intermediate district immediately, beginning with the
23 next payment after the failure and continuing with each payment
24 until the intermediate district complies with this subsection.
25 If a district or intermediate district does not comply with this
26 subsection by the end of the fiscal year, the district or
27 intermediate district forfeits the amount withheld. A person who

1 willfully falsifies a figure or statement in the certified and
2 sworn copy of enrollment shall be punished in the manner
3 prescribed by section 161.

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

20 (3) Except as otherwise provided in this section, each
21 district shall provide at least 1,098 hours of pupil
22 instruction. Except as otherwise provided in this act, a
23 district failing to comply with the required minimum hours of
24 pupil instruction under this subsection shall forfeit from its
25 total state aid allocation an amount determined by applying a
26 ratio of the number of hours the district was in noncompliance in
27 relation to the required minimum number of hours under this

Senate Bill No. 1069 (H-1) as amended June 9, 2004

1 subsection. Not later than August 1, the board of each district
 2 shall certify to the department the number of hours of pupil
 3 instruction in the previous school year. If the district did not
 4 provide at least the required minimum number of hours of pupil
 5 instruction under this subsection, the deduction of state aid
 6 shall be made in the following fiscal year from the first payment
 7 of state school aid. A district is not subject to forfeiture of
 8 funds under this subsection for a fiscal year in which a
 9 forfeiture was already imposed under subsection (6). Hours lost
 10 because of strikes or teachers' conferences shall not be counted
 11 as days or hours of pupil instruction. A district not having at
 12 least 75% of the district's membership in attendance on any day
 13 of pupil instruction shall receive state aid in that proportion
 14 of 1/180 that the actual percent of attendance bears to the
 15 specified percentage. The superintendent shall promulgate rules
 16 for the implementation of this subsection.

17 (4) Except as otherwise provided in this subsection, the
 18 first 30 hours for which pupil instruction is not provided
 19 because of conditions not within the control of school
 20 authorities, such as severe storms, fires, epidemics, **[utility power
 unavailability, water or sewer failure,]** or health
 21 conditions as defined by the city, county, or state health
 22 authorities, shall be counted as hours of pupil instruction. In
 23 addition, for ~~2002-2003~~ **2003-2004** only, the department shall
 24 count ~~as days of pupil instruction not more than 5 additional~~
 25 ~~days, and shall count~~ as hours of pupil instruction not more
 26 than ~~30~~ **20 additional** hours ~~—~~ for which pupil instruction was
 27 not provided in a ~~district from April 3, 2003 to April 11, 2003~~

1 ~~due to a storm~~ **school in a district due to structural roof and**
2 **truss damage that required the school to be closed.** Subsequent
3 such hours shall not be counted as hours of pupil instruction.

4 (5) A district shall not forfeit part of its state aid
5 appropriation because it adopts or has in existence an
6 alternative scheduling program for pupils in kindergarten if the
7 program provides at least the number of hours required under
8 subsection (3) for a full-time equated membership for a pupil in
9 kindergarten as provided under section 6(4).

10 (6) Not later than April 15 of each fiscal year, the board of
11 each district shall certify to the department the planned number
12 of hours of pupil instruction in the district for the school year
13 ending in the fiscal year. In addition to any other penalty or
14 forfeiture under this section, if at any time the department
15 determines that 1 or more of the following has occurred in a
16 district, the district shall forfeit in the current fiscal year
17 beginning in the next payment to be calculated by the department
18 a proportion of the funds due to the district under this act that
19 is equal to the proportion below the required minimum number of
20 hours of pupil instruction under subsection (3), as specified in
21 the following:

22 (a) The district fails to operate its schools for at least
23 the required minimum number of hours of pupil instruction under
24 subsection (3) in a school year, including hours counted under
25 subsection (4).

26 (b) The board of the district takes formal action not to
27 operate its schools for at least the required minimum number of

1 hours of pupil instruction under subsection (3) in a school year,
2 including hours counted under subsection (4).

3 (7) In providing the minimum number of hours of pupil
4 instruction required under subsection (3), a district shall use
5 the following guidelines, and a district shall maintain records
6 to substantiate its compliance with the following guidelines:

7 (a) Except as otherwise provided in this subsection, a pupil
8 must be scheduled for at least the required minimum number of
9 hours of instruction, excluding study halls, or at least the sum
10 of 90 hours plus the required minimum number of hours of
11 instruction, including up to 2 study halls.

12 (b) The time a pupil is assigned to any tutorial activity in
13 a block schedule may be considered instructional time, unless
14 that time is determined in an audit to be a study hall period.

15 (c) ~~—A~~ **Except as otherwise provided in this subdivision, a**
16 **pupil in grades 9 to 12 for whom a reduced schedule is determined**
17 **to be in the individual pupil's best educational interest must be**
18 **scheduled for a number of hours equal to at least 80% of the**
19 **required minimum number of hours of pupil instruction to be**
20 **considered a full-time equivalent pupil. A pupil in grades 9 to**
21 **12 who is scheduled in a 4-block schedule may receive a reduced**
22 **schedule under this subsection if the pupil is scheduled for a**
23 **number of hours equal to at least 75% of the required minimum**
24 **number of hours of pupil instruction to be considered a full-time**
25 **equivalent pupil.**

26 (d) If a pupil in grades 9 to 12 who is enrolled in a
27 cooperative education program or a special education pupil cannot

1 receive the required minimum number of hours of pupil instruction
2 solely because of travel time between instructional sites during
3 the school day, that travel time, up to a maximum of 3 hours per
4 school week, shall be considered to be pupil instruction time for
5 the purpose of determining whether the pupil is receiving the
6 required minimum number of hours of pupil instruction. However,
7 if a district demonstrates to the satisfaction of the department
8 that the travel time limitation under this subdivision would
9 create undue costs or hardship to the district, the department
10 may consider more travel time to be pupil instruction time for
11 this purpose.

12 (8) The department shall apply the guidelines under
13 subsection (7) in calculating the full-time equivalency of
14 pupils.

15 (9) Upon application by the district for a particular fiscal
16 year, the superintendent may waive for a district the minimum
17 number of hours of pupil instruction requirement of subsection
18 (3) for a department-approved alternative education program. If
19 a district applies for and receives a waiver under this
20 subsection and complies with the terms of the waiver, for the
21 fiscal year covered by the waiver the district is not subject to
22 forfeiture under this section for the specific program covered by
23 the waiver.

24 (10) A district may count up to 51 hours of **qualifying**
25 professional development for teachers, including the 5 hours of
26 online professional development provided by the Michigan virtual
27 university under section 98, as hours of pupil instruction. A

1 district that elects to use this exception shall notify the
2 department of its election. **As used in this subsection,**
3 **"qualifying professional development" means professional**
4 **development that is focused on 1 or more of the following:**

5 (a) Achieving or improving adequate yearly progress as
6 defined under the no child left behind act of 2001, Public Law
7 107-110.

8 (b) Achieving accreditation or improving a school's
9 accreditation status under section 1280 of the revised school
10 code, MCL 380.1280.

11 (c) Achieving highly qualified teacher status as defined
12 under the no child left behind act of 2001, Public Law 107-110.

13 (d) Maintaining teacher certification.

14 Sec. 104a. (1) In order to receive state aid under this
15 act, a district shall comply with this section and shall
16 administer state assessments to high school pupils in the subject
17 areas of ~~communications skills~~ **English language arts,**
18 mathematics, science, and social studies. If the department ~~of~~
19 ~~treasury or the Michigan assessment governing board,~~ as
20 ~~applicable,~~ determines that it would be consistent with the
21 purposes of this section, the department ~~of treasury or the~~
22 ~~Michigan assessment governing board,~~ as ~~applicable,~~ may
23 designate the grade 11 Michigan education assessment program
24 tests or the ACT/ACT work keys tests as the assessments to be
25 used for the purposes of this section. The district shall
26 include on the pupil's high school transcript all of the
27 following:

1 (a) For each high school graduate who has completed a subject
2 area assessment under this section, the pupil's scaled score on
3 the assessment.

4 (b) If the pupil's scaled score on a subject area assessment
5 falls within the range required under subsection (2) for a
6 category established under subsection (2), an indication that the
7 pupil has achieved state endorsement for that subject area.

8 (c) The number of school days the pupil was in attendance at
9 school each school year during high school and the total number
10 of school days in session for each of those school years.

11 (2) The department ~~of treasury~~ shall develop scaled scores
12 for reporting subject area assessment results for each of the
13 subject areas under this section. The department ~~of treasury~~
14 shall establish 3 categories for each subject area indicating
15 basic competency, above average, and outstanding, and shall
16 establish the scaled score range required for each category. The
17 department ~~of treasury~~ shall design and distribute to
18 districts, intermediate districts, and nonpublic schools a simple
19 and concise document that describes these categories in each
20 subject area and indicates the scaled score ranges for each
21 category in each subject area. A district may award a high
22 school diploma to a pupil who successfully completes local
23 district requirements established in accordance with state law
24 for high school graduation, regardless of whether the pupil is
25 eligible for any state endorsement.

26 (3) The assessments administered for the purposes of this
27 section shall be administered to pupils during the last 30 school

1 days of grade 11. The department ~~of treasury~~ shall ensure that
2 the assessments are scored and the scores are returned to pupils,
3 their parents or legal guardians, and districts not later than
4 the beginning of the pupil's first semester of grade 12. The
5 department ~~of treasury~~ shall arrange for those portions of a
6 pupil's assessment that cannot be scored mechanically to be
7 scored in Michigan by persons who are Michigan teachers, retired
8 Michigan teachers, or Michigan school administrators and who have
9 been trained in scoring the assessments. The returned scores
10 shall indicate the pupil's scaled score for each subject area
11 assessment, the range of scaled scores for each subject area, and
12 the range of scaled scores required for each category established
13 under subsection (2). In reporting the scores to pupils,
14 parents, and schools, the department ~~of treasury~~ shall provide
15 specific, meaningful, and timely feedback on the pupil's
16 performance on the assessment.

17 (4) For each pupil who does not achieve state endorsement in
18 1 or more subject areas, the board of the district in which the
19 pupil is enrolled shall provide that there be at least 1 meeting
20 attended by at least the pupil and a member of the district's
21 staff or a local or intermediate district consultant who is
22 proficient in the measurement and evaluation of pupils. The
23 district may provide the meeting as a group meeting for pupils in
24 similar circumstances. If the pupil is a minor, the district
25 shall invite and encourage the pupil's parent, legal guardian, or
26 person in loco parentis to attend the meeting and shall mail a
27 notice of the meeting to the pupil's parent, legal guardian, or

1 person in loco parentis. The purpose of this meeting and any
2 subsequent meeting under this subsection shall be to determine an
3 educational program for the pupil designed to have the pupil
4 achieve state endorsement in each subject area in which he or she
5 did not achieve state endorsement. In addition, a district may
6 provide for subsequent meetings with the pupil conducted by a
7 high school counselor or teacher designated by the pupil's high
8 school principal, and shall invite and encourage the pupil's
9 parent, legal guardian, or person in loco parentis to attend the
10 subsequent meetings. The district shall provide special programs
11 for the pupil or develop a program using the educational programs
12 regularly provided by the district unless the board of the
13 district decides otherwise and publishes and explains its
14 decision in a public justification report.

15 (5) A pupil who wants to repeat an assessment administered
16 under this section may repeat the assessment, without charge to
17 the pupil, in the next school year or after graduation. An
18 individual may repeat an assessment at any time the district
19 administers an applicable assessment instrument or during a
20 retesting period under subsection (7).

21 (6) The department ~~of treasury~~ shall ensure that the length
22 of the assessments used for the purposes of this section and the
23 combined total time necessary to administer all of the
24 assessments are the shortest possible that will still maintain
25 the degree of reliability and validity of the assessment results
26 determined necessary by the department. ~~of treasury.~~ The
27 department ~~of treasury~~ shall ensure that the maximum total

1 combined length of time that schools are required to set aside
2 for administration of all of the assessments used for the
3 purposes of this section does not exceed 8 hours. However, this
4 subsection does not limit the amount of time that individuals may
5 have to complete the assessments.

6 (7) The department ~~of treasury~~ shall establish, schedule,
7 and arrange periodic retesting periods throughout the year for
8 individuals who desire to repeat an assessment under this
9 section. The department ~~of treasury~~ shall coordinate the
10 arrangements for administering the repeat assessments and shall
11 ensure that the retesting is made available at least within each
12 intermediate district and, to the extent possible, within each
13 district.

14 (8) A district shall provide accommodations to a pupil with
15 disabilities for the assessments required under this section, as
16 provided under section 504 of title V of the rehabilitation act
17 of 1973, ~~Public Law 93-112,~~ 29 ~~U.S.C.~~ **USC** 794; subtitle A of
18 title II of the Americans with disabilities act of 1990, ~~Public~~
19 ~~Law 101-336,~~ 42 ~~U.S.C.~~ **USC** 12131 to 12134; and the
20 implementing regulations for those statutes.

21 (9) For the purposes of this section, the department ~~of~~
22 ~~treasury~~ shall develop or select and approve assessment
23 instruments to measure pupil performance in ~~communications~~
24 ~~skills~~ **English language arts**, mathematics, social studies, and
25 science. Unless the department ~~of treasury~~ selects and
26 approves the ACT/ACT work keys tests, the assessment instruments
27 shall be based on the model core academic content standards

1 objectives under section 1278 of the revised school code,
2 MCL 380.1278.

3 (10) Upon written request by the pupil's parent or legal
4 guardian stating that the request is being made for the purpose
5 of providing the pupil with an opportunity to qualify to take 1
6 or more postsecondary courses as an eligible student under the
7 postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to
8 388.524, the board of a district shall allow a pupil who is in at
9 least grade 10 to take an assessment administered under this
10 section without charge at any time the district regularly
11 administers the assessment or during a retesting period
12 established under subsection (7). A district is not required to
13 include in an annual education report, or in any other report
14 submitted to the department ~~of treasury~~ for accreditation
15 purposes, results of assessments taken under this subsection by a
16 pupil in grade 11 or lower until the results of that pupil's
17 graduating class are otherwise reported.

18 (11) All assessment instruments developed or selected and
19 approved by the state under any statute or rule for a purpose
20 related to K to 12 education shall be objective-oriented and
21 consistent with the model core academic content standards
22 objectives under section 1278 of the revised school code,
23 MCL 380.1278.

24 (12) A person who has graduated from high school after 1996
25 and who has not previously taken an assessment under this section
26 may take an assessment used for the purposes of this section,
27 without charge to the person, at the district from which he or

1 she graduated from high school at any time that district
2 administers the assessment or during a retesting period scheduled
3 under subsection (7) and have his or her scaled score on the
4 assessment included on his or her high school transcript. If the
5 person's scaled score on a subject area assessment falls within
6 the range required under subsection (2) for a category
7 established under subsection (2), the district shall also
8 indicate on the person's high school transcript that the person
9 has achieved state endorsement for that subject area.

10 (13) A child who is a student in a nonpublic school or home
11 school may take an assessment under this section. To take an
12 assessment, a child who is a student in a home school shall
13 contact the district in which the child resides, and that
14 district shall administer the assessment, or the child may take
15 the assessment at a nonpublic school if allowed by the nonpublic
16 school. Upon request from a nonpublic school, the department ~~of~~
17 ~~treasury~~ shall supply assessments and the nonpublic school may
18 administer the assessment.

19 (14) The purpose of the assessment under this section is to
20 assess pupil performance in mathematics, science, social studies,
21 and ~~communication~~ **English language** arts for the purpose of
22 improving academic achievement and establishing a statewide
23 standard of competency. The assessment under this section
24 provides a common measure of data that will contribute to the
25 improvement of Michigan schools' curriculum and instruction by
26 encouraging alignment with Michigan's curriculum framework
27 standards. These standards are based upon the expectations of

1 what pupils should know and be able to do by the end of grade
2 11.

3 ~~(15) If the Michigan assessment governing board is~~
4 ~~established by law, the Michigan assessment governing board shall~~
5 ~~administer this section and shall have all of the powers and~~
6 ~~duties as otherwise provided under this section for the~~
7 ~~department of treasury.~~

8 (15) ~~-(16)-~~ As used in this section, ~~—~~

9 ~~— (a) "Communications skills" means reading and writing.~~

10 ~~— (b) "Social~~ **"social** studies" means geography, history,
11 economics, and American government.

12 Sec. 107. (1) From the appropriation in section 11, there
13 is allocated an amount not to exceed ~~-\$20,000,000.00~~
14 **\$19,999,900.00** for ~~2003-2004~~ **2004-2005** for adult education
15 programs authorized under this section.

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

23 (a) If the individual has obtained a high school diploma or a
24 general ~~education~~ **educational** development (G.E.D.)
25 certificate, the individual meets 1 of the following:

26 (i) Is less than 20 years of age on September 1 of the school
27 year and is enrolled in the state technical institute and

1 rehabilitation center.

2 (ii) Is less than 20 years of age on September 1 of the
3 school year, is not attending an institution of higher education,
4 and is enrolled in a job or employment-related program through a
5 referral by an employer.

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

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

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

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

13 (ii) Is at least 16 years of age on September 1 of the school
14 year, has been permanently expelled from school under section
15 1311(2) or 1311a of the revised school code, MCL 380.1311 and
16 380.1311a, and has no appropriate alternative education program
17 available through his or her district of residence.

18 (3) Except as otherwise provided in subsection (4), the
19 amount allocated under subsection (1) shall be distributed as
20 follows:

21 (a) For districts and consortia that received payments for
22 ~~2001-2002~~ **2003-2004** under this section, the amount allocated to
23 each for ~~2003-2004~~ **2004-2005** shall be based on the number of
24 participants served by the district or consortium for ~~2003-2004~~
25 **2004-2005**, using the amount allocated per full-time equated
26 participant under subsection (5), up to a maximum total
27 allocation under this section in an amount equal to ~~26.67%~~ of

1 the amount the district or consortium received for ~~2001-2002~~
2 **2003-2004** under this section before any reallocations made for
3 ~~2001-2002~~ **2003-2004** under subsection (4).

4 (b) A district or consortium that received funding in
5 ~~2002-2003~~ **2003-2004** under this section may operate
6 independently of a consortium or join or form a consortium for
7 ~~2003-2004~~ **2004-2005**. The allocation for ~~2003-2004~~ **2004-2005**
8 to the district or the newly formed consortium under this
9 subsection shall be determined by the department of ~~career~~
10 ~~development~~ **labor and economic growth** and shall be based on the
11 proportion of the amounts that are attributable to the district
12 or consortium that received funding in ~~2002-2003~~ **2003-2004**. A
13 district or consortium described in this subdivision shall notify
14 the department of career development of its intention with regard
15 to ~~2003-2004~~ **2004-2005** by October 1, ~~2003~~ **2004**.

16 (4) A district that operated an adult education program in
17 ~~2002-2003~~ **2003-2004** and does not intend to operate a program in
18 ~~2003-2004~~ **2004-2005** shall notify the department of ~~career~~
19 ~~development~~ **labor and economic growth** by October 1, ~~2003~~ **2004**
20 of its intention. The funds intended to be allocated under this
21 section to a district that does not operate a program in
22 ~~2003-2004~~ **2004-2005** and the unspent funds originally allocated
23 under this section to a district or consortium that subsequently
24 operates a program at less than the level of funding allocated
25 under subsection (3) shall instead be proportionately reallocated
26 to the other districts described in subsection (3)(a) that are
27 operating an adult education program in ~~2003-2004~~ **2004-2005**

1 under this section.

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

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

10 (a) The program enrolls adults who are determined by an
11 appropriate assessment to be below ninth grade level in reading
12 or mathematics, or both, or to lack basic English proficiency.

13 (b) The program tests individuals for eligibility under
14 subdivision (a) before enrollment and tests participants to
15 determine progress after every 90 hours of attendance, using
16 assessment instruments approved by the department of ~~career~~
17 ~~development~~ **labor and economic growth**.

18 (c) A participant in an adult basic education program is
19 eligible for reimbursement until 1 of the following occurs:

20 (i) The participant's reading and mathematics proficiency are
21 assessed at or above the ninth grade level.

22 (ii) The participant fails to show progress on 2 successive
23 assessments after having completed at least 450 hours of
24 instruction.

25 (d) A funding recipient enrolling a participant in an English
26 as a second language program is eligible for funding according to
27 subsection ~~(10)~~ **(11)** until the participant meets 1 of the following:

1 (i) The participant is assessed as having attained basic
2 English proficiency.

3 (ii) The participant fails to show progress on 2 successive
4 assessments after having completed at least 450 hours of
5 instruction. The department of ~~career development~~ **labor and**
6 **economic growth** shall provide information to a funding recipient
7 regarding appropriate assessment instruments for this program.

8 (7) A general ~~education~~ **educational** development (G.E.D.)
9 test preparation program operated on a year-round or school year
10 basis may be funded under this section, subject to all of the
11 following:

12 (a) The program enrolls adults who do not have a high school
13 diploma.

14 (b) The program shall administer a G.E.D. pre-test approved
15 by the department of ~~career development~~ **labor and economic**
16 **growth** before enrolling an individual to determine the
17 individual's potential for success on the G.E.D. test, and shall
18 administer other tests after every 90 hours of attendance to
19 determine a participant's readiness to take the G.E.D. test.

20 (c) A funding recipient shall receive funding according to
21 subsection ~~(10)~~ **(11)** for a participant, and a participant may be
22 enrolled in the program until 1 of the following occurs:

23 (i) The participant passes the G.E.D. test.

24 (ii) The participant fails to show progress on 2 successive
25 tests used to determine readiness to take the G.E.D. test after
26 having completed at least 450 hours of instruction.

27 (8) A high school completion program operated on a year-round

1 or school year basis may be funded under this section, subject to
2 all of the following:

3 (a) The program enrolls adults who do not have a high school
4 diploma.

5 (b) A funding recipient shall receive funding according to
6 subsection ~~(10)~~ (11) for a participant in a course offered under this
7 subsection until 1 of the following occurs:

8 (i) The participant passes the course and earns a high school
9 diploma.

10 (ii) The participant fails to earn credit in 2 successive
11 semesters or terms in which the participant is enrolled after
12 having completed at least 900 hours of instruction.

13 (9) A job or employment-related adult education program
14 operated on a year-round or school year basis may be funded under
15 this section, subject to all of the following:

16 (a) The program enrolls adults referred by their employer who
17 are less than 20 years of age, have a high school diploma, are
18 determined to be in need of remedial mathematics or communication
19 arts skills and are not attending an institution of higher
20 education.

21 (b) An individual may be enrolled in this program and the
22 grant recipient shall receive funding according to subsection
23 ~~(10)~~ (11) until 1 of the following occurs:

24 (i) The individual achieves the requisite skills as
25 determined by appropriate assessment instruments administered at
26 least after every 90 hours of attendance.

27 (ii) The individual fails to show progress on 2 successive

1 assessments after having completed at least 450 hours of
2 instruction. The department of ~~career development~~ **labor and**
3 **economic growth** shall provide information to a funding recipient
4 regarding appropriate assessment instruments for this program.

5 (10) In order to receive funds under this section, a district
6 or intermediate district shall meet all of the following:

7 (a) Be part of an adult education strategic plan.

8 (b) Develop individual adult education plans containing the
9 educational goals and objectives for each participant.

10 (c) Use research-based instructional practices and technology
11 that have proven to be effective for adult learners.

12 (d) Coordinate with other available resources in the
13 community, such as schools, postsecondary institutions, job
14 training programs, one-stop centers, and social service
15 agencies.

16 (e) Offer job and postsecondary education counseling
17 services.

18 (f) Report participant outcomes and other measures of program
19 performance in a form and manner approved by the department of
20 labor and economic growth.

21 (11) ~~(10)~~ A funding recipient shall receive payments under
22 this section in accordance with the following:

23 (a) Ninety percent for enrollment of eligible participants.

24 (b) Ten percent for completion of the adult basic education
25 objectives by achieving an increase of at least 1 grade level of
26 proficiency in reading or mathematics; for achieving basic
27 English proficiency; for passage of the G.E.D. test; for passage

1 of a course required for a participant to attain a high school
2 diploma; or for completion of the course and demonstrated
3 proficiency in the academic skills to be learned in the course,
4 as applicable.

5 (12) ~~-(11)-~~ As used in this section: ~~-, "participant"~~

6 (a) **"Participant"** means the sum of the number of full-time
7 equated individuals enrolled in and attending a
8 department-approved adult education program under this section,
9 using quarterly participant count days on the schedule described
10 in section 6(7)(b).

11 (b) **"Workforce development board"** means a local workforce
12 development board established pursuant to the workforce
13 investment act of 1998, Public Law 105-220, and the
14 school-to-work opportunities act of 1994, Public Law 103-239, or
15 the equivalent.

16 (13) ~~-(12)-~~ A person who is not eligible to be a participant
17 funded under this section may receive adult education services
18 upon the payment of tuition. In addition, a person who is not
19 eligible to be served in a program under this section due to the
20 program limitations specified in subsection (6), (7), (8), or (9)
21 may continue to receive adult education services in that program
22 upon the payment of tuition. The tuition level shall be
23 determined by the local or intermediate district conducting the
24 program.

25 (14) ~~-(13)-~~ An individual who is an inmate in a state
26 correctional facility shall not be counted as a participant under
27 this section.

1 **(15)** ~~-(14)-~~ A district shall not commingle money received
2 under this section or from another source for adult education
3 purposes with any other funds of the district. A district
4 receiving adult education funds shall establish a separate ledger
5 account for those funds. This subsection does not prohibit a
6 district from using general funds of the district to support an
7 adult education or community education program.

8 **(16)** ~~-(15)-~~ A district or intermediate district receiving
9 funds under this section may establish a sliding scale of tuition
10 rates based upon a participant's family income. A district or
11 intermediate district may charge a participant tuition to receive
12 adult education services under this section from that sliding
13 scale of tuition rates on a uniform basis. The amount of tuition
14 charged per participant shall not exceed the actual operating
15 cost per participant minus any funds received under this section
16 per participant. A district or intermediate district may not
17 charge a participant tuition under this section if the
18 participant's income is at or below 200% of the federal poverty
19 guidelines published by the United States department of health
20 and human services.

21 **Sec. 107b. (1) The department is authorized to implement a**
22 **pilot adult learning system as a pilot project in 1 Michigan**
23 **works! region as described under this section.**

24 **(2) Funds that would be allocated under section 107 to adult**
25 **education providers located within the Michigan works! region**
26 **shall instead be distributed to the Michigan works! agency**
27 **selected by the department to participate in the pilot adult**

1 learning system.

2 (3) To be eligible to be enrolled as a participant in a pilot
3 adult learning system, a person shall be at least 16 years of age
4 as of September 1 of the immediately preceding state fiscal year
5 and shall meet the following, as applicable:

6 (a) If the individual has obtained a high school diploma or a
7 general educational development (G.E.D.) certificate, the
8 individual is determined to have English language proficiency,
9 reading, writing, or math skills below employment trainability
10 skills standards as determined by tests approved by the
11 department and is not enrolled in a postsecondary institution.
12 An individual who has obtained a high school diploma is not
13 eligible for enrollment in a G.E.D. test preparation program.

14 (b) If the individual has not obtained a high school diploma
15 or a G.E.D. certificate, the individual has not attended a
16 secondary institution for at least 6 months before enrollment in
17 an adult learning pilot project and is not enrolled in a
18 postsecondary institution.

19 (4) Not more than 5% of a grant awarded to a Michigan
20 works! agency under this section may be used for program
21 administration, including contracting for the provision of career
22 and educational information, counseling services, and assessment
23 services.

24 (5) A Michigan works! agency authorized to participate in a
25 pilot adult learner system shall comply with the following
26 requirements in a manner approved by the department:

27 (a) The Michigan works! agency shall document the need for

1 adult learning programs in its region.

2 (b) The Michigan works! agency shall develop a strategic plan
3 that does all of the following:

4 (i) Identifies multiple potential adult learning providers,
5 including community-based organizations. Eligible providers
6 shall have programs that are open entry/open exit, allowing for
7 the immediate start of training and exit of system upon
8 completion of learning goals.

9 (ii) Provides an efficient referral process for participants
10 to enroll with appropriate adult learning providers.

11 (iii) Coordinates the pilot adult learner system with other
12 available resources in the community, such as schools,
13 postsecondary institutions, job training programs, and social
14 service agencies.

15 (iv) Contains regional promotional and recruitment strategies
16 to inform potential participants, referral agencies, special
17 targeted groups, and the general public of available services.

18 (v) Provides adequate job and postsecondary education
19 counseling services.

20 (c) The local workforce development board shall report
21 participant outcomes and other measurements of program
22 performance into the Michigan adult education reporting system
23 (MAERS) administered by the department.

24 (d) The Michigan works! agency shall allow access for the
25 department or its designee to audit all records related to the
26 pilot adult learning system for which it receives funds. The
27 agency shall reimburse this state for all disallowances found in

1 the audit.

2 (6) The Michigan works! agency in the pilot adult learning
3 system shall award competitive grants to eligible adult learning
4 providers for the purpose of providing adult learning programs in
5 their region. Applications shall be in a form and manner
6 prescribed by the department. The Michigan works! agency shall
7 reimburse eligible adult learning providers under this section as
8 follows:

9 (a) The contract amount shall be allocated to eligible adult
10 learning providers based upon the following performance standards
11 as measured in a manner approved by the department:

12 (i) The percentage of participants taking both a pretest and
13 a posttest in English language proficiency, reading, writing, and
14 math.

15 (ii) The percentage of participants showing improvement
16 toward goals identified in their individual adult learner plan.

17 (iii) The percentage of participants achieving their terminal
18 goals as identified in their individual adult learner plan.

19 (b) A provider is eligible for reimbursement for a
20 participant in an adult learning program until the participant's
21 reading, writing, or math proficiency, as applicable, is assessed
22 at employment trainability skills standards or the participant
23 fails to show progress on 2 successive assessments as determined
24 by the department.

25 (c) A provider is eligible for reimbursement for a
26 participant in an English as a second language program until the
27 participant is assessed as having attained basic English

1 proficiency or the participant fails to show progress on 2
2 successive assessments as determined by the department.

3 (d) A provider is eligible for reimbursement for a
4 participant in a G.E.D. test preparation program until the
5 participant passes the G.E.D. test or the participant fails to
6 show progress on 2 successive assessments as determined by the
7 department.

8 (e) A provider is eligible for reimbursement for a
9 participant in a high school completion program until the
10 participant earns a high school diploma or the participant fails
11 to show progress as determined by the department.

12 (7) A person who is not eligible to be a participant funded
13 under this section may receive adult learning services in a pilot
14 adult learning system upon the payment of tuition or fees for
15 service. The tuition or fee level shall be determined by the
16 adult learning provider and approved by the Michigan
17 works! agency.

18 (8) A provider shall not be reimbursed under this section for
19 an individual who is an inmate in a state correctional facility.

20 (9) A provider shall allow access for the Michigan
21 works! agency or its designee to audit all records related to the
22 pilot adult learning system for which it receives funds. The
23 adult learning provider shall reimburse this state for all
24 disallowances found in the audit.

25 (10) As used in this section:

26 (a) "Adult education", for the purposes of complying with
27 section 3 of article VIII of the state constitution of 1963,

1 means a high school pupil receiving educational services in a
2 nontraditional setting from a district or intermediate district
3 in order to receive a high school diploma.

4 (b) "Adult learning system" means a system approved by the
5 department that improves reading, writing, and math skills to
6 employment trainability skills standards; an English as a second
7 language program; a G.E.D. preparation program; a high school
8 completion program; or a workforce readiness program that
9 enhances employment opportunities.

10 (c) "Department" means the department of labor and economic
11 growth.

12 (d) "Eligible adult learning provider" means a district,
13 public school academy, intermediate district, community college,
14 university, community-based organization, or other organization
15 approved by the department that provides adult learning systems
16 under a contract with the Michigan works! agency that is part of
17 the pilot adult learner system.

18 (e) "Employment trainability skills standard" means a
19 proficiency level approved by the department in English language,
20 reading, writing, or mathematics, or any and all of these, as
21 determined by results from assessments approved for use by the
22 department.

23 (f) "Michigan works! agency" means the agency designated by
24 the chief elected official and approved by the governor to
25 administer the portion of the Michigan works! system for that
26 local workforce investment area.

27 (g) "Participant" means an individual enrolled in an adult

1 learning program and receiving services from an eligible adult
2 learning provider.

3 (h) "Pilot project" means a temporary project established to
4 deliver a new adult learner system.

5 Sec. 146. Not later than January 1, 2005, the state budget
6 director, the office of financial and insurance services, and the
7 senate and house fiscal agencies jointly shall do both of the
8 following:

9 (a) Conduct a study of the feasibility of creating and
10 requiring districts, intermediate districts, community colleges,
11 and state universities to participate in a statewide purchasing
12 pool for employee health benefits or of including public school,
13 community college, and state university employees in state
14 employee group health plans, and of the possible cost savings
15 from implementation of these options.

16 (b) Submit a report to the legislature detailing the findings
17 and recommendations from the study.

18 Sec. 147. (1) The allocation for ~~2003-2004~~ 2004-2005 for
19 the public school employees' retirement system pursuant to the
20 public school employees retirement act of 1979, 1980 PA 300,
21 MCL 38.1301 to 38.1408, shall be made using the entry age normal
22 cost actuarial method and risk assumptions adopted by the public
23 school employees retirement board and the department of
24 management and budget. The annual level percentage of payroll
25 contribution rate is estimated ~~14.37%~~ 14.87% for the
26 ~~2003-2004~~ 2004-2005 state fiscal year. ~~However, if all~~
27 ~~eligible districts participating in the school bond loan~~

1 ~~authority assist the state treasurer in the refinancing of school~~
2 ~~bond loan authority debt, the annual level percentage of payroll~~
3 ~~contribution rate for all districts is estimated to be 12.99% for~~
4 ~~the 2003-2004 fiscal year. If an eligible district does not~~
5 ~~assist in the refinancing, that district's payroll contribution~~
6 ~~rate is estimated to be 14.37% for the 2003-2004 fiscal year.~~
7 The portion of the contribution rate assigned to districts and
8 intermediate districts for each fiscal year is all of the total
9 percentage points. This contribution rate reflects an
10 amortization period of ~~33~~ 32 years for ~~2003-2004~~ 2004-2005.
11 The public school employees' retirement system board shall notify
12 each district and intermediate district by February 28 of each
13 fiscal year of the estimated contribution rate for the next
14 fiscal year.

15 (2) It is the intent of the legislature that the amortization
16 period described in section 41(2) of the public school employees
17 retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to
18 30 years by the end of the 2005-2006 state fiscal year by
19 reducing the amortization period by not more than 1 year each
20 fiscal year.

21 Sec. 152. Except for reports due on other dates specified
22 in this act, each district and intermediate district shall
23 furnish to **the center or** the department, **as applicable**, before
24 the first Monday in November of each year those reports the
25 department considers necessary for the determination of the
26 allocation of funds under this act. In order to receive funds
27 under this act, each district and intermediate district shall

1 also furnish to **the center or** the department, **as applicable,** the
 2 information the department considers necessary for the
 3 administration of this act, including information necessary to
 4 determine compliance with article 16, and for the provision of
 5 reports of educational progress to the senate and house
 6 committees responsible for education, the senate and house
 7 appropriations subcommittees responsible for appropriations to
 8 school districts, the senate and house fiscal agencies, and the
 9 state budget director, as appropriate. **This section does not**
 10 **require a district or intermediate district to submit any**
 11 **information to both the center and the department.**

12 Sec. 158b. Each district that receives federal impact aid
 13 ~~under section 3(e)(1) of title 1 of chapter 1124, 64 Stat. 1100,~~
 14 ~~20 U.S.C. 238,~~ annually shall report to the ~~department~~ **center,**
 15 in the form and manner prescribed by the department, the amount
 16 of that aid the district received.

17 Sec. 163. (1) Except as provided in the revised school code
 18 or in section ~~108~~ **107b**, the board of a district or intermediate
 19 district shall not permit any of the following:

20 (a) A noncertificated teacher to teach in an elementary or
 21 secondary school or in an adult basic education or high school
 22 completion program.

23 (b) A noncertificated counselor to provide counseling
 24 services to pupils in an elementary or secondary school or in an
 25 adult basic education or high school completion program.

26 (2) Except as provided in the revised school code or in
 27 section ~~108~~ **107b**, a district or intermediate district employing

1 teachers or counselors not legally certificated shall have
2 deducted the sum equal to the amount paid the teachers or
3 counselors for the period of noncertificated or illegal
4 employment. Each intermediate superintendent shall notify the
5 department of the name of the noncertificated teacher or
6 counselor, and the district employing that individual and the
7 amount of salary the noncertificated teacher or counselor was
8 paid within a constituent district.

9 (3) If a school official is notified by the department that
10 he or she is employing a nonapproved noncertificated teacher or
11 counselor in violation of this section and knowingly continues to
12 employ that teacher or counselor, the school official is guilty
13 of a misdemeanor, punishable by a fine of \$1,500.00 for each
14 incidence.

15 Sec. 166a. (1) In order to avoid forfeiture of state aid
16 under subsection (2), the board of a district or intermediate
17 district providing reproductive health or other sex education
18 instruction under section 1169, 1506, or 1507 of the revised
19 school code, MCL 380.1169, 380.1506, and 380.1507, or under any
20 other provision of law, shall ensure that all of the following
21 are met:

22 (a) That the district or intermediate district does not
23 provide any of the instruction to a pupil who is less than 18
24 years of age unless the district or intermediate district
25 notifies the pupil's parent or legal guardian in advance of the
26 instruction and the content of the instruction, gives the pupil's
27 parent or legal guardian a prior opportunity to review the

1 materials to be used in the instruction, allows the pupil's
2 parent or legal guardian to observe the instruction, and notifies
3 the pupil's parent or legal guardian in advance of his or her
4 rights to observe the instruction and to have the pupil excused
5 from the instruction.

6 (b) That, upon the written request of a pupil's parent or
7 legal guardian or of a pupil if the pupil is at least age 18, the
8 pupil shall be excused, without penalty or loss of academic
9 credit, from attending class sessions in which the instruction is
10 provided.

11 (c) That the sex education instruction includes
12 **age-appropriate** information clearly informing pupils **at 1 or more**
13 **age-appropriate grade levels** that having sex or sexual contact
14 with an individual under the age of 16 is a crime punishable by
15 imprisonment, and that 1 of the other results of being convicted
16 of this crime is to be listed on the sex offender registry on the
17 internet for at least 25 years.

18 (2) **If a parent or legal guardian of a pupil enrolled in a**
19 **district or intermediate district believes that the district or**
20 **intermediate district has violated this section or section 1169,**
21 **1506, or 1507 of the revised school code, MCL 380.1169, 380.1506,**
22 **and 380.1507, he or she may file a complaint with the**
23 **superintendent or chief administrator of the district or**
24 **intermediate district in which the pupil is enrolled. Upon**
25 **receipt of the complaint, the superintendent or chief**
26 **administrator of the district or intermediate district shall**
27 **investigate the complaint and, within 30 days after the date of**

1 the complaint, provide a written report of his or her findings to
2 the parent or legal guardian who filed the complaint and to the
3 superintendent of public instruction. If the investigation
4 reveals that 1 or more violations have occurred, the written
5 report shall contain a description of each violation and of
6 corrective action the district or intermediate district will take
7 to correct the situation to ensure that there is no further
8 violation. The district or intermediate district shall take the
9 corrective action described in the written report within 30 days
10 after the date of the written report.

11 (3) If a parent who has filed a complaint with a district
12 under subsection (2) is not satisfied with the investigation or
13 findings made by the superintendent or chief administrator of the
14 district, the parent may appeal the findings to the intermediate
15 district in which the district is located. If there is an appeal
16 to an intermediate district under this subsection, the
17 intermediate superintendent of the intermediate district shall
18 investigate the complaint and, within 30 days after the date of
19 the appeal, provide a written report of his or her findings to
20 the parent or legal guardian who filed the appeal and to the
21 superintendent of public instruction. If the investigation by
22 the intermediate superintendent reveals that 1 or more violations
23 have occurred, the intermediate superintendent in consultation
24 with the local district shall develop a plan for corrective
25 action for the district to take to correct the situation to
26 ensure that there is no further violation, and shall include this
27 plan for corrective action with the written report provided to

1 the parent or legal guardian and the superintendent of public
2 instruction. The district shall take the corrective action
3 described in the plan within 30 days after the date of the
4 written report.

5 (4) If a parent who has filed a complaint with an
6 intermediate district under subsection (2) or a parent who has
7 filed an appeal with an intermediate district under subsection
8 (3) is not satisfied with the investigation or findings made by
9 the intermediate superintendent of the intermediate district, the
10 parent may appeal the findings to the department. If there is an
11 appeal to the department under this subsection, the department
12 shall investigate the complaint and, within 90 days after the
13 date of the appeal, provide a written report of its findings to
14 the parent or legal guardian who filed the appeal, to the
15 superintendent of public instruction, and to the district and
16 intermediate district. If the department finds 1 or more
17 violations as a result of its investigation, then all of the
18 following apply:

19 (a) The department shall develop a plan for corrective action
20 for the district or intermediate district to take to correct the
21 situation to ensure that there is no further violation, and shall
22 include this plan for corrective action with the written report
23 provided to the parent or legal guardian, the superintendent of
24 public instruction, and the district or intermediate district.
25 The district or intermediate district shall take the corrective
26 action described in the plan within 30 days after the date of the
27 written report.

1 (b) In addition to withholding the percentage of state school
2 aid forfeited by the district or intermediate district under
3 subsection (5), the department may assess a fee to the district
4 or intermediate district that committed the violation in an
5 amount not to exceed the actual cost to the department of
6 conducting the investigation and making the reports required
7 under this subsection.

8 (5) ~~(2) A~~ If an investigation conducted by the department
9 under subsection (4) reveals that a district or intermediate
10 district ~~that does not comply with~~ has committed 1 or more
11 violations of this section or section 1169, 1506, or 1507 of the
12 revised school code, MCL 380.1169, 380.1506, and 380.1507, the
13 district or intermediate district shall forfeit ~~5%~~ an amount
14 equal to 1% of its total state school aid allocation under this
15 act.

16 (6) The department, with the approval of the superintendent
17 of public instruction, shall establish a reasonable process for a
18 complainant to appeal to the department under subsection (4).
19 The process shall not place an undue burden on the complainant,
20 the district or intermediate district, or the department.

21 (7) The department shall track the number of complaints and
22 appeals it receives under this section for the 2004-2005 school
23 year and, not later than the end of that school year, shall
24 submit a report to the standing committees and appropriations
25 subcommittees of the legislature having jurisdiction over
26 education legislation and state school aid that details the
27 number and nature of those complaints and appeals and the cost to

1 the department of handling them.

2 Enacting section 1. In accordance with section 30 of
3 article IX of the state constitution of 1963, total state
4 spending in this amendatory act from state sources for fiscal
5 year 2004-2005 is estimated at \$11,176,557,800.00 and state
6 appropriations to be paid to local units of government for fiscal
7 year 2004-2005 are estimated at \$11,116,249,600.00.

8 Enacting section 2. Sections 11c, 31e, 32b, 68, 107a, and
9 108 of the state school aid act of 1979, 1979 PA 94, MCL
10 388.1611c, 388.1631e, 388.1632b, 388.1668, 388.1707a, and
11 388.1708, are repealed effective October 1, 2004.

12 Enacting section 3. (1) Except as otherwise provided in
13 subsection (2), this amendatory act takes effect October 1,
14 2004.

15 (2) Sections 22a, 94a, and 101 of the state school aid act of
16 1979, MCL 388.1622a, 388.1694a, and 388.1701, as amended by this
17 amendatory act, take effect upon enactment of this amendatory
18 act.