

(g) “Maximum public school academy allocation” means the maximum per-pupil allocation as calculated by adding the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$50.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies].

(h) “Membership” means the definition of that term under section 6 as in effect for the particular fiscal year for which a particular calculation is made.

(i) “Principal residence” and “qualified agricultural property” mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd.

(j) “School operating purposes” means the purposes included in the operation costs of the district as prescribed in sections 7 and 18.

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

(l) “Taxable value per membership pupil” means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district’s membership excluding special education pupils for the school year ending in the current state fiscal year.

### **388.1620j Foundation allowance supplemental payments; amounts.**

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

(2) The per pupil allocation to each district under this section shall be the difference between the basic foundation allowance for the 1998-99 state fiscal year and \$7,108.00 less \$223.00 minus the dollar amount of the adjustment from the 1998-99 state fiscal year to 2006-2007 in the district’s foundation allowance.

(3) If a district’s local revenue per pupil does not exceed the sum of its foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the per pupil allocation under subsection (2) multiplied by the district’s membership excluding special education pupils. If a district’s local revenue per pupil exceeds the foundation allowance under section 20 but does not exceed the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the difference between the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2) minus the local revenue per pupil multiplied by the district’s membership excluding special education pupils. If a district’s local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

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

**388.1622a Allocation for 2007-2008; payments to districts, university schools, and public school academies; definitions.**

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$6,012,000,000.00 for 2007-2008 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 payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, divided by the district's membership.

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

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

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the 1994-95 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 in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

(6) As used in this section:

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

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

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

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

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

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

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

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

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

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

(k) “Taxable value per membership pupil” means each of the following divided by the district’s membership:

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

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

**388.1622b Allocations for 2007-2008; discretionary nonmandated payments; duties of district; purchase of software; payments for litigation costs; allegation of unfunded constitutional requirement; escrowed funds as work project; purpose; determination; review of claim by local claims review board; removal to court of appeals; payment provisions; amount allocated.**

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$3,722,000,000.00 for 2007-2008 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

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

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

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

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

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

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

(5) From the allocation in subsection (1), the department shall pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or

intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

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

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

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

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

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

(11) From the allocation in subsection (1), there is allocated for 2007-2008 only an amount not to exceed \$40,000.00 for payment to a district that meets all of the following:

(a) Had a membership of less than 900 pupils for 2006-2007.

(b) Is located in an intermediate district that had a taxable value per membership pupil, as defined in section 22a, of greater than \$290,000.00 for 2006-2007.

(c) The school electors of the district voted in the affirmative on May 8, 2007 to restore a millage reduction required under section 31 of article IX of the state constitution of 1963, but the district was later found to have an incorrect millage reduction fraction as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.

**388.1622d Geographically isolated districts; payments; eligibility; spending plan.**

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

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

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

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

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

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

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

**388.1624 Allocations for 2007-2008; payments for educating students assigned by court or department of human services; allocations; definitions; funding for department-approved on-grounds educational program.**

Sec. 24. (1) From the appropriation in section 11, there is allocated for 2007-2008 an amount not to exceed \$8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

(2) For 2007-2008, 90% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 10% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost. Beginning with allocations for 2008-2009, 100% of the total amount allocated under this section shall be allocated by

paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district. For the purposes of this subsection:

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

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

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

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

### **388.1624a Allocations for 2007-2008; payments to intermediate districts for pupils placed in juvenile justice service facilities.**

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

### **388.1624c Allocations for 2007-2008; payments to districts for pupils enrolled in youth challenge program.**

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed \$1,283,900.00 for 2007-2008 for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. A district receiving payments under this section shall

contract with the department of military and veterans affairs to ensure that all funding allocated under this section is utilized by the district and the department of military and veterans affairs for the youth challenge program.

### **388.1626 Receipt or reduction of funds by district or intermediate district.**

Sec. 26. A district or intermediate district receiving money pursuant to 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, shall have its funds received under section 22b, 56, or 62 reduced by an amount equal to the added local money.

### **388.1626a Reimbursements to districts, intermediate districts, and school aid fund pursuant to MCL 125.2692; time of allocations.**

Sec. 26a. From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$36,000,000.00 for 2007-2008, and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$14,000,000.00 for 2007-2008 to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2007. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

### **388.1626b Payments in lieu of tax obligation pursuant to MCL 324.2154; payments to districts, intermediate districts, and community college districts.**

Sec. 26b. (1) From the appropriation in section 11, there is allocated for 2007-2008 an amount not to exceed \$3,400,000.00 for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

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

### **388.1629 Declining enrollment assistance; payments to eligible districts; "average pupil membership" defined.**

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

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

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

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



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

(3) Payments to each eligible district shall be equal to the difference between the district's average pupil membership and the district's pupil membership as calculated under section 6 for the current fiscal year multiplied by the district's foundation allowance as calculated under section 20. If the total amount of the payments calculated under this subsection exceeds the allocation for this section, the payment to each district shall be prorated on an equal percentage basis.

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

**388.1631a Funding to eligible districts and public school academies; additional allowance; early intervening program; number of pupils meeting criteria for free breakfast, lunch, or milk; "at-risk pupil" defined.**

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

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

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

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

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy 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, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the sum of the district's foundation allowance or public school academy's per pupil

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

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils; for school health clinics; and for the purposes of subsection (5), (6), or (7). In addition, a district that is organized as a school district of the first class under the revised school code or a district or public school academy in which at least 50% of the pupils in membership 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), may use not more than 15% of the funds it receives under this section for school security. A district or public school academy shall not use any of that money for administrative costs or to supplant another program or other funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may include, but are not limited to, tutorial services, early childhood programs to serve children age 0 to 5, and reading programs as described in former section 32f as in effect for 2001-2002. A tutorial method may be conducted with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

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

(6) From the funds allocated under subsection (1), there is allocated for 2007-2008 an amount not to exceed \$3,743,000.00 to support child and adolescent health centers. These grants shall be awarded for 5 consecutive years beginning with 2003-2004 in a form and manner approved jointly by the department and the department of community health. Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 5-year period after the noncompliance. Beginning in 2004-2005, to continue to receive funding for a child and adolescent health center under this section a grant recipient shall ensure that the child and adolescent health center has an advisory committee and that at least one-third of the members of the advisory committee

are parents or legal guardians of school-aged children. A child and adolescent health center program shall recognize the role of a child's parents or legal guardian in the physical and emotional well-being of the child. Funding under this subsection shall be used to support child and adolescent health center services provided to children up to age 21. If any funds allocated under this subsection are not used for the purposes of this subsection for the fiscal year in which they are allocated, those unused funds shall be used that fiscal year to avoid or minimize any proration that would otherwise be required under subsection (14) for that fiscal year.

(7) From the funds allocated under subsection (1), there is allocated for 2007-2008 an amount not to exceed \$5,150,000.00 for the state portion of the hearing and vision screenings as described in section 9301 of the public health code, 1978 PA 368, MCL 333.9301. A local public health department shall pay at least 50% of the total cost of the screenings. The frequency of the screenings shall be as required under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of the Michigan administrative code. Funds shall be awarded in a form and manner approved jointly by the department and the department of community health. Notwithstanding section 17b, payments to eligible entities under this subsection shall be paid on a schedule determined by the department.

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

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

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

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

(12) For an individual school or schools operated by a district or public school academy receiving funds under this section that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or public school academy may submit to the department an application for flexibility in using the funds received under this section that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to benefit at-risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to benefit at-risk pupils in the school. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

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

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

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

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

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

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

### **388.1631d Reimbursement to districts providing school lunch programs.**

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

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

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

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

(5) From the federal funds appropriated in section 11, there is allocated for 2007-2008 all available federal funding, estimated at \$330,000,000.00, for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

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

### **388.1631f Breakfast program costs; reimbursement payments.**

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

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

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

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

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

### **388.1632 Additional state school aid fund revenue; determination; use.**

Sec. 32. If it is determined at the January 2008 revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, that there is additional state school aid fund revenue beyond that determined at the May 2007 revenue estimating conference, then it is the intent of the legislature to enact legislation that will increase funding, to the extent that revenues are available, so that section 32b is funded with a total allocation of \$2,500,000.00, section 32c is funded with a total allocation of \$2,500,000.00, section 32d is funded with a total allocation of \$83,400,000.00, and section 32l is funded with a total allocation of \$13,050,000.00. In addition, if the total allocation under section 32d is increased to \$83,400,000.00 and the total allocation under section 32l is increased to \$13,050,000.00, then it is the intent of the legislature to enact legislation that will increase the per-pupil allocation under section 32l and under section 39 to \$3,500.00.

### **388.1632b Early childhood investment corporation; grants.**

Sec. 32b. (1) From the funds appropriated under section 11, there is allocated an amount not to exceed \$1,750,000.00 for 2007-2008 for competitive grants to intermediate districts for the creation and continuance of great start communities or other community purposes as identified by the early childhood investment corporation. These dollars may not be expended until both of the following conditions have been met:

(a) The early childhood investment corporation has identified matching dollars of at least an equal amount.

(b) The membership of the executive committee includes 1 member appointed by the senate majority leader, 1 member appointed by the senate minority leader, 1 member appointed by the speaker of the house of representatives, and 1 member appointed by the minority leader of the house of representatives. Not later than 60 days after the convening of each legislative session in each odd numbered year, each legislative leader shall appoint a member of the executive committee. A member appointed in this manner shall continue to serve on the executive committee through the next regular legislative session unless he or she voluntarily resigns or is otherwise unable to serve. When a vacancy occurs as a result of a voluntary resignation or inability to serve, the legislative leader who had appointed the member shall make an appointment to fill that vacancy not later than 60 days after the date the vacancy occurs.

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

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

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

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

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

(d) Evaluation of local programs.

(4) Not later than December 1, 2007 for the 2006-2007 fiscal year grants under this section, and not later than December 1, 2008 for the 2007-2008 grants under this section, the department shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the amounts of grants awarded under this section, the grant recipients, the activities funded by each grant under this section, and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports.

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

### **388.1632c Grants for community-based collaborative prevention services; distribution of funds through joint request for proposals process; requirements; agreement; report.**

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,125,000.00 for 2007-2008 to the department for grants for community-based collaborative prevention services designed to foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

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

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

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

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

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

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

### **388.1632d School readiness or preschool and parenting program grants; evaluation; contract; report; "employment status" defined.**

Sec. 32d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed \$80,900,000.00 for 2007-2008 for school readiness or preschool and parenting program grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852, comprehensive compensatory programs designed to do 1 or both of the following:

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

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

(2) A comprehensive free compensatory program funded under this section shall include an age-appropriate educational curriculum, as described in the early childhood standards of quality for prekindergarten children adopted by the state board, that prepares children for success in school, including language, early literacy, and early mathematics. In addition, the comprehensive program shall include nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

(3) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated an amount not to exceed \$279,100.00 for 2007-2008 for a competitive grant to continue a longitudinal evaluation of children who have participated in the Michigan school readiness program.



(4) A district receiving a grant under this section may contract with for-profit or non-profit preschool center providers that meet all provisions of the early childhood standards of quality for prekindergarten children adopted by the state board for the provision of the comprehensive compensatory program and retain for administrative services an amount equal to not more than 5% of the grant amount. A district may expend not more than 10% of the total grant amount for administration of the program.

(5) A grant recipient receiving funds under this section shall report to the department on the midyear report the number of children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g) and the total number of children participating in the program. For children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g), grant recipients shall also report whether or not a parent is available to provide care based on employment status. For the purposes of this subsection, “employment status” shall be defined by the department of human services in a manner consistent with maximizing the amount of spending that may be claimed for temporary assistance for needy families maintenance of effort purposes.

### **388.1632j Programs for parents with preschool children.**

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The superintendent shall approve or disapprove the plans and notify the intermediate district of that decision not later than November 15, 2007. The amount allocated to each intermediate district shall be at least an amount equal to 100% of the intermediate district's 2006-2007 payment under this section.

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

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

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

### **388.1632/ Competitive school readiness program grants.**

Sec. 32L. (1) From the general fund money appropriated in section 11, there is allocated for 2007-2008 an amount not to exceed \$12,650,000.00 for competitive school readiness program grants for the purposes of preparing children for success in school, including language, early literacy, and early mathematics. These grants shall be made available through a competitive application process as follows:

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

(b) An applicant shall submit an application in the form and manner prescribed by the department.

(c) The department shall establish a diverse interagency committee to review the applications. The committee shall be composed of representatives of the department, appropriate community, volunteer, and social service agencies and organizations, and parents.

(d) The superintendent shall award the grants and shall give priority for awarding the grants based upon the following criteria:

(i) Compliance with the state board-approved early childhood standards of quality for prekindergarten.

(ii) Active and continuous involvement of the parents or guardians of the children participating in the program.

(iii) Employment of teachers possessing proper training, including a valid Michigan teaching certificate with an early childhood (ZA) endorsement, a valid Michigan teaching certificate with a child development associate credential (CDA), or a bachelor's degree in child development with a specialization in preschool teaching. However, both of the following apply to this subparagraph:

(A) If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the superintendent may still give priority to the applicant if the applicant will employ teachers who have significant but incomplete training in early childhood education or child development if the applicant provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 4 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

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

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

(v) Evidence of collaboration with the community of child development programs, including, but not limited to, Michigan school readiness and head start providers, including documentation of the total number of children in the community who would meet the criteria established in subparagraph (vii), and who are being served by other providers, and the number of children who will remain unserved by other community early childhood programs if this program is funded.

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

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

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

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

(e) An application shall demonstrate that the program has established or has joined a multidistrict, multiagency school readiness advisory committee that is involved in the planning and evaluation of the program and that provides for the involvement of parents and

appropriate community, volunteer, and social service agencies and organizations. The advisory committee shall include at least 1 parent or guardian of a program participant for every 18 children enrolled in the program, with a minimum of 2 parent or guardian representatives. The advisory committee shall do all of the following:

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

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

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

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

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

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

(vii) Review the agency's participation in a collaborative recruitment and enrollment process with, at a minimum, all other funded preschool programs that may serve children in the same geographic area, including school district part-day programs described under section 32d and head start programs, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds. The collaborative recruitment and enrollment process should be established to reflect the geographic service areas of the collaborative partners.

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

(3) The superintendent may award grants under this section at whatever level the superintendent determines appropriate. However, the amount of a grant under this section, when combined with other sources of state revenue for this program, shall not exceed \$3,400.00 per participating child or the cost of the program, whichever is less.

(4) For a grant recipient that enrolls pupils in a full-day program funded under this section, each child enrolled in the full-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 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.

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

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

**388.1632n Statewide before- or after-school program for children and youth.**

Sec. 32n. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed \$0.00 for a statewide before- or after-school program for children and youth. Before-school programs are limited to school-aged children. This allocation will be distributed through grants to counties based upon demonstrated need. A single county shall not receive any more than 20% of the total allocation. The department shall give priority for distribution of this funding to programs that have secured additional governmental and nongovernmental matching funds.

(2) The department shall share the administrative duties of operating this program with the department of human services, department of community health, department of history, arts, and libraries, and department of labor and economic growth.

(3) Funding priority in subsection (1) shall be reserved for programs that use a curriculum focused upon improving academic performance and healthy behavior; including abstinence from abuse of alcohol and illegal drugs.

**388.1637 Eligibility of district for allocation under MCL 388.1632d; preapplication; final application; consortium; submission of resolution showing certain risk factors.**

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

(2) The district shall submit a preapplication, in a manner and on forms prescribed by the department, by a date specified by the department in the immediately preceding state fiscal year. The preapplication shall include a comprehensive needs assessment and community collaboration plan that includes, but is not limited to, Michigan school readiness and head start providers, and shall identify all of the following:

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

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

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

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

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

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

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

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

(i) Teachers possessing proper training. For programs the district manages itself, a valid teaching certificate and an early childhood (ZA) endorsement are required. This provision

does not apply to a district 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) endorsement, a valid Michigan 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 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 child development may be employed by the district if the district provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 4 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

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

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

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

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

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

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

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

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

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

(vi) Review the collaboration with and the involvement of appropriate community, volunteer, and social service agencies and organizations in addressing all aspects of educational disadvantage. The district must participate in a collaborative recruitment and enrollment process with, at a minimum, all other funded preschool programs that may serve children in the same geographic area, including the competitive programs described under section 32l and head start programs, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds. The collaborative recruitment and enrollment process should be established to reflect the geographic service areas of the collaborative partners.

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

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

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

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

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

**388.1639 Tentative allocation to eligible district under MCL 388.1632d; priority in funding; contingency; supplementary day care; district with 315 or more eligible pupils; additional eligible children; full-day program; definition.**

Sec. 39. (1) The tentative allocation for each fiscal year to each eligible district under section 32d shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, by \$3,400.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38 until the money allocated in section 32d is distributed. If the number of children a district indicates it will be able to serve under section 37(2)(c) includes children able to be served in a full-day program, then the number able to be served in a full-day program shall be doubled for the purposes of making this calculation of the lesser of the number of children determined in section 38 and the number of children the district indicates it will be able to serve under section 37(2)(c) and determining the amount of the tentative allocation to the district under section 32d.

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

(3) A district that offers supplementary day care funded by funds other than those received under this section and therefore offers full-day programs as part of its early childhood

development program shall receive priority in the allocation of funds under this section over other eligible districts other than those districts funded under subsection (2).

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

(5) If, taking into account the total amount to be allocated to the district as calculated under this section, a district determines that it is able to include additional eligible children in the school readiness program without additional funds under this section, the district may include additional eligible children but shall not receive additional funding under this section for those children.

(6) For a district that enrolls pupils in a full-day program under section 32d, each child enrolled in the full-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 allocation under section 32d. A district's allocation shall not be increased solely on the basis of providing a full-day program.

(7) As used in this section, "full-day program" means a program that operates for at least the same length of day as the 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.

### **388.1639a Allocation of federal funds; definitions.**

Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated for 2007-2008 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$669,660,100.00, for the federal programs under the no child left behind act of 2001, Public Law 107-110. These funds are allocated as follows:

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

(b) An amount estimated at \$6,405,500.00 for the purpose of improving teaching and learning through a more effective use of technology, funded from DED-OESE, educational technology state grant funds.

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

(d) An amount estimated at \$9,854,300.00 for programs to teach English to limited English proficient (LEP) children, funded from DED-OESE, language acquisition state grant funds.

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

(f) An amount estimated at \$676,000.00 for rural and low income schools, funded from DED-OESE, rural and low income school funds.

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

(h) An amount estimated at \$456,971,500.00 to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED-OESE, title I, disadvantaged children funds.

(i) An amount estimated at \$2,531,700.00 for the purpose of providing unified family literacy programs, funded from DED-OESE, title I, even start funds.



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

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

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

(m) An amount estimated at \$29,911,800.00 for the purpose of providing high-quality extended learning opportunities, after school and during the summer, for children in low-performing schools, funded from DED-OESE, twenty-first century community learning center funds. Of these funds, \$50,000.00 may be used to support the Michigan after-school partnership. All of the following apply to the Michigan after-school partnership:

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

(ii) Funds shall be used to leverage other private and public funding to engage the public and private sectors in building and sustaining high-quality out-of-school-time programs and resources. The co-chairs, representing the department and the department of human services, shall name a fiduciary agent and may authorize the fiduciary to expend funds and hire people to accomplish the work of the Michigan after-school partnership.

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

(2) From the federal funds appropriated in section 11, there is allocated for 2007-2008 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$32,411,000.00, for the following programs that are funded by federal grants:

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

(b) An amount estimated at \$1,665,400.00 to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

(c) An amount estimated at \$200,000.00 for refugee children school impact grants, funded from HHS-ACF, refugee children school impact funds.

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

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

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

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

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

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

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

(4) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility provisions outlined in Public Law 107-116, and in the education flexibility partnership act of 1999, Public Law 106-25. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(5) 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.

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

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

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

### **388.1641 Instruction for pupils of limited English-speaking ability; allocation; reimbursement; use of funds.**

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$2,800,000.00 for 2007-2008 to applicant districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for instruction in speaking, reading, writing, or comprehension of English. A pupil shall not be counted under this section or instructed in a program under this section for more than 3 years.

### **388.1651a Allocations for reimbursement to districts and intermediate districts for special education programs, services, and personnel, certain net tuition payments, and programs for pupils eligible for special education programs; allocation of state and federal funds; reimbursement; total payment; adjustments; rights, benefits, and tenure of transferred personnel; refund; foundation allowance; order of expenditures.**

Sec. 51a. (1) From the appropriation in section 11, there is allocated for 2007-2008 an amount not to exceed \$1,006,483,000.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and special education programs and services for pupils who are

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

(2) From the funds allocated under subsection (1), there is allocated for 2007-2008 the amount necessary, estimated at \$215,900,000.00, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

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

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

(3) From the funds allocated under subsection (1), there is allocated for 2007-2008 the amount necessary, estimated at \$1,500,000.00, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations or services between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations or services shall be made in a manner determined by the department and shall include adjustments for program or service shifts.

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

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,500,000.00 may be allocated by the department for 2007-2008 to districts, intermediate districts, or other eligible entities on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$2,200,000.00 for 2007-2008 to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

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

(b) Beginning with the 2004-2005 fiscal year, a district or intermediate district that employed special education support services staff to provide special education support services in 2003-2004 or in a subsequent fiscal year and that in a fiscal year after 2003-2004 receives the same type of support services from another district or intermediate district shall report the cost of those support services for special education reimbursement purposes under this act. This subdivision does not prohibit the transfer of special education classroom teachers and special education classroom aides if the pupils counted in membership associated with those

special education classroom teachers and special education classroom aides are transferred and counted in membership in the other district or intermediate district in conjunction with the transfer of those teachers and aides.

(c) If the department determines before bookclosing for 2006-2007 that the amounts allocated for 2006-2007 under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will exceed expenditures for 2006-2007 under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56, then for 2006-2007 only, for a district or intermediate district whose reimbursement for 2006-2007 would otherwise be affected by subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for that district or intermediate district and reimbursement for that district or intermediate district shall be calculated in the same manner as it was for 2003-2004. If the amount of the excess allocations under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 is not sufficient to fully fund the calculation of reimbursement to those districts and intermediate districts under this subdivision, then the calculations and resulting reimbursement under this subdivision shall be prorated on an equal percentage basis.

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

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

(8) From the allocation in subsection (1), there is allocated for 2007-2008 an amount not to exceed \$15,313,900.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under subsection (6) of this section as in effect for 1996-97.

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

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

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

(12) From the funds allocated in subsection (1), there is allocated for 2007-2008 the amount necessary, estimated at \$6,600,000.00, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence 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 fiscal year; or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation allowance under section 20 for the current fiscal year; and that district's per pupil allocation under section 20j(2). This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

### **388.1651c Reimbursement for percentage of special education and special education transportation costs.**

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated for 2007-2008 the amount necessary, estimated at \$713,600,000.00, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

### **388.1651d Federally funded special education programs; distribution; payment schedule; "DED-OSERS" defined.**

Sec. 51d. (1) From the federal funds appropriated in section 11, there is allocated for 2007-2008 all available federal funding, estimated at \$74,000,000.00, for special education programs that are funded by federal grants. All federal funds allocated under this section

shall be distributed in accordance with federal law. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

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

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

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

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

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

### **388.1653a Special education programs and services; reimbursement of total approved costs; limitation; costs of transportation; allocation.**

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

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

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

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

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

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

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

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

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

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

**388.1654 Intermediate district to receive amount for pupil attending Michigan schools for the deaf and blind.**

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

**388.1654a Lending library at central Michigan university.**

Sec. 54a. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$250,000.00 for 2007-2008 to the lending library located at central Michigan university from which districts and intermediate districts can borrow assessment materials designed specifically for children with severe loss of vision or hearing, severe cognitive or motor disabilities, or multiple disabilities and for children who require the most specialized types of psychological and educational assessment. It is the intent of the legislature to allocate an amount not to exceed \$100,000.00 for subsequent fiscal years for this purpose.

(2) The lending library shall make test assessment materials available through borrowing to districts and intermediate districts. The lending library shall also provide information about the lending library at meetings and conferences for school personnel and shall develop a website to describe the services offered by the lending library. The lending library also shall mail information about the services offered by the lending library to all districts and intermediate districts.

**388.1656 Definitions; reimbursement to intermediate districts levying millages for special education; limitation; distribution plan; computation.**

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

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

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

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed \$36,881,100.00 for 2007-2008 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) Reimbursement for those millages levied in 2006-2007 shall be made in 2007-2008 at an amount per 2006-2007 membership pupil computed by subtracting from \$161,400.00 the 2006-2007 taxable value behind each membership pupil and multiplying the resulting difference by the 2006-2007 millage levied.



**388.1657 Advanced and accelerated students; grants.**

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

(2) To qualify for funding under this section, a grant recipient shall support part of the cost of summer institutes for advanced and accelerated students and, to the extent the funding allows, provide comprehensive programs for advanced and accelerated pupils.

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

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

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

**388.1661a Vocational-technical programs; added cost; reimbursement for local vocational administration, shared-time vocational administration, and career education planning district vocational-technical administration; allocation.**

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$30,000,000.00 for 2007-2008 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to rules approved by the superintendent. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the superintendent.

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

(3) From the allocation in subsection (1), there is allocated an amount not to exceed \$388,700.00 for 2007-2008 to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under

this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

**388.1662 Definitions; vocational-technical education programs; limitation.**

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

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

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

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

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

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

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

(3) Reimbursement for the millages levied in 2006-2007 shall be made in 2007-2008 at an amount per 2006-2007 membership pupil computed by subtracting from \$171,200.00 the 2006-2007 taxable value behind each membership pupil and multiplying the resulting difference by the 2006-2007 millage levied.

**388.1664 Middle college focused on field of health sciences; grants; awards; "middle college" defined; percentage of amount to be received.**

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

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

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

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

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

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

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

(4) A district or intermediate district that received a grant under this section in 2006-2007 shall receive 100% of that amount in 2007-2008, 50% of the 2007-2008 amount in 2008-2009, and 50% of the 2008-2009 amount in 2009-2010.

### **388.1665 Precollege programs in engineering and sciences; report.**

Sec. 65. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$680,100.00 for 2007-2008 for grants to districts or intermediate districts, as determined by the department, for eligible precollege programs in engineering and the sciences.

(2) From the funds allocated under subsection (1), the department shall award \$680,100.00 for 2007-2008 to the 2 eligible existing programs that received funds appropriated for these purposes in the appropriations act containing the department of labor and economic growth budget for 2005-2006.

(3) The department shall submit a report to the appropriations subcommittees responsible for this act and to the house and senate fiscal agencies by February 1, 2008 regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and mathematics-based fields for pupils who were enrolled in the programs awarded funds under this section or under preceding legislation. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded under this section.

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

### **388.1674 School bus driver safety instruction or driver skills road tests; cost of instruction and driver compensation; nonspecial education auxiliary services transportation; inspection by department of state police; reimbursement.**

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

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

(3) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the revised school code, MCL 380.1323. Districts

funded under this subsection shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

(4) From the funds allocated in subsection (1), there is allocated an amount not to exceed \$1,400,800.00 for 2007-2008 for reimbursement to districts and intermediate districts for costs associated with the inspection of school buses and pupil transportation vehicles by the department of state police as required under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The department of state police shall prepare a statement of costs attributable to each district for which bus inspections are provided and submit it to the department and to each affected district in a time and manner determined jointly by the department and the department of state police. The department shall reimburse each district and intermediate district for costs detailed on the statement within 30 days after receipt of the statement. Districts for which services are provided shall make payment in the amount specified on the statement to the department of state police within 45 days after receipt of the statement. The total reimbursement of costs under this subsection shall not exceed the amount allocated under this subsection. Notwithstanding section 17b, payments to eligible entities under this subsection shall be paid on a schedule prescribed by the department.

### **388.1676 Funding for transporting nonpublic school students.**

Sec. 76. If a district received money in 1993-94 attributable to nonspecial education transportation under former section 71 and that money was included in calculating the district's combined state and local revenue per membership pupil in 1993-94 under section 20(21), as that section was in effect for 1994-95, then the district shall use funding as calculated under section 20 as the funding for transporting nonpublic school students as required under section 1321 of the revised school code, MCL 380.1321.

Sec. 77. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$1,275,000.00 for 2007-2008 to make payments to districts that meet all of the following:

- (a) Has a total square mileage greater than 200.0.
- (b) Has 5.0 or fewer pupils per square mile as determined by the department.
- (c) Operates all of grades K to 12.

(2) The funds allocated under this section shall be allocated to eligible districts on an equal per pupil basis. These payments are to be used for costs associated with transporting pupils to and from school.

### **388.1681 Allocations to intermediate districts; amounts; expanded professional development opportunities for teachers; consolidated, annexed, or attached districts; report of adjustment and amount of estimated amount of increase; duties of intermediate district.**

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for 2007-2008 to the intermediate districts the sum necessary, but not to exceed \$80,912,000.00, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 2007-2008 an amount equal to 101.0% of the amount appropriated under this subsection for 2006-2007. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

**Compiler's note:** The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."

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

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

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

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

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

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

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

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

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

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

### **388.1682 Model intervening program for grades K to 3.**

Sec. 82. From the funds allocated under section 81, an intermediate district may develop and make available to districts an early intervening model program for grades K to 3. The model early intervening program shall be designed to instruct classroom teachers and support staff on how to monitor individual pupil learning and how to provide specific support or learning strategies to pupils as early as possible in order to reduce the need for special education placement. The model program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

### **388.1694a Center for educational performance and information.**

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

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

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

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

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

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

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

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

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

(2) Each state department, officer, or agency that collects information from districts or intermediate districts as required under state or federal law shall make arrangements with the center, and with the districts or intermediate districts, to have the center collect the information and to provide it to the department, officer, or agency as necessary. To the extent that it does not cause financial hardship, the center shall arrange to collect the information in a manner that allows electronic submission of the information to the center. Each affected state department, officer, or agency shall provide the center with any details necessary for the center to collect information as provided under this subsection. This subsection does not apply to information collected by the department of treasury under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939; or section 1351a of the revised school code, MCL 380.1351a.

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

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

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

(d) One representative from the state education agency.

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

(f) Three representatives from intermediate school districts.

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

(i) Michigan association of school boards.

(ii) Michigan association of school administrators.

(iii) Michigan school business officials.

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

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

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

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

- (b) Defining the roles of all stakeholders in the data collection system.
  - (c) Recommending timelines for the implementation and ongoing collection of data.
  - (d) Establishing and maintaining data definitions, data transmission protocols, and system specifications and procedures for the efficient and accurate transmission and collection of data.
  - (e) Establishing and maintaining a process for ensuring the reasonable accuracy of the data.
  - (f) Establishing and maintaining state and model local policies related to data collection, including, but not limited to, privacy policies related to individual student data.
  - (g) Ensuring the data is made available to state and local policymakers and citizens of this state in the most useful format possible.
  - (h) Other matters as determined by the state budget director or the director of the center.
- (5) The center may enter into any interlocal agreements necessary to fulfill its functions.
- (6) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,435,400.00 for 2007-2008 to the department of management and budget to support the operations of the center and the development and implementation of a comprehensive data management and student tracking system. 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. In addition, from the federal funds appropriated in section 11 for 2007-2008, there is allocated the amount necessary, estimated at \$3,543,200.00, in order to fulfill federal reporting requirements.
- (7) From the allocation under subsection (6), there is allocated for 2007-2008 an amount to support the development and implementation of a comprehensive longitudinal educational data management and student tracking system. In addition, from the federal funds allocated in subsection (6), there is allocated for 2007-2008 an amount not to exceed \$1,500,000.00 funded from the competitive grants of DED-OESE, title II, educational technology funds for the purposes of this subsection. Not later than November 30, 2007, the department shall award a single grant to an eligible partnership that includes an intermediate district with at least 1 high-need local school district and the center.
- (8) The center and the department shall work cooperatively to develop a cost allocation plan that pays for center expenses from the appropriate federal fund revenues.
- (9) Funds allocated under this section that are not expended in the fiscal year in which they were allocated may be carried forward to a subsequent fiscal year.
- (10) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law. The center may also enter into agreements to supply custom data, analysis, and reporting to other principal executive departments, state agencies, local units of government, and other individuals and organizations. The center may receive and expend funds in addition to those authorized in subsection (6) to cover the costs associated with salaries, benefits, supplies, materials, and equipment necessary to provide such data, analysis, and reporting services.
- (11) As used in this section:
- (a) “DED-OESE” means the United States department of education office of elementary and secondary education.
  - (b) “High-need local school district” means a local educational agency as defined in the enhancing education through technology part of the no child left behind act of 2001, Public Law 107-110.
  - (c) “State education agency” means the department.

**388.1698 Michigan virtual high school; powers and duties of Michigan virtual university; definitions.**

Sec. 98. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$500,000.00 for 2007-2008 and from the general fund money appropriated in section 11, there is allocated an amount not to exceed \$1,750,000.00 for 2007-2008 to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school; to provide professional development opportunities for educators; and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for 2007-2008 an amount estimated at \$3,250,000.00.

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

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

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

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

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

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

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

(a) Information technology courses.

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

(c) Courses and dual enrollment opportunities.

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

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

(f) Special interest courses.

(g) Professional development programs and services for teachers.

(4) From the federal funds allocated in subsection (1), there is allocated for 2007-2008 an amount estimated at \$2,250,000.00 from DED-OESE, title II, improving teacher quality funds for a grant to the Michigan virtual university for the purpose of this subsection. The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding the DED-OESE, title II, improving teacher quality funds as provided under this subsection. The memorandum of understanding under this subsection shall require that the Michigan virtual university coordinate the following activities related to DED-OESE, title II, improving teacher quality funds in accordance with federal law:

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

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



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

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

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

(5) The Michigan virtual university shall offer at least 200 hours of online professional development for classroom teachers under this section each fiscal year beginning in 2006-2007 without charge to the teachers or to districts or intermediate districts. A district or intermediate district may require a full-time teacher to participate in at least 5 hours of online professional development provided by the Michigan virtual university under subsection (4). Five hours of this professional development shall be considered to be part of the 38 hours allowed to be counted as hours of pupil instruction under section 101(10).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) As used in this section:

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

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

(c) “State education agency” means the department.

### **388.1699 Mathematics and science centers.**

Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$3,390,000.00 for 2007-2008 and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$110,000.00 for 2007-2008 for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board, and for other purposes as described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for 2007-2008 an amount estimated at \$4,456,000.00 from DED-OESE, title II, mathematics and science partnership grants.

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

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

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 33 established mathematics and science centers. Each established mathematics and science center that was funded in 2006-2007 shall receive state funding in an amount equal to 100% of the amount it was allocated under this subsection for 2006-2007. If a center declines state funding or a center closes, the remaining money available under this section shall be distributed on a pro rata basis to the remaining centers, as determined by the department.

(6) From the funds allocated in subsection (1), there is allocated for 2007-2008 an amount not to exceed \$1,000,000.00 in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in implementing the Michigan merit curriculum components for mathematics and science. Funding under this subsection is in addition to funding allocated under subsection (5).

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

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

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

### **388.1699c Middle school mathematics initiative.**

Sec. 99c. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$0.00 for 2007-2008 for payments to districts under this section for the middle school mathematics initiative to achieve the middle school mathematics standards and benchmarks adopted by the state board.

(2) The amount of the payment to each district for 2006-2007 shall be an equal amount per pupil for each pupil actually enrolled and attending school in the district in grades 6 to 8. Payments to a district under this section for subsequent fiscal years shall be as described in subsection (4).

(3) A district shall use funds received under this section for activities and efforts designed to improve pupil performance in mathematics. However, if a district has carried forward unexpended funds received under this section into 2007-2008, the district may use those unexpended funds for any purpose.

### **388.1699e Allocation to districts having reduced foundation allowance; conditions.**

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

(a) The district's membership increased by at least 20% between 2004-2005 and 2005-2006.

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

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

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

(2) The funds allocated under subsection (1) shall be used to supplement the district's operational funds as compensation for having received a reduced foundation allowance due to proration while having had an emergency financial manager in place.

(3) The funds appropriated in this section shall be awarded for 3 consecutive years beginning with 2006-2007 in a form and manner approved by the department.

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

**388.1699i Allocation to expand school-based crisis intervention project.**

Sec. 99i. (1) From the funds appropriated in section 11, there is allocated the amount of \$300,000.00 for 2007-2008 to a district that meets all of the following requirements:

(a) The district's membership is greater than 9,000 pupils.

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

(c) The district's foundation allowance for 2006-2007 was less than \$7,310.00.

(2) Funds allocated to a district under this section shall be used to expand the school-based crisis intervention project that received funds in 2005-2006 under section 304 of 2005 PA 147.

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

**388.1699j Pilot programs; allocations; definitions.**

Sec. 99j. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed \$500,000.00 for pilot programs as provided for under this section.

(2) From the funds allocated under subsection (1), the department shall award \$350,000.00 for demonstration projects in science and math instruction. The projects shall showcase differentiated instruction and the integration of technology as a learning tool. These funds shall be allocated to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 8,500 and less than 9,000.

(3) From the funds allocated under subsection (1), the department shall award \$150,000.00 for initiatives to increase opportunities for academically talented students, to implement a districtwide improvement initiative, and to implement positive behavior support programs. These funds shall be allocated to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 1,000 and less than 1,500.

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

(5) As used in this section, "principal residence" and "qualified agricultural property" mean those terms as defined in section 1211 of the revised school code, MCL 380.1211.

**388.1699k Districts financing operating deficit; allocations; definitions.**

Sec. 99k. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed \$1,950,000.00 for 2007-2008 for payments to districts under this section.

(2) From the allocation under subsection (1), there is allocated the amount of \$250,000.00 for 2007-2008 only to a district that levied 4.87 mills in 1993 to finance an operating deficit.

(3) From the allocation under subsection (1), there is allocated the amount of \$400,000.00 for 2007-2008 only to a district in which 4.91 mills levied in 1992 for school operating purposes in the 1992-1993 school year were not renewed in 1993 for school operating purposes in the 1993-1994 school year.

(4) From the allocation under subsection (1), there is allocated the amount of \$400,000.00 for 2007-2008 only to a district that levied 1.8 mills in 1993 to finance an operating deficit.

(5) From the allocation under subsection (1), there is allocated the amount of \$900,000.00 for 2007-2008 only to a district that meets all of the following:

(a) The district is located in a county that includes a district that is a school district of the first class.

(b) The district had a 2006 taxable value per pupil for property that is not a principal residence or qualified agricultural property of less than \$100,000.00.

(c) The district had a 2006-2007 pupil membership greater than 3,500 and less than 4,500.

(d) The district had a 2005-2006 operating deficit, as determined by the department, greater than 10%.

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

(7) As used in this section, “principal residence” and “qualified agricultural property” mean those terms as defined in section 1211 of the revised school code, MCL 380.1211.

### **388.1704 Compliance with revised school code and federal no child left behind act of 2001; allocation of federal funds.**

Sec. 104. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2007-2008 an amount not to exceed \$25,400,000.00 for payments on behalf of districts for costs associated with complying with sections 104a and 104b, sections 1279, 1279g, and 1280b of the revised school code, MCL 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. In addition, from the federal funds appropriated in section 11, there is allocated for 2007-2008 an amount estimated at \$8,800,000.00, funded from DED-OESE, title VI, state assessments funds for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

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

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

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

### **388.1707 Allocation for adult education programs.**

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

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

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

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

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

(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.

(3) Except as otherwise provided in subsection (4), from the amount allocated under subsection (1), \$23,800,000.00 shall be distributed as follows:

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

(b) A district or consortium that received funding in 2003-2004 under this section may operate independently of a consortium or join or form a consortium for 2007-2008. The allocation for 2007-2008 to the district or the newly formed consortium under this subsection shall be determined by the department of labor and economic growth and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in 2006-2007. A district or consortium described in this subdivision shall notify the department of labor and economic growth of its intention with regard to 2007-2008 by October 1, 2007.

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

(5) From the amount allocated under subsection (1), up to a maximum of \$200,000.00 shall be allocated for not more than 1 grant not to exceed \$200,000.00 for expansion of an existing innovative community college program that focuses on educating adults. Grants may be used

for program operating expenses such as staffing, rent, equipment, and other expenses. To be eligible for this grant funding, a program must meet the following criteria:

(a) Collaborates with local districts and businesses to determine area academic needs and to promote the learning opportunities.

(b) Is located off-campus in an urban residential setting with documented high poverty and low high school graduation rates.

(c) Provides general educational development (G.E.D.) test preparation courses and workshops.

(d) Provides developmental courses taught by college faculty that prepare students to be successful in college-level courses.

(e) Uses learning communities to allow for shared, rather than isolated, learning experiences.

(f) Provides on-site tutoring.

(g) Provides access to up-to-date technology, including personal computers.

(h) Partners with a financial institution to provide financial literacy education.

(i) Assists students in gaining access to financial aid.

(j) Provides on-site academic advising to students.

(k) Provides vouchers for reduced G.E.D. testing costs.

(l) Partners with local agencies to provide referrals for social services as needed.

(m) Enrolls participants as students of the community college.

(n) Partners with philanthropic and business entities to provide capital funding.

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

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

(a) The program enrolls adults who are determined by an appropriate assessment, in a form and manner prescribed by the department, to be below ninth grade level in reading or mathematics, or both, or to lack basic English proficiency.

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) A high school completion program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

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

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

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

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

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

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

(b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (11) until 1 of the following occurs:

(i) The individual achieves the requisite skills as determined by appropriate assessment instruments administered at least after every 90 hours of attendance.

(ii) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department of labor and economic growth shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(11) A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency; for passage of the G.E.D. test; for passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(12) As used in this section, "participant" means the sum of the number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).



(13) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (7), (8), (9), or (10) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

(14) An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section.

(15) A district shall not commingle money received under this section or from another source for adult education purposes with any other funds of the district. A district receiving adult education funds shall establish a separate ledger account for those funds. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(16) A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.

(17) In order to receive funds under this section, a district shall furnish to the department, in a form and manner determined by the department, all information needed to administer this program; shall allow the department or the department's designee to review all records related to the program for which it receives funds; and shall reimburse the state for all disallowances found in the review, as determined by the department.

(18) As used in this section, "department" means the department of labor and economic growth.

### **388.1751 Statement of taxable value; duty of tax tribunal; report.**

Sec. 151. (1) The treasurer of each county shall furnish to the department, on or before August 1 of each year following the receipt of assessment rolls, a statement of the taxable value of each district and fraction of a district within the county, using forms furnished by the department. On or before May 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the immediately preceding year of each district and fraction of a district within the county, using forms furnished by the department. On or before October 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the years after 1993 of each district and fraction of a district within the county, using forms furnished by the department. The reports required by this subsection shall also contain the amount of ad valorem taxable value captured for school operating taxes under a tax increment financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.

(2) Not later than the tenth day of each month, the tax tribunal created by the tax tribunal act, 1973 PA 186, MCL 205.701 to 205.779, shall report to the department the changes in taxable value for tax years after 1993 that are not reported to the department under subsection (1) and that are caused by tax tribunal decisions in the immediately preceding

month for property that is a principal residence or qualified agricultural property, as defined in section 1211 of the revised school code, MCL 380.1211, and for property that is not a principal residence or qualified agricultural property, in each district and intermediate district. The report shall also contain the amount of taxable value captured under a tax increment financing plan described in subsection (1) for school operating tax purposes.

**388.1763 Prohibited conduct; deduction; notice; misdemeanor; penalty.**

Sec. 163. (1) Except as provided in the revised school code, the board of a district or intermediate district shall not permit any of the following:

(a) A noncertificated teacher to teach in an elementary or secondary school or in an adult basic education or high school completion program.

(b) A noncertificated counselor to provide counseling services to pupils in an elementary or secondary school or in an adult basic education or high school completion program.

(2) Except as provided in the revised school code, a district or intermediate district employing teachers or counselors not legally certificated shall have deducted the sum equal to the amount paid the teachers or counselors for the period of noncertificated or illegal employment. Each intermediate superintendent shall notify the department of the name of the noncertificated teacher or counselor, and the district employing that individual and the amount of salary the noncertificated teacher or counselor was paid within a constituent district.

(3) If a school official is notified by the department that he or she is employing a nonapproved noncertificated teacher or counselor in violation of this section and knowingly continues to employ that teacher or counselor, the school official is guilty of a misdemeanor, punishable by a fine of \$1,500.00 for each incidence.

**Total state spending; payments to local units of government.**

Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00.

**Repeal of MCL 388.1608a, 388.1622c, 388.1632k, 388.1654b, and 388.1699h.**

Enacting section 2. Sections 8a, 22c, 32k, 54b, and 99h of the state school aid act of 1979, 1979 PA 94, MCL 388.1608a, 388.1622c, 388.1632k, 388.1654b, and 388.1699h, are repealed.

This act is ordered to take immediate effect.

Approved November 8, 2007.

Filed with Secretary of State November 8, 2007.

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**[No. 138]**

**(SB 571)**

AN ACT to amend 1976 PA 451, entitled "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees;