

## FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 183, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 31a, 31d, 31f, 32b, 32d, 32j, 39, 39a, 40, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 93, 94a, 98, 99, 101, 104, 107, 109, 147, and 152a (MCL 388.1603, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1620, 388.1620d, 388.1622a, 388.1622b, 388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632d, 388.1632j, 388.1639, 388.1639a, 388.1640, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1693, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704, 388.1707, 388.1709, 388.1747, and 388.1752a), sections 3, 6, 11a, 11g, 11k, 15, 18, 20, 20d, 22b, 22d, 24, 24a, 31a, 31d, 31f, 32b, 32d, 32j, 39, 51c, 51d, 53a, 54, 61a, 62, 74, 98, 99, 101, 107, and 147 as amended by 2010 PA 110, sections 11, 11m, 22a, 51a, and 56 as amended and section 152a as added by 2010 PA 217, sections 11j, 22e, 24c, 26a, 39a, 81, 94a, and 104 as amended and section 93 as added by 2010 PA 204, section 40 as amended by 2000 PA 297, and section 109 as amended by 1994 PA 283, and by adding sections 12, 22f, and 166f; and to repeal acts and parts of acts.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

(attached)

Third: That the Senate and House agree to the title of the bill to read as follows:

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school

aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 20, 20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 31a, 31d, 31f, 32b, 32d, 32j, 39, 39a, 40, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 93, 94a, 98, 99, 104, 107, 109, 147, and 152a (MCL 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1620, 388.1620d, 388.1622a, 388.1622b, 388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632d, 388.1632j, 388.1639, 388.1639a, 388.1640, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1693, 388.1694a, 388.1698, 388.1699, 388.1704, 388.1707, 388.1709, 388.1747, and 388.1752a), sections 6, 11a, 11g, 11k, 15, 18, 20, 20d, 22b, 22d, 24, 24a, 26b, 31a, 31d, 31f, 32b, 32d, 32j, 39, 51c, 51d, 53a, 54, 61a, 62, 74, 98, 99, 107, and 147 as amended by 2010 PA 110, sections 11, 11m, 22a, 51a, and 56 as amended and section 152a as added by 2010 PA 217, sections 11j, 22e, 24c, 26a, 39a, 81, 94a, and 104 as amended and section 93 as added by 2010 PA 204, section 40 as amended by 2000 PA 297, and section 109 as amended by 1994 PA 283, and by adding sections 12, 22f, 147a, and 147b; and to repeal acts and parts of acts.

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Howard Walker

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Bill Rogers

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Roger Kahn

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Earl Poleski

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Hoon-Yung Hopgood

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Ellen Lipton

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR  
SENATE BILL NO. 183**

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 20,  
20d, 22a, 22b, 22d, 22e, 24, 24a, 24c, 26a, 26b, 31a, 31d, 31f,  
32b, 32d, 32j, 39, 39a, 40, 51a, 51c, 51d, 53a, 54, 56, 61a, 62,  
74, 81, 93, 94a, 98, 99, 104, 107, 109, 147, and 152a (MCL  
388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k,  
388.1611m, 388.1615, 388.1618, 388.1620, 388.1620d, 388.1622a,  
388.1622b, 388.1622d, 388.1622e, 388.1624, 388.1624a, 388.1624c,  
388.1626a, 388.1626b, 388.1631a, 388.1631d, 388.1631f, 388.1632b,  
388.1632d, 388.1632j, 388.1639, 388.1639a, 388.1640, 388.1651a,  
388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a,  
388.1662, 388.1674, 388.1681, 388.1693, 388.1694a, 388.1698,

388.1699, 388.1704, 388.1707, 388.1709, 388.1747, and 388.1752a), sections 6, 11a, 11g, 11k, 15, 18, 20, 20d, 22b, 22d, 24, 24a, 26b, 31a, 31d, 31f, 32b, 32d, 32j, 39, 51c, 51d, 53a, 54, 61a, 62, 74, 98, 99, 107, and 147 as amended by 2010 PA 110, sections 11, 11m, 22a, 51a, and 56 as amended and section 152a as added by 2010 PA 217, sections 11j, 22e, 24c, 26a, 39a, 81, 94a, and 104 as amended and section 93 as added by 2010 PA 204, section 40 as amended by 2000 PA 297, and section 109 as amended by 1994 PA 283, and by adding sections 12, 22f, 147a, and 147b; and to repeal acts and parts of acts.

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

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

1 disabilities education act, 20 USC 1412, may be considered center  
2 program pupils for pupil accounting purposes for the time scheduled  
3 in either a center program or a noncenter program.

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

7 (3) "District and high school graduation report" means a  
8 report of the number of pupils, excluding adult participants, in  
9 the district for the immediately preceding school year, adjusted  
10 for those pupils who have transferred into or out of the district  
11 or high school, who leave high school with a diploma or other  
12 credential of equal status.

13 (4) "Membership", except as otherwise provided in this act,  
14 means for a district, public school academy, university school, or  
15 intermediate district the sum of the product of ~~.75~~.90 times the  
16 number of full-time equated pupils in grades K to 12 actually  
17 enrolled and in regular daily attendance on the pupil membership  
18 count day for the current school year, plus the product of ~~.25~~.10  
19 times the final audited count from the supplemental count day for  
20 the immediately preceding school year. All pupil counts used in  
21 this subsection are as determined by the department and calculated  
22 by adding the number of pupils registered for attendance plus  
23 pupils received by transfer and minus pupils lost as defined by  
24 rules promulgated by the superintendent, and as corrected by a  
25 subsequent department audit. For the purposes of this section and  
26 section 6a, for a school of excellence that is a cyber school, as  
27 defined in section 551 of the revised school code, MCL 380.551, and

1 is in compliance with section 553a of the revised school code, MCL  
2 380.553a, a pupil's participation in the cyber school's educational  
3 program is considered regular daily attendance. The amount of the  
4 foundation allowance for a pupil in membership is determined under  
5 section 20. In making the calculation of membership, all of the  
6 following, as applicable, apply to determining the membership of a  
7 district, public school academy, university school, or intermediate  
8 district:

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

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

24 (c) A special education pupil educated by the intermediate  
25 district shall be counted in membership in the intermediate  
26 district.

27 (d) A pupil placed by a court or state agency in an on-grounds

1 program of a juvenile detention facility, a child caring  
2 institution, or a mental health institution, or a pupil funded  
3 under section 53a, shall be counted in membership in the district  
4 or intermediate district approved by the department to operate the  
5 program.

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

9 (f) A pupil enrolled in a career and technical education  
10 program supported by a millage levied over an area larger than a  
11 single district or in an area vocational-technical education  
12 program established pursuant to section 690 of the revised school  
13 code, MCL 380.690, shall be counted only in the pupil's district of  
14 residence.

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

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

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

23 (i) If operations begin before the pupil membership count day  
24 for the fiscal year, membership is the average number of full-time  
25 equated pupils in grades K to 12 actually enrolled and in regular  
26 daily attendance on the pupil membership count day for the current  
27 school year and on the supplemental count day for the current

1 school year, as determined by the department and calculated by  
2 adding the number of pupils registered for attendance on the pupil  
3 membership count day plus pupils received by transfer and minus  
4 pupils lost as defined by rules promulgated by the superintendent,  
5 and as corrected by a subsequent department audit, plus the final  
6 audited count from the supplemental count day for the current  
7 school year, and dividing that sum by 2.

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

14 (j) If a district is the authorizing body for a public school  
15 academy, then, in the first school year in which pupils are counted  
16 in membership on the pupil membership count day in the public  
17 school academy, the determination of the district's membership  
18 shall exclude from the district's pupil count for the immediately  
19 preceding supplemental count day any pupils who are counted in the  
20 public school academy on that first pupil membership count day who  
21 were also counted in the district on the immediately preceding  
22 supplemental count day.

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



(l) Pupils to be counted in membership shall be not less than 5 years of age on December 1 and less than 20 years of age on September 1 of the school year except as follows:

(i) A special education pupil who is enrolled and receiving instruction in a special education program or service approved by the department, who does not have a high school diploma, and who is less than 26 years of age as of September 1 of the current school year shall be counted in membership.

(ii) A pupil who is determined by the department to meet all of the following may be counted in membership:

(A) Is enrolled in a public school academy or an alternative education high school diploma program, that is primarily focused on educating homeless pupils and that is located in a city with a population of more than ~~750,000~~ **500,000**.

(B) Had dropped out of school for more than 1 year and has re-entered school.

(C) Is less than 22 years of age as of September 1 of the current school year.

(m) An individual who has obtained a high school diploma shall not be counted in membership. An individual who has obtained a general educational development (G.E.D.) certificate shall not be counted in membership **UNLESS THE INDIVIDUAL IS A STUDENT WITH A DISABILITY AS DEFINED IN R 340.1702 OF THE MICHIGAN ADMINISTRATIVE CODE**. An individual participating in a job training program funded under former section 107a or a jobs program funded under former section 107b, administered by the Michigan strategic fund or the department of energy, labor, and economic growth, or participating

1 in any successor of either of those 2 programs, shall not be  
2 counted in membership.

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

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

25 (ii) If the public school academy provides instruction for less  
26 than 1/2 of the class hours specified in subdivision (q), the  
27 district or intermediate district providing the remainder of the

1 hours of instruction shall receive as its prorated share of the  
2 full-time equated membership for each of those pupils an amount  
3 equal to 1 times the product of the hours of instruction the  
4 district or intermediate district provides divided by the number of  
5 hours specified in subdivision (q) for full-time equivalency, and  
6 the remainder of the full-time membership for each of those pupils  
7 shall be allocated to the public school academy.

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

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

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

23 (r) ~~Except as otherwise provided in this subdivision, full-~~  
24 ~~time-~~**FULL-TIME** equated memberships for pupils in kindergarten shall  
25 be determined by dividing the number of class hours scheduled and  
26 provided per year per kindergarten pupil by a number equal to 1/2  
27 the number used for determining full-time equated memberships for

1 pupils in grades 1 to 12. HOWEVER, BEGINNING IN 2012-2013, FULL-  
2 TIME EQUATED MEMBERSHIPS FOR PUPILS IN KINDERGARTEN SHALL BE  
3 DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND  
4 PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY THE SAME NUMBER USED  
5 FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN GRADES  
6 1 TO 12.

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

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

25 (u) If, as a result of a disciplinary action, a district  
26 determines through the district's alternative or disciplinary  
27 education program that the best instructional placement for a pupil

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

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

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

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

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

25 (v) A pupil enrolled in an alternative or disciplinary  
26 education program described in section 25 shall be counted in  
27 membership in the district or public school academy that is

1 educating the pupil.

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

9 (x) For a public school academy that has been in operation for  
10 at least 2 years and that suspended operations for at least 1  
11 semester and is resuming operations, membership is the sum of the  
12 product of ~~.75~~.90 times the number of full-time equated pupils in  
13 grades K to 12 actually enrolled and in regular daily attendance on  
14 the first pupil membership count day or supplemental count day,  
15 whichever is first, occurring after operations resume, plus the  
16 product of ~~.25~~.10 times the final audited count from the most  
17 recent pupil membership count day or supplemental count day that  
18 occurred before suspending operations, as determined by the  
19 superintendent.

20 (y) If a district's membership for a particular fiscal year,  
21 as otherwise calculated under this subsection, would be less than  
22 1,550 pupils and the district has 4.5 or fewer pupils per square  
23 mile, as determined by the department, and, beginning in 2007-2008,  
24 if the district does not receive funding under section 22d(2), the  
25 district's membership shall be considered to be the membership  
26 figure calculated under this subdivision. If a district educates  
27 and counts in its membership pupils in grades 9 to 12 who reside in

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

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

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

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

24 (aa) Full-time equated memberships for preprimary-aged special  
25 education pupils who are not enrolled in kindergarten but are  
26 enrolled in a classroom program under R 340.1754 of the Michigan  
27 administrative code shall be determined by dividing the number of

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

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

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

23 (dd) A district that educates a pupil who attends a United  
24 States Olympic education center may count the pupil in membership  
25 regardless of whether or not the pupil is a resident of this state.

26 (ee) A pupil enrolled in a district other than the pupil's  
27 district of residence pursuant to section 1148(2) of the revised



1 school code, MCL 380.1148, shall be counted in the educating  
2 district.

3 (5) "Public school academy" means that term as defined in the  
4 revised school code.

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

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

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

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

16 (d) A pupil enrolled in a district other than the pupil's  
17 district of residence under an intermediate district schools of  
18 choice pilot program as described in section 91a or former section  
19 91 if the intermediate district and its constituent districts have  
20 been exempted from section 105.

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

24 (f) A pupil who has made an official written complaint or  
25 whose parent or legal guardian has made an official written  
26 complaint to law enforcement officials and to school officials of  
27 the pupil's district of residence that the pupil has been the

1 victim of a criminal sexual assault or other serious assault, if  
2 the official complaint either indicates that the assault occurred  
3 at school or that the assault was committed by 1 or more other  
4 pupils enrolled in the school the pupil would otherwise attend in  
5 the district of residence or by an employee of the district of  
6 residence. A person who intentionally makes a false report of a  
7 crime to law enforcement officials for the purposes of this  
8 subdivision is subject to section 411a of the Michigan penal code,  
9 1931 PA 328, MCL 750.411a, which provides criminal penalties for  
10 that conduct. As used in this subdivision:

11 (i) "At school" means in a classroom, elsewhere on school  
12 premises, on a school bus or other school-related vehicle, or at a  
13 school-sponsored activity or event whether or not it is held on  
14 school premises.

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

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

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

1 (i) The pupil has been suspended or expelled from his or her  
2 district of residence for any reason, including, but not limited  
3 to, a suspension or expulsion under section 1310, 1311, or 1311a of  
4 the revised school code, MCL 380.1310, 380.1311, and 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 (v) The pupil is enrolled in an alternative or disciplinary  
9 education program described in section 25.

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

12 (j) A pupil who is the child of a person who works at the  
13 district or who is the child of a person who worked at the district  
14 as of the time the pupil first enrolled in the district but who no  
15 longer works at the district due to a workforce reduction. As used  
16 in this subdivision, "child" includes an adopted child, stepchild,  
17 or legal ward.

18 (k) An expelled pupil who has been denied reinstatement by the  
19 expelling district and is reinstated by another school board under  
20 section 1311 or 1311a of the revised school code, MCL 380.1311 and  
21 380.1311a.

22 (l) A pupil enrolled in a district other than the pupil's  
23 district of residence in a **MIDDLE COLLEGE** program ~~described in~~  
24 ~~section 64~~ if the pupil's district of residence and the enrolling  
25 district are both constituent districts of the same intermediate  
26 district.

27 (m) A pupil enrolled in a district other than the pupil's

1 district of residence who attends a United States Olympic education  
2 center.

3 (n) A pupil enrolled in a district other than the pupil's  
4 district of residence pursuant to section 1148(2) of the revised  
5 school code, MCL 380.1148.

6 (o) A pupil who enrolls in a district other than the pupil's  
7 district of residence as a result of the pupil's school not making  
8 adequate yearly progress under the no child left behind act of  
9 2001, Public Law 107-110.

10 However, if a district educates pupils who reside in another  
11 district and if the primary instructional site for those pupils is  
12 established by the educating district after 2009-2010 and is  
13 located within the boundaries of that other district, the educating  
14 district must have the approval of that other district to count  
15 those pupils in membership.

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

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

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

27 (i) Fourth Wednesday in July.

1       (ii) ~~Fourth~~**FIRST** Wednesday after ~~Labor day~~**.IN OCTOBER.**

2       (iii) Second Wednesday in February.

3       (iv) Fourth Wednesday in April.

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

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

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

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

13 (11) "School district of the first class", "first class school  
14 district", and "district of the first class" mean a district that  
15 had at least 60,000 pupils in membership for the immediately  
16 preceding fiscal year.

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

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

20 (14) "Superintendent", unless the context clearly refers to a  
21 district or intermediate district superintendent, means the  
22 superintendent of public instruction described in section 3 of  
23 article VIII of the state constitution of 1963.

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

26 (16) "Tuition pupil" means a pupil of school age attending  
27 school in a district other than the pupil's district of residence

1 for whom tuition may be charged. Tuition pupil does not include a  
 2 pupil who is a special education pupil or a pupil described in  
 3 subsection (6)(c) to (o). A pupil's district of residence shall not  
 4 require a high school tuition pupil, as provided under section 111,  
 5 to attend another school district after the pupil has been assigned  
 6 to a school district.

7 (17) "State school aid fund" means the state school aid fund  
 8 established in section 11 of article IX of the state constitution  
 9 of 1963.

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

13 (19) "Textbook" means a book, **ELECTRONIC BOOK, OR OTHER**  
 14 **INSTRUCTIONAL PRINT OR ELECTRONIC RESOURCE** that is selected and  
 15 approved by the governing board of a district and that contains a  
 16 presentation of principles of a subject, or that is a literary work  
 17 relevant to the study of a subject required for the use of  
 18 classroom pupils, or another type of course material that forms the  
 19 basis of classroom instruction.

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

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

26 Sec. 11. (1) Subject to subsection ~~(5)~~, **(3)**, for the fiscal  
 27 year ending September 30, 2011, there is appropriated for the

1 public schools of this state and certain other state purposes  
2 relating to education the sum of ~~\$10,937,260,500.00~~  
3 **\$10,757,260,500.00** from the state school aid fund and the sum of  
4 \$18,642,400.00 from the general fund. For the fiscal year ending  
5 September 30, 2011, there is also appropriated the remaining  
6 balance of the federal funding awarded to this state under title  
7 XIV of the American recovery and reinvestment act of 2009, Public  
8 Law 111-5, estimated at \$184,256,600.00, to be used solely for the  
9 purpose of funding the primary funding formula calculated under  
10 section 20, in accordance with federal law. **SUBJECT TO SUBSECTION**  
11 **(3), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012, THERE IS**  
12 **APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER**  
13 **STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$10,887,098,700.00**  
14 **FROM THE STATE SCHOOL AID FUND AND THE SUM OF \$118,642,400.00 FROM**  
15 **THE GENERAL FUND.** In addition, all other available federal funds,  
16 except those otherwise appropriated under section 11p, are  
17 appropriated for the fiscal year ending September 30, 2011 **AND FOR**  
18 **THE FISCAL YEAR ENDING SEPTEMBER 30, 2012.**

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



1 general fund, but instead shall be deposited into the school aid  
2 stabilization fund created in section 11a. ~~For 2009-2010 only, if~~  
3 ~~the department determines before bookclosing for the 2009-2010~~  
4 ~~state fiscal year that the maximum amount appropriated under this~~  
5 ~~section from the state school aid fund for 2009-2010 exceeds the~~  
6 ~~amount necessary to fully fund allocations under this act from the~~  
7 ~~state school aid fund for 2009-2010 and that state support for~~  
8 ~~elementary and secondary education for 2009-2010 will fall below~~  
9 ~~the level of support needed to comply with the maintenance of~~  
10 ~~effort provisions under title XIV of the American recovery and~~  
11 ~~reinvestment act of 2009, Public Law 111-5, then there is~~  
12 ~~appropriated for 2009-2010 from the school aid stabilization fund~~  
13 ~~an amount equal to \$30,000,000.00 or the amount that the department~~  
14 ~~determines is necessary for the state support for elementary and~~  
15 ~~secondary education to meet the level of support needed to comply~~  
16 ~~with the maintenance of effort provisions under title XIV of the~~  
17 ~~American recovery and reinvestment act of 2009, Public Law 111-5,~~  
18 ~~whichever is greater. The department shall use any funds~~  
19 ~~appropriated under this subsection as follows:~~

20 ~~—— (a) First, to allocate \$10,000,000.00 to provide funding to~~  
21 ~~each intermediate district in an amount equal to the product of~~  
22 ~~14.75% multiplied by the amount of funding allocated to that~~  
23 ~~intermediate district under section 81 for 2009-2010 under 2010 PA~~  
24 ~~110.~~

25 ~~—— (b) Second, to allocate the amount necessary, estimated at~~  
26 ~~\$10,000,000.00, to provide funding under this subdivision to~~  
27 ~~districts for which the amount of per pupil funding calculated and~~

~~1 allocated under section 11p(2) is less than \$154.00. The payment to  
2 a district under this subdivision is an amount equal to the  
3 difference between \$154.00 and the per pupil funding amount  
4 calculated and allocated under section 11p(2) for the district,  
5 multiplied by the district's 2010-2011 membership used for the  
6 October 2010 payment.~~

~~7 (c) Third, to allocate any remaining funds to reduce the  
8 amount of the per pupil reduction under section 11d(1) for 2009-  
9 2010.~~

10 (3) If the **COMBINED TOTAL OF THE** maximum amount appropriated  
11 under this section from the state school aid fund and the school  
12 aid stabilization fund **AND THE MAXIMUM AMOUNTS APPROPRIATED UNDER**  
13 **THE PUBLIC ACTS MAKING APPROPRIATIONS FOR COMMUNITY COLLEGES AND**  
14 **STATE UNIVERSITIES FROM THE STATE SCHOOL AID FUND** for a fiscal year  
15 exceeds the amount available for expenditure from the state school  
16 aid fund for that fiscal year, payments under sections 11f, 11g,  
17 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a, 56, and  
18 152a shall be made in full. In addition, for districts beginning  
19 operations after 1994-95 that qualify for payments under section  
20 22b, payments under section 22b shall be made so that the  
21 qualifying districts receive the lesser of an amount equal to the  
22 1994-95 foundation allowance of the district in which the district  
23 beginning operations after 1994-95 is located or \$5,500.00. The  
24 amount of the payment to be made under section 22b for these  
25 qualifying districts shall be as calculated under section 22a, with  
26 the balance of the payment under section 22b being subject to the  
27 proration otherwise provided under this subsection and subsection

(4). If proration is necessary, state payments under each of the other sections of this act from all state funding sources **AND STATE APPROPRIATIONS TO COMMUNITY COLLEGES AND STATE UNIVERSITIES FROM THE STATE SCHOOL AID FUND** shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

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

1 intermediate district payments that is required under subsection  
2 (3), **AND THE DEPARTMENT OF TREASURY SHALL CALCULATE THE PRORATION**  
3 **IN COMMUNITY COLLEGE AND STATE UNIVERSITY PAYMENTS THAT IS REQUIRED**  
4 **UNDER SUBSECTION (3),** as follows:

5 (a) The department **AND THE DEPARTMENT OF TREASURY** shall  
6 calculate the percentage of total state school aid allocated under  
7 this act **AND THE PUBLIC ACTS MAKING APPROPRIATIONS FOR COMMUNITY**  
8 **COLLEGES AND STATE UNIVERSITIES** for the affected fiscal year for  
9 each of the following:

10 (i) Districts.

11 (ii) Intermediate districts.

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

13 (iv) **COMMUNITY COLLEGES AND STATE UNIVERSITIES.**

14 (b) The department shall recover a percentage of the proration  
15 amount required under subsection (3) that is equal to the  
16 percentage calculated under subdivision (a)(i) for districts by  
17 reducing payments to districts. This reduction shall be made by  
18 calculating an equal dollar amount per pupil as necessary to  
19 recover this percentage of the proration amount and reducing each  
20 district's total state school aid from state sources, other than  
21 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
22 51a(2), 51a(12), 51c, 53a, and 152a, by that amount.

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

1 intermediate district, other than payments under sections 11f, 11g,  
2 26a, 26b, 51a(2), 51a(12), 53a, 56, and 152a, on an equal  
3 percentage basis.

4 (d) The department shall recover a percentage of the proration  
5 amount required under subsection (3) that is equal to the  
6 percentage calculated under subdivision (a)(iii) for entities other  
7 than districts and intermediate districts by reducing payments to  
8 these entities. This reduction shall be made by reducing the  
9 payments to each of these entities, other than payments under  
10 sections 11j, 26a, and 26b, on an equal percentage basis.

11 **(E) THE DEPARTMENT OF TREASURY SHALL RECOVER A PERCENTAGE OF**  
12 **THE PRORATION AMOUNT REQUIRED UNDER SUBSECTION (3) THAT IS EQUAL TO**  
13 **THE PERCENTAGE CALCULATED UNDER SUBDIVISION (A)(iv) FOR COMMUNITY**  
14 **COLLEGES AND STATE UNIVERSITIES THAT RECEIVE FUNDING FROM THE STATE**  
15 **SCHOOL AID FUND BY REDUCING PAYMENTS TO THESE COMMUNITY COLLEGES**  
16 **AND STATE UNIVERSITIES ON AN EQUAL PERCENTAGE BASIS.**

17 (5) Any general fund allocations under this act that are not  
18 expended by the end of the state fiscal year are transferred to the  
19 school aid stabilization fund created under section 11a.

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

23 (2) The state treasurer may receive money or other assets from  
24 any source for deposit into the school aid stabilization fund. The  
25 state treasurer shall deposit into the school aid stabilization  
26 fund all of the following:

27 (a) Unexpended and unencumbered state school aid fund revenue

1 for a fiscal year that remains in the state school aid fund as of  
2 the bookclosing for that fiscal year.

3 (b) Money statutorily dedicated to the school aid  
4 stabilization fund.

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

6 (3) Money available in the school aid stabilization fund may  
7 not be expended without a specific appropriation from the school  
8 aid stabilization fund. Money in the school aid stabilization fund  
9 shall be expended only for purposes for which state school aid fund  
10 money may be expended.

11 (4) The state treasurer shall direct the investment of the  
12 school aid stabilization fund. The state treasurer shall credit to  
13 the school aid stabilization fund interest and earnings from fund  
14 investments.

15 (5) Money in the school aid stabilization fund at the close of  
16 a fiscal year shall remain in the school aid stabilization fund and  
17 shall not lapse to the unreserved school aid fund balance or the  
18 general fund.

19 (6) If the maximum amount appropriated under section 11 from  
20 the state school aid fund for a fiscal year exceeds the amount  
21 available for expenditure from the state school aid fund for that  
22 fiscal year, there is appropriated from the school aid  
23 stabilization fund to the state school aid fund an amount equal to  
24 the projected shortfall as determined by the department of  
25 treasury, but not to exceed available money in the school aid  
26 stabilization fund. If the money in the school aid stabilization  
27 fund is insufficient to fully fund an amount equal to the projected

1 shortfall, the state budget director shall notify the legislature  
2 as required under section 11(3) and state payments in an amount  
3 equal to the remainder of the projected shortfall shall be prorated  
4 in the manner provided under section 11(4).

5 (7) For ~~2010-2011~~, **2011-2012, IN ADDITION TO THE**  
6 **APPROPRIATIONS IN SECTION 11**, there is appropriated from the school  
7 aid stabilization fund to the state school aid fund the amount  
8 necessary to fully fund the allocations under this act.

9 Sec. 11g. (1) From the appropriation in section 11, there is  
10 allocated for this section an amount not to exceed \$39,000,000.00  
11 for the fiscal year ending September 30, ~~2011-2012~~ and for each  
12 succeeding fiscal year through the fiscal year ending September 30,  
13 2015, after which these payments will cease. These allocations are  
14 for paying the amounts described in subsection (3) to districts and  
15 intermediate districts, other than those receiving a lump-sum  
16 payment under section 11f(2), that were not plaintiffs in the  
17 consolidated cases known as Durant v State of Michigan, Michigan  
18 supreme court docket no. 104458-104492 and that, on or before March  
19 2, 1998, submitted to the state treasurer a waiver resolution  
20 described in section 11f. The amounts paid under this section  
21 represent offers of settlement and compromise of any claim or  
22 claims that were or could have been asserted by these districts and  
23 intermediate districts, as described in this section.

24 (2) This section does not create any obligation or liability  
25 of this state to any district or intermediate district that does  
26 not submit a waiver resolution described in section 11f. This  
27 section and any other provision of this act are not intended to

1 admit liability or waive any defense that is or would be available  
2 to this state or its agencies, employees, or agents in any  
3 litigation or future litigation with a district or intermediate  
4 district regarding these claims or potential claims.

5 (3) The amount paid each fiscal year to each district or  
6 intermediate district under this section shall be 1 of the  
7 following:

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

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

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



1 intermediate district shall use funds received under this section  
2 only for the following purposes, in the following order of  
3 priority:

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

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

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

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

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

20 Sec. 11j. From the appropriation in section 11, there is  
21 allocated an amount not to exceed ~~\$5,167,800.00~~ **\$93,575,300.00** for  
22 ~~2010-2011-2011-2012~~ for payments to the school loan bond redemption  
23 fund in the department of treasury on behalf of districts and  
24 intermediate districts. Notwithstanding section 11 or any other  
25 provision of this act, funds allocated under this section are not  
26 subject to proration and shall be paid in full.

27 Sec. 11k. For ~~2010-2011,~~ **2011-2012**, there is appropriated from

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

7 Sec. 11m. From the appropriations in section 11, there is  
 8 allocated for ~~2009-2010 an amount not to exceed \$12,000,000.00 and~~  
 9 ~~for 2010-2011 there is allocated an amount not to exceed~~  
 10 ~~\$45,000,000.00~~ **\$15,000,000.00 AND THERE IS ALLOCATED FOR 2011-2012**  
 11 **AN AMOUNT NOT TO EXCEED \$20,000,000.00** for fiscal year cash-flow  
 12 borrowing costs solely related to the state school aid fund  
 13 established by section 11 of article IX of the state constitution  
 14 of 1963.

15 **SEC. 12. IT IS THE INTENT OF THE LEGISLATURE TO APPROPRIATE**  
 16 **AND ALLOCATE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013 THE SAME**  
 17 **AMOUNTS OF MONEY FROM THE SAME SOURCES FOR THE SAME PURPOSES AS ARE**  
 18 **APPROPRIATED AND ALLOCATED UNDER THIS ACT FOR THE FISCAL YEAR**  
 19 **ENDING SEPTEMBER 30, 2012, AS ADJUSTED FOR CHANGES IN PUPIL**  
 20 **MEMBERSHIP, TAXABLE VALUES, SPECIAL EDUCATION COSTS, AND AVAILABLE**  
 21 **REVENUE. THESE ADJUSTMENTS WILL BE DETERMINED AFTER THE JANUARY**  
 22 **2012 CONSENSUS REVENUE ESTIMATING CONFERENCE.**

23 Sec. 15. (1) If a district or intermediate district fails to  
 24 receive its proper apportionment, the department, upon satisfactory  
 25 proof that the district or intermediate district was entitled  
 26 justly, shall apportion the deficiency in the next apportionment.  
 27 Subject to subsections (2) and (3), if a district or intermediate

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

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

25 (3) If, because of the receipt of new or updated data, the  
26 department determines during a fiscal year that the amount paid to  
27 a district or intermediate district under this act for a prior

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

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

10 (5) In addition to funds appropriated in section 11 for all  
11 programs and services, there is appropriated for ~~2010-2011-2011-~~  
12 **2012** for obligations in excess of applicable appropriations an  
13 amount equal to the collection of overpayments, but not to exceed  
14 amounts available from overpayments.

15 Sec. 18. (1) Except as provided in another section of this  
16 act, each district or other entity shall apply the money received  
17 by the district or entity under this act to salaries and other  
18 compensation of teachers and other employees, tuition,  
19 transportation, lighting, heating, ventilation, water service, the  
20 purchase of textbooks which are designated by the board to be used  
21 in the schools under the board's charge, other supplies, and any  
22 other school operating expenditures defined in section 7. However,  
23 not more than 20% of the total amount received by a district under  
24 article 2 or intermediate district under article 8 may be  
25 transferred by the board to either the capital projects fund or to  
26 the debt retirement fund for debt service. The money shall not be  
27 applied or taken for a purpose other than as provided in this

1 section. The department shall determine the reasonableness of  
2 expenditures and may withhold from a recipient of funds under this  
3 act the apportionment otherwise due upon a violation by the  
4 recipient.

5 (2) Within 30 days after a board adopts its annual operating  
6 budget for the following school fiscal year, or after a board  
7 adopts a subsequent revision to that budget, the district shall  
8 make all of the following available through a link on its website  
9 home page, or may make the information available through a link on  
10 its intermediate district's website home page, in a form and manner  
11 prescribed by the department:

12 (a) The annual operating budget and subsequent budget  
13 revisions.

14 (b) Using data that have already been collected and submitted  
15 to the department, a summary of district expenditures for the most  
16 recent fiscal year for which they are available, expressed in the  
17 following 2 pie charts:

18 (i) A chart of personnel expenditures, broken into the  
19 following subcategories:

20 (A) Salaries and wages.

21 (B) Employee benefit costs, including, but not limited to,  
22 medical, dental, vision, life, disability, and long-term care  
23 benefits.

24 (C) Retirement benefit costs.

25 (D) All other personnel costs.

26 (ii) A chart of all district expenditures, broken into the  
27 following subcategories:

1 (A) Instruction.

2 (B) Support services.

3 (C) Business and administration.

4 (D) Operations and maintenance.

5 (c) Links to all of the following:

6 (i) The current collective bargaining agreement for each  
7 bargaining unit.

8 (ii) Each health care benefits plan, including, but not limited  
9 to, medical, dental, vision, disability, long-term care, or any  
10 other type of benefits that would constitute health care services,  
11 offered to any bargaining unit or employee in the district.

12 (iii) The audit report of the audit conducted under subsection  
13 (4) for the most recent fiscal year for which it is available.

14 (iv) **THE BIDS REQUIRED UNDER SECTION 5 OF THE PUBLIC EMPLOYEE**  
15 **HEALTH BENEFITS ACT, 2007 PA 106, MCL 124.75.**

16 (d) The total salary and a description and cost of each fringe  
17 benefit included in the compensation package for the superintendent  
18 of the district and for each employee of the district whose salary  
19 exceeds \$100,000.00.

20 (e) The annual amount spent on dues paid to associations.

21 (f) The annual amount spent on lobbying or lobbying services.  
22 As used in this subdivision, "lobbying" means that term as defined  
23 in section 5 of 1978 PA 472, MCL 4.415.

24 (3) For the information required under subsection (2)(a),  
25 (2)(b)(i), and (2)(c), an intermediate district shall provide the  
26 same information in the same manner as required for a district  
27 under subsection (2).

1           (4) For the purpose of determining the reasonableness of  
2 expenditures and whether a violation of this act has occurred, all  
3 of the following apply:

4           (a) The department shall require that each district and  
5 intermediate district have an audit of the district's or  
6 intermediate district's financial and pupil accounting records  
7 conducted at least annually at the expense of the district or  
8 intermediate district, as applicable, by a certified public  
9 accountant or by the intermediate district superintendent, as may  
10 be required by the department, or in the case of a district of the  
11 first class by a certified public accountant, the intermediate  
12 superintendent, or the auditor general of the city.

13           (b) If a district operates in a single building with fewer  
14 than 700 full-time equated pupils, if the district has stable  
15 membership, and if the error rate of the immediately preceding 2  
16 pupil accounting field audits of the district is less than 2%, the  
17 district may have a pupil accounting field audit conducted  
18 biennially but must continue to have desk audits for each pupil  
19 count. The auditor must document compliance with the audit cycle in  
20 the pupil auditing manual. As used in this subdivision, "stable  
21 membership" means that the district's membership for the current  
22 fiscal year varies from the district's membership for the  
23 immediately preceding fiscal year by less than 5%.

24 ~~—— (c) An intermediate district's annual financial audit shall be~~  
25 ~~accompanied by the intermediate district's pupil accounting~~  
26 ~~procedures report.~~

27           (C) ~~(d)~~ A district's or intermediate district's annual

1 financial audit shall include an analysis of the financial and  
2 pupil accounting data used as the basis for distribution of state  
3 school aid.

4 (D) ~~(e)~~ The pupil **AND FINANCIAL** accounting records and  
5 reports, audits, and management letters are subject to requirements  
6 established in the auditing and accounting manuals approved and  
7 published by the department.

8 (E) ~~(f) Except as otherwise provided in this subsection, a ALL~~  
9 **OF THE FOLLOWING SHALL BE DONE NOT LATER THAN NOVEMBER 15 EACH**  
10 **YEAR:**

11 (i) A district shall file the annual financial audit reports  
12 with the intermediate district ~~not later than 120 days after the~~  
13 ~~end of each school fiscal year and the~~ **DEPARTMENT.**

14 (ii) **THE INTERMEDIATE DISTRICT SHALL FILE THE ANNUAL FINANCIAL**  
15 **AUDIT REPORTS FOR THE INTERMEDIATE DISTRICT WITH THE DEPARTMENT.**

16 (iii) **THE** intermediate district shall ~~forward the annual~~  
17 ~~financial~~ **ENTER THE PUPIL MEMBERSHIP** audit reports for its  
18 constituent districts and for the intermediate district, ~~and the~~  
19 ~~pupil accounting procedures report for the pupil membership count~~  
20 ~~day and supplemental count day, to the department not later than~~  
21 ~~November 15 of each year.~~ **IN THE MICHIGAN STUDENT DATA SYSTEM.**

22 (F) ~~(g)~~ The annual financial audit reports and pupil  
23 accounting procedures reports shall be available to the public in  
24 compliance with the freedom of information act, 1976 PA 442, MCL  
25 15.231 to 15.246.

26 (G) ~~(h) Not later than December~~ **JANUARY** 31 of each year, the  
27 department shall notify the state budget director and the



1 legislative appropriations subcommittees responsible for review of  
2 the school aid budget of districts and intermediate districts that  
3 have not filed an annual financial audit and pupil accounting  
4 procedures report required under this section for the school year  
5 ending in the immediately preceding fiscal year.

6 (5) By November 15 of each year, each district and  
7 intermediate district shall submit to the center, in a manner  
8 prescribed by the center, annual comprehensive financial data  
9 consistent with accounting manuals and charts of accounts approved  
10 and published by the department. For an intermediate district, the  
11 report shall also contain the website address where the department  
12 can access the report required under section 620 of the revised  
13 school code, MCL 380.620. The department shall ensure that the  
14 prescribed Michigan public school accounting manual chart of  
15 accounts includes standard conventions to distinguish expenditures  
16 by allowable fund function and object. The functions shall include  
17 at minimum categories for instruction, pupil support, instructional  
18 staff support, general administration, school administration,  
19 business administration, transportation, facilities operation and  
20 maintenance, facilities acquisition, and debt service; and shall  
21 include object classifications of salary, benefits, including  
22 categories for active employee health expenditures, purchased  
23 services, supplies, capital outlay, and other. Districts shall  
24 report the required level of detail consistent with the manual as  
25 part of the comprehensive annual financial report. ~~The department~~  
26 ~~shall make this information available online to districts and~~  
27 ~~intermediate districts, and shall include per pupil amounts spent~~

~~on instruction and instructional support service functions, and  
indicate how much of those costs were attributable to salaries.  
Districts and intermediate districts shall include a link on their  
websites to the website where the department posts this  
information.~~

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

(7) By October 7 of each year, each district and intermediate district shall file with the center the transportation expenditure report, known as "SE-4094", on a form and in the manner prescribed by the center.

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

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

(10) If a district or intermediate district does not comply with subsections (4), (5), (6), and (7), the department shall withhold all state school aid due to the district or intermediate district under this act, beginning with the next payment due to the district or intermediate district, until the district or intermediate district complies with subsections (4), (5), (6), and (7). If the district or intermediate district does not comply with

1 subsections (4), (5), (6), and (7) by the end of the fiscal year,  
2 the district or intermediate district forfeits the amount withheld.

3 Sec. 20. (1) For ~~2009-2010 and for 2010-2011, 2011-2012~~, the  
4 basic foundation allowance is ~~\$8,489.00~~-\$8,019.00.

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

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

12 (a) For a district that had a foundation allowance for the  
13 immediately preceding state fiscal year that was at least equal to  
14 the sum of \$7,108.00 plus the total dollar amount of all  
15 adjustments made from 2006-2007 to the immediately preceding state  
16 fiscal year in the lowest foundation allowance among all districts,  
17 but less than the basic foundation allowance for the immediately  
18 preceding state fiscal year, the district shall receive a  
19 foundation allowance in an amount equal to the sum of the  
20 district's foundation allowance for the immediately preceding state  
21 fiscal year plus the difference between twice the dollar amount of  
22 the adjustment from the immediately preceding state fiscal year to  
23 the current state fiscal year made in the basic foundation  
24 allowance and [(the dollar amount of the adjustment from the  
25 immediately preceding state fiscal year to the current state fiscal  
26 year made in the basic foundation allowance minus \$20.00) times  
27 (the difference between the district's foundation allowance for the

1 immediately preceding state fiscal year and the sum of \$7,108.00  
2 plus the total dollar amount of all adjustments made from 2006-2007  
3 to the immediately preceding state fiscal year in the lowest  
4 foundation allowance among all districts) divided by the difference  
5 between the basic foundation allowance for the current state fiscal  
6 year and the sum of \$7,108.00 plus the total dollar amount of all  
7 adjustments made from 2006-2007 to the immediately preceding state  
8 fiscal year in the lowest foundation allowance among all  
9 districts]. For ~~2009-2010 and for 2010-2011~~, **2011-2012**, for a  
10 district that had a foundation allowance for the immediately  
11 preceding state fiscal year that was at least equal to the sum of  
12 \$7,108.00 plus the total dollar amount of all adjustments made from  
13 2006-2007 to the immediately preceding state fiscal year in the  
14 lowest foundation allowance among all districts, but less than the  
15 basic foundation allowance for the immediately preceding state  
16 fiscal year, the district shall receive a foundation allowance in  
17 an amount equal to the district's foundation allowance for ~~the~~  
18 ~~immediately preceding state fiscal year. 2010-2011, MINUS \$470.00.~~  
19 However, the foundation allowance for a district that had less than  
20 the basic foundation allowance for the immediately preceding state  
21 fiscal year shall not exceed the basic foundation allowance for the  
22 current state fiscal year.

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

1 ~~2011-2012~~ in an amount equal to the ~~sum of the district's~~  
2 ~~foundation allowance for the immediately preceding state fiscal~~  
3 ~~year plus the dollar amount of the adjustment from the immediately~~  
4 ~~preceding state fiscal year to the current state fiscal year in the~~  
5 ~~basic foundation allowance.~~ **2010-2011, MINUS \$470.00.**

6 (c) Except as otherwise provided in subdivision (d), for a  
7 district that in the 1994-95 state fiscal year had a foundation  
8 allowance greater than \$6,500.00, the district's foundation  
9 allowance is an amount equal to the sum of the district's  
10 foundation allowance for the immediately preceding state fiscal  
11 year plus the lesser of the increase in the basic foundation  
12 allowance for the current state fiscal year, as compared to the  
13 immediately preceding state fiscal year, or the product of the  
14 district's foundation allowance for the immediately preceding state  
15 fiscal year times the percentage increase in the United States  
16 consumer price index in the calendar year ending in the immediately  
17 preceding fiscal year as reported by the May revenue estimating  
18 conference conducted under section 367b of the management and  
19 budget act, 1984 PA 431, MCL 18.1367b. **EXCEPT AS OTHERWISE PROVIDED**  
20 **IN SUBDIVISION (D), FOR 2011-2012, FOR A DISTRICT THAT IN THE 1994-**  
21 **1995 STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE GREATER THAN**  
22 **\$6,500.00, THE DISTRICT'S FOUNDATION ALLOWANCE IS AN AMOUNT EQUAL**  
23 **TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE 2010-2011 FISCAL**  
24 **YEAR MINUS \$470.00.**

25 ~~(d) If House Bill No. 6212 of the 95th Legislature is enacted~~  
26 ~~into law, then beginning in 2011-2012, for~~ **FOR** a district that in  
27 the 1994-95 state fiscal year had a foundation allowance greater

1 than \$6,500.00 and that had a foundation allowance for the 2009-  
2 2010 state fiscal year, as otherwise calculated under this section,  
3 that was less than the basic foundation allowance, the district's  
4 foundation allowance for 2011-2012 and each succeeding fiscal year  
5 shall be considered to be an amount equal to the basic foundation  
6 allowance.

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

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

18 (g) For a district that received a payment under section 22c  
19 as that section was in effect for 2006-2007, the district's 2006-  
20 2007 foundation allowance shall be considered to have been an  
21 amount equal to the sum of the district's actual 2006-2007  
22 foundation allowance as otherwise calculated under this section  
23 plus the per pupil amount of the district's equity payment for  
24 2006-2007 under section 22c as that section was in effect for 2006-  
25 2007.

26 (4) Except as otherwise provided in this subsection, the state  
27 portion of a district's foundation allowance is an amount equal to

1 the district's foundation allowance or the basic foundation  
2 allowance for the current state fiscal year, whichever is less,  
3 minus the difference between the sum of the product of the taxable  
4 value per membership pupil of all property in the district that is  
5 nonexempt property times the district's certified mills and, for a  
6 district with certified mills exceeding 12, the product of the  
7 taxable value per membership pupil of property in the district that  
8 is commercial personal property times the certified mills minus 12  
9 mills and the quotient of the ad valorem property tax revenue of  
10 the district captured under tax increment financing acts divided by  
11 the district's membership excluding special education pupils. For a  
12 district described in subsection (3)(c), the state portion of the  
13 district's foundation allowance is an amount equal to \$6,962.00  
14 plus the difference between the district's foundation allowance for  
15 the current state fiscal year and the district's foundation  
16 allowance for 1998-99, minus the difference between the sum of the  
17 product of the taxable value per membership pupil of all property  
18 in the district that is nonexempt property times the district's  
19 certified mills and, for a district with certified mills exceeding  
20 12, the product of the taxable value per membership pupil of  
21 property in the district that is commercial personal property times  
22 the certified mills minus 12 mills and the quotient of the ad  
23 valorem property tax revenue of the district captured under tax  
24 increment financing acts divided by the district's membership  
25 excluding special education pupils. For a district that has a  
26 millage reduction required under section 31 of article IX of the  
27 state constitution of 1963, the state portion of the district's

1 foundation allowance shall be calculated as if that reduction did  
2 not occur. ~~For the purposes of state law, federal funding awarded~~  
3 ~~to this state under title XIV of the American recovery and~~  
4 ~~reinvestment act of 2009, Public Law 111-5, that is appropriated~~  
5 ~~under section 11 and allocated under section 22b, is considered to~~  
6 ~~be part of the state portion of a district's foundation allowance~~  
7 ~~and is considered to be part of the total state school aid paid to~~  
8 ~~a public school academy.~~

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



~~district's per pupil allocation under section 20j(2).~~

(6) Subject to subsection (7) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy or university school equal to the foundation allowance of the district in which the public school academy or university school is located or the state maximum public school academy allocation, whichever is less. However, a public school academy or university school that had an allocation under this subsection before 2009-2010 that was equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance shall not have that allocation reduced as a result of the 2010 amendment to this subsection. Notwithstanding section 101, for a public school academy that begins operations after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

~~———— (8) If a district does not receive an amount calculated under subsection (9); if the number of mills the district may levy on a~~

~~principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property under section 1211 of the revised school code, MCL 380.1211, is 0.5 mills or less; and if the district elects not to levy those mills, the district instead shall receive a separate supplemental amount calculated under this subsection in an amount equal to the amount the district would have received had it levied those mills, as determined by the department of treasury. A district shall not receive a separate supplemental amount calculated under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies the district's certified mills on property that is nonexempt property.~~

~~—— (9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property are exempt and not to levy school operating taxes on a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property as provided in section 1211 of the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is calculated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental amount in~~

~~an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property at the rate authorized for the district under section 1211 of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. If in the calendar year ending in the fiscal year a district does not levy the district's certified mills on property that is nonexempt property, the amount calculated under this subsection will be reduced by the same percentage as the millage actually levied compares to the district's certified mills.~~

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

~~(9) (11)~~ Each fraction used in making calculations under this

1 section shall be rounded to the fourth decimal place and the dollar  
2 amount of an increase in the basic foundation allowance shall be  
3 rounded to the nearest whole dollar.

4 (10) ~~(12)~~—State payments related to payment of the foundation  
5 allowance for a special education pupil are not calculated under  
6 this section but are instead calculated under section 51a.

7 (11) ~~(13)~~—To assist the legislature in determining the basic  
8 foundation allowance for the subsequent state fiscal year, each  
9 revenue estimating conference conducted under section 367b of the  
10 management and budget act, 1984 PA 431, MCL 18.1367b, shall  
11 calculate a pupil membership factor, a revenue adjustment factor,  
12 and an index as follows:

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

23 (b) The revenue adjustment factor shall be computed by  
24 dividing the sum of the estimated total state school aid fund  
25 revenue for the subsequent state fiscal year plus the estimated  
26 total state school aid fund revenue for the current state fiscal  
27 year, adjusted for any change in the rate or base of a tax the

proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for ~~2009-2010 and for 2010-2011, 2011-2012~~, the index shall be ~~1.00-~~ 0.93575. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(12) ~~(14)~~—If the principals at the revenue estimating conference reach a consensus on the index described in subsection ~~(13)(c)~~, (11)(C), the lowest foundation allowance among all districts for the subsequent state fiscal year shall be at least the amount of that consensus index multiplied by the lowest foundation allowance among all districts for the immediately

1 preceding state fiscal year.

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

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

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

(13) ~~(17)~~ For a district in which 7.75 mills levied in 1992 for school operating purposes in the 1992-93 school year were not renewed in 1993 for school operating purposes in the 1993-94 school year, the district's combined state and local revenue per membership pupil shall be recalculated as if that millage reduction did not occur and the district's foundation allowance shall be calculated as if its 1994-95 foundation allowance had been calculated using that recalculated 1993-94 combined state and local revenue per membership pupil as a base. A district is not entitled to any retroactive payments for fiscal years before 2000-2001 due to this subsection. **A DISTRICT RECEIVING AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE AS A RESULT OF THIS ADJUSTMENT AN AMOUNT THAT EXCEEDS 50% OF THE AMOUNT THE DISTRICT RECEIVED AS A RESULT OF THIS ADJUSTMENT FOR 2010-2011. THIS ADJUSTMENT SHALL NOT**



1 BE MADE AFTER 2011-2012.

2 (14) ~~(18)~~ For a district in which an industrial facilities  
3 exemption certificate that abated taxes on property with a state  
4 equalized valuation greater than the total state equalized  
5 valuation of the district at the time the certificate was issued or  
6 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
7 198, MCL 207.551 to 207.572, before the calculation of the  
8 district's 1994-95 foundation allowance, the district's foundation  
9 allowance for 2002-2003 is an amount equal to the sum of the  
10 district's foundation allowance for 2002-2003, as otherwise  
11 calculated under this section, plus \$250.00. **A DISTRICT RECEIVING**  
12 **AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE AS A RESULT**  
13 **OF THIS ADJUSTMENT AN AMOUNT THAT EXCEEDS 50% OF THE AMOUNT THE**  
14 **DISTRICT RECEIVED AS A RESULT OF THIS ADJUSTMENT FOR 2010-2011.**  
15 **THIS ADJUSTMENT SHALL NOT BE MADE AFTER 2011-2012.**

16 (15) ~~(19)~~ For a district that received a grant under former  
17 section 32e for 2001-2002, the district's foundation allowance for  
18 2002-2003 and each succeeding fiscal year shall be adjusted to be  
19 an amount equal to the sum of the district's foundation allowance,  
20 as otherwise calculated under this section, plus the quotient of  
21 100% of the amount of the grant award to the district for 2001-2002  
22 under former section 32e divided by the number of pupils in the  
23 district's membership for 2001-2002 who were residents of and  
24 enrolled in the district. Except as otherwise provided in this  
25 subsection, a district qualifying for a foundation allowance  
26 adjustment under this subsection shall use the funds resulting from  
27 this adjustment for at least 1 of grades K to 3 for purposes

1 allowable under former section 32e as in effect for 2001-2002, and  
2 may also use these funds for an early intervening program described  
3 in subsection (20). For an individual school or schools operated by  
4 a district qualifying for a foundation allowance under this  
5 subsection that have been determined by the department to meet the  
6 adequate yearly progress standards of the federal no child left  
7 behind act of 2001, Public Law 107-110, in both mathematics and  
8 English language arts at all applicable grade levels for all  
9 applicable subgroups, the district may submit to the department an  
10 application for flexibility in using the funds resulting from this  
11 adjustment that are attributable to the pupils in the school or  
12 schools. The application shall identify the affected school or  
13 schools and the affected funds and shall contain a plan for using  
14 the funds for specific purposes identified by the district that are  
15 designed to reduce class size, but that may be different from the  
16 purposes otherwise allowable under this subsection. The department  
17 shall approve the application if the department determines that the  
18 purposes identified in the plan are reasonably designed to reduce  
19 class size. If the department does not act to approve or disapprove  
20 an application within 30 days after it is submitted to the  
21 department, the application is considered to be approved. If an  
22 application for flexibility in using the funds is approved, the  
23 district may use the funds identified in the application for any  
24 purpose identified in the plan. **A DISTRICT RECEIVING AN ADJUSTMENT**  
25 **UNDER THIS SUBSECTION SHALL NOT RECEIVE AS A RESULT OF THIS**  
26 **ADJUSTMENT AN AMOUNT THAT EXCEEDS 68.5% OF THE AMOUNT THE DISTRICT**  
27 **RECEIVED AS A RESULT OF THIS ADJUSTMENT FOR 2010-2011. THIS**

1    **ADJUSTMENT SHALL NOT BE MADE AFTER 2011-2012.**

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

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

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

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

3       (16) ~~(21)~~ For a district that levied 1.9 mills in 1993 to  
4 finance an operating deficit, the district's foundation allowance  
5 shall be calculated as if those mills were included as operating  
6 mills in the calculation of the district's 1994-1995 foundation  
7 allowance. A district is not entitled to any retroactive payments  
8 for fiscal years before 2006-2007 due to this subsection. A  
9 district receiving an adjustment under this subsection shall not  
10 receive more than \$800,000.00 for a fiscal year as a result of this  
11 adjustment. **A DISTRICT RECEIVING AN ADJUSTMENT UNDER THIS**  
12 **SUBSECTION SHALL NOT RECEIVE AS A RESULT OF THIS ADJUSTMENT AN**  
13 **AMOUNT THAT EXCEEDS 50% OF THE AMOUNT THE DISTRICT RECEIVED AS A**  
14 **RESULT OF THIS ADJUSTMENT FOR 2010-2011. THIS ADJUSTMENT SHALL NOT**  
15 **BE MADE AFTER 2011-2012.**

16       (17) ~~(22)~~ For a district that levied 2.23 mills in 1993 to  
17 finance an operating deficit, the district's foundation allowance  
18 shall be calculated as if those mills were included as operating  
19 mills in the calculation of the district's 1994-1995 foundation  
20 allowance. A district is not entitled to any retroactive payments  
21 for fiscal years before 2006-2007 due to this subsection. A  
22 district receiving an adjustment under this subsection shall not  
23 receive more than \$500,000.00 for a fiscal year as a result of this  
24 adjustment. **A DISTRICT RECEIVING AN ADJUSTMENT UNDER THIS**  
25 **SUBSECTION SHALL NOT RECEIVE AS A RESULT OF THIS ADJUSTMENT AN**  
26 **AMOUNT THAT EXCEEDS 50% OF THE AMOUNT THE DISTRICT RECEIVED AS A**  
27 **RESULT OF THIS ADJUSTMENT FOR 2010-2011. THIS ADJUSTMENT SHALL NOT**

1 **BE MADE AFTER 2011-2012.**

2 (18) ~~(23)~~—Payments to districts, university schools, or public  
3 school academies shall not be made under this section. Rather, the  
4 calculations under this section shall be used to determine the  
5 amount of state payments under section 22b.

6 (19) ~~(24)~~—If an amendment to section 2 of article VIII of the  
7 state constitution of 1963 allowing state aid to some or all  
8 nonpublic schools is approved by the voters of this state, each  
9 foundation allowance or per pupil payment calculation under this  
10 section may be reduced.

11 (20) ~~(26)~~—As used in this section:

12 (a) "Certified mills" means the lesser of 18 mills or the  
13 number of mills of school operating taxes levied by the district in  
14 1993-94.

15 (b) "Combined state and local revenue" means the aggregate of  
16 the district's state school aid received by or paid on behalf of  
17 the district under this section and the district's local school  
18 operating revenue.

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

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

24 (e) "Immediately preceding state fiscal year" means the state  
25 fiscal year immediately preceding the current state fiscal year.

26 (f) "Local school operating revenue" means school operating  
27 taxes levied under section 1211 of the revised school code, MCL

1 380.1211.

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

5 (h) "Maximum public school academy allocation", except as  
6 otherwise provided in this subdivision, means the maximum per-pupil  
7 allocation as calculated by adding the highest per-pupil allocation  
8 among all public school academies for the immediately preceding  
9 state fiscal year plus the difference between twice the dollar  
10 amount of the adjustment from the immediately preceding state  
11 fiscal year to the current state fiscal year made in the basic  
12 foundation allowance and [(the dollar amount of the adjustment from  
13 the immediately preceding state fiscal year to the current state  
14 fiscal year made in the basic foundation allowance minus \$20.00)  
15 times (the difference between the highest per-pupil allocation  
16 among all public school academies for the immediately preceding  
17 state fiscal year and the sum of \$7,108.00 plus the total dollar  
18 amount of all adjustments made from 2006-2007 to the immediately  
19 preceding state fiscal year in the lowest per-pupil allocation  
20 among all public school academies) divided by the difference  
21 between the basic foundation allowance for the current state fiscal  
22 year and the sum of \$7,108.00 plus the total dollar amount of all  
23 adjustments made from 2006-2007 to the immediately preceding state  
24 fiscal year in the lowest per-pupil allocation among all public  
25 school academies]. For ~~2009-2010 and 2010-2011, 2011-2012~~, maximum  
26 public school academy allocation means ~~\$7,580.00-\$7,110.00~~.

27 (i) "Membership" means the definition of that term under

1 section 6 as in effect for the particular fiscal year for which a  
2 particular calculation is made.

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

7 (k) "Principal residence", "qualified agricultural property",  
8 "qualified forest property", "supportive housing property",  
9 "industrial personal property", and "commercial personal property"  
10 mean those terms as defined in section 1211 of the revised school  
11 code, MCL 380.1211.

12 (l) "School operating purposes" means the purposes included in  
13 the operation costs of the district as prescribed in sections 7 and  
14 18.

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

18 (n) "Tax increment financing acts" means 1975 PA 197, MCL  
19 125.1651 to 125.1681, the tax increment finance authority act, 1980  
20 PA 450, MCL 125.1801 to 125.1830, the local development financing  
21 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
22 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
23 or the corridor improvement authority act, 2005 PA 280, MCL  
24 125.2871 to 125.2899.

25 (o) "Taxable value per membership pupil" means taxable value,  
26 as certified by the department of treasury, for the calendar year  
27 ending in the current state fiscal year divided by the district's

1 membership excluding special education pupils for the school year  
2 ending in the current state fiscal year.

3 Sec. 20d. In making the final determination required under  
4 former section 20a of a district's combined state and local revenue  
5 per membership pupil in 1993-94 and in making calculations under  
6 section 20 for ~~2010-2011~~, **2011-2012**, the department and the  
7 department of treasury shall comply with all of the following:

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

24 (b) If a district had an adjustment made to its 1993-94 total  
25 state school aid that excluded payments made under former section  
26 146 and under section 147 on behalf of the district's employees who  
27 provided direct services for intermediate district center programs



operated by the district under article 5, if nonresident pupils attending the center programs were included in the district's membership for purposes of calculating the combined state and local revenue per membership pupil for 1993-94, and if there is a signed agreement by all constituent districts of the intermediate district that an adjustment under this subdivision shall be made, the foundation allowances for 1995-96 and 1996-97 of all districts that had pupils attending the intermediate district center program operated by the district that had the adjustment shall be calculated as if their combined state and local revenue per membership pupil for 1993-94 included resident pupils attending the center program and excluded nonresident pupils attending the center program.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$5,796,241,000.00 for 2009-2010~~ and an amount not to exceed ~~\$5,764,000,000.00~~ **\$5,737,000,000.00** for 2010-2011 **AND AN AMOUNT NOT TO EXCEED \$5,691,000,000.00 FOR 2011-2012** for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the

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

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

11 (a) Except as otherwise provided in this subsection, the state  
12 portion of a district's 1994-95 foundation allowance is an amount  
13 equal to the district's 1994-95 foundation allowance or \$6,500.00,  
14 whichever is less, minus the difference between the sum of the  
15 product of the taxable value per membership pupil of all property  
16 in the district that is nonexempt property times the district's  
17 certified mills and, for a district with certified mills exceeding  
18 12, the product of the taxable value per membership pupil of  
19 property in the district that is commercial personal property times  
20 the certified mills minus 12 mills and the quotient of the ad  
21 valorem property tax revenue of the district captured under tax  
22 increment financing acts divided by the district's membership. For  
23 a district that has a millage reduction required under section 31  
24 of article IX of the state constitution of 1963, the state portion  
25 of the district's foundation allowance shall be calculated as if  
26 that reduction did not occur.

27 (b) For a district that had a 1994-95 foundation allowance

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

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

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

1 qualifying university school, or qualifying public school academy  
2 otherwise would be eligible.

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

18 (6) As used in this section:

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

23 (b) "Certified mills" means the lesser of 18 mills or the  
24 number of mills of school operating taxes levied by the district in  
25 1993-94.

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

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

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

16 (f) "Homestead", "qualified agricultural property", "qualified  
17 forest property", "supportive housing property", "industrial  
18 personal property", and "commercial personal property" mean those  
19 terms as defined in section 1211 of the revised school code, MCL  
20 380.1211.

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

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

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

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

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

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

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

19 (i) For the number of mills by which the exemption from the  
20 levy of school operating taxes on a homestead, qualified  
21 agricultural property, qualified forest property, supportive  
22 housing property, industrial personal property, and commercial  
23 personal property may be reduced as provided in section 1211 of the  
24 revised school code, MCL 380.1211, the taxable value of homestead,  
25 qualified agricultural property, qualified forest property,  
26 supportive housing property, industrial personal property, and  
27 commercial personal property for the calendar year ending in the

1 current state fiscal year.

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

7 Sec. 22b. (1) From the state funds appropriated in section 11,  
8 there is allocated for ~~2009-2010 an amount not to exceed~~  
9 ~~\$3,289,000,000.00 and there is allocated for 2010-2011 an amount~~  
10 ~~not to exceed \$3,573,500,000.00~~ **\$3,558,424,700.00 AND THERE IS**  
11 **ALLOCATED FOR 2011-2012 AN AMOUNT NOT TO EXCEED \$3,032,300,000.00**  
12 for discretionary nonmandated payments to districts under this  
13 section. Funds allocated under this section that are not expended  
14 in the state fiscal year for which they were allocated, as  
15 determined by the department, may be used to supplement the  
16 allocations under sections 22a and 51c in order to fully fund those  
17 calculated allocations for the same fiscal year.

18 (2) In addition to the funds allocated in subsection (1),  
19 ~~there is allocated an amount estimated at \$450,000,000.00 for 2009-~~  
20 ~~2010 and there is allocated an amount estimated at \$184,256,600.00~~  
21 for 2010-2011 from the federal funds awarded to this state under  
22 title XIV of the American recovery and reinvestment act of 2009,  
23 Public Law 111-5. These funds shall be distributed in a form and  
24 manner determined by the department based on an equal dollar amount  
25 per the number of membership pupils used to calculate the final  
26 state aid payment of the immediately preceding fiscal year and  
27 shall be expended in a manner prescribed by federal law.

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

6           (4) In order to receive an allocation under subsection (1),  
7 each district shall do all of the following:

8           (a) Administer in each grade level that it operates in grades  
9 1 to 5 a standardized assessment approved by the department of  
10 grade-appropriate basic educational skills. A district may use the  
11 Michigan literacy progress profile to satisfy this requirement for  
12 grades 1 to 3. Also, if the revised school code is amended to  
13 require annual assessments at additional grade levels, in order to  
14 receive an allocation under this section each district shall comply  
15 with that requirement.

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

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

21           (d) Comply with section 1230g of the revised school code, MCL  
22 380.1230g.

23           (5) Districts are encouraged to use funds allocated under this  
24 section for the purchase and support of payroll, human resources,  
25 and other business function software that is compatible with that  
26 of the intermediate district in which the district is located and  
27 with other districts located within that intermediate district.



1           (6) From the allocation in subsection (1), the department  
2 shall pay up to \$1,000,000.00 in litigation costs incurred by this  
3 state related to commercial or industrial property tax appeals,  
4 including, but not limited to, appeals of classification, that  
5 impact revenues dedicated to the state school aid fund.

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

14           (8) It is the intent of the legislature that all  
15 constitutional obligations of this state have been fully funded  
16 under sections 22a, 31d, 51a, ~~and 51e.~~ **51C, AND 152A.** If a claim is  
17 made by an entity receiving funds under this act that challenges  
18 the legislative determination of the adequacy of this funding or  
19 alleges that there exists an unfunded constitutional requirement,  
20 the state budget director may escrow or allocate from the  
21 discretionary funds for nonmandated payments under this section the  
22 amount as may be necessary to satisfy the claim before making any  
23 payments to districts under subsection (3). If funds are escrowed,  
24 the escrowed funds are a work project appropriation and the funds  
25 are carried forward into the following fiscal year. The purpose of  
26 the work project is to provide for any payments that may be awarded  
27 to districts as a result of litigation. The work project shall be

1 completed upon resolution of the litigation.

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

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

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

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

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

17 Sec. 22d. (1) From the appropriation in section 11, an amount  
 18 not to exceed \$2,025,000.00 is allocated for ~~2010-2011~~**2011-2012**  
 19 ~~for additional payments to small, geographically isolated~~  
 20 **SUPPLEMENTAL PAYMENTS TO RURAL** districts under this section.

21 (2) From the allocation under subsection (1), there is  
 22 allocated for ~~2010-2011~~**2011-2012** an amount not to exceed  
 23 \$750,000.00 for payments under this subsection to districts that  
 24 meet all of the following:

25 (a) Operates grades K to 12.

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

27 (c) Each school building operated by the district meets at

1 least 1 of the following:

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

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

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

22 (4) Subject to subsection (6), from the allocation in  
23 subsection (1), there is allocated for ~~2010-2011~~**2011-2012** an  
24 amount not to exceed \$1,275,000.00 for payments under this  
25 subsection to districts that meet all of the following:

26 (a) The district has 5.0 or fewer pupils per square mile as  
27 determined by the department.

1 (b) The district has a total square mileage greater than 200.0  
2 or is 1 of 2 districts that have consolidated transportation  
3 services and have a combined total square mileage greater than  
4 200.0.

5 (5) The funds allocated under subsection (4) shall be  
6 allocated on an equal per pupil basis.

7 (6) A district receiving funds allocated under subsection (2)  
8 is not eligible for funding allocated under subsection (4).

9 Sec. 22e. (1) ~~Beginning in 2008-2009, an~~ **FOR 2011-2012, AN**  
10 amount ~~will be~~ **IS** allocated ~~each fiscal year~~ from the appropriation  
11 in section 11 for additional payments under this subsection to  
12 districts that meet the eligibility requirements under subsection  
13 (2). For ~~2010-2011,~~ **2011-2012**, there is allocated for this purpose  
14 from the appropriation in section 11 an amount not to exceed  
15 ~~\$1,300,000.00.~~ **\$700,000.00. THESE ADDITIONAL PAYMENTS SHALL NOT BE**  
16 **MADE AFTER 2011-2012.**

17 (2) To be eligible for a payment under subsection (1), a  
18 district must be determined by the department and the department of  
19 treasury to meet all of the following:

20 (a) The district levies 1 of the following operating millage  
21 amounts:

22 (i) All of the operating millage it is authorized to levy under  
23 section 1211 of the revised school code, MCL 380.1211.

24 (ii) The amount of operating millage it is authorized to levy  
25 after a voluntary reduction of its operating millage rate adopted  
26 by the board of the district.

27 (iii) The amount of operating millage it is authorized to levy

1 after a millage reduction required under the limitation of section  
2 31 of article IX of the state constitution of 1963, if a ballot  
3 question asking for approval to levy millage in excess of the  
4 limitation has been rejected in the district.

5 (b) The district receives a reduced amount of local school  
6 operating revenue under section 1211 of the revised school code,  
7 MCL 380.1211, as a result of the exemptions of industrial personal  
8 property and commercial personal property that were enacted in 2007  
9 PA 37.

10 (c) The district does not receive any state portion of its  
11 foundation allowance, as calculated under section 20(4).

12 **(D) THE DISTRICT HAS 500 OR FEWER PUPILS IN MEMBERSHIP.**

13 (3) Subject to subsection (4), the amount of the additional  
14 funding to each eligible district under subsection (1) is the sum  
15 of the following and shall be paid to the eligible districts in the  
16 same manner as payments under section 22b:

17 (a) The product of the taxable value of the district's  
18 industrial personal property for the calendar year ending in the  
19 fiscal year multiplied by the total number of mills the district  
20 levies on nonexempt property under section 1211 of the revised  
21 school code, MCL 380.1211, for that calendar year.

22 (b) The product of the taxable value of the district's  
23 commercial personal property for the calendar year ending in the  
24 fiscal year multiplied by the lesser of 12 mills or the total  
25 number of mills the district levies on nonexempt property under  
26 section 1211 of the revised school code, MCL 380.1211, for that  
27 calendar year.

1 (4) The amount of the additional funding to an eligible  
2 district under subsection (1) for a fiscal year shall not exceed  
3 15% of the total amount allocated under subsection (1) for that  
4 fiscal year.

5 (5) If the total amount of the payments calculated under  
6 subsection (3) for a fiscal year exceeds the allocation under  
7 subsection (1) for that fiscal year, the payment to each district  
8 under subsection (1) shall be prorated on an equal percentage  
9 basis.

10 ~~(6) In addition to the amount allocated under subsection (1),~~  
11 ~~for 2010-2011 only there is also allocated from the appropriation~~  
12 ~~in section 11 the amount of \$500,000.00 to a district that is~~  
13 ~~eligible for a payment under subsection (1) and that levied 1.8~~  
14 ~~mills in 1993 to finance an operating deficit.~~

15 SEC. 22F. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS  
16 ALLOCATED FOR 2011-2012 ONLY AN AMOUNT NOT TO EXCEED  
17 \$154,000,000.00 TO PROVIDE INCENTIVE PAYMENTS TO DISTRICTS THAT  
18 MEET FINANCIAL BEST PRACTICES UNDER THIS SECTION. THE MONEY  
19 ALLOCATED IN THIS SECTION REPRESENTS A PORTION OF THE YEAR-END  
20 STATE SCHOOL AID FUND BALANCE FOR 2010-2011. THE AMOUNT OF THE  
21 INCENTIVE PAYMENT IS AN AMOUNT EQUAL TO \$100.00 PER PUPIL. A  
22 DISTRICT SHALL RECEIVE AN INCENTIVE PAYMENT UNDER THIS SECTION IF  
23 THE DISTRICT SATISFIES AT LEAST 4 OF THE FOLLOWING REQUIREMENTS NOT  
24 LATER THAN JUNE 1, 2012:

25 (A) IF A DISTRICT PROVIDES MEDICAL, PHARMACY, DENTAL, VISION,  
26 DISABILITY, LONG-TERM CARE, OR ANY OTHER TYPE OF BENEFIT THAT WOULD  
27 CONSTITUTE A HEALTH CARE SERVICES BENEFIT, TO EMPLOYEES AND THEIR

1 DEPENDENTS, THE DISTRICT DOES NOT PAY ON BEHALF OF ANY EMPLOYEE A  
2 TOTAL AMOUNT THAT IS GREATER THAN THE STATE MAXIMUM ALLOWABLE  
3 EMPLOYER CONTRIBUTION FOR HEALTH CARE SERVICES BENEFITS, AS  
4 DESCRIBED IN SUBSECTION (3), DEPENDING ON THE COVERAGE OPTION.

5 (B) IF A DISTRICT PROVIDES MEDICAL, PHARMACY, DENTAL, VISION,  
6 DISABILITY, LONG-TERM CARE, OR ANY OTHER TYPE OF BENEFIT THAT WOULD  
7 CONSTITUTE A HEALTH CARE SERVICES BENEFIT, TO EMPLOYEES AND THEIR  
8 DEPENDENTS, THE DISTRICT IS THE POLICYHOLDER FOR EACH OF ITS  
9 INSURANCE POLICIES THAT COVERS 1 OR MORE OF THESE BENEFITS. A  
10 DISTRICT THAT DOES NOT DIRECTLY EMPLOY ITS STAFF IS CONSIDERED TO  
11 HAVE SATISFIED THIS REQUIREMENT.

12 (C) IF A DISTRICT DID NOT ENTER INTO AN AGREEMENT WITH THE  
13 DEPARTMENT TO DEVELOP A SERVICE CONSOLIDATION PLAN TO REDUCE SCHOOL  
14 OPERATING COSTS UNDER FORMER SECTION 11D AS IT WAS IN EFFECT FOR  
15 2010-2011, THE DISTRICT ENTERS INTO AN AGREEMENT WITH THE  
16 DEPARTMENT TO DEVELOP A SERVICE CONSOLIDATION PLAN THAT IS IN  
17 COMPLIANCE WITH DEPARTMENT GUIDELINES DESCRIBED IN SUBSECTION (2).  
18 IF A DISTRICT ENTERED INTO AN AGREEMENT WITH THE DEPARTMENT TO  
19 DEVELOP A SERVICE CONSOLIDATION PLAN UNDER FORMER SECTION 11D, THE  
20 DISTRICT CONTINUES TO IMPLEMENT THAT PLAN AND REPORT TO THE  
21 DEPARTMENT NOT LATER THAN FEBRUARY 1 OF EACH FISCAL YEAR THE  
22 DISTRICT'S PROGRESS IN IMPLEMENTING THAT PLAN.

23 (D) THE DISTRICT HAS OBTAINED COMPETITIVE BIDS ON THE  
24 PROVISION OF PUPIL TRANSPORTATION, FOOD SERVICE, CUSTODIAL, OR 1 OR  
25 MORE OTHER NONINSTRUCTIONAL SERVICES WITH A VALUE OF AT LEAST  
26 \$50,000.00.

27 (E) THE DISTRICT PROVIDES TO PARENTS AND COMMUNITY MEMBERS A



1 DASHBOARD OR REPORT CARD DEMONSTRATING THE DISTRICT'S EFFORTS TO  
2 MANAGE ITS FINANCES RESPONSIBLY. THE DASHBOARD OR REPORT CARD SHALL  
3 INCLUDE AT LEAST ALL OF THE FOLLOWING FOR THE 3 MOST RECENT SCHOOL  
4 YEARS FOR WHICH THE DATA ARE AVAILABLE:

5 (i) GRADUATION AND DROPOUT RATES.

6 (ii) AVERAGE CLASS SIZE IN GRADES KINDERGARTEN TO 3.

7 (iii) COLLEGE READINESS AS MEASURED BY MICHIGAN MERIT  
8 EXAMINATION TEST SCORES.

9 (iv) ELEMENTARY AND MIDDLE SCHOOL MEAP SCORES.

10 (v) TEACHER, PRINCIPAL, AND SUPERINTENDENT SALARY INFORMATION  
11 INCLUDING AT LEAST MINIMUM, AVERAGE, AND MAXIMUM PAY LEVELS.

12 (vi) GENERAL FUND BALANCE.

13 (vii) THE TOTAL NUMBER OF DAYS OF INSTRUCTION PROVIDED.

14 (2) THE DEPARTMENT SHALL MAINTAIN THE GUIDELINES FOR THE  
15 SERVICE CONSOLIDATION PLANS THAT WERE DEVELOPED FOR FORMER SECTION  
16 11D AS IT WAS IN EFFECT FOR 2010-2011. THE GUIDELINES MAY IDENTIFY,  
17 BUT ARE NOT LIMITED TO, ALLOWABLE COST-SHARING ARRANGEMENTS FOR THE  
18 PROVISION OF NONINSTRUCTIONAL AND INSTRUCTIONAL SERVICES AND THE  
19 CREATION OF JOINT OPERATING AGREEMENTS BETWEEN AND AMONG DISTRICTS,  
20 INTERMEDIATE DISTRICTS, AND OTHER UNITS OF LOCAL GOVERNMENT. THE  
21 DEPARTMENT SHALL CREATE BENCHMARKS TO MEASURE SUCCESS IN  
22 IMPLEMENTING SERVICE CONSOLIDATION PLANS, INCLUDING, BUT NOT  
23 LIMITED TO, DEMONSTRATED COST REDUCTIONS AND EFFICIENCY. IN  
24 DETERMINING ELIGIBILITY FOR INCENTIVE PAYMENTS, THE DEPARTMENT  
25 SHALL RECOGNIZE SERVICE CONSOLIDATION AND COOPERATION AND COST  
26 REDUCTIONS ALREADY IN EFFECT AS WELL AS CONTINUED PROGRESS.

27 (3) FOR THE PURPOSES OF THIS SECTION, THE STATE MAXIMUM

1 ALLOWABLE EMPLOYER CONTRIBUTION ON BEHALF OF ANY EMPLOYEE IS AN  
2 AMOUNT EQUAL TO 90% OF THE COMBINED TOTAL COSTS FOR THE EMPLOYEE  
3 FOR THE SCHOOL FISCAL YEAR FOR MEDICAL, PHARMACY, DENTAL, VISION,  
4 DISABILITY, LONG-TERM CARE, OR ANY OTHER TYPE OF BENEFIT THAT WOULD  
5 CONSTITUTE A HEALTH CARE SERVICES BENEFIT FOR EACH OF THE FOLLOWING  
6 COVERAGE OPTIONS:

7 (A) EMPLOYEE ONLY COVERAGE.

8 (B) EMPLOYEE AND SPOUSE COVERAGE.

9 (C) EMPLOYEE AND CHILDREN COVERAGE.

10 (D) FULL FAMILY COVERAGE.

11 (4) A DISTRICT THAT ACCEPTS FUNDS ALLOCATED UNDER THIS SECTION  
12 ACKNOWLEDGES THAT THE INCENTIVE PAYMENT UNDER THIS SECTION IS FOR  
13 2011-2012 ONLY AND THAT FUNDS WILL NOT BE APPROPRIATED FOR THE  
14 PURPOSES OF THIS SECTION FOR SUBSEQUENT FISCAL YEARS.

15 (5) IF THE DEPARTMENT DETERMINES THAT A DISTRICT HAS  
16 INTENTIONALLY SUBMITTED FALSE INFORMATION IN ORDER TO QUALIFY FOR  
17 AN INCENTIVE PAYMENT UNDER THIS SECTION, THE DISTRICT FORFEITS AN  
18 AMOUNT EQUAL TO THE AMOUNT IT RECEIVED UNDER THIS SECTION FROM ITS  
19 TOTAL STATE SCHOOL AID FOR 2012-2013.

20 Sec. 24. (1) From the appropriation in section 11, there is  
21 allocated for ~~2010-2011~~ 2011-2012 an amount not to exceed  
22 \$8,000,000.00 for payments to the educating district or  
23 intermediate district for educating pupils assigned by a court or  
24 the department of human services to reside in or to attend a  
25 juvenile detention facility or child caring institution licensed by  
26 the department of human services and approved by the department to  
27 provide an on-grounds education program. The amount of the payment

1 under this section to a district or intermediate district shall be  
2 calculated as prescribed under subsection (2).

3 (2) The total amount allocated under this section shall be  
4 allocated by paying to the educating district or intermediate  
5 district an amount equal to the lesser of the district's or  
6 intermediate district's added cost or the department's approved per  
7 pupil allocation for the district or intermediate district. For the  
8 purposes of this subsection:

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

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

1 for the district or intermediate district.

2 (3) A district or intermediate district educating pupils  
3 described in this section at a residential child caring institution  
4 may operate, and receive funding under this section for, a  
5 department-approved on-grounds educational program for those pupils  
6 that is longer than 181 days, but not longer than 233 days, if the  
7 child caring institution was licensed as a child caring institution  
8 and offered in 1991-92 an on-grounds educational program that was  
9 longer than 181 days but not longer than 233 days and that was  
10 operated by a district or intermediate district.

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

13 Sec. 24a. From the appropriation in section 11, ~~there is~~  
14 ~~allocated an amount not to exceed \$1,751,300.00 for 2009-2010 and~~  
15 ~~there is allocated an amount not to exceed \$1,440,000.00~~  
16 **\$1,197,500.00** for ~~2010-2011-2011-2012~~ for payments to intermediate  
17 districts for pupils who are placed in juvenile justice service  
18 facilities operated by the department of human services. Each  
19 intermediate district shall receive an amount equal to the state  
20 share of those costs that are clearly and directly attributable to  
21 the educational programs for pupils placed in facilities described  
22 in this section that are located within the intermediate district's  
23 boundaries. The intermediate districts receiving payments under  
24 this section shall cooperate with the department of human services  
25 to ensure that all funding allocated under this section is utilized  
26 by the intermediate district and department of human services for  
27 educational programs for pupils described in this section. Pupils

1 described in this section are not eligible to be funded under  
2 section 24. However, a program responsibility or other fiscal  
3 responsibility associated with these pupils shall not be  
4 transferred from the department of human services to a district or  
5 intermediate district unless the district or intermediate district  
6 consents to the transfer.

7       Sec. 24c. From the appropriation in section 11, there is  
8 allocated an amount not to exceed \$742,300.00 for ~~2010-2011~~**2011-**  
9 **2012** for payments to districts for pupils who are enrolled in a  
10 nationally administered community-based education and youth  
11 mentoring program, known as the youth challenge program, that is  
12 located within the district and is administered by the department  
13 of military and veterans affairs. Both of the following apply to a  
14 district receiving payments under this section:

15       (a) The district shall contract with the department of  
16 military and veterans affairs to ensure that all funding allocated  
17 under this section is utilized by the district and the department  
18 of military and veterans affairs for the youth challenge program.

19       (b) The district may retain for its administrative expenses an  
20 amount not to exceed 3% of the amount of the payment the district  
21 receives under this section.

22       Sec. 26a. From the state school aid fund appropriation in  
23 section 11, there is allocated an amount not to exceed  
24 \$26,300,000.00 for ~~2010-2011~~**2011-2012** to reimburse districts and  
25 intermediate districts pursuant to section 12 of the Michigan  
26 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied  
27 in ~~2010-2011~~. The allocations shall be made not later than 60 days

1 after the department of treasury certifies to the department and to  
2 the state budget director that the department of treasury has  
3 received all necessary information to properly determine the  
4 amounts due to each eligible recipient.

5       Sec. 26b. (1) From the appropriation in section 11, there is  
6 allocated for ~~2010-2011~~**2011-2012** an amount not to exceed  
7 ~~\$3,400,000.00~~**\$2,890,000.00** for payments to districts, intermediate  
8 districts, and community college districts for the portion of the  
9 payment in lieu of taxes obligation that is attributable to  
10 districts, intermediate districts, and community college districts  
11 pursuant to section 2154 of the natural resources and environmental  
12 protection act, 1994 PA 451, MCL 324.2154.

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

17       Sec. 31a. (1) From the state school aid fund money  
18 appropriated in section 11, there is allocated for ~~2010-2011~~**2011-**  
19 **2012** an amount not to exceed \$317,695,500.00 for payments to  
20 eligible districts and eligible public school academies under this  
21 section. Subject to subsection (14), the amount of the additional  
22 allowance under this section, other than funding under subsection  
23 (6) or (7), shall be based on the number of actual pupils in  
24 membership in the district or public school academy who met the  
25 income eligibility criteria for free breakfast, lunch, or milk in  
26 the immediately preceding state fiscal year, as determined under  
27 the Richard B. Russell national school lunch act, 42 USC 1751 to

1 1769i, and reported to the department by October 31 of the  
2 immediately preceding fiscal year and adjusted not later than  
3 December 31 of the immediately preceding fiscal year **IN THE FORM**  
4 **AND MANNER PRESCRIBED BY THE CENTER.** However, for a public school  
5 academy that began operations as a public school academy after the  
6 pupil membership count day of the immediately preceding school  
7 year, the basis for the additional allowance under this section  
8 shall be the number of actual pupils in membership in the public  
9 school academy who met the income eligibility criteria for free  
10 breakfast, lunch, or milk in the current state fiscal year, as  
11 determined under the Richard B. Russell national school lunch act.

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

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

24 (b) The district or public school academy agrees to use the  
25 funding only for purposes allowed under this section and to comply  
26 with the program and accountability requirements under this  
27 section.

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

27           (4) Except as otherwise provided in this section, a district



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

1 "to supplant another program" means to take the place of a  
2 previously existing instructional program or direct  
3 noninstructional services funded from a funding source other than  
4 funding under this section.

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

13 (6) From the funds allocated under subsection (1), there is  
14 allocated for ~~2010-2011~~**2011-2012** an amount not to exceed  
15 \$3,557,300.00 to support child and adolescent health centers. These  
16 grants shall be awarded for 5 consecutive years beginning with  
17 2003-2004 in a form and manner approved jointly by the department  
18 and the department of community health. Each grant recipient shall  
19 remain in compliance with the terms of the grant award or shall  
20 forfeit the grant award for the duration of the 5-year period after  
21 the noncompliance. To continue to receive funding for a child and  
22 adolescent health center under this section a grant recipient shall  
23 ensure that the child and adolescent health center has an advisory  
24 committee and that at least one-third of the members of the  
25 advisory committee are parents or legal guardians of school-aged  
26 children. A child and adolescent health center program shall  
27 recognize the role of a child's parents or legal guardian in the

1 physical and emotional well-being of the child. Funding under this  
2 subsection shall be used to support child and adolescent health  
3 center services provided to children up to age 21. If any funds  
4 allocated under this subsection are not used for the purposes of  
5 this subsection for the fiscal year in which they are allocated,  
6 those unused funds shall be used that fiscal year to avoid or  
7 minimize any proration that would otherwise be required under  
8 subsection (14) for that fiscal year.

9 (7) From the funds allocated under subsection (1), there is  
10 allocated for ~~2010-2011-2011-2012~~ an amount not to exceed  
11 \$5,150,000.00 for the state portion of the hearing and vision  
12 screenings as described in section 9301 of the public health code,  
13 1978 PA 368, MCL 333.9301. A local public health department shall  
14 pay at least 50% of the total cost of the screenings. The frequency  
15 of the screenings shall be as required under R 325.13091 to R  
16 325.13096 and R 325.3271 to R 325.3276 of the Michigan  
17 administrative code. Funds shall be awarded in a form and manner  
18 approved jointly by the department and the department of community  
19 health. Notwithstanding section 17b, payments to eligible entities  
20 under this subsection shall be paid on a schedule determined by the  
21 department.

22 (8) Each district or public school academy receiving funds  
23 under this section shall submit to the department by July 15 of  
24 each fiscal year a report, not to exceed 10 pages, on the usage by  
25 the district or public school academy of funds under this section,  
26 which report shall include at least a brief description of each  
27 program conducted by the district or public school academy using

1 funds under this section, the amount of funds under this section  
2 allocated to each of those programs, the number of at-risk pupils  
3 eligible for free or reduced price school lunch who were served by  
4 each of those programs, and the total number of at-risk pupils  
5 served by each of those programs. If a district or public school  
6 academy does not comply with this subsection, the department shall  
7 withhold an amount equal to the August payment due under this  
8 section until the district or public school academy complies with  
9 this subsection. If the district or public school academy does not  
10 comply with this subsection by the end of the state fiscal year,  
11 the withheld funds shall be forfeited to the school aid fund.

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

18 (10) Subject to subsections (5), (6), (7), (12), and (13), any  
19 district may use up to 100% of the funds it receives under this  
20 section to reduce the ratio of pupils to teachers in grades K-6, or  
21 any combination of those grades, in school buildings in which the  
22 percentage of pupils described in subsection (1) exceeds the  
23 district's aggregate percentage of those pupils. Subject to  
24 subsections (5), (6), (7), (12), and (13), if a district obtains a  
25 waiver from the department, the district may use up to 100% of the  
26 funds it receives under this section to reduce the ratio of pupils  
27 to teachers in grades K-6, or any combination of those grades, in

1 school buildings in which the percentage of pupils described in  
2 subsection (1) is at least 60% of the district's aggregate  
3 percentage of those pupils and at least 30% of the total number of  
4 pupils enrolled in the school building. To obtain a waiver, a  
5 district must apply to the department and demonstrate to the  
6 satisfaction of the department that the class size reductions would  
7 be in the best interests of the district's at-risk pupils.

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

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

1 the department determines that the purposes identified in the plan  
2 are reasonably designed to benefit at-risk pupils in the school. If  
3 the department does not act to approve or disapprove an application  
4 within 30 days after it is submitted to the department, the  
5 application is considered to be approved. If an application for  
6 flexibility in using the funds is approved, the district may use  
7 the funds identified in the application for any purpose identified  
8 in the plan.

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

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

24 (b) Provides early intervening strategies using school-wide  
25 systems of academic and behavioral supports and is scientifically  
26 research-based. The strategies to be provided shall include at  
27 least pupil performance indicators based upon response to

1 intervention, instructional consultation for teachers, and ongoing  
2 progress monitoring. A school-wide system of academic and  
3 behavioral support should be based on a support team available to  
4 the classroom teachers. The members of this team could include the  
5 principal, special education staff, reading teachers, and other  
6 appropriate personnel who would be available to systematically  
7 study the needs of the individual child and work with the teacher  
8 to match instruction to the needs of the individual child.

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

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

~~———— (16) Except as otherwise provided in subsection (18), a district or public school academy that does not meet the eligibility requirement under subsection (2) (a) is eligible for funding under this section if at least 1/4 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), and at least 4,500 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 11.5% of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed the basic foundation allowance under section 20 for the current state fiscal year.~~

~~———— (17) A district that does not meet the eligibility requirement under subsection (2) (a) is eligible for funding under this section if at least 75% of the pupils in membership in the district met the~~



~~income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), the district receives an adjustment under section 20(19), and the district does not receive any state portion of its foundation allowance as calculated under section 20. A district that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 11.5% of the sum of the district's foundation allowance under section 20, not to exceed the basic foundation allowance under section 20 for the current state fiscal year.~~

~~—— (18) For a district described in subsection (16), the total allocation to the district otherwise due under this section, after any reduction under subsection (14), shall be further reduced by 25%.~~

~~(16) (19)~~ As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils

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

20 **(17) A DISTRICT OR PUBLIC SCHOOL ACADEMY THAT RECEIVES FUNDS**  
21 **UNDER THIS SECTION MAY USE FUNDS RECEIVED UNDER THIS SECTION TO**  
22 **PROVIDE AN ANTI-BULLYING OR CRISIS INTERVENTION PROGRAM.**

23 Sec. 31d. (1) From the appropriations in section 11, there is  
24 allocated an amount not to exceed \$22,495,100.00 for ~~2010-2011~~  
25 **2011-2012** for the purpose of making payments to districts and other  
26 eligible entities under this section.

27 (2) The amounts allocated from state sources under this

1 section shall be used to pay the amount necessary to reimburse  
2 districts for 6.0127% of the necessary costs of the state mandated  
3 portion of the school lunch programs provided by those districts.  
4 The amount due to each district under this section shall be  
5 computed by the department using the methods of calculation adopted  
6 by the Michigan supreme court in the consolidated cases known as  
7 Durant v State of Michigan, Michigan supreme court docket no.  
8 104458-104492.

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

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

19 (5) From the federal funds appropriated in section 11, there  
20 is allocated for ~~2010-2011~~ **2011-2012** all available federal funding,  
21 estimated at \$400,000,000.00, for the national school lunch program  
22 and all available federal funding, estimated at \$2,506,000.00, for  
23 the emergency food assistance program.

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

27 (7) In purchasing food for a school lunch program funded under

1 this section, preference shall be given to food that is grown or  
2 produced by Michigan businesses if it is competitively priced and  
3 of comparable quality.

4 Sec. 31f. (1) From the appropriations in section 11, there is  
5 allocated an amount not to exceed \$9,625,000.00 for ~~2010-2011-2011-~~  
6 **2012** for the purpose of making payments to districts to reimburse  
7 for the cost of providing breakfast.

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

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

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

16 (3) The payment for a district under this section is at a per  
17 meal rate equal to the lesser of the district's actual cost or 100%  
18 of the statewide average cost of a breakfast served, as determined  
19 and approved by the department, less federal reimbursement,  
20 participant payments, and other state reimbursement. The statewide  
21 average cost shall be determined by the department using costs as  
22 reported in a manner approved by the department for the preceding  
23 school year.

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

26 (5) In purchasing food for a school breakfast program funded  
27 under this section, preference shall be given to food that is grown

1 or produced by Michigan businesses if it is competitively priced  
2 and of comparable quality.

3 Sec. 32b. (1) From the funds appropriated under section 11,  
4 there is allocated an amount not to exceed ~~\$6,000,000.00~~  
5 **\$5,900,000.00** for ~~2010-2011-2011-2012~~ for competitive grants to  
6 intermediate districts for the creation and continuance of great  
7 start communities or other community purposes as identified by the  
8 early childhood investment corporation. These dollars may not be  
9 expended until both of the following conditions have been met:

10 (a) The early childhood investment corporation has identified  
11 matching dollars of at least an amount equal to the amount of the  
12 matching dollars for 2006-2007.

13 (b) The executive committee of the corporation includes, in  
14 addition to the members of the executive committee provided for by  
15 the interlocal agreement creating the corporation under the urban  
16 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.510 to  
17 124.512, 4 members appointed by the governor as provided in this  
18 subdivision. Not later than 30 days after the convening of a  
19 regular legislative session in an odd-numbered year, the speaker of  
20 the house of representatives, the house minority leader, the senate  
21 majority leader, and the senate minority leader shall each submit  
22 to the governor a list of 3 or more individuals as nominees for  
23 appointment as members of the executive committee of the  
24 corporation. The corporation shall notify each of the legislative  
25 leaders of this requirement to submit a list of nominees not later  
26 than 30 days before the date that the list is due. Within 60 days  
27 of the submission to the governor of nominees by each of the 4

1 legislative leaders, the governor shall appoint 1 member of the  
2 executive committee from each list of nominees submitted by each of  
3 the 4 legislative leaders. A member appointed under this  
4 subdivision shall serve a term as a member of the executive  
5 committee through the next regular legislative session unless he or  
6 she resigns or is otherwise unable to serve. When a vacancy occurs  
7 other than by expiration of a term, the corporation shall notify  
8 the legislative leader who originally nominated the member of the  
9 vacancy and that legislative leader shall submit to the governor a  
10 list of 3 or more individuals as nominees for appointment to fill  
11 the vacancy within 30 days after being notified by the corporation  
12 of the vacancy. The governor shall make an appointment to fill that  
13 vacancy in the same manner as the original appointment not later  
14 than 60 days after the date the vacancy occurs.

15 (2) The early childhood investment corporation shall award  
16 grants to eligible intermediate districts in an amount to be  
17 determined by the corporation.

18 (3) In order to receive funding, each intermediate district  
19 applicant shall agree to convene a local great start collaborative  
20 to address the availability of the 6 components of a great start  
21 system in its communities: physical health, social-emotional  
22 health, family supports, basic needs, economic stability and  
23 safety, and parenting education and early education and care, to  
24 ensure that every child in the community is ready for kindergarten.  
25 Specifically, each grant will fund the following:

26 (a) The completion of a community needs assessment and  
27 strategic plan for the creation of a comprehensive system of early

1 childhood services and supports, accessible to all children from  
2 birth to kindergarten and their families.

3 (b) Identification of local resources and services for  
4 children with disabilities, developmental delays, or special needs  
5 and their families.

6 (c) Coordination and expansion of infrastructure to support  
7 high-quality early childhood and childcare programs.

8 (d) Evaluation of local programs.

9 (4) Not later than December 1 of each fiscal year, for the  
10 grants awarded under this section for the immediately preceding  
11 fiscal year, the department shall provide to the house and senate  
12 appropriations subcommittees on state school aid, the state budget  
13 director, and the house and senate fiscal agencies a report  
14 detailing the amount of each grant awarded under this section, the  
15 grant recipients, the activities funded by each grant under this  
16 section, and an analysis of each grant recipient's success in  
17 addressing the development of a comprehensive system of early  
18 childhood services and supports.

19 (5) An intermediate district receiving funds under this  
20 section may carry over any unexpended funds received under this  
21 section into the next fiscal year and may expend those unused funds  
22 in the next fiscal year. A recipient of a grant shall return any  
23 unexpended grant funds to the department in the manner prescribed  
24 by the department not later than September 30 of the next fiscal  
25 year after the fiscal year in which the funds are received.

26 (6) BEGINNING WITH 2012-2013, IT IS THE INTENT OF THE  
27 LEGISLATURE TO TRANSFER FUNDING FOR GREAT START COLLABORATIVES

1 UNDER THIS SECTION INTO AN EARLY CHILDHOOD BLOCK GRANT PROGRAM,  
 2 ALONG WITH FUNDING FOR GREAT START READINESS PROGRAMS UNDER SECTION  
 3 32D AND FUNDING FOR GREAT PARENTS, GREAT START PROGRAMS UNDER  
 4 SECTION 32J. THE EARLY CHILDHOOD BLOCK GRANT PROGRAM WILL ALLOCATE  
 5 FUNDS TO INTERMEDIATE DISTRICTS AND CONSORTIA OF INTERMEDIATE  
 6 DISTRICTS TO ACT AS FIDUCIARIES AND PROVIDE ADMINISTRATION OF  
 7 REGIONAL EARLY CHILDHOOD PROGRAMS IN CONJUNCTION WITH THEIR  
 8 REGIONAL GREAT START COLLABORATIVE TO IMPROVE PROGRAM QUALITY,  
 9 EVALUATION, AND EFFICIENCY FOR EARLY CHILDHOOD PROGRAMS. THE  
 10 DEPARTMENT SHALL WORK WITH INTERMEDIATE DISTRICTS, DISTRICTS, GREAT  
 11 START COLLABORATIVES, AND THE EARLY CHILDHOOD INVESTMENT  
 12 CORPORATION TO ESTABLISH A REVISED FUNDING FORMULA, APPLICATION  
 13 PROCESS, PROGRAM CRITERIA, AND DATA REPORTING REQUIREMENTS FOR  
 14 2012-2013. NOT LATER THAN JANUARY 1, 2012, THE DEPARTMENT SHALL  
 15 REPORT TO THE LEGISLATURE ITS RECOMMENDATIONS FOR THE REVISIONS  
 16 REQUIRED UNDER THIS SUBSECTION.

17 (7) ~~(6)~~ Notwithstanding section 17b, payments under this  
 18 section may be made pursuant to an agreement with the department.

19 Sec. 32d. (1) For ~~2010-2011~~, **2011-2012**, there is allocated to  
 20 eligible ~~districts~~ **INTERMEDIATE DISTRICTS AND CONSORTIA OF**  
 21 **INTERMEDIATE DISTRICTS** for great start readiness programs an amount  
 22 not to exceed ~~\$89,400,000.00~~ **\$104,275,000.00** from the state school  
 23 aid fund money appropriated in section 11. ~~In addition, from the~~  
 24 ~~general fund appropriation in section 11, there is allocated an~~  
 25 ~~amount not to exceed \$8,875,000.00 for competitive great start~~  
 26 ~~readiness program grants.~~ Funds allocated under this section shall  
 27 be used to provide part-day or full-day comprehensive free



1 compensatory programs designed to do 1 or both of the following:

2 (a) Improve the readiness and subsequent achievement of  
3 educationally disadvantaged children as defined by the department  
4 who will be at least 4, but less than 5 years of age, as of  
5 December 1 of the school year in which the programs are offered,  
6 and who ~~show evidence of 2 or more risk factors~~ **MEET THE**  
7 **PARTICIPANT ELIGIBILITY AND PRIORITIZATION GUIDELINES** as defined by  
8 the state board.

9 (b) Provide preschool and parenting education programs similar  
10 to those under former section 32b as in effect for 2001-2002.  
11 Beginning in 2007-2008, funds spent by a district for programs  
12 described in this subdivision shall not exceed the lesser of the  
13 amount spent by the district under this subdivision for 2006-2007  
14 or the amount spent under this subdivision in any subsequent fiscal  
15 year.

16 ~~(2) To be eligible to receive payments under this section, a~~  
17 ~~district shall comply with this section and section 39. To receive~~  
18 ~~competitive grant payments under this section, an eligible grant~~  
19 ~~recipient shall comply with this section and section 32/.FUNDS~~  
20 **ALLOCATED UNDER THIS SECTION SHALL BE ALLOCATED TO INTERMEDIATE**  
21 **DISTRICTS OR CONSORTIA OF INTERMEDIATE DISTRICTS. AN INTERMEDIATE**  
22 **DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS RECEIVING FUNDING**  
23 **UNDER THIS SECTION SHALL ACT AS THE FIDUCIARY FOR THE GREAT START**  
24 **READINESS PROGRAMS. FOR 2011-2012, THE FIDUCIARY INTERMEDIATE**  
25 **DISTRICTS AND CONSORTIA OF INTERMEDIATE DISTRICTS SHALL ALLOCATE**  
26 **THE FUNDING UNDER THIS SECTION AS FOLLOWS:**

27 (A) AN AMOUNT NOT TO EXCEED \$95,400,000.00 ALLOCATED TO

1 DISTRICTS AND CONSORTIA OF DISTRICTS AS DIRECTED BY THE DEPARTMENT  
2 BASED ON THE FORMULA IN SECTION 39. IN ORDER TO BE ELIGIBLE TO  
3 RECEIVE FUNDS ALLOCATED UNDER THIS SUBDIVISION FROM AN INTERMEDIATE  
4 DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS, A DISTRICT OR  
5 CONSORTIUM OF DISTRICTS SHALL COMPLY WITH THIS SECTION AND SECTION  
6 39.

7 (B) AN AMOUNT NOT TO EXCEED \$8,875,000.00 ALLOCATED IN GRANTS  
8 TO COMPETITIVE GREAT START READINESS PROGRAMS AS DIRECTED BY THE  
9 DEPARTMENT BASED ON THE GRANT AWARD PROCESS IN SECTION 32/. IN ORDER  
10 TO BE ELIGIBLE TO RECEIVE FUNDS ALLOCATED UNDER THIS SECTION FROM  
11 AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS, A  
12 COMPETITIVE GREAT START READINESS PROGRAM SHALL COMPLY WITH THIS  
13 SECTION AND SECTION 32/.

14 (3) In addition to the allocation under subsection (1), from  
15 the general fund money appropriated under section 11, there is  
16 allocated an amount not to exceed \$300,000.00 for ~~2010-2011-2011-~~  
17 ~~2012~~ for a competitive grant to continue a longitudinal evaluation  
18 of children who have participated in great start readiness  
19 programs.

20 (4) To be eligible for funding under this section, a program  
21 shall prepare children for success in school through comprehensive  
22 part-day or ~~full-day-SCHOOL-DAY~~ programs that contain all of the  
23 following program components, as determined by the department:

24 (a) Participation in a collaborative recruitment and  
25 enrollment process. At a minimum, the process shall include all  
26 other funded preschool programs that may serve children in the same  
27 geographic area, to assure that each child is enrolled in the

1 program most appropriate to his or her needs and to maximize the  
2 use of federal, state, and local funds.

3 (b) An age-appropriate educational curriculum that is in  
4 compliance with the early childhood standards of quality for  
5 prekindergarten children adopted by the state board.

6 (c) Nutritional services for all program participants.

7 (d) Health and developmental screening services for all  
8 program participants.

9 (e) Referral services for families of program participants to  
10 community social service agencies, as appropriate.

11 (f) Active and continuous involvement of the parents or  
12 guardians of the program participants.

13 (g) A plan to conduct and report annual great start readiness  
14 program evaluations and continuous improvement plans using criteria  
15 approved by the department.

16 (h) Participation in a multidistrict, multiagency, school  
17 readiness advisory committee that provides for the involvement of  
18 classroom teachers, parents or guardians of program participants,  
19 and community, volunteer, and social service agencies and  
20 organizations, as appropriate. The advisory committee shall review  
21 the program components listed in this subsection and make  
22 recommendations for changes to the great start readiness program  
23 for which it is an advisory committee.

24 (i) ~~For great start readiness programs operated by a district~~  
25 ~~or consortium of districts, provide for the~~ **THE** ongoing  
26 articulation of the ~~early childhood, kindergarten, and first grade~~  
27 programs offered by the ~~district or districts.~~ **PROGRAM PROVIDER.**

(5) An application for funding under this section shall provide for the following, in a form and manner determined by the department:

(a) Ensure compliance with all program components described in subsection (4).

(b) Ensure that more than 75% of the children participating in an eligible great start readiness program are children who live with families with a household income that is equal to or less than 300% of the federal poverty level.

(c) Ensure that the applicant only employs qualified personnel for this program, as follows:

(i) Teachers possessing proper training. For programs ~~the district manages itself,~~ **MANAGED DIRECTLY BY AN INTERMEDIATE DISTRICT**, a valid teaching certificate and an early childhood ~~(ZA)~~ **(ZA OR ZS)** endorsement are required. This provision does not apply to a ~~AN INTERMEDIATE~~ **district OR COMPETITIVE PROGRAM** that subcontracts with an eligible child development program. In that situation, a teacher must have a valid Michigan teaching certificate with an early childhood ~~(ZA)~~ **(ZA OR ZS)** endorsement, a valid Michigan **ELEMENTARY** teaching certificate with a child development associate credential, or a bachelor's degree in child development with specialization in preschool teaching. However, ~~both of the following apply to this subparagraph:~~

~~—— (A) If a~~ **IF AN INTERMEDIATE** district demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, teachers who have significant but incomplete training in early childhood education or

1 child development may be employed by the **INTERMEDIATE** district if  
2 the **INTERMEDIATE** district provides to the department, and the  
3 department approves, a plan for each teacher to come into  
4 compliance with the standards in this subparagraph. A teacher's  
5 compliance plan must be completed within ~~4-2~~ years of the date of  
6 employment. Progress toward completion of the compliance plan shall  
7 consist of at least 2 courses per calendar year.

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

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

(d) Include a program budget that contains only those costs that are not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the great start readiness program, and that would not be incurred if the program were not being offered. The program budget shall indicate the extent to which these funds will supplement other federal, state, local, or private funds. Funds received under this section shall not be used to supplant any federal funds by the applicant to serve children eligible for a federally funded existing preschool program that has the capacity to serve those children.

(6) For a grant recipient that enrolls pupils in a ~~full-day~~ **SCHOOL-DAY** program funded under this section, each child enrolled in the ~~full-day~~ **SCHOOL-DAY** program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for determining the amount of the grant award. A grant award shall not be increased solely on the basis of providing a ~~full-day~~ **SCHOOL-DAY** program. ~~As used in this subsection, "full day program" means a program that operates for at least the same length of day as a district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full day program must enroll all children for the full day to be considered a full day program.~~

(7) ~~A district or consortium of districts~~ **AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS** receiving a grant under this section may contract with for-profit or nonprofit preschool center providers that meet all requirements of subsection (4) and retain for administrative services an amount equal to not

1 more than 5% of the grant amount. ~~A~~ **AN INTERMEDIATE** district, ~~or~~  
 2 consortium of **INTERMEDIATE** districts, **OR COMPETITIVE GRANT PROGRAM**  
 3 may expend not more than 10% of the total grant amount for  
 4 administration of the program.

5 (8) Any public or private for-profit or nonprofit legal entity  
 6 or agency may apply for a competitive grant under this section.  
 7 However, a district or intermediate district may not apply for a  
 8 competitive grant under this section unless the district,  
 9 intermediate district, or consortium of districts or intermediate  
 10 districts is acting as a local grantee for the federal head start  
 11 program operating under the head start act, 42 USC 9831 to 9852.

12 (9) A recipient of funds under this section shall report to  
 13 the department ~~on the midyear report~~ **IN A FORM AND MANNER**  
 14 **PRESCRIBED BY THE DEPARTMENT** the number of children participating  
 15 in the program who meet the income or other eligibility criteria  
 16 prescribed by the department and the total number of children  
 17 participating in the program. For children participating in the  
 18 program who meet the income or other eligibility criteria specified  
 19 under subsection (5)(b), a recipient shall also report whether or  
 20 not a parent is available to provide care based on employment  
 21 status. For the purposes of this subsection, "employment status"  
 22 shall be defined by the department of human services in a manner  
 23 consistent with maximizing the amount of spending that may be  
 24 claimed for temporary assistance for needy families maintenance of  
 25 effort purposes.

26 (10) As used in this section: ~~,"part-day~~

27 **(A) "PART-DAY** program" means a program that operates at least

1 4 days per week, 30 weeks per year, for at least 3 hours of  
2 teacher-child contact time per day but for fewer hours of teacher-  
3 child contact time per day than a ~~full-day-SCHOOL-DAY~~ program. as  
4 ~~defined in subsection (6).~~

5 (B) "SCHOOL-DAY PROGRAM" MEANS A PROGRAM THAT OPERATES FOR AT  
6 LEAST THE SAME LENGTH OF DAY AS A DISTRICT'S FIRST GRADE PROGRAM  
7 FOR A MINIMUM OF 4 DAYS PER WEEK, 30 WEEKS PER YEAR. A CLASSROOM  
8 THAT OFFERS A SCHOOL-DAY PROGRAM MUST ENROLL ALL CHILDREN FOR THE  
9 SCHOOL DAY TO BE CONSIDERED A SCHOOL-DAY PROGRAM.

10 (11) A ~~district or intermediate district~~ GRANT RECIPIENT  
11 receiving funds under this section is encouraged to establish a  
12 sliding scale of tuition rates based upon a child's family income  
13 for the purpose of expanding eligible programs under this section.  
14 A ~~district or intermediate district~~ GRANT RECIPIENT may charge  
15 tuition for programs provided under this section according to that  
16 sliding scale of tuition rates on a uniform basis for any child who  
17 does not meet the program eligibility requirements under this  
18 section.

19 (12) BEGINNING WITH 2012-2013, IT IS THE INTENT OF THE  
20 LEGISLATURE TO TRANSFER FUNDING FOR GREAT START READINESS PROGRAMS  
21 UNDER THIS SECTION INTO AN EARLY CHILDHOOD BLOCK GRANT PROGRAM,  
22 ALONG WITH FUNDING FOR GREAT START COLLABORATIVES UNDER SECTION 32B  
23 AND FUNDING FOR GREAT PARENTS, GREAT START PROGRAMS UNDER SECTION  
24 32J. THE EARLY CHILDHOOD BLOCK GRANT PROGRAM WILL ALLOCATE FUNDS TO  
25 INTERMEDIATE DISTRICTS AND CONSORTIA OF INTERMEDIATE DISTRICTS TO  
26 ACT AS FIDUCIARIES AND PROVIDE ADMINISTRATION OF REGIONAL EARLY  
27 CHILDHOOD PROGRAMS IN CONJUNCTION WITH THEIR REGIONAL GREAT START



1 COLLABORATIVE TO IMPROVE PROGRAM QUALITY, EVALUATION, AND  
2 EFFICIENCY FOR EARLY CHILDHOOD PROGRAMS. THE DEPARTMENT SHALL WORK  
3 WITH INTERMEDIATE DISTRICTS, DISTRICTS, GREAT START COLLABORATIVES,  
4 AND THE EARLY CHILDHOOD INVESTMENT CORPORATION TO ESTABLISH A  
5 REVISED FUNDING FORMULA, APPLICATION PROCESS, PROGRAM CRITERIA, AND  
6 DATA REPORTING REQUIREMENTS FOR 2012-2013. NOT LATER THAN JANUARY  
7 1, 2012, THE DEPARTMENT SHALL REPORT TO THE LEGISLATURE ITS  
8 RECOMMENDATIONS FOR THE REVISIONS REQUIRED UNDER THIS SUBSECTION.

9       Sec. 32j. (1) From the appropriations in section 11, there is  
10 allocated an amount not to exceed \$5,000,000.00 for ~~2010-2011-2011-~~  
11 ~~2012~~ for great parents, great start grants to intermediate  
12 districts to provide programs for parents with young children. The  
13 purpose of these programs is to encourage early mathematics and  
14 reading literacy, improve school readiness, reduce the need for  
15 special education services, and foster the maintenance of stable  
16 families by encouraging positive parenting skills.

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

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

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

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

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

7 (3) To receive a grant under this section, an intermediate  
8 district shall submit a plan to the department not later than  
9 October 15, ~~2010~~ **2011** in the form and manner prescribed by the  
10 department. The plan shall do all of the following in a manner  
11 prescribed by the department:

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

18 (b) Demonstrate an adequate collaboration of local entities  
19 involved in providing programs and services for preschool children  
20 and their parents and, where there is a great start collaborative,  
21 demonstrate that the planned services are part of the community's  
22 great start strategic plan.

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

1 through in-kind services provided by participating providers of  
2 programs or services. In addition, not more than 10% of the grant  
3 may be used for program administration.

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

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

13 (a) The superintendent shall approve or disapprove the plans  
14 and notify the intermediate district of that decision not later  
15 than November 15, 2010. ~~2011~~. The amount allocated to each  
16 intermediate district shall be at least an amount equal to 100% of  
17 the intermediate district's ~~2009-2010-2010-2011~~ payment under this  
18 section.

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

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

27 (6) An intermediate district receiving funds under this

1 section shall use the funds only for the program funded under this  
2 section. An intermediate district receiving funds under this  
3 section may carry over any unexpended funds received under this  
4 section into the next fiscal year and may expend those unused funds  
5 in the next fiscal year. A recipient of a grant shall return any  
6 unexpended grant funds to the department in the manner prescribed  
7 by the department not later than September 30 of the next fiscal  
8 year after the fiscal year in which the funds are received.

9 (7) BEGINNING WITH 2012-2013, IT IS THE INTENT OF THE  
10 LEGISLATURE TO TRANSFER FUNDING FOR GREAT PARENTS, GREAT START  
11 PROGRAMS UNDER THIS SECTION INTO AN EARLY CHILDHOOD BLOCK GRANT  
12 PROGRAM, ALONG WITH FUNDING FOR GREAT START COLLABORATIVES UNDER  
13 SECTION 32B AND FUNDING FOR GREAT START READINESS PROGRAMS UNDER  
14 SECTION 32D. THE EARLY CHILDHOOD BLOCK GRANT PROGRAM WILL ALLOCATE  
15 FUNDS TO INTERMEDIATE DISTRICTS AND CONSORTIA OF INTERMEDIATE  
16 DISTRICTS TO ACT AS FIDUCIARIES AND PROVIDE ADMINISTRATION OF  
17 REGIONAL EARLY CHILDHOOD PROGRAMS IN CONJUNCTION WITH THEIR  
18 REGIONAL GREAT START COLLABORATIVE TO IMPROVE PROGRAM QUALITY,  
19 EVALUATION, AND EFFICIENCY FOR EARLY CHILDHOOD PROGRAMS. THE  
20 DEPARTMENT SHALL WORK WITH INTERMEDIATE DISTRICTS, DISTRICTS, GREAT  
21 START COLLABORATIVES, AND THE EARLY CHILDHOOD INVESTMENT  
22 CORPORATION TO ESTABLISH A REVISED FUNDING FORMULA, APPLICATION  
23 PROCESS, PROGRAM CRITERIA, AND DATA REPORTING REQUIREMENTS FOR  
24 2012-2013. NOT LATER THAN JANUARY 1, 2012, THE DEPARTMENT SHALL  
25 REPORT TO THE LEGISLATURE ITS RECOMMENDATIONS FOR THE REVISIONS  
26 REQUIRED UNDER THIS SUBSECTION.

27 Sec. 39. (1) A district receiving funds FROM AN INTERMEDIATE

1 **DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS** under section 32d  
2 shall submit a preapplication, in a form and manner prescribed by  
3 the department, by a date specified by the department in the  
4 immediately preceding state fiscal year. The preapplication shall  
5 include a comprehensive needs assessment and community  
6 collaboration plan, which is endorsed by the local great start  
7 collaborative and is part of the community's great start strategic  
8 plan that includes, but is not limited to, great start readiness  
9 program and head start providers, and shall identify all of the  
10 following:

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

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

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

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

27 (2) A district receiving funds **FROM AN INTERMEDIATE DISTRICT**

1 **OR CONSORTIUM OF INTERMEDIATE DISTRICTS** under section 32d shall  
2 also submit a final application for approval, in a form and manner  
3 prescribed by the department, by a date specified by the  
4 department, that details how the district complies with the program  
5 components established by the department pursuant to section 32d.

6 (3) The number of prekindergarten children construed to be in  
7 need of special readiness assistance under section 32d shall be  
8 calculated for each district in the following manner: 1/2 of the  
9 percentage of the district's pupils in grades 1 to 5 who are  
10 eligible for free lunch, as determined using the district's pupil  
11 membership count as of the pupil membership count day in the school  
12 year prior to the fiscal year for which the calculation is made,  
13 under the Richard B. Russell national school lunch act, 42 USC 1751  
14 to 1769i, shall be multiplied by the average kindergarten  
15 enrollment of the district on the pupil membership count day of the  
16 2 immediately preceding fiscal years.

17 (4) ~~Beginning in 2008-2009, the~~ **THE** initial allocation for  
18 each fiscal year to each eligible district under section 32d shall  
19 be determined by multiplying the number of children determined by  
20 the formula under subsection (3) or the number of children the  
21 district indicates it will be able to serve under subsection  
22 (1)(c), whichever is less, by \$3,400.00 and shall be distributed  
23 among districts in decreasing order of concentration of eligible  
24 children as determined by the formula under subsection (3). If the  
25 number of children a district indicates it will be able to serve  
26 under subsection (1)(c) includes children able to be served in a  
27 ~~full-day~~ **SCHOOL-DAY** program, then the number able to be served in a

1 ~~full-day-SCHOOL-DAY~~ program shall be doubled for the purposes of  
2 making this calculation of the lesser of the number of children  
3 determined by the formula under subsection (3) and the number of  
4 children the district indicates it will be able to serve under  
5 subsection (1)(c) and determining the amount of the initial  
6 allocation to the district under section 32d. A district may  
7 contract with a head start agency to serve children enrolled in  
8 head start with a ~~full-day-SCHOOL-DAY~~ program by blending head  
9 start funds with a part-day great start readiness program  
10 allocation. All head start and great start readiness program  
11 policies and regulations apply to the blended program.

12 (5) If funds ~~appropriated~~-**ALLOCATED** for eligible districts in  
13 section 32d remain after the initial allocation under subsection  
14 (4), the allocation under this subsection shall be distributed to  
15 each eligible district under section 32d in decreasing order of  
16 concentration of eligible children as determined by the formula  
17 under subsection (3). The allocation shall be determined by  
18 multiplying the number of children each eligible district served in  
19 the immediately preceding fiscal year ~~, including the number of~~  
20 ~~children the district would have served if it had not satisfied all~~  
21 ~~or part of the reduction under section 11d from funding under this~~  
22 ~~section,~~ or the number of children the district indicates it will  
23 be able to serve under subsection (1)(c), whichever is less, minus  
24 the number of children for which the district received funding in  
25 subsection (4) by \$3,400.00.

26 (6) If funds ~~appropriated~~-**ALLOCATED** for eligible districts in  
27 section 32d remain after the allocations under subsections (4) and

1 (5), remaining funds shall be distributed to each eligible district  
2 under section 32d in decreasing order of concentration of eligible  
3 children as determined by the formula under subsection (3). If the  
4 number of children the district indicates it will be able to serve  
5 under subsection (1)(c) exceeds the number of children for which  
6 funds have been received under subsections (4) and (5), the  
7 allocation under this subsection shall be determined by multiplying  
8 the number of children the district indicates it will be able to  
9 serve under subsection (1)(c) less the number of children for which  
10 funds have been received under subsections (4) and (5) by \$3,400.00  
11 until the funds allocated for eligible districts in section 32d are  
12 distributed.

13 (7) If a district is participating in a program under section  
14 32d for the first year, the maximum allocation under this section  
15 is 32 multiplied by \$3,400.00.

16 (8) A district that offers supplementary ~~day~~ **CHILD** care funded  
17 by funds other than those received under this section and therefore  
18 offers full-day programs as part of its early childhood development  
19 program shall receive priority in the allocation of funds under  
20 section 32d over other eligible districts. **AS USED IN THIS**  
21 **SUBSECTION, "FULL-DAY PROGRAM" MEANS A PROGRAM THAT PROVIDES**  
22 **SUPPLEMENTARY CHILD CARE THAT TOTALS AT LEAST 10 HOURS OF**  
23 **PROGRAMMING PER DAY.**

24 (9) For any district with 315 or more eligible pupils, the  
25 number of eligible pupils shall be 65% of the number calculated  
26 using the formula under subsection (3). However, none of these  
27 districts may have less than 315 pupils for purposes of calculating



1 the tentative allocation for eligible districts under section 32d.

2 (10) If, taking into account the total amount to be allocated  
3 to the district as calculated under this section, a district  
4 determines that it is able to include additional eligible children  
5 in the great start readiness program without additional funds under  
6 section 32d, the district may include additional eligible children  
7 but shall not receive additional funding under section 32d for  
8 those children.

9 (11) A consortium of 2 or more districts shall be eligible for  
10 an allocation under section 32d if the districts designate a  
11 district or intermediate district to serve as the fiscal agent for  
12 the consortium's allocation. A consortium shall submit a single  
13 application for the total number of children to be served. The  
14 consortium may decide, with approval of all consortium members, to  
15 serve numbers of children based on the allocation to each district  
16 or based on the allocation to the entire consortium, allowing  
17 children residing in any district in the consortium to be served by  
18 the consortium at any location.

19 Sec. 39a. (1) From the federal funds appropriated in section  
20 11, there is allocated for ~~2010-2011~~**2011-2012** to districts,  
21 intermediate districts, and other eligible entities all available  
22 federal funding, estimated at \$761,973,600.00, for the federal  
23 programs under the no child left behind act of 2001, Public Law  
24 107-110. These funds are allocated as follows:

25 (a) An amount estimated at \$10,808,600.00 to provide students  
26 with drug- and violence-prevention programs and to implement  
27 strategies to improve school safety, funded from DED-OESE, drug-

1 free schools and communities funds.

2 (b) An amount estimated at \$7,461,800.00 for the purpose of  
3 improving teaching and learning through a more effective use of  
4 technology, funded from DED-OESE, educational technology state  
5 grant funds.

6 (c) An amount estimated at \$109,411,900.00 for the purpose of  
7 preparing, training, and recruiting high-quality teachers and class  
8 size reduction, funded from DED-OESE, improving teacher quality  
9 funds.

10 (d) An amount estimated at \$10,322,300.00 for programs to  
11 teach English to limited English proficient (LEP) children, funded  
12 from DED-OESE, language acquisition state grant funds.

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

16 (f) An amount estimated at \$1,760,000.00 for rural and low  
17 income schools, funded from DED-OESE, rural and low income school  
18 funds.

19 (g) An amount estimated at \$1,000.00 to help schools develop  
20 and implement comprehensive school reform programs, funded from  
21 DED-OESE, title I and title X, comprehensive school reform funds.

22 (h) An amount estimated at \$517,479,800.00 to provide  
23 supplemental programs to enable educationally disadvantaged  
24 children to meet challenging academic standards, funded from DED-  
25 OESE, title I, disadvantaged children funds.

26 (i) An amount estimated at \$2,152,700.00 for the purpose of  
27 providing unified family literacy programs, funded from DED-OESE,

1 title I, even start funds.

2 (j) An amount estimated at \$8,807,200.00 for the purpose of  
3 identifying and serving migrant children, funded from DED-OESE,  
4 title I, migrant education funds.

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

8 (l) An amount estimated at \$2,849,000.00 for the purpose of  
9 implementing innovative strategies for improving student  
10 achievement, funded from DED-OESE, title VI, innovative strategies  
11 funds.

12 (m) An amount estimated at \$40,050,000.00 for the purpose of  
13 providing high-quality extended learning opportunities, after  
14 school and during the summer, for children in low-performing  
15 schools, funded from DED-OESE, twenty-first century community  
16 learning center funds.

17 (n) An amount estimated at \$17,586,100.00 to help support  
18 local school improvement efforts, funded from DED-OESE, title I,  
19 local school improvement grants.

20 (2) From the federal funds appropriated in section 11, there  
21 is allocated for ~~2010-2011~~**2011-2012** to districts, intermediate  
22 districts, and other eligible entities all available federal  
23 funding, estimated at \$32,359,700.00, for the following programs  
24 that are funded by federal grants:

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

1 (b) An amount estimated at \$1,814,100.00 to provide services  
2 to homeless children and youth, funded from DED-OVAE, homeless  
3 children and youth funds.

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

7 (d) An amount estimated at \$28,500,000.00 for providing career  
8 and technical education services to pupils, funded from DED-OVAE,  
9 basic grants to states.

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

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

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

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

27 (d) A structured mentoring-tutorial reading program for pupils

1 in preschool to grade 4 that is a research-based, validated program  
2 that develops individualized educational plans based on each  
3 pupil's age, assessed needs, reading level, interests, and learning  
4 style.

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

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

13 (5) For the purposes of applying for federal grants  
14 appropriated under this act, the department shall allow an  
15 intermediate district to submit a ~~consolidated~~ **CONSORTIUM**  
16 application on behalf of 2 or more districts with the agreement of  
17 those districts **AS APPROPRIATE ACCORDING TO FEDERAL RULES AND**  
18 **GUIDELINES.**

19 (6) As used in this section:

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

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

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

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

27 (e) "HHS-ACF" means the HHS administration for children and

1 families.

2       Sec. 40. The department biennially shall review alternative  
3 methods to determine the number of children construed to be in need  
4 of special readiness assistance. ~~and shall report not later than~~  
5 ~~November 15 of each even-numbered year its findings and~~  
6 ~~recommendations to the senate and house appropriations~~  
7 ~~subcommittees responsible for district funding and the senate and~~  
8 ~~house committees responsible for education legislation and the~~  
9 ~~state budget director.~~

10       Sec. 51a. (1) From the appropriation in section 11, there is  
11 allocated for ~~2009-2010 an amount not to exceed \$1,016,342,000.00~~  
12 ~~and there is allocated for 2010-2011 an amount not to exceed~~  
13 ~~\$1,057,883,000.00~~ **\$947,683,000.00 AND THERE IS ALLOCATED FOR 2011-**  
14 **2012 AN AMOUNT NOT TO EXCEED \$977,469,100.00** from state sources and  
15 all available federal funding under sections 611 to 619 of part B  
16 of the individuals with disabilities education act, 20 USC 1411 to  
17 1419, estimated at ~~\$350,700,000.00 for 2009-2010 and estimated at~~  
18 ~~\$385,700,000.00 for 2010-2011,~~ **AND ESTIMATED AT \$363,400,000.00 FOR**  
19 **2011-2012,** plus any carryover federal funds from previous year  
20 appropriations. The allocations under this subsection are for the  
21 purpose of reimbursing districts and intermediate districts for  
22 special education programs, services, and special education  
23 personnel as prescribed in article 3 of the revised school code,  
24 MCL 380.1701 to 380.1766; net tuition payments made by intermediate  
25 districts to the Michigan schools for the deaf and blind; and  
26 special education programs and services for pupils who are eligible  
27 for special education programs and services according to statute or

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

18 (2) From the funds allocated under subsection (1), there is  
19 allocated each fiscal year the amount necessary, estimated at  
20 ~~\$234,780,000.00 for 2009-2010 and estimated at \$248,200,000.00~~  
21 **\$236,300,000.00 for 2010-2011 AND ESTIMATED AT \$245,500,000.00 FOR**  
22 **2011-2012**, for payments toward reimbursing districts and  
23 intermediate districts for 28.6138% of total approved costs of  
24 special education, excluding costs reimbursed under section 53a,  
25 and 70.4165% of total approved costs of special education  
26 transportation. Allocations under this subsection shall be made as  
27 follows:

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

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

26 (3) From the funds allocated under subsection (1), there is  
27 allocated ~~each fiscal year for 2009-2010 and for 2010-2011~~ **ONLY** the



1 amount necessary, estimated at ~~\$1,329,000.00 for 2009-2010 and~~  
2 ~~estimated at \$1,400,000.00 for 2010-2011~~, to make payments to  
3 districts and intermediate districts under this subsection. **FROM**  
4 **THE FUNDS ALLOCATED UNDER SUBSECTION (1), THERE IS ALLOCATED FOR**  
5 **2011-2012 AN AMOUNT NOT TO EXCEED \$1,000,000.00 TO MAKE PAYMENTS TO**  
6 **DISTRICTS AND INTERMEDIATE DISTRICTS UNDER THIS SUBSECTION.** If the  
7 amount allocated to a district or intermediate district for a  
8 fiscal year under subsection (2)(b) is less than the sum of the  
9 amounts allocated to the district or intermediate district for  
10 1996-97 under sections 52 and 58, there is allocated to the  
11 district or intermediate district for the fiscal year an amount  
12 equal to that difference, adjusted by applying the same proration  
13 factor that was used in the distribution of funds under section 52  
14 in 1996-97 as adjusted to the district's or intermediate district's  
15 necessary costs of special education used in calculations for the  
16 fiscal year. This adjustment is to reflect reductions in special  
17 education program operations or services between 1996-97 and  
18 subsequent fiscal years. Adjustments for reductions in special  
19 education program operations or services shall be made in a manner  
20 determined by the department and shall include adjustments for  
21 program or service shifts.

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

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

14 (5) State funds shall be allocated on a total approved cost  
15 basis. Federal funds shall be allocated under applicable federal  
16 requirements, except that an amount not to exceed \$3,500,000.00 may  
17 be allocated by the department each fiscal year for ~~2009-2010 and~~  
18 ~~for 2010-2011~~ **AND FOR 2011-2012** to districts, intermediate  
19 districts, or other eligible entities on a competitive grant basis  
20 for programs, equipment, and services that the department  
21 determines to be designed to benefit or improve special education  
22 on a statewide scale.

23 (6) From the amount allocated in subsection (1), there is  
24 ~~allocated an amount not to exceed \$1,750,000.00 for 2009-2010 and~~  
25 an amount not to exceed \$2,200,000.00 for 2010-2011 **AND FOR 2011-**  
26 **2012** to reimburse 100% of the net increase in necessary costs  
27 incurred by a district or intermediate district in implementing the

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

8 (7) For purposes of ~~this article,~~ **SECTIONS 51A TO 58**, all of  
9 the following apply:

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

1 services provided to youth placed in child caring institutions or  
2 juvenile detention programs approved by the department to provide  
3 an on-grounds education program.

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

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

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

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

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

1 and 51c, then upon application by the intermediate district, the  
2 department shall direct the intermediate district to continue to  
3 report the cost associated with the specific identified special  
4 education pupil transportation service and shall adjust the costs  
5 reported by the constituent district to remove the cost associated  
6 with that specific service.

7 (8) From the allocation in subsection (1), there is allocated  
8 ~~each fiscal year for 2009-2010 and for 2010-2011~~ **ONLY** an amount not  
9 to exceed \$15,313,900.00 to intermediate districts. The payment  
10 under this subsection to each intermediate district shall be equal  
11 to the amount of the 1996-97 allocation to the intermediate  
12 district under subsection (6) of this section as in effect for  
13 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 a  
16 pupil who is enrolled in the Michigan schools for the deaf and  
17 blind shall not be included in the membership count of a district,  
18 but shall be counted in membership in the intermediate district of  
19 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 or  
27 purposes for which the money is allocated, the department may

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

4 (12) From the funds allocated in subsection (1), there is  
5 allocated each fiscal year the amount necessary, estimated at  
6 ~~\$6,200,000.00 for 2009-2010 and estimated at \$6,600,000.00~~  
7 **\$5,000,000.00 for 2010-2011, AND ESTIMATED AT \$6,800,000.00 FOR**  
8 **2011-2012,** to pay the foundation allowances for pupils described in  
9 this subsection. The allocation to a district under this subsection  
10 shall be calculated by multiplying the number of pupils described  
11 in this subsection who are counted in membership in the district  
12 times ~~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 the basic  
15 foundation allowance under section 20 for the current fiscal year,  
16 or, for a pupil described in this subsection who is counted in  
17 membership in a district that is a public school academy or  
18 university school, times an amount equal to the amount per  
19 membership pupil under section 20(6). The allocation to an  
20 intermediate district under this subsection shall be calculated in  
21 the same manner as for a district, using the foundation allowance  
22 under section 20 of the pupil's district of residence, not to  
23 exceed the basic foundation allowance under section 20 for the  
24 current fiscal year. ~~, and that district's per pupil allocation~~  
25 ~~under section 20j(2).~~ This subsection applies to all of the  
26 following pupils:

27 (a) Pupils described in section 53a.

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

5 (c) ~~Emotionally impaired pupils~~ **PUPILS WITH AN EMOTIONAL**  
6 **IMPAIRMENT** counted in membership by an intermediate district and  
7 provided educational services by the department of community  
8 health.

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

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

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

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

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

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

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

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

27 (15) If a public school academy enrolls pursuant to this



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

17       Sec. 51c. As required by the court in the consolidated cases  
 18 known as Durant v State of Michigan, Michigan supreme court docket  
 19 no. 104458-104492, from the allocation under section 51a(1), there  
 20 is allocated each fiscal year ~~for 2009-2010 and for 2010-2011~~ **AND**  
 21 **FOR 2011-2012** the amount necessary, estimated at ~~\$702,500,000.00~~  
 22 ~~for 2009-2010 and estimated at \$732,100,000.00~~ **\$635,400,000.00** for  
 23 2010-2011 **AND ESTIMATED AT \$669,900,000.00 FOR 2011-2012**, for  
 24 payments to reimburse districts for 28.6138% of total approved  
 25 costs of special education excluding costs reimbursed under section  
 26 53a, and 70.4165% of total approved costs of special education  
 27 transportation. Funds allocated under this section that are not

1 expended in the state fiscal year for which they were allocated, as  
2 determined by the department, may be used to supplement the  
3 allocations under sections 22a and 22b in order to fully fund those  
4 calculated allocations for the same fiscal year.

5       Sec. 51d. (1) From the federal funds appropriated in section  
6 11, there is allocated for ~~2010-2011~~**2011-2012** all available  
7 federal funding, estimated at \$74,000,000.00, for special education  
8 programs that are funded by federal grants. All federal funds  
9 allocated under this section shall be distributed in accordance  
10 with federal law. Notwithstanding section 17b, payments of federal  
11 funds to districts, intermediate districts, and other eligible  
12 entities under this section shall be paid on a schedule determined  
13 by the department.

14       (2) From the federal funds allocated under subsection (1), the  
15 following amounts are allocated for ~~2010-2011~~**2011-2012**:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (5) Not more than \$13,500,000.00 of the allocation for ~~2010-~~  
15 ~~2011-2011-2012~~ in section 51a(1) shall be allocated under this  
16 section.

17 Sec. 54. Each intermediate district shall receive an amount  
18 per pupil for each pupil in attendance at the Michigan schools for  
19 the deaf and blind. The amount shall be proportionate to the total  
20 instructional cost at each school. Not more than \$1,688,000.00 of  
21 the allocation for ~~2010-2011-2011-2012~~ in section 51a(1) shall be  
22 allocated under this section.

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

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

1 (b) "Millage levied" means the millage levied for special  
2 education pursuant to part 30 of the revised school code, MCL  
3 380.1711 to 380.1743, including a levy for debt service  
4 obligations.

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

11 (2) From the allocation under section 51a(1), there is  
12 ~~allocated an amount not to exceed \$39,281,100.00 for 2009-2010 and~~  
13 ~~an amount not to exceed \$36,881,100.00 for 2010-2011-2011-2012 to~~  
14 ~~reimburse intermediate districts levying millages for special~~  
15 ~~education pursuant to part 30 of the revised school code, MCL~~  
16 ~~380.1711 to 380.1743. The purpose, use, and expenditure of the~~  
17 ~~reimbursement shall be limited as if the funds were generated by~~  
18 ~~these millages and governed by the intermediate district plan~~  
19 ~~adopted pursuant to article 3 of the revised school code, MCL~~  
20 ~~380.1701 to 380.1766. As a condition of receiving funds under this~~  
21 ~~section, an intermediate district distributing any portion of~~  
22 ~~special education millage funds to its constituent districts shall~~  
23 ~~submit for departmental approval and implement a distribution plan.~~

24 (3) Reimbursement for those millages levied in ~~2008-2009-2010-~~  
25 ~~2011~~ shall be made in ~~2009-2010-2011-2012~~ at an amount per ~~2008-~~  
26 ~~2009-2010-2011~~ membership pupil computed by subtracting from  
27 ~~\$180,600.00-\$174,700.00~~ the ~~2008-2009-2010-2011~~ taxable value

1 behind each membership pupil and multiplying the resulting  
2 difference by the ~~2008-2009-2010-2011~~ millage levied. ~~Reimbursement~~  
3 ~~for those millages levied in 2009-2010 shall be made in 2010-2011~~  
4 ~~at an amount per 2009-2010 membership pupil computed by subtracting~~  
5 ~~from \$181,700.00 the 2009-2010 taxable value behind each membership~~  
6 ~~pupil and multiplying the resulting difference by the 2009-2010~~  
7 ~~millage levied.~~

8       Sec. 61a. (1) From the appropriation in section 11, there is  
9 allocated an amount not to exceed \$26,611,300.00 for ~~2010-2011~~  
10 **2011-2012** to reimburse on an added cost basis districts, except for  
11 a district that served as the fiscal agent for a vocational  
12 education consortium in the 1993-94 school year, and secondary area  
13 vocational-technical education centers for secondary-level career  
14 and technical education programs according to rules approved by the  
15 superintendent. Applications for participation in the programs  
16 shall be submitted in the form prescribed by the department. The  
17 department shall determine the added cost for each career and  
18 technical education program area. The allocation of added cost  
19 funds shall be based on the type of career and technical education  
20 programs provided, the number of pupils enrolled, and the length of  
21 the training period provided, and shall not exceed 75% of the added  
22 cost of any program. With the approval of the department, the board  
23 of a district maintaining a secondary career and technical  
24 education program may offer the program for the period from the  
25 close of the school year until September 1. The program shall use  
26 existing facilities and shall be operated as prescribed by rules  
27 promulgated by the superintendent.

1           (2) Except for a district that served as the fiscal agent for  
2 a vocational education consortium in the 1993-94 school year,  
3 districts and intermediate districts shall be reimbursed for local  
4 career and technical education administration, shared time career  
5 and technical education administration, and career education  
6 planning district career and technical education administration.  
7 The definition of what constitutes administration and reimbursement  
8 shall be pursuant to guidelines adopted by the superintendent. Not  
9 more than \$800,000.00 of the allocation in subsection (1) shall be  
10 distributed under this subsection.

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

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

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

23           (c) "Taxable value" means the total taxable value of the  
24 districts constituent to an intermediate district or area  
25 vocational-technical education program, except that if a district  
26 has elected not to come under sections 681 to 690 of the revised  
27 school code, MCL 380.681 to 380.690, the membership and taxable

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

8 (i) The district operates the area vocational-technical  
9 education program pursuant to a contract with the intermediate  
10 district.

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

16 (2) From the appropriation in section 11, there is allocated  
17 an amount not to exceed \$9,000,000.00 each fiscal year for ~~2009-~~  
18 ~~2010 and for 2010-2011-2011-2012~~ to reimburse intermediate  
19 districts and area vocational-technical education programs  
20 established under section 690(3) of the revised school code, MCL  
21 380.690, levying millages for area vocational-technical education  
22 pursuant to sections 681 to 690 of the revised school code, MCL  
23 380.681 to 380.690. The purpose, use, and expenditure of the  
24 reimbursement shall be limited as if the funds were generated by  
25 those millages.

26 (3) Reimbursement for the millages levied in ~~2008-2009-2010-~~  
27 ~~2011~~ shall be made in ~~2009-2010-2011-2012~~ at an amount per ~~2008-~~



1 ~~2009-2010-2011~~ membership pupil computed by subtracting from  
2 ~~\$191,000.00~~ **\$190,400.00** the ~~2008-2009-2010-2011~~ taxable value  
3 behind each membership pupil and multiplying the resulting  
4 difference by the ~~2008-2009-2010-2011~~ millage levied. ~~Reimbursement~~  
5 ~~for the millages levied in 2009-2010 shall be made in 2010-2011 at~~  
6 ~~an amount per 2009-2010 membership pupil computed by subtracting~~  
7 ~~from \$194,700.00 the 2009-2010 taxable value behind each membership~~  
8 ~~pupil and multiplying the resulting difference by the 2009-2010~~  
9 ~~millage levied.~~

10 Sec. 74. (1) From the amount appropriated in section 11, ~~there~~  
11 ~~is allocated an amount not to exceed \$3,028,500.00 for 2009-2010~~  
12 ~~and there is allocated an amount not to exceed \$2,058,800.00~~  
13 **\$2,558,800.00 for 2010-2011 AND AN AMOUNT NOT TO EXCEED**  
14 **\$3,154,600.00 FOR 2011-2012** for the purposes of this section.

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

1 university or intermediate district providing the course of  
2 instruction.

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

10 (4) From the funds allocated in subsection (1), there is  
11 allocated ~~an amount not to exceed \$1,403,500.00 for 2009-2010 and~~  
12 ~~an amount not to exceed \$433,800.00~~ **\$933,800.00** for 2010-2011 **AND**  
13 **AN AMOUNT NOT TO EXCEED \$1,529,600.00 FOR 2011-2012** for  
14 reimbursement to districts and intermediate districts for costs  
15 associated with the inspection of school buses and pupil  
16 transportation vehicles by the department of state police as  
17 required under section 715a of the Michigan vehicle code, 1949 PA  
18 300, MCL 257.715a, and section 39 of the pupil transportation act,  
19 1990 PA 187, MCL 257.1839. The department of state police shall  
20 prepare a statement of costs attributable to each district for  
21 which bus inspections are provided and submit it to the department  
22 and to each affected district in a time and manner determined  
23 jointly by the department and the department of state police. The  
24 department shall reimburse each district and intermediate district  
25 for costs detailed on the statement within 30 days after receipt of  
26 the statement. Districts for which services are provided shall make  
27 payment in the amount specified on the statement to the department

1 of state police within 45 days after receipt of the statement. The  
2 total reimbursement of costs under this subsection shall not exceed  
3 the amount allocated under this subsection. Notwithstanding section  
4 17b, payments to eligible entities under this subsection shall be  
5 paid on a schedule prescribed by the department.

6 Sec. 81. (1) Except as otherwise provided in this section,  
7 from the appropriation in section 11, there is allocated for ~~2010-~~  
8 ~~2011-2011-2012~~ to the intermediate districts the sum necessary, but  
9 not to exceed ~~\$65,376,800.00~~ **\$62,108,000.00**, to provide state aid  
10 to intermediate districts under this section. Except as otherwise  
11 provided in this section, there shall be allocated to each  
12 intermediate district for ~~2010-2011-~~**2011-2012** an amount equal to  
13 ~~80%-95%~~ of the amount allocated under this subsection for ~~2008-~~  
14 ~~2009-~~**2010-2011**. Funding provided under this section shall be used  
15 to comply with requirements of this act and the revised school code  
16 that are applicable to intermediate districts, and for which  
17 funding is not provided elsewhere in this act, and to provide  
18 technical assistance to districts as authorized by the intermediate  
19 school board.

20 (2) Intermediate districts receiving funds under this section  
21 shall collaborate with the department to develop expanded  
22 professional development opportunities for teachers to update and  
23 expand their knowledge and skills needed to support the Michigan  
24 merit curriculum.

25 (3) From the allocation in subsection (1), there is allocated  
26 to an intermediate district, formed by the consolidation or  
27 annexation of 2 or more intermediate districts or the attachment of

1 a total intermediate district to another intermediate school  
2 district or the annexation of all of the constituent K-12 districts  
3 of a previously existing intermediate school district which has  
4 disorganized, an additional allotment of \$3,500.00 each fiscal year  
5 for each intermediate district included in the new intermediate  
6 district for 3 years following consolidation, annexation, or  
7 attachment.

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

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

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

22 (b) Demonstrate to the satisfaction of the department that the  
23 intermediate district employs at least 1 person who is trained in  
24 rules, regulations, and district reporting procedures for the  
25 individual-level student data that serves as the basis for the  
26 calculation of the district and high school graduation and dropout  
27 rates.

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

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

6 (e) Comply with section 1230g of the revised school code, MCL  
7 380.1230g.

8 (f) Comply with section 761 of the revised school code, MCL  
9 380.761.

10 ~~—— (6) If the amount of the allocation to intermediate districts~~  
11 ~~under subsection (1) is reduced in a fiscal year after 2010-2011~~  
12 ~~from the amount of that allocation for 2010-2011, that reduced~~  
13 ~~allocation shall not result in an intermediate district's~~  
14 ~~allocation being less than the funding actually received by or paid~~  
15 ~~on behalf of the intermediate district for the 1994-95 fiscal year~~  
16 ~~under former section 146a(1) and section 147(1), as those sections~~  
17 ~~were in effect for the 1994-95 fiscal year.~~

18 Sec. 93. From the general fund money appropriated in section  
19 11, there is allocated for ~~2010-2011-2011-2012~~ an amount not to  
20 exceed ~~\$1,500,000.00~~ **\$1,304,300.00** to the library of Michigan for  
21 state aid to libraries payments to help support the provision of  
22 the Michigan electronic library in public schools and public  
23 libraries. The library of Michigan shall distribute the payments to  
24 libraries under this section ~~in an amount equal to 25.0% of the~~  
25 ~~allocation each library received under the state aid to libraries~~  
26 ~~appropriation enacted under 2009 PA 115.~~ **PURSUANT TO THE STATE AID**  
27 **TO PUBLIC LIBRARIES ACT, 1977 PA 89, MCL 397.551 TO 397.576.**

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

5       (a) Coordinate the collection of all data required by state  
6   and federal law from districts, intermediate districts, and  
7   postsecondary institutions.

8       (b) Create, maintain, and enhance this state's statewide  
9   longitudinal data system and ensure that it meets the requirements  
10  of subsection ~~(6)~~ **(4)**.

11      (c) Collect data in the most efficient manner possible in  
12  order to reduce the administrative burden on reporting entities,  
13  including, but not limited to, electronic transcript services.

14      (d) Create, maintain, and enhance this state's web-based  
15  educational portal to provide information to school leaders,  
16  teachers, researchers, and the public in compliance with all  
17  federal and state privacy laws. Data shall include, but are not  
18  limited to, all of the following:

19      (i) Data sets that link teachers to student information,  
20  allowing districts to assess individual teacher impact on student  
21  performance and consider student growth factors in teacher and  
22  principal evaluation systems.

23      (ii) Data access or, if practical, data sets, provided for  
24  regional data warehouses that, in combination with local data, can  
25  improve teaching and learning in the classroom.

26      (iii) Research-ready data sets for researchers to perform  
27  research that advances this state's educational performance.

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

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

6 (g) Other functions as assigned by the state budget director.

7 (2) Each state department, officer, or agency that collects  
8 information from districts, intermediate districts, or  
9 postsecondary institutions as required under state or federal law  
10 shall make arrangements with the center to ensure that the state  
11 department, officer, or agency is in compliance with subsection  
12 (1). This subsection does not apply to information collected by the  
13 department of treasury under the uniform budgeting and accounting  
14 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal  
15 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond  
16 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to  
17 388.1939; or section 1351a of the revised school code, MCL  
18 380.1351a.

19 ~~— (3) The state budget director shall appoint a CEPI advisory~~  
20 ~~committee to provide advice to the director. The CEPI advisory~~  
21 ~~committee shall consist of the following members:~~

22 ~~— (a) One representative from the house fiscal agency.~~

23 ~~— (b) One representative from the senate fiscal agency.~~

24 ~~— (c) One representative from the state budget office.~~

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

26 ~~— (e) One representative each from the department of energy,~~  
27 ~~labor, and economic growth and the department of treasury.~~

- 1 ~~—— (f) Three representatives from intermediate school districts.~~  
2 ~~—— (g) One representative from each of the following educational~~  
3 ~~organizations:~~  
4 ~~—— (i) Michigan association of school boards.~~  
5 ~~—— (ii) Michigan association of school administrators.~~  
6 ~~—— (iii) Michigan school business officials.~~  
7 ~~—— (h) One representative representing private sector firms~~  
8 ~~responsible for auditing school records.~~  
9 ~~—— (i) Other representatives as the state budget director~~  
10 ~~determines are necessary.~~  
11 ~~—— (4) The CEPI advisory committee appointed under subsection (3)~~  
12 ~~shall provide advice to the director of the center regarding the~~  
13 ~~management of the center's data collection activities, including,~~  
14 ~~but not limited to:~~  
15 ~~—— (a) Determining what data is necessary to collect and maintain~~  
16 ~~in order to perform the center's functions in the most efficient~~  
17 ~~manner possible.~~  
18 ~~—— (b) Defining the roles of all stakeholders in the data~~  
19 ~~collection system.~~  
20 ~~—— (c) Recommending timelines for the implementation and ongoing~~  
21 ~~collection of data.~~  
22 ~~—— (d) Establishing and maintaining data definitions, data~~  
23 ~~transmission protocols, and system specifications and procedures~~  
24 ~~for the efficient and accurate transmission and collection of data.~~  
25 ~~—— (e) Establishing and maintaining a process for ensuring the~~  
26 ~~reasonable accuracy of the data.~~  
27 ~~—— (f) Establishing and maintaining state and model local~~



~~1 policies related to data collection, including, but not limited to,~~  
~~2 privacy policies related to individual student data. These privacy~~  
~~3 policies shall ensure that a student's social security number is~~  
~~4 not released to the public for any purpose.~~

~~5 ——— (g) Working with stakeholders to develop a state research~~  
~~6 agenda.~~

~~7 ——— (h) Other matters as determined by the state budget director~~  
~~8 or the director of the center.~~

9       (3) ~~(5)~~—The center may enter into any interlocal agreements  
10 necessary to fulfill its functions.

11       (4) ~~(6)~~—The center shall ensure that the statewide  
12 longitudinal data system required under subsection (1)(b) meets all  
13 of the following:

14       (a) Includes data at the individual student level from  
15 preschool through postsecondary education and into the workforce.

16       (b) Supports interoperability by using standard data  
17 structures, data formats, and data definitions to ensure linkage  
18 and connectivity in a manner that facilitates the exchange of data  
19 among agencies and institutions within the state and between  
20 states.

21       (c) Enables the matching of individual teacher and student  
22 records so that an individual student may be matched with those  
23 teachers providing instruction to that student.

24       (d) Enables the matching of individual teachers with  
25 information about their certification and the institutions that  
26 prepared and recommended those teachers for state certification.

27       (e) Enables data to be easily generated for continuous

1 improvement and decision-making, including timely reporting to  
2 parents, teachers, and school leaders on student achievement.

3 (f) Ensures the reasonable quality, validity, and reliability  
4 of data contained in the system.

5 (g) Provides this state with the ability to meet federal and  
6 state reporting requirements.

7 (h) For data elements related to preschool through grade 12  
8 and postsecondary, meets all of the following:

9 (i) Contains a unique statewide student identifier that does  
10 not permit a student to be individually identified by users of the  
11 system, except as allowed by federal and state law.

12 (ii) Contains student-level enrollment, demographic, and  
13 program participation information.

14 (iii) Contains student-level information about the points at  
15 which students exit, transfer in, transfer out, drop out, or  
16 complete education programs.

17 (iv) Has the capacity to communicate with higher education data  
18 systems.

19 (i) For data elements related to preschool through grade 12  
20 only, meets all of the following:

21 (i) Contains yearly test records of individual students for  
22 assessments approved by DED-OESE for accountability purposes under  
23 section 1111(b) of the elementary and secondary education act of  
24 1965, 20 USC 6311, including information on individual students not  
25 tested, by grade and subject.

26 (ii) Contains student-level transcript information, including  
27 information on courses completed and grades earned.

(iii) Contains student-level college readiness test scores.

(j) For data elements related to postsecondary education only:

(i) Contains data that provide information regarding the extent to which individual students transition successfully from secondary school to postsecondary education, including, but not limited to, all of the following:

(A) Enrollment in remedial coursework.

(B) Completion of 1 year's worth of college credit applicable to a degree within 2 years of enrollment.

(ii) Contains data that provide other information determined necessary to address alignment and adequate preparation for success in postsecondary education.

(5) ~~(7)~~ From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$3,621,100.00~~ **\$5,501,700.00** for ~~2010-2011-2011-2012~~ to the department of technology, management, and budget to support the operations of the center. In addition, from the federal funds appropriated in section 11 there is allocated for ~~2010-2011-2011-2012~~ the amount necessary, estimated at ~~\$10,067,800.00 for 2010-2011,~~ **\$2,893,200.00,** to support the operations of the center **AND TO ESTABLISH A LONGITUDINAL DATA SYSTEM AS PROVIDED UNDER THIS SECTION IN COMPLIANCE WITH THE ASSURANCE PROVIDED TO THE UNITED STATES DEPARTMENT OF EDUCATION IN ORDER TO RECEIVE STATE FISCAL STABILIZATION FUNDS.** The center shall cooperate with the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state.

1           (6) ~~(8)~~ From the federal funds allocated in subsection ~~(7)~~,  
2       (5), there is allocated for ~~2010-2011~~ **2011-2012** an amount not to  
3       exceed \$850,000.00 funded from the competitive grants of DED-OESE,  
4       title II, educational technology funds for the purposes of this  
5       subsection. Not later than November 30 of each fiscal year, the  
6       department shall award a single grant to an eligible partnership  
7       that includes an intermediate district with at least 1 high-need  
8       local school district and the center.

9       ~~—— (9) In addition to the amount allocated under subsection (7)~~  
10      ~~there is also allocated from the general fund money appropriated in~~  
11      ~~section 11 for 2010-2011 an additional amount not to exceed~~  
12      ~~\$1,800,000.00 for the purpose of establishing a longitudinal data~~  
13      ~~system as provided under this section in compliance with the~~  
14      ~~assurance provided to the federal department of education in order~~  
15      ~~to receive state fiscal stabilization funds. In addition, there is~~  
16      ~~allocated for 2010-2011 from the state school aid fund money~~  
17      ~~appropriated under section 11 an amount not to exceed \$8,440,000.00~~  
18      ~~to support the efforts of districts to match individual teacher and~~  
19      ~~student records. The funds shall be distributed to districts in an~~  
20      ~~amount and manner determined by the center.~~

21           (7) ~~(10)~~ From the federal funds allocated in subsection ~~(7)~~,  
22       (5), there is allocated for ~~2010-2011~~ **2011-2012** an amount not to  
23       exceed \$242,000.00 to support the efforts of postsecondary  
24       institutions to comply with the requirements of this state's  
25       statewide longitudinal data system. The funds shall be distributed  
26       to postsecondary institutions in an amount and manner determined by  
27       the center.

1       (8) ~~(11)~~—The center and the department shall work  
2 cooperatively to develop a cost allocation plan that pays for  
3 center expenses from the appropriate federal fund and state  
4 restricted fund revenues.

5       (9) ~~(12)~~—Funds allocated under this section that are not  
6 expended in the fiscal year in which they were allocated may be  
7 carried forward to a subsequent fiscal year and are appropriated  
8 for the purposes for which the funds were originally allocated.

9       (10) ~~(13)~~—The center may bill departments as necessary in  
10 order to fulfill reporting requirements of state and federal law.  
11 The center may also enter into agreements to supply custom data,  
12 analysis, and reporting to other principal executive departments,  
13 state agencies, local units of government, and other individuals  
14 and organizations. The center may receive and expend funds in  
15 addition to those authorized in subsection ~~(7)~~—(5) to cover the  
16 costs associated with salaries, benefits, supplies, materials, and  
17 equipment necessary to provide such data, analysis, and reporting  
18 services.

19       (11) ~~(14)~~—As used in this section:

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

22       (b) "High-need local school district" means a local  
23 educational agency as defined in the enhancing education through  
24 technology part of the no child left behind act of 2001, Public Law  
25 107-110.

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

27       Sec. 98. (1) From the general fund money appropriated in

1 section 11, there is allocated an amount not to exceed  
2 \$1,687,500.00 for ~~2010-2011~~**2011-2012** to provide a grant to the  
3 Michigan virtual university for the development, implementation,  
4 and operation of the Michigan virtual high school; to provide  
5 professional development opportunities for educators; and to fund  
6 other purposes described in this section. In addition, from the  
7 federal funds appropriated in section 11, there is allocated for  
8 ~~2010-2011~~**2011-2012** an amount estimated at \$2,700,000.00.

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

11 (a) Significantly expand curricular offerings for high schools  
12 across this state through agreements with districts or licenses  
13 from other recognized providers.

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

18 (c) Provide pupils with opportunities to develop skills and  
19 competencies through online learning.

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

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

26 (f) Maintain the accreditation status of the Michigan virtual  
27 high school from recognized national and international accrediting

1 entities.

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

4 (a) Information technology courses.

5 (b) College level equivalent courses, as defined in section  
6 1471 of the revised school code, MCL 380.1471.

7 (c) Courses and dual enrollment opportunities.

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

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

11 (f) Special interest courses.

12 (g) Professional development programs that teach Michigan  
13 educators how to develop and deliver online instructional services.

14 (4) From the federal funds allocated in subsection (1), there  
15 is allocated for ~~2010-2011~~**2011-2012** an amount estimated at  
16 \$1,700,000.00 from DED-OESE, title II, improving teacher quality  
17 funds for a grant to the Michigan virtual university for the  
18 purpose of this subsection. With the approval of the department,  
19 the Michigan virtual university shall coordinate the following  
20 activities related to DED-OESE, title II, improving teacher quality  
21 funds in accordance with federal law:

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

27 (b) Encourage and support the training of teachers and

1 administrators to effectively integrate technology into curricula  
2 and instruction.

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

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

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

13 (5) The Michigan virtual university shall offer at least 200  
14 hours of online professional development for classroom teachers  
15 under this section each fiscal year beginning in 2006-2007 without  
16 charge to the teachers or to districts or intermediate districts.

17 (6) From the federal funds appropriated in subsection (1),  
18 there is allocated for ~~2010-2011~~**2011-2012** an amount estimated at  
19 \$1,000,000.00 from the DED-OESE, title II, educational technology  
20 grant funds to support e-learning and virtual school initiatives  
21 consistent with the goals contained in the United States national  
22 educational technology plan issued in January 2005. These funds  
23 shall be used to support activities designed to build the capacity  
24 of the Michigan virtual university and shall not be used to  
25 supplant other funding. Not later than November 30, 2010, from the  
26 funds allocated in this subsection, the department shall award a  
27 single grant of \$1,000,000.00 to a consortium or partnership



1 established by the Michigan virtual university that meets the  
2 requirements of this subsection. To be eligible for this funding, a  
3 consortium or partnership established by the Michigan virtual  
4 university shall include at least 1 intermediate district and at  
5 least 1 high-need local district. All of the following apply to  
6 this funding:

7 (a) An eligible consortium or partnership must demonstrate the  
8 following:

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

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

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

15 (iv) Knowledge and experience in providing technical assistance  
16 and support to K-12 schools in the area of online education.

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

19 (vi) Demonstrated technical expertise and capacity in managing  
20 complex technology systems.

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

23 (b) The Michigan virtual university, which operates the  
24 Michigan virtual high school, shall perform the following tasks  
25 related to this funding:

26 (i) Strengthen its capacity by pursuing activities, policies,  
27 and practices that increase the overall number of Michigan virtual

1 high school course enrollments and course completions by at-risk  
2 students.

3 (ii) Examine the curricular and specific course content needs  
4 of middle and high school students in the areas of mathematics and  
5 science.

6 (iii) Design, develop, and acquire online courses and related  
7 supplemental resources aligned to state standards to create a  
8 comprehensive and rigorous statewide catalog of online courses and  
9 instructional services.

10 (iv) Continue to evaluate and conduct pilot programs for new  
11 and innovative online tools, resources, and courses.

12 (v) Evaluate existing online teaching and learning practices  
13 and develop continuous improvement strategies to enhance student  
14 achievement.

15 (vi) Develop, support, and maintain the technology  
16 infrastructure and related software required to deliver online  
17 courses and instructional services to students statewide.

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

24 (8) Not later than December 1 ~~, 2010,~~ **OF EACH FISCAL YEAR,** the  
25 Michigan virtual university shall provide a report to the house and  
26 senate appropriations subcommittees on state school aid, the state  
27 budget director, the house and senate fiscal agencies, and the

1 department that includes at least all of the following information  
2 related to the Michigan virtual high school for the preceding state  
3 fiscal year:

4 (a) A list of the Michigan schools served by the Michigan  
5 virtual high school.

6 (b) A list of online course titles available to Michigan  
7 schools.

8 (c) The total number of online course enrollments and  
9 information on registrations and completions by course.

10 (d) The overall course completion rate percentage.

11 (e) A summary of DED-OESE, title IIA, teacher quality grant  
12 and DED-OESE, title IID, education technology grant expenditures.

13 (f) Identification of unmet educational needs that could be  
14 addressed by the Michigan virtual high school.

15 (g) As used in this section:

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

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

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

22 Sec. 99. (1) From the state school aid fund money appropriated  
23 in section 11, there is allocated an amount not to exceed  
24 \$2,515,000.00 for ~~2010-2011~~**2011-2012** and from the general fund  
25 appropriation in section 11, there is allocated an amount not to  
26 exceed \$110,000.00 for ~~2010-2011~~**2011-2012** to support the  
27 activities and programs of mathematics and science centers and for

1 other purposes as described in this section. In addition, from the  
2 federal funds appropriated in section 11, there is allocated for  
3 ~~2010-2011-2011-2012~~ an amount estimated at \$5,249,300.00 from DED-  
4 OESE, title II, mathematics and science partnership grants.

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

14 (3) The department shall not award a state grant under this  
15 section to more than 1 mathematics and science center located in a  
16 designated region as prescribed in the 2007 master plan unless each  
17 of the grants serves a distinct target population or provides a  
18 service that does not duplicate another program in the designated  
19 region.

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

25 (5) Allocations under this section to support the activities  
26 and programs of mathematics and science centers shall be continuing  
27 support grants to all 33 established mathematics and science

1 centers. Each established mathematics and science center that was  
2 funded in ~~2009-2010~~ **THE IMMEDIATELY PRECEDING FISCAL YEAR** shall  
3 receive state funding in an amount equal to 100% of the amount it  
4 was allocated under this subsection for ~~2009-2010~~. **THE IMMEDIATELY**  
5 **PRECEDING FISCAL YEAR**. If a center declines state funding or a  
6 center closes, the remaining money available under this section  
7 shall be distributed to the remaining centers, as determined by the  
8 department.

9 (6) From the funds allocated in subsection (1), there is  
10 allocated for ~~2010-2011~~ **2011-2012** an amount not to exceed  
11 \$750,000.00 in a form and manner determined by the department to  
12 those centers able to provide curriculum and professional  
13 development support to assist districts in implementing the  
14 Michigan merit curriculum components for mathematics and science.  
15 Funding under this subsection is in addition to funding allocated  
16 under subsection (5).

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

22 (8) Not later than September 30, 2013, the department shall  
23 reevaluate and update the comprehensive master plan described in  
24 subsection (1).

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

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

(11) NOT LATER THAN JULY 1 OF EACH YEAR, A MATHEMATICS AND SCIENCE CENTER THAT RECEIVES FUNDS UNDER THIS SECTION SHALL REPORT TO THE DEPARTMENT IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT ON THE FOLLOWING PERFORMANCE MEASURES:

(A) STATISTICAL CHANGE IN PRE- AND POST-ASSESSMENT SCORES FOR STUDENTS WHO ENROLLED IN MATHEMATICS AND SCIENCE ACTIVITIES PROVIDED TO DISTRICTS BY THE MATHEMATICS AND SCIENCE CENTER.

(B) STATISTICAL CHANGE IN PRE- AND POST-ASSESSMENT SCORES FOR TEACHERS WHO ENROLLED IN PROFESSIONAL DEVELOPMENT ACTIVITIES PROVIDED BY THE MATHEMATICS AND SCIENCE CENTER.

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

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

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

Sec. 104. (1) In order to receive state aid under this act, a district shall comply with sections 1249, 1278a, 1278b, 1279, 1279g, and 1280b of the revised school code, MCL 380.1249, 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from the state school aid fund money appropriated in section 11, there is allocated for ~~2010-2011-2011-2012~~ an amount not to exceed ~~\$40,194,400.00~~ **\$35,194,400.00** for payments on behalf of districts for costs associated with complying with those provisions of law.

1 In addition, from the federal funds appropriated in section 11,  
2 there is allocated for ~~2010-2011~~ **2011-2012** an amount estimated at  
3 ~~\$3,250,000.00~~ **\$8,250,000.00**, funded from DED-OSERS, section 504 of  
4 part B of the individuals with disabilities education act, Public  
5 Law 94-142, plus any carryover federal funds from previous year  
6 appropriations, for the purposes of complying with the federal no  
7 child left behind act of 2001, Public Law 107-110.

8 (2) The results of each test administered as part of the  
9 Michigan educational assessment program, including tests  
10 administered to high school students, shall include an item  
11 analysis that lists all items that are counted for individual pupil  
12 scores and the percentage of pupils choosing each possible  
13 response.

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

18 (4) Notwithstanding section 17b, payments on behalf of  
19 districts, intermediate districts, and other eligible entities  
20 under this section shall be paid on a schedule determined by the  
21 department.

22 (5) As used in this section:

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

24 (b) "DED-OSERS" means the DED office of special education and  
25 rehabilitative services.

26 Sec. 107. (1) From the appropriation in section 11, there is  
27 allocated an amount not to exceed \$22,000,000.00 for ~~2010-2011~~

1   **2011-2012** for adult education programs authorized under this  
2   section. Funds appropriated under this section are restricted for  
3   adult education programs as authorized under this section only. A  
4   recipient of funds under this section shall not use those funds for  
5   any other purpose.

6           (2) To be eligible for funding under this section, a program  
7   shall employ certificated teachers and qualified administrative  
8   staff and shall offer continuing education opportunities for  
9   teachers to allow them to maintain certification.

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

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

20           (i) Is less than 20 years of age on September 1 of the school  
21   year and is enrolled in the Michigan career and technical  
22   institute.

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

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



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

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

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

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

(4) Except as otherwise provided in subsection (5), ~~from the amount allocated under subsection (1), at least \$21,800,000.00~~ **THE MONEY ALLOCATED UNDER THIS SECTION** shall be distributed as follows:

(a) For districts and consortia that received payments for ~~2009-2010-2010-2011~~ under this section, the amount allocated to each for ~~2010-2011-2011-2012~~ shall be based on the number of participants served by the district or consortium for ~~2010-2011,~~ **2011-2012**, using the amount allocated per full-time equated participant under subsection (7), up to a maximum total allocation under this subsection in an amount equal to ~~100%~~ **100.9%** of the amount the district or consortium received for ~~2009-2010-2010-2011~~ under this section before any reallocations made for ~~2009-2010~~ **2010-2011** under subsection (5).

(b) A district or consortium that received funding in ~~2009-2010-2010-2011~~ under this section may operate independently of a consortium or join or form a consortium for ~~2010-2011.-2011-2012.~~ The allocation for ~~2010-2011-2011-2012~~ to the district or the newly

1 formed consortium under this subsection shall be determined by the  
2 department and shall be based on the proportion of the amounts that  
3 are attributable to the district or consortium that received  
4 funding in ~~2009-2010-2010-2011~~. A district or consortium described  
5 in this subdivision shall notify the department of its intention  
6 with regard to ~~2010-2011-2011-2012~~ by October 1, ~~2010-2011~~.

7 (c) If a district had a declaration of financial emergency in  
8 place under the local government fiscal responsibility act, 1990 PA  
9 72, MCL 141.1201 to 141.1291, and that declaration was revoked  
10 during 2005, the district may operate a program under this section  
11 independently of a consortium or may join or form a consortium to  
12 operate a program under this section. The allocation for ~~2010-2011~~  
13 **2011-2012** to the district or the newly formed consortium under this  
14 subsection shall be determined by the department and shall be based  
15 on the proportion of the amounts that are attributable to the  
16 district or consortium that received funding in ~~2009-2010-2010-2011~~  
17 or, for a district for which a declaration of financial emergency  
18 was revoked during 2005, based on the amount the district received  
19 under this section using a 3-year average of the 3 most recent  
20 fiscal years the district received funding under this section. A  
21 district or consortium described in this subdivision shall notify  
22 the department of its intention with regard to ~~2010-2011-2011-2012~~  
23 by October 1, ~~2010-2011~~.

24 (5) A district that operated an adult education program in  
25 ~~2009-2010-2010-2011~~ and does not intend to operate a program in  
26 ~~2010-2011-2011-2012~~ shall notify the department by October 1, ~~2010~~  
27 **2011** of its intention. The money intended to be allocated under

1 this section to a district that does not operate a program in ~~2010-~~  
2 ~~2011-2011-2012~~ and the unspent money originally allocated under  
3 this section to a district or consortium that subsequently operates  
4 a program at less than the level of funding allocated under  
5 subsection (4) and any other unallocated money under this section  
6 shall instead be proportionately reallocated to the other districts  
7 described in subsection (4)(a) that are operating an adult  
8 education program in ~~2010-2011-2011-2012~~ under this section.

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

16 ~~—— (a) Collaborates with local districts and businesses to~~  
17 ~~determine area academic needs and to promote the learning~~  
18 ~~opportunities.~~

19 ~~—— (b) Is located off campus in an urban residential setting with~~  
20 ~~documented high poverty and low high school graduation rates.~~

21 ~~—— (c) Provides general educational development (G.E.D.) test~~  
22 ~~preparation courses and workshops.~~

23 ~~—— (d) Provides developmental courses taught by college faculty~~  
24 ~~that prepare students to be successful in college level courses.~~

25 ~~—— (e) Uses learning communities to allow for shared, rather than~~  
26 ~~isolated, learning experiences.~~

27 ~~—— (f) Provides on-site tutoring.~~

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

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

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

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

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

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

~~10 (m) Enrolls participants as students of the community college.~~

~~11 (n) Partners with philanthropic and business entities to  
12 provide capital funding.~~

13 (6) ~~(7)~~—The amount allocated under this section per full-time  
14 equated participant is \$2,850.00 for a 450-hour program. The amount  
15 shall be proportionately reduced for a program offering less than  
16 450 hours of instruction.

17 (7) ~~(8)~~—An adult basic education program or an adult English  
18 as a second language program operated on a year-round or school  
19 year basis may be funded under this section, subject to all of the  
20 following:

21 (a) The program enrolls adults who are determined by a  
22 department-approved assessment, in a form and manner prescribed by  
23 the department, to be below ninth grade level in reading or  
24 mathematics, or both, or to lack basic English proficiency.

25 (b) The program tests individuals for eligibility under  
26 subdivision (a) before enrollment and upon completion of the  
27 program in compliance with the state-approved assessment policy.

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

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

5 (ii) The participant fails to show progress on 2 successive  
6 assessments after having completed at least 450 hours of  
7 instruction.

8 (d) A funding recipient enrolling a participant in an English  
9 as a second language program is eligible for funding according to  
10 subsection ~~(12)~~ (11) until the participant meets 1 of the  
11 following:

12 (i) The participant is assessed as having attained basic  
13 English proficiency as determined by a department-approved  
14 assessment.

15 (ii) The participant fails to show progress on 2 successive  
16 department-approved assessments after having completed at least 450  
17 hours of instruction. The department shall provide information to a  
18 funding recipient regarding appropriate assessment instruments for  
19 this program.

20 (8) ~~(9)~~ A general educational development (G.E.D.) test  
21 preparation program operated on a year-round or school year basis  
22 may be funded under this section, subject to all of the following:

23 (a) The program enrolls adults who do not have a high school  
24 diploma.

25 (b) The program shall administer a G.E.D. pre-test approved by  
26 the department before enrolling an individual to determine the  
27 individual's potential for success on the G.E.D. test, and shall

1 administer a post-test upon completion of the program in compliance  
2 with the state-approved assessment policy.

3 (c) A funding recipient shall receive funding according to  
4 subsection ~~(12)~~-(11) for a participant, and a participant may be  
5 enrolled in the program until 1 of the following occurs:

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

7 (ii) The participant fails to show progress on 2 successive  
8 department-approved assessments used to determine readiness to take  
9 the G.E.D. test after having completed at least 450 hours of  
10 instruction.

11 (9) ~~(10)~~-A high school completion program operated on a year-  
12 round or school year basis may be funded under this section,  
13 subject to all of the following:

14 (a) The program enrolls adults who do not have a high school  
15 diploma.

16 (b) The program tests participants described in subdivision  
17 (a) before enrollment and upon completion of the program in  
18 compliance with the state-approved assessment policy.

19 (c) A funding recipient shall receive funding according to  
20 subsection ~~(12)~~-(11) for a participant in a course offered under  
21 this subsection until 1 of the following occurs:

22 (i) The participant passes the course and earns a high school  
23 diploma.

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

27 (10) ~~(11)~~-A job or employment-related adult education program

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

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

8 (b) An individual may be enrolled in this program and the  
9 grant recipient shall receive funding according to subsection ~~(12)~~  
10 **(11)** until 1 of the following occurs:

11 (i) The individual achieves the requisite skills as determined  
12 by department-approved assessment instruments administered at least  
13 after every 90 hours of attendance.

14 (ii) The individual fails to show progress on 2 successive  
15 assessments after having completed at least 450 hours of  
16 instruction. The department shall provide information to a funding  
17 recipient regarding appropriate assessment instruments for this  
18 program.

19 **(11)** ~~(12)~~—A funding recipient shall receive payments under  
20 this section in accordance with the following:

21 (a) Ninety percent for enrollment of eligible participants.

22 (b) Ten percent for completion of the adult basic education  
23 objectives by achieving an increase of at least 1 grade level of  
24 proficiency in reading or mathematics; for achieving basic English  
25 proficiency, as defined by the department in the adult education  
26 guidebook; for obtaining a G.E.D. or passage of 1 or more  
27 individual G.E.D. tests; for attainment of a high school diploma or

1 passage of a course required for a participant to attain a high  
2 school diploma; or for completion of the course and demonstrated  
3 proficiency in the academic skills to be learned in the course, as  
4 applicable.

5       (12) ~~(13)~~—As used in this section, "participant" means the sum  
6 of the number of full-time equated individuals enrolled in and  
7 attending a department-approved adult education program under this  
8 section, using quarterly participant count days on the schedule  
9 described in section 6(7)(b).

10       (13) ~~(14)~~—A person who is not eligible to be a participant  
11 funded under this section may receive adult education services upon  
12 the payment of tuition. In addition, a person who is not eligible  
13 to be served in a program under this section due to the program  
14 limitations specified in subsection ~~(8), (9), (10), or (11)~~ (7),  
15 (8), (9), OR (10) may continue to receive adult education services  
16 in that program upon the payment of tuition. The tuition level  
17 shall be determined by the local or intermediate district  
18 conducting the program.

19       (14) ~~(15)~~—An individual who is an inmate in a state  
20 correctional facility shall not be counted as a participant under  
21 this section.

22       (15) ~~(16)~~—A district shall not commingle money received under  
23 this section or from another source for adult education purposes  
24 with any other funds of the district. A district receiving adult  
25 education funds shall establish a separate ledger account for those  
26 funds. This subsection does not prohibit a district from using  
27 general funds of the district to support an adult education or



1 community education program.

2       (16) ~~(17)~~—A district or intermediate district receiving funds  
3 under this section may establish a sliding scale of tuition rates  
4 based upon a participant's family income. A district or  
5 intermediate district may charge a participant tuition to receive  
6 adult education services under this section from that sliding scale  
7 of tuition rates on a uniform basis. The amount of tuition charged  
8 per participant shall not exceed the actual operating cost per  
9 participant minus any funds received under this section per  
10 participant. A district or intermediate district may not charge a  
11 participant tuition under this section if the participant's income  
12 is at or below 200% of the federal poverty guidelines published by  
13 the United States department of health and human services.

14       (17) ~~(18)~~—In order to receive funds under this section, a  
15 district shall furnish to the department, in a form and manner  
16 determined by the department, all information needed to administer  
17 this program and meet federal reporting requirements; shall allow  
18 the department or the department's designee to review all records  
19 related to the program for which it receives funds; and shall  
20 reimburse the state for all disallowances found in the review, as  
21 determined by the department.

22       (18) ~~(19)~~—All intermediate district participant audits of  
23 adult education programs shall be performed pursuant to the adult  
24 education participant auditing and accounting manuals published by  
25 the department.

26       (19) ~~(20)~~—As used in this section, "department" means the  
27 ~~department of energy, labor, and economic growth~~ **WORKFORCE**

1   **DEVELOPMENT AGENCY.**

2           Sec. 109. (1) Subject to subsection (2), in order to receive  
3 funds under this act, each district or intermediate district shall  
4 provide appropriate instructional services, as determined by the  
5 district or intermediate district, to an enrolled pupil who is  
6 certified by the pupil's attending physician as having a medical  
7 condition that requires the pupil to be hospitalized or confined to  
8 his or her home during regular school hours and that is expected to  
9 require the hospitalization or confinement for a period longer than  
10 5 school days. The district or intermediate district may provide  
11 the services itself or may contract with an intermediate district,  
12 a hospital, a treatment center, or another district to provide the  
13 services. In choosing a provider for the instructional services,  
14 the district or intermediate district shall consider which of those  
15 potential providers is best able to deliver the appropriate  
16 instructional services. The district or intermediate district shall  
17 pay reasonable costs as agreed upon between the district or  
18 intermediate district and the provider for services provided to a  
19 pupil under this section.

20           (2) A district or intermediate district is required to provide  
21 instructional services under subsection (1) to a pupil placed in a  
22 hospital, treatment center, or other treatment facility without the  
23 district's or intermediate district's prior knowledge only if the  
24 district or intermediate district is notified of the pupil's  
25 placement by the hospital, treatment center, facility, or the  
26 pupil's parent or legal guardian. Upon being notified, the district  
27 or intermediate district shall make arrangements to provide

1 instructional services under subsection (1) within 3 school days  
2 after being notified.

3 (3) Not later than October 15 of each odd-numbered year, the  
4 department shall prepare and distribute **ELECTRONICALLY** to each  
5 district and intermediate district ~~a written~~ **AND MAKE AVAILABLE ON**  
6 **ITS WEBSITE AN** explanation of the operation of this section and the  
7 respective duties of all affected parties. The department shall  
8 provide a copy of the explanation **ELECTRONICALLY** to any other  
9 person upon request.

10 Sec. 147. The allocation for 2010-2011 for the public school  
11 employees' retirement system pursuant to the public school  
12 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to  
13 38.1408, shall be made using the entry age normal cost actuarial  
14 method and risk assumptions adopted by the public school employees  
15 retirement board and the department of technology, management, and  
16 budget. ~~The~~ **FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A**  
17 **PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, THE** annual level  
18 percentage of payroll contribution rate is estimated at ~~19.41% for~~  
19 ~~the 2010-2011 state~~ **15.96% FOR PENSION AND AT 8.50% FOR RETIREE**  
20 **HEALTH CARE FOR THE 2011-2012 fiscal year. FOR PUBLIC SCHOOL**  
21 **EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR**  
22 **AFTER JULY 1, 2010, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL**  
23 **CONTRIBUTION RATE IS ESTIMATED AT 14.73% FOR PENSION AND 8.50% FOR**  
24 **RETIREE HEALTH CARE FOR THE 2011-2012 FISCAL YEAR. FOR PUBLIC**  
25 **SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING**  
26 **UNIT BEFORE JULY 1, 2010, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL**  
27 **CONTRIBUTION RATE IS ESTIMATED AT 18.62% FOR PENSION AND 8.75% FOR**

1 RETIREE HEALTH CARE FOR THE 2012-2013 FISCAL YEAR. FOR PUBLIC  
2 SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING  
3 UNIT ON OR AFTER JULY 1, 2010, THE ANNUAL LEVEL PERCENTAGE OF  
4 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 17.39% FOR PENSION AND  
5 8.75% FOR RETIREE HEALTH CARE FOR THE 2012-2013 FISCAL YEAR. The  
6 portion of the contribution rate assigned to districts and  
7 intermediate districts for each fiscal year is all of the total  
8 percentage points. This contribution rate reflects an amortization  
9 period of ~~27-26~~ years for ~~2010-2011~~. However, ~~the contribution rate~~  
10 ~~for 2010-2011 may be reduced by an amount approved by the public~~  
11 ~~school employees' retirement system board if reforms in the public~~  
12 ~~school employees' retirement system are enacted and in effect by~~  
13 ~~December 31, 2010. 2011-2012~~. The public school employees'  
14 retirement system board shall notify each district and intermediate  
15 district by February 28 of each fiscal year of the estimated  
16 contribution rate for the next fiscal year.

17 SEC. 147A. FROM THE APPROPRIATION IN SECTION 11, THERE IS  
18 ALLOCATED FOR 2011-2012 ONLY AN AMOUNT NOT TO EXCEED  
19 \$155,000,000.00 FOR 1-TIME PAYMENTS TO PARTICIPATING DISTRICTS. THE  
20 MONEY ALLOCATED IN THIS SECTION REPRESENTS A PORTION OF THE YEAR-  
21 END STATE SCHOOL AID FUND BALANCE FOR 2010-2011. A DISTRICT THAT  
22 RECEIVES MONEY UNDER THIS SECTION SHALL USE THAT MONEY SOLELY FOR  
23 THE PURPOSE OF OFFSETTING A PORTION OF THE RETIREMENT CONTRIBUTIONS  
24 OWED BY THE DISTRICT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012.  
25 THE AMOUNT ALLOCATED TO EACH PARTICIPATING DISTRICT UNDER THIS  
26 SECTION SHALL BE BASED ON EACH PARTICIPATING DISTRICT'S PERCENTAGE  
27 OF THE TOTAL STATEWIDE PAYROLL FOR ALL PARTICIPATING DISTRICTS FOR

1 THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2011. AS USED IN THIS  
2 SECTION, "PARTICIPATING DISTRICT" MEANS A DISTRICT THAT IS A  
3 REPORTING UNIT OF THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
4 SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979,  
5 1980 PA 300, MCL 38.1301 TO 38.1408, AND THAT REPORTS EMPLOYEES TO  
6 THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR  
7 SEPTEMBER 2011.

8 SEC. 147B. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS  
9 ALLOCATED AN AMOUNT NOT TO EXCEED \$133,000,000.00 FOR 2011-2012  
10 ONLY FOR THE PURPOSES OF THIS SECTION. THE MONEY ALLOCATED IN THIS  
11 SECTION REPRESENTS A PORTION OF THE YEAR-END SCHOOL AID FUND  
12 BALANCE FOR 2010-2011. MONEY ALLOCATED UNDER THIS SECTION SHALL BE  
13 DEPOSITED IN THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND.

14 (2) THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND IS  
15 CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID FUND. THE  
16 STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE  
17 FOR DEPOSIT INTO THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE  
18 FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE MPSERS  
19 RETIREMENT OBLIGATION REFORM RESERVE FUND. THE STATE TREASURER  
20 SHALL CREDIT TO THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE  
21 FUND INTEREST AND EARNINGS FROM THE MPSERS RETIREMENT OBLIGATION  
22 REFORM RESERVE FUND. MONEY IN THE MPSERS RETIREMENT OBLIGATION  
23 REFORM RESERVE FUND AT THE CLOSE OF THE FISCAL YEAR SHALL REMAIN IN  
24 THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND AND SHALL NOT  
25 LAPSE TO THE STATE SCHOOL AID FUND OR TO THE GENERAL FUND. THE  
26 DEPARTMENT OF TREASURY SHALL BE THE ADMINISTRATOR OF THE MPSERS  
27 RETIREMENT OBLIGATION REFORM RESERVE FUND FOR AUDITING PURPOSES.

1           (3) IT IS THE INTENT OF THE LEGISLATURE THAT THE SPEAKER OF  
2 THE HOUSE OF REPRESENTATIVES OR THE SENATE MAJORITY LEADER, OR  
3 BOTH, SHALL CONVENE A WORKGROUP TO EXAMINE RETIREMENT OBLIGATIONS  
4 AND POTENTIAL REFORMS TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES'  
5 RETIREMENT SYSTEM ESTABLISHED UNDER THE PUBLIC SCHOOL EMPLOYEES  
6 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1408. THE  
7 CHAIR OF THE SENATE APPROPRIATIONS COMMITTEE AND CHAIR OF THE HOUSE  
8 APPROPRIATIONS COMMITTEE, OR HIS OR HER DESIGNEE, EACH SHALL BE A  
9 MEMBER OF THE WORKGROUP, AND THE WORKGROUP SHALL REPORT TO THE  
10 SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THE SENATE MAJORITY  
11 LEADER, AS APPLICABLE, BY FEBRUARY 1, 2012, ON REFORMS IDENTIFIED,  
12 TIMELINES FOR IMPLEMENTING REFORMS, AND ESTIMATED COSTS AND SAVINGS  
13 OF THE IDENTIFIED REFORMS.

14           Sec. 152a. (1) As required by the court in the consolidated  
15 cases known as Adair v State of Michigan, Michigan supreme court  
16 docket nos. 137424 and 137453, from the state school aid fund money  
17 appropriated in section 11 there is allocated for ~~2010-2011-2011-~~  
18 ~~2012~~ an amount not to exceed ~~\$25,624,500.00~~ **\$34,064,500.00** to be  
19 used solely for the purpose of paying necessary costs related to  
20 the state-mandated collection, maintenance, and reporting of data  
21 to this state.

22           (2) From the allocation in subsection (1), the department  
23 shall make payments to districts and intermediate districts in an  
24 equal amount per pupil based on the total number of pupils in  
25 membership in each district and intermediate district. The  
26 department shall not make any adjustment to these payments after  
27 the final installment payment under section 17b is made.

1       Enacting section 1. (1) In accordance with section 30 of  
2 article IX of the state constitution of 1963, total state spending  
3 in this amendatory act and in 2010 PA 217 from state sources for  
4 fiscal year 2010-2011 is estimated at \$10,775,902,900.00 and state  
5 appropriations to be paid to local units of government for fiscal  
6 year 2010-2011 are estimated at \$10,673,832,600.00.

7       (2) In accordance with section 30 of article I of the state  
8 constitution of 1963, total state spending on school aid in this  
9 amendatory act from state sources for fiscal year 2011-2012 is  
10 estimated at \$11,005,741,100.00 and state appropriations for school  
11 aid to be paid to local units of government for fiscal year 2011-  
12 2012 are estimated at \$10,716,987,100.00.

13       Enacting section 2. Sections 11d, 11p, 20j, 20k, 29, 32c, 41,  
14 64, 65, 92, 99i, 99p, 158b, and 166c, of the state school aid act  
15 of 1979, 1979 PA 94, MCL 388.1611d, 388.1611p, 388.1620j,  
16 388.1620k, 388.1629, 388.1632c, 388.1641, 388.1664, 388.1665,  
17 388.1692, 388.1699i, 388.1699p, 388.1758b, and 388.1766c, are  
18 repealed effective October 1, 2011.

19       Enacting section 3. (1) Except as otherwise provided in  
20 subsection (2), this amendatory act takes effect October 1, 2011.

21       (2) Sections 11, 11m, 22a, 22b, 51a, 51c, and 74 of the state  
22 school aid act of 1979, 1979 PA 94, MCL 388.1611, 388.1611m,  
23 388.1622a, 388.1622b, 388.1651a, 388.1651c, and 388.1674, as  
24 amended by this amendatory act, take effect upon enactment of this  
25 amendatory act.