**SUBSTITUTE FOR**

**HOUSE BILL NO. 5628**

A bill to amend 1979 PA 94, entitled

"The state school aid act of 1979,"

by amending sections 6, 11, 11a, 11j, 11k, 11m, 11x, 11z, 12e, 15, 19, 20, 20d, 21b, 21h, 22a, 22b, 22d, 22*l*, 22m, 22r, 24, 24a, 25f, 25g, 26a, 26b, 26c, 26d, 27a, 27c, 27j, 28, 29, 30d, 31a, 31c, 31d, 31f, 31n, 31aa, 32d, 32n, 35a, 35m, 39, 39a, 41, 51a, 51c, 51d, 51e, 51g, 53a, 54, 54d, 56, 61a, 61b, 62, 67, 74, 81, 94, 94a, 98, 99h, 101, 104, 104h, 107, 147, 147a, 147b, 147c, 147e, 152a, 152b, 163, 164k, and 164*l* (MCL 388.1606, 388.1611, 388.1611a, 388.1611j, 388.1611k, 388.1611m, 388.1611x, 388.1611z, 388.1612e, 388.1615, 388.1619, 388.1620, 388.1620d, 388.1621b, 388.1621h, 388.1622a, 388.1622b, 388.1622d, 388.1622*l*, 388.1622m, 388.1622r, 388.1624, 388.1624a, 388.1625f, 388.1625g, 388.1626a, 388.1626b, 388.1626c,

388.1626d, 388.1627a, 388.1627c, 388.1627j, 388.1628, 388.1629, 388.1630d, 388.1631a, 388.1631c, 388.1631d, 388.1631f, 388.1631n, 388.1631aa, 388.1632d, 388.1632n, 388.1635a, 388.1635m, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1651e, 388.1651g, 388.1653a, 388.1654, 388.1654d, 388.1656, 388.1661a, 388.1661b, 388.1662, 388.1667, 388.1674, 388.1681, 388.1694, 388.1694a, 388.1698, 388.1699h, 388.1701, 388.1704, 388.1704h, 388.1707, 388.1747, 388.1747a, 388.1747b, 388.1747c, 388.1747e, 388.1752a, 388.1752b, 388.1763, 388.1764k, and 388.1764*l*), sections 6, 11, 11a, 11j, 11k, 11m, 11x, 15, 19, 20, 20d, 21h, 22a, 22b, 22d, 22*l*, 24, 24a, 25f, 25g, 26a, 26b, 26c, 26d, 27a, 27c, 28, 29, 30d, 31a, 31d, 31f, 31n, 31aa, 32d, 32n, 35a, 35m, 39, 39a, 41, 51a, 51c, 51d, 51e, 51g, 53a, 54, 54d, 56, 61a, 61b, 62, 67, 74, 81, 94, 94a, 98, 99h, 101, 104, 104h, 107, 147, 147a, 147c, 147e, 152a, and 152b as amended and sections 12e, 22r, 31c, 164k, and 164*l* as added by 2025 PA 15, sections 11z, 27j, and 163 as amended by 2024 PA 120, section 21b as amended by 2022 PA 144, and section 147b as amended by 2023 PA 103, and by adding sections 12f, 16, 16a, 18e, 27o, 31j, 32p, 35o, 35p, 35q, 36, 36a, 51i, 61w, 61x, 67d, 94f, 95b, and 164m; and to repeal acts and parts of acts.

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

Sec. 6. (1) "Center program" means a program operated by a district or by an intermediate district for special education pupils from several districts in programs for pupils with autism spectrum disorder, pupils with severe cognitive impairment, pupils with moderate cognitive impairment, pupils with severe multiple impairments, pupils with hearing impairment, pupils with visual impairment, and pupils with physical impairment or other health impairment. Programs for pupils with emotional impairment housed in

buildings that do not serve regular education pupils also qualify. Unless otherwise approved by the department, a center program either serves all constituent districts within an intermediate district or serves several districts with less than 50% of the pupils residing in the operating district. In addition, special education center program pupils placed part-time in noncenter programs to comply with the least restrictive environment provisions of section 1412 of the individuals with disabilities education act, 20 USC 1412, may be considered center program pupils for pupil accounting purposes for the time scheduled in either a center program or a noncenter program.

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

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

(4) "Membership", except as otherwise provided in this article, means for a district, a public school academy, or an intermediate district the sum of the product of .90 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in the district, public school academy, or intermediate district on the pupil membership count day for the current school year, plus the product of .10 times the final audited count from the supplemental count day of full-time equated pupils in grades K to 12 actually enrolled and in

regular daily attendance in the district, public school academy, or intermediate district for the immediately preceding school year. A district's, public school academy's, or intermediate district's membership is adjusted as provided under section 25e for pupils who enroll after the pupil membership count day in a strict discipline academy operating under sections 1311b to 1311m of the revised school code, MCL 380.1311b to 380.1311m. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, a public school academy, or an intermediate district:

(a) Except as otherwise provided in this subsection, and pursuant to subsection (6), a pupil is counted in membership in the pupil's educating district or districts. Except as otherwise provided in this subsection, an individual pupil must not be counted for more than a total of 1.0 full-time equated membership.

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

membership, the pupil is not counted in membership in any district.

(c) A special education pupil educated by the intermediate district is counted in membership in the intermediate district.

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

(e) A pupil enrolled in the Michigan Schools for the Deaf and Blind is counted in membership in the pupil's intermediate district of residence.

(f) A pupil enrolled in a career and technical education program supported by a millage levied over an area larger than a single district or in an area vocational-technical education program established under section 690 of the revised school code, MCL 380.690, is counted in membership only in the pupil's district of residence.

(g) A pupil enrolled in a public school academy is counted in membership in the public school academy.

(h) For the purposes of this section and section 6a, for a cyber school, as that term is defined in section 551 of the revised school code, MCL 380.551, that is in compliance with section 553a of the revised school code, MCL 380.553a, a pupil's participation in the cyber school's educational program is considered regular daily attendance, and for a district or public school academy, a pupil's participation in a virtual course as that term is defined in section 21f is considered regular daily attendance. Beginning July 1, 2021, this subdivision is subject to section 8c. It is the

intent of the legislature that the immediately preceding sentence apply retroactively and is effective July 1, 2021. For the purposes of this subdivision, for a pupil enrolled in a cyber school, all of the following apply with regard to the participation requirement as described in this subdivision:

(*i*) Except as otherwise provided in this subdivision, the pupil shall participate in each scheduled course on pupil membership count day or supplemental count day, as applicable. If the pupil is absent on pupil membership count day or supplemental count day, as applicable, the pupil must attend and participate in class during the next 10 consecutive school days if the absence was unexcused, or during the next 30 calendar days if the absence was excused.

(*ii*) For a pupil who is not learning sequentially, 1 or more of the following must be met on pupil membership count day or supplemental count day, as applicable, for each scheduled course to satisfy the participation requirement under this subdivision:

(A) The pupil attended a live lesson from the teacher.

(B) The pupil logged into a lesson or lesson activity and the login can be documented.

(C) The pupil and teacher engaged in a subject-oriented telephone conversation.

(D) There is documentation of an email dialogue between the pupil and teacher.

(E) There is documentation of activity or work between the learning coach and pupil.

(F) An alternate form of attendance as determined and agreed upon by the cyber school and the pupil membership auditor was met.

(*iii*) For a pupil using sequential learning, the participation requirement under this subdivision is satisfied if either of the

following occurs:

(A) Except as otherwise provided in this sub-subparagraph, the pupil and the teacher of record or mentor complete a 2-way interaction for 1 course during the week on which pupil membership count day or supplemental count day, as applicable, occurs, and the 3 consecutive weeks following that week. However, if a school break is scheduled during any of the weeks described in this sub-subparagraph that is 4 or more days in length or instruction has been canceled districtwide during any of the weeks described in this sub-subparagraph for 3 or more school days, the district is not required to ensure that the pupil and the teacher of record or mentor completed a 2-way interaction for that week. As used in this sub-subparagraph:

(I) "2-way interaction" means the communication that occurs between the teacher of record or mentor and pupil, where 1 party initiates communication and a response from the other party follows that communication. Responses as described in this sub-sub-subparagraph must be to the communication initiated by the teacher of record or mentor, and not some other action taken. This interaction may occur through, but is not limited to, means such as email, telephone, instant messaging, or face-to-face conversation. A parent- or legal-guardian-facilitated 2-way interaction is considered a 2-way interaction if the pupil is in any of grades K to 5 and does not yet possess the skills necessary to participate in 2-way interactions unassisted. The interactions described in this sub-sub-subparagraph must relate to a virtual course on the pupil's schedule and pertain to course content or progress.

(II) "Mentor" means a professional employee of the district who monitors the pupil's progress, ensures the pupil has access to

needed technology, is available for assistance, and ensures access to the teacher of record. A mentor may also be the teacher of record if the mentor meets the definition of a teacher of record under this sub-subparagraph and the district is the provider for the course.

(III) "Teacher of record" means a teacher to whom all of the following apply:

(1) The teacher is responsible for providing instruction, determining instructional methods for each pupil, diagnosing learning needs, assessing pupil learning, prescribing intervention strategies and modifying lessons, reporting outcomes, and evaluating the effects of instruction and support strategies. The teacher of record may coordinate the distribution and assignment of the responsibilities described in this sub-sub-sub-subparagraph with other teachers participating in the instructional process for a course.

(2) The teacher is certified for the grade level or is working under a valid substitute permit, authorization, or approval issued by the department.

(3) The teacher has a personnel identification code provided by the center.

(IV) "Week" means a period that starts on Wednesday and ends the following Tuesday.

(B) The pupil completes a combination of 1 or more of the following activities for each scheduled course on pupil membership count day or supplemental count day, as applicable:

(I) Documented attendance in a virtual course where synchronous, live instruction occurred with the teacher.

(II) Documented completion of a course assignment.

(III) Documented completion of a course lesson or lesson activity.

(IV) Documented pupil access to an ongoing lesson, which does not include a login.

(V) Documented physical attendance on pupil membership count day or supplemental count day, as applicable, in each scheduled course, if the pupil will attend at least 50% of the instructional time for each scheduled course on-site, face-to-face with the teacher of record. As used in this sub-sub-subparagraph, "teacher of record" means that term as defined in subparagraph (*iii*)(A).

(*iv*) For purposes of subparagraph (*iii*), each scheduled course currently being attempted by the pupil, rather than every course on the pupil's schedule for the entire term, is considered a part of each scheduled course for the pupil.

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

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

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

(j) If a district is the authorizing body for a public school academy, then, in the first school year in which pupils are counted in membership on the pupil membership count day in the public school academy, the determination of the district's membership excludes from the district's pupil count for the immediately preceding supplemental count day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

(k) For an extended school year program approved by the superintendent, a pupil enrolled, but not scheduled to be in regular daily attendance, on a pupil membership count day, is counted in membership.

(*l*) To be counted in membership, a pupil must meet the minimum age requirement to be eligible to attend school under section 1147 of the revised school code, MCL 380.1147, and must be less than 20 years of age on September 1 of the school year except as follows:

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

(*ii*) A pupil who is determined by the department to meet all of

the following may be counted in membership:

(A) Is enrolled in a public school academy or an alternative education high school diploma program, that is primarily focused on educating pupils with extreme barriers to education, such as being homeless as that term is defined under 42 USC 11302.

(B) Had dropped out of school.

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

(*iii*) If a child does not meet the minimum age requirement to be eligible to attend school for that school year under section 1147 of the revised school code, MCL 380.1147, but will be 5 years of age not later than December 1 of that school year, the district may count the child in membership for that school year if the parent or legal guardian has notified the district in writing that the parent or legal guardian intends to enroll the child in kindergarten for that school year.

(m) An individual who has achieved a high school diploma is not counted in membership. An individual who has achieved a high school equivalency certificate is not counted in membership unless the individual is a student with a disability as that term is defined in R 340.1702 of the Michigan Administrative Code. An individual participating in a job training program funded under former section 107a or a jobs program funded under former section 107b, administered by the department of labor and economic opportunity, or participating in any successor of either of those 2 programs, is not counted in membership.

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

membership only in the public school academy unless a written agreement signed by all parties designates the party or parties in which the pupil is counted in membership, and the instructional time scheduled for the pupil in the district or intermediate district is included in the full-time equated membership determination under subdivision (q) and section 101. However, for pupils receiving instruction in both a public school academy and in a district or intermediate district but not as a part of a cooperative education program, the following apply:

(*i*) If the public school academy provides instruction for at least 1/2 of the class hours required under section 101, the public school academy receives as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the public school academy provides divided by the number of hours required under section 101 for full-time equivalency, and the remainder of the full-time membership for each of those pupils is allocated to the district or intermediate district providing the remainder of the hours of instruction.

(*ii*) If the public school academy provides instruction for less than 1/2 of the class hours required under section 101, the district or intermediate district providing the remainder of the hours of instruction receives as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the district or intermediate district provides divided by the number of hours required under section 101 for full-time equivalency, and the remainder of the full-time membership for each of those pupils is allocated to the public school academy.

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

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

(q) The number of class hours used to calculate full-time equated memberships must be consistent with section 101. In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution or for pupils engaged in an internship or work experience under section 1279h of the revised school code, MCL 380.1279h, a pupil is not considered to be less than a full-time equated pupil solely because of the effect of the pupil's postsecondary enrollment or engagement in the internship or work experience, including necessary travel time, on the number of class hours provided by the district to the pupil.

(r) Full-time equated memberships for pupils in kindergarten are determined by dividing the number of instructional hours scheduled and provided per year per kindergarten pupil by the same number used for determining full-time equated memberships for pupils in grades 1 to 12. However, to the extent allowable under federal law, for a district or public school academy that provides evidence satisfactory to the department that it used federal title I money in the 2 immediately preceding school fiscal years to fund full-time kindergarten, full-time equated memberships for pupils in kindergarten are determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by a number equal to 1/2 the number used for determining full-time equated

memberships for pupils in grades 1 to 12. The change in the counting of full-time equated memberships for pupils in kindergarten that took effect for 2012-2013 is not a mandate.

(s) For a district or a public school academy that has pupils enrolled in a grade level that was not offered by the district or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year. Membership is calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

(u) If, as a result of a disciplinary action, a district determines through the district's alternative or disciplinary education program that the best instructional placement for a pupil is in the pupil's home or otherwise apart from the general school population, if that placement is authorized in writing by the district superintendent and district alternative or disciplinary education supervisor, and if the district provides appropriate instruction as described in this subdivision to the pupil at the pupil's home or otherwise apart from the general school population,

the district may count the pupil in membership on a pro rata basis, with the proration based on the number of hours of instruction the district actually provides to the pupil divided by the number of hours required under section 101 for full-time equivalency. For the purposes of this subdivision, a district is considered to be providing appropriate instruction if all of the following are met:

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

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

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

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

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

(w) For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of .90 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on

the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .10 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent.

(x) If a district's membership for a particular fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils, the district has 4.5 or fewer pupils per square mile, as determined by the department, and the district does not receive funding under section 22d(2), the district's membership is considered to be the membership figure calculated under this subdivision. If a district educates and counts in its membership pupils in grades 9 to 12 who reside in a contiguous district that does not operate grades 9 to 12 and if 1 or both of the affected districts request the department to use the determination allowed under this sentence, the department shall include the square mileage of both districts in determining the number of pupils per square mile for each of the districts for the purposes of this subdivision. If a district has established a community engagement advisory committee in partnership with the department of treasury, is required to submit a deficit elimination plan or an enhanced deficit elimination plan under section 1220 of the revised school code, MCL 380.1220, and is located in a city with a population between 9,000 and 11,000, as determined by the department, that is in a county with a population between 150,000 and 160,000, as determined by the department, the district's membership is considered to be the membership figure calculated under this subdivision. The membership figure calculated under this subdivision is the greater of the following:

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

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

(y) Full-time equated memberships for special education pupils who are not enrolled in kindergarten but are enrolled in a classroom program under R 340.1754 of the Michigan Administrative Code are determined by dividing the number of class hours scheduled and provided per year by 450. Full-time equated memberships for special education pupils who are not enrolled in kindergarten but are receiving early childhood special education services under R 340.1755 or R 340.1862 of the Michigan Administrative Code are determined by dividing the number of hours of service scheduled and provided per year per pupil by 180.

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

(aa) For the first year in which a pupil is counted in membership on the pupil membership count day in a middle college program, the membership is the average of the full-time equated membership on the pupil membership count day and on the supplemental count day for the current school year, as determined by the department. If a pupil described in this subdivision was counted in membership by the operating district on the immediately

preceding supplemental count day, the pupil is excluded from the district's immediately preceding supplemental count for the purposes of determining the district's membership.

(bb) A district or public school academy that educates a pupil who attends a United States Olympic Education Center may count the pupil in membership regardless of whether or not the pupil is a resident of this state.

(cc) A pupil enrolled in a district other than the pupil's district of residence under section 1148(2) of the revised school code, MCL 380.1148, is counted in the educating district.

(dd) For a pupil enrolled in a dropout recovery program that meets the requirements of section 23a, the pupil is counted as 1/12 of a full-time equated membership for each month that the district operating the program reports that the pupil was enrolled in the program and was in full attendance or based on the number of successfully completed courses by the pupil with each course equivalent to 1/12 of a full-time equated membership. A district may claim more than 1/12 of a full-time equated membership within a month for an enrolled pupil who was in full attendance and successfully completed more than 1 required course. However, if the special membership counting provisions under this subdivision and the operation of the other membership counting provisions under this subsection result in a pupil being counted as more than 1.0 FTE in a fiscal year, the payment made for the pupil under sections 22a and 22b must not be based on more than 1.0 FTE for that—pupil, and any portion of an FTE for that pupil that exceeds 1.0 is instead paid under section 25g. The district operating the program shall report to the center the number of pupils who were enrolled in the program and were in full attendance for a month not later

than 30 days after the end of the month. A district shall not report a pupil as being in full attendance for a month unless both of the following are met:

(*i*) A personalized learning plan is in place on or before the first school day of the month for the first month the pupil participates in the program.

(*ii*) Either of the following is met:

(A) The pupil meets the district's definition under section 23a of satisfactory monthly progress for that month or, if the pupil does not meet that definition of satisfactory monthly progress for that month, the pupil did meet that definition of satisfactory monthly progress in the immediately preceding month and appropriate interventions, as defined by the district, are implemented within 10 school days after it is determined that the pupil does not meet that definition of satisfactory monthly progress.

(B) For the first 2 months that the pupil participates in the program, the pupil earns 0.25 credit by the end of the second month. A pupil described in this sub-subparagraph may be retroactively reported as being in full attendance for the first month that the pupil participated in the program.

(ee) A pupil participating in a virtual course under section 21f is counted in membership in the district enrolling the pupil.

(ff) If a public school academy that is not in its first or second year of operation closes at the end of a school year and does not reopen for the next school year, the department shall adjust the membership count of the district or other public school academy in which a former pupil of the closed public school academy enrolls and is in regular daily attendance for the next school year

to ensure that the district or other public school academy receives the same amount of membership aid for the pupil as if the pupil were counted in the district or other public school academy on the supplemental count day of the preceding school year.

(gg) If a special education pupil is expelled under section 1311 or 1311a of the revised school code, MCL 380.1311 and 380.1311a, and is not in attendance on the pupil membership count day because of the expulsion, and if the pupil remains enrolled in the district and resumes regular daily attendance during that school year, the district's membership is adjusted to count the pupil in membership as if the pupil had been in attendance on the pupil membership count day.

(hh) A pupil enrolled in a community district is counted in membership in the community district.

(ii) A part-time pupil enrolled in a nonpublic school in grades K to 12 in accordance with section 166b must not be counted as more than 0.75 of a full-time equated membership.

(jj) A district that borders another state or a public school academy that operates at least grades 9 to 12 and is located within 20 miles of a border with another state may count in membership a pupil who is enrolled in a course at a college or university that is located in the bordering state and within 20 miles of the border with this state if all of the following are met:

(*i*) The pupil would meet the definition of an eligible student under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, if the course were an eligible course under that act.

(*ii*) The course in which the pupil is enrolled would meet the definition of an eligible course under the postsecondary enrollment

options act, 1996 PA 160, MCL 388.511 to 388.524, if the course were provided by an eligible postsecondary institution under that act.

(*iii*) The department determines that the college or university is an institution that, in the other state, fulfills a function comparable to a state university or community college, as those terms are defined in section 3 of the postsecondary enrollment options act, 1996 PA 160, MCL 388.513, or is an independent nonprofit degree-granting college or university.

(*iv*) The district or public school academy pays for a portion of the pupil's tuition at the college or university in an amount equal to the eligible charges that the district or public school academy would pay to an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, as if the course were an eligible course under that act.

(*v*) The district or public school academy awards high school credit to a pupil who successfully completes a course as described in this subdivision.

(kk) A pupil enrolled in a middle college program may be counted for more than a total of 1.0 full-time equated membership for any of the school years in which the pupil is enrolled in the middle college program, but the total full-time equated membership for that pupil for all of the school years in which the pupil is enrolled in high school must not be greater than 5.00 full-time equated membership if the pupil is enrolled in more than the minimum number of instructional days and hours required under section 101 and the pupil is expected to complete the 5-year program with both a high school diploma and at least 60

transferable college credits or is expected to earn an associate's degree in fewer than 5 years. A pupil who graduates with both a high school diploma and at least 60 transferable college credits or an associate degree at least 1 semester early is considered to have completed the middle college program in fewer than 5 years.

(*ll*) If a district's or public school academy's membership for a particular fiscal year, as otherwise calculated under this subsection, includes pupils counted in membership who are enrolled under section 166b, all of the following apply for the purposes of this subdivision:

(*i*) If the district's or public school academy's membership for pupils counted under section 166b equals or exceeds 5% of the district's or public school academy's membership for pupils not counted in membership under section 166b in the immediately preceding fiscal year, then the growth in the district's or public school academy's membership for pupils counted under section 166b must not exceed 10%.

(*ii*) If the district's or public school academy's membership for pupils counted under section 166b is less than 5% of the district's or public school academy's membership for pupils not counted in membership under section 166b in the immediately preceding fiscal year, then the district's or public school academy's membership for pupils counted under section 166b must not exceed the greater of the following:

(A) Five percent of the district's or public school academy's membership for pupils not counted in membership under section 166b.

(B) Ten percent more than the district's or public school academy's membership for pupils counted under section 166b in the immediately preceding fiscal year.

(*iii*) If 1 or more districts consolidate or are parties to an annexation, then the calculations under subparagraphs (*i*) and (*ii*) must be applied to the combined total membership for pupils counted in those districts for the fiscal year immediately preceding the consolidation or annexation.

**(mm) A pupil that enrolls in a district after the pupil membership count day may be counted as 1/11 of a full-time equated pupil for each month the pupil is enrolled in the district between October and August of the current fiscal year.**

(5) "Public school academy" means that term as defined in section 5 of the revised school code, MCL 380.5.

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

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

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

(c) A pupil enrolled in a public school academy.

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

(e) A pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal sexual assault or other serious assault, if

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

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

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

(f) A pupil whose district of residence changed after the pupil membership count day and before the supplemental count day and who continues to be enrolled on the supplemental count day as a nonresident in the district in which the pupil was enrolled as a resident on the pupil membership count day of the same school year.

(g) A pupil enrolled in an alternative education program operated by a district other than the pupil's district of residence who meets 1 or more of the following:

(*i*) The pupil has been suspended or expelled from the pupil's district of residence for any reason, including, but not limited to, a suspension or expulsion under section 1310, 1311, or 1311a of

the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

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

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

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

(h) A pupil enrolled in the Michigan Virtual School, for the pupil's enrollment in the Michigan Virtual School.

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

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

(k) A pupil enrolled in a district other than the pupil's district of residence in a middle college program if the pupil's district of residence and the enrolling district are both constituent districts of the same intermediate district.

(*l*) A pupil enrolled in a district other than the pupil's district of residence who attends a United States Olympic Education Center.

(m) A pupil enrolled in a district other than the pupil's district of residence under section 1148(2) of the revised school code, MCL 380.1148.

(n) A pupil who enrolls in a district other than the pupil's district of residence as a result of the pupil's school not making adequate yearly progress under the no child left behind act of

2001, Public Law 107-110, or the every student succeeds act, Public Law 114-95. However, if a district educates pupils who reside in another district and if the primary instructional site for those pupils is established by the educating district after 2009-2010 and is located within the boundaries of that other district, the educating district must have the approval of that other district to count those pupils in membership.

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

(a) Except as provided in subdivision (b) or (c), either of the following:

(*i*) The first Wednesday in October each school year.

(*ii*) For a district or building in which school is not in session on the Wednesday described in subparagraph (*i*) due to conditions not within the control of school authorities, with the approval of the superintendent, the immediately following day on which school is in session in the district or building.

(b) Except as otherwise provided in subdivision (c), for a district or intermediate district maintaining school during the entire school year, the following days:

(*i*) Fourth Wednesday in July.

(*ii*) First Wednesday in October.

(*iii*) Second Wednesday in February.

(*iv*) Fourth Wednesday in April.

(c) If a date listed in subdivision (a) or (b) is on a day of religious or cultural significance, as determined by the district or intermediate district, the immediately following day on which school is in session in the district or building.

(8) "Pupils in grades K to 12 actually enrolled and in regular

daily attendance" means, except as otherwise provided in this section, pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. Except as otherwise provided in this section and subsection, a pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, is not counted as 1.0 full-time equated membership. Except as otherwise provided in this section, a pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day is not counted as 1.0 full-time equated membership. Except as otherwise provided in this section, in addition, a pupil who was enrolled and in attendance in a district, intermediate district, or public school academy before the pupil membership count day or supplemental count day of a particular year but was expelled or suspended on the pupil membership count day or supplemental count day is only counted as 1.0 full-time equated membership if the pupil resumed attendance in the district, intermediate district, or public school academy within 45 days after the pupil membership count day or supplemental count day of that particular year. Except as otherwise provided in this section, a pupil not counted as 1.0 full-time equated membership due to an absence from a class is counted as a prorated membership for the classes the pupil

attended. For purposes of this subsection:

(a) "Appropriately placed" means holding a valid Michigan educator credential with the required grade range and discipline or subject area for the assignment, as defined by the superintendent of public instruction.

(b) "Class" means either of the following, as applicable:

(*i*) A period of time in 1 day when pupils and an individual who is appropriately placed under a valid certificate, substitute permit, authorization, or approval issued by the department, are together and instruction is taking place. This subdivision does not apply for the ~~2024-2025 and 2025-2026~~ **2026-2027** school ~~years.~~**year.**

(*ii*) For the ~~2024-2025 and 2025-2026~~ **2026-2027** school ~~years~~ **year** only, a period of time in 1 day when pupils and a certificated teacher, a teacher engaged to teach under section 1233b of the revised school code, MCL 380.1233b, or an individual working under a valid substitute permit, authorization, or approval issued by the department are together and instruction is taking place.

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

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

(11) "School district of the first class", "first class school district", and "district of the first class" mean, for the purposes of this article only, a district that had at least 40,000 pupils in membership for the immediately preceding fiscal year.

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

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

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

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

(16) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged to the district of residence. Tuition pupil does not include a pupil who is a special education pupil, a pupil described in subsection (6)(d) to (n), or a pupil whose parent or guardian voluntarily enrolls the pupil in a district that is not the pupil's district of residence. A pupil's district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

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

(18) "Taxable value" means, except as otherwise provided in this article, the taxable value of property as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(19) "Textbook" means a book, electronic book, or other instructional print or electronic resource that is selected and approved by the governing board of a district and that contains a presentation of principles of a subject, or that is a literary work relevant to the study of a subject required for the use of classroom pupils, or another type of course material that forms the

basis of classroom instruction.

(20) "Total state aid" or "total state school aid", except as otherwise provided in this article, means the total combined amount of all funds due to a district, intermediate district, or other entity under this article.

Sec. 11. (1) ~~For the fiscal year ending September 30, 2025, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of $17,936,546,300.00 from the state school aid fund, the sum of $78,830,600.00 from the general fund, an amount not to exceed $41,000,000.00 from the community district education trust fund created under section 12 of the Michigan trust fund act, 2000 PA 489, MCL 12.262, an amount not to exceed $125,000,000.00 from the school transportation fund created under section 22k, an amount not to exceed $71,000,000.00 from the enrollment stabilization fund created under section 29, an amount not to exceed $30,000,000.00 from the school meals reserve fund created under section 30e, an amount not to exceed $18,000,000.00 from the great start readiness program reserve fund created under section 32e, an amount not to exceed $481,400,000.00 from the MPSERS retirement obligation reform reserve fund created under section 147b, and an amount not to exceed $30,000,000.00 from the educator fellowship public provider fund created in section 27d.~~ For the fiscal year ending September 30, 2026, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of ~~$18,366,334,700.00~~ **$18,189,425,300.00** from the state school aid fund, the sum of $73,151,100.00 from the general fund, an amount not to exceed $100,000,000.00 from the school consolidation and infrastructure fund created under section 11x, an amount not to

exceed $125,000,000.00 from the school transportation fund created under section 22k, an amount not to exceed $71,000,000.00 from the enrollment stabilization fund created under section 29, an amount not to exceed $18,000,000.00 from the great start readiness program reserve fund created under section 32e, an amount not to exceed $30,000,000.00 from the educator fellowship public provider fund created under section 27d, an amount not to exceed $97,037,400.00 from the state school aid pupil support reserve fund created under section 22r, and an amount not to exceed $600,000.00 from the general pupil support reserve fund created under section 22s. **For the fiscal year ending September 30, 2027, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of $18,705,849,400.00 from the state school aid fund, the sum of $67,334,900.00 from the general fund, an amount not to exceed $125,000,000.00 from the school transportation fund created under section 22k, an amount not to exceed $71,000,000.00 from the enrollment stabilization fund created under section 29, an amount not to exceed $18,000,000.00 from the great start readiness program reserve fund created under section 32e, an amount not to exceed $30,000,000.00 from the educator fellowship public provider fund created under section 27d, an amount not to exceed $14,300,000.00 from the educator fellowship private provider fund created under section 27e, an amount not to exceed $87,037,400.00 from the state school aid pupil support reserve fund created under section 22r, and an amount not to exceed $600,000.00 from the general pupil support reserve fund created under section 22s.** In addition, all available federal funds are only appropriated as allocated in this article for the fiscal years ending ~~September 30, 2025 and~~ September 30, 2026 **and September 30,**

**2027.**

(2) The appropriations under this section are allocated as provided in this article. Money appropriated under this section from the general fund must be expended to fund the purposes of this article before the expenditure of money appropriated under this section from the state school aid fund.

(3) Any general fund allocations under this article that are not expended by the end of the fiscal year are transferred to the school aid stabilization fund created under section 11a.

Sec. 11a. (1) The school aid stabilization fund is created as a separate account within the state school aid fund.

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

(a) Unexpended and unencumbered state school aid fund revenue for a fiscal year that remains in the state school aid fund as of the bookclosing for that fiscal year.

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

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

(3) Money available in the school aid stabilization fund may not be expended without a specific appropriation from the school aid stabilization fund. Money in the school aid stabilization fund must be expended only for purposes for which state school aid fund money may be expended.

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

investments.

(5) Money in the school aid stabilization fund at the close of a fiscal year remains in the school aid stabilization fund and does not lapse to the unreserved school aid fund balance or the general fund.

(6) If the maximum amount appropriated under section 11 from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, there is appropriated from the school aid stabilization fund to the state school aid fund an amount equal to the projected shortfall as determined by the department of treasury, but not to exceed available money in the school aid stabilization fund. If the money in the school aid stabilization fund is insufficient to fully fund an amount equal to the projected shortfall, the state budget director shall notify the legislature as required under section 296(2) and state payments in an amount equal to the remainder of the projected shortfall must be prorated in the manner provided under section 296(3).

(7) For ~~2025-2026~~ **2026-2027**, in addition to the appropriations in section 11, there is appropriated from the school aid stabilization fund to the state school aid fund the amount necessary to fully fund the allocations under this article.

Sec. 11j. From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $23,000,000.00 for ~~2025-2026~~ **2026-2027** for payments to the school loan bond redemption fund in the department of treasury on behalf of districts and intermediate districts. Notwithstanding section 296 or any other provision of this act, funds allocated under this section are not subject to proration and must be paid in full.

Sec. 11k. For ~~2025-2026,~~ **2026-2027,** there is appropriated from the general fund to the school loan revolving fund an amount equal to the amount of school bond loans assigned to the Michigan finance authority, not to exceed the total amount of school bond loans held in reserve as long-term assets. As used in this section, "school loan revolving fund" means that fund created in section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c.

Sec. 11m. From the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $5,000,000.00 for fiscal year cash-flow borrowing costs solely related to the state school aid fund established under section 11 of article IX of the state constitution of 1963.

Sec. 11x. (1) The school consolidation and infrastructure fund is created as a separate account within the state school aid fund for the purpose of improving student academic outcomes, increasing the efficiency of the state's public education system, and creating a healthy and safe space for students in this state.

(2) The state treasurer may receive money or other assets from any source for deposit into the school consolidation and infrastructure fund. The state treasurer shall direct the investment of the school consolidation and infrastructure fund. The state treasurer shall credit to the school consolidation and infrastructure fund interest and earnings from school consolidation and infrastructure fund investments.

(3) Money in the school consolidation and infrastructure fund at the close of the fiscal year remains in the school consolidation and infrastructure fund and does not lapse to the state school aid fund or the general fund.

(4) The department of treasury is the administrator of the

school consolidation and infrastructure fund for auditing purposes.

(5) Money available in the school consolidation and infrastructure fund must not be expended without a specific appropriation.

(6) From the state school aid fund money appropriated under section 11, there is allocated for 2022-2023 only an amount not to exceed $5,000,000.00 for grants to districts and intermediate districts to support the cost of a feasibility study or analysis of consolidation or the consolidation of services among 1 or more buildings within a district, among 1 or more districts, or among 1 or more intermediate districts. Districts and intermediate districts may apply for a grant under this subsection to the department on a first-come, first-serve basis. The maximum amount of a grant to be distributed under this subsection may not exceed $250,000.00. Notwithstanding section 17b, the department shall make payments under this subsection on a schedule determined by the department.

(7) To be eligible for a grant under subsection (6), a district or intermediate district must demonstrate to the department, in the manner prescribed by the department, that it will conduct a feasibility study or analysis and that all of the following will be met:

(a) Within 30 days after completion of the study or analysis, the district or intermediate district will make the results of the study or analysis available to all districts and intermediate districts included in the study or analysis. Within 60 days after the completion of the study or analysis, the district or intermediate district will make the results available on a publicly available website.

(b) The study or analysis may include, but is not limited to, consolidation opportunities in the following areas:

(*i*) Financial services, which may include, but is not limited to, the following:

(A) Budgeting and staffing.

(B) Payroll.

(C) Employee benefits.

(D) State reporting.

(E) Software consolidation to achieve common software throughout the intermediate district.

(*ii*) Human resources, which may include, but is not limited to, the following:

(A) Onboarding.

(B) Title IX administration.

(C) Hiring.

(D) Software consolidation to achieve common software throughout the intermediate district.

(*iii*) Information technology, which may include, but is not limited to, the following:

(A) Software consolidation to achieve common software throughout the intermediate district.

(B) Fiber projects.

(C) Cybersecurity.

(D) One-to-one device management.

(*iv*) Grant management and reporting, which may include, but is not limited to, the following:

(A) Management of all state grant sites and databases.

(B) Grant reporting.

(*v*) Cash management, which may include, but is not limited to,

the opportunities for intermediate districts and districts to contract on cash flow management to maximize interest earnings.

(*vi*) Debt issuance and management, including at least all of the following:

(A) Refunding opportunities.

(B) New bond issue analysis.

(*vii*) School facility consolidation.

(*viii*) Consolidation of transportation-related activities.

(*ix*) The physical consolidation of districts.

(8) An intermediate district that receives a grant under this section shall meet with its constituent districts located within the intermediate district to discuss the results of the study or analysis and to implement changes where feasible. The application for an intermediate district must include a brief description of how the intermediate district will conduct these meetings.

(9) To be eligible for the receipt of funding for infrastructure-related projects appropriated from the school consolidation and infrastructure fund created under this section, a district must allow for the facility condition assessments described in section 11y to be conducted in the district. It is the intent of the legislature that money in the school consolidation and infrastructure fund will not be appropriated for infrastructure projects until the completion of the facility condition assessments described in section 11y.

(10) For 2025-2026, $83,400,000.00 from the school consolidation and infrastructure fund must be deposited into the state school aid fund.

**(11) For the fiscal year ending September 30, 2027 only, $11,000,000.00 from the state school aid fund is deposited into the**

**school consolidation and infrastructure fund.**

Sec. 11z. (1) The school aid countercyclical budget and foundation stabilization fund is created as a separate account in the state school aid fund.

(2) The state treasurer may receive money or other assets from any source for deposit into the school aid countercyclical budget and foundation stabilization fund.

(3) The state treasurer shall direct the investment of the school aid countercyclical budget and foundation stabilization fund. The state treasurer shall credit to the school aid countercyclical budget and foundation stabilization fund interest and earnings from fund investments.

(4) Money in the school aid countercyclical budget and foundation stabilization fund at the close of a fiscal year remains in the school aid countercyclical budget and foundation stabilization fund and does not lapse to the state school aid fund or the general fund.

(5) Except as provided in subsections (6) and (7), money available in the school aid countercyclical budget and foundation stabilization fund may not be expended without a specific appropriation from the school aid countercyclical budget and foundation stabilization fund.

(6) If, for a given fiscal year, the department of treasury determines that proration of payments under this article will be required under section 296, the amount necessary to avoid proration, or an amount necessary to reduce proration, may be deposited from the school aid countercyclical budget and foundation stabilization fund into the state school aid fund. The state budget director shall notify the legislature of a deposit under this

subsection at least 30 calendar days or 6 legislative session days, whichever is more, before a deposit is made. Funds deposited into the state school aid fund under this subsection must be used only to eliminate or reduce proration under this article, as required under section 296. If, after making final calculations under section 296, the amount deposited into the state school aid fund under this section exceeds the amount actually necessary to eliminate or reduce proration, the excess amount must be deposited back into the school aid countercyclical budget and foundation stabilization fund.

(7) If year-over-year revenues for the state school aid fund are projected to decline, as determined during the final revenue estimating conference of a given fiscal year, the gross year-over-year decline in state school aid fund revenue may be deposited from the school aid countercyclical budget and foundation stabilization fund into the state school aid fund. The state budget director shall notify the legislature of a deposit under this subsection at least 30 calendar days or 6 legislative session days, whichever is more, before a deposit is made.

(8) Funds deposited into the state school aid fund under this section must be appropriated only for purposes under article I.

(9) For the fiscal year ending September 30, ~~2025~~ **2027** only, ~~$25,000,000.00~~ **$239,113,600.00** from the state school aid fund is deposited into the school aid countercyclical budget and foundation stabilization fund.

(10) As used in this section:

(a) "Revenue estimating conference" means a revenue estimating conference occurring in May as described in section 367b of the management and budget act, MCL 18.1367b.

(b) "Year-over-year" means a comparison of the fiscal year in which calculations are being made to the fiscal year immediately preceding the fiscal year in which calculations are being made.

Sec. 12e. (1) From the school consolidation and infrastructure fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** only an amount estimated at ~~$100,000,000.00~~ **$150,000,000.00** for grants to districts and intermediate districts for infrastructure needs as described in this section.

(2) Districts and intermediate districts must apply on a competitive basis for funding in a form and manner determined by the department.

(3) ~~If the amount allocated under subsection (1) is insufficient to fully fund awards under this section, there is appropriated from the school consolidation and infrastructure fund described in section 11x the amount necessary to fully fund these awards, or the maximum available in the fund, whichever is less. The state budget director shall provide notification to the house and senate appropriations subcommittees on school aid and the house and senate fiscal agencies regarding any additional appropriation described in this subsection.~~

~~(4)~~ The department shall prioritize applications from districts and intermediate districts that meet any of the following criteria:

(a) Are in an opportunity index band, as described in section 31a, of 4 or higher.

(b) Are an intermediate district for which the percentage of pupils in membership who were determined to be economically disadvantaged in the immediately preceding fiscal year is equal to or greater than the minimum percentage for a district or public

school academy to be in an opportunity index band, as described in section 31a, of 4 or higher.

(c) Have infrastructure needs ~~related to HVAC systems or roofing.~~**identified by the statewide school facilities study issued pursuant to section 11y as being critical needs. A district or intermediate district must demonstrate that the needs described in this subdivision affect the health, safety, or well-being of students.**

(d) Have no ability to issue bonds for infrastructure needs, or have made a good-faith effort, as determined by the department, to issue bonds for infrastructure needs.

**(4)** ~~(5)~~ Funds awarded in subsection ~~(4)~~ **(3)** may be used only to address infrastructure needs that were identified **as critical needs** in the statewide school facilities study issued pursuant to section 11y.

**(5) A district or intermediate district receiving funds under section 12f may not be awarded more than $10,000,000.00 in grants under this section.**

(6) The funds allocated under this section for ~~2025-2026~~ **2026-2027** are a work project appropriation, and any unexpended funds for ~~2025-2026~~ **2026-2027** are carried forward into ~~2026-2027.~~ **2027-2028.** The purpose of the work project is to fund district and intermediate district infrastructure needs. The estimated completion date of the work project is September 30, ~~2030.~~**2029.**

(7) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

**Sec. 12f. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 only**

**an amount not to exceed $8,800,000.00 for grants to districts to cover costs associated with the demolition of vacant buildings on property owned by the district.**

**(2) A district shall apply for funding under this section in a form and manner determined by the department.**

**(3) The department shall prioritize applicants that have lost more than 80% of their pupil membership since 2002-2003 with the greatest number of derelict properties.**

**(4) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.**

**(5) Notwithstanding section 18a, funds allocated for programs described in subsection (1) may be available for expenditure until September 30, 2029. A recipient of funding for a program described in subsection (1) must return any unexpended funds to the department in a manner prescribed by the department by not later than October 30, 2029.**

Sec. 15. (1) If a district or intermediate district fails to receive its proper apportionment, the department, upon satisfactory proof that the district or intermediate district was entitled justly, shall apportion the deficiency in the next apportionment. Subject to subsections (2) and (3), if a district or intermediate district has received more than its proper apportionment, the department, upon satisfactory proof, shall deduct the excess in the next apportionment. Notwithstanding any other provision in this article, state aid overpayments to a district, other than overpayments in payments for special education or special education transportation, may be recovered from any payment made under this article other than a special education or special education

transportation payment, from the proceeds of a loan to the district under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds of millage levied or pledged under section 1211 of the revised school code, MCL 380.1211. State aid overpayments made in special education or special education transportation payments may be recovered from subsequent special education or special education transportation payments, from the proceeds of a loan to the district under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds of millage levied or pledged under section 1211 of the revised school code, MCL 380.1211.

(2) If the result of an audit conducted by or for the department affects the current fiscal year membership, the department shall adjust affected payments in the current fiscal year. A deduction due to an adjustment made as a result of an audit conducted by or for the department, or as a result of information obtained by the department from the district, an intermediate district, the department of treasury, or the office of auditor general, must be deducted from the district's apportionments when the adjustment is finalized. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 4 years for the adjustment and may advance payments to the district otherwise authorized under this article if the district would otherwise experience a significant hardship in satisfying its financial obligations. However, a district that presented satisfactory evidence of hardship and was undergoing an extended adjustment during 2018-2019 may continue to use the period of extended adjustment as originally granted by the department.

(3) If, based on an audit by the department or the department's designee or because of new or updated information received by the department, the department determines that the amount paid to a district or intermediate district under this article for the current fiscal year or a prior fiscal year was incorrect, the department shall make the appropriate deduction or payment in the district's or intermediate district's allocation in the next apportionment after the adjustment is finalized. The department shall calculate the deduction or payment according to the law in effect in the fiscal year in which the incorrect amount was paid. If the district does not receive an allocation for the fiscal year or if the allocation is insufficient to pay the amount of any deduction, the amount of any deduction otherwise applicable must be satisfied from the proceeds of a loan to the district under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds of millage levied or pledged under section 1211 of the revised school code, MCL 380.1211, as determined by the department.

(4) If the department makes an adjustment under this section based in whole or in part on a membership audit finding that a district or intermediate district employed an educator in violation of certification requirements under the revised school code and rules promulgated by the department, the department shall prorate the adjustment according to the period of noncompliance with the certification requirements.

(5) The department may conduct audits, or may direct audits by designee of the department, for the current fiscal year and the immediately preceding fiscal year of all records related to a program for which a district or intermediate district has received

funds under this article.

(6) Expenditures made by departments under this article that are caused by the write-off of prior year accruals may be funded by revenue from the write-off of prior year accruals.

(7) In addition to funds appropriated in section 11 for all programs and services, there is appropriated for ~~2024-2025 and~~ 2025-2026 **and 2026-2027** for obligations in excess of applicable appropriations an amount equal to the collection of overpayments, but not to exceed amounts available from overpayments.

**Sec. 16. (1) The department shall not enter into a state contract with an individual if, at any time during the 2-year period immediately preceding the initial date of hire or the effective date of the contract, the individual was a department employee.**

**(2) The department shall not enter into a state contract with an individual if an employee of the department may financially benefit from the contract.**

**Sec. 16a. (1) The curriculum used by a district must not, in any way, include the promotion of any form of race or gender stereotyping or anything that could be understood as implicit race or gender stereotyping. As used in this subsection, "race or gender stereotyping" means a set of statements, beliefs, or ideas that conform wholly or in part with the following general or particular statements:**

**(a) That all individuals comprising a racial or ethnic group or gender hold a collective quality or belief.**

**(b) That individuals act in certain ways or hold certain opinions because of their race or gender.**

**(c) That individuals are born racist or sexist by accident of**

**their race or gender.**

**(d) That individuals bear collective guilt for historical wrongs committed by their race or gender.**

**(e) That cultural norms or practices of a racial or ethnic group or gender are flawed and must be eliminated or changed to conform with those of another racial or ethnic group or gender.**

**(f) That racism is inherent in individuals from a particular race or ethnic group or that sexism is inherent in individuals from a particular gender.**

**(g) That a racial or ethnic group or gender is in need of deconstruction, elimination, or criticism.**

**(h) That the actions of individuals serve as an indictment against the race or gender of those individuals.**

**(2) State funding must not be used for diversity, equity, and inclusion (DEI) initiatives or programs as outlined in Executive Order No. 14190, "Ending Racial Indoctrination in K-12 Schooling".**

**(3) The board of a district or board of directors of a public school academy that participates in interscholastic athletic activities shall designate interscholastic athletic teams and sports based on the sex of the participants, with separate teams for participants of the female sex within female sports divisions, separate teams for participants of the male sex within male sports divisions, and, if applicable, co-ed teams for participants of the female and male sexes within co-ed sports divisions. A district shall not knowingly allow individuals of the male sex to participate on athletic teams or in athletic competitions designated for only participants of the female sex. This subsection must not be construed to restrict the eligibility of any student to participate on any interscholastic athletic teams or in**

**interscholastic athletic activities that are designated as male or co-ed. As used in this subsection:**

**(a) "Female" means an individual of the sex characterized by a reproductive system with the biological function of producing eggs (ova).**

**(b) "Male" means an individual of the sex characterized by a reproductive system with the biological function of producing sperm.**

**(c) "Sex" means an individual's immutable biological classification as male or female.**

**(4) A district or intermediate district shall not provide multistall unisex bathrooms for students.**

**(5) A district or intermediate district shall provide notice to a student's parent or legal guardian if the student requests to be addressed by a different name or with different pronouns.**

**(6) If a district or intermediate district fails to meet the requirements of this section, the department shall withhold 20% of the district's or intermediate district's allocation under section 22b until the district or intermediate district complies with this section. If the district or intermediate district does not comply with this section by the end of the fiscal year, the department shall place the amount withheld in an escrow account until the district or intermediate district complies with this section.**

**Sec. 18e. By not later than September 1, 2026, the department shall release to Washington Parks Academy any funds withheld from Washington Parks Academy under this act during the 2024-2025 fiscal year, provided that an Agreed-Upon Procedures plan regarding Washington Parks Academy has been submitted to the department at the direction of the United States Department of Education.**

Sec. 19. (1) A district or intermediate district shall comply with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner prescribed by the center, must be aggregated and disaggregated as required by state and federal law. In addition, a district or intermediate district shall cooperate with all measures taken by the center to establish and maintain a statewide P-20 longitudinal data system.

(2) Each district shall furnish to the center not later than 5 weeks after the pupil membership count day and by the last business day in June of the school fiscal year ending in the fiscal year, in a manner prescribed by the center, the information necessary for the preparation of the district and high school graduation report, information regarding completion of early middle college credentials obtained and postsecondary credits obtained in any college acceleration program, and information necessary for the preparation of the state and federal accountability reports. This information must meet requirements established in the pupil auditing manual approved and published by the department. The center shall calculate an annual graduation and pupil dropout rate for each high school, each district, and this state, in compliance with nationally recognized standards for these calculations. The center shall report all graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than 30 days after the publication of the list described in subsection (5). Before reporting these graduation and dropout rates, the department shall allow a school or district to appeal the calculations. The department shall consider and act upon the appeal within 30 days

after it is submitted and shall not report these graduation and dropout rates until after all appeals have been considered and decided.

(3) By the first business day in December and by the last business day in June of each year, **and within 30 days of any change in employment or assignment status if the change in employment or assignment status is related to the health, safety, or well-being of students**, a district shall furnish to the center, in a manner prescribed by the center, information related to educational personnel and personnel vacancies as necessary for reporting required by state and federal law. For the purposes of this subsection, the center shall only require districts and intermediate districts to report information that is not already available from the office of retirement services in the department of technology, management, and budget, **including, but not limited to, vacancy start and end dates, reasons for the vacancy, and reasons for vacancy terminations.**

(4) If a district or intermediate district fails to meet the requirements of this section, the department shall withhold 5% of the total funds for which the district or intermediate district qualifies under this article until the district or intermediate district complies with this section. If the district or intermediate district does not comply with this section by the end of the fiscal year, the department shall place the amount withheld in an escrow account until the district or intermediate district complies with this section.

(5) Before publishing a list of school or district accountability designations as required by the no child left behind act of 2001, Public Law 107-110, or the every student succeeds act,

Public Law 114-95, and utilizing data that were certified as accurate and complete after districts and intermediate districts adhered to deadlines, data quality reviews, and correction processes leading to local certification of final student data in subsection (2), the department shall allow a school or district to appeal any calculation errors used in the preparation of accountability metrics. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

(6) The department shall implement statewide standard reporting requirements for education data approved by the department in conjunction with the center. The department shall work with the center, intermediate districts, districts, and other interested stakeholders to implement this policy change. A district or intermediate district shall implement the statewide standard reporting requirements not later than 2017-2018 or when a district or intermediate district updates its education data reporting system, whichever is later.

(7) A district or intermediate district shall collect and submit to the center tribal affiliation data for all students and staff and the identification of student participation in federal programs funded under 20 USC 7401 to 7546 and participation in federal programs funded under the Johnson-O'Malley ~~Supplemental~~ **supplemental** Indian ~~Education Program Modernization Act,~~ **education program modernization act,** Public Law 115-404. The data must be reported in a form and manner prescribed by the center in consultation with the federally recognized Indian tribes in this state and the department in adherence to the department's tribal

consultation policy. A district or intermediate district shall begin completion of the reporting requirement under this subsection by not later than the 2024-2025 fiscal year.

Sec. 20. (1) For ~~2025-2026,~~ **2026-2027,** the target foundation allowance is ~~$10,050.00.~~**$10,300.00.**

(2) The department shall calculate the amount of each district's foundation allowance as provided in this section, using a target foundation allowance in the amount specified in subsection (1).

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

(a) For a district that had a foundation allowance for the immediately preceding fiscal year that was equal to the target foundation allowance for the immediately preceding fiscal year, the district receives a foundation allowance in an amount equal to the target foundation allowance described in subsection (1) for the current fiscal year.

(b) For a district that had a foundation allowance for the immediately preceding fiscal year that was greater than the target foundation allowance for the immediately preceding fiscal year, the district's foundation allowance is an amount equal to the lesser of (the sum of the district's foundation allowance for the immediately preceding fiscal year plus any per pupil amount calculated under section 20m(2) in the immediately preceding fiscal year plus the increase in the target foundation allowance for the current fiscal year, as compared to the immediately preceding fiscal year) or (the

product of the district's foundation allowance for the immediately preceding fiscal year times the percentage increase in the United States Consumer Price Index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b).

(c) For a district that had a foundation allowance in the immediately preceding fiscal year that was less than the target foundation allowance in effect for that fiscal year, the district's foundation allowance is an amount equal to the lesser of (the sum of district's foundation allowance for the immediately preceding fiscal year plus any per pupil amount calculated under section 20m(2) in the immediately preceding fiscal year plus the increase in the target foundation allowance for the current fiscal year, as compared to the immediately preceding fiscal year) or (the product of the district's foundation allowance for the immediately preceding fiscal year times the percentage increase in the United States Consumer Price Index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b).

(d) For a district that has a foundation allowance that is not a whole dollar amount, the department shall round the district's foundation allowance up to the nearest whole dollar.

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or the target foundation allowance for the current fiscal year, whichever is less, minus the local portion of the district's foundation allowance. Except as

otherwise provided in this subsection, for a district described in subsection (3)(b) and (c), the state portion of the district's foundation allowance is an amount equal to the target foundation allowance minus the district's foundation allowance supplemental payment per pupil calculated under section 20m and minus the local portion of the district's foundation allowance. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the department shall calculate the state portion of the district's foundation allowance as if that reduction did not occur. For a receiving district, if school operating taxes continue to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, the taxable value per membership pupil of property in the receiving district used for the purposes of this subsection does not include the taxable value of property within the geographic area of the dissolved district. ~~For~~ **Before the fiscal year ending September 30, 2027, for** a community district, if school operating taxes continue to be levied by a qualifying school district under section 12b of the revised school code, MCL 380.12b, with the same geographic area as the community district, the taxable value per membership pupil of property in the community district to be used for the purposes of this subsection does not include the taxable value of property within the geographic area of the community district. **Beginning with the fiscal year ending September 30, 2027, it is the intent of the legislature that the previous sentence no longer applies and the taxable value per membership pupil of property in the community district used for the purposes of this subsection includes the**

**taxable value of property within the geographic area of the community district on or after July 1, 2026 and thereafter.**

(5) The allocation calculated under this section for a pupil is based on the foundation allowance of the pupil's district of residence. For a pupil enrolled under section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section is based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation calculated under this section is based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence. The calculation under this subsection must take into account a district's per-pupil allocation under section 20m.

(6) Except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy equal to the target foundation allowance specified in subsection (1), or, for a public school academy that was issued a contract under section 552 of the revised school code, MCL 380.552, to operate as a school of excellence that is a cyber school, ~~$10,050.00.~~ **$10,300.00.** Notwithstanding section 101, for a public school academy that begins operations after the pupil membership count day, the amount per membership pupil calculated under this subsection must be adjusted by multiplying

that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation must not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) For pupils in membership, other than special education pupils, in a community district, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the community district equal to the foundation allowance of the qualifying school district, as described in section 12b of the revised school code, MCL 380.12b, that is located within the same geographic area as the community district.

(8) Subject to subsection (4), for a district that is formed or reconfigured after June 1, 2002 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation is the lesser of the sum of the average of the foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district who reside in the geographic area of each of the original or affected districts plus $100.00 or the highest foundation allowance among the original or affected districts. This subsection does not apply to a receiving district unless there is a subsequent consolidation or annexation that affects the district. The calculation under this subsection must take into account a district's per-pupil allocation under section 20m.

(9) The department shall round each fraction used in making

calculations under this section to the fourth decimal place and shall round the dollar amount of an increase in the target foundation allowance to the nearest whole dollar.

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

(11) To assist the legislature in determining the target foundation allowance for the subsequent fiscal year, each revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, must calculate a pupil membership factor, a revenue adjustment factor, and an index as follows:

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

(b) The revenue adjustment factor is computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent fiscal year plus the estimated total state school aid fund revenue for the current fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under the

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

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

(12) Payments to districts and public school academies are not made under this section. Rather, the calculations under this section are used to determine the amount of state payments under section 22b.

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

(14) As used in this section:

(a) "Certified mills" means the lesser of 18 mills or the

number of mills of school operating taxes levied by the district in 1993-94.

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

(c) "Dissolved district" means a district that loses its organization, has its territory attached to 1 or more other districts, and is dissolved as provided under section 12 of the revised school code, MCL 380.12.

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

(e) "Local portion of the district's foundation allowance" means an amount that is equal to the difference between (the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills) and (the quotient of the product of the captured assessed valuation under tax increment financing acts times the district's certified mills divided by the district's membership excluding special education pupils).

(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) "Nonexempt property" means property that is not a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, commercial personal property, or property occupied by a public school academy.

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

(i) "Receiving district" means a district to which all or part of the territory of a dissolved district is attached under section 12 of the revised school code, MCL 380.12.

(j) "School operating purposes" means the purposes included in the operation costs of the district as prescribed in sections 7 and 18 and purposes authorized under section 1211 of the revised school code, MCL 380.1211.

(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*) "Tax increment financing acts" means parts 2, 3, 4, and 6 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4420 and 125.4602 to 125.4629, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

(m) "Taxable value per membership pupil" means taxable value, as certified by the county treasurer and reported to the department, 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.

Sec. 20d. In making the final determination required under former section 20a of a district's combined state and local revenue per membership pupil in 1993-94 and in making calculations under section 20 for ~~2025-2026,~~ **2026-2027**, the department and the

department of treasury shall comply with all of the following:

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

(b) If a district had an adjustment made to its 1993-94 total state school aid that excluded payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services for intermediate district center programs operated by the district under former section 51 and sections 51a to 56, if nonresident pupils attending the center programs were included in the district's membership for purposes of calculating the combined state and local revenue per membership pupil for 1993-94, and if there is a signed agreement by all constituent districts of the intermediate district agreeing to an adjustment under this subdivision, the department shall calculate the foundation allowances for 1995-96 and 1996-97 of all districts that had pupils attending the intermediate district center program operated by the

district that had the adjustment as if their combined state and local revenue per membership pupil for 1993-94 included resident pupils attending the center program and excluded nonresident pupils attending the center program.

Sec. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under **this section**, section 22a, or **section** 22b to support the attendance of a district pupil who is an eligible student at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, by paying eligible charges on behalf of the district pupil as required under those acts.

(2) A district is not required to pay transportation costs, parking costs, or activity fees on behalf of an eligible student for attendance at an eligible postsecondary institution as described in subsection (1).

**(3) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 only an amount not to exceed $40,000,000.00 for reimbursements to eligible districts supporting eligible charges on behalf of eligible students as described in subsection (1). All of the following apply to payments made under this subsection:**

**(a) To be considered an eligible district under this section, a district must be assigned to an opportunity index band of 4 or higher.**

**(b) Payments must not exceed the amount the eligible district is required to pay under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, and the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913.**

**(c) If the amount allocated in this subsection is not sufficient to fully reimburse all eligible districts, payments to eligible districts must be adjusted as follows:**

**(*i*) Payments to any individual district that exceed 25% of the allocation under this subsection must be reduced to an amount equal to 25% of the allocation under this subsection.**

**(*ii*) If, after the operation of subparagraph (*i*), the amount allocated under this subsection is still insufficient to fully reimburse all eligible districts, the payment to each eligible district must be prorated on an equal percentage basis.**

**(d) If the amount allocated in this subsection exceeds the amount necessary to fully reimburse all eligible districts, the department shall provide payments to districts assigned to an opportunity index band of 3. If the remaining funds are insufficient to fully fund all eligible districts described in this subdivision, the payment to each eligible district described in this subdivision must be prorated on an equal percentage basis.**

**(e) If, after the operation of subdivision (d), the amount allocated in this subsection exceeds the amount necessary to fully reimburse all eligible districts, the department shall provide payments to districts assigned to an opportunity index band of 2. If the remaining funds are insufficient to fully fund all eligible districts described in this subdivision, the payment to each eligible district described in this subdivision must be prorated on an equal percentage basis.**

**(f) If, after the operation of subdivision (d), the amount allocated in this subsection exceeds the amount necessary to fully reimburse all eligible districts, the department shall provide payments to districts assigned to an opportunity index band of 1.**

**If the remaining funds are insufficient to fully fund all eligible districts described in this subdivision, the payment to each eligible district described in this subdivision must be prorated on an equal percentage basis.**

**(g) Funds under this section may be used to support CTE dual enrollment programs authorized under section 61b and work-based learning programs.**

**(h) Notwithstanding section 17b, the department shall make payments under this subsection on a schedule determined by the department.**

**(4)** ~~(3)~~ A district may pay more money to an eligible postsecondary institution on behalf of an eligible student than required under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and may use local school operating revenue for that purpose. An eligible student is responsible for payment of the remainder of the costs associated with his or her postsecondary enrollment that exceed the amount the district is required to pay under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and that are not paid by the district. As used in this subsection, "local school operating revenue" means that term as defined in section 22b.

**(5)** ~~(4)~~ As used in this section: ~~, "eligible~~

**(a) "Eligible** student" and "eligible postsecondary institution" mean those terms as defined in section 3 of the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3 of the career and technical preparation

act, 2000 PA 258, MCL 388.1903, as applicable.

**(b) "Opportunity index band" means the opportunity index band to which a district is assigned under section 31a.**

Sec. 21h. (1) From the state school aid pupil support reserve fund money appropriated in section 11, there is allocated $6,137,400.00 for ~~2025-2026~~ **2026-2027** for assisting districts assigned by the superintendent to participate in a partnership district agreement to improve student achievement and district financial stability. It is the intent of the legislature that the appropriation in this section will be funded with state school aid pupil support reserve fund money through 2027-2028. The superintendent shall identify any conditions that may be contributing to low academic performance within a district being considered for assignment to a partnership district agreement. The purpose of the partnership district agreement is to identify district needs, develop intervention plans, and partner with public, private, and nonprofit organizations to coordinate resources and improve student achievement. Assignment of a district to a partnership district agreement is made by the superintendent.

(2) A district described in subsection (1) is eligible for funding under this section if the district includes at least 1 school that has been identified as low performing under the approved federal accountability system. A district described in this subsection must do all of the following to be eligible for funding under this section:

(a) Within 90 days of assignment to the partnership district agreement described in this section, complete a comprehensive needs assessment or evaluation in collaboration with an intermediate district, community members, education organizations, and

postsecondary institutions, as applicable, that is approved by the superintendent. The comprehensive needs assessment or evaluation must include at least all of the following:

(*i*) A review of the district's implementation and utilization of a multi-tiered system of supports to ensure that it is used to appropriately inform instruction.

(*ii*) A review of the district and school building leadership and educator capacity to substantially improve student outcomes.

(*iii*) A review of classroom, instructional, and operational practices and curriculum to ensure alignment with research-based instructional practices and state curriculum standards.

(b) Develop a district continuous improvement plan that has been approved by the superintendent and that addresses the needs identified in the comprehensive needs assessment or evaluation completed under subdivision (a). The district continuous improvement plan must include at least all of the following:

(*i*) Specific actions that will be taken by the district and each of its partners to improve student achievement.

(*ii*) Specific measurable benchmarks that will be met within 18 months to improve student achievement and identification of expected student achievement outcomes to be attained within 3 years after assignment to the partnership.

(*iii*) Measurable benchmarks that put pupils on track to meet or exceed grade level proficiency, increase high school graduation rates, reduce class sizes in grades K to 3, and improve attendance rates.

(c) Provide access to training for district leadership, including, but not limited to, the superintendent or chief administrator and school board or board of directors members, on

areas of education fiscal and policy matters. The department may require training for district leadership and all board members under this subdivision at a rate and frequency needed to support measurable academic outcomes for the district.

(3) Upon approval of the district continuous improvement plan developed under subsection (2), the department shall assign a team of individuals with expertise in comprehensive school and district reform to partner with the district, the intermediate district, community organizations, education organizations, and postsecondary institutions identified in the ~~academic and financial operating or intervention~~ **district continuous improvement** plan to review the district's use of existing financial resources to ensure that those resources are being used as efficiently and effectively as possible to improve student academic achievement and to ensure district financial stability. The superintendent of public instruction may waive burdensome administrative rules for a partnership district for the duration of the partnership district agreement.

(4) Funds allocated under this section, excluding funds allocated under subsection (5), may be used to pay for district expenditures approved by the superintendent to improve student achievement. Funds may be used for professional development for teachers or district or school leadership, increased instructional time, teacher mentors, literacy, numeracy, reducing K-3 class sizes, reducing chronic absenteeism, or other expenditures that directly impact student achievement and cannot be paid from existing district financial resources. Notwithstanding section 17b, the department shall make payments to districts under this section on a schedule determined by the department.

(5) From the funds allocated under subsection (1), there is

allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $137,400.00 for the purchase of a data analytics tool to be used by districts described in subsection (1). The superintendent of public instruction shall require districts described in subsection (1) to purchase a data analytics tool funded under this subsection as part of the agreements described in this section.

(6) The department shall annually report to the legislature on the activities funded under this section and how those activities impacted student achievement in districts that received funds under this section. To the extent possible, participating districts receiving funding under this section shall participate in the report.

~~(7) In addition to the allocation under subsection (1), from the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $36,000,000.00 to districts described in subsection (1) for 2023-2024 only for supplemental funding to be used by districts for the purposes of this section in equal installments of $12,000,000.00 in each of the fiscal years 2023-2024, 2024-2025, and 2025-2026. The funds allocated under this subsection for 2023-2024 are a work project appropriation, and any unexpended funds for 2023-2024 are carried forward into 2024-2025. The purpose of the work project is to provide assistance to districts eligible for funding under this section. The estimated completion date of the work project described in this subsection is September 30, 2026.~~

Sec. 22a. (1) From the state school aid fund money appropriated in section 11, ~~there is allocated an amount not to exceed $3,927,000,000.00 for 2024-2025 and~~ there is allocated an amount not to exceed ~~$3,785,000,000.00~~ **$3,711,000,000.00** for 2025-

2026 **and there is allocated an amount not to exceed $3,564,000,000.00 for 2026-2027** for payments to districts and qualifying public school academies to guarantee each district 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 fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c to fully fund those 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 sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of

property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the department shall calculate the state portion of the district's foundation allowance as if that reduction did not occur. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, taxable value per membership pupil of all property in the receiving district that is nonexempt property and taxable value per membership pupil of property in the receiving district that is commercial personal property do not include property within the geographic area of the dissolved district; ad valorem property tax revenue of the receiving district captured under tax increment financing acts does not include ad valorem property tax revenue captured within the geographic boundaries of the dissolved district under tax increment financing acts; and certified mills do not include the certified mills of the dissolved district. ~~For~~ **Except as otherwise provided in this subdivision, for** a community district, the department shall reduce the allocation as otherwise calculated under this section by an amount equal to the amount of local school operating tax revenue that would otherwise be due to the community district if not for the operation of section 386 of the revised school code, MCL 380.386, and the amount of this reduction is offset by the increase in funding under section

22b(2). **Beginning with the fiscal year ending September 30, 2027, it is the intent of the legislature that the previous sentence no longer applies and the allocation for a community district under this section shall not be reduced by the amount of local school operating tax revenue that would otherwise be due to the community district if not for the operation of section 386 of the revised school code, MCL 380.386, and no offset is provided by increased funding under section 22b(2).**

(b) For a district that had a 1994-95 foundation allowance greater than $6,500.00, the state payment under this subsection is the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision must 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 is an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there is not 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 tax increment financing acts divided by the district's membership. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, ad valorem property tax revenue captured under tax increment financing acts do not include ad valorem property tax

revenue captured within the geographic boundaries of the dissolved district under tax increment financing acts.

(3) For pupils in membership in a qualifying public school academy, 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 an amount equal to the 1994-95 per-pupil payment to the qualifying public school academy under section 20.

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

(5) Except as otherwise provided in this subsection, 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 is 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 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 is considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance. This subsection does not apply to a receiving district unless there is a subsequent consolidation or annexation

that affects the district.

(6) Payments under this section are subject to section 25g.

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

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

(d) "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. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, taxable value per membership pupil does not include the taxable value of property within the geographic area of the dissolved district.

(e) "Dissolved district" means a district that loses its organization, has its territory attached to 1 or more other districts, and is dissolved as provided under section 12 of the revised school code, MCL 380.12.

(f) "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 principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, commercial personal property, and property occupied by a public school academy could be reduced as provided in section 1211 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. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, school operating taxes do not include school operating taxes levied within the geographic area of the dissolved district.

(g) "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.

(h) "Nonexempt property" means property that is not a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, commercial personal property, or property occupied by a public school academy.

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

(j) "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 fiscal year.

(k) "Receiving district" means a district to which all or part of the territory of a dissolved district is attached under section 12 of the revised school code, MCL 380.12.

(*l*) "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 as defined in section 20.

(m) "Tax increment financing acts" means parts 2, 3, 4, and 6 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4420 and 125.4602 to 125.4629, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

(n) "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 principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, commercial personal property, and property occupied by a public school academy may be reduced as provided in section 1211 of the revised school code, MCL 380.1211, the taxable value of principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, commercial personal property, and property occupied by a public school academy for the calendar year ending in the current fiscal year. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to

the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, mills do not include mills within the geographic area of the dissolved district.

(*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 fiscal year. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, school operating taxes do not include school operating taxes levied within the geographic area of the dissolved district.

Sec. 22b. (1) Except as otherwise provided in this section, for discretionary nonmandated payments to districts under this section, ~~there is allocated for 2024-2025 an amount not to exceed $6,220,000,000.00 from the state school aid fund and general fund appropriations in section 11 and an amount not to exceed $41,000,000.00 from the community district education trust fund appropriation in section 11, and~~ there is allocated for 2025-2026 an amount not to exceed ~~$6,696,500,000.00~~ **$6,657,000,000.00** from the state school aid fund and general fund appropriations in section 11, **and there is allocated for 2026-2027 an amount not to exceed $6,920,000,000.00 from the state school aid fund and general fund appropriations in section 11**. In addition, there is allocated for 2025-2026 only an amount not to exceed $124,000,000.00 from the state school aid fund appropriation in section 11. ~~For 2024-2025,~~

~~the amount necessary, estimated at $77,700,000.00, must be deposited from the general fund into the state school aid fund to reimburse the state school aid fund for community district education trust fund costs in excess of $41,000,000.00, as required under section 12 of the Michigan trust fund act, 2000 PA 489, MCL 12.262. For 2024-2025 only, if the amount allocated under this subsection from the community district education trust fund appropriation under section 11 is insufficient to pay for an increase under this section, any amount exceeding that allocation may be paid from other allocations under this subsection.~~ Except for money allocated under this section from the community district education trust fund appropriation in section 11, funds allocated under this section that are not expended in the fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c to fully fund those allocations for the same fiscal year.

(2) Subject to subsection (3) and section 296, the allocation to a district under this section is an amount equal to the sum of the amounts calculated under sections 20, 20m, 51a(2), 51a(3), 51a(11), and 51e, minus the sum of the allocations to the district under sections 22a and 51c. ~~For~~ **Except as otherwise provided in this subsection, for** a community district, the allocation as otherwise calculated under this section is increased by an amount equal to the amount of local school operating tax revenue that would otherwise be due to the community district if not for the operation of section 386 of the revised school code, MCL 380.386, to offset the absence of local school operating revenue in a community district in the funding of the state portion of the foundation allowance under section 20(4). ~~, and, for 2024-2025~~

~~only, this increase must be paid from the community district education trust fund allocation in subsection (1).~~**Beginning with the fiscal year ending September 30, 2027, it is the intent of the legislature that the previous sentence no longer applies.**

(3) To receive an allocation under subsection (1), each district must do all of the following:

(a) Comply with section 1280b of the revised school code, MCL 380.1280b.

(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.

(e) Comply with section 21f.

(f) For a district that has entered into a partnership district agreement with the department, comply with section 22p.

(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 related to commercial or industrial property tax appeals, including, but not limited to, appeals of classification, that impact revenues dedicated to the state school aid fund.

(6) 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 must be made in full before any proration of remaining payments under this section.

(7) It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, 51c, 51e, and 152a. If a claim is made by an entity receiving funds under this article 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 is completed upon resolution of the litigation.

(8) 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 (7) 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).

(9) 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 has and shall exercise jurisdiction over the claim.

(10) 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.

(11) 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 is 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 1396w-6.

(12) As used in this section:

(a) "Dissolved district" means that term as defined in section 20.

(b) "Local school operating revenue" means school operating taxes levied under section 1211 of the revised school code, MCL 380.1211. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, local school operating revenue does not include school operating taxes levied within the geographic area of the dissolved district.

(c) "Receiving district" and "school operating taxes" mean those terms as defined in section 20.

Sec. 22d. (1) From the state school aid fund money appropriated under section 11, an amount not to exceed ~~$12,873,100.00~~ **$13,516,800.00** is allocated for ~~2025-2026~~ **2026-2027** for supplemental payments to rural districts under this section.

(2) From the allocation under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$3,906,200.00~~ **$4,101,500.00** for payments under this subsection to eligible districts. A district that meets all of the following is an eligible district under this subsection:

(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 subsection (2) is determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan must 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 subsection (2) 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 subsection (2) and must be paid to the eligible districts in the same manner as payments under section 22b.

(4) Subject to subsection (7), from the allocation in subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$8,412,100.00~~ **$8,832,800.00** for payments under this subsection to districts that have fewer than 10.0 pupils per square mile, as determined by the department, or that have greater

than 250 square miles.

(5) The funds allocated under subsection (4) are allocated as follows:

(a) An amount equal to ~~$6,373,700.00~~ **$6,692,400.00** is allocated to districts with fewer than 8.0 pupils per square mile, as determined by the department, on an equal per-pupil basis.

(b) The balance of the funding under subsection (4) is allocated as follows:

(*i*) For districts with at least 8.0 but fewer than 9.0 pupils per square mile, as determined by the department, the allocation is an amount per pupil equal to 75% of the per-pupil amount allocated to districts under subdivision (a).

(*ii*) For districts with at least 9.0 but fewer than 10.0 pupils per square mile, as determined by the department, the allocation is an amount per pupil equal to 50% of the per-pupil amount allocated to districts under subdivision (a).

(*iii*) For districts that have greater than 250 square miles, have at least 10.0 pupils per square mile, and do not receive funding under subsection (2), as determined by the department, the allocation is an amount per pupil equal to 100% of the per-pupil amount allocated to districts under subdivision (a).

(c) If the total funding allocated under subdivision (b) is insufficient to fully fund payments as calculated under that subdivision, the department shall prorate payments to districts under subdivision (b) on an equal per-pupil basis. If funding allocated under subdivision (b) remains unallocated after making calculations under that subdivision, the department may provide the remaining unallocated funding on an equal per-pupil basis to districts receiving funding under subdivision (b)(*i*) and (*ii*).

(6) Subject to subsection (7), from the allocation under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$554,800.00~~ **$582,500.00** for payments under this subsection to districts where each school building operated by the district is located on an island that is accessible by bridge.

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

Sec. 22*l*. (1) From the school transportation fund money appropriated under section 11, there is allocated for ~~2025-2026~~ **2026-2027** only an amount not to exceed $125,000,000.00 to districts and intermediate districts for transportation costs. Funding for each district or intermediate district is as follows:

(a) The department must assign each district and intermediate district to an octile based on the number of riders per square mile and calculate the median cost per rider for each octile.

(b) Funds must be distributed to each district and intermediate district as follows:

(*i*) An initial amount at the lesser of the octile's median cost per rider or the actual transportation cost per general education rider at the district or intermediate district.

(*ii*) An additional amount for districts and intermediate districts that have outlier costs per rider that are deemed reasonable, as determined by the department.

(c) If funds are insufficient to fully fund payments under this section, payments may be prorated on an equal percentage basis.

~~(2) In addition to the funds allocated under subsection (1),~~

~~from the school transportation fund money appropriated under section 11, there is allocated for 2022-2023 only an amount not to exceed $200,000.00 to an intermediate district for a study on district transportation costs. The intermediate district receiving funds under this subsection must submit a report to the department, the state budget director, the house and senate appropriations subcommittees on school aid, and the house and senate fiscal agencies by February 29, 2024 on the outcomes of the study under this subsection. Notwithstanding section 18a, funds allocated under this subsection may be available for expenditure until September 30, 2026. A recipient of funding under this subsection must return any unexpended funds to the department in a manner prescribed by the department by not later than October 30, 2026.~~

**(2)** ~~(3)~~ To remain eligible for funding under subsection (1), by not later than December 1 of the current fiscal year, a school district must submit, in a form and manner determined by the department, to their intermediate district, and a public school academy must submit, in a form and manner determined by the department, to the intermediate district in which the public school academy is located, the number of nonpublic school students the district expects to transport as required under section 1321 of the revised school code, MCL 380.1321. Intermediate districts shall submit this information to the department by not later than February 1.

**(3)** ~~(4)~~ The department shall compile the reports provided by intermediate districts under subsection ~~(3)~~ **(2)** into 1 legislative report. The department shall provide this report not later than March 1 of each fiscal year for which funding is allocated under this section to the house and senate subcommittees responsible for

school aid, the house and senate fiscal agencies, and the state budget director.

**(4) The department, or an entity acting on behalf of the department, may not require districts or intermediate districts to obtain or submit itemized expense information when invoiced as a package from third-party entities providing transportation services to districts under contract.**

(5) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

Sec. 22m. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $3,500,000.00 for supporting the integration of local data systems into the Michigan data hub network based on common standards and applications that are in compliance with section 19(6). In addition, from the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** only an amount not to exceed $1,500,000.00 for the purposes of this section.

(2) An entity that is the fiscal agent for no more than 5 consortia of intermediate districts that previously received funding from the technology readiness infrastructure grant under former section 22i for the purpose of establishing regional data hubs that are part of the Michigan data hub network is eligible for funding under this section.

(3) The center shall work with an advisory committee composed of representatives from intermediate districts within each of the data hub regions to coordinate the activities of the Michigan data hub network.

(4) The center, in collaboration with the Michigan data hub network, shall determine the amount of funds distributed under this section to each participating regional data hub within the network, based upon a competitive grant process. The center shall ensure that the entities receiving funding under this section represent geographically diverse areas in this state.

(5) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the center.

(6) To receive funding under this section, a regional data hub must have a governance model that ensures local control of data, data security, and student privacy issues. The integration of data within each of the regional data hubs must provide for the actionable use of data by districts and intermediate districts through common reports and dashboards and for efficiently providing information to meet state and federal reporting purposes.

(7) Participation in a data hub region in the Michigan data hub network under this section is voluntary and is not required.

(8) Entities receiving funding under this section shall use the funds for all of the following:

(a) Creating an infrastructure that effectively manages the movement of data between data systems used by intermediate districts, districts, and other educational organizations in Michigan based on common data standards to improve student achievement.

(b) Utilizing the infrastructure to put in place commonly needed integrations, reducing cost and effort to do that work while increasing data accuracy and usability.

(c) Promoting the use of a more common set of applications by promoting systems that integrate with the Michigan data hub

network.

(d) Promoting 100% district adoption of the Michigan data hub network.

(e) Ensuring local control of data, data security, and student data privacy.

(f) Utilizing the infrastructure to promote the actionable use of data through common reports and dashboards that are consistent statewide.

(g) Creating a governance model to facilitate sustainable operations of the infrastructure in the future, including administration, legal agreements, documentation, staffing, hosting, and funding.

(h) Evaluating future data initiatives at all levels to determine whether the initiatives can be enhanced by using the standardized environment in the Michigan data hub network.

(9) By not later than January 1 of each fiscal year, the center shall prepare a summary report of information provided by each entity that received funds under this section that includes measurable outcomes based on the objectives described under this section and a summary of compiled data from each entity to provide a means to evaluate the effectiveness of the project. The center shall submit the report to the house and senate appropriations subcommittees on school aid and to the house and senate fiscal agencies.

Sec. 22r. (1) The state school aid pupil support reserve fund is created as a separate account within the state school aid fund to fund programs described in sections 21h, 32n, ~~65, 67f,~~ **67d**, and 99h. It is the intent of the legislature that money in the state school aid pupil support reserve fund will be used to support the

above programs for 2025-2026, 2026-2027, and 2027-2028.

(2) The state treasurer may receive money or other assets from any source for deposit into the state school aid pupil support reserve fund. The state treasurer shall direct the investment of the state school aid pupil support reserve fund. The state treasurer shall credit to the state school aid pupil support reserve fund interest and earnings from state school aid pupil support reserve fund investments.

(3) Money in the state school aid pupil support reserve fund at the close of the fiscal year remains in the state school aid pupil support reserve fund and does not lapse to the state school aid fund.

(4) The department of treasury is the administrator of the state school aid pupil support reserve fund for auditing purposes.

(5) Money available in the state school aid pupil support reserve fund must not be expended without a specific appropriation.

(6) For the fiscal year ending September 30, 2026 only, $326,112,200.00 from the state school aid fund is deposited into the state school aid pupil support reserve fund.

Sec. 24. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $7,650,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of health and human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of health and 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 is calculated as prescribed under

subsection (2).

(2) The department shall allocate the total amount allocated under this section 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 health and human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of health and human services or the department of licensing and regulatory affairs and approved by the department to provide an on-grounds education program. Added cost is computed by deducting all other revenue received under this article 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 is 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 are not funded under this section.

Sec. 24a. From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $1,355,700.00 for ~~2025-2026~~ **2026-2027** for payments to intermediate districts for pupils who are placed in juvenile justice service facilities operated by the department of health and human services. The amount of the payment to each intermediate district is 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 health and human services to ensure that all funding allocated under this section is utilized by the intermediate district and department of health and 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 must not be transferred from the department of health and human services to a district or intermediate district unless the district or intermediate district

consents to the transfer.

Sec. 25f. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $1,600,000.00 for ~~2025-2026~~ **2026-2027** for payments to strict discipline academies and qualified districts, as provided under this section.

(2) To receive funding under this section, a strict discipline academy or qualified district must first comply with section 25e and use the pupil transfer process described in that section for changes in enrollment as prescribed under that section and apply annually for funding under section 24.

(3) The total amount allocated to a strict discipline academy or qualified district under this section is equal to the strict discipline academy's or qualified district's pupil membership in the immediately preceding year multiplied by an amount calculated by dividing the total allocation under this section by the total pupil membership for eligible strict discipline academies and qualified districts in the immediately preceding year. However, the sum of the amounts received by a strict discipline academy or qualified district under this section and under section 24 must not exceed the product of the strict discipline academy's or qualified district's per-pupil allocation calculated under section 20 multiplied by the strict discipline academy's or qualified district's full-time equated membership. The department shall allocate funds to strict discipline academies and qualified districts under this section on a monthly basis.

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

(5) The department shall make payments to strict discipline

academies and qualified districts under this section according to the payment schedule under section 17b.

(6) For purposes of this section, the pupil membership for the current fiscal year for a qualified district is the actual number of pupils that are in the custody of a county juvenile agency as described in subsection (7)(a).

(7) As used in this section:

(a) "Qualified district" means a public school academy that is not a strict discipline academy that enrolls individuals who are in the custody of a county juvenile agency to which both of the following are applicable:

(*i*) The agency had custody of individuals who were enrolled in a strict discipline academy in the 2020-2021 school year.

(*ii*) The strict discipline academy that the individuals described in subparagraph (*i*) were enrolled in subsequently closed.

(b) "Strict discipline academy" means a public school academy established under sections 1311b to 1311m of the revised school code, MCL 380.1311b to 380.1311m.

Sec. 25g. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~$1,250,000.00~~ **$750,000.00** for ~~2025-2026~~ **2026-2027** for the purposes of this section. Except as otherwise provided in this section, if the operation of the special membership counting provisions under section 6(4)(dd) and the other membership counting provisions under section 6(4) result in a pupil being counted as more than 1.0 FTE in a fiscal year, the payment made for the pupil under sections 22a and 22b must not be based on more than 1.0 FTE for that pupil, and that portion of the FTE that exceeds 1.0 is paid under this section in an amount equal to that portion

multiplied by the educating district's foundation allowance or per-pupil payment calculated under section 20. ~~It is the intent of the legislature that, for 2026-2027, the allocation from the state school aid fund money appropriated in section 11 for the purposes described in this section will be $750,000.00.~~

(2) Special education pupils funded under section 53a are not funded under this section.

(3) If the funds allocated under this section are insufficient to fully fund the adjustments under subsection (1), the department shall prorate payments under this section on an equal per-pupil basis.

(4) The department shall make payments to districts under this section according to the payment schedule under section 17b.

Sec. 26a. From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $14,000,000.00 for 2025-2026 to reimburse districts and intermediate districts under section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2024.~~**2025. From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $14,000,000.00 for 2026-2027 to reimburse districts and intermediate districts under section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2026.** The department shall pay the allocations by 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.

Sec. 26b. (1) From the state school aid fund money

appropriated in section 11, there is allocated an amount not to exceed $5,549,000.00 for ~~2025-2026~~ **2026-2027** 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 under 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 insufficient to fully pay obligations under this section, payments are prorated on an equal basis among all eligible districts, intermediate districts, and community college districts.

Sec. 26c. (1) From the state school aid fund money appropriated under section 11, ~~there is allocated an amount not to exceed $37,700,000.00 for 2024-2025 and~~ there is allocated an amount not to exceed ~~$43,300,000.00~~ **$48,300,000.00** for ~~2025-2026~~ **2026-2027** to the promise zone fund created in subsection (3). The funds allocated under this section reflect the amount of revenue from the collection of the state education tax captured under section 17 of the Michigan promise zone authority act, 2008 PA 549, MCL 390.1677.

(2) Funds allocated to the promise zone fund under this section must be used solely for payments to eligible districts and intermediate districts, in accordance with section 17 of the Michigan promise zone authority act, 2008 PA 549, MCL 390.1677, that have a promise zone development plan approved by the department of treasury under section 7 of the Michigan promise zone authority act, 2008 PA 549, MCL 390.1667. Eligible districts and intermediate districts shall use payments made under this section for reimbursement for qualified educational expenses as that term

is defined in section 3 of the Michigan promise zone authority act, 2008 PA 549, MCL 390.1663.

(3) The promise zone fund is created as a separate account within the state school aid fund to be used solely for the purposes of the Michigan promise zone authority act, 2008 PA 549, MCL 390.1661 to 390.1679. All of the following apply to the promise zone fund:

(a) The state treasurer shall direct the investment of the promise zone fund. The state treasurer shall credit to the promise zone fund interest and earnings from fund investments.

(b) Money in the promise zone fund at the close of a fiscal year remains in the promise zone fund and does not lapse to the general fund.

(4) Subject to subsection (2), the state treasurer may make payments from the promise zone fund to eligible districts and intermediate districts under the Michigan promise zone authority act, 2008 PA 549, MCL 390.1661 to 390.1679, to be used for the purposes of a promise zone authority created under that act.

(5) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

Sec. 26d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed ~~$14,400,000.00~~ **$19,000,000.00** for 2025-2026 **and an amount not to exceed $21,800,000.00 for 2026-2027** for reimbursements to intermediate districts as required under section 15b of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665b.

(2) The amounts reimbursed under subsection (1) must be used by the intermediate district only for the purposes for which the

property taxes were originally levied.

(3) The Michigan strategic fund and the Michigan economic development corporation shall work with the department of treasury in identifying the amount of tax revenues that are to be reimbursed under subsection (1).

(4) Notwithstanding section 17b, the department of treasury shall make payments under this section on a schedule determined by the department of treasury.

Sec. 27a. (1) From the educator fellowship public provider fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $10,000,000.00, **from the educator fellowship private provider fund money appropriated in section 11, there is allocated for 2026-2027 an amount not to exceed $1,800,000.00,** from the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $10,000,000.00, and from the general fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$5,000,000.00~~ **$3,200,000.00** for the MI future educator fellowship program. The funds allocated under this section must be used to offset tuition costs for individuals who are working toward earning their initial teacher certification. At the close of the fiscal year, money allocated under this section that is unspent must be deposited as follows:

(a) For state school aid fund money, into the educator fellowship public provider fund in section 27d.

(b) For general fund money, into the educator fellowship private provider fund in section 27e.

(2) To establish initial eligibility for an award from funding under this section, an individual must meet all of the following

conditions by the date of enrollment described in subdivision (b):

(a) Have graduated from high school with a diploma or certificate of completion or achieved a high school equivalency certificate.

(b) Be admitted to an eligible educator preparation program; be working toward a teacher certification; be enrolled in enough coursework to be considered enrolled full-time during the academic year, as determined by the student's educator preparation program, or the equivalent of full-time participation for individuals enrolled in an alternative certification program, as defined by the department; and, for students at institutions of higher education, be considered at least a junior-level student, as determined by the institution of higher education.

(c) Not have previously earned a teacher certification.

(d) Timely complete a grant application in a form and manner prescribed by the department of lifelong education, advancement, and potential.

(e) Timely file the Free Application for Federal Student Aid for the enrollment period described in subdivision (b).

(f) Timely apply for all available gift aid for the enrollment period described in subdivision (b).

(g) Agree to repay any funds received from funding under this section if the individual does not maintain enrollment in their educator preparation program, the individual does not successfully complete their educator program, or the individual does not complete the work requirement described in subsection (7).

(h) Have a high school or college grade point average of at least 3.0.

(i) Be a resident of this state, as determined for purposes of

the Free Application for Federal Student Aid.

(3) To establish continuing eligibility for an award under this section at an eligible educator preparation program, an individual must meet all of the following conditions:

(a) Maintain full-time continuous enrollment in an eligible educator preparation program, as determined by the educator preparation program, or the equivalent of full-time participation for individuals enrolled in an alternative certification program, as defined by the department, excluding any period of time missed due to a medical or other emergency, as determined by the department of lifelong education, advancement, and potential.

(b) Maintain satisfactory academic progress, including a grade point average of at least 3.0, in courses provided by the eligible educator preparation program and meet requirements established by the eligible educator preparation program.

(c) Participate in relevant academic and career advising programs offered by the eligible educator preparation program.

(d) Timely file the Free Application for Federal Student Aid for each academic year in which the individual receives an award from funding under this section.

(e) Timely apply for all available gift aid for each academic year in which the individual applies for funding under this section.

(f) Maintain residency in this state, as determined for purposes of the Free Application for Federal Student Aid.

(4) An award under this section must not exceed $10,000.00 per academic year or the cost of tuition at the eligible educator preparation program attended, whichever is less. As used in this subsection, the cost of tuition at an educator preparation program

that is an institution of higher education is the in-district resident rate plus other required fees, as determined by the department of lifelong education, advancement, and potential; and the cost of tuition at an educator preparation program that is an alternative certification provider is the cost of tuition plus other required fees, as determined by the department of lifelong education, advancement, and potential.

(5) Awards under this section must be distributed to eligible educator preparation programs on behalf of an eligible recipient on a timeline determined by the department of lifelong education, advancement, and potential.

(6) Pending available funds, applicants may renew their award for up to 3 years, or until program completion, whichever comes first.

(7) To be an eligible recipient of fellowship funding under this section, an individual must pledge to work as a certified teacher in a public school, **a nonpublic school**, ~~or~~ a qualifying public preschool program, **or a qualifying nonpublic preschool program** in this state and must meet 1 of the following work requirements:

(a) For a recipient of funding under this section who received an award for 1 academic year, 3 years of work as a certified teacher in a public school, **a nonpublic school**, ~~or~~ a qualifying public preschool program, **or a qualifying nonpublic preschool program** in this state.

(b) For a recipient of funding under this section who received an award for 2 academic years, 4 years of work as a certified teacher in a public school, **a nonpublic school**, ~~or~~ a qualifying public preschool program, **or a qualifying nonpublic preschool**

**program** in this state.

(c) For a recipient of funding under this section who received an award for 3 academic years, 5 years of work as a certified teacher in a public school, **a nonpublic school**, ~~or~~ a qualifying public preschool program, **or a qualifying nonpublic preschool program** in this state.

(d) For a recipient working in a critical needs district, 3 years of work as a certified teacher. As used in this subdivision, "critical needs district" means a district with a median household income in the lowest quartile in each prosperity region, as determined by the department.

(8) If an award recipient does not maintain enrollment in their educator preparation program as required under subsection (3)(a), does not successfully complete their educator preparation program, or does not meet the work requirement described in subsection (7), any amount received from funds under this section converts to a 0% interest loan that must be repaid to this state within 10 years. ~~, plus any deferment period as determined and approved by the department of lifelong education, advancement, and potential.~~ The amount of repayment must be reduced proportionate to the number of years worked in schools or qualifying public preschool programs in this state as a certificated teacher out of 5 years. The department of lifelong education, advancement, and potential shall develop guidance to enforce this subsection.

(9) An individual may not concurrently receive funding through programs funded under this section and grow your own programs funded under section 27b.

(10) If the amount allocated in subsection (1) is insufficient to fully fund awards under this section, there is appropriated from

the educator fellowship public provider fund in section 27d or the educator fellowship private provider fund in section 27e, as applicable, the amount necessary to fully fund these programs. The state budget director shall provide notification to the house and senate appropriations subcommittees on K to 12 school aid and the house and senate fiscal agencies for any additional appropriation described under this subsection.

(11) Notwithstanding section 17b, the department of lifelong education, advancement, and potential shall make payments under this section on a schedule determined by the department of lifelong education, advancement, and potential.

(12) The department of lifelong education, advancement, and potential shall report to the chairpersons of the house appropriations subcommittee on school aid and education and the senate appropriations subcommittee on pre-K to 12 by February 15 of the current fiscal year. The report must include the following:

(a) The number and amount of awards granted in the previous fiscal year.

(b) The number of recipients in the previous fiscal year that had their awards converted to loans under subsection (8).

(13) As used in this section, "eligible educator preparation program" means a public or nonpublic institution of higher education or an alternative route provider that meets all of the following, as applicable:

(a) Is approved by the department to offer teacher preparation programming.

(b) Enrolls 1 or more future educator fellowship recipients.

(c) Has not been deemed as ineligible to receive Michigan achievement scholarship funding under section 248 as a result of

exceeding tuition restraint requirements described in section 248.

**(d) Includes all of the following content as part of the institution's educator preparation programming:**

**(*i*) A system of training that provides educators with the knowledge base to effectively implement any classwide, supplemental, or intervention reading approach and to determine why some students struggle with reading, writing, spelling, and language.**

**(*ii*) Training activities that direct educators to implement effective reading and spelling instruction supported by scientifically based research and foster a direct explicit instructional sequence that uses techniques to support teachers' independence in using their newly learned skills with students in the classroom.**

**(*iii*) Integrated components for educators in grades K to 5 with embedded evaluation or assessment of knowledge. Evaluation or assessment of knowledge under this subparagraph must incorporate evaluations of learning throughout each unit and include a summative assessment that must be completed to demonstrate successful course completion.**

**(*iv*) Instruction that builds teacher content knowledge and pedagogical knowledge of the critical components of literacy, including how the brain learns to read, phonological and phonemic awareness, letter knowledge, phonics, advanced phonics, vocabulary and oral language, fluency, comprehension, spelling and writing, and the organization of language.**

**(*v*) Instruction that supports educators in understanding how to effectively use screening, progress monitoring, and diagnostic assessment data to improve literacy outcomes through prevention and**

**intervention for reading difficulties in a multi-tiered system of supports. The multi-tiered system of supports must include at least all of the following essential components:**

**(A) Team-based leadership.**

**(B) A tiered delivery system.**

**(C) Selection and implementation of instruction, interventions, and supports.**

**(D) A comprehensive screening and assessment system.**

**(E) Continuous data-based decision making.**

**(e) Requires completion of the content described in subdivision (d) by all individuals participating in the educator preparation program.**

**(f) Requires completion of the content described in subdivision (d) by all individuals who instruct courses or programs in literacy or reading methods in the educator preparation program.**

**(g) Requires comprehensive knowledge of the science of reading, as that term is defined in section 1280f of the revised school code, MCL 380.1280f, for any individual participating in the educator preparation program who seeks certification or endorsement to become an educator for grades K to 5 in reading instruction, language arts, or special education, as determined by the department.**

**(h) Requires comprehensive knowledge of the science of reading, as that term is defined in section 1280f of the revised school code, MCL 380.1280f, by all individuals who instruct courses or programs in literacy or reading methods in the educator preparation program.**

Sec. 27c. (1) From the state school aid fund money appropriated in section 11, there is allocated $30,000,000.00 for

~~2025-2026 and~~ **2026-2027**, from the educator fellowship public provider fund money appropriated in section 11, there is allocated $20,000,000.00 for ~~2025-2026~~ **2026-2027, and from the educator fellowship private provider fund money appropriated in section 11, there is allocated $12,500,000.00 for 2026-2027** for the MI future educator student teacher stipend program. Except as otherwise provided in this section, the funds allocated under this section must be paid to eligible educator preparation programs for payments to eligible student teachers working in a district. At the close of the fiscal year, state school aid fund money allocated under this section that is unspent must be deposited into the educator fellowship public provider fund in section 27d.

(2) An eligible student teacher under this subsection must meet all of the following:

(a) The individual must be admitted to an eligible educator preparation program, be working toward a teacher certification, and be participating in required student teaching coursework. As used in this subdivision, "required student teaching coursework" means credit hours, or the program equivalent, required by an eligible educator preparation program for successful completion of the program. This coursework must include regular placement in a district **or nonpublic school** where the student gains real-world, first-hand experience working in a classroom, teaching students, engaging in the day-to-day activities of a certified teacher, and working daily under the guidance of a certified teacher.

(b) The individual must timely complete an application in a form and manner prescribed by the department of lifelong education, advancement, and potential. The application must include the district **or nonpublic school** in which the individual is working as

a student teacher and must include a certification by the district **or nonpublic school** and the individual's eligible educator preparation program that the student is working as a student teacher. If the individual's eligible educator preparation program is not provided by a public institution of higher education, the district **or nonpublic school** in which the individual is working must also provide an assurance that they will forward any amount received under this section from the department of lifelong education, advancement, and potential for purposes of the program described in this section to the individual's eligible educator preparation program.

(c) The individual must not have received a payment from funds under this subsection previously, unless the individual is enrolled in an eligible educator preparation program that requires multiple semesters of student teaching. An individual may receive not more than 2 awards under this section.

(d) If an individual is employed by their district **or nonpublic school** as a teacher of record, they are not eligible for payment under this section.

(e) An individual that is a current City Year corps member enrolled in an eligible educator preparation program is eligible for payment under this section.

(3) The department of lifelong education, advancement, and potential shall pay each eligible educator preparation program an amount not to exceed $9,600.00 per academic semester for each eligible student teacher working in a district. If the individual's eligible educator preparation program is not provided by a public institution of higher education, the department of lifelong education, advancement, and potential shall pay an amount not to

exceed $9,600.00 per academic semester to the district **or nonpublic school** in which the individual is working as a student teacher, and that district **or nonpublic school** must forward the amount received to the individual's eligible educator preparation program. It is intended that payments under this subsection are made at the beginning of the semester in 1 lump sum for eligible student teachers.

(4) Eligible educator preparation programs shall pay funds received under this section, in entirety, to the eligible student teacher.

(5) Notwithstanding section 17b, the department of lifelong education, advancement, and potential shall make payments under this section on a schedule determined by the department of lifelong education, advancement, and potential.

(6) If the amount allocated in subsection (1) is insufficient to fully fund awards under this section, there is appropriated from the educator fellowship public provider fund in section 27d **and from the educator fellowship private provider fund in section 27e** the amount necessary to fully fund the programs described in this section. The state budget director shall notify the house and senate appropriations subcommittees on K to 12 school aid and the house and senate fiscal agencies of any additional appropriation described in this subsection.

**(7) Any funds provided to or on behalf of an individual who is completing the required placement under subsection (2) at a nonpublic school must be paid from the educator fellowship private provider fund created under section 27e.**

**(8)** ~~(7)~~ As used in this section, "eligible educator preparation program" means an institution of higher education that

meets all of the following:

(a) Is a public or private institution of higher education in this state.

(b) Has an established school of education with an educator preparation program approved by the department.

(c) Has not been deemed as ineligible to receive Michigan achievement scholarship funding under section 248 as a result of exceeding tuition restraint requirements described in section 248.

**(d) Includes all of the following content as part of the institution's educator preparation programming:**

**(*i*) A system of training that provides educators with the knowledge base to effectively implement any classwide, supplemental, or intervention reading approach and to determine why some students struggle with reading, writing, spelling, and language.**

**(*ii*) Training activities that direct educators to implement effective reading and spelling instruction supported by scientifically based research and foster a direct explicit instructional sequence that uses techniques to support teachers' independence in using their newly learned skills with students in the classroom.**

**(*iii*) Integrated components for educators in grades K to 5 with embedded evaluation or assessment of knowledge. Evaluation or assessment of knowledge under this subparagraph must incorporate evaluations of learning throughout each unit and include a summative assessment that must be completed to demonstrate successful course completion.**

**(*iv*) Instruction that builds teacher content knowledge and pedagogical knowledge of the critical components of literacy,**

**including how the brain learns to read, phonological and phonemic awareness, letter knowledge, phonics, advanced phonics, vocabulary and oral language, fluency, comprehension, spelling and writing, and the organization of language.**

**(*v*) Instruction that supports educators in understanding how to effectively use screening, progress monitoring, and diagnostic assessment data to improve literacy outcomes through prevention and intervention for reading difficulties in a multi-tiered system of supports. The multi-tiered system of supports must include at least all of the following essential components:**

**(A) Team-based leadership.**

**(B) A tiered delivery system.**

**(C) Selection and implementation of instruction, interventions, and supports.**

**(D) A comprehensive screening and assessment system.**

**(E) Continuous data-based decision making.**

**(e) Requires completion of the content described in subdivision (d) by all individuals participating in the educator preparation program.**

**(f) Requires completion of the content described in subdivision (d) by all individuals who instruct courses or programs in literacy or reading methods in the educator preparation program.**

**(g) Requires comprehensive knowledge of the science of reading, as that term is defined in section 1280f of the revised school code, MCL 380.1280f, for any individual participating in the educator preparation program who seeks certification or endorsement to become an educator for grades K to 5 in reading instruction, language arts, or special education, as determined by the department.**

**(h) Requires comprehensive knowledge of the science of reading, as that term is defined in section 1280f of the revised school code, MCL 380.1280f, by all individuals who instruct courses or programs in literacy or reading methods in the educator preparation program.**

Sec. 27j. (1) The student loan repayment assistance reserve fund is created as a separate account within the state school aid fund to provide supplemental funding for the student loan repayment assistance program in **former** section 27k.

(2) The state treasurer may receive money or other assets from any source for deposit into the student loan repayment assistance reserve fund. The state treasurer shall direct the investment of the student loan repayment assistance reserve fund. The state treasurer shall credit to the student loan repayment assistance reserve fund interest and earnings from student loan repayment assistance reserve fund investments.

(3) Money in the student loan repayment assistance reserve fund at the close of the fiscal year ~~remains in the student loan repayment assistance reserve fund and does not lapse~~ **lapses** to the state school aid fund.

(4) The department of treasury is the administrator of the student loan repayment assistance reserve fund for auditing purposes.

(5) Money available in the student loan repayment assistance reserve fund must not be expended without a specific appropriation.

~~(6) At the close of each fiscal year, unspent funds from state sources allocated in section 27k must be deposited into the student loan repayment assistance reserve fund created in this section.~~

**Sec. 27o. (1) From the state school aid fund money**

**appropriated in section 11, there is allocated $4,000,000.00 for 2026-2027 only to an intermediate district to support a statewide digital credentialing initiative for students in CTE programs and educators. The digital credentialing initiative must provide pupils and instructional staff with access to a verifiable, portable, and accessible digital record of skills, competencies, and achievements that may be securely shared with employers, postsecondary institutions, and workforce partners across this state, supporting Michigan's economic workforce competitiveness by improving skills transparency and portability statewide.**

**(2) Funds received under this section must be awarded to an intermediate district to partner with a nonprofit organization with demonstrated experience in digital credentialing and workforce-aligned talent record systems.**

**(3) The digital credentialing initiative must enable CTE students statewide, including program completers and individuals demonstrating proficiency in Perkins V-aligned competencies, to earn verified, portable digital credentials documenting career pathway achievements, workforce readiness, and postsecondary readiness. Credentials shall be aligned to department-approved CTE programs and statewide competency frameworks to ensure consistency and portability across regions.**

**(4) The digital credentialing initiative must include, at a minimum, both of the following:**

**(a) Development of digital credentials for CTE program completion, work-based learning, youth apprenticeship, and soft skills. All credentials must be stored, including industry-recognized credits. Credentials must be maintained within a statewide credential library to support consistent issuance,**

**validation, and recognition across this state. These achievements must be showcased in a digital, portable portfolio that organizes and displays verified credentials, skills, competencies, and achievements and can be securely shared.**

**(b) Digital credentials for educators that track literacy professional development for educators, including the completion of LETRS training or other science of reading-based training. Credentials issued for the completion of LETRS training must be competency based, verifiable, and electronically shareable by the educator. Each credential must document the specific level or unit completed and the date of completion.**

**(5) The development of digital credentials for CTE program completion described in subsection (4)(a) must align with state and regional workforce and education systems to support Michigan's economic workforce competitiveness and regional talent pipeline needs, while ensuring statewide consistency and portability of credentials. The administering nonprofit organization shall provide statewide implementation support and submit an annual report to the department detailing adoption, credential issuance by type and region, and progress toward improving statewide CTE-to-workforce outcomes.**

**(6) The administering nonprofit organization shall provide participant level data in a form and manner prescribed by the department to support credential issuance, registry reporting, and integration with statewide education data systems. Data submitted under this section must align with statewide education data infrastructure standards, including coordination with MiDataHub and MiGreatDataLake.**

**(7) The digital credentialing initiative must annually report**

**to the department, to the extent not otherwise collected through existing reporting systems, the name, personnel identification code, employing district or entity, level or unit completed, date of completion, and credential status for each educator participating in LETRS training funded under section 35a. The department may incorporate this information into a statewide educator workforce profile system.**

**(8) As used in this section:**

**(a) "CTE program" means a career and technical education program.**

**(b) "CTE student" means a pupil enrolled in a career and technical education program.**

Sec. 28. (1) To recognize differentiated instructional costs for different types of pupils as well as additional costs to provide essential services in 2025-2026, the following sections provide a weighted foundation allocation or an additional payment of some type in the following amounts, as allocated under those sections:

(a) Section 22d, isolated and rural districts, ~~$12,873,100.00.~~ **$13,516,800.00.**

(b) Section 22*l*, transportation reimbursement, $125,000,000.00.

(c) Section 29, declining enrollment, $71,000,000.00.

(d) Section 31a, at risk, ~~$1,293,655,000.00.~~ **$1,358,337,800.00.**

(e) Section 32d, great start readiness program, ~~$656,217,600.00.~~**$671,881,800.00.**

(f) Section 41, bilingual education for English language learners, ~~$62,732,600.00.~~**$65,869,300.00**

(g) Section 51c, special education, mandated percentages,

~~$1,107,900,000.00.~~**$1,140,700,000.00.**

(h) Section 54d, early on, ~~$23,670,700.00.~~**$28,670,700.00.**

(i) Section 61a, career and technical education, standard reimbursement, ~~$41,733,800.00.~~

~~(j) Section 61d, career and technical education incentives, $13,400,000.00.~~**$43,820,500.00.**

(2) The funding described in subsection (1) is not a separate allocation of any funding but is instead a listing of funding allocated in the sections listed in subsection (1).

Sec. 29. (1) The enrollment stabilization fund is created as a separate account in the state school aid fund for the purpose of stabilizing the effects of declining enrollment.

(2) The state treasurer may receive money or other assets from any source for deposit into the enrollment stabilization fund. The state treasurer shall direct the investment of the enrollment stabilization fund. The state treasurer shall credit to the enrollment stabilization fund interest and earnings from enrollment stabilization fund investments.

(3) Money in the enrollment stabilization fund at the close of the fiscal year remains in the enrollment stabilization fund and does not lapse to the state school aid fund or the general fund.

(4) The department of treasury is the administrator of the enrollment stabilization fund for auditing purposes.

(5) Money available in the enrollment stabilization fund must not be expended without a specific appropriation.

(6) From the enrollment stabilization fund money appropriated under section 11, there is allocated an amount not to exceed $71,000,000.00 for ~~2025-2026~~ **2026-2027** for districts and intermediate districts for which membership in the immediately

preceding fiscal year, as calculated under section 6 in the immediately preceding fiscal year, exceeds membership in the current fiscal year, as calculated under section 6 in the current fiscal year.

(7) The allocation under subsection (6) must be an amount equal to the sum of the product of .50 and the district's or intermediate district's membership for the immediately preceding fiscal year, as calculated under section 6 of the immediately preceding fiscal year, and the product of .50 and the district's or intermediate district's membership in the current fiscal year, as calculated under section 6 of the current fiscal year, minus the district's or intermediate district's membership in the current fiscal year, as calculated under section 6 of the current fiscal year, multiplied by the target foundation allowance for the current fiscal year.

Sec. 30d. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $200,000,000.00 for ~~2025-2026,~~ **2026-2027**, and from the general fund money appropriated in section 11, there is allocated an amount not to exceed $1,600,000.00 for ~~2025-2026 only~~ **2026-2027** for the purpose of making payments to participating entities to provide free school lunch and breakfast to public school and nonpublic school pupils in grades pre-K to 12.

(2) To receive funding under this section, a participating entity must participate in the National School Lunch Program **and School Breakfast Program** and must do all of the following:

(a) Provide reimbursable breakfasts and reimbursable lunches at no cost to all students for any school breakfast program or school lunch program operated by the participating entity.

(b) Submit information regarding the number of reimbursable breakfasts and reimbursable lunches served in a manner prescribed by the department.

(c) Maximize federal reimbursement for reimbursable breakfasts and reimbursable lunches by operating under the CEP if the participating entity has an identified student percentage greater than or equal to the minimum requirement to be eligible to participate in the CEP. For purposes of this subdivision, all eligible participating entities must elect CEP on behalf of a single school, a group or groups of schools, or all schools in the participating entity, as applicable, in a manner that maximizes federal reimbursement.

(d) Meet all applicable state and federal standards in its school breakfast and lunch programs, as determined by the department.

(e) Take all efforts to maximize and implement policies that require parents or **legal** guardians to fill out relevant family income information, in a manner prescribed by the department, for the purposes of determining student eligibility for federal free or reduced cost meal reimbursement rates and CEP eligibility determinations.

(f) Forgive all school meal debt related to federally reimbursable meals, as determined by the department.

**(g) Ensure that the participating entity does not make soda or candy available for purchase by students.**

**(h) Ensure that the participating entity's breakfast or lunch program funded under this section does not make food that contains any of the following ingredients available to students:**

**(*i*) Bromated vegetable oil.**

**(*ii*) Potassium bromate.**

**(*iii*) Propylparaben.**

**(*iv*) Titanium dioxide.**

**(*v*) Any of the following dyes:**

**(A) Red 40.**

**(B) Green 3.**

**(C) Blue 1.**

**(D) Blue 2.**

**(E) Yellow 6.**

(3) Participating entities are encouraged to offer meals that meet students' dietary restrictions, including the provision of gluten-free meals, vegetarian meals, vegan meals, and, upon request, kosher meals, halal meals, and meals meeting any allergy restrictions as confirmed by a doctor's note. Participating entities are encouraged to purchase food from Michigan growers when possible and practical.

(4) For each eligible participating entity, the department shall pay an amount equal to the following:

(a) The amount equal to the federal rate per student paid per pupil per free breakfast and lunch under the ~~Child Nutrition Act~~ **child nutrition act** of 1966, 42 USC 21 1771 to 1793, and the Richard B. Russell ~~National School Lunch Act,~~ **national school lunch act**, 42 USC 1751 to 1769j, multiplied by the number of breakfasts and lunches provided by the participating entity to students, less the federal revenue received by the participating entity under the school breakfast program and the school lunch program under the ~~Child Nutrition Act~~ **child nutrition act** of 1966, 42 USC 21 1771 to 1793, and the Richard B. Russell ~~National School Lunch Act,~~ **national school lunch act**, 42 USC 1751 to 1769j, and other state

lunch payments received under section 31d.

(b) The amount equal to the federal rate per student paid per pupil per free breakfast and lunch under the ~~Child Nutrition Act~~ **child nutrition act** of 1966, 42 USC 21 1771 to 1793, and the Richard B. Russell ~~National School Lunch Act,~~ **national school lunch act**, 42 USC 1751 to 1769j, multiplied by the number of breakfasts and lunches provided by the participating entity, as applicable, to children participating in the Great Start Readiness Program under section 32d at the participating entity, less all other federal and state lunch payments made for those children. For purposes of this subdivision, compliance with 7 CFR 226.9 is required. The department shall assign rates of reimbursement pursuant to 7 CFR 226.9, at least annually, on the basis of family size and income information reported by each eligible participating entity. Assigned rates of reimbursement must be adjusted annually to reflect changes in the national average payment rates.

(5) Notwithstanding section 17b, the department may make payments under this section on a schedule determined by the department.

(6) As used in this section:

**(a) "Candy" means preparations of sugar, honey, or other sweeteners in combination with chocolate, fruits, nuts, or other ingredients in the form of bars, drops, or pieces. Candy does not include bars, drops, or pieces that contain flour or that require refrigeration.**

**(b)** ~~(a)~~ "CEP" means the Community Eligibility Provision under the Richard B. Russell ~~National School Lunch Act,~~ **national school lunch act**, 42 USC 1751 to 1769j.

**(c)** ~~(b)~~ "Participating entity" means a district, intermediate

district, nonpublic school, or the Michigan Schools for the Deaf and Blind.

**(d) "Soda" means any nonalcoholic beverage that contains natural or artificial sweeteners. Soda does not include a beverage that contains milk or milk substitutes or is greater than 50% vegetable juice or fruit juice by volume.**

(7) In addition to the appropriations in section 11, if the amount allocated in subsection (1) is insufficient to fully reimburse districts for meals as required in this section, there is appropriated from the school meals reserve fund created in section 30e the amount necessary to fully fund these reimbursements.

Sec. 31a. (1) There is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$1,336,805,000.00~~ **$1,401,487,800.00** from the state school aid fund money appropriated in section 11 and an amount not to exceed $1,500,000.00 from the general fund money appropriated in section 11 for payments to eligible districts and eligible public school academies for the purposes of ensuring that pupils are proficient in English language arts by the end of grade 3, that pupils are proficient in mathematics by the end of grade 8, that pupils are attending school regularly, that high school graduates are career and college ready, and for the purposes under subsections (7), (8), and ~~(23).~~ **(24).**

(2) For a district or public school academy to be eligible to receive funding under this section, other than funding under subsection (7), (8), or ~~(23),~~ **(24)**, the district or public school academy, for grades K to 12, must comply with the requirements under section 1280f of the revised school code, MCL 380.1280f, and must use resources to address ~~early~~ literacy and numeracy, and for at least grades K to 12 or, if the district or public school

academy does not operate all of grades K to 12, for all of the grades it operates, must implement a multi-tiered system of supports that is an evidence-based framework that uses data driven problem solving to integrate academic and behavioral instruction and that uses intervention delivered to all pupils in varying intensities based on pupil needs. The multi-tiered system of supports described in this subsection must provide at least all of the following essential components:

(a) Team-based leadership.

(b) A tiered delivery system.

(c) Selection and implementation of instruction, interventions, and supports.

(d) A comprehensive screening and assessment system.

(e) Continuous data-based decision making.

(3) From the state school aid fund money allocated under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$1,293,655,000.00~~ **$1,358,337,800.00** to continue a weighted foundation per pupil payment for districts and public school academies enrolling economically disadvantaged pupils. The department shall pay under this subsection to each eligible district or eligible public school academy an amount per pupil equal to a percentage calculated under subsection (4) multiplied by the target foundation allowance for the following, as applicable:

(a) Except as otherwise provided under subdivision (b), (c), or (d) the greater of the following:

(*i*) The number of membership pupils in the district or public school academy who are determined to be economically disadvantaged, as reported to the center in the form and manner prescribed by the

center not later than the fifth Wednesday after the pupil membership count day of the immediately preceding fiscal year.

(*ii*) If the district or public school academy is in the community eligibility program, the number of pupils determined to be eligible based on the product of the identified student percentage multiplied by the total number of pupils in the district or public school academy, as reported to the center in the form and manner prescribed by the center not later than the fifth Wednesday after the pupil membership count day of the immediately preceding fiscal year. These calculations must be made at the building level. This subparagraph only applies to an eligible district or eligible public school academy for the fiscal year immediately following the first fiscal year in which it is in the community eligibility program. As used in this subparagraph, "identified student percentage" means the quotient of the number of pupils in an eligible district or eligible public school academy who are determined to be economically disadvantaged, as reported to the center in a form and manner prescribed by the center, not later than the fifth Wednesday after the pupil membership count day in the fiscal year preceding the first fiscal year in which the eligible district or eligible public school academy is in the community eligibility program, divided by the total number of pupils counted in an eligible district or eligible public school academy on the pupil membership count day in the fiscal year preceding the first fiscal year in which the eligible district or eligible public school academy is in the community eligibility program.

(b) If the district or public school academy began operations as a district or public school academy after the pupil membership

count day of the immediately preceding school year, the number of membership pupils in the district or public school academy who are determined to be economically disadvantaged, as reported to the center in the form and manner prescribed by the center not later than the fifth Wednesday after the pupil membership count day of the current fiscal year.

(c) If the district or public school academy began operations as a district or public school academy after the pupil membership count day of the current fiscal year, the number of membership pupils in the district or public school academy who are determined to be economically disadvantaged, as reported to the center in the form and manner prescribed by the center not later than the fifth Wednesday after the supplemental count day of the current fiscal year.

(d) If, for a particular fiscal year, the number of membership pupils in a district or public school academy who are determined under subdivision (a) to be economically disadvantaged or to be eligible based on the identified student percentage varies by more than 20 percentage points from the number of those pupils in the district or public school academy as calculated under subdivision (a) for the immediately preceding fiscal year caused by an egregious reporting error by the district or public school academy, the department may choose to have the calculations under subdivision (a) instead be made using the number of membership pupils in the district or public school academy who are determined to be economically disadvantaged, as reported to the center in the form and manner prescribed by the center not later than the fifth Wednesday after the supplemental count day of the immediately preceding fiscal year.

(4) Each district or public school academy must be assigned an opportunity index score each fiscal year, the value of which is the quotient of the number of economically disadvantaged pupils as determined under subsection (3) for the district or public school academy and the total number of pupils in the district or public school academy in the immediately preceding fiscal year, multiplied by 100 and rounded up to the nearest whole number. Each district or public school academy must be assigned an opportunity index band as follows:

(a) A district or public school academy with an opportunity index score greater than or equal to 0 but less than 20 must be assigned to band 1 and shall receive reimbursement under subsection (3) at a rate of at least 35.0% and less than 36.0%. The reimbursement rate under this subdivision must be an amount equal to the district's opportunity index score minus 1, multiplied by the band adjustment factor applicable to this subdivision, plus 35.0%.

(b) A district or public school academy with an opportunity index score greater than or equal to 20 but less than 44 must be assigned to band 2 and shall receive reimbursement under subsection (3) at a rate of at least 36.0% and less than 37.5%. The reimbursement rate under this subdivision must be an amount equal to the district's opportunity index score minus 20, multiplied by the band adjustment factor applicable to this subdivision, plus 36.0%.

(c) A district or public school academy with an opportunity index score greater than or equal to 44 but less than 59 must be assigned to band 3 and shall receive reimbursement under subsection (3) at a rate of at least 37.5% and less than 39.0%. The

reimbursement rate under this subdivision must be an amount equal to the district's opportunity index score minus 44, multiplied by the band adjustment factor applicable to this subdivision, plus 37.5%.

(d) A district or public school academy with an opportunity index score greater than or equal to 59 but less than 73 must be assigned to band 4 and shall receive reimbursement under subsection (3) at a rate of at least 39.0% and less than 42.0%. The reimbursement rate under this subdivision must be an amount equal to the district's opportunity index score minus 59, multiplied by the band adjustment factor applicable to this subdivision, plus 39.0%.

(e) A district or public school academy with an opportunity index score greater than or equal to 73 but less than 85 must be assigned to band 5 and shall receive reimbursement under subsection (3) at a rate of at least 42.0% and less than 47.0%. The reimbursement rate under this subdivision must be an amount equal to the district's opportunity index score minus 73, multiplied by the band adjustment factor applicable to this subdivision, plus 42.0%.

(f) A district or public school academy with an opportunity index score greater than or equal to 85 must be assigned to band 6 and shall receive reimbursement under subsection (3) at a rate of 47.0%.

(g) As used in this subsection, "band adjustment factor" means an amount equal to the difference between the lowest and highest reimbursement bounds for each band, divided by the number of possible opportunity index scores in that band.

(5) 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, mental health, or counseling services, for at-risk pupils; for school health clinics; and for the purposes of subsection (6), (7), (8), or ~~(23).~~ **(24)**. In addition, a district that is a school district of the first class or a district or public school academy in which at least 50% of the pupils in membership were determined to be economically disadvantaged in the immediately preceding state fiscal year, as determined and reported as described in subsection (3), may use the funds it receives under this section for school security or school parent liaison personnel. The uses of the funds described in the immediately preceding sentence must align to the needs assessment and the multi-tiered system of supports model and, for funds spent on parent liaison personnel, must connect parents to the school community. A district or public school academy shall not use any of the money received under this section for administrative costs. 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.

(6) 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 pay for costs associated with the operation of the school breakfast program.

(7) From the state school aid fund money allocated under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $33,000,000.00, to support primary health care services provided to children and adolescents up to age 21. These funds must be expended in a form and manner determined jointly by the department and the department of health and human services. When making funding decisions for new adolescent health centers under this subsection, the department and department of health and human services shall prioritize support for primary health care services in unserved and underserved counties as determined by the department of health and human services. An amount equal to 4% of the funds allocated under this subsection must be made available for technical support and coordination services from a nonprofit organization exclusively dedicated to serving adolescent health centers in this state and that has a membership that includes federally qualified health centers, local public health departments, hospital systems, and public school districts. As a requirement of being awarded the funds under this subsection as prescribed under this subsection, a nonprofit organization described in this subsection shall make readily available technical support and coordination services to all child and adolescent health centers in this state.

(8) From the state school aid fund money allocated under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $10,150,000.00 for the state portion of the hearing and vision screenings as described in part 93 of the public health code, 1978 PA 368, MCL 333.9301 to 333.9329, and, from the general fund money allocated under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed

$1,500,000.00 for the state portion of the dental screenings as described in part 93 of the public health code, 1978 PA 368, MCL 333.9301 to 333.9329. A local public health department shall pay at least 50% of the total cost of the screenings. The frequency of the vision screenings must be as required under R 325.13091 to R 325.13096 of the Michigan Administrative Code and the frequency of the hearing screenings must be as required under R 325.3271 to R 325.3276 of the Michigan Administrative Code. Funds must be awarded in a form and manner approved jointly by the department and the department of health and human services. Notwithstanding section 17b, the department shall make payments to eligible entities under this subsection on a schedule determined by the department.

(9) 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, in the form and manner prescribed by the department, that includes a brief description of each program conducted or services performed 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 or services, the total number of at-risk pupils served by each of those programs or services, and the data necessary for the department and the department of health and human services to verify matching funds for the temporary assistance for needy families program. In prescribing the form and manner of the report, the department shall ensure that districts are allowed to expend funds received under this section on any activities that are permissible under this section. 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 fiscal year, the withheld funds are forfeited to the school aid fund.

(10) To receive funds under this section, a district or public school academy must 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.

**(11) A district or public school academy shall allocate a percentage of dollars received under subsection (3) to each support category building operated by the district or public school academy equal to the quotient of the number of economically disadvantaged students enrolled in each support category building by the total number of economically disadvantaged students in the district or public school academy multiplied by 100.**

**(12)** ~~(11)~~ Subject to subsections (6), (7), (8), and ~~(23),~~ **(24)**, for schools in which more than 40% of pupils are identified as at-risk, a district or public school academy may use the funds it receives under this section to implement tier 1, evidence-based practices in schoolwide reforms that are guided by the district's comprehensive needs assessment and are included in the district improvement plan. Schoolwide reforms must include parent and community supports, activities, and services, that may include the pathways to potential program created by the department of health and human services or the communities in schools program. As used in this subsection, "tier 1, evidence-based practices" means research based instruction and classroom interventions that are

available to all learners and effectively meet the needs of most pupils.

**(13)** ~~(12)~~ A district or public school academy that receives funds under this section may use those funds to provide research based professional development and to implement a coaching model that supports the multi-tiered system of supports framework. Professional development may be provided to district and school leadership and teachers and must be aligned to professional learning standards; integrated into district, school building, and classroom practices; and solely related to the following:

(a) Implementing the multi-tiered system of supports required in subsection (2) with fidelity and utilizing the data from that system to inform curriculum and instruction.

(b) Implementing section 1280f of the revised school code, MCL 380.1280f, as required under subsection (2), with fidelity.

**(14)** ~~(13)~~ A district or public school academy that receives funds under subsection (3) may use funds received under subsection (3) for support staff providing services to at-risk pupils.

**(15)** ~~(14)~~ A district or public school academy may use up to 60% of the funds it receives under this section for the following purposes:

(a) Up to 30% to reduce the teacher to pupil ratio in grades K to 3.

(b) Up to 30% to support retention and recruitment efforts that help reduce staff turnover and vacancies of instructional and support staff if the district or public school academy is assigned to opportunity index band 4, 5, or 6.

**(16)** ~~(15)~~ Funds used as described in subsection ~~(14)~~ **(15)** must align with the needs assessment and the multi-tiered system of

supports model. A district or public school academy shall not use any of the money described in subsection ~~(14)~~ **(15)** for administrative costs or to supplant existing funding, including, but not limited to, maintaining existing salaries or costs. A district or public school academy shall report its intent to use funds described in subsection ~~(14)~~ **(15)** to the department by not later than November 1 of the current fiscal year.

**(17)** ~~(16)~~ A district or public school academy determined to be eligible to use a portion of funds received under subsection (3) for the purposes described in subsection ~~(14)~~ **(15)** retains the ability to use funding for the purposes described in subsection ~~(14)~~ **(15)** for the fiscal year in which eligibility was determined plus 2 additional fiscal years beyond that fiscal year.

**(18)** ~~(17)~~ Beginning with the fiscal year ending September 30, 2026, and each year thereafter, for a district receiving funding under this section through the opportunity index formula, the district must provide a report to parents or legal guardians that details the amount of funding received under that allocation, how the district distributed that funding in a way to target buildings with the highest needs, and what evidence-based interventions were implemented with those dollars. The report must include a method, including contact information, for parents or legal guardians to provide feedback on the use of these dollars as well as to seek more information about services and interventions available for their children.

**(19)** ~~(18)~~ A district or public school academy that receives funds under this section may use up to 10% of the funds received under this section to provide evidence-based instruction for pre-kindergarten instructional and noninstructional services to at-risk

pupils.

**(20)** ~~(19)~~ Except as otherwise provided in this subsection, if necessary, the department shall prorate payments under this section, except payments under subsection (7), (8), or ~~(23),~~ **(24),** by reducing the amount of the allocation as otherwise calculated under this section by an equal percentage per district. Subject to the availability of funds, if proration is necessary under this subsection, the department must ensure that no district receives an amount less than 11.5% of the target foundation for each economically disadvantaged pupil enrolled in the district.

**(21)** ~~(20)~~ If a district is dissolved pursuant to section 12 of the revised school code, MCL 380.12, the intermediate district to which the dissolved district was constituent shall determine the estimated number of pupils that are economically disadvantaged and that are enrolled in each of the other districts within the intermediate district and provide that estimate to the department for the purposes of distributing funds under this section within 60 days after the district is declared dissolved.

**(22)** ~~(21)~~ A district or public school academy that receives funds under this section may use funds received under this section to provide an anti-bullying or crisis intervention program.

**(23)** ~~(22)~~ The department shall collaborate with the department of health and human services to prioritize assigning Pathways to Potential success coaches to elementary schools that have a high percentage of pupils in grades K to 3 who are not proficient in English language arts, based upon state assessments for pupils in those grades.

**(24)** ~~(23)~~ From the state school aid fund money appropriated under section 11, there is allocated for 2023-2024 only an amount

not to exceed $10,000,000.00 for an electronic patient data and health care analytic system to be made available to each child and adolescent health center program. The department of health and human services shall collaborate on system implementation with a nonprofit organization exclusively dedicated to serving child and adolescent health center programs in this state and that has a membership that includes federally qualified health centers, local public health departments, hospital systems, and public school districts, including, but not limited to, technology assessment, design, coordination, and system implementation with child and adolescent health center programs. Funds appropriated under this subsection are a work project appropriation and any unexpended funds for 2023-2024 are carried forward into 2024-2025. The purpose of the work project is to continue to implement an electronic patient data and health care analytic system. The estimated completion date of the work project is September 30, 2028.

**(25)** ~~(24)~~ As used in this section:

(a) "At-risk pupil" means a pupil in grades pre-K to 12 for whom the district has documentation that the pupil meets any of the following criteria:

(*i*) The pupil is economically disadvantaged.

(*ii*) The pupil is an English language learner.

(*iii*) The pupil is chronically absent as defined by and reported to the center.

(*iv*) The pupil is a victim of child abuse or neglect.

(*v*) The pupil is a pregnant teenager or teenage parent.

(*vi*) The pupil has a family history of school failure, incarceration, or substance abuse.

(*vii*) The pupil is an immigrant who has immigrated within the

immediately preceding 3 years.

(*viii*) The pupil did not complete high school in 4 years and is still continuing in school as identified in the Michigan cohort graduation and dropout report.

(*ix*) For pupils for whom the results of the state summative assessment have been received, is a pupil who did not achieve proficiency on the English language arts, mathematics, science, or social studies content area assessment.

(*x*) Is a pupil who is at risk of not meeting the district's or public school academy's core academic curricular objectives in English language arts or mathematics, as demonstrated on local assessments.

(b) "Economically disadvantaged" means a pupil who has been determined eligible for free or reduced-price meals as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769j; who is in a household receiving supplemental nutrition assistance program or temporary assistance for needy families assistance; or who is homeless, migrant, or in foster care, as reported to the center.

(c) "English language learner" means limited English proficient pupils who speak a language other than English as their primary language and have difficulty speaking, reading, writing, or understanding English as reported to the center.

**(d) "Support category building" means a school building identified by the state accountability system as a comprehensive support and improvement school, additional targeted support school, or targeted support and improvement school.**

Sec. 31c. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2025-2026 only

an amount not to exceed $65,000,000.00 for grants to eligible districts for pilot programs to maintain or establish small classes in grades K to 3 in eligible school buildings in the district.

(2) To be eligible for a grant under subsection (1), a district must have at least 1 eligible school building and must apply to the department in the form and manner prescribed by the department. A district shall include in its application a projected budget for maintaining or establishing small classes in grades K to 3 and shall demonstrate in the projected budget that at least 30% of the funds received by the district under section 31a will be used to support small classes under this section.

(3) For a school building to be considered an eligible school building under subsection (2), the school building must meet all of the following requirements:

(a) Operate at least 1 of grades K to 3.

(b) Be operated by a district that operates all of grades K to 12 and that receives funds under section 31a.

(c) Be located in a district that is in an opportunity index band, as described in section 31a, of 4 or higher.

(4) Not more than 25% of the total allocation under this section may be paid to any single district. The department shall make allocations under this section to districts that are geographically diverse, including urban, suburban, and rural districts. Grants issued under this section must be awarded to at least the following districts:

(a) Muskegon Heights Public School Academy System.

(b) Benton Harbor Area Schools.

(c) Flint School District.

(d) Wayne-Westland Community School District.

(5) A district that receives funds under this section shall use the funds to maintain or establish small classes in grades K to 3 in school buildings of the district for which funds are received under this section. The average class size must be not more than 17 pupils per class, with not more than 19 pupils in any particular class. A district that receives funds under this section shall use at least 30% of the funds the district receives for 2025-2026 under section 31a for the purposes of this section.

**(6) A district that receives funds under this section shall submit to the department, in a form and manner determined by the department, information necessary to evaluate a pilot program funded under this section. The information submitted under this subsection must include, but is not limited to, the following:**

**(a) The number of classrooms participating in the pilot program.**

**(b) The average number of pupils in a classroom in the pilot program and the average number of pupils in a classroom not participating in the pilot program, disaggregated by grade level.**

**(c) A comparison of benchmark assessment results for classrooms participating in the program and classrooms not participating in the program.**

**(7) By not later than December 1, 2027, the department shall provide a report evaluating the pilot program to the house and senate appropriations subcommittees on school aid, the house and senate standing committees on education, the house and senate fiscal agencies, and the state budget office.**

**(8)** ~~(6)~~ Funding to districts under this section for 2025-2026 is intended to be for the first of 2 years of funding.

**(9)** ~~(7)~~ The funds allocated in this section are a work project

appropriation, and any unexpended funds for 2025-2026 are carried forward into 2026-2027. The purpose of the work project is to lower class sizes in grades K to 3. The estimated completion date of the work project is September 30, 2030.

**(10)** ~~(8)~~ Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

Sec. 31d. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $29,553,400.00 for ~~2025-2026~~ **2026-2027** 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 are used to pay the amount necessary to reimburse districts for 6.0127% of the necessary costs of the state mandated portion of lunch programs provided by those districts. The department shall calculate the amount due to each district under this section using the methods of calculation adopted by the Michigan supreme court in the consolidated cases known as *Durant v State of Michigan*, 456 Mich 175 (1997).

(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 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 lunch program must 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 ~~2025-2026~~ **2026-2027** all available federal funding, estimated at $901,400,000.00 for child nutrition programs and, for ~~2025-2026,~~ **2026-2027**, all available federal funding, estimated at $22,000,000.00, for food distribution programs.

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

(7) In purchasing food for a lunch program funded under this section, a district or other eligible entity shall give preference to food that is grown or produced by Michigan businesses if it is competitively priced and of comparable quality.

(8) In addition to the appropriations in section 11, if the amount allocated in subsection (1) is insufficient to fully reimburse districts for meals as required under this section, there is appropriated from the school meals reserve fund created under section 30e the amount necessary to fully fund these reimbursements.

Sec. 31f. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $16,900,000.00 for ~~2025-2026~~ **2026-2027** 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 are 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 210,

220, 225, 226, 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 statewide average cost of a meal served, as determined and approved by the department, less federal reimbursement, participant payments, and state breakfast reimbursements received under section 30d. The department shall determine the statewide average cost using costs as reported in a manner approved by the department for the preceding school year.

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

(5) In purchasing food for a school breakfast program funded under this section, a district shall give preference to food that is grown or produced by Michigan businesses if it is competitively priced and of comparable quality.

(6) In addition to the appropriations in section 11, if the amount allocated in subsection (1) is insufficient to fully reimburse districts for meals as required under this section, there is appropriated from the school meals reserve fund created under section 30e the amount necessary to fully fund these reimbursements.

**Sec. 31j. (1) From the general fund money appropriated in section 11, there is allocated for 2026-2027 only an amount not to exceed $200,000.00 and from the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $4,000,000.00 for 2026-2027 only for a program to support**

**districts and nonpublic schools in the purchase of locally grown fruits, vegetables, and legumes as described in this section.**

**(2) Funding under this section retained by the department for administration must not exceed 5%. Funding under this section retained by project partners for data collection, outreach, and training must not exceed 2% for each partner.**

**(3) The department shall develop and implement a competitive grant program for districts and nonpublic schools to assist in paying for the costs incurred by the district or nonpublic school to purchase or increase purchases of whole or minimally processed fruits, vegetables, and legumes grown in this state. The maximum amount that may be drawn down on a grant to a district or nonpublic school is based on the number of meals served by the district or nonpublic school during the previous school year under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769j. The department shall collaborate with the Michigan department of agriculture and rural development to provide training to newly participating schools and nonpublic schools and electronic information on Michigan agriculture.**

**(4) The goals of the program under this section include improving daily nutrition and eating habits for children through the school and child care settings while investing in Michigan's agricultural and related food business economy.**

**(5) A district or nonpublic school that receives a grant under this section shall use those funds for the costs incurred by the district or the nonpublic school to do both of the following:**

**(a) Purchase whole or minimally processed fruits, vegetables, and legumes that meet both of the following:**

**(*i*) For each fiscal year, were purchased for use in meals and**

**supportive activities as part of the United States Department of Agriculture child nutrition programs provided between October 1 through September 30 of that fiscal year.**

**(*ii*) Are grown in this state and, if minimally processed, are also processed in this state.**

**(b) Pay for labor and food transportation of locally grown fruits, vegetables, and legumes that directly support the activities and goals of the program described in this section. The amount paid under this subdivision must not exceed 25% of the grant award.**

**(6) For Michigan-grown fruits, vegetables, and legumes that satisfy the requirements of subsection (5), the department shall make matching reimbursements in an amount not to exceed 10 cents for every school meal that is served as part of the United States Department of Agriculture's child nutrition programs.**

**(7) In awarding grants under this section, the department shall work in consultation with Michigan-based farm-to-school resource organizations to develop scoring criteria that assess an applicant's ability to procure Michigan-grown products, prepare and menu Michigan-grown products, promote and market Michigan-grown products, and submit letters of intent from districts or nonpublic schools on plans for educational activities that promote the goals of the program.**

**(8) The department shall give preference to districts or nonpublic schools that propose educational activities that meet 1 or more of the following: promote healthy food activities; have clear educational objectives; involve parents or the community; connect to a school's or child care center's farm-to-school or farm-to-early-child-care procurement activities; and market and**

**promote the program, leading to increased pupil knowledge and consumption of Michigan-grown products. The department shall give stronger weighting and consideration to applications with robust marketing and promotional activities.**

**(9) In awarding grants, the department shall also consider all of the following:**

**(a) The percentage of children who qualify for free or reduced price school meals under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769j.**

**(b) The variety of school sizes and geographic locations within the identified prosperity regions.**

**(c) Existing or planned collaboration between nonpublic schools, between districts, or with agricultural businesses and essential local food infrastructure, such as farms, farm cooperatives, processors, distributors, and local food hubs.**

**(10) As a condition of receiving a grant under this section, a district or nonpublic school shall provide or direct its vendors to provide to the department copies of monthly receipts that show the quantity of different Michigan-grown fruits, vegetables, and legumes purchased, the amount of money spent on each of these products, the name and Michigan location of the farm that grew the products, and the methods or plans to market and promote the program. The district or nonpublic school also shall provide to the department monthly United States Department of Agriculture child nutrition reimbursable meal numbers and must retain monthly menus noting when and how Michigan-grown products were used in meals. The district or nonpublic school, and school or nonpublic school food service director or directors, also shall agree to respond to brief online surveys and to provide a report that shows the percentage**

**relationship of Michigan spending compared to total food spending. By not later than 60 days after the end of the period in which funds under this section were received, and in which federal child nutrition programs require submission of claims, each district or each nonpublic school shall submit a report to the department on outcomes and related measurements for economic development and children's nutrition and readiness to learn. The report must include at least both of the following:**

**(a) The extent to which farmers and related businesses, including distributors and processors, saw an increase in market opportunities and income generation through sales of Michigan or local products to districts and nonpublic schools. All of the following apply for purposes of this subdivision:**

**(*i*) The data used to determine the amount of this increase are the total dollar amount of Michigan or local fruits, vegetables, and legumes purchased by schools and nonpublic schools, along with the number of different types of products purchased; school and nonpublic school food purchasing trends identified along with products that are of new and growing interest among food service directors; the number of businesses impacted; and the percentage of total food budget spent on Michigan-grown fruits, vegetables, and legumes.**

**(*ii*) The district or nonpublic school shall use purchasing data collected for the program and surveys of school and nonpublic school food service directors on the impact and success of the program as the source for the data described in subparagraph (*i*).**

**(b) The ability to which pupils can access a variety of healthy Michigan-grown foods through schools and nonpublic schools and increase their consumption of those foods. All of the following**

**apply for purposes of this subdivision:**

**(*i*) The data used to determine whether this subdivision is met are the number of pupils exposed to Michigan-grown fruits, vegetables, and legumes at schools and nonpublic schools; the variety of products served; new items taste-tested or placed on menus; and the increase in pupil willingness to try new local healthy foods.**

**(*ii*) The district or nonpublic school shall use purchasing data collected for the project, meal count and enrollment numbers, school menu calendars, and surveys of school and nonpublic school food service directors as the source for the data described in subparagraph (*i*).**

**(11) The department shall compile the reports provided by districts and nonpublic schools under subsection (10) into 1 legislative report. The department shall provide this report not later than April 1 of each fiscal year following the fiscal year for which funding is allocated under this section to the house and senate subcommittees responsible for school aid, the house and senate fiscal agencies, and the state budget director.**

**(12) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.**

Sec. 31n. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** for the purposes of this section an amount not to exceed $106,545,000.00 and from the general fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** for the purposes of this section an amount not to exceed $1,300,000.00. The department and the department of health and human services shall

continue a program to distribute this funding to add licensed behavioral health providers for general education pupils, and recipients of the funds under subsection (6) shall continue to seek federal Medicaid match funding for all eligible mental health and support services.

(2) The department and the department of health and human services shall maintain an advisory council for programs funded under this section and any other funding under this act to improve or maintain the mental health of ~~students,~~ **pupils**, except for programs funded under section 31a(7) and (8). The advisory council shall define goals for implementation of programs, and shall provide feedback on that implementation. At a minimum, the advisory council shall consist of representatives of state associations representing school health, school mental health, school counseling, education, health care, and other organizations, representatives from the department and the department of health and human services, and a representative from the school safety and mental health commission. The department and department of health and human services, working with the advisory council, shall determine an approach to increase capacity for mental health and support services in schools for general education pupils, and shall determine where that increase in capacity qualifies for federal Medicaid match funding.

(3) The advisory council shall develop a fiduciary agent checklist for intermediate districts to facilitate development of a plan to submit to the department and to the department of health and human services. The department and department of health and human services shall determine the requirements and format for intermediate districts to submit a plan for possible funding under

subsection (6). The department shall make applications for funding for this program available to districts and intermediate districts by not later than December 1 of each fiscal year for which funds are allocated under this section and shall award the funding by not later than February 1 of each fiscal year for which funds are allocated under this section.

(4) The department of health and human services shall ~~amend~~ **ensure that** the state Medicaid plan **continues to be written in a way sufficient** to obtain appropriate Medicaid waivers ~~as necessary for the purpose of generating~~ **to generate** additional Medicaid match funding for school mental health and support services for general education pupils ~~, and this expansion is called~~ **through the** Caring for Students (C4S) **expansion.**

(5) From the state school aid fund money allocated under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $14,300,000.00 to be distributed to the network of child and adolescent health centers to place a licensed master's level behavioral health provider in schools that do not currently have services available to general education students. Child and adolescent health centers that are part of the network described in this subsection shall provide a commitment to maintain services and implement all available federal Medicaid match methodologies. The department of health and human services shall use all existing or additional federal Medicaid match opportunities to maximize funding allocated under this subsection. The department shall provide funds under this subsection to child and adolescent health centers that are part of the network described in this subsection in the same proportion that funding under section 31a(7) is provided to child and adolescent health centers that are part of

the network described in this subsection and that are located and operating in those districts. A payment from funding allocated under this subsection must not be paid to an entity that is not part of the network described in this subsection.

(6) From the state school aid fund money allocated under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $87,245,000.00 to be distributed to intermediate districts for the provision of mental health and support services to general education ~~students.~~ **pupils.** Recipients of funds under this subsection shall continue to seek federal Medicaid match funding for all eligible mental health and support services. If a district or intermediate district is not able to procure the services of a licensed master's level behavioral health provider, the district or intermediate district shall notify the department and the department of health and human services and, if the department and department of health and human services verify that the district or intermediate district attempted to procure services from a master's level behavioral health provider and was not able to do so, then the district or intermediate district may instead procure services from a provider with less than a master's degree in behavioral health. To be able to use the exemption in the immediately preceding sentence, the district or intermediate district must submit evidence satisfactory to the department and department of health and human services demonstrating that the district or intermediate district took measures to procure the services of a licensed master's level behavioral health provider but was unable to do so, and the department and department of health and human services must be able to verify this evidence. From the first $56,173,600.00 of the funds allocated under this

subsection, the department shall distribute up to $1,003,100.00 for ~~2025-2026~~ **2026-2027** to each intermediate district that submits a plan approved by the department and the department of health and human services by February 1 of each fiscal year for which funds are allocated under this section. The department shall distribute the remaining $31,071,400.00 of the funds allocated under this subsection for ~~2025-2026~~ **2026-2027** to intermediate districts **that submit a plan approved by the department and the department of health and human services by February 1 of each fiscal year for which funds are allocated under this section** on an equal per-pupil basis based on the combined total number of pupils in membership in the intermediate district and its constituent districts, including public school academies that are considered to be constituent districts under section 705(7) of the revised school code, MCL 380.705. The department and department of health and human services shall work cooperatively in providing oversight and assistance to intermediate districts and shall monitor the program upon implementation. An intermediate district shall use funds awarded under this subsection to provide funding to its constituent districts, including public school academies that are considered to be constituent districts under section 705(7) of the revised school code, MCL 380.705, for the provision of mental health and support services to general education ~~students.~~ **pupils.** In addition to the criteria identified under subsection (9), an intermediate district shall consider geography, cost, or other challenges when awarding funding to its constituent districts. Districts receiving funding under this subsection are encouraged to provide suicide prevention and awareness education and counseling.

(7) If funding awarded to an intermediate district remains

after funds are provided by the intermediate district to its constituent districts, the intermediate district shall notify the department and department of health and human services and submit evidence satisfactory to the department and department of health and human services demonstrating how it would like to use funds for purposes other than hiring licensed behavioral health providers for general education pupils. With permission from the department and department of health and human services, the intermediate district may hire or contract for experts to provide mental health and support services to general education ~~students~~ **pupils** residing within the boundaries of the intermediate district, including, but not limited to, expanding, hiring, or contracting for staff and experts to provide those services directly or to increase access to those services through coordination with outside mental health agencies; the intermediate district may also contract with 1 or more other intermediate districts for coordination and the facilitation of activities related to providing mental health and support services to general education ~~students~~ **pupils** residing within the boundaries of the intermediate district; the intermediate district may also use the funds under this section to create or strengthen school-based behavioral health assessment teams that focus on providing age-appropriate interventions, identifying behaviors that suggest a pupil may be struggling with mental health challenges, providing treatment and support of the pupil, and using disciplinary interventions and the criminal justice system as methods of last resort; and the intermediate district may also use the funds under this section to provide evidence-based trainings that support ~~student~~ **pupil** mental health.

(8) If funding awarded to an intermediate district under this

section remains unspent, or if the intermediate district submits an application requesting a lower allocation than the maximum amount permitted, the department, in conjunction with the intermediate district, may reallocate the funds to another intermediate district or other intermediate districts capable of expending the funds before the funding deadline in accordance with this section as if those funds were originally allocated to the intermediate district or intermediate districts to which the funds are being reallocated.

(9) A district requesting funds under this section from the intermediate district in which it is located shall submit an application for funding for the provision of mental health and support services to general education pupils. A district receiving funding from the application process described in this subsection shall provide services to nonpublic ~~students~~ **pupils** upon request. An intermediate district shall not discriminate against an application submitted by a public school academy simply on the basis of the applicant being a public school academy. The department shall approve grant applications based on the following criteria:

(a) The district's commitment to maintain mental health and support services delivered by licensed providers into future fiscal years.

(b) The district's commitment to work with its intermediate district to use funding it receives under this section that is spent by the district for general education pupils toward participation in federal Medicaid match methodologies. A district must provide a local match of at least 20% of the funding allocated to the district under section 31n.

(c) The district's commitment to adhere to any local funding

requirements determined by the department and the department of health and human services.

(d) The extent of the district's existing partnerships with community health care providers or the ability of the district to establish such partnerships.

(e) The district's documentation of need, including gaps in current mental health and support services for the general education population.

(f) The district's submission of a formal plan of action identifying the number of schools and ~~students~~ **pupils** to be served.

(g) Whether the district will participate in ongoing trainings.

(h) Whether the district will submit an annual report to the state.

(i) Whether the district demonstrates a willingness to work with the state to establish program and service delivery benchmarks.

(j) Whether the district has developed a school safety plan or is in the process of developing a school safety plan.

(k) Any other requirements determined by the department or the department of health and human services.

(10) Funding under this section, including any federal Medicaid funds that are generated, must not be used to supplant existing services.

(11) Both of the following are allocated to the department of health and human services from the general fund money allocated under subsection (1):

(a) For ~~2025-2026,~~ **2026-2027,** an amount not to exceed $1,000,000.00 for the purpose of upgrading technology and systems

infrastructure and other administrative requirements to support the programs funded under this section.

(b) For ~~2025-2026,~~ **2026-2027,** an amount not to exceed $300,000.00 for the purpose of administering the programs under this section and working on generating additional Medicaid funds as a result of programs funded under this section.

(12) From the state school aid fund money allocated under subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $5,000,000.00 to intermediate districts on an equal per intermediate district basis for the purpose of administering programs funded under this section. Recipients of the funds under this subsection shall continue to seek federal Medicaid match funding for all eligible mental health and support services and participate in all learning collaboratives about C4S required by the department and department of health and human services.

(13) The department and the department of health and human services shall work with the advisory council to develop proposed measurements of outcomes and performance. Those measurements must include, at a minimum, the number of pupils served, the number of schools served, and where those pupils and schools were located. The department and the department of health and human services shall compile data necessary to measure outcomes and performance, and districts and intermediate districts receiving funding under this section shall provide data requested by the department and department of health and human services for the measurement of outcomes and performance. The department and department of health and human services shall provide an annual report by not later than December 1 of each year to the house and senate appropriations subcommittees on school aid and health and human services, to the

house and senate fiscal agencies, and to the state budget director. At a minimum, the report must include measurements of outcomes and performance, proposals to increase efficacy and usefulness, proposals to increase performance, and proposals to expand coverage.

(14) A district or intermediate district that receives funding directly or indirectly under this section may carry over any unexpended funds received under this section for up to 2 fiscal years beyond the fiscal year in which the funds were received.

Sec. 31aa. (1) From the state school aid fund money appropriated in section 11, there is allocated $300,000,000.00 for ~~2025-2026 only,~~ **2026-2027**, and from the general fund money appropriated in section 11, there is allocated $21,000,000.00 for ~~2025-2026~~ **2026-2027** only, to support school safety and mental health. **It is the intent of the legislature that the state school aid fund money allocated under this section for 2027-2028 will be $200,000,000.00.**

(2) From the state school aid fund money allocated in subsection (1), an amount not to exceed $200,000,000.00, and from the general fund money allocated in subsection (1), an amount not to exceed $14,000,000.00 may be used to provide payments to districts, intermediate districts, nonpublic schools, and the Michigan Schools for the Deaf and Blind that opt in and agree to receive funding under this subsection, for activities to improve student mental health and improve student safety. The allowable expenditures of funds under this subsection are as follows:

(a) Hiring or contracting for support staff for student mental health needs, including, but not limited to, school psychologists, social workers, counselors, and school nurses.

(b) Purchasing and implementing mental health screening tools.

(c) Purchasing a statewide, integrated technology platform that streamlines behavioral health documentation and care coordination.

(d) Providing school-based mental health personnel access to consultation with behavioral health clinicians to respond to complex student mental health needs.

(e) Purchasing and implementing an online behavioral health tool moderated and led by licensed behavioral health professionals.

(f) Hiring or contracting a behavioral health coordinator.

(g) Evidence-based trainings to support mental health.

(h) Costs associated with collaboration between school employees, families, and community partners to address the academic, behavioral, and social needs of all students through collaborative partnerships, resource coordination, data collection, and data sharing.

(i) Costs associated with conducting a systematic school mental health needs assessment and resource mapping that identifies programmatic and systemic needs and helps staff determine priorities and create action plans.

(j) Coordination with local law enforcement.

(k) Training for school staff on threat assessment.

(*l*) Training for school staff and students on threat response.

(m) Training for school staff on crisis communication.

(n) Safety infrastructure, including, but not limited to, cameras, door blocks, hardened vestibules, window screening, and technology necessary to operate buzzer systems. This may also include firearm detection software that integrates to existing security cameras to detect and alert school personnel and first

responders to visible firearms on school property.

(o) Age-appropriate training for students and families on responsible firearm ownership, including safe handling and safe storage of firearms.

(p) School resource officers and safety dogs. School resource officers hired under this subsection must be properly licensed and in good standing with the Michigan commission on law enforcement standards, and must be in compliance with all applicable laws.

(q) Student Safety Management System, the information technology platform and related services to improve student safety by mitigating cyberbullying, school violence, human trafficking, and self-harm that supports students from grades K to 12.

(r) A secure platform, administered by the department of state police, for school officials, emergency responders, and emergency management coordinators to house all school safety-related items, including, but not limited to, EOP templates, EOP guidance, reference documents, and security assessments. The platform should use existing password-protected access control methods schools currently utilize and, to the extent possible, be capable of integrating with existing platforms or technologies used by districts for school safety. Through permissions-based access control, the platform should be able to relay information clearly and in real time to each person or entity necessary to provide a unified response to a safety incident, or to take appropriate action in response to an anticipated disruption to the normal functions of the surrounding community.

(s) Emergency infrastructure needs to respond to an immediate threat to the health or safety of students and staff in the district, intermediate district, nonpublic school, or the Michigan

Schools for the Deaf and Blind. A district, intermediate district, nonpublic school, or the Michigan Schools for the Deaf and Blind shall not expend funds for this purpose without first obtaining approval from the department. In making a determination of approval, the department shall, at a minimum, assess whether the district, intermediate district, nonpublic school, or the Michigan Schools for the Deaf and Blind is responding to an immediate threat to the health or safety of students and staff, and whether the district, intermediate district, nonpublic school, or the Michigan Schools for the Deaf and Blind has other sources of funding that should be utilized first.

(t) A contract with a vendor for a comprehensive safety and security assessment or a comprehensive safety and security event assessment in schools operated by the district, intermediate district, nonpublic school, or the Michigan Schools for the Deaf and Blind.

(u) An emergency response system.

(v) Implementing cell phone free school policies. As used in this subdivision, "cell phone free school policy" means a policy that prohibits students from accessing or using a personal communication device capable of telecommunication or digital communication during instructional time, as determined by the school.

(3) By not later than December 31 of each fiscal year, from the state school aid fund money allocated in subsection (1), the department shall make payments to districts, intermediate districts, and the Michigan Schools for the Deaf and Blind that opt in and agree to receive funding in an ~~equal~~ amount **equal to $146.87** per pupil ~~based on the total number of pupils in membership in each~~

**enrolled in a** district, intermediate district, ~~and~~ **or** the Michigan Schools for the Deaf and Blind that opts in and agrees to receive funding **under this section**. By December 31 of each fiscal year, from the general fund money allocated in subsection (2), the department shall make payments to nonpublic schools that opt in and agree to receive funding in an ~~equal~~ amount **equal to $146.87** per pupil ~~based on the total number of pupils in membership in each~~ **enrolled in a** nonpublic school that opts in and agrees to receive funding, using pupil counts determined by the department. ~~The department shall ensure that the amount per pupil paid to nonpublic schools does not exceed the amount per pupil paid to districts and intermediate districts.~~ Districts, intermediate districts, the Michigan Schools for the Deaf and Blind, and nonpublic schools may opt in and agree to receive funding in a form and manner determined by the department.

(4) From the state school aid fund money allocated in subsection (1), there is allocated an amount not to exceed $50,000,000.00, and from the general fund money allocated in subsection (1), there is allocated an amount not to exceed $3,500,000.00 for competitive grants to districts, intermediate districts, and nonpublic schools for school resource officers and safety dogs. To receive funding under this subsection, a district, intermediate district, or nonpublic school must apply for funding to the department in a form and manner prescribed by the department. The department shall prioritize applicants who include a spending plan to sustain salaries after grant funding has concluded. Recipients of funding under this subsection shall ensure that any school resource officer hired with these funds has completed training by the Michigan commission on law enforcement

standards.

(5) From the state school aid fund money allocated in subsection (1), there is allocated an amount not to exceed $50,000,000.00 and from the general fund money allocated in subsection (1), there is allocated an amount not to exceed $3,500,000.00 for competitive grants to districts, intermediate districts, and nonpublic schools to hire or contract for support staff for student mental health needs, including, but not limited to, school psychologists, social workers, and counselors. To receive funding under this subsection, a district, intermediate district, or nonpublic school must apply for funding to the department in a form and manner prescribed by the department. The department shall prioritize applicants that include a spending plan to sustain salaries after grant funding has concluded.

(6) Recipients of funding under this section must provide a final expense report to the department by July 1 of each fiscal year. If the department determines that the eligible recipient has misused the funds allocated under this section, the eligible recipient shall reimburse the department for the amount of state funding misused.

(7) The department shall use the information received under subsection (6) to compile a report that includes the number of recipients that have hired school resource officers using funds received under this section and any supporting information provided by the recipients. By not later than August 1 of each year, the department shall provide the report compiled under this subsection to the senate and house appropriations subcommittees on school aid, the senate and house fiscal agencies, the senate and house policy offices, the state budget office, and the Michigan commission on

law enforcement standards.

(8) Districts receiving funds under this section must coordinate with intermediate districts to avoid duplication of services and to streamline delivery of services to students.

(9) To receive funding under this section, a district, an intermediate district, a nonpublic school, or the Michigan Schools for the Deaf and Blind must agree to be subject to a comprehensive investigation **after a mass casualty event, as defined in subsection (12), and** must affirmatively agree to waive any privilege that may otherwise protect information from disclosure **to an investigator upon request** in the event of a mass casualty event, and must agree to comply with a comprehensive investigation. **The waiver of any privilege by a recipient of funds under this section does not waive any privilege or rights held by any individual, including employees of the recipient.** All of the following apply to a comprehensive investigation described in this subsection:

(a) The comprehensive investigation will assess the circumstances surrounding the mass casualty event, including, but not limited to:

(*i*) Emergency response effectiveness.

(*ii*) Compliance with safety protocols.

(*iii*) Communication procedures.

(*iv*) Any factors contributing to the incident.

(b) The governor shall designate an appropriate ~~person or investigative~~ **law enforcement** entity to conduct the comprehensive investigation. ~~This person or investigative entity may include, but is not limited to, state law enforcement agencies, independent review boards, or specially appointed task forces.~~ The ~~person or designated investigative~~ **law enforcement** entity **designated by the**

**governor** has the authority to do all of the following:

(*i*) Access relevant records and data from the district.

(*ii*) Interview witnesses and district personnel involved.

(*iii*) Issue findings and recommendations based on the investigation.

(c) The ~~person or investigative~~ **law enforcement** entity designated in subdivision (b) shall prepare a detailed report of its findings and submit the report to the governor and relevant legislative committees within 90 days following the conclusion of the investigation. The report must include recommendations for preventing future incidents and improving school safety protocols.

(10) Funds allocated under subsection (4) for ~~2025-2026~~ **2026-2027** are a work project appropriation, and any unexpended funds for ~~2025-2026~~ **2026-2027** are carried forward into ~~2026-2027.~~ **2027-2028.** The purpose of the work project is to continue providing funding to support districts, intermediate districts, and nonpublic schools in having school resource officers. The estimated completion date of the work project is September 30, 2029.

(11) Funds allocated under subsection (5) for ~~2025-2026~~ **2026-2027** are a work project appropriation, and any unexpended funds for ~~2025-2026~~ **2026-2027** are carried forward into ~~2026-2027.~~ **2027-2028.** The purpose of the work project is to continue providing funding to support districts, intermediate districts, and nonpublic schools in hiring staff to support student mental health. The estimated completion date of the work project is September 30, 2029.

(12) As used in this section:

(a) "Mass casualty event" means ~~any of the following that occur on school grounds or at a school-sponsored event:~~

~~(*i*) An incident resulting in significant injuries to not fewer~~

~~than 3 individuals.~~

~~*(ii)* An incident resulting in fatalities.~~

~~*(iii)* An incident that exceeds the normal resources for emergency response available in the jurisdiction where the incident takes place.~~

~~*(iv)* An incident that results in a sudden and timely surge of injured individuals necessitating emergency services.~~**an incident of targeted violence that occurs on school grounds or at a school-sponsored event, that is intentional, and that results in a fatality or significant bodily injuries requiring medical attention to 3 or more individuals.**

(b) "Safety dog" means a dog that is contracted by a law enforcement agency of this state, a local unit of government of this state, or a district or an intermediate district and that is trained for detection of firearms, explosives, narcotics, or vape substances.

(c) "School grounds" means all properties owned or operated by the district, including transportation vehicles owned or operated by the district.

(d) "School-sponsored event" means any activity organized or sanctioned by the district.

(13) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

Sec. 32d. (1) From the state school aid fund money appropriated in section 11, there is allocated to eligible intermediate districts and consortia of intermediate districts for great start readiness programs an amount not to exceed ~~$609,720,000.00 for 2024-2025 and $638,217,600.00 for 2025-2026.~~

**$653,881,800.00 for 2026-2027.** From ~~the general fund money appropriated under section 11, there is allocated $600,000.00 for 2024-2025 and $350,000.00 for 2025-2026, and from~~ the great start readiness reserve fund money appropriated in section 11, there is allocated $18,000,000.00 for ~~2024-2025 and 2025-2026~~ **2026-2027** for the purposes of this section. ~~For 2024-2025, an intermediate district or consortium shall use funds allocated under this section for great start readiness programs to provide part-day programs, school-day programs, GSRP extended programs, GSRP/Head Start school-day blended programs, or GSRP/Head Start extended blended programs that are comprehensive, free, compensatory classroom programs designed to improve the readiness and subsequent achievement of children who meet the participant eligibility and prioritization guidelines as defined by the department of lifelong education, advancement, and potential. For 2025-2026, an~~ **An** intermediate district or consortium shall use funds allocated under this section for eligible great start readiness program options. For a child to be eligible to participate in a program under this section, the child must be at least 4, but less than 5, years of age as of September 1 of the school year in which the program is offered and must meet those eligibility and prioritization guidelines. After eligible children who will be 4 years of age as of September 1 are enrolled, a child who is not 4 years of age as of September 1, but who will be 4 years of age by not later than December 1, is eligible to participate if both of the following are met:

(a) The child's parent or legal guardian seeks a waiver from the September 1 eligibility date by submitting a request for enrollment in a program to the responsible intermediate district.

(b) The child meets eligibility and prioritization guidelines.

(2) From the state school aid fund money allocated under subsection (1), an amount not to exceed ~~$597,720,000.00 for 2024-2025 and $626,217,600.00~~ **$641,881,800.00** for ~~2025-2026~~ **2026-2027** is allocated to intermediate districts or consortia of intermediate districts based on the formula in section 39. An intermediate district or consortium of intermediate districts receiving funding under this section shall act as the fiduciary for the great start readiness programs. An intermediate district or consortium of intermediate districts receiving funding under this section may collaborate with local governments to identify children eligible for programs funded under this section and may contract with local governments to provide services. To be eligible to receive funds allocated under this subsection from an intermediate district or consortium of intermediate districts, a district, a consortium of districts, a local government, or a public or private for-profit or nonprofit legal entity or agency must comply with this section and section 39. ~~For 2024-2025, if, due to the number of GSRP extended program or GSRP/Head Start extended blended program slots awarded, the amount allocated in this subsection is insufficient to award at least the same number of part-day program and school-day program slots as awarded in the immediately preceding fiscal year, there is appropriated from the great start readiness program reserve fund the amount necessary to fully award the same number of part-day program and full-day program slots as awarded in the immediately preceding fiscal year. For 2025-2026, if~~ **If** the amount allocated in this subsection is insufficient to fully fund allocations calculated under section 39, there is appropriated from the great start readiness program reserve fund the amount necessary and

available to fully fund those allocations.

~~(3) From the general fund money allocated under subsection (1), there is allocated an amount not to exceed $600,000.00 for 2024-2025 and an amount not to exceed $350,000.00 for 2025-2026 for a competitive grant to continue a longitudinal evaluation of children who have participated in great start readiness programs.~~

**(3)** ~~(4)~~ Except as otherwise provided in subsection ~~(5),~~ **(4)**, to be eligible for funding under this section, a program must prepare children for success in school through comprehensive part-day programs, school-day programs, GSRP extended programs, GSRP/Head Start school-day blended programs, GSRP/Head Start extended blended programs, or other eligible great start readiness program options that contain all of the following program components, as determined by the department of lifelong education, advancement, and potential:

(a) Participation in a collaborative recruitment and enrollment process to ensure that each child is enrolled in the program most appropriate to the child's needs and to maximize the use of federal, state, and local funds. ~~For 2025-2026, as part of this requirement, programs receiving funding under this section must provide current enrollment data, including slots open for enrollment and slots filled, to the intermediate district or consortium of intermediate districts from which funding is received for that program.~~ The enrollment process must ensure that children in families with lower income and children with other risk factors, as determined by the department of lifelong education, advancement, and potential, are enrolled before children with lesser needs.

(b) An age-appropriate educational curriculum that is in compliance with the early childhood standards of quality for birth

to kindergarten children adopted by the state board, including, at least, the Connect4Learning curriculum.

(c) Nutritional services for all program participants supported by federal, state, and local resources as applicable.

(d) Physical and dental health and developmental screening services for all program participants.

(e) Referral services for families of program participants to community social service agencies, including mental health services, as appropriate.

(f) Active and continuous involvement of the parents or **legal** guardians of the program participants.

(g) A plan to conduct and report annual great start readiness program evaluations and continuous improvement plans using criteria approved by the department of lifelong education, advancement, and potential.

(h) Participation in a school readiness advisory committee convened as a workgroup of the great start collaborative that provides for the involvement of classroom teachers, parents or **legal** guardians of program participants, and community, volunteer, and social service agencies and organizations, as appropriate. The advisory committee shall annually review and make recommendations regarding the program components listed in this subsection. The advisory committee also shall make recommendations to the great start collaborative regarding other community services designed to improve all children's school readiness.

(i) The ongoing articulation of the kindergarten and first grade programs offered by the program provider.

(j) Participation in this state's great start to quality process with a level of at least enhancing quality level.

**(4)** ~~(5)~~ To help expand access to great start readiness programs, the department of lifelong education, advancement, and potential may waive the requirements under ~~subsections (4) and (8)(c)~~ **subsection (3)** and a program may be eligible for funding under this section for new or expanding programs if the program demonstrates to the satisfaction of the department of lifelong education, advancement, and potential that the program meets all of the following:

(a) Is a licensed group or child care center or is a licensed program.

(b) Provides the minimum instructional time as required by the department of lifelong education, advancement, and potential.

(c) Participates in this state's quality improvement system at a level determined by the department of lifelong education, advancement, and potential.

(d) Implements a professional educator preparation plan, as defined by the department of lifelong education, advancement, and potential, for educators not meeting teacher credentialing standards described in subsection ~~(8) or (9).~~**(7).**

(e) Uses a developmentally appropriate curriculum, as determined by the department of lifelong education, advancement, and potential.

(f) Conducts a developmental screening and referral process, as determined by the department of lifelong education, advancement, and potential.

(g) Commits to participating in program financial review and monitoring, as determined by the department of lifelong education, advancement, and potential.

(h) Provides a plan to implement an approved great start

readiness program curriculum and meet additional great start readiness program standards, as determined by the department of lifelong education, advancement, and potential.

**(5)** ~~(6)~~ A waiver under subsection ~~(5)~~ **(4)** may be granted for up to 3 years for requirements related to program credentialing and may be granted for up to 2 years for all other requirements, as determined by the department of lifelong education, advancement, and potential.

**(6)** ~~(7)~~ The department of lifelong education, advancement, and potential shall provide a report to the house and senate appropriations subcommittees on school aid, the state budget director, and the house and senate fiscal agencies that summarizes the number and types of exemptions granted under subsection ~~(5)~~ **(4)** and progress made by programs granted waivers under subsection ~~(5)~~ **(4)** by September 30 of each fiscal year. It is the intent of the legislature to review the waiver allowability under subsection ~~(5)~~ **(4)** before the fiscal year ending September 30, 2027.

~~(8) For applications submitted before September 30, 2025, an application for funding under this section must provide for the following, in a form and manner determined by the department of lifelong education, advancement, and potential:~~

~~(a) Ensure either of the following:~~

~~(*i*) That the applicant complies with all program components described in subsection (4).~~

~~(*ii*) That the applicant meets the requirements of a waiver under subsection (5).~~

~~(b) Except as otherwise provided in this subdivision, ensure that children participating in an eligible great start readiness program for whom the intermediate district is receiving funds under~~

~~this section are children who live with families with a household income that is equal to or less than 400% of the federal poverty guidelines. If the intermediate district determines that all eligible children are being served and that there are no children on the waiting list who live with families with a household income that is equal to or less than 400% of the federal poverty guidelines, the intermediate district may then enroll children who live with families with a household income that is greater than 400% of the federal poverty guidelines. The enrollment process must consider income and risk factors, such that children determined with higher need are enrolled before children with lesser need. For purposes of this subdivision, all age-eligible children served in foster care or who are experiencing homelessness or who have individualized education programs recommending placement in an inclusive preschool setting are considered to live with families with household income equal to or less than 400% of the federal poverty guidelines regardless of actual family income and are prioritized for enrollment within the lowest quintile. The department of lifelong education, advancement, and potential shall publish the household income thresholds under this subdivision in a clear manner on its website and the great start to quality website.~~

~~(c) Except as provided in subsection (5), ensure that the applicant only uses qualified personnel for this program, as follows:~~

~~(*i*) Teachers possessing proper training. A lead teacher must have a valid Michigan teaching certificate with an early childhood or lower elementary endorsement or a bachelor's or higher degree in child development or early childhood education with specialization in preschool teaching. However, except as otherwise provided in~~

~~this subparagraph, if an applicant demonstrates to the department of lifelong education, advancement, and potential that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, teachers or paraprofessionals with at least 5 years of experience as a paraprofessional in a great start readiness program, Head Start, or licensed child care center classroom who have significant but incomplete training in early childhood education or child development may be used if the applicant provides to the department of lifelong education, advancement, and potential, and the department of lifelong education, advancement, and potential approves, a plan for each teacher to come into compliance with the standards in this subparagraph. Individuals may qualify with at least 3 years of experience and significant training in early childhood education or child development, based on the recommendation of the intermediate district after a classroom observation. A teacher's compliance plan must be completed within 3 years of the date of employment. Progress toward completion of the compliance plan consists of at least 2 courses per calendar year.~~

~~(*ii*) Paraprofessionals possessing proper training in early childhood education, including an associate degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential. However, if an applicant demonstrates to the department of lifelong education, advancement, and potential that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the applicant may use paraprofessionals who have completed at least 1 course that earns college credit in early childhood education or child development or enroll in a child development associate~~

~~credential with at least 6 months of verified experience in early education and care, if the applicant provides to the department of lifelong education, advancement, and potential, and the department of lifelong education, advancement, and potential 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 3 years of the date of employment. Progress toward completion of the compliance plan consists of at least 2 courses, 60 clock hours, or an equivalent of training per calendar year.~~

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

**(7)** ~~(9) Beginning in 2025-2026, applications~~ **Applications** for funding under this section must be submitted to the department of lifelong education, advancement, and potential in a form and manner determined by the department of lifelong education, advancement, and potential. The application must demonstrate, at a minimum, compliance with program requirements described in subsection **(3) or** (4) ~~or (5)~~ and must ensure that recipients will only utilize qualified personnel, as determined by the department of lifelong

education, advancement, and potential, for eligible great start readiness program options.

~~(10) For a grant recipient that enrolls pupils in a school-day program or GSRP extended program funded under this section, each child enrolled in the school-day program or GSRP extended program is counted as described in section 39 for purposes of determining the amount of the grant award. This subsection does not apply after September 30, 2025.~~

**(8)** ~~(11)~~ For a grant recipient that enrolls pupils in an eligible great start readiness program option that blends GSRP and Head Start programming, the grant recipient shall ensure that all Head Start and GSRP policies and regulations are applied to the blended slots, with adherence to the highest standard from either program, to the extent allowable under federal law. A grant recipient may request a waiver from the department of lifelong education, advancement, and potential to align GSRP policies and regulations with Head Start national standards for quality, including ratios, and the department of lifelong education, advancement, and potential may approve the waiver. Not later than March 1 of each year, the department of lifelong education, advancement, and potential will report to the legislature and post on a publicly available website a list by intermediate district or consortium with the number and type of each waiver requested and approved.

**(9)** ~~(12)~~ To help expand access to great start readiness programs, the department of lifelong education, advancement, and potential may allow great start readiness programs to implement Head Start national performance standards for quality as an alternative to great start readiness program policies and

regulations if the great start readiness program demonstrates to the satisfaction of the department of lifelong education, advancement, and potential that the great start readiness program is meeting the requirements of the Head Start national performance standards.

**(10)** ~~(13) Beginning in 2025-2026, an~~ **An** intermediate district or consortia of intermediate districts receiving funding under this section must publish, on an easily accessible website, a data dashboard containing the number of allocations requested from the state, a list of programs offering great start readiness programs in their boundaries, and current enrollment data for each subrecipient, including total slots open for enrollment, slots filled, and waitlist information, if applicable. A link to this website must be provided to families on waitlists for any great start readiness program in their boundaries.

**(11)** ~~(14)~~ An intermediate district or consortium of intermediate districts receiving a grant under this section shall designate an early childhood coordinator, and may provide services directly or may contract with 1 or more districts or public or private for-profit or nonprofit providers that meet all requirements of subsection ~~(4), (8), or (9),~~ **(3) or (7)**, as applicable.

**(12)** ~~(15)~~ An intermediate district or consortium of intermediate districts may retain for administrative services provided by the intermediate district or consortium of intermediate districts an amount not to exceed 4% of the grant amount. Expenses incurred by subrecipients engaged by the intermediate district or consortium of intermediate districts for directly running portions of the program are considered program costs or a contracted program

fee for service. Subrecipients operating early childhood programs may include indirect costs, not to exceed the federal de minimis.

**(13)** ~~(16)~~ An intermediate district or consortium of intermediate districts may expend not more than 2% of the total grant amount for outreach, recruiting, and public awareness of the program, if the intermediate district or consortium of intermediate districts also participates in related statewide marketing and outreach efforts.

~~(17) Each grant recipient shall enroll children identified under subsection (8)(b) according to how far the child's household income is below 400% of the federal poverty guidelines by ranking each applicant child's household income from lowest to highest and dividing the applicant children into quintiles based on how far the child's household income is below 400% of the federal poverty guidelines, and then enrolling children in the quintile with the lowest household income before enrolling children in the quintile with the next lowest household income until slots are completely filled. If the grant recipient determines that all eligible children are being served and that there are no children on the waiting list who live with families with a household income that is equal to or less than 400% of the federal poverty guidelines, the grant recipient may then enroll children who live with families with a household income that is greater than 400% of the federal poverty guidelines. The enrollment process must consider income and risk factors, such that children determined with higher need are enrolled before children with lesser need. For purposes of this subsection, all age-eligible children served in foster care or who are experiencing homelessness or who have individualized education programs recommending placement in an inclusive preschool setting~~

~~are considered to live with families with household income equal to or less than 400% of the federal poverty guidelines regardless of actual family income and are prioritized for enrollment within the lowest quintile. This subsection does not apply after September 30, 2025.~~

**(14)** ~~(18)~~ An intermediate district or consortium of intermediate districts receiving a grant under this section shall allow parents of eligible children who are residents of the intermediate district or within the consortium to choose a program operated by or contracted with another intermediate district or consortium of intermediate districts and shall enter into a written agreement regarding payment, in a manner prescribed by the department of lifelong education, advancement, and potential.

**(15)** ~~(19)~~ An intermediate district or consortium of intermediate districts receiving a grant under this section shall conduct a local process to contract with interested and eligible public and private for-profit and nonprofit community-based providers that meet all requirements of subsection ~~(4)~~ **(3)** for at least 30% of its total allocation. ~~For 2024-2025, for the purposes of this 30% allocation, an intermediate district or consortium of intermediate districts may count children served by a Head Start grantee or delegate in a GSRP/Head Start school-day blended program, GSRP/Head Start extended blended program, GSRP extended program, and great start readiness school-day program. Children served in a program funded only through Head Start are not counted toward this 30% allocation. Beginning in 2025-2026, the~~ **The** department of lifelong education, advancement, and potential shall provide guidance to intermediate districts and consortia of intermediate districts on counting children served by Head Start

programming for the purposes of this 30% allocation. ~~For 2024-2025, an intermediate district or consortium shall report to the department of lifelong education, advancement, and potential, in a manner prescribed by the department of lifelong education, advancement, and potential, a detailed list of community-based providers by provider type, including private for-profit, private nonprofit, community college or university, Head Start grantee or delegate, and district or intermediate district, and the number and proportion of its total allocation allocated to each provider as subrecipient. Beginning in 2025-2026, an~~ **An** intermediate district or consortium shall report to the department of lifelong education, advancement, and potential, in a manner prescribed by the department of lifelong education, advancement, and potential, information necessary for the department of lifelong education, advancement, and potential to determine the intermediate district's or consortium of intermediate districts' compliance with this subsection. If the intermediate district or consortium is not able to contract for at least 30% of its total allocation, the intermediate district or consortium shall notify the department of lifelong education, advancement, and potential and, if the department of lifelong education, advancement, and potential verifies that the intermediate district or consortium attempted to contract for at least 30% of its total allocation and was not able to do so, the intermediate district or consortium may retain and use all of its allocation as provided under this section. To be able to use this exemption, the intermediate district or consortium shall demonstrate to the department of lifelong education, advancement, and potential that the intermediate district or consortium increased the percentage of its total allocation for

which it contracts with a community-based provider and the intermediate district or consortium shall submit evidence satisfactory to the department of lifelong education, advancement, and potential, and the department of lifelong education, advancement, and potential must be able to verify this evidence, demonstrating that the intermediate district or consortium took measures to contract for at least 30% of its total allocation as required under this subsection, including, but not limited to, at least all of the following measures:

(a) The intermediate district or consortium notified each nonparticipating licensed child care center located in the service area of the intermediate district or consortium regarding the center's eligibility to participate, in a manner prescribed by the department of lifelong education, advancement, and potential.

(b) The intermediate district or consortium provided to each nonparticipating licensed child care center located in the service area of the intermediate district or consortium information regarding great start readiness program requirements and a description of the application and selection process for community-based providers.

(c) The intermediate district or consortium provided to the public and to participating families a list of community-based great start readiness program subrecipients with a great start to quality level of at least enhancing quality level.

**(16)** ~~(20)~~ If an intermediate district or consortium of intermediate districts receiving a grant under this section fails to submit satisfactory evidence to demonstrate its effort to contract for at least 30% of its total allocation, as required under subsection ~~(19),~~ **(15)**, the department of lifelong education,

advancement, and potential may reduce the allocation to the intermediate district or consortium by a percentage equal to the difference between the percentage of an intermediate district's or consortium's total allocation awarded to community-based providers and 30% of its total allocation. **The department of lifelong education, advancement, and potential shall submit a report by not later than October 1 on any intermediate districts impacted by this subsection to the senate and house appropriations subcommittees on school aid, the senate and house appropriations committees, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office.**

**(17)** ~~(21)~~ To assist intermediate districts and consortia in complying with the requirement to contract with community-based providers, for at least 30% of their total allocation, the department of lifelong education, advancement, and potential shall do all of the following:

(a) Ensure that a great start resource center or the department of lifelong education, advancement, and potential provides each intermediate district or consortium receiving a grant under this section with the contact information for each licensed child care center located in the service area of the intermediate district or consortium by March 1 of each year.

~~(b) Provide, or ensure that an organization with which the department of lifelong education, advancement, and potential contracts provides, a community-based provider with a validated great start to quality rating within 90 days of the provider's having submitted a request and self-assessment. This subdivision does not apply after September 30, 2025.~~

**(b)** ~~(c)~~ Ensure that all intermediate district, district,

community college or university, Head Start grantee or delegate, private for-profit, and private nonprofit providers are subject to a single great start to quality continuous quality improvement system. The continuous quality improvement system must ensure that regulators process all prospective providers at the same pace on a first-come, first-served basis and must not allow 1 type of provider to receive a great start to quality level ahead of any other type of provider.

**(c)** ~~(d)~~ By not later than March 1 of each year, compile the results of the information reported by each intermediate district or consortium under subsection ~~(19)~~ **(15)** and report to the legislature and post on a publicly available website a list by intermediate district or consortium with the number and percentage of each intermediate district's or consortium's total allocation allocated to community-based providers by provider type, including private for-profit, private nonprofit, community college or university, Head Start grantee or delegate, and district or intermediate district.

**(d)** ~~(e)~~ Allow intermediate districts and consortia and eligible community-based providers to utilize materials and supplies purchased for great start readiness programs within their facilities for other early care and education activities, in the following order of priority:

(*i*) Early care and education activities under a federal award.

(*ii*) Early care and education activities under other state awards.

(*iii*) Early care and education activities under local or regional awards.

**(18)** ~~(22)~~ A recipient of funds under this section shall report

to the center in a form and manner prescribed by the center the information necessary to derive the number of children participating in the program, the number of eligible children not participating in the program and on a waitlist, and the total number of children participating in the program by various demographic groups and eligibility factors necessary to analyze equitable and priority access to services. ~~for the purposes of subsection (3).~~

**(19)** ~~(23)~~ As used in this section:

(a) "Child care center" means that term as defined in section 1 of 1973 PA 116, MCL 722.111.

(b) "Eligible great start readiness program options" means a program option that operates on a school-day, part-day, or extended schedule length, as determined by the department of lifelong education, advancement, and potential. The department of lifelong education, advancement, and potential must maintain and publish on its website requirements for each eligible schedule length, including the minimum day length, the minimum number of days per week, and the minimum number of weeks per year. These programs may be blended with Head Start programs, if allowable by federal rules and regulations.

(c) "Federal poverty guidelines" means the guidelines published annually in the Federal Register by the United States Department of Health and Human Services under its authority to revise the poverty line under 42 USC 9902.

(d) "GSRP extended 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 5 days per week, 36 weeks per year.

(e) "GSRP/Head Start extended blended program" means a program

funded under this section and a Head Start program that are combined for an extended program.

(f) "GSRP/Head Start school-day blended program" means a part-day program funded under this section and a Head Start program, which are combined for a school-day program.

(g) "Licensed child care center" means a child care center that has been issued a license under 1973 PA 116, MCL 722.111 to 722.128, to operate a child care center.

(h) "Part-day program" means a program that operates at least 4 days per week, 30 weeks per year, for at least 3 hours of teacher-child contact time per day but for fewer hours of teacher-child contact time per day than a school-day program.

(i) "School-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 school-day program must enroll all children for the school day to be considered a school-day program.

**(20)** ~~(24)~~ From the state school aid fund money allocated in subsection (1), there is allocated for ~~2024-2025 and 2025-2026~~ **2026-2027** an amount not to exceed $10,000,000.00 and, from the great start readiness program reserve fund money allocated in subsection (1), there is allocated for ~~2024-2025 and 2025-2026~~ **2026-2027** an amount not to exceed $18,000,000.00 for reimbursement of transportation costs for children attending great start readiness programs funded under this section. To receive reimbursement under this subsection, by not later than November 1 of each year, a program funded under this section that provides transportation shall submit to the intermediate district that is the fiscal agent for the program a projected transportation budget.

The amount of the reimbursement for transportation under this subsection is no more than the projected transportation budget or $500.00 multiplied by the number of children funded for the program under this section. If the amount allocated under this subsection is insufficient to fully reimburse the transportation costs for all programs that provide transportation and submit the required information, the department of lifelong education, advancement, and potential shall prorate the reimbursement in an equal amount per child funded. The department of lifelong education, advancement, and potential shall make payments to the intermediate district that is the fiscal agent for each program, and the intermediate district shall then reimburse the program provider for transportation costs as prescribed under this subsection.

**(21)** ~~(25) For 2024-2025, subject to, and from the funds allocated under, subsection (24), the department of lifelong education, advancement, and potential shall reimburse a program for transportation costs related to parent- or guardian-accompanied transportation provided by transportation service companies, buses, or other public transportation services. Beginning in 2025-2026, subject~~ **Subject** to, and from the funds allocated under, subsection ~~(24),~~ **(20)**, the department of lifelong education, advancement, and potential shall allow programs to utilize those funds for costs related to parent- or guardian-provided transportation and for costs related to parent- or guardian-accompanied transportation provided by transportation service companies, buses, or other public transportation services. For payments related to parent- or guardian-provided transportation, the department of lifelong education, advancement, and potential shall develop parameters to ensure dollars are utilized in a way that improves access to

eligible great start readiness program options for low-income and geographically isolated families. ~~To be eligible for reimbursement under this subsection in 2024-2025, and to~~ **To** utilize funding under this subsection, ~~in 2025-2026,~~ a program must submit to the intermediate district or consortia of intermediate districts all of the following:

(a) The names of families provided with transportation support along with a documented reason for the need for transportation support and the type of transportation provided.

(b) Financial documentation of actual transportation costs incurred by the program, including, but not limited to, receipts and mileage reports, as determined by the department of lifelong education, advancement, and potential.

(c) Any other documentation or information determined necessary by the department of lifelong education, advancement, and potential.

**(22)** ~~(26)~~ The department of lifelong education, advancement, and potential shall implement a process to review and approve age-appropriate comprehensive classroom level quality assessments for GSRP grantees that support the early childhood standards of quality for birth to kindergarten children adopted by the state board. The department of lifelong education, advancement, and potential shall make available to intermediate districts at least 2 classroom level quality assessments that have been approved by the department of lifelong education, advancement, and potential.

**(23)** ~~(27)~~ An intermediate district that is a GSRP grantee may approve the use of a supplemental curriculum that aligns with and enhances the age-appropriate educational curriculum in the classroom. If the department of lifelong education, advancement,

and potential objects to the use of a supplemental curriculum approved by an intermediate district, the director of the department of lifelong education, advancement, and potential shall establish a review committee independent of the department of lifelong education, advancement, and potential. The review committee shall meet within 60 days of the department of lifelong education, advancement, and potential registering its objection in writing and provide a final determination on the validity of the objection within 60 days of the review committee's first meeting.

**(24)** ~~(28)~~ The department of lifelong education, advancement, and potential shall implement a process to evaluate and approve age-appropriate educational curricula that are in compliance with the early childhood standards of quality for birth to kindergarten children adopted by the state board.

**(25)** ~~(29)~~ From the state school aid fund money allocated under subsection (1), there is allocated for ~~2024-2025 and 2025-2026~~ **2026-2027** an amount not to exceed $2,000,000.00 for payments to intermediate districts or consortia of intermediate districts for professional development and training materials for educators in programs implementing new curricula or child assessment tools approved for use in the great start readiness program. **Curricula and child assessment tools purchased with funds received under this subsection must be in compliance with early childhood standards of quality for birth to kindergarten children, including the science of reading, as that term is defined in section 1280f of the revised school code, MCL 380.1280f.**

**(26)** ~~(30)~~ A great start readiness program, a GSRP extended program, a GSRP/Head Start school-day blended program, a GSRP/Head Start extended blended program, or other eligible great start

readiness programs funded under this section are permitted to utilize AmeriCorps Pre-K Reading Corps members in classrooms implementing research-based ~~early~~ literacy intervention strategies.

**(27)** ~~(31)~~ In addition to the allocation under subsection (1), from the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed $25,000,000.00 for 2024-2025 and an amount not to exceed $10,000,000.00 for 2025-2026 only for classroom start up grants to intermediate districts and consortia of intermediate districts for new or expanding great start readiness classrooms. All of the following apply to funding allocated under this subsection:

(a) To receive funding under this subsection, intermediate districts and consortia of intermediate districts must apply for the funding in a form and manner prescribed by the department of lifelong education, advancement, and potential.

(b) The department of lifelong education, advancement, and potential shall pay an amount not to exceed $50,000.00 for each new or expanded classroom. If funding is insufficient to fully fund all eligible applicants, the department of lifelong education, advancement, and potential must prorate the per-classroom amount on an equal basis. If the allocation is not fully paid in the current fiscal year, the department of lifelong education, advancement, and potential may award any remaining funding from fiscal year 2024-2025 during fiscal year 2025-2026, and may award any remaining funding from fiscal year 2025-2026 during fiscal year 2026-2027 for each new or expanded classroom at an equal amount per classroom, based on remaining available funds, not to exceed $50,000.00 per classroom.

(c) Funds received under this subsection by intermediate

districts and consortia of intermediate districts must be paid in full to the entity operating the classroom and may be used for 1 or more of the following purposes:

(*i*) Costs associated with attracting, recruiting, retaining, and licensing required classroom education personnel to staff new or expanded classrooms.

(*ii*) Supporting facility improvements or purchasing facility space or modular classroom units necessary to provide a safe, high-quality learning environment for children in each new or expanded classroom, and for costs to become a licensed facility such as architectural drawings, permits, and other prelicensure inspection fees.

(*iii*) Outreach material necessary for public awareness that the great start readiness program has openings in the area and for costs associated with enrolling eligible children in new or expanded classrooms.

(*iv*) Supporting costs in each new or expanded classroom associated with improving a provider's great start to quality level.

(d) Recipients of funds under this subsection must demonstrate that instructional staff have completed, or are in the process of completing, professional learning in the science of reading. Grant funds may be used to support this professional learning and are intended to ensure new classrooms are well equipped to implement evidence-based early literacy strategies.

(e) The funds allocated under this subsection for 2024-2025 are a work project appropriation, and any unexpended funds for 2024-2025 do not lapse to the state school aid fund and are carried forward into 2025-2026. The purpose of the work project is to

continue support for new or expanded great start readiness classrooms. The estimated completion date of the work project is September 30, 2026.

(f) The funds allocated under this subsection for 2025-2026 are a work project appropriation, and any unexpended funds for 2025-2026 do not lapse to the state school aid fund and are carried forward into 2026-2027. The purpose of the work project is to continue support for new or expanded great start readiness classrooms. The estimated completion date of the work project is September 30, 2027.

(g) Notwithstanding section 17b, the department of lifelong education, advancement, and potential shall make payments under this subsection on a schedule determined by the department of lifelong education, advancement, and potential.

**(28)** ~~(32)~~ In addition to the funds allocated in subsection (1), there is allocated from the general fund money appropriated under section 11 for 2024-2025 only an amount not to exceed $1,950,000.00 for an intermediate district or a consortium of intermediate districts to partner with the department of lifelong education, advancement, and potential and community-based organizations to continue implementing statewide outreach and enrollment campaign activities to raise awareness about the availability of services through the great start readiness program, and to promote enrollment.

**(29)** ~~(33)~~ The funds allocated under subsection ~~(32)~~ **(28)** for 2024-2025 are a work project appropriation, and any unexpended funds for 2024-2025 are carried forward into 2025-2026. The purpose of the work project is to raise awareness of and participation in great start readiness programming. The estimated completion date of

the work project is September 30, 2027.

**(30)** ~~(34)~~ Notwithstanding section 17b, the department of lifelong education, advancement, and potential shall make payments under subsection (32) on a schedule determined by the department of lifelong education, advancement, and potential.

Sec. 32n. (1) From ~~the state school aid fund money appropriated in section 11, there is allocated for 2024-2025 only an amount not to exceed $79,000,000.00, and from~~ the state school aid pupil support reserve fund money appropriated in section 11, there is allocated for ~~2025-2026 only an amount not to exceed $75,000,000.00~~ **2026-2027 only an amount not to exceed $75,000,000.00** to Clinton County RESA to collaborate with the department of lifelong education, advancement, and potential, for the purposes of this section. ~~It is the intent of the legislature that, for 2026-2027, the allocation from the state school aid pupil support reserve fund money appropriated in section 11 for the purposes described in this section will be $85,000,000.00. It is the intent of the legislature that, for 2027-2028, the allocation from the state school aid pupil support reserve fund money appropriated in section 11 for the purposes described in this section will be $100,000,000.00.~~

(2) From ~~the state school aid fund money allocated in subsection (1), there is allocated for 2024-2025 only an amount not to exceed $57,000,000.00, and from~~ the state school aid pupil support reserve fund money allocated in subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** only an amount not to exceed $75,000,000.00 for a grant program for eligible applicants to expand access to quality, affordable programming before and after the school day or during the summer for young people. **Not more than**

**25% of the total allocation under this section may be allocated to statewide or regional grant applications.** The department of lifelong education, advancement, and potential shall establish competitive grant criteria for the program described in this ~~subsection.~~ **section.** To be eligible for a grant under this ~~subsection,~~ **section**, the applicant must meet, at a minimum, all of the following criteria:

(a) Serve children in any of grades K to 12.

(b) Be a community-based organization that is exempt from federal income tax under section 501(c)(3) of the internal revenue code, 26 USC 501, an institution of higher education, a public library, a ~~local government,~~ **city or municipality**, or an intermediate district.

(c) Provide before-school, after-school, before-and-after-school, or summer school programming to children described in subdivision (a). These programs must be used to support expanded learning opportunities, including, but not limited to, mentoring, leadership, community engagement, agriculture, visual and performing arts, literacy, science, technology, engineering, mathematics, health and wellness, recreation, financial literacy, physical fitness, career and college exploration, youth voice, 21st century skills, conflict resolution, and social engagement programming.

(d) Address **at least 3** measurable goals, including, but not limited to, improved school attendance, academic outcomes, improved attitudes toward school, improved positive behaviors, skill development and retention, higher education aspirations, and improved family engagement and include activities linked to research or quality practices. **At least 2 of the measurable goals**

**under this subdivision must address improved school attendance and academic outcomes.**

(e) Be 1 of the following:

(*i*) A licensed child care organization.

(*ii*) An entity that has an active application to be a licensed child care organization.

(*iii*) An exempt entity.

**(f) For entities meeting eligibility requirements under subdivision (e)(*ii*) and (*iii*), demonstrate in a form and manner determined by the department that all of the following are in place for staff working with youth:**

**(*i*) Background checks through the Central Registry Clearance and the Internet Criminal History Access Tool.**

**(*ii*) First aid and cardiopulmonary resuscitation (CPR) training.**

**(*iii*) Health and Safety Training Courses for Child Care Providers, Modules A, B, and C.**

(3) The department of lifelong education, advancement, and potential shall establish a competitive grant process for awarding funding under subsection (2). The department of lifelong education, advancement, and potential shall develop the form and manner for applying for the grants. The application must include a request for information on the applicant's outreach to children, youth, and families who are eligible for free or reduced-price meals under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769j. The application must be open for not less than 30 calendar days. ~~Except as otherwise provided in this subsection, at~~ **At** least 30 days before the application is opened, the department of lifelong education, advancement, and potential must publish on its public

website the criteria that will be used in evaluating the application that must include, but are not limited to, priorities under subsection (5). ~~For 2025-2026 only, the department of lifelong education, advancement, and potential, is not required to publish the evaluation criteria at least 30 days before the application is opened.~~

(4) Subject to subsection ~~(9),~~ **(8)**, in determining award amounts under subsection (2), the department of lifelong education, advancement, and potential shall, to the extent practicable, ensure that eligible entities in all geographic regions of this state are represented in the distribution of grant funding under subsection (2).

(5) Subject to subsection ~~(9),~~ **(8)**, the department of lifelong education, advancement, and potential shall prioritize the distribution of grant funding under subsection (2) based on, at a minimum, the following:

(a) An applicant's demonstrated need.

(b) The percentage of low-income families in the geographic area being served. Prioritization must be determined by the average percentage of pupils in the district who are eligible for free and reduced-priced meals as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769j, where eligible entities will provide before-and-after-school or summer school programs.

(c) Whether the application provides services for the full school year.

(d) The applicant's track record for providing quality, affordable before-and-after-school or summer school services.

(e) Whether an applicant serving children in any of grades K

to 8 is a licensed child care organization, is an entity that has an active application to be a licensed child care organization, or has implemented the Michigan Out-of-School Time Standards of Quality if the applicant is an exempt entity and ~~, beginning in 2025-2026,~~ serves at least 15 school-age youth at a single location in grades K to 12.

(6) ~~Subject to subsection (7), an~~ **An** eligible entity that receives grant funding under subsection (2) shall use the funding only to provide before-school, after-school, before-and-after-school, or summer school programming to children described in subsection (2)(a). The programming offered under subsection (2) must meet all of the following:

(a) For programming that is offered by a licensed child care organization, be provided to children and youth in a manner in which the children are physically present at the building or location for which the licensed child care organization received its license under 1973 PA 116, MCL 722.111 to 722.128, or, for programming that is offered by an exempt entity serving grades K to 12, be provided to children and youth in a manner in which the children and youth are physically present at a building or location designated by the exempt entity.

(b) Provide educational programming in core subject areas, including, but not limited to, mathematics, reading, and science.

(c) Provide data to evaluate the program in a form and manner as prescribed by the department of lifelong education, advancement, and potential.

~~(7) For 2024-2025 only, and subject to subsections (4) and (5), up to 2% of funding allocated under subsection (2) must be allocated to a nonprofit entity with experience serving youth-~~

~~serving organizations to provide start-up grants and capacity building, professional development, and technical assistance for implementation of high-quality, evidence-based out-of-school time learning opportunities.~~

**(7)** ~~(8) Beginning in 2025-2026, all~~ **All** of the following apply to funding allocated under this section:

(a) An amount not to exceed 0.25% of the funding allocated under subsection (2) or $250,000.00, whichever is greater, may be retained by Clinton County RESA for administrative costs.

(b) An amount not to exceed $500,000.00 of the funding allocated under subsection (2) must be allocated by Clinton County RESA, as directed by the department of lifelong education, advancement, and potential, and in collaboration with the center and the Michigan afterschool partnership as needed, to provide statewide evaluation activities of eligible youth served, their families, and programs funded under this section. This evaluation must allow for a comparative analysis between program youth and their peers in grades K to 12.

(c) An amount not to exceed 1.5% of the funding allocated under subsection (2) must be allocated by Clinton County RESA, as directed by the department of lifelong education, advancement, and potential, and in collaboration with the Michigan afterschool partnership, to provide statewide out-of-school time activities and supports including, but not limited to, capacity building initiatives, professional development, and technical assistance to increase the likelihood for implementation of high quality, evidence-based, out-of-school time learning opportunities by eligible entities under subsections (4) and (5).

**(8)** ~~(9)~~ The department of lifelong education, advancement, and

potential shall award not less than 60% of the funding under subsection (2) to community-based organizations.

**(9)** ~~(10)~~ Notwithstanding section 17b, the department of lifelong education, advancement, and potential shall make payments under this section ~~in full upon grant award.~~ **in an amount equal to 1/2 of the grant total upon award of the grant, and the remaining 1/2 of the grant total on a schedule determined by the department of lifelong education, advancement, and potential. The department of lifelong education, advancement, and potential may make payments in full to grantees demonstrating resource needs as determined by the department of lifelong education, advancement, and potential.** Grantees that do not comply with reporting requirements, fail to provide the services proposed in their grant application, or close during the grant period may be required to repay the funding they received under this section to the department of lifelong education, advancement, and potential.

**(10)** ~~(11)~~ The department of lifelong education, advancement, and potential, in collaboration with the Michigan Afterschool Partnership, shall convene an advisory committee to review the program components listed within this section and make recommendations to the department of lifelong education, advancement, and potential for changes on the program described in this section. The advisory committee shall meet at a schedule set by the department of lifelong education, advancement, and potential, or at least quarterly. The advisory committee shall provide for the involvement of, but not limited to, community-based organizations, regional intermediaries, district administrators, youth, parents, and representatives from the business and philanthropic communities, as appropriate.

~~(12) From the state school aid fund money allocated in subsection (1), Clinton County RESA shall allocate $22,000,000.00 in 2024-2025 only to recipients under this subsection as follows:~~

~~(a) $4,000,000.00 to support the efforts of FFA.~~

~~(b) $4,000,000.00 to the Boys and Girls Club of Southeastern Michigan in Detroit to expand programming. Programming expansion includes, but is not limited to, construction or remodeling of facilities to allow for new or extended programs.~~

~~(c) $4,000,000.00 to the HYPE Athletics Center in Dearborn Heights to provide programming that may include, but is not limited to, science, technology, engineering, arts, and mathematics (STEAM) programs; literacy and reading programs; after-school programs; youth fitness and athletic programs; and mental health and behavioral health services.~~

~~(d) $1,500,000.00 to Brilliant Detroit to support delivery of high-dosage neighborhood-based tutoring and direct noninstructional services for at-risk pupils who are 3 to 12 years of age. Funding under this subdivision is intended to ensure that pupils are proficient in English language arts by the end of grade 3 and proficient in mathematics by the end of grade 8, that all participants are kindergarten ready, and that pupils are prepared to attend school regularly. As used in this subdivision, "at-risk pupil" means that term as defined in section 31a.~~

~~(e) $1,200,000.00 to the State Alliance of Michigan YMCAs to provide students in grades 6 to 12 with hands-on civics and model-government programs that offer statewide engagement with peers across this state for the purpose of expanding those students' opportunities to improve their social studies knowledge, thinking skills, and intellectual processes and dispositions required for~~

~~active engagement in fulfilling responsibilities of civic participation.~~

~~(f) $1,000,000.00 to the Downtown Boxing Gym in Detroit to expand programming. Programming expansion includes, but is not limited to, construction or remodeling of facilities to allow for new or extended programs.~~

~~(g) $1,000,000.00 to support the operations of the Flint Center for Educational Excellence.~~

~~(h) $800,000.00 to the Detroit Opera for educational programming for grades pre-K to 12, including field trips, summer camps, and other learning opportunities. The funds allocated under this subdivision are a work project appropriation, and any unexpended funds for 2024-2025 are carried forward into 2025-2026. The purpose of the work project is to support the Detroit Opera educational programming as described in this subdivision. The estimated completion date of the work project is September 30, 2028.~~

~~(i) $500,000.00 to Special Olympics Michigan, a nonprofit organization organized under the laws of this state that is exempt from federal income tax under section 501(c)(3) of the internal revenue code of 1986, 26 USC 501, that has a mission statement to provide year-round sports training and athletic competition for children and adults with intellectual disabilities. Funding under this subdivision must be used by the organization to expand the organization's programming.~~

~~(j) $500,000.00 to the Horatio Williams Foundation to support efforts to provide college preparation services, math leagues, sports programming, and literacy services in Detroit.~~

~~(k) $500,000.00 to Friends of the Children, a nonprofit~~

~~organization that employs salaried professional mentors who support youth and their families from grades K to 12. The salaried professional mentorship program in this subdivision must employ a 2-generational approach to supporting youth in and outside of the classroom, particularly in reading and math comprehension; support students and their families by connecting them to concrete supports like education and employment pathways, housing, utility assistance, and food security; and be located in a city with a population greater than 600,000 in a county with a population greater than 1,500,000 according to the most recent federal decennial census.~~

~~(*l*) $500,000.00 to the Detroit Police Athletic League to support operations and programming including, but not limited to, athletic programs and youth enrichment programs.~~

~~(m) $500,000.00 to the Detroit Science Center, a nonprofit organization that is tax-exempt under section 501(c)(3) of the internal revenue code of 1986, 26 USC 501, and located in a city with a population greater than 600,000 in a county with a population greater than 1,700,000 according to the most recent federal decennial census. Funds under this subdivision must be used by the nonprofit organization to expand the nonprofit organization's mission of providing opportunities for students to discover, explore, and appreciate science, technology, engineering, and mathematics in a creative, dynamic learning environment.~~

~~(n) $2,000,000.00 to buildOn Detroit to expand the Service Learning Program for high school students.~~

~~(13) For 2024-2025 only, recipients of grants under subsection (12) may not apply for funding under subsection (2).~~

~~(14) Funds allocated under subsection (12) for 2024-2025 are a~~

~~work project appropriation, and any unexpended funds for 2024-2025 are carried forward into 2025-2026. The purpose of the work project is to provide additional support to out-of-school time programs. The estimated completion date of the work project is September 30, 2026.~~

**(11) Subject to subsection (2), the department of lifelong education, advancement, and potential shall establish and implement a multitiered grant funding structure within its competitive grant process to account for statewide or regional grant applications, as well as mid-size grants serving 6 to 14 program sites and smaller grants serving 1 to 5 program sites.**

**(12)** ~~(15)~~ As used in this section:

(a) "An entity that has an active application to be a licensed child care organization" means an entity that has an active application to be a licensed child care organization under 1973 PA 116, MCL 722.111 to 722.128, and will be a licensed child care organization before the entity provides services for which a child care organization is required to be licensed under 1973 PA 116, MCL 722.111 to 722.128.

(b) "Child care organization" means that term as defined in section 1 of 1973 PA 116, MCL 722.111.

(c) "Exempt entity" means an entity described in section 1(1)(i)(*i*) to (*v*) of 1973 PA 116, MCL 722.111.

(d) "Licensed child care organization" means a child care organization that has been issued a license under 1973 PA 116, MCL 722.111 to 722.128, to operate a child care organization.

(e) "School-age" means a child who is eligible to attend a grade of kindergarten or higher, but is less than 13 years of age. A child is considered to be school age on the first day of the

school year in which the child is eligible under section 1 of 1973 PA 116, MCL 722.111.

**(f) "Statewide or regional grant" means a grant that represents 2 or more entities, community-based organizations, statewide network affiliations, or any combination of these entities working together with the objective of serving more than 2,000 children across at least 15 program sites statewide, or to serve more than 2,000 children across at least 15 program sites within a publicly defined boundary region, and that have a demonstrated track record of success in providing or organizing a statewide or regional system of out-of-school-time programs. If an applicant applies for a statewide or regional grant, the applicant and the program sites included on their application may not appear on any other grant application submitted for funding under subsection (2).**

**Sec. 32p. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 an amount not to exceed $29,800,000.00 to create and implement statewide early learning partnerships. It is the intent of the legislature that these early learning partnerships will provide centralized access points to families for trusted entry into the early childhood system, family and community outreach to build awareness, trust, and referral networks, outreach through child health providers to engage pediatric professionals for early detection of developmental delays or other health needs, and data collection and analysis to provide real-time insights necessary to improve services and systems.**

**(2) From the funds allocated in subsection (1), the department of lifelong education, advancement, and potential shall award at**

**least $16,900,000.00 to eligible intermediate districts for the purposes of this subsection. All of the following apply to funds awarded under this subsection:**

**(a) Intermediate districts must apply for funding in a form and manner determined by the department of lifelong education, advancement, and potential.**

**(b) The department of lifelong education, advancement, and potential shall award funding to eligible intermediate districts in a way that ensures that families statewide have equitable access to services provided by an early learning partnership. The amount awarded to an eligible intermediate district must not be less than the amount received by the intermediate district in 2024-2025 for local great start collaboratives. To be eligible for funds awarded under this subdivision, intermediate districts must partner with an entity with expertise in family leadership, as determined by the department of lifelong education, advancement, and potential.**

**(c) Intermediate districts must use funding received under this subsection for the following purposes:**

**(*i*) Convening early learning partnerships on a regular basis to ensure early childhood system building and the development of implementation strategies through active partnerships with families and multiple community organizations.**

**(*ii*) Improving family access, leadership, and engagement in early childhood education that is grounded in the science of reading.**

**(*iii*) Enhancing child development, learning, and well-being.**

**(*iv*) Creating strong, efficient community systems.**

**(*v*) Providing universal developmental screening and follow up support through care coordinators.**

**(*vi*) Supporting the following staffing costs in each early learning partnership:**

**(A) At least 0.8 FTE for a lead position to provide system-building capacity by facilitating the implementation of program components and activities, ensuring initiatives are data-driven, completing annual program assessments, connecting families to developmental screening, and ensuring intermediate districts have dedicated care coordinators.**

**(B) At least 0.5 FTE for a care coordinator within each intermediate district. Care coordinators are responsible for answering questions from families, providing follow up services related to developmental screenings and referrals, tracking data, and providing cross-sector coordination to ensure families are seamlessly connected to the full scope of services within the intermediate district region.**

**(3) From the funds allocated in subsection (1), there is allocated for 2026-2027 an amount not to exceed $3,900,000.00 for evidence-based, family-centered, data-driven family support services, including, but not limited to, home visiting programs that comply with the requirements of 2012 PA 291, MCL 400.791 to 400.798. Funds allocated under this subsection must be expended in a form and manner determined jointly by the department of lifelong education, advancement, and potential and the department of health and human services. The department of lifelong education, advancement, and potential shall make payments under this subsection to an intermediate district serving as a fiscal agent for these funds on a schedule determined by the department of lifelong education, advancement, and potential.**

**(4) From the funds allocated in subsection (1), the department**

**of lifelong education, advancement, and potential shall award at least $4,000,000.00 to eligible intermediate districts for the purpose of improving access to books and other literacy materials for children from birth to age 5. An intermediate district must apply for these funds in a form and manner determined by the department of lifelong education, advancement, and potential and may use the funding to support programs, including, but not limited to, the Dolly Parton Imagination Library, Reach Out and Read Michigan, or any other program that provides books and literacy materials to children from birth to age 5 and educates families on the importance of frequently reading aloud with children. If funding available under this subsection is insufficient to fully fund all interested intermediate districts and families, funding to each intermediate district must prioritize enrollment to those families with the highest levels of economic need.**

**(5) From the funds allocated in subsection (1), the department of lifelong education, advancement, and potential may award up to $5,000,000.00 for grants to intermediate districts to purchase early childhood education curriculum materials targeted at children from birth to age 5. Intermediate districts shall apply in a form and manner determined by the department of lifelong education, advancement, and potential. Early childhood curriculum materials purchased using funds allocated under this subsection must be bilingual and build oral language, vocabulary, phonological awareness, early reading behaviors, and foundational math and cognitive skills.**

Sec. 35a. (1) From the appropriations in section 11, there is allocated for ~~2024-2025 an amount not to exceed $82,900,000.00 and for 2025-2026 an amount not to exceed $52,000,000.00~~ **2026-2027 an**

**amount not to exceed $117,000,000.00** from the state school aid fund for the purposes of this section. It is the intent of the legislature that, for ~~2026-2027,~~ **2027-2028**, the allocation from the state school aid fund money appropriated in section 11 for the purposes described in this section will be $42,000,000.00. ~~Excluding staff or contracted employees funded under subsection (8), the~~ **The** superintendent shall designate staff or contracted employees funded under this section as critical shortage. By not later than December 31 of each fiscal year in which funding is allocated under this section, the superintendent of public instruction shall do both of the following:

(a) Report in person to the house and senate appropriations subcommittees on school aid regarding progress on ~~early~~ literacy and be available for questioning as prescribed through a process developed by the chairs of the house and senate appropriations subcommittees on school aid.

(b) Submit a written report to the house and senate appropriations subcommittees on school aid regarding progress on ~~early~~ literacy. ~~Beginning in 2025-2026, the~~ **The** report described in this subdivision must include the number of literacy coaches supported by funding provided under subsection ~~(4),~~ **(2)**, including the number of coaches supported in each intermediate district, and the percentage of supported coaches that have received, or are in the process of receiving, professional learning by the approved provider described in subsection ~~(11).~~**(6)**.

~~(2) A district that receives funds under subsection (5) may spend up to 5% of those funds for professional development for educators in a department-approved research-based training program related to current state literacy standards for pupils in grades~~

~~pre-K to 5. The professional development must also include training in the use of screening and diagnostic tools, progress monitoring, and intervention methods used to address barriers to learning and delays in learning that are diagnosed through the use of these tools.~~

~~(3) A district that receives funds under subsection (5) may use up to 5% of those funds to administer department-approved screening and diagnostic tools to monitor the development of early literacy and early reading skills, and risk factors for word-level reading difficulties of pupils in grades pre-K to 5 and to support evidence-based professional learning described in subsection (11) for educators in administering and using screening, progress monitoring, and diagnostic assessment data to inform instruction through prevention and intervention in a multi-tiered system of supports framework. A department-approved screening and diagnostic tool administered by a district using funding under this section must include all of the following components: phonemic awareness, phonics, fluency, rapid automatized naming (RAN), and comprehension. Further, all of the following sub-skills must be assessed within each of these components:~~

~~(a) Phonemic awareness - segmentation, blending, and sound manipulation (deletion and substitution).~~

~~(b) Phonics - decoding (reading) and encoding (spelling).~~

~~(c) Fluency.~~

~~(d) Comprehension - making meaning of text.~~

**(2)** ~~(4)~~ From the allocation under subsection (1), there is allocated an amount not to exceed $42,000,000.00 for ~~2024-2025 and 2025-2026~~ **2026-2027** for the purpose of providing ~~early~~ literacy coaches at intermediate districts to assist teachers in developing

and implementing instructional strategies for pupils in grades pre-K to 5 so that pupils are reading at grade level by the end of grade 3. All of the following apply to funding under this subsection:

(a) The department shall develop an application process consistent with the provisions of this subsection. An application must provide assurances that literacy coaches funded under this subsection are knowledgeable about at least the following:

(*i*) Current state literacy standards for pupils in grades pre-K to 3.

(*ii*) Implementing an instructional delivery model based on frequent use of formative, screening, and diagnostic tools, known as a multi-tiered system of supports, to determine individual progress for pupils in grades pre-K to 5 so that pupils are reading at grade level by the end of grade 3.

(*iii*) The use of data from diagnostic tools to determine the necessary additional supports and interventions needed by individual pupils in grades pre-K to 5 to read at grade level.

(b) From the allocation under this subsection, the department shall award grants to intermediate districts for the support of ~~early~~ literacy coaches. The department shall provide this funding in the following manner:

(*i*) The department shall award each intermediate district grant funding to support the cost of 2 ~~early~~ literacy coaches in an equal amount per ~~early~~ literacy coach, not to exceed $125,000.00.

(*ii*) After distribution of the grant funding under subparagraph (*i*), the department shall distribute the remainder of grant funding for additional ~~early~~ literacy coaches in an amount not to exceed $125,000.00 per ~~early~~ literacy coach. The number of funded ~~early~~

literacy coaches for each intermediate district is based on the percentage of the total statewide number of pupils in grades K to 3 who meet the income eligibility standards for the federal free and reduced-price lunch programs who are enrolled in districts in the intermediate district.

(c) If an intermediate district that receives funding under this subsection uses an assessment tool that screens for characteristics of dyslexia, the intermediate district shall use the assessment results from that assessment tool to identify pupils who demonstrate characteristics of dyslexia.

(d) All literacy coaches funded under this subsection must have already received, or be making progress toward receiving, professional learning by the approved provider described in subsection ~~(11).~~**(6).**

(e) To be eligible to receive funding under this subsection, an intermediate district must provide the department with a list by September 1 of the immediately preceding fiscal year containing contact information for all literacy coaches funded under this subsection, in a form and manner determined by the department. An intermediate district shall communicate any personnel changes and changes to contact information for literacy coaches funded under this subsection to the department within 30 days of the personnel change or change in contact information.

~~(5) From the allocation under subsection (1), there is allocated an amount not to exceed $19,900,000.00 for 2024-2025 to districts that provide additional instructional time to those pupils in grades pre-K to 5 who have been identified by using department-approved screening and diagnostic tools as needing additional supports and interventions to read at grade level by the~~

~~end of grade 3. Additional instructional time may be provided before, during, and after regular school hours or as part of a year-round balanced school calendar. All of the following apply to funding under this subsection:~~

~~(a) To be eligible to receive funding, a district must demonstrate to the satisfaction of the department that the district has done all of the following:~~

~~(*i*) Implemented a multi-tiered system of supports instructional delivery model that is an evidence-based model that uses data-driven problem solving to integrate academic and behavioral instruction and that uses intervention delivered to all pupils in varying intensities based on pupil needs. The multi-tiered system of supports must provide at least all of the following essential components:~~

~~(A) Team-based leadership.~~

~~(B) A tiered delivery system.~~

~~(C) Selection and implementation of instruction, interventions, and supports.~~

~~(D) A comprehensive screening and assessment system.~~

~~(E) Continuous data-based decision making.~~

~~(*ii*) Used department-approved research-based diagnostic tools to identify individual pupils in need of additional instructional time.~~

~~(*iii*) Used a reading instruction method that focuses on the 5 fundamental building blocks of reading: phonics, phonemic awareness, fluency, vocabulary, and comprehension and content knowledge.~~

~~(*iv*) Provided teachers of pupils in grades pre-K to 5 with research-based professional development in diagnostic data~~

~~interpretation.~~

~~(*v*) Complied with the requirements under section 1280f of the revised school code, MCL 380.1280f.~~

~~(b) The department shall distribute funding allocated under this subsection to eligible districts on an equal per-first-grade-pupil basis.~~

~~(c) If the funds allocated under this subsection are insufficient to fully fund the payments under this subsection, payments under this subsection are prorated on an equal per-pupil basis based on grade 1 pupils.~~

~~(6) By not later than September 1 of each year, a district that receives funding under subsection (5) in conjunction with the Michigan student data system, if possible, shall provide to the department a report that includes at least both of the following, in a form and manner prescribed by the department:~~

~~(a) For pupils in grades pre-K to 5, the teachers, pupils, schools, and grades served with funds under this section and the categories of services provided.~~

~~(b) For pupils in grades pre-K to 5, pupil proficiency and growth data that allows analysis both in the aggregate and by each of the following subgroups, as applicable:~~

~~(*i*) School.~~

~~(*ii*) Grade level.~~

~~(*iii*) Gender.~~

~~(*iv*) Race.~~

~~(*v*) Ethnicity.~~

~~(*vi*) Economically disadvantaged status.~~

~~(*vii*) Disability.~~

~~(*viii*) Pupils identified as having reading deficiencies.~~

~~(7) From the allocation under subsection (1), there is allocated an amount not to exceed $6,000,000.00 for 2024-2025 to an intermediate district in which the combined total number of pupils in membership of all of its constituent districts is the fewest among all intermediate districts. All of the following apply to the funding under this subsection:~~

~~(a) Funding under this subsection must be used by the intermediate district, in partnership with an association that represents intermediate district administrators in this state, to implement all of the following:~~

~~(*i*) Literacy essentials teacher and principal training modules.~~

~~(*ii*) Face-to-face and online professional learning of literacy essentials teacher and principal training modules for literacy coaches, principals, and teachers.~~

~~(*iii*) The placement of regional lead literacy coaches to facilitate professional learning for early literacy coaches. These regional lead literacy coaches shall provide support for new literacy coaches, building teachers, and administrators and shall facilitate regional data collection to evaluate the effectiveness of statewide literacy coaches funded under this section.~~

~~(*iv*) Provide $500,000.00 from this subsection for literacy training, modeling, coaching, and feedback for district principals or chief administrators, as applicable. The training described in this subparagraph must use the pre-K and K to 3 essential instructional practices in literacy created by the general education leadership network as the framework for all training provided under this subparagraph.~~

~~(*v*) Job-embedded professional learning opportunities for mathematics teachers through mathematics instructional coaching.~~

~~Funding must be used for professional learning for coaches, professional developers, administrators, and teachers; coaching for early mathematics educators; the development of statewide and regional professional learning networks in mathematics instructions; and the development and support of digital professional learning modules.~~

~~(b) By not later than September 1 of each year, the intermediate district described in this subsection, in consultation with grant recipients, shall submit a report to the chairs of the senate and house appropriations subcommittees on school aid, the chairs of the senate and house standing committees responsible for education legislation, the house and senate fiscal agencies, and the state budget director. The report described under this subdivision must include student achievement results in English language arts and mathematics and survey results with feedback from parents and teachers regarding the initiatives implemented under this subsection.~~

~~(c) Up to 2% of funds allocated under this subsection may be used by the association representing intermediate district administrators that is in partnership with the intermediate district specified in this subsection to administer this subsection.~~

~~(8) From the allocation under subsection (1), the department shall allocate the amount of $5,000,000.00 for 2024-2025 only to an intermediate district or a consortium of intermediate districts to partner with the Michigan Education Corps for the PreK Reading Corps, the K3 Reading Corps, and the Math Corps. An intermediate district or a consortium of intermediate districts receiving funding under this subsection must forward the amount received~~

~~under this subsection to the Michigan Education Corps for statewide services. As conditions of receiving funding from an intermediate district or a consortium of intermediate districts, all of the following apply to funding received by the Michigan Education Corps under this subsection:~~

~~(a) By September 1 of the current fiscal year, the Michigan Education Corps shall provide a report concerning its use of the funding to the senate and house appropriations subcommittees on school aid, the senate and house fiscal agencies, and the senate and house caucus policy offices on outcomes and performance measures of the Michigan Education Corps, including, but not limited to, the degree to which the Michigan Education Corps' replication of the PreK Reading Corps, the K3 Reading Corps, and the Math Corps programs is demonstrating sufficient efficacy and impact. The report must include data pertaining to at least all of the following:~~

~~(*i*) The current impact of the programs on this state in terms of numbers of children and schools receiving support. This portion of the report must specify the number of children tutored, including dosage and completion, and the demographics of those children.~~

~~(*ii*) Whether the assessments and interventions are implemented with fidelity. This portion of the report must include details on the total number of assessments and interventions completed and the range, mean, and standard deviation.~~

~~(*iii*) Whether the literacy or math improvement of children participating in the programs is consistent with expectations. This portion of the report must detail at least all of the following:~~

~~(A) Growth rate by grade or age level, in comparison to~~

~~targeted growth rate.~~

~~(B) Average linear growth rates.~~

~~(C) Exit rates.~~

~~(D) Percentage of children who exit who also meet or exceed spring benchmarks.~~

~~(*iv*) The impact of the programs on organizations and stakeholders, including, but not limited to, school administrators, internal coaches, and AmeriCorps members.~~

~~(b) If the department determines that the Michigan Education Corps has misused the funds allocated under this subsection, the Michigan Education Corps shall reimburse this state for the amount of state funding misused.~~

~~(c) An intermediate district or a consortium of intermediate districts may not reserve any portion of the allocation provided under this subsection for an evaluation of the Michigan Education Corps, the Michigan Education Corps' funding, or the Michigan Education Corps' programming unless agreed to in writing by the Michigan Education Corps. An intermediate district or a consortium of intermediate districts shall award the entire amount allocated under this subsection to the Michigan Education Corps and shall not condition the forwarding of this funding on the implementation of an independent evaluation.~~

**(f) The department shall develop a coaching evaluation framework to be implemented in alignment to the literacy coaching model described in section 1280f of the revised school code, MCL 388.1280f.**

**(3)** ~~(9)~~ If a district or intermediate district expends any funding received under subsection ~~(4) or (5)~~ **(2)** for professional development in research-based effective reading instruction, the

district or intermediate district shall select a professional development program from the list described in subdivision (a). All of the following apply to the requirement under this subsection:

(a) The department shall issue a request for proposals for professional development programs in research-based effective reading instruction to develop an initial approved list of professional development programs in research-based effective reading instruction. The department shall make the initial approved list public and shall determine if it will, on a rolling basis, approve any new proposals submitted for addition to its initial approved list.

(b) To be included as an approved professional development program in research-based effective reading instruction under subdivision (a), an applicant must demonstrate to the department in writing the program's competency in all of the following topics:

(*i*) Understanding of phonemic awareness, phonics, fluency, vocabulary, and comprehension.

(*ii*) Appropriate use of assessments and differentiated instruction.

(*iii*) Selection of appropriate instructional materials.

(*iv*) Application of research-based instructional practices.

(c) As used in this subsection, "effective reading instruction" means reading instruction scientifically proven to result in improvement in pupil reading skills.

**(4)** ~~(10)~~ From the allocation under subsection (1), there is allocated an amount not to exceed ~~$10,000,000.00~~ **$75,000,000.00** for ~~2024-2025 and 2025-2026~~ **2026-2027** only to an intermediate district identified by the department for the provision of professional learning by the approved provider described in subsection ~~(11),~~

~~first to educators in pre-K, kindergarten, and grade 1 next to educators in grade 2 and grade 3; and then to additional elementary school educators and pre-K to grade 12 certificated special education personnel with endorsements in learning disabilities, emotional impairments, or speech and language impairments.~~ **(6) to the following individuals:**

**(a) Certificated individuals who provide, support, or oversee instruction in grades K to 5 that involves reading instruction or language arts, including classroom teachers and teachers with any special education endorsements.**

**(b) All personnel responsible for the delivery, support, or supervision of literacy instruction in grades K to 5, as determined by the department.**

**(5)** For purposes of ~~this~~ subsection **(4),** the approved provider must establish and manage professional learning opportunities that are open to all school personnel described in ~~this~~ subsection **(4).** ~~as follows:~~

~~(a)~~ The approved provider must ~~first~~ open ~~voluntary~~ enrollment ~~for any pre-K through grade 3 teacher~~ on a first-come, first-served basis, ~~with voluntary enrollment prioritized for pre-K, kindergarten, and grade 1 teachers. The approved provider shall then open voluntary enrollment for the remaining school personnel described in this subsection.~~

~~(b) The approved provider~~ **and** must maintain open enrollment until all funds are expended.

**(6)** ~~(11)~~ For the provision of professional learning to the school personnel described in subsection ~~(10),~~ **(4),** LETRS is the approved provider of professional learning as long as LETRS continues to meet all of the following:

(a) Be offered through a system of training that provides educators with the knowledge base to effectively implement any class-wide, supplemental, or intervention reading approach and to determine why some students struggle with reading, writing, spelling, and language.

(b) Provide training activities that direct educators to implement effective reading and spelling instruction supported by scientifically based research and foster a direct explicit instructional sequence that uses techniques to support teachers' independence in using their newly-learned skills with students in the classroom.

(c) Include integrated components for educators and administrators in pre-K to grade 3 with embedded evaluation or assessment of knowledge. Evaluation or assessment of knowledge under this subdivision must incorporate evaluations of learning throughout each unit and include a summative assessment that must be completed to demonstrate successful course completion.

(d) Build teacher content knowledge and pedagogical knowledge of the critical components of literacy including how the brain learns to read, phonological and phonemic awareness; letter knowledge; phonics; advanced phonics; vocabulary and oral language; fluency; comprehension; spelling and writing; and the organization of language.

(e) Support educators in understanding how to effectively use screening, progress monitoring, and diagnostic assessment data to improve literacy outcomes through prevention and intervention for reading difficulties in a multi-tiered system of supports. The multi-tiered system of supports must include at least all of the following essential components:

(*i*) Team-based leadership.

(*ii*) A tiered delivery system.

(*iii*) Selection and implementation of instruction, interventions, and supports.

(*iv*) A comprehensive screening and assessment system.

(*v*) Continuous data-based decision making.

~~(12) Notwithstanding section 17b, the department shall make payments made under subsections (7) and (8) on a schedule determined by the department.~~

**(f) On a quarterly basis, report all of the following information to the department, in a form and manner prescribed by the department:**

**(*i*) The total number of individuals who have completed the required professional learning, organized by role group.**

**(*ii*) The total number of individuals who are enrolled in the professional learning, organized by role group.**

**(*iii*) The total number of individuals who enrolled but withdrew from the professional learning prior to completion, organized by role group.**

**(*iv*) The total number of individuals who enrolled but transferred to a different cohort prior to completion, organized by role group.**

**(*v*) The cost per individual to enroll in the professional learning.**

**(*vi*) The total grant funds expended for all individuals who completed or enrolled in the professional learning during the quarter reported.**

**(*vii*) The total unused grant funds for the quarter reported.**

**(*viii*) The strategies and technical assistance provided to support participant completion.**

**(7) The department shall create a credential for educators that confirms that the educator has completed the training described in subsection (6).**

**(8) Notwithstanding section 17b, the department shall make payments under subsection (4) on a schedule determined by the department.**

**(9) Notwithstanding section 18a, funds allocated under subsection (4) may be available for expenditure until September 30, 2029. A recipient of funding under subsection (4) must return any unexpended funds to the department in the manner prescribed by the department by not later than October 30, 2029.**

**(10)** ~~(13)~~ As used in this section:

(a) "Dyslexia" means both of the following:

(*i*) A specific learning disorder that is neurobiological in origin and characterized by difficulties with accurate or fluent word recognition and by poor spelling and decoding abilities that typically result from a deficit in the phonological component of language that is often unexpected in relation to other cognitive abilities and the provision of effective classroom instruction.

(*ii*) A specific learning disorder that may include secondary consequences, such as problems in reading comprehension and a reduced reading experience that can impede the growth of vocabulary and background knowledge and lead to social, emotional, and behavioral difficulties.

(b) "Evidence-based" means an activity, program, process, service, strategy, or intervention that demonstrates statistically significant effects on improving pupil outcomes or other relevant

outcomes and that meets at least both of the following:

(*i*) At least 1 of the following:

(A) Is based on strong evidence from at least 1 well-designed and well-implemented experimental study.

(B) Is based on moderate evidence from at least 1 well-designed and well-implemented quasi-experimental study.

(C) Is based on promising evidence from at least 1 well-designed and well-implemented correlational study with statistical controls for selection bias.

(D) Demonstrates a rationale based on high-quality research findings or positive evaluation that the activity, program, process, service, strategy, or intervention is likely to improve pupil outcomes or other relevant outcomes.

(*ii*) Includes ongoing efforts to examine the effects of the activity, program, process, service, strategy, or intervention.

(c) "Explicit" means direct and deliberate instruction through continuous pupil-teacher interaction that includes teacher modeling, guided practice, and independent practice.

(d) "Fluency" means the ability to read with speed, accuracy, and proper expression.

(e) "Multi-tiered system of supports" means a comprehensive framework that includes 3 distinct tiers of instructional support and is composed of a collection of evidence-based strategies designed to meet the individual needs and assets of a whole pupil at all achievement levels.

(f) "Phonemic awareness" means the conscious awareness of all of the following:

(*i*) Individual speech sounds, including, but not limited to, consonants and vowels, in spoken syllables.

(*ii*) The ability to consciously manipulate through, including, but not limited to, matching, blending, segmenting, deleting, or substituting, individual speech sounds described in subparagraph (*i*).

(*iii*) All levels of the speech sound system, including, but not limited to, word boundaries, rhyme recognition, stress patterns, syllables, onset-rime units, and phonemes.

(g) "Phonological" means relating to the system of contrastive relationships among the speech sounds that constitute the fundamental components of a language.

(h) "Progress monitoring" means the assessing of students' academic performance, quantifying students' rates of improvement or progress toward goals, and determining how students are responding to instruction.

(i) "Rapid automatized naming (RAN)" means a task that measures how quickly individuals can name objects; pictures; colors; or symbols, including letters and digits, aloud, which can predict later reading abilities for preliterate children.

Sec. 35m. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026 only~~ **2026-2027** an amount not to exceed ~~$64,400,000.00~~ **$150,000,000.00** for the purposes described in this section. ~~, including payments to improve educational outcomes in literacy.~~

~~(2) The department shall continue the committee for literacy achievement that includes representatives of higher education and early childhood literacy educators who have expertise in literacy instruction and research. The committee shall exist until at least September 2029. The department shall appoint the members of the committee for literacy achievement. The department shall develop a~~

~~process to identify and assemble experts for the committee. The primary focus of the committee is to recommend tools and strategies with the goal of increasing student academic outcomes in the area of literacy. The committee is encouraged to collaborate with the Michigan Education Research Institute or other entities with similar expertise on the subject of literacy. The department shall determine the size and benchmarks of the committee. The committee shall do all of the following:~~

~~(a) Critically evaluate early literacy series and materials. The committee shall evaluate with research-based outcomes, using the committee's expertise in the field of literacy. The committee shall assign grade tiers to the series based on the series' likelihood to increase student literacy outcomes. Priority must be given to series that already have a demonstrated history of increasing student outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.~~

~~(b) Critically evaluate literacy professional development. The committee shall evaluate with research-based outcomes, using the committee's expertise in the field of literacy. The committee shall assign grade tiers to the professional development based on the professional development's likelihood to increase student literacy outcomes. Priority must be given to professional development that already has a demonstrated history of increasing student outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify~~

~~the validity of information provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.~~

~~(c) Critically evaluate other applicable literacy tools or services the committee determines to have a high likelihood or demonstrated history of increasing student literacy outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.~~

~~(d) Create, maintain, and post annually on a publicly available website a rankings list of all early literacy series and other items the committee has evaluated. This includes items from each part of the rankings list, items evaluated in the 2024-2025 school year, and any subsequent items evaluated going forward. The committee shall denote on the list whether major changes have been made to an early literacy series or other item on the list since the early literacy series or other item was evaluated by the committee and if the early literacy series or other item has not been evaluated since the last ranking. The rankings list created in this subdivision must align with the list of evidence-based tier 1, classwide elementary reading curricula and materials that are aligned with science of reading methods that research has shown to improve literacy outcomes and help pupils achieve reading proficiency as required under section 1280f of the revised school code, MCL 380.1280f.~~

~~(3) An individual on the committee shall recuse themselves from evaluating early literacy series and other items that the~~

~~individual has helped create, that the individual would benefit from financially, or for which the individual has any other conflict of interest.~~

**(2)** ~~(4)~~ From the funds allocated in subsection (1), the department shall make payments to districts and intermediate districts in an amount determined by the department. ~~The department shall not make payments under this subsection until it has critically evaluated as many early literacy series and other items from subsection (2) as possible. Payments under this subsection must be made during the current fiscal year to support district implementation in 2026-2027. The department shall use the rankings list described in subsection (2) as the basis for how funding is allocated in subsection (1) to districts and intermediate districts. Districts and intermediate districts using higher-ranked literacy tools that are proven to increase student outcomes shall receive more funding than districts and intermediate districts utilizing lower-ranked literacy tools in both the base award and the per-pupil awards described in this subsection. The department may determine that some districts and intermediate districts will not receive funding under this section based on the effectiveness of the early literacy series or other items being utilized by the district or intermediate district.~~ The department shall award funding under this section ~~using the following methodology:~~

~~(a) A base award equal to the~~ **in the** amount necessary for ~~the~~ **a** district or intermediate district to implement the chosen ~~early~~ literacy series or ~~other item. The department may place a cap on the total award per district, intermediate district, or early literacy series or other item and may choose not to award funding if the early literacy series or other item is determined to be~~

~~ineffective or is determined to be less effective than other choices.~~

~~(b) A tiered per-pupil award based on the number of pupils in membership at the district and intermediate district. The tiered per-pupil award must provide a higher per-pupil payment to districts and intermediate districts using higher-ranked early literacy series or other items as determined under subsection (2). The department may choose not to award funding if the early literacy series or other item is determined to be ineffective or is determined to be less effective than other choices.~~

~~(5) From the funding allocated in subsection (1), the department may pay an annual stipend of up to $8,000.00 for each member of the committee for literacy achievement who is employed by or at a public institution of higher education, a district, or an intermediate district. A stipend must be commensurate with the committee member's contribution to the committee. Funding must be paid to the public institution of higher education, the district, or the intermediate district where the committee member is employed, and the public institution of higher education, the district, or the intermediate district must then use funding received to award the stipend directly to the individual committee member. A committee member who is not employed by or at a public institution of higher education, a district, or an intermediate district is not eligible to receive a stipend under this subsection.~~**curriculum under subsection (4).**

**(3)** ~~(6)~~ To be eligible for funding under this section, a district or intermediate district must apply in a form and manner determined by the department. ~~As a condition of receiving the funding, the district or intermediate district must agree to~~

~~provide to the department information twice a year, on or before May 1 and October 1, on the early literacy series and other items used for the previous and current school years, and the early literacy series and other items to be used for the next school year. The early literacy series and other items used by districts and intermediate districts must be added to the annual rankings required under subsection (2).~~

**(4) A district or intermediate district may use funds received under this section only to purchase the following literacy series or curricula:**

**(a) Amplify CKLA.**

**(b) HMH Into Reading.**

**(c) Savvas Literacy Programs.**

**(d) Great Minds Wit & Wisdom.**

**(e) EL Education K-8 Language Arts Curriculum.**

**(5)** ~~(7)~~ Except as otherwise provided in this section and notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

**(6)** ~~(8)~~ Funds allocated under subsection (1) for ~~2025-2026~~ **2026-2027** are a work project appropriation, and any unexpended funds for ~~2025-2026~~ **2026-2027** are carried forward into ~~2026-2027.~~ **2027-2028.** The purpose of the work project is to improve literacy instructional practices. The estimated completion date of the work project is September 30, 2029.

~~(9) In addition to the allocation under subsection (1), from the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $4,000,000.00 for 2025-2026 only to an intermediate district in which the combined total number of pupils in membership of all of its constituent districts is the~~

~~fewest among all intermediate districts in this state. All of the following apply to the funding under this subsection:~~

~~(a) Funding under this subsection must be used by the intermediate district, in partnership with an association that represents intermediate district administrators in this state, to implement all of the following:~~

~~(*i*) Literacy essentials teacher and principal training modules.~~

~~(*ii*) Face-to-face and online professional learning on literacy essentials teacher and principal training modules for literacy coaches, principals, and teachers.~~

~~(*iii*) The placement of regional lead literacy coaches to facilitate professional learning for early literacy coaches. Regional lead literacy coaches described in this subparagraph shall provide support for new literacy coaches, building teachers, and administrators, and shall facilitate regional data collection to evaluate the effectiveness of statewide literacy coaches funded under this section.~~

~~(*iv*) A provision of $500,000.00 under this subsection for literacy training, modeling, coaching, and feedback for district principals or chief administrators, as applicable. The training described in this subparagraph must use the pre-K and K to 3 essential instructional practices in literacy created by the general education leadership network as the framework for all training provided under this subparagraph.~~

~~(b) By not later than September 1 of each year, the intermediate district described in this subsection, in consultation with grant recipients, shall submit a report to the chairs of the senate and house appropriations subcommittees on school aid, the chairs of the senate and house standing committees responsible for~~

~~education legislation, the house and senate fiscal agencies, and the state budget director. The report described in this subdivision must include student achievement results in English language arts and survey results with feedback from parents and teachers regarding the initiatives implemented under this subsection.~~

~~(c) Up to 2% of funds allocated under this subsection may be used by the association representing intermediate district administrators that is in partnership with the intermediate district specified in this subsection to administer this subsection.~~

~~(10) In addition to the allocation under subsection (1), from the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $1,600,000.00 for 2025-2026 to expand the implementation of the literacy and social, emotional, and behavioral components of a multi-tiered system of supports, including positive behavioral interventions and supports, using the Michigan Multi-Tiered System of Supports Technical Assistance Center. Both of the following apply to funds allocated under this subsection:~~

~~(a) The department shall use funds allocated under this subsection, through an intermediate district, for the purpose of expanding the statewide expertise, technical assistance, and implementation of the multi-tiered system of supports, dyslexia expertise, and evidence-based instructional practices grounded in the science of reading using the Michigan Multi-Tiered System of Supports Technical Assistance Center, a nationally recognized program. In addition, the department shall identify an intermediate district to act as a fiscal agent for these funds.~~

~~(b) Up to 2% of funds allocated under this subsection may be~~

~~used by the intermediate district serving as the fiscal agent for these funds to administer this subsection.~~

**Sec. 35o. (1) By not later than March 1, 2027, the department, in collaboration with the center, shall publish to a publicly accessible location on the department's website, and shall update periodically thereafter as new data becomes available, a literacy achievement and opportunity transparency dashboard that includes at least the following:**

**(a) A metric assessing the following:**

**(*i*) The percentage of grade K to 5 educators who are trained in the science of reading.**

**(*ii*) The percentage of grade K to 5 classrooms using curricula and assessments aligned with the science of reading.**

**(*iii*) The percentage of parents and legal guardians who are receiving clear communication from their school about their child's reading action plans and the ability to get extra support as needed.**

**(b) Literacy-related results, including multi-year trend data, from the following assessments:**

**(*i*) The grade 3 Michigan student test of educational progress (M-STEP).**

**(*ii*) The grade 7 Michigan student test of educational progress (M-STEP).**

**(*iii*) The SAT.**

**(*iv*) The National Assessment of Educational Progress (NAEP).**

**(c) Additional metrics that help the public and policymakers track statewide literacy progress.**

**(d) A summary of activities the state is taking to improve literacy outcomes.**

**(2) Data published under subsection (1) must be disaggregated by district and school demographics where possible.**

**Sec. 35p. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 only an amount not to exceed $50,000,000.00 to implement high-impact tutoring programs in eligible districts.**

**(2) Eligible tutoring partners shall apply for funding in a form and manner determined by the department. An application for funding under this subsection must include at least all of the following:**

**(a) An identification of the district or intermediate district that will serve as a fiscal agent for awarded funds.**

**(b) A list of district partners that will be recipients of high-impact tutoring from the eligible tutoring partner, including a letter of support from each district that affirms their commitment to ensure alignment with tier 1 instruction, implementation fidelity, including, but not limited to, student usage and frequency, and participation in data sharing and training necessary to maximize outcomes.**

**(c) Projections for the number of students who will be served, broken down by partner district.**

**(d) A description of the efficacy of the eligible tutoring partner's program, including the ability of the eligible tutoring partner to hit certain benchmarks and goals, based on evidence.**

**(e) A plan for how the eligible tutoring partner will target high-impact tutoring for the highest-need student populations based on some or all of the following:**

**(*i*) Statewide assessment data.**

**(*ii*) Screeners or formative assessment scores.**

**(*iii*) Economically disadvantaged status.**

**(*iv*) Special education status.**

**(*v*) English language learner status.**

**(f) A planned budget for the high-impact tutoring program, including the total dollars necessary to serve the identified student population and an estimate of the percentage of awarded dollars that would be directly deployed for high-impact tutoring.**

**(g) A commitment to provide periodic reporting to each district served and to the department, in a form and manner determined by the department, to ensure funds are being spent in accordance with this section.**

**(h) A commitment to return any funds awarded if the department determines dollars are used in a way that violates this section.**

**(i) Any additional information required by the department to make informed decisions on awarding competitive grants under this section and to ensure financial stewardship of the awarded dollars.**

**(3) The department shall award grants to applicants under subsection (2) on a competitive basis, using at least all of the following in making award determinations:**

**(a) The cost effectiveness of the application based on the number of students projected to be served, the total requested budget, and the demonstrated outcome capacity of the high-impact tutoring program.**

**(b) The reasonability that the applicant will be able to meet the stated outcome benchmarks.**

**(c) Other criteria, as determined by the department, to ensure grants are awarded to the most impactful applicants.**

**(4) If the amount allocated in subsection (1) is not sufficient to fully fund all applicants under subsection (2), the**

**department shall prioritize grant awards to eligible tutoring partners who will work with districts with the lowest levels of literacy proficiency, as determined by student scores on the Michigan student test of educational progress (M-STEP).**

**(5) The department may approve applications from eligible tutoring partners that offer innovative ways to reach students at a lower cost by waiving elements of the high-impact tutoring definition. This must include, but is not limited to, offering virtual programs. In such cases, the applicant must provide evidence of program impact and implement an outcomes-based contract model.**

**(6) It is the intent of the legislature that awarded applicants will receive funding over a 2-year period, with up to 50% of the awarded amount being made available in 2026-2027 and the remaining amount being made available in 2027-2028.**

**(7) It is the intent of the legislature that the work associated with the grant application, oversight, and administration of awards under this section be performed primarily by the eligible tutoring partner and not by districts that have agreed to receive high-impact tutoring.**

**(8) If a district or intermediate district agrees to receive high-impact tutoring from an eligible tutoring partner, the district must do all of the following:**

**(a) Work with the eligible tutoring partner to identify students that would benefit from the program. The district or intermediate district must communicate with parents or legal guardians of identified students to describe the available program, outline possible student outcomes, and encourage student participation.**

**(b) To the extent possible, integrate the high-impact tutoring program with the district's continuous improvement plan.**

**(c) If the district or intermediate district is the fiscal agent for the eligible tutoring partner, except as otherwise provided in this subdivision, forward the amount awarded to the tutoring partner. The designated fiscal agent may retain up to 0.5% of the funding awarded to the tutoring partner for administrative purposes.**

**(9) Both of the following apply to the funds allocated under this section:**

**(a) The department shall make award determinations and notifications by not later than November 15, 2026.**

**(b) The department shall make initial payments to identified fiscal agents by not later than January 1, 2027. Identified fiscal agents must forward funding to eligible tutoring partners by not later than January 15, 2027.**

**(10) Eligible tutoring partners shall begin providing high-impact tutoring in recipient districts and intermediate districts before the end of the 2026-2027 school year.**

**(11) The funds allocated under this section for 2026-2027 are a work project appropriation, and any unexpended funds for 2026-2027 are carried forward into 2027-2028. The purpose of the work project is to provide high-impact tutoring through eligible tutoring partners. The estimated completion date of the work project is September 30, 2029.**

**(12) From the allocation in subsection (1), there is allocated $600,000.00 to Clinton County RESA to work with the Michigan Association of Intermediate School Administrators to do all of the following:**

**(a) Provide a report on high-impact tutoring programs implemented with the funding allocated under subsection (1).**

**(b) Develop and provide technical assistance to districts in selecting high-impact tutoring strategies and integrating these strategies into district Michigan Integrated Continuous Improvement Process (MICIP) plans. Developing and providing technical assistance may include the design, review, and integration of eligible tutoring programs within the MiStrategyBank.**

**(c) Collect, aggregate, and report data in collaboration with the MAISA Michigan Collaborative Hub. An amount not to exceed $300,000.00 of the funds allocated under this subsection may be used for this purpose.**

**(d) Provide an annual report of the impact of high-impact tutoring programs to the office of the governor, the senate and house education committees, the senate and house appropriations subcommittees on school aid, and the state budget director.**

**(13) As used in this section:**

**(a) "Eligible tutoring partner" means a tutoring provider, including, but not limited to, those created by for-profit vendors, nonprofit vendors, intermediate districts, districts, and the Michigan Schools for the Deaf and Blind, that provides high-impact tutoring and meets at least 1 of the following:**

**(*i*) Is included on the ProvenTutoring list maintained by the Center for Research and Reform in Education at Johns Hopkins University.**

**(*ii*) Has a Tutoring Program Design Badge as awarded by the National Student Support Accelerator, a program of the SCALE Initiative at Stanford University.**

**(*iii*) Is a vetted high-impact tutoring program included in the**

**MiStrategyBank. If necessary, the Michigan Association of Intermediate School Administrators may convene a committee to review tutoring programs for inclusion in the MiStrategyBank.**

**(b) "High-impact tutoring" means, except as otherwise provided in this section, in-person tutoring that meets all of the following:**

**(*i*) Occurs during or after the school day.**

**(*ii*) Is individualized with tutor-student ratios not higher than 1:4.**

**(*iii*) Provides intensive support with a minimum of 2 sessions per week.**

**(*iv*) Uses a structured, evidence-based curriculum designed for tutoring with formative assessments to track progress.**

**(*v*) Uses trained tutors.**

**(*vi*) Includes ongoing assessment and feedback.**

**Sec. 35q. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 an amount not to exceed $40,000,000.00 for a pilot program that reimburses parents and legal guardians for the costs of private tutoring.**

**(2) The department shall partner with not more than 20 districts through a grant process to implement the pilot program described in this section. The department shall inform all participating districts of their award under the pilot program by not later than December 1, 2026. All of the following apply to the pilot program:**

**(a) To participate in the pilot program, the district must be in an opportunity index band, as determined under section 31a, of 4 or higher.**

**(b) The pilot program must include both urban and rural districts and include districts from all geographic regions of this state.**

**(3) After receiving funding under this section, districts shall allow parents and legal guardians to submit an application for funds to reimburse the parent or legal guardian for the costs of private tutoring. Districts shall provide notice to parents and legal guardians about the pilot program, the application process, and a list of potential private tutors not later than 30 days prior to the application being made available. An application by a parent or legal guardian under this subsection must include at least all of the following:**

**(a) The cost of the private tutoring program.**

**(b) The number of hours per week that the parent or legal guardian's child will receive tutoring in the program.**

**(4) Districts shall prioritize funding for students that are economically disadvantaged and most academically at risk. Districts shall cover 100% of the direct costs for private tutoring for any child approved to participate in the pilot program for not less than 1 year. Upon approval of an application under subsection (3), a district shall inform the parent or legal guardian of the maximum amount of funding that the district will reimburse for private tutoring.**

**(5) A district may make payments through 1 or more of the following methods:**

**(a) A district may make advance payments to parents and legal guardians to cover tutoring costs. A parent or legal guardian shall submit to the district all receipts necessary to ensure reimbursements being made do not exceed program costs. A district**

**or the department may contact a tutoring provider directly to verify program costs and participation.**

**(b) A district may require a parent or legal guardian to submit a receipt documenting payment before providing reimbursement. A district shall reimburse a parent or legal guardian not later than 2 weeks after receiving proof of payment.**

**(c) A district may reimburse a private tutoring provider directly. The private tutoring provider shall provide to the district records of student attendance in the program.**

**(6) From the funds allocated in subsection (1), there is allocated not more than $200,000.00 to an intermediate district to partner with the department to conduct a study on the outcomes of the pilot program under this section. The study must include, but is not limited to, an analysis of test scores before and after participation in the pilot program and a comparison to students that did not participate in the program. The intermediate district shall submit a report on the study to the house and senate subcommittees on school aid, the house and senate fiscal agencies, and the state budget office by not later than September 30, 2028.**

**(7) A district receiving funding under this section may retain 2.5% of funds for administration.**

**(8) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.**

**(9) The funds allocated under this section for 2026-2027 are a work project appropriation, and any unexpended funds for 2026—2027 are carried forward into 2027-2028. The purpose of the work project is to continue to implement the pilot program on private tutoring and associated study. The estimated completion date of the work**

**project is September 30, 2028.**

**Sec. 36. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 an amount not to exceed $100,000,000.00 for the purposes described in this section, including payments to improve educational outcomes in mathematics.**

**(2) The department shall create the committee for mathematics achievement, which shall include representatives of higher education and mathematics educators who have expertise in mathematics instruction and research. The committee shall exist until at least September 2029. The department shall appoint the members of the committee for mathematics achievement. The department shall develop a process to identify and assemble experts for the committee. The primary focus of the committee is to recommend tools and strategies with the goal of increasing student academic outcomes in the area of mathematics. The committee is encouraged to collaborate with entities with expertise on the subject of mathematics. The department shall determine the size and benchmarks of the committee. The committee shall do all of the following:**

**(a) Critically evaluate mathematics curricula and materials. The committee shall evaluate with research-based outcomes, using the committee's expertise in the field of mathematics. The committee shall assign grade tiers to a curriculum based on the curriculum's likelihood of increasing student mathematics outcomes. Priority must be given to curricula that already have a demonstrated history of increasing student outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information provided by the vendor. The committee is**

**also strongly encouraged to evaluate available materials not submitted to the department by a vendor.**

**(b) Critically evaluate mathematics professional development. The committee shall evaluate with research-based outcomes, using the committee's expertise in the field of mathematics. The committee shall assign grade tiers to professional development programs based on the professional development program's likelihood of increasing student mathematics outcomes. Priority must be given to professional development programs that already have a demonstrated history of increasing student outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.**

**(c) Critically evaluate other applicable mathematics tools or services the committee determines to have a high likelihood or demonstrated history of increasing student mathematics outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.**

**(d) Create, maintain, and annually post on a publicly available website a rankings list of all mathematics curricula and other items the committee has evaluated. This includes items from each part of the rankings list, items evaluated in the 2026-2027 school year, and any subsequent items evaluated going forward. The committee shall denote on the list whether major changes have been**

**made to a mathematics curriculum or other item on the list since the mathematics curriculum or other item was evaluated by the committee and if the mathematics curriculum or other item has not been evaluated since the last ranking.**

**(e) The committee must select not more than 5 mathematics curricula to recommend for purchase by districts.**

**(3) An individual on the committee for mathematics achievement shall recuse themselves from evaluating mathematics curricula or other items that the individual has helped create, that the individual would benefit from financially, or for which the individual has any other conflict of interest.**

**(4) From the funds allocated in subsection (1), and subject to subsection (6), the department shall make payments to districts and intermediate districts in an amount determined by the department. The department shall not make payments under this subsection until the committee for mathematics achievement has critically evaluated as many mathematics curricula and other items from subsection (2) as possible. Payments under this subsection must be made during the current fiscal year to support district implementation in 2027-2028. Payments under this section may be used only to purchase 1 of the 5 mathematics curricula described under subsection (2)(e). If funding remains after all payments have been made to districts and intermediate districts, the department may open a second round of applications. Grant awards made under the second round may be used for mathematics professional development and other tools or services described under subsection (2)(b) and (c), with preference given to districts using higher-ranked mathematics tools. The department shall award funding under this section in an amount equal to the amount necessary for the district or intermediate**

**district to implement the chosen mathematics curriculum or other item. The department may place a cap on the total award per district or intermediate district.**

**(5) From the funds allocated in subsection (1), the department may pay an annual stipend of up to $8,000.00 for each member of the committee for mathematics achievement who is employed by or at a public institution of higher education, a district, or an intermediate district. A stipend paid under this subsection must be commensurate with the committee member's contribution to the committee. Funding must be paid to the public institution of higher education, the district, or the intermediate district where the committee member is employed, and the public institution of higher education, the district, or the intermediate district must then use funding received to award the stipend directly to the individual committee member. A committee member who is not employed by or at a public institution of higher education, a district, or an intermediate district is not eligible to receive a stipend under this subsection.**

**(6) To be eligible for funding under subsection (4), a district or intermediate district must apply in a form and manner determined by the department. As a condition of receiving the funding, the district or intermediate district must agree to provide to the department information twice per year, on or before May 1 and October 1, on the mathematics curriculum and other items used for the previous and current school years, and the mathematics curriculum and other items to be used for the next school year. The mathematics curriculum and other items used by districts and intermediate districts must be added to the annual rankings required under subsection (2).**

**(7) From the funds allocated in subsection (1), there is allocated an amount not to exceed $1,000,000.00 to an intermediate district to partner with the department to purchase statewide access to supplemental mathematics education tools that meet both of the following:**

**(a) Provide students statewide with complete access to a personalized mathematics learning platform aligned to state standards.**

**(b) Provide aligned professional development or implementation supports for educators.**

**(8) Except as otherwise provided in this section and notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.**

**(9) Funds allocated under subsection (1) for 2026-2027 are a work project appropriation, and any unexpended funds for 2026-2027 are carried forward into 2027-2028. The purpose of the work project is to improve mathematics instructional practices. The estimated completion date of the work project is September 30, 2029.**

**Sec. 36a. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 an amount not to exceed $50,000,000.00 for the purposes described in this section, including payments to improve educational outcomes in STEM.**

**(2) The department shall create the committee for STEM achievement, which shall include representatives of higher education and STEM educators who have expertise in STEM instruction and research. The committee shall exist until at least September 2029. The department shall appoint the members of the committee for STEM achievement. The department shall develop a process to**

**identify and assemble experts for the committee. The primary focus of the committee is to recommend tools and strategies with the goal of increasing student academic outcomes in the areas of STEM. The committee is encouraged to collaborate with entities with expertise on the subject of STEM. The department shall determine the size and benchmarks of the committee. The committee shall do all of the following:**

**(a) Critically evaluate STEM curricula and materials. The committee shall evaluate with research-based outcomes, using the committee's expertise in the field of STEM. The committee shall assign grade tiers to the curricula based on the curriculum's likelihood of increasing student STEM outcomes. Priority must be given to curricula that already have a demonstrated history of increasing student outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.**

**(b) Critically evaluate STEM professional development programs. The committee shall evaluate with research-based outcomes, using the committee's expertise in the field of STEM. The committee shall assign grade tiers to the professional development program based on the professional development program's likelihood of increasing student STEM outcomes. Priority must be given to professional development programs that already have a demonstrated history of increasing student outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information**

**provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.**

**(c) Critically evaluate other applicable STEM tools or services the committee determines to have a high likelihood or demonstrated history of increasing student STEM outcomes. The committee may perform an evaluation under this subdivision based on submissions from a vendor, but must independently verify the validity of information provided by the vendor. The committee is also strongly encouraged to evaluate available materials not submitted to the department by a vendor.**

**(d) Create, maintain, and post annually on a publicly available website a rankings list of all STEM curricula and other items the committee has evaluated. This includes items from each part of the rankings list, items evaluated in the 2026-2027 school year, and any subsequent items evaluated going forward. The committee shall denote on the list whether major changes have been made to a STEM curriculum or other item on the list since the STEM curriculum or other item was evaluated by the committee and if the STEM curriculum or other item has not been evaluated since the last ranking.**

**(e) The committee must select not more than 5 STEM curricula to recommend for purchase by districts.**

**(3) An individual on the committee shall recuse themselves from evaluating STEM curricula or other items that the individual has helped create, that the individual would benefit from financially, or for which the individual has any other conflict of interest.**

**(4) From the funds allocated in subsection (1), the department**

**shall make payments to districts and intermediate districts in an amount determined by the department. The department shall not make payments under this subsection until it has critically evaluated as many STEM curricula and other items from subsection (2) as possible. Payments under this subsection must be made during the current fiscal year to support district implementation in 2027-2028. Payments under this section may be used only to purchase 1 of the 5 STEM curricula described under subsection (2)(e). If funding remains after all payments have been made to districts and intermediate districts, the department may open a second round of applications. Grant awards made under the second round may be used for STEM professional development and other tools or services described under subsection (2)(b) and (c), with preference given to districts using higher-ranked STEM tools. The department shall award funding under this section equal to the amount necessary for the district or intermediate district to implement the chosen STEM curriculum or other item. The department may place a cap on the total award per district or intermediate district. Funds under this section may not be used to purchase curricula or other tools that may be purchased using funds under section 36.**

**(5) From the funding allocated in subsection (1), the department may pay an annual stipend of up to $8,000.00 for each member of the committee for STEM achievement who is employed by or at a public institution of higher education, a district, or an intermediate district. A stipend paid under this subsection must be commensurate with the committee member's contribution to the committee. Funding must be paid to the public institution of higher education, the district, or the intermediate district where the committee member is employed, and the public institution of higher**

**education, the district, or the intermediate district must then use funding received to award the stipend directly to the individual committee member. A committee member who is not employed by or at a public institution of higher education, a district, or an intermediate district is not eligible to receive a stipend under this subsection.**

**(6) To be eligible for funding under this section, a district or intermediate district must apply in a form and manner determined by the department. As a condition of receiving the funding, the district or intermediate district must agree to provide to the department information twice per year, on or before May 1 and October 1, on the STEM curriculum and other items used for the previous and current school years, and the STEM curriculum and other items to be used for the next school year. The STEM curriculum and other items used by districts and intermediate districts must be added to the annual rankings required under subsection (2).**

**(7) Except as otherwise provided in this section and notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.**

**(8) Funds allocated under subsection (1) for 2026-2027 are a work project appropriation, and any unexpended funds for 2026-2027 are carried forward into 2027-2028. The purpose of the work project is to improve STEM instructional practices. The estimated completion date of the work project is September 30, 2029.**

**(9) As used in this section, "STEM" means science, technology, engineering, and mathematics.**

Sec. 39. (1) An eligible applicant receiving funds under section 32d shall submit an application, in a form and manner

prescribed by the department of lifelong education, advancement, and potential, by a date specified by the department of lifelong education, advancement, and potential in the immediately preceding fiscal year. An eligible applicant is not required to amend the applicant's current accounting cycle or adopt this state's fiscal year accounting cycle in accounting for financial transactions under this section. The application must include all of the following:

(a) The estimated total number of age-eligible children in the community, as provided to the applicant by the department of lifelong education, advancement, and potential utilizing the most recent population data available from the American Community Survey conducted by the United States Census Bureau. The department of lifelong education, advancement, and potential shall ensure that it provides updated American Community Survey population data at least once every 3 years.

(b) The estimated number of age-eligible children in the community who are being served exclusively by Head Start programs operating in the community.

(c) The number of children whom the applicant will have the capacity to serve in each eligible great start readiness program option who meet the age-eligible criteria of section 32d.

(2) The great start readiness target foundation amount for ~~2025-2026~~ **2026-2027** is ~~$10,650.00.~~**$10,916.00.**

(3) After notification of funding allocations, an applicant receiving funds under section 32d shall also submit an implementation plan for approval, in a form and manner prescribed by the department of lifelong education, advancement, and potential, by a date specified by the department of lifelong

education, advancement, and potential, that details how the applicant complies with the program components established by the department of lifelong education, advancement, and potential under section 32d.

(4) Subject to subsection (5), the initial allocation to each eligible applicant under section 32d is equal to the sum of the following:

(a) The number of children in the current school year served in a program determined by the department of lifelong education, advancement, and potential to be a school-day program multiplied by the great start readiness target foundation.

(b) The number of children in the current school year served in a program determined by the department of lifelong education, advancement, and potential to be a part-day program or a school-day blended with Head Start multiplied by the great start readiness target foundation divided by 2.

(c) The total number of children in the current school year served in a program determined by the department of lifelong education, advancement, and potential to be an extended program multiplied by the great start readiness target foundation multiplied by 1.2.

(d) The number of children in the current school year served in a program determined by the department of lifelong education, advancement, and potential to be an extended program blended with Head Start or a part-day extended program multiplied by the great start readiness target foundation multiplied by 0.6.

(5) Subject to subsection (6), if the calculations under subsection (4) result in a total allocation exceeding the amount available as allocated or appropriated under section 32d(2),

initial allocations to each eligible applicant under section 32d are calculated as the sum of the following:

(a) An amount equal to the calculations described in subsection (4) but using for those calculations the lesser of the number of children served in the immediately preceding fiscal year or the number of children the applicant has the capacity to serve in the current fiscal year instead of the number of children served in the current fiscal year.

(b) An amount equal to the remaining available dollars after calculations in subdivision (a) distributed proportionately to eligible applicants where calculations under subdivision (a) are less than the amount originally calculated under subsection (4).

(6) If the calculations under subsection (5) result in a total allocation exceeding the amount available as allocated or appropriated under section 32d(2), the initial allocation to each eligible applicant is the amount calculated under subsection (4) prorated on an equal percentage basis.

(7) If, taking into account the total amount to be allocated to the applicant as calculated under this section, an applicant determines that it is able to include additional eligible children in the great start readiness program without additional funds under section 32d, the applicant may include additional eligible children but does not receive additional funding under section 32d for those children.

(8) The department of lifelong education, advancement, and potential shall review the program components under section 32d and under this section at least biennially. The department of lifelong education, advancement, and potential also shall convene a committee of internal and external stakeholders at least once every

5 years to ensure that the funding structure under this section reflects current system needs under section 32d.

**(9) By not later than the first business day of each month, each intermediate district or consortium of intermediate districts that receives funds under section 32d shall report all of the following to the department of lifelong education, advancement, and potential:**

**(a) The total number of children enrolled in all great start readiness programs administered by the intermediate district or consortium of intermediate districts, disaggregated by program type and by provider type.**

**(b) The total number of children on a waitlist for a great start readiness program administered by the intermediate district or consortium of intermediate districts.**

**(c) The estimated total capacity of all great start readiness programs administered by the intermediate district or consortium of intermediate districts.**

**(10) By not later than the twentieth day of each month, the department of lifelong education, advancement, and potential shall report to the house and senate fiscal agencies and the state budget office on the data collected under subsection (9), disaggregated by intermediate district or consortium of intermediate districts. The report shall include grant application information included under subsection (1) for each intermediate district or consortium of intermediate districts. The department of lifelong education, advancement, and potential shall submit the report described in this subsection in a spreadsheet-compatible format.**

**(11) To assist the legislature in determining necessary funding levels to support payments for the great start readiness**

**program as calculated under this section, each revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, must include an estimated enrollment in great start readiness programs for the current and subsequent fiscal years.**

Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at $824,700,000.00, for the federal programs under the no child left behind act of 2001, Public Law 107-110, or the every student succeeds act, Public Law 114-95. These funds are allocated as follows:

(a) An amount estimated at $1,200,000.00 for ~~2025-2026~~ **2026-2027** 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 $100,000,000.00 for ~~2025-2026~~ **2026-2027** for the purpose of preparing, training, and recruiting high-quality teachers and class size reduction, funded from DED-OESE, improving teacher quality funds.

(c) An amount estimated at $13,000,000.00 for ~~2025-2026~~ **2026-2027** for programs to teach English to limited English proficient (LEP) children, funded from DED-OESE, language acquisition state grant funds.

(d) An amount estimated at $2,800,000.00 for ~~2025-2026~~ **2026-2027** for rural and low-income schools, funded from DED-OESE, rural and low income school funds.

(e) An amount estimated at $585,000,000.00 for ~~2025-2026~~ **2026-2027** to provide supplemental programs to enable educationally

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

(f) An amount estimated at $9,200,000.00 for ~~2025-2026~~ **2026-2027** for the purpose of identifying and serving migrant children, funded from DED-OESE, title I, migrant education funds.

(g) An amount estimated at $40,400,000.00 for ~~2025-2026~~ **2026-2027** 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.

(h) An amount estimated at $14,000,000.00 for ~~2025-2026~~ **2026-2027** to help support local school improvement efforts, funded from DED-OESE, title I, local school improvement grants.

(i) An amount estimated at $55,000,000.00 for ~~2025-2026~~ **2026-2027** to improve the academic achievement of students, funded from DED-OESE, title IV, student support and academic enrichment grants.

(j) An amount estimated at $3,100,000.00 for ~~2025-2026~~ **2026-2027** for literacy programs that advance literacy skills for students from birth through grade 12, including, but not limited to, English-proficient students and students with disabilities, funded from DED-OESE, striving readers comprehensive literacy program.

(k) An amount estimated at $1,000,000.00 for ~~2025-2026~~ **2026-2027** for grants to support and demonstrate innovative partnerships to train school-based mental health service providers, funded from DED-OESE, mental health service professional demonstration grant program.

(2) From the federal funds appropriated in section 11, there is allocated to districts, intermediate districts, and other

eligible entities all available federal funding, estimated at $66,415,000.00 for ~~2025-2026~~ **2026-2027** for the following programs that are funded by federal grants:

(a) An amount estimated at $3,000,000.00 for ~~2025-2026~~ **2026-2027** to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

(b) An amount estimated at $30,000,000.00 for ~~2025-2026~~ **2026-2027** for providing career and technical education services to pupils, funded from DED-OVAE, basic grants to states.

(c) An amount estimated at $14,000,000.00 for ~~2025-2026~~ **2026-2027** for the Michigan charter school subgrant program, funded from DED-OII, public charter schools program funds.

(d) An amount estimated at $17,700,000.00 for ~~2025-2026~~ **2026-2027** for the purpose of promoting and expanding high-quality preschool services, funded from HHS-OCC, preschool development funds.

(e) An amount estimated at $1,715,000.00 for ~~2025-2026~~ **2026-2027** for the purpose of addressing priority substance abuse treatment, prevention, and mental health needs, funded from HHS-SAMHSA.

(3) The department, or, for subsections (1)(g) and (2)(d), the department of lifelong education, advancement, and potential, shall distribute all federal funds allocated under this section 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, the department or the department of lifelong education, advancement, and potential, as applicable, shall make payments of federal funds to districts, intermediate districts, and other

eligible entities under this section on a schedule determined by the department.

(4) For the purposes of applying for federal grants appropriated under this article, the department, or, for subsections (1)(g) and (2)(d), the department of lifelong education, advancement, and potential, shall allow an intermediate district to submit a consortium application on behalf of 2 or more districts with the agreement of those districts as appropriate according to federal rules and guidelines.

(5) For the purposes of funding federal title I grants under this article, in addition to any other federal grants for which the strict discipline academy is eligible, the department, or, for subsections (1)(g) and (2)(d), the department of lifelong education, advancement, and potential, shall allocate to a strict discipline academy out of title I, part A an amount equal to what the strict discipline academy would have received if included and calculated under title I, part D, or what it would receive under the formula allocation under title I, part A, whichever is greater.

(6) 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-OII" means the DED Office of Innovation and Improvement.

(d) "DED-OVAE" means the DED Office of Vocational and Adult Education.

(e) "HHS" means the United States Department of Health and Human Services.

(f) "HHS-OCC" means the HHS Office of Child Care.

(g) "HHS-SAMHSA" means the HHS Substance Abuse and Mental Health Services Project.

Sec. 41. (1) For a district to be eligible to receive funding under this section, the district must administer to English language learners the English language proficiency assessment known as the "WIDA ACCESS for English language learners" or the "WIDA Alternate ACCESS". From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~$62,732,600.00~~ **$65,869,300.00** for ~~2025-2026~~ **2026-2027** for payments to eligible districts for services for English language learners who have been administered the WIDA ACCESS for English language learners. Services for English language learners under this section may include software used to assist learning.

(2) The department shall distribute funding allocated under subsection (1) to eligible districts based on the number of full-time equivalent English language learners as follows:

(a) ~~$2,329.00~~ **$2,445.00** per full-time equivalent English language learner who has been assessed under the WIDA ACCESS for English language learners or the WIDA Alternate ACCESS with a WIDA ACCESS or WIDA Alternate ACCESS composite score between 1.0 and 1.9, or less, as applicable to each assessment. It is the intent of the legislature to increase this amount until it reaches 75% of the target foundation allowance.

(b) ~~$1,608.00~~ **$1,688.00** per full-time equivalent English language learner who has been assessed under the WIDA ACCESS for English language learners or the WIDA Alternate ACCESS with a WIDA ACCESS or WIDA Alternate ACCESS composite score between 2.0 and 2.9, or less, as applicable to each assessment. It is the intent of the legislature to increase this amount until it reaches 50% of the

target foundation allowance.

(c) ~~$263.00~~ **$276.00** per full-time equivalent English language learner who has been assessed under the WIDA ACCESS for English language learners or the WIDA Alternate ACCESS with a WIDA ACCESS or WIDA Alternate ACCESS composite score between 3.0 and 3.9, or less, as applicable to each assessment. It is the intent of the legislature to increase this amount until it reaches 35% of the target foundation allowance.

(3) If funds allocated under subsection (1) are insufficient to fully fund the payments as prescribed under subsection (2), the department shall prorate payments on an equal percentage basis, with the same percentage proration applied to all funding categories.

(4) By October 15 of the fiscal year following the receipt of funding under subsection (1), each district receiving funds under subsection (1) shall submit to the department a report, not to exceed 10 pages, on the usage by the district of funds under subsection (1) in a form and manner determined by the department, including a brief description of each program conducted or services performed by the district using funds under subsection (1) and the amount of funds under subsection (1) allocated to each of those programs or services. If a district does not comply with this subsection, the department shall withhold an amount equal to the December payment due under this section until the district complies with this subsection. If the district does not comply with this subsection by the end of the fiscal year, the withheld funds are forfeited to the state school aid fund.

(5) To receive funds under subsection (1), a district must 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 shall reimburse this state for all disallowances found in the audit.

(6) Beginning July 1, 2020, and every 3 years thereafter, the department shall review the per-pupil distribution under subsection (2), to ensure that funding levels are appropriate and make recommendations for adjustments to the members of the senate and house subcommittees on K to 12 school aid appropriations.

(7) The department shall establish English language learner program models that establish a minimum number of minutes per week that districts must provide direct English language development instruction for students according to the student's proficiency levels. These models must be compliant with federal requirements related to English language learner program services. To be considered an eligible recipient of funding under this section, a district must agree to meet or exceed the minimum number of minutes per week, as determined by the department, that the district provides direct English language development instruction.

Sec. 51a. (1) From the state school aid fund money in section 11, there is allocated ~~an amount not to exceed $2,028,696,100.00 for 2024-2025 and there is allocated~~ an amount not to exceed ~~$2,219,596,100.00~~ **$2,126,096,100.00** for 2025-2026 ~~from~~ **and there is allocated an amount not to exceed $2,264,937,500.00 for 2026-2027. From** state sources and all available federal funding under sections 1411 to 1419 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, **there is allocated an amount** estimated at ~~$450,000,000.00 for 2024-2025 and~~ $500,000,000.00 for 2025-2026 **and $500,000,000.00 for 2026-2027,** 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 380.1761; 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 other entities, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared under article 3 of the revised school code, MCL 380.1701 to 380.1761. Notwithstanding section 17b, the department shall make payments of federal funds to districts, intermediate districts, and other eligible entities under this section on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated the amount necessary, estimated at ~~$441,400,000.00 for 2024-2025 and $492,400,000.00~~ **$457,800,000.00** for 2025-2026 **and $495,100,000.00 for 2026-2027**, 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.

(3) If the department determines that the amount allocated for

a fiscal year to a district or intermediate district under subsection (2) is insufficient to fulfill the specified percentages in subsection (2), the department shall pay the shortfall to the district or intermediate district during the fiscal year beginning on the October 1 following the determination. If the department determines that the amount allocated for a fiscal year to a district or intermediate district under subsection (2) exceeds the sum of the amount necessary to fulfill the specified percentages in subsection (2), the department shall deduct the amount of the excess from the district's or intermediate district's payments under this article for the fiscal year beginning on the October 1 following the determination.

(4) State funds are allocated on a total approved cost basis. Federal funds are allocated under applicable federal requirements.

(5) From the amount allocated in subsection (1), there is allocated an amount not to exceed $3,200,000.00 for ~~2024-2025 and~~ 2025-2026 **and 2026-2027** 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. The department shall determine net increase in necessary costs in a manner specified by the department.

(6) For purposes of this section and sections 51b to 58, all of the following apply:

(a) "Total approved costs of special education" are determined

in a manner specified by the department and may include indirect costs, but must 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 that term is 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 are 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) Reimbursement for ancillary and other related services, as that term is defined by R 340.1701c of the Michigan Administrative Code, is not 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, must not be borne by the parent. In addition, the filing of claims must not delay the

education of a pupil. A district or intermediate district is responsible for payment of a deductible amount and for an advance payment required until the time a claim is paid.

(c) 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.

(7) 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 is not included in the membership count of a district, but is counted in membership in the intermediate district of residence.

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

(9) 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. The department shall deposit money that is refunded in the state treasury to the credit of the state school aid fund.

(10) From the funds allocated in subsection (1), there is allocated the amount necessary, estimated at ~~$1,600,000.00 for 2024-2025 and estimated at $1,600,000.00~~ **$1,900,000.00** for 2025-2026 **and estimated at $1,900,000.00 for 2026-2027**, to pay the foundation allowances for pupils described in this subsection. The department shall calculate the allocation to a district under this subsection 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 20m, not to exceed the target foundation allowance 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, times an amount equal to the amount per membership pupil under section 20(6). The department shall calculate the allocation to an intermediate district under this subsection 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 target foundation allowance for the current fiscal year and that district's per-pupil allocation under section 20m. 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) Pupils with an emotional impairment counted in membership by an intermediate district and provided educational services by the department of health and human services.

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

(a) One hundred percent of the reimbursement required under section 53a.

(b) One hundred percent of the reimbursement required under subsection (5).

(c) One hundred percent of the payment required under section 54.

(d) One hundred percent of the payments under section 56.

(12) The allocations under subsections (2) and (10) are allocations to intermediate districts only and are not allocations to districts, but instead are calculations used only to determine the state payments under section 22b.

(13) If a public school academy that is not a cyber school, as that term is defined in section 551 of the revised school code, MCL 380.551, enrolls under this section a pupil who resides outside of the intermediate district in which the public school academy is located and who is eligible for special education programs and services according to statute or rule, or who is a child with a disability, as that term is defined under the individuals with

disabilities education act, Public Law 108-446, the intermediate district in which the public school academy is located and the public school academy shall enter into a written agreement with the intermediate district in which the pupil resides for the purpose of providing the pupil with a free appropriate public education, and the written agreement must include at least an agreement on the responsibility for the payment of the added costs of special education programs and services for the pupil. If the public school academy that enrolls the pupil does not enter into an agreement under this subsection, the public school academy shall not charge the pupil's resident intermediate district or the intermediate district in which the public school academy is located the added costs of special education programs and services for the pupil, and the public school academy is not eligible for any payouts based on the funding formula outlined in the resident or nonresident intermediate district's plan. If a pupil is not enrolled in a public school academy under this subsection, the provision of special education programs and services and the payment of the added costs of special education programs and services for a pupil described in this subsection are the responsibility of the district and intermediate district in which the pupil resides.

(14) For the purpose of receiving its federal allocation under part B of the individuals with disabilities education act, Public Law 108-446, a public school academy that is a cyber school, as that term is defined in section 551 of the revised school code, MCL 380.551, and is in compliance with section 553a of the revised school code, MCL 380.553a, directly receives the federal allocation under part B of the individuals with disabilities education act, Public Law 108-446, from the intermediate district in which the

cyber school is located, as the subrecipient. If the intermediate district does not distribute the funds described in this subsection to the cyber school by the part B application due date of July 1, the department may distribute the funds described in this subsection directly to the cyber school according to the formula prescribed in 34 CFR 300.705 and 34 CFR 300.816. Beginning July 1, 2021, this subsection is subject to section 8c. It is the intent of the legislature that the immediately preceding sentence apply retroactively and is effective July 1, 2021.

(15) For a public school academy that is a cyber school, as that term is defined in section 551 of the revised school code, MCL 380.551, and is in compliance with section 553a of the revised school code, MCL 380.553a, that enrolls a pupil under this section, the intermediate district in which the cyber school is located shall ensure that the cyber school complies with sections 1701a, 1703, 1704, 1751, 1752, 1756, and 1757 of the revised school code, MCL 380.1701a, 380.1703, 380.1704, 380.1751, 380.1752, 380.1756, and 380.1757; applicable rules; and the individuals with disabilities education act, Public Law 108-446. Beginning July 1, 2021, this subsection is subject to section 8c. It is the intent of the legislature that the immediately preceding sentence apply retroactively and is effective July 1, 2021.

(16) For the purposes of this section, the department or the center shall only require a district or intermediate district to report information that is not already available from the financial information database maintained by the center.

Sec. 51c. As required by the court in the consolidated cases known as *Durant v State of Michigan*, 456 Mich 175 (1997), from the allocation under section 51a(1), there is allocated for ~~2024-2025~~

~~and for~~ 2025-2026 **and for 2026-2027** the amount necessary, estimated at ~~$993,100,000.00 for 2024-2025 and $1,107,900,000.00~~ **$1,055,000,000.00** for 2025-2026 **and $1,140,700,000.00 for 2026-2027**, 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 fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b to fully fund those allocations for the same fiscal year.

Sec. 51d. (1) From the federal funds appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** all available federal funding, estimated at $83,000,000.00, for special education programs and services that are funded by federal grants. The department shall distribute all federal funds allocated under this section in accordance with federal law. Notwithstanding section 17b, the department shall make payments of federal funds to districts, intermediate districts, and other eligible entities under this section on a schedule determined by the department.

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

(a) For ~~2025-2026,~~ **2026-2027**, an amount estimated at $14,000,000.00 for handicapped infants and toddlers, funded from DED-OSERS, handicapped infants and toddlers funds.

(b) For ~~2025-2026,~~ **2026-2027**, an amount estimated at $14,000,000.00 for preschool grants under Public Law 94-142, funded from DED-OSERS, handicapped preschool incentive funds.

(c) For ~~2025-2026,~~ **2026-2027**, an amount estimated at

$55,000,000.00 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.

Sec. 51e. (1) From the allocation under section 51a(1), there is allocated for the amount necessary, estimated at ~~$503,000,000.00 for 2024-2025 and $528,100,000.00~~ **$521,800,000.00** for 2025-2026 **and $534,800,000.00 for 2026-2027,** for payments to districts and intermediate districts for 100% of foundation allowance costs associated with special education pupils.

(2) The department shall calculate the amount allocated to a district under this section by multiplying the district's special education pupil membership, excluding pupils described in section 51a(11), times 100% of the foundation allowance under section 20 of the pupil's district of residence, plus 100% of the amount of the district's per-pupil allocation under section 20m, not to exceed 100% of the target foundation allowance for the current fiscal year, or, for a special education pupil in membership in a district that is a public school academy, times an amount equal to 100% of the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subsection is an amount per special education membership pupil, excluding pupils described in section 51a(11), and is calculated in the same manner as for a district, using 100% of the foundation allowance under section 20 of the pupil's district of residence, not to exceed 100% of the target foundation allowance for the current fiscal year, and 100% of that district's per-pupil allocation under section 20m.

Sec. 51g. From the general fund money appropriated in section 11, $3,000,000.00 is allocated for ~~2025-2026~~ **2026-2027** to an association for administrators of special education services to develop content for use by special education students, teachers, and others. Any content that is developed as described in this section must be accessible throughout this state. Funds received by an association under this section may be used to support the development of assessment tools to measure the needs of students with special education needs in remote learning environments and the effectiveness of various educational methods and tools, in collaboration with the department. Funds under this section may also be utilized to identify any available federal funds for research related to special education in remote learning.

**Sec. 51i. (1) The special education reserve fund is created as a separate account within the state school aid fund for the purpose of reimbursing districts for special education costs.**

**(2) The state treasurer may receive money or other assets from any source for deposit into the special education reserve fund. The state treasurer shall direct the investment of the special education reserve fund. The state treasurer shall credit to the special education reserve fund interest and earnings from special education reserve fund investments.**

**(3) Money in the special education reserve fund at the close of the fiscal year remains in the special education reserve fund and does not lapse to the state school aid fund or the general fund.**

**(4) The department of treasury is the administrator of the special education reserve fund for auditing purposes.**

**(5) Money available in the special education reserve fund must**

**not be expended without a specific appropriation.**

**(6) For the fiscal year ending September 30, 2027 only, $20,000,000.00 from the state school aid fund must be deposited into the special education reserve fund.**

Sec. 53a. (1) For districts, reimbursement for pupils described in subsection (2) is 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 under article 3 of the revised school code, MCL 380.1701 to 380.1761, minus the district's foundation allowance calculated under section 20 and minus the district's per-pupil allocation under section 20m. For intermediate districts, the department shall calculate reimbursement for pupils described in subsection (2) 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 target foundation allowance under section 20 for the current fiscal year plus the amount of the district's per-pupil allocation under section 20m.

(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 health and human services.

(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 are funded under this section and are not reimbursed under section 58.

(5) The department shall not allocate more than $10,500,000.00 of the allocation for ~~2025-2026~~ **2026-2027** in section 51a(1) under this section.

Sec. 54. Each intermediate district receives an amount per pupil for each pupil in attendance at the Michigan Schools for the Deaf and Blind. The amount is proportionate to the total instructional cost at each school. The department shall not allocate more than ~~$1,688,000.00~~ **$4,529,400.00** of the allocation for ~~2025-2026~~ **2026-2027** in section 51a(1) under this section.

Sec. 54d. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~$23,670,700.00~~ **$28,670,700.00** for ~~2025-2026~~ **2026-2027** to intermediate districts for the purpose of providing state early on

services programs for children from birth to 3 years of age with a developmental delay or a disability, or both, and their families, as described in the early on Michigan state plan, as approved by the department of lifelong education, advancement, and potential.

(2) To be eligible to receive grant funding under this section, each intermediate district must apply in a form and manner determined by the department of lifelong education, advancement, and potential.

(3) The grant funding allocated under this section must be used to increase early on services and resources available to children that demonstrate developmental delays to help prepare them for success as they enter school. State early on services include evaluating and providing early intervention services for eligible infants and toddlers and their families to address developmental delays, including those affecting physical, cognitive, communication, adaptive, social, or emotional development. Grant funds must not be used to supplant existing services that are currently being provided.

(4) The department of lifelong education, advancement, and potential shall distribute the funds allocated under subsection (1) to intermediate districts according to the department of lifelong education, advancement, and potential's early on funding formula utilized to distribute the federal award to Michigan under part C of the individuals with disabilities education act, Public Law 108-446. Funds received under this section must not supplant existing funds or resources allocated for early on early intervention services. An intermediate district receiving funds under this section shall maximize the capture of Medicaid funds to support early on early intervention services to the extent possible.

(5) Each intermediate district that receives funds under this section shall report data and other information to the department of lifelong education, advancement, and potential in a form, manner, and frequency prescribed by the department of lifelong education, advancement, and potential to allow for monitoring and evaluation of the program and to ensure that the children described in subsection (1) received appropriate levels and types of services delivered by qualified personnel, based on the individual needs of the children and their families.

(6) Notwithstanding section 17b, the department of lifelong education, advancement, and potential shall make payments under this section on a schedule determined by the department of lifelong education, advancement, and potential.

(7) Grant funds awarded and allocated to an intermediate district under this section must be expended by the grant recipient before June 30 of the fiscal year immediately following the fiscal year in which the funds were received.

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

(a) "Membership" means for a particular fiscal year the total membership of the intermediate district and the districts constituent to the intermediate district, except that if a district has elected not to come under part 30 of the revised school code, MCL 380.1711 to 380.1741, membership of the district is not included in the membership of the intermediate district.

(b) "Millage levied" means the millage levied for special education under part 30 of the revised school code, MCL 380.1711 to 380.1741, 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 380.1741, taxable value of the district is not included in the taxable value of the intermediate district.

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed $40,008,100.00 for ~~2024-2025~~ **2025-2026** and $40,008,100.00 for ~~2025-2026~~ **2026-2027** to reimburse intermediate districts levying millages for special education under part 30 of the revised school code, MCL 380.1711 to 380.1741. The purpose, use, and expenditure of the reimbursement are limited as if the funds were generated by these millages and governed by the intermediate district plan adopted under article 3 of the revised school code, MCL 380.1701 to 380.1761. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts must submit for departmental approval and implement a distribution plan.

(3) Except as otherwise provided in this subsection, reimbursement for those millages levied in ~~2023-2024~~ **2024-2025** is made in ~~2024-2025~~ **2025-2026** at an amount per ~~2023-2024~~ **2024-2025** membership pupil computed by subtracting from ~~$260,200.00~~ **$278,700.00** the ~~2023-2024~~ **2024-2025** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2023-2024~~ **2024-2025** millage levied, and then subtracting from that amount the ~~2023-2024~~ **2024-2025** local community stabilization share revenue for special education purposes and ~~2023-2024~~ **2024-2025** tax increment revenues captured by a brownfield redevelopment authority created under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, behind each membership pupil for

reimbursement of personal property exemption loss under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362, and reimbursements paid under section 26d for tax increment revenues captured by a brownfield redevelopment authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670. For the purposes of the calculation described in the previous sentence only, for an intermediate district receiving funds under this section and section 62, reimbursements paid under section 26d must be multiplied by the ratio of special education millage levied, as defined in this section, and the sum of special education millage levied and vocational-technical education millage levied, as defined in section 62. Reimbursement in ~~2024-2025~~ **2025-2026** for an intermediate district whose 2017-2018 allocation was affected by the operation of subsection (5) is an amount equal to 102.5% of the 2017-2018 allocation to that intermediate district.

(4) Except as otherwise provided in this subsection, reimbursement for those millages levied in ~~2024-2025~~ **2025-2026** is made in ~~2025-2026~~ **2026-2027** at an amount per ~~2024-2025~~ **2025-2026** membership pupil computed by subtracting from ~~$278,500.00~~ **$294,200.00** the ~~2024-2025~~ **2025-2026** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2024-2025~~ **2025-2026** millage levied, and then subtracting from that amount the ~~2024-2025~~ **2025-2026** local community stabilization share revenue for special education purposes and ~~2024-2025~~ **2025-2026** tax increment revenues captured by a brownfield redevelopment authority created under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, behind each membership pupil for reimbursement of personal property exemption loss under the local

community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362, and reimbursements paid under section 26d for tax increment revenues captured by a brownfield redevelopment authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670. For the purposes of the calculation described in the previous sentence only, for an intermediate district receiving funds under this section and section 62, reimbursements paid under section 26d must be multiplied by the ratio of special education millage levied, as defined in this section, and the sum of special education millage levied and vocational-technical education millage levied, as defined in section 62. Reimbursement in ~~2025-2026~~ **2026-2027** for an intermediate district whose 2017-2018 allocation was affected by the operation of subsection (5) is an amount equal to 102.5% of the 2017-2018 allocation to that intermediate district.

(5) The department shall ensure that the amount paid to a single intermediate district under subsection (2) does not exceed 62.9% of the total amount allocated under subsection (2).

(6) The department shall ensure that the amount paid to a single intermediate district under subsection (2) is not less than 75% of the amount allocated to the intermediate district under subsection (2) for the immediately preceding fiscal year.

(7) From the allocation under section 51a(1), there is allocated an amount not to exceed $34,200,000.00 for ~~2024-2025 and~~ 2025-2026 **and 2026-2027** to provide payments to intermediate districts levying millages for special education under part 30 of the revised school code, MCL 380.1711 to 380.1741. The purpose, use, and expenditure of the payments under this subsection are limited as if the funds were generated by these millages and

governed by the intermediate district plan adopted under article 3 of the revised school code, MCL 380.1701 to 380.1761. The department shall provide a payment under this subsection to each intermediate district described in this subsection as follows:

(a) For ~~2024-2025 and~~ 2025-2026 **and 2026-2027,** except as otherwise provided in this subsection, for an intermediate district with a 3-year average special education millage revenue per pupil in the immediately preceding fiscal year that is less than $251.00 and that is levying at least 46.2% but less than 60.0% of its maximum millage rate allowed under section 1724a of the revised school code, MCL 380.1724a, an amount computed by subtracting from $251.00 the 3-year average special education millage revenue per pupil in the immediately preceding fiscal year and, only if the millage levied by the intermediate district is less than 1, multiplying that amount by the number of mills levied divided by 1, and then multiplying that amount by the 3-year average membership in the immediately preceding fiscal year, and then subtracting from that amount the amount allocated under subsection (2) for the current fiscal year. If the calculation under this subdivision results in an amount below zero, there is no payment under this subdivision.

(b) For ~~2024-2025 and~~ 2025-2026 **and 2026-2027,** except as otherwise provided in this subsection, for an intermediate district with a 3-year average special education millage revenue per pupil in the immediately preceding fiscal year that is less than $296.00 and that is levying at least 60.0% of its maximum millage rate allowed under section 1724a of the revised school code, MCL 380.1724a, an amount computed by subtracting from $296.00 the 3-year average special education millage revenue per pupil in the

immediately preceding fiscal year, and, only if the millage levied by the intermediate district is less than 1, multiplying that amount by the number of mills levied divided by 1, and then multiplying that amount by the 3-year average membership in the immediately preceding fiscal year, and then subtracting from that amount the amount allocated under subsection (2) for the current fiscal year. If the calculation under this subdivision results in an amount below zero, there is no payment under this subdivision.

(8) After making allocations to eligible intermediate districts under subsections (3), (4), and (7), if funds remain unallocated from the allocations under subsections (2) and (7), the department must allocate remaining funds to intermediate districts proportional to the amounts allocated to intermediate districts under subsections (3) and (4).

(9) As used in subsection (7):

(a) "3-year average membership" means the 3-year average pupil membership for each of the 3 most recent fiscal years.

(b) "3-year average special education millage revenue per pupil" means the 3-year average taxable value per mill levied behind each membership pupil for each of the 3 most recent fiscal years multiplied by the millage levied in the most recent fiscal year.

Sec. 61a. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~$41,733,800.00~~ **$43,820,500.00** for ~~2025-2026~~ **2026-2027** 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 that has a foundation allowance as calculated under section 20 greater than the target

foundation allowance under that section, and secondary area vocational-technical education centers for secondary-level career and technical education programs according to rules approved by the superintendent. Applications for participation in the programs must be submitted in the form prescribed by the department. The department shall determine the added cost for each career and technical education program area. The department shall prioritize the allocation of added cost funds based on the capital and program expenditures needed to operate the career and technical education programs provided; the number of pupils enrolled; the advancement of pupils through the instructional program; the existence of an articulation agreement with at least 1 postsecondary institution that provides pupils with opportunities to earn postsecondary credit during the pupil's participation in the career and technical education program and transfers those credits to the postsecondary institution upon completion of the career and technical education program; and the program rank in student placement, job openings, and wages, and shall ensure that the allocation does not exceed 75% of the added cost of any program. Notwithstanding any rule or department determination to the contrary, when determining a district's allocation or the formula for making allocations under this section, the department shall include the participation of pupils in grade 9 in all of those determinations and in all portions of the formula. With the approval of the department, the board of a district maintaining a secondary career and 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 must 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, the department shall reimburse districts and intermediate districts for local career and technical education administration, shared time career and technical education administration, and career education planning district career and technical education administration. The superintendent shall adopt guidelines for the definition of what constitutes administration and shall make reimbursement pursuant to those guidelines. The department shall not distribute more than $800,000.00 of the allocation in subsection (1) under this subsection.

(3) A career and technical education program funded under this section may provide an opportunity for participants who are eligible to be funded under section 107 to enroll in the career and technical education program funded under this section if the participation does not occur during regular school hours.

**(4) New career and technical education programs and existing career and technical education programs are eligible for funding under this section.**

Sec. 61b. (1) From the state school aid fund money appropriated under section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$8,368,000.00~~ **$9,368,000.00** for CTE early middle college and CTE dual enrollment programs authorized under this section and for planning grants for the development or expansion of CTE early middle college programs. The purpose of these programs is to increase the number of Michigan residents with high-quality degrees or credentials, and to increase the number of students who are college and career ready upon high school graduation. **It is the intent of the legislature that the**

**allocation under this section for 2027-2028 will be $8,368,000.00.**

(2) From the funds allocated under subsection (1), the department shall allocate an amount as determined under this subsection to each intermediate district serving as a fiscal agent for state-approved CTE early middle college and CTE dual enrollment programs in each of the career education planning districts identified by the department. An intermediate district shall not use more than 5% of the funds allocated under this subsection for administrative costs for serving as the fiscal agent.

(3) To be an eligible fiscal agent, an intermediate district must agree to do all of the following in a form and manner determined by the department:

(a) Distribute funds to eligible CTE early middle college and CTE dual enrollment programs in a career education planning district as described in this section.

(b) Collaborate with the career and educational advisory council in the workforce development board service delivery area to develop 1 regional strategic plan under subsection (4) that aligns CTE programs and services into an efficient and effective delivery system for high school students. The department will align career education planning districts, workforce development board service delivery areas, and intermediate districts for the purpose of creating 1 regional strategic plan for each workforce development board service delivery area.

(c) Implement a regional process to rank career clusters in the workforce development board service delivery area as described under subsection (4). Regional processes must be approved by the department before the ranking of career clusters.

(d) Report CTE early middle college and CTE dual enrollment

program and student data and information as prescribed by the department and the center.

(e) The local education agency responsible for student reporting in the Michigan student data system (MSDS) will report the total number of college credits the student earned, at the time of high school graduation, as determined by the department and the center.

(f) The local education agency will report each award outcome in the Michigan student data system (MSDS) that the CTE early middle college student attained. For purposes of this subsection, an on-track CTE early middle college graduate is a graduate who obtained their high school diploma and at least 1 of the following:

(*i*) An associate degree.

(*ii*) 60 transferable college credits.

(*iii*) Professional certification.

(*iv*) A Michigan Early Middle College Association certificate.

(*v*) Participation in a registered apprenticeship.

(4) A regional strategic plan must be approved by the career and educational advisory council before submission to the department. A regional strategic plan must include, but is not limited to, the following:

(a) An identification of regional employer need based on a ranking of all career clusters in the workforce development board service delivery area ranked by 10-year projections of annual job openings and median wage for each standard occupational code in each career cluster as obtained from the United States Bureau of Labor Statistics. Standard occupational codes within high-ranking clusters also may be further ranked by median wage and annual job openings. The career and educational advisory council located in

the workforce development board service delivery area shall review the rankings and modify them if necessary to accurately reflect employer demand for talent in the workforce development board service delivery area. A career and educational advisory council shall document that it has conducted this review and certify that it is accurate. These career cluster rankings must be determined and updated once every 4 years.

(b) An identification of educational entities in the workforce development board service delivery area that will provide eligible CTE early middle college and CTE dual enrollment programs including districts, intermediate districts, postsecondary institutions, and noncredit occupational training programs leading to an industry-recognized credential.

(c) A strategy to inform parents and students of CTE early middle college and CTE dual enrollment programs in the workforce development board service delivery area.

(d) Any other requirements as defined by the department.

(5) An eligible CTE program is a program that meets all of the following:

(a) Has been identified in the highest 5 career cluster rankings in any of the 16 workforce development board service delivery area strategic plans jointly approved by the department of labor and economic opportunity and the department.

(b) Has a coherent sequence of courses in a specific career cluster that will allow a student to earn a high school diploma and achieve at least 1 of the following:

(*i*) For CTE early middle college, outcomes as defined in subsection (3)(f).

(*ii*) For CTE dual enrollment, 1 of the following:

(A) An associate degree.

(B) An industry-recognized technical certification approved by the department of labor and economic opportunity.

(C) Up to 60 transferable college credits.

(D) Participation in a registered apprenticeship, pre-apprenticeship, or apprentice readiness program.

(c) Is aligned with the Michigan merit curriculum.

(d) Has an articulation or a college credit agreement with at least 1 postsecondary institution that provides students with opportunities to receive postsecondary credits during the student's participation in the CTE early middle college or CTE dual enrollment program and transfers those credits to the postsecondary institution upon completion of the CTE early middle college or CTE dual enrollment program.

(e) Provides instruction that is supervised, directed, or coordinated by an appropriately certificated CTE teacher or, for concurrent enrollment courses, a postsecondary faculty member.

(f) Provides for highly integrated student support services that include at least the following:

(*i*) Teachers as academic advisors.

(*ii*) Supervised course selection.

(*iii*) Monitoring of student progress and completion.

(*iv*) Career planning services provided by a local one-stop service center as described in the Michigan works one-stop service center system act, 2006 PA 491, MCL 408.111 to 408.135, or by a high school counselor or advisor.

(g) Has courses that are taught on a college campus, are college courses offered at the high school and taught by college faculty, or are courses taught in combination with online

instruction.

(6) The department shall distribute funds to eligible CTE early middle college and CTE dual enrollment programs as follows:

(a) The department shall determine statewide average CTE costs per pupil for each CIP code program by calculating statewide average costs for each CIP code program for the 3 most recent fiscal years.

(b) The distribution to each eligible CTE early middle college or CTE dual enrollment program is the product of 50% of CTE costs per pupil times the pupil enrollment of each eligible CTE early middle college or CTE dual enrollment program in the immediately preceding school year.

(7) To receive funds under this section, a CTE early middle college or CTE dual enrollment program shall furnish to the intermediate district that is the fiscal agent identified in subsection (2), in a form and manner determined by the department, all information needed to administer this program and meet federal reporting requirements; 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.

(8) There is allocated for ~~2025-2026~~ **2026-2027** from the funds under subsection (1) an amount not to exceed $500,000.00 from the state school aid fund allocation for grants to intermediate districts or consortia of intermediate districts for the purpose of planning for new or expanded early middle college programs. Applications for grants must be submitted in a form and manner determined by the department. The amount of a grant under this subsection must not exceed $50,000.00. To be eligible for a grant

under this subsection, an intermediate district or consortia of intermediate districts must provide matching funds equal to the grant received under this subsection. Notwithstanding section 17b, the department shall make payments under this subsection in the manner determined by the department.

(9) Funds distributed under this section may be used to fund program expenditures that would otherwise be paid from foundation allowances. A program receiving funding under section 61a may receive funding under this section for allowable costs that exceed the reimbursement the program received under section 61a. The combined payments received by a program under section 61a and this section must not exceed the total allowable costs of the program. A program provider shall not use more than 5% of the funds allocated under this section to the program for administrative costs.

(10) If the allocation under subsection (1) is insufficient to fully fund payments as otherwise calculated under this section, the department shall prorate payments under this section on an equal percentage basis, using for that proration calculation payments made for CTE dual enrollment programs only.

(11) If pupils enrolled in a career cluster in an eligible CTE early middle college or CTE dual enrollment program qualify to be reimbursed under this section, those pupils continue to qualify for reimbursement until graduation, even if the career cluster is no longer identified as being in the highest 5 career cluster rankings.

(12) As used in this section:

(a) "Allowable costs" means those costs directly attributable to the program as jointly determined by the department of labor and economic opportunity and the department.

(b) "Career and educational advisory council" means an advisory council to the local workforce development boards located in a workforce development board service delivery area consisting of educational, employer, labor, and parent representatives.

(c) "CIP" means classification of instructional programs.

(d) "CTE" means career and technical education programs.

(e) "CTE dual enrollment program" means a 4-year high school program of postsecondary courses offered by eligible postsecondary educational institutions that leads to an industry-recognized certification or degree.

(f) "Early middle college program" means a 5-year high school program.

(g) "Eligible postsecondary educational institution" means that term as defined in section 3 of the career and technical preparation act, 2000 PA 258, MCL 388.1903.

**Sec. 61w. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 only an amount not to exceed $5,000,000.00 for competitive grants to districts and intermediate districts to support virtual reality simulation programs that enhance and expand existing career and technical education programs.**

**(2) Eligible districts and intermediate districts shall apply for funds under this section on a competitive basis in a form and manner determined by the department.**

**(3) A virtual reality simulation program described in this section must offer tactile, multimodal learning experiences that derive and teach core state standards-aligned concepts and skills for grades 6 to 12 math and science, including middle school math and algebra I. The virtual reality simulation program should**

**immerse students in real-world problems across the economy to build career exposure and relevance, using 3-D models and interactives that visualize and manipulate abstract mathematical concepts that students typically struggle to grasp, retain, and apply.**

**(4) Awards received under this section must be used to support career and technical education programs aligned with high-skill, high-wage, and high-demand occupations across career clusters aligned with local and market needs. A recipient may use an award under this section to support virtual reality simulation programs that reach multiple career clusters.**

**(5) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.**

**Sec. 61x. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2026-2027 only an amount not to exceed $30,000,000.00 to reimburse districts and intermediate districts with career and technical education programs for the costs of providing career and technical education and transportation to students outside the geographic boundaries of the intermediate district. Funds allocated under this section are intended to expand student access to, and enrollment in, career and technical education programs.**

**(2) Districts and intermediate districts may enter into an agreement with other intermediate districts, or districts residing in the geographic boundaries of a different intermediate district, to provide career and technical education and transportation to and from career and technical education programs. Districts and intermediate districts receiving funding under this section may not charge other districts or intermediate districts for the provision**

**of services.**

**(3) The department shall determine the amount of the awards provided under this section. It is the intent of the legislature that payments are sufficient to incentivize districts and intermediate districts to participate.**

**(4) Funds allocated in this section are a work project appropriation, and any unexpended funds for 2026-2027 are carried forward into 2027-2028. The purpose of the work project is to allow sustained partnerships between districts and intermediate districts for the provision of career and technical education. The estimated completion date of the work project is September 30, 2029.**

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

(a) "Membership" means for a particular fiscal year the total membership of the intermediate district and the districts constituent to the intermediate district or the total membership of the area vocational-technical 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 of that district are not included in the membership of the intermediate district. However, the membership 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, is included in the membership 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.

(b) "Millage levied" means the millage levied for area vocational-technical education under 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 taxable value of that district is not included in the taxable value of the intermediate district. However, the 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, is included in the 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 state school aid fund money appropriated in section 11, there is allocated an amount not to exceed $9,190,000.00 each fiscal year for ~~2024-2025 and~~ 2025-2026 **and**

**2026-2027** 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 under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690. The purpose, use, and expenditure of the reimbursement are limited as if the funds were generated by those millages.

~~(3) Reimbursement for those millages levied in 2023-2024 is made in 2024-2025 at an amount per 2023-2024 membership pupil computed by subtracting from $269,800.00 the 2023-2024 taxable value behind each membership pupil and multiplying the resulting difference by the 2023-2024 millage levied, and then subtracting from that amount the 2023-2024 local community stabilization share revenue for area vocational technical education and 2023-2024 tax increment revenues captured by a brownfield redevelopment authority created under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, behind each membership pupil for reimbursement of personal property exemption loss under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362, and reimbursements paid under section 26d for tax increment revenues captured by a brownfield redevelopment authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670. For the purposes of the calculation described in the previous sentence only, for an intermediate district receiving funds under this section and section 56, reimbursements paid under section 26d must be multiplied by the ratio of vocational-technical education millage levied, as defined in this section, and the sum of vocational-technical education millage levied and special education.~~

**(3)** ~~(4)~~ Reimbursement for those millages levied in 2024-2025 is made in 2025-2026 at an amount per 2024-2025 membership pupil computed by subtracting from ~~$287,400.00~~ **$288,300.00** the 2024-2025 taxable value behind each membership pupil and multiplying the resulting difference by the 2024-2025 millage levied, and then subtracting from that amount the 2024-2025 local community stabilization share revenue for area vocational technical education and 2024-2025 tax increment revenues captured by a brownfield redevelopment authority created under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, behind each membership pupil for reimbursement of personal property exemption loss under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362, and reimbursements paid under section 26d for tax increment revenues captured by a brownfield redevelopment authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670. For the purposes of the calculation described in the previous sentence only, for an intermediate district receiving funds under this section and section 56, reimbursements paid under section 26d must be multiplied by the ratio of vocational-technical education millage levied, as defined in this section, and the sum of vocational-technical education millage levied and special education millage levied, as defined in section 56.

**(4) Reimbursement for those millages levied in 2025-2026 is made in 2026-2027 at an amount per 2025-2026 membership pupil computed by subtracting from $303,400.00 the 2025-2026 taxable value behind each membership pupil and multiplying the resulting difference by the 2025-2026 millage levied, and then subtracting from that amount the 2025-2026 local community stabilization share**

**revenue for area vocational technical education and 2025-2026 tax increment revenues captured by a brownfield redevelopment authority created under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, behind each membership pupil for reimbursement of personal property exemption loss under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362, and reimbursements paid under section 26d for tax increment revenues captured by a brownfield redevelopment authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670. For the purposes of the calculation described in the previous sentence only, for an intermediate district receiving funds under this section and section 56, reimbursements paid under section 26d must be multiplied by the ratio of vocational-technical education millage levied, as defined in this section, and the sum of vocational-technical education millage levied and special education millage levied, as defined in section 56.**

(5) The department shall ensure that the amount paid to a single intermediate district under this section does not exceed 38.4% of the total amount allocated under subsection (2).

(6) The department shall ensure that the amount paid to a single intermediate district under this section is not less than 75% of the amount allocated to the intermediate district under this section for the immediately preceding fiscal year.

Sec. 67. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed $3,000,000.00 for ~~2025-2026~~ **2026-2027** for college access programs. The programs funded under this section are intended to inform students of college and career options, to provide resources

intended to increase the number of pupils who are adequately prepared with the information needed to make informed decisions on college and career, support adult learners, support college completion, and support workforce and employer engagement. The funds appropriated under this section are intended to be used to increase the number of Michigan residents with high-quality degrees or credentials. Funds appropriated under this section must not be used to supplant funding for counselors already funded by districts.

(2) The department of lifelong education, advancement, and potential shall administer funds allocated under this section in collaboration with the Michigan college access network. These funds may be used for any of the following purposes:

(a) Michigan college access network operations, programming, and services to local college access networks.

(b) Local college access networks, which are community-based college access/success partnerships committed to increasing the college participation and completion rates within geographically defined communities through a coordinated strategy.

(c) The Michigan college advising program, a program intended to place trained, recently graduated college advisors in high schools that serve significant numbers of low-income and first-generation college-going pupils. State funds used for this purpose may not exceed 33% of the total funds available under this subsection.

(d) Subgrants of up to $5,000.00 to districts with comprehensive high schools that establish a college access team and implement specific strategies to create a college-going culture in a high school in a form and manner approved by the Michigan college

access network and the department of lifelong education, advancement, and potential.

(e) The Michigan college access portal, an online one-stop portal to help pupils and families plan and apply for college.

(f) Public awareness and outreach campaigns to encourage low-income and first-generation college-going pupils to take necessary steps toward college and to assist pupils and families in completing a timely and accurate free application for federal student aid.

(g) Subgrants to postsecondary institutions to recruit, hire, and train college student mentors and college advisors to assist high school pupils in navigating the postsecondary planning and enrollment process.

(3) For the purposes of this section, "college" means any postsecondary educational opportunity that leads to a career, including, but not limited to, a postsecondary degree, industry-recognized technical certification, or registered apprenticeship.

**Sec. 67d. (1) From the state school aid pupil support reserve fund money appropriated in section 11, there is allocated for 2026-2027 only an amount not to exceed $900,000.00 to an intermediate district to partner with the department for the administration of a grant program to support hospitality and tourism CTE programs.**

**(2) Districts and intermediate districts may use funds received through grants under this section to partner with nonprofit organizations for the provision of hospitality and tourism CTE programs.**

**(3) Districts and intermediate districts shall apply for funding under this section in a form and manner determined by the department.**

**(4) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.**

**(5) As used in this section, "hospitality and tourism CTE programs" means career and technical education programs that teach or train students in restaurant management, culinary arts or hospitality, and tourism management as part of career and professional development.**

Sec. 74. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~$3,949,900.00~~ **$4,003,100.00** for ~~2025-2026~~ **2026-2027** for the purposes of this section.

(2) From the allocation in subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction under section 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The department shall make payments in an amount determined by the department not to exceed 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 must not exceed the hourly rate received for driving a school bus. The department shall make reimbursement compensating the driver during the course of instruction to the college or university or intermediate district providing the course of instruction.

(3) From the allocation in subsection (1), there is allocated for ~~2025-2026~~ **2026-2027** the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation

provided under section 1323 of the revised school code, MCL 380.1323. Districts funded under this subsection do not receive funding under any other section of this article for nonspecial education auxiliary services transportation.

(4) From the funds allocated in subsection (1), there is allocated an amount not to exceed ~~$1,924,900.00~~ **$1,978,100.00** for ~~2025-2026~~ **2026-2027** for 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 and submit it to the department and to an intermediate district serving as fiduciary in a time and manner determined jointly by the department and the department of state police. Upon review and approval of the statement of cost, the department shall forward to the designated intermediate district serving as fiduciary the amount detailed on the statement within 45 days after receipt of the statement. The designated intermediate district fiduciary 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 must not exceed the amount allocated under this subsection. Notwithstanding section 17b, the department shall make payments to eligible entities under this subsection on a schedule prescribed by the department.

Sec. 81. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** to intermediate districts the sum necessary, but not to exceed ~~$83,157,700.00,~~ **$85,236,700.00**, to provide state aid to

intermediate districts under this section.

(2) The amount allocated under this section to each intermediate school district for the current fiscal year is equal to the allocation for the immediately preceding fiscal year plus an equal percentage increase for all intermediate school districts. An intermediate district shall use funding provided under this section to comply with requirements of this article and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this article, and to provide technical assistance to districts as authorized by the intermediate school board.

(3) 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.

(4) 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 district or the annexation of all of the constituent K to 12 districts of a previously existing intermediate 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.

(5) 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 accounting and auditing 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) Ensure that all districts located within the intermediate district's geographic boundaries have equitable access to the intermediate district's coordination activities and services, intermediate district-wide or regional meetings, regularly scheduled superintendent meetings, programming, events, email distribution lists, listservs, or other coordination or collaboration activities organized by or hosted in the intermediate district. In ensuring that all districts located within the geographic boundaries of the intermediate district have equitable access to the services, meetings, programming, events, email distribution lists, listservs, or activities, the intermediate district shall ensure that districts that are public school academies and that are located within the intermediate district's geographic boundaries are not excluded from the services, meetings, programming, events, email distribution lists, listservs, or

activities organized by or hosted in the intermediate district if districts that are not public school academies and that are located within the geographic boundaries of the intermediate district are not excluded.

Sec. 94. (1) From the general fund money appropriated in section 11, there is allocated to the department for ~~2025-2026~~ **2026-2027** an amount not to exceed ~~$2,600,000.00~~ **$1,200,000.00** for efforts to increase the number of pupils who participate and succeed in advanced placement and international baccalaureate programs, and to support the college-level examination program (CLEP). ~~It is the intent of the legislature that, for 2026-2027, the allocation from the general fund money appropriated in section 11 for purposes described in this section will be $1,200,000.00.~~

(2) From the funds allocated under this section, the department shall award funds to cover all or part of the costs of advanced placement test fees or international baccalaureate test fees and international baccalaureate registration fees for low-income pupils who take an advanced placement or an international baccalaureate test and CLEP fees for low-income pupils who take a CLEP test.

(3) The department shall only award funds under this section if the department determines that all of the following criteria are met:

(a) Each pupil for whom payment is made meets eligibility requirements of the federal advanced placement test fee program under the no child left behind act of 2001, Public Law 107-110, or the every student succeeds act, Public Law 114-95, as applicable.

(b) The tests are administered by the college board, the international baccalaureate organization, or another test provider

approved by the department.

(c) The pupil for whom payment is made pays at least $5.00 toward the cost of each test for which payment is made.

(4) If funds remain after the awards granted in subsection (2), the department shall award funds to reimburse a portion of the costs associated with the provision of advanced placement (AP), international baccalaureate (IB), or college-level examination program (CLEP) exams for students whose family income exceeds low-income status as determined by the department.

(5) The department shall establish procedures for awarding funds under this section.

(6) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

Sec. 94a. (1) There is created within the state budget office in the department of technology, 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 districts, intermediate districts, and postsecondary institutions.

(b) Create, maintain, and enhance this state's P-20 longitudinal data system and ensure that it meets the requirements of subsection (4).

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

(d) Create, maintain, and enhance this state's web-based educational portal to provide information to school leaders,

teachers, researchers, and the public in compliance with all federal and state privacy laws. Data must include, but are not limited to, all of the following:

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

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

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

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

(f) Provide public reports to the residents 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) Other functions as assigned by the state budget director.

(2) Each state department, officer, or agency that collects information from districts, intermediate districts, or postsecondary institutions as required under state or federal law shall make arrangements with the center to ensure that the state department, officer, or agency is in compliance with subsection (1). 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 center may enter into any interlocal agreements necessary to fulfill its functions.

(4) The center shall ensure that the P-20 longitudinal data system required under subsection (1)(b) meets all of the following:

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

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

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

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

(e) Enables data to be easily generated for continuous improvement and decision-making, including timely reporting to parents, teachers, and school leaders on student achievement.

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

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

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

(*i*) Contains a unique statewide student identifier that does not permit a student to be individually identified by users of the

system, except as allowed by federal and state law.

(*ii*) Contains student-level enrollment, demographic, and program participation information, including data associated with students who have been identified as having an affiliation to 1 or more federally recognized Indian tribes and student participation in federal programs funded under 20 USC 7401 to 7546 and participation in federal programs funded under the Johnson-O'Malley ~~Supplemental~~ **supplemental** Indian ~~Education Program Modernization Act,~~ **education program modernization act**, Public Law 115-404. Any reports or data access related specifically to tribal affiliation must be done through ongoing consultation with the federally recognized tribes in the state with the expectation that the center, the department, and the tribes will work iteratively toward meaningful reports, access, and use of these records to improve shared education interests and outcomes.

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

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

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

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

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

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

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

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

(A) Enrollment in remedial coursework.

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

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

(5) From the general fund money appropriated in section 11, there is allocated an amount not to exceed ~~$19,364,700.00~~ **$19,548,500.00** for ~~2025-2026~~ **2026-2027** to the department of technology, management, and budget to support the operations of the center. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** the amount necessary, estimated at ~~$2,193,500.00,~~ **$193,500.00**, to support the operations of the center and to establish a P-20 longitudinal data system necessary for state and federal reporting purposes. The center shall cooperate with the department 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.

(6) From the funds allocated in subsection (5), the center may use an amount determined by the center for competitive grants for ~~2025-2026~~ **2026-2027** to support collaborative efforts on the P-20 longitudinal data system. All of the following apply to grants

awarded under this subsection:

(a) The center shall award competitive grants to eligible intermediate districts or a consortium of intermediate districts based on criteria established by the center.

(b) Activities funded under the grant must support the P-20 longitudinal data system portal and may include portal hosting, hardware and software acquisition, maintenance, enhancements, user support and related materials, and professional learning tools and activities aimed at improving the utility of the P-20 longitudinal data system.

(c) An applicant that received a grant under this subsection for the immediately preceding fiscal year has priority for funding under this section. However, after 3 fiscal years of continuous funding, an applicant is required to compete openly with new applicants.

(7) 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 and are appropriated for the purposes for which the funds were originally allocated.

(8) The center may bill departments as necessary 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 (5) to cover the costs associated with salaries, benefits, supplies, materials, and equipment necessary to provide such data, analysis, and reporting services.

(9) As used in this section, "DED-OESE" means the United

States Department of Education Office of Elementary and Secondary Education.

**Sec. 94f. (1) From the general fund money appropriated in section 11, there is allocated not more than $350,000.00 for 2026-2027 to the department for the purposes described in this section.**

**(2) Beginning with the 2026-2027 school year, and by not later than the beginning of each subsequent school year, the department shall develop a school accountability system that assigns a letter grade of A, B, C, D, or F for each of the following indicators for each public school in this state:**

**(a) Pupil proficiency in mathematics and English language arts, as measured by the percentage of all pupils who achieve proficiency on the applicable state assessment, as determined by the department.**

**(b) Pupils who achieved adequate growth in mathematics and English language arts on the applicable state assessment during the preceding school year, with emphasis on the progress of the lowest 25% of pupils in the school.**

**(c) Pupils who are English language learners and who achieve adequate growth toward proficiency in the English language, as determined by the department and as required under the every student succeeds act, Public Law 114-95.**

**(d) The 4-year graduation rate of pupils enrolled in high school, as applicable and as defined by and reported to the center.**

**(e) Pupil proficiency in science, as measured by the percentage of all pupils who achieved proficiency on the applicable state assessment, as determined by the department.**

**(f) Pupil proficiency in high school social studies, as measured by the percentage of all pupils who achieve proficiency on**

**the applicable state assessment, as determined by the department.**

**(g) Pupil participation and performance in accelerated courses, including, but not limited to, advanced placement, international baccalaureate, and dual credit college courses.**

**(h) Pupil performance on college and career readiness assessments.**

**(3) The department shall annually collect and publicly report, by district, the local school board's student promotion and retention policy. This report must be published on the department's website by May 1. Any school that does not provide this information must be designated in the report as having failed to comply.**

**(4) The department must annually collect and publicly report, by district, the number and percentage of students in grade 3 who scored "not proficient" on the state English language arts test and were promoted to grade 4. This report must be published on the department's website by May 1. Any school that does not provide this information must be designated in the report as having failed to comply.**

**Sec. 95b. (1) From the state school aid fund money appropriated under section 11, there is allocated for 2026-2027 only an amount not to exceed $1,000,000.00 for a growth and projection analytics system with student and teacher growth reports.**

**(2) The growth and projections reporting platform must provide continued hosting and delivery of reporting and offer the department additional supports in the areas of research, analysis, web reporting, and training.**

**(3) Funding under this section must be awarded to an intermediate district to partner with the department and a platform**

**vendor to meet the requirements of this section. The platform vendor must be determined through a competitive grant process.**

**(4) The department and the platform vendor shall provide statewide training for educators to understand the reporting that details the impact to student learning and growth**

**(5) The department shall provide internet-based electronic student growth and projection reporting under this section to educators at the school, district, and state levels. The reporting must include role-based permissions that allow educators to access information about the performance of the students within their immediate responsibility in accordance with applicable privacy laws.**

**(6) By not later than March 31, the department shall work with the center to make data available on a publicly accessible website that provides student growth metrics at the district and school level by grade and subject.**

Sec. 98. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed $9,800,000.00 for ~~2025-2026~~ **2026-2027** for the purposes described in this section. The Michigan Virtual University shall provide a report to the legislature not later than November 1 of each fiscal year for which funding is allocated under this section that includes its mission, its plans, and proposed benchmarks it must meet, including a plan to achieve the organizational priorities identified in this section, to receive full funding for the next fiscal year for which funding is allocated under this section. By not later than March 1 of each fiscal year for which funding is allocated under this section, the Michigan Virtual University shall provide an update to the house and senate appropriations

subcommittees on school aid to show the progress being made to meet the benchmarks identified.

(2) The Michigan Virtual University shall operate the Michigan Virtual Learning Research Institute. The Michigan Virtual Learning Research Institute shall do all of the following:

(a) Support and accelerate innovation in education through the following activities:

(*i*) Test, evaluate, and recommend as appropriate new technology-based instructional tools and resources.

(*ii*) Research, design, and recommend virtual education delivery models for use by pupils and teachers that include age-appropriate multimedia instructional content.

(*iii*) Research, develop, and recommend annually to the department criteria by which cyber schools and virtual course providers should be monitored and evaluated to ensure a quality education for their pupils.

(*iv*) Based on pupil completion and performance data reported to the department or the center from cyber schools and other virtual course providers operating in this state, analyze the effectiveness of virtual learning delivery models in preparing pupils to be college- and career-ready and publish a report that highlights enrollment totals, completion rates, and the overall impact on pupils. The Michigan Virtual Learning Research Institute shall submit the report to the house and senate appropriations subcommittees on school aid, the state budget director, the house and senate fiscal agencies, the department, districts, and intermediate districts by not later than March 31 of each fiscal year for which funding is allocated under this section.

(*v*) Provide an extensive professional development program to

at least 30,000 educational personnel, including teachers, school administrators, and school board members, that focuses on the effective integration of virtual learning into curricula and instruction. The Michigan Virtual Learning Research Institute is encouraged to work with the MiSTEM council described in section 99s to coordinate professional development of teachers in applicable fields. In addition, the Michigan Virtual Learning Research Institute and external stakeholders are encouraged to coordinate with the department for professional development in this state, including professional development for employees in child care facilities, early childhood facilities, and after-school programs. By not later than December 1 of each fiscal year for which funding is allocated under this section, the Michigan Virtual Learning Research Institute shall submit a report to the house and senate appropriations subcommittees on school aid, the state budget director, the house and senate fiscal agencies, and the department on the number of teachers, school administrators, and school board members who have received professional development services from the Michigan Virtual University. The report must also include both of the following:

(A) The identification of barriers and other opportunities to encourage the adoption of virtual learning in the public education system.

(B) A link to, and explanation of, the Michigan Virtual University's online course standards for professional development programming. The standards described in this sub-subparagraph must inform learners how to file a complaint about course content and detail the steps that will be taken for the review and resolution of complaints.

(*vi*) Identify and share best practices for planning, implementing, and evaluating virtual and blended education delivery models with intermediate districts, districts, and public school academies to accelerate the adoption of innovative education delivery models statewide.

(b) Provide leadership for this state's system of virtual learning education by doing the following activities:

(*i*) Develop and report policy recommendations to the governor and the legislature that accelerate the expansion of effective virtual learning in this state's schools.

(*ii*) Provide a clearinghouse for research reports, academic studies, evaluations, and other information related to virtual learning.

(*iii*) Promote and distribute the most current instructional design standards and guidelines for virtual teaching.

(*iv*) In collaboration with the department and interested colleges and universities in this state, support implementation and improvements related to effective virtual learning instruction.

(*v*) Pursue public/private partnerships that include districts to study and implement competency-based technology-rich virtual learning models.

(*vi*) Create a statewide network of school-based mentors serving as liaisons between pupils, virtual instructors, parents, and school staff, as provided by the department or the center, and provide mentors with research-based training and technical assistance designed to help more pupils be successful virtual learners.

(*vii*) Convene focus groups and conduct annual surveys of teachers, administrators, pupils, parents, and others to identify

barriers and opportunities related to virtual learning.

(*viii*) Produce an annual consumer awareness report for schools and parents about effective virtual education providers and education delivery models, performance data, cost structures, and research trends.

(*ix*) Provide an internet-based platform that educators can use to create student-centric learning tools and resources for sharing in the state's open educational resource repository and facilitate a user network that assists educators in using the content creation platform and state repository for open educational resources. As part of this initiative, the Michigan Virtual University shall work collaboratively with districts and intermediate districts to establish a plan to make available virtual resources that align to Michigan's K to 12 curriculum standards for use by students, educators, and parents.

(*x*) Create and maintain a public statewide catalog of virtual learning courses being offered by all public schools and community colleges in this state. The Michigan Virtual Learning Research Institute shall identify and develop a list of nationally recognized best practices for virtual learning and use this list to support reviews of virtual course vendors, courses, and instructional practices. The Michigan Virtual Learning Research Institute shall also provide a mechanism for intermediate districts to use the identified best practices to review content offered by constituent districts. The Michigan Virtual Learning Research Institute shall review the virtual course offerings of the Michigan Virtual University, and make the results from these reviews available to the public as part of the statewide catalog. The Michigan Virtual Learning Research Institute shall ensure that the

statewide catalog is made available to the public on the Michigan Virtual University website and shall allow the ability to link it to each district's website as provided for in section 21f. The statewide catalog must also contain all of the following:

(A) The number of enrollments in each virtual course in the immediately preceding school year.

(B) The number of enrollments that earned 60% or more of the total course points for each virtual course in the immediately preceding school year.

(C) The pass rate for each virtual course.

(*xi*) Support registration, payment services, and transcript functionality for the statewide catalog and train key stakeholders on how to use new features.

(*xii*) Collaborate with key stakeholders to examine district level accountability and teacher effectiveness issues related to virtual learning under section 21f and make findings and recommendations publicly available.

(*xiii*) Provide a report on the activities of the Michigan Virtual Learning Research Institute.

(3) To further enhance its expertise and leadership in virtual learning, the Michigan Virtual University shall continue to operate the Michigan Virtual School as a statewide laboratory and quality model of instruction by implementing virtual and blended learning solutions for Michigan schools in accordance with the following parameters:

(a) The Michigan Virtual School must maintain its accreditation status from recognized national and international accrediting entities.

(b) The Michigan Virtual University shall use no more than

$1,000,000.00 of the amount allocated under this section to subsidize the cost paid by districts for virtual courses.

(c) In providing educators responsible for the teaching of virtual courses as provided for in this section, the Michigan Virtual School shall follow the requirements to request and assess, and the department of state police shall provide, a criminal history check and criminal records check under sections 1230 and 1230a of the revised school code, MCL 380.1230 and 380.1230a, in the same manner as if the Michigan Virtual School were a school district under those sections.

(4) From the funds allocated under subsection (1), the Michigan Virtual University shall support the expansion of new online and blended educator professional development programs.

(5) From the funds allocated under subsection (1), the Michigan Virtual University shall operate a comprehensive statewide laboratory designed to function as a hub for cutting-edge research, the identification and dissemination of best practices, rigorous experimentation, policy formulation, and proactive efforts to enhance awareness about the responsible utilization of artificial intelligence in schools.

(6) If the course offerings are included in the statewide catalog of virtual courses under subsection (2)(b)(*x*), the Michigan Virtual School operated by the Michigan Virtual University may offer virtual course offerings, including, but not limited to, all of the following:

(a) Information technology courses.

(b) College level equivalent courses, as that term is 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) High school equivalency test preparation courses for adjudicated youth.

(f) Special interest courses.

(g) Professional development programs for teachers, school administrators, other school employees, and school board members.

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

(8) By not later than December 1 of each fiscal year for which funding is allocated under this section, the Michigan Virtual University shall provide a report to the house and senate appropriations subcommittees on school aid, the state budget director, the house and senate fiscal agencies, and the department that includes at least all of the following information related to the Michigan Virtual School for the preceding fiscal year:

(a) A list of the districts served by the Michigan Virtual School.

(b) A list of virtual course titles available to districts.

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

(d) The overall course completion rate percentage.

(9) In addition to the information listed in subsection (8), the report under subsection (8) must also include a plan to serve at least 600 schools with courses from the Michigan Virtual School or with content available through the internet-based platform

identified in subsection (2)(b)(*ix*).

(10) The governor may appoint an advisory group for the Michigan Virtual Learning Research Institute established under subsection (2). The members of the advisory group serve at the pleasure of the governor and without compensation. The purpose of the advisory group is to make recommendations to the governor, the legislature, and the president and board of the Michigan Virtual University that will accelerate innovation in this state's education system in a manner that will prepare elementary and secondary students to be career and college ready and that will promote the goal of increasing the percentage of residents of this state with high-quality degrees and credentials to at least 60% by 2030.

(11) By not later than November 1 of each fiscal year for which funding is allocated under this section, the Michigan Virtual University shall submit to the house and senate appropriations subcommittees on school aid, the state budget director, and the house and senate fiscal agencies a detailed budget for that fiscal year that includes a breakdown on its projected costs to deliver virtual educational services to districts and a summary of the anticipated fees to be paid by districts for those services. By not later than March 1 each fiscal year for which funding is allocated under this section, the Michigan Virtual University shall submit to the house and senate appropriations subcommittees on school aid, the state budget director, and the house and senate fiscal agencies a breakdown on its actual costs to deliver virtual educational services to districts and a summary of the actual fees paid by districts for those services based on audited financial statements for the immediately preceding fiscal year.

(12) As used in this section:

(a) "Blended learning" means a hybrid instructional delivery model where pupils are provided content, instruction, and assessment, in part at a supervised educational facility away from home where the pupil and a teacher with a valid Michigan teaching certificate are in the same physical location and in part through internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.

(b) "Cyber school" means a full-time instructional program of virtual courses for pupils that may or may not require attendance at a physical school location.

(c) "Virtual course" means a course of study that is capable of generating a credit or a grade and that is provided in an interactive learning environment in which the majority of the curriculum is delivered using the internet and in which pupils are separated from their instructor or teacher of record by time or location, or both.

Sec. 99h. (1) From the state school aid pupil support reserve fund money appropriated in section 11, there is allocated an amount not to exceed $5,000,000.00 for ~~2025-2026~~ **2026-2027** only for competitive grants to districts and intermediate districts, and from the general pupil support reserve fund money appropriated in section 11, there is allocated $600,000.00 for ~~2025-2026~~ **2026-2027** only for competitive grants to nonpublic schools, that provide pupils in grades pre-K to 12 with expanded opportunities to improve mathematics, science, computer science, and technology skills by participating in robotics competition programs hosted by program providers including, but not limited to, FIRST (for inspiration and recognition of science and technology) Robotics, including FIRST

Lego League - Discover, Explore, and Challenge, FIRST Tech challenge, and FIRST Robotics competition, LTU Robofest, MATE (Marine Advanced Technical Education), REC (Robotics Education Competition) Foundation, Square One Education Network, VEX, and other providers approved by the department. It is the intent of the legislature that the appropriations under this section will be funded with state school aid pupil support reserve fund money and general pupil support reserve fund money through 2027-2028. All approved providers shall make all programs available to students in this state regardless of geographical location. Programs funded under this section are intended to increase the number of pupils demonstrating proficiency in science and mathematics on the state assessments and to increase the number of pupils who are college- and career-ready upon high school graduation. Notwithstanding section 17b, the department shall make grant payments to districts, nonpublic schools, and intermediate districts under this section on a schedule determined by the department. The department shall set maximum grant awards for each different level of programming and competition in a manner that both maximizes the number of teams that will be able to receive funds and expands the geographical distribution of teams. Districts and intermediate districts that receive funds under this section must provide relevant student participation information, as determined by the department, to program and competition providers described in this section. For a district or intermediate district to count a program competition provider for purposes of payments under this section, the program and competition providers must agree to aggregate data received by districts and intermediate districts and provide this information to the department in a form and manner determined by the

department.

(2) The department shall do all of the following for purposes of this section:

(a) Both of the following by not later than 60 days after the state school aid appropriations bill for the current fiscal year is enacted into law or October 1 of the current fiscal year, whichever is later:

(*i*) Open applications for funding under this section to all districts, nonpublic schools, and intermediate districts.

(*ii*) Publish a list of approved programs and vendors for purposes of this section in a manner that is accessible to all applicants. To obtain approval under this subparagraph, a program or vendor must submit to the department registration information, including any fees; pledge that it will post this information on its website; and, by not later than January 1 of the current fiscal year, submit this information to the department for publication on the department's website.

(b) By not later than 60 days after applications are opened as described in subdivision (a), close applications under this section.

(c) By not later than 60 days after applications are closed as described in subdivision (b), make all determinations concerning funding under this section.

(d) By not later than July 1 of the current fiscal year, publish a document listing the requirements for becoming an approved program or vendor under subdivision (a).

(3) Except as otherwise provided under this subsection, if funding under this section is insufficient to fulfill all funding requests by qualified applicants under this section, the department

shall prorate the total funding allocated under this section equally among all qualified applicants. However, for funding under this section toward grants under subsection (5)(b), in its proration under this subsection, the department shall ensure that each district is paid in an amount equal to the percentage the department would have paid the district in grant funding under subsection (5)(b), but for proration under this subsection, with no district receiving a grant under subsection (5)(b) in an amount that is greater than the district's total accrued costs under subsection (5)(b).

(4) A district, nonpublic school, or intermediate district applying for a grant under this section must submit an application in a form and manner prescribed by the department. To be eligible for a grant, a district, nonpublic school, or intermediate district must demonstrate in its application that the district, nonpublic school, or intermediate district has established a partnership for the purposes of the robotics program with at least 1 sponsor, business entity, higher education institution, technical school, or individual, must submit a budget, and must provide a local in-kind or cash match from other private or local funds of at least 25% of the cost of the robotics program award.

(5) The department shall distribute the grant funding under this section for the following purposes:

(a) Grants to districts, nonpublic schools, or intermediate districts to pay for stipends not to exceed $1,500.00 per building for coaching.

(b) Grants to districts, nonpublic schools, or intermediate districts for event registrations, materials, travel costs, and other expenses associated with the preparation for and attendance

at robotics events and competitions.

(c) Grants to districts, nonpublic schools, or intermediate districts for awards to teams that advance to the next levels of competition as determined by the department. The department shall determine an equal amount per team for those teams that advance.

(6) A nonpublic school that receives a grant under this section may use the funds for either robotics or Science Olympiad programs.

(7) To be eligible to receive funds under this section, a nonpublic school must be a nonpublic school registered with the department and must meet all applicable state reporting requirements for nonpublic schools.

(8) To be eligible to receive a grant under this section, a district, nonpublic school, or intermediate district must do all of the following:

(a) If the district, nonpublic school, or intermediate district is requesting funding for more than 1 team for a building, meet the minimum requirements for team size as determined by the approved program provider.

(b) Participate in at least the minimum number of competitions as determined by the approved program provider.

(c) Participate in at least 1 in-person competition.

(9) For purposes of this section, an approved program or vendor under this section that provides a program under this section shall not work with the department to set prices or policies for the program.

(10) As used in this section, "current fiscal year" means the fiscal year for which an allocation is made under this section.

Sec. 101. (1) To be eligible to receive state aid under this

article, not later than the fifth Wednesday after the pupil membership count day and not later than the fifth Wednesday after the supplemental count day, each district superintendent shall submit and certify to the center and the intermediate superintendent, in the form and manner prescribed by the center, the number of pupils enrolled and in regular daily attendance, including identification of tuition-paying pupils, in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year shall submit and certify to the center and the intermediate superintendent, in the form and manner prescribed by the center, the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to rules promulgated by the superintendent. Not later than the sixth Wednesday after the pupil membership count day and not later than the sixth Wednesday after the supplemental count day, the district shall resolve any pupil membership conflicts with another district, correct any data issues, and recertify the data in a form and manner prescribed by the center and file the certified data with the intermediate superintendent. If a district fails to submit and certify the attendance data, as required under this subsection, the center shall notify the department and the department shall withhold state aid due to be distributed under this article from the defaulting district immediately, beginning with the next payment after the failure and continuing with each payment until the district complies with this subsection. If a district does not comply with this subsection by the end of the fiscal year, the district forfeits the amount withheld. A person who willfully falsifies a

figure or statement in the certified and sworn copy of enrollment is subject to penalty as prescribed by section 161.

(2) To be eligible to receive state aid under this article, not later than the twenty-fourth Wednesday after the pupil membership count day and not later than the twenty-fourth Wednesday after the supplemental count day, an intermediate district shall submit to the center, in a form and manner prescribed by the center, the audited enrollment and attendance data as described in subsection (1) for the pupils of its constituent districts and of the intermediate district. If an intermediate district fails to submit the audited data as required under this subsection, the department shall withhold state aid due to be distributed under this article from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If an intermediate district does not comply with this subsection by the end of the fiscal year, the intermediate district forfeits the amount withheld.

(3) Except as otherwise provided in subsections (11) and (12) all of the following apply to the provision of pupil instruction:

(a) Except as otherwise provided in this section, each district shall provide at least 1,098 hours and 180 days of pupil instruction. If a collective bargaining agreement that provides a complete school calendar was in effect for employees of a district as of June 24, 2014, and if that school calendar is not in compliance with this subdivision, then this subdivision does not apply to that district until after the expiration of that collective bargaining agreement. A district may apply for a waiver under subsection (9) or subdivision (h) from the requirements of

this subdivision.

(b) Except as otherwise provided in this article, a district failing to comply with the required minimum hours and days of pupil instruction under this subsection forfeits from its total state aid allocation an amount determined by applying a ratio of the number of hours or days the district was in noncompliance in relation to the required minimum number of hours and days under this subsection. Not later than the first business day in August, the board of each district shall either certify to the department that the district was in full compliance with this section regarding the number of hours and days of pupil instruction in the previous school year, or report to the department, in a form and manner prescribed by the center, each instance of noncompliance. If the district did not provide at least the required minimum number of hours and days of pupil instruction under this subsection, the department shall make the deduction of state aid in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (6).

(c) Hours or days lost because of strikes or teachers' conferences are not counted as hours or days of pupil instruction.

(d) Except as otherwise provided in subdivisions (e), ~~and~~ (f), **(h), and (i),** if a district does not have at least 75% of the district's membership in attendance on any day of pupil instruction, the department shall pay the district state aid in that proportion of 1/180 that the actual percent of attendance bears to 75%.

(e) If a district adds 1 or more days of pupil instruction to

the end of its instructional calendar for a school year to comply with subdivision (a) because the district otherwise would fail to provide the required minimum number of days of pupil instruction even after the operation of subsection (4) due to conditions not within the control of school authorities, then subdivision (d) does not apply for any day of pupil instruction that is added to the end of the instructional calendar. Instead, for any of those days, if the district does not have at least 60% of the district's membership in attendance on that day, the department shall pay the district state aid in that proportion of 1/180 that the actual percentage of attendance bears to 60%. For any day of pupil instruction added to the instructional calendar as described in this subdivision, the district shall report to the department the percentage of the district's membership that is in attendance, in the form and manner prescribed by the department.

(f) At the request of a district that operates a department-approved alternative education program and that does not provide instruction for pupils in all of grades K to 12, the superintendent shall grant a waiver from the requirements of subdivision (d). The waiver must provide that an eligible district is subject to the proration provisions of subdivision (d) only if the district does not have at least 50% of the district's membership in attendance on any day of pupil instruction. In order to be eligible for this waiver, a district must maintain records to substantiate its compliance with the following requirements:

(*i*) The district offers the minimum hours of pupil instruction as required under this section.

(*ii*) For each enrolled pupil, the district uses appropriate academic assessments to develop an individual education plan that

leads to a high school diploma.

(*iii*) The district tests each pupil to determine academic progress at regular intervals and records the results of those tests in that pupil's individual education plan.

(g) All of the following apply to a waiver granted under subdivision (f):

(*i*) If the waiver is for a blended model of delivery, a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it is revoked by the superintendent.

(*ii*) If the waiver is for a 100% online model of delivery and the educational program for which the waiver is granted makes educational services available to pupils for a minimum of at least 1,098 hours during a school year and ensures that each pupil participates in the educational program for at least 1,098 hours during a school year, a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it is revoked by the superintendent.

(*iii*) A waiver that is not a waiver described in subparagraph (*i*) or (*ii*) is valid for 3 fiscal years, unless it is revoked by the superintendent, and must be renewed at the end of the 3-year period to remain in effect.

~~(h) For the 2024-2025 school year only, a district does not need to meet the minimum number of hours and days of pupil instruction requirement under subdivision (a) if that district meets all of the following requirements:~~

~~(*i*) The district is located wholly or partially in a county that is covered by a state of emergency declared by the governor.~~

~~(*ii*) A majority of the district board votes to exempt the~~

~~district from the minimum number of hours and days of pupil instruction required under subdivision (a).~~

~~(*iii*) The vote by the district board under subparagraph (*ii*) exempts the district from providing only the hours and days of pupil instruction actually missed due to the state of emergency.~~

~~(*iv*) The vote by the district board under subparagraph (*ii*) exempts the district from not more than 15 days of pupil instruction required under subdivision (a). The amount that may be exempted under this subdivision is in addition to any days counted as pupil instruction under subsection (4).~~

**(h) Subdivision (d) does not apply to a district-operated special education program approved by the department if the program's instructional calendar exceeds 180 days of pupil instruction. For any day of instruction provided as part of a qualifying program under this subdivision, the district-operated special education program is exempt from the attendance threshold established under subdivision (d), provided that the district-operated special education program offers the minimum hours of pupil instruction required under this section and maintains documentation of the program's approved instructional calendar.**

**(i) At the request of a district with fewer than 100 pupils in membership as reported in the most recent fall pupil count, the superintendent shall grant a waiver from the requirements of subdivision (d) if the district demonstrates that the absence of a single household may materially reduce the district's daily attendance percentage below the threshold established in subdivision (d). A waiver granted under this subdivision must provide that the district is subject to the proration provisions of subdivision (d) only if the district does not have at least 60% of**

**the district's membership in attendance on any day of pupil instruction. The district shall maintain records necessary to substantiate its eligibility for the waiver granted under this subdivision.**

**(j)** ~~(i)~~ The superintendent shall promulgate rules for the implementation of this subsection.

(4) All of the following apply to the counting of days and hours of pupil instruction under this section:

(a) Except as otherwise provided in this subsection, the first 6 days or the equivalent number of hours for which pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, utility power unavailability, water or sewer failure, or health conditions as defined by the city, county, or state health authorities, are counted as hours and days of pupil instruction.

(b) With the approval of the superintendent of public instruction, the department shall count as hours and days of pupil instruction for a fiscal year not more than 3 additional days or the equivalent number of additional hours for which pupil instruction is not provided in a district due to unusual and extenuating occurrences resulting from conditions not within the control of school authorities such as those conditions described in this subsection.

(c) A district that counts hours or days of professional development for teachers as hours or days of pupil instruction, as provided under subsection (10), is eligible to have additional hours or days counted as hours and days of pupil instruction as provided under subdivision (b) to the same extent as a district that does not count hours or days of professional development for

teachers as hours or days of pupil instruction.

(d) In deciding whether or not to approve the counting of additional hours or days of pupil instruction under subdivision (b) for a district, the superintendent of public instruction shall not take into account whether or not the district counts hours or days of professional development for teachers as hours or days of pupil instruction, as provided under subsection (10).

(e) Subsequent hours or days beyond those described in subdivisions (a) and (b) are not counted as hours or days of pupil instruction.

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

(6) In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following have occurred in a district, the district forfeits in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this article that is equal to the proportion below the required minimum number of hours and days of pupil instruction under subsection (3), as specified in the following:

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

(b) The board of the district takes formal action not to

operate its schools for at least the required minimum number of hours and days of pupil instruction under subsection (3) in a school year, including hours and days counted under subsection (4).

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

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

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

(c) Except as otherwise provided in this subdivision, a pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the individual pupil's best educational interest, or a pupil in grades 6 to 8 for whom a reduced schedule is determined to be in the individual pupil's best educational interest due to the pupil's participation in an advanced curriculum, must be scheduled for a number of hours equal to at least 80% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil. A pupil in grades 6 to 12 who is scheduled in a 4-block schedule may receive a reduced schedule under this subsection if the pupil is scheduled for a number of hours equal to at least 75% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil.

(d) For a pupil in grades 9 to 12 enrolled in a cooperative

education program, or for a special education pupil, in determining full-time equated membership for that pupil, the pupil is not considered less than a full-time equated pupil solely because of the effect of the pupil's enrollment in the cooperative education program or special education program, including necessary travel time, on the number of class hours provided by the district to the pupil.

(e) In grades 7 through 12, instructional time that is part of a Junior Reserve Officer Training Corps (JROTC) program is considered to be pupil instruction time regardless of whether the instructor is a certificated teacher if all of the following are met:

(*i*) The instructor has met all of the requirements established by the United States Department of Defense and the applicable branch of the armed services for serving as an instructor in the Junior Reserve Officer Training Corps program.

(*ii*) The board of the district or intermediate district employing or assigning the instructor complies with the requirements of sections 1230 and 1230a of the revised school code, MCL 380.1230 and 380.1230a, with respect to the instructor to the same extent as if employing the instructor as a regular classroom teacher.

(8) Except as otherwise provided in subsections (11) and (12), the department shall apply the guidelines under subsection (7) in calculating the full-time equivalency of pupils.

(9) Upon application by the district for a particular fiscal year, the superintendent shall waive for a district the minimum number of hours and days of pupil instruction requirement of subsection (3) for a department-approved alternative education

program or another innovative program approved by the department, including a 4-day school week. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, the district is not subject to forfeiture under this section for the specific program covered by the waiver. If the district does not comply with the terms of the waiver, the amount of the forfeiture is calculated based upon a comparison of the number of hours and days of pupil instruction actually provided to the minimum number of hours and days of pupil instruction required under subsection (3). A district shall report pupils enrolled in a department-approved alternative education program under this subsection to the center in a form and manner determined by the center. All of the following apply to a waiver granted under this subsection:

(a) If the waiver is for a blended model of delivery, a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it is revoked by the superintendent.

(b) If the waiver is for a 100% online model of delivery and the educational program for which the waiver is granted makes educational services available to pupils for a minimum of at least 1,098 hours during a school year and ensures that each pupil is on track for course completion at proficiency level, a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it is revoked by the superintendent.

(c) A waiver that is not a waiver described in subdivision (a) or (b) is valid for 3 fiscal years, unless it is revoked by the superintendent, and must be renewed at the end of the 3-year period to remain in effect.

(10) A district may count up to 38 hours of professional development for teachers as hours of pupil instruction. All of the following apply to the counting of professional development as pupil instruction under this subsection:

(a) If the professional development exceeds 5 hours in a single day, that day may be counted as a day of pupil instruction.

(b) At least 8 hours of the professional development counted as hours of pupil instruction under this subsection must be recommended by a districtwide professional development advisory committee appointed by the district board. The advisory committee must be composed of teachers employed by the district who represent a variety of grades and subject matter specializations, including special education; nonteaching staff; parents; and administrators. The majority membership of the committee must be composed of teaching staff.

(c) Professional development provided online is allowable and encouraged, as long as the instruction has been approved by the district. The department shall issue a list of approved online professional development providers that must include the Michigan Virtual School.

(d) Professional development may only be counted as hours of pupil instruction under this subsection for the pupils of those teachers scheduled to participate in the professional development.

(e) The professional development must meet all of the following to be counted as pupil instruction under this subsection:

(*i*) Be aligned to the school or district improvement plan for the school or district in which the professional development is being provided.

(*ii*) Be linked to 1 or more criteria in the evaluation tool

developed or adopted by the district or intermediate district under section 1249 of the revised school code, MCL 380.1249.

(*iii*) Has been approved by the department as counting for state continuing education clock hours. The number of hours of professional development counted as hours of pupil instruction under this subsection may not exceed the number of state continuing education clock hours for which the professional development was approved.

(*iv*) Not more than a combined total of 10 hours of the professional development takes place before the first scheduled day of school for the school year ending in the fiscal year and after the last scheduled day of school for that school year.

(*v*) Not more than 10 hours of the professional development takes place in a single month.

(*vi*) At least 75% of teachers scheduled to participate in the professional development are in attendance.

(11) Subsections (3) and (8) do not apply to a school of excellence that is a cyber school, as that term is defined in section 551 of the revised school code, MCL 380.551, and is in compliance with section 553a of the revised school code, MCL 380.553a. Beginning July 1, 2021, this subsection is subject to section 8c. It is the intent of the legislature that the immediately preceding sentence apply retroactively and is effective July 1, 2021.

(12) Subsections (3) and (8) do not apply to eligible pupils enrolled in a dropout recovery program that meets the requirements of section 23a. As used in this subsection, "eligible pupil" means that term as defined in section 23a.

(13) At least every 2 years the superintendent shall review

the waiver standards set forth in the pupil accounting and auditing manuals to ensure that the waiver standards and waiver process continue to be appropriate and responsive to changing trends in online learning. The superintendent shall solicit and consider input from stakeholders as part of this review.

Sec. 104. (1) To receive state aid under this article, a district shall comply with sections 1249, 1278a, 1278b, 1279g, and 1280b of the revised school code, MCL 380.1249, 380.1278a, 380.1278b, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from the state school aid fund money appropriated in section 11, there is allocated for ~~2024-2025 $39,509,400.00, and there is allocated for~~ 2025-2026 ~~$37,509,400.00,~~ **$40,000,000.00, and there is allocated for 2026-2027 $44,500,000.00,** for payments on behalf of districts for costs associated with complying with those provisions of law. In addition, from the federal funds appropriated in section 11, there is allocated for 2025-2026 **and 2026-2027** an amount estimated at $8,000,000.00 funded from DED-OESE, title VI, state assessment funds, and from DED-OSERS, part B of the individuals with disabilities education act, 20 USC 1411 to 1419, plus any carryover federal funds from previous year appropriations, for the purposes of complying with the every student succeeds act, Public Law 114-95.

(2) The results of each test administered as part of the Michigan student test of educational progress (M-STEP), including tests administered to high school students, must include an item analysis that lists all items that are counted for individual pupil scores and the percentage of pupils choosing each possible response. The department shall work with the center to identify the

number of students enrolled at the time assessments are given by each district. In calculating the percentage of pupils assessed for a district's scorecard, the department shall use only the number of pupils enrolled in the district at the time the district administers the assessments and shall exclude pupils who enroll in the district after the district administers the assessments.

(3) The department shall distribute federal funds allocated under this section 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) The department may recommend, but may not require, districts to allow pupils to use an external keyboard with tablet devices for online M-STEP testing, including, but not limited to, open-ended test items such as constructed response or equation builder items.

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

(6) From the allocation in subsection (1), there is allocated $500,000.00 for ~~2024-2025 and~~ 2025-2026 **and 2026-2027** for the operation of an online reporting tool to provide student-level assessment data in a secure environment to educators, parents, and pupils immediately after assessments are scored. The department and the center shall ensure that any data collected by the online reporting tool do not provide individually identifiable student data to the federal government.

(7) 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-OSERS" means the DED Office of Special Education and Rehabilitative Services.

Sec. 104h. (1) From the state school aid fund money appropriated under section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $11,500,000.00 to districts to implement benchmark assessments. ~~during the 2025-2026 school year.~~ All of the following apply to the benchmark assessment system described in this subsection:

(a) The system must provide for all of the following:

(*i*) That, within the first 9 weeks of the ~~2025-2026~~ school year, the district shall administer 1 or more benchmark assessments provided by a provider approved under subsection ~~(6),~~ **(5),** benchmark assessments described in subdivision (b), or local benchmark assessments, or any combination thereof, to all pupils in grades K to 8 to measure proficiency in reading and mathematics.

(*ii*) That, in addition to the benchmark assessment or benchmark assessments administered under subparagraph (*i*), by not later than the last day of the ~~2025-2026~~ school year, the district shall administer the benchmark assessment or assessments administered under subparagraph (*i*) to all pupils in grades K to 8 to measure proficiency in reading and mathematics. To support fall to spring growth calculations, the same benchmark assessment that is administered in the fall must be administered in the ~~spring.~~**last marking period of the school year.**

(b) Except as otherwise provided in this section, a district may administer 1 or more of the following benchmark assessments toward meeting the requirements under subdivision (a):

(*i*) A benchmark assessment in reading for students in grades K to 9 that contains progress monitoring tools and enhanced diagnostic assessments.

(*ii*) A benchmark assessment in math for students in grades K to 8 that contains progress monitoring tools.

(c) The system must provide that, to the extent practicable, if a district administers a benchmark assessment or benchmark assessments under this section, the district shall administer the same benchmark assessment or benchmark assessments provided by a provider approved under subsection ~~(6),~~ **(5)**, benchmark assessment or benchmark assessments described in subdivision (b), or local benchmark assessment or local benchmark assessments that it administered to pupils in previous school years, as applicable.

(d) The system must provide that, if a district administers a benchmark assessment or benchmark assessments under this section, the district shall provide each pupil's data from the benchmark assessment or benchmark assessments, as available, to the pupil's parent or legal guardian within 30 days of administering the benchmark assessment or benchmark assessments.

(e) The system must provide that, if a local benchmark assessment or local benchmark assessments are administered under subdivision (a), the district shall report to the department, in a form and manner prescribed by the department, the local benchmark assessment or local benchmark assessments that were administered and how that assessment or those assessments measure changes, including any losses, as applicable, in learning, and the district's plan for addressing any losses in learning.

~~(f) The system must provide that, by not later than 30 days after a benchmark assessment or benchmark assessments are~~

~~administered under subdivision (a)(*ii*), or within a time frame specified by the department, the district shall send benchmark assessment data, including grade level, student demographics, and mode of instruction, to the department in a form and manner prescribed by the department, from all benchmark assessments administered in the 2025-2026 school year, excluding data from a local benchmark assessment, as applicable. If available, the data described in this subdivision must include information concerning pupil growth from fall 2025 to spring 2026.~~

(2) To receive funding under this section, a district must do all of the following:

(a) Apply for the funding in a form and manner prescribed by the department.

(b) Administer 1 or more of the benchmark assessments described in subsection ~~(6),~~ **(5)**, excluding the benchmark assessment described in subsection (4).

(c) Administer the same benchmark assessment or assessments in both the fall and spring, as required under this section.

(d) Meet all reporting requirements ~~pertaining~~ to ~~assessment and mode-of-instruction data outlined~~ **parents and legal guardians as described** in this section.

(3) Subject to subsection (2), the department shall pay an equal amount per membership pupil in grades K to 8 in the district to each district that applies for funding under this section.

(4) The department shall make 1 of the benchmark assessments provided by a provider approved under subsection ~~(6)~~ **(5)** available to districts at no cost to the districts for purposes of meeting the requirements under this section. The benchmark assessment described in this subsection must meet all of the following:

(a) Be aligned to the content standards of this state.

(b) Complement the state's summative assessment system.

(c) Be internet-delivered and include a standards-based assessment.

(d) Provide information on pupil achievement with regard to learning content required in a given year or grade span.

(e) Provide timely feedback to pupils and teachers.

(f) Be nationally normed.

(g) Provide information to educators about student growth and allow for multiple testing opportunities.

~~(5) By not later than November 15 of each year subsequent to a year in which funding is appropriated under this section, the department shall submit a report to the house and senate appropriations committees, the house and senate appropriations subcommittees on school aid, and the house and senate fiscal agencies regarding the benchmark assessment data received under this section, disaggregated by grade level and demographic subgroup for each district. If information concerning pupil growth is included in the data described in this subsection, it must be incorporated in the report described in this subsection.~~

**(h) Include a digital library of teaching resources that are tied directly to the benchmark assessment and aligned to Michigan standards.**

**(5)** ~~(6)~~ The department shall approve at least 4 but not more than 6 providers of benchmark assessments for the purposes of this section. The department shall inform districts of all of the providers approved under this subsection in an equitable manner. The benchmark assessments, with the exclusion of the benchmark assessment described in subsection (4), provided by approved

providers under this subsection must meet all of the following:

(a) Be aligned to the content standards of this state.

(b) Complement the state's summative assessment system.

(c) Be internet-delivered and include a standards-based remote, in-person, or both remote and in-person assessment using a computer-adaptive model to target the instructional level of each pupil.

(d) Provide information on pupil achievement with regard to learning content required in a given year or grade span.

(e) Provide immediate feedback to pupils and teachers.

(f) Be nationally normed.

(g) Provide multiple measures of growth and provide for multiple testing opportunities.

Sec. 107. (1) From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed ~~$32,913,600.00~~ **$40,500,000.00** for ~~2025-2026~~ **2026-2027** for adult education programs authorized under this section. Except as otherwise provided under subsections (14) and (15), funds allocated under this section are restricted for adult education programs as authorized under this section only. A recipient of funds under this section shall not use those funds for any other purpose. **It is the intent of the legislature that the allocation under this section for 2027-2028 will be $32,913,600.00.**

(2) To be eligible for funding under this section, an eligible adult education provider shall employ certificated teachers and qualified administrative staff and shall offer continuing education opportunities for teachers to allow them to maintain certification.

(3) To be eligible to be a participant funded under this section, an individual must be enrolled in an adult basic education

program, an adult secondary education program, an adult English as a second language program, a high school equivalency test preparation program, or a high school completion program, that meets the requirements of this section, and for which instruction is provided, and the individual must be at least 18 years of age by July 1 of the program year and the individual's graduating class must have graduated.

(4) By April 1 of each fiscal year for which funding is allocated under this section, the intermediate districts within a prosperity region or subregion shall determine which intermediate district will serve as the prosperity region's or subregion's fiscal agent for the next fiscal year and shall notify the department in a form and manner determined by the department. The department shall approve or disapprove of the prosperity region's or subregion's selected fiscal agent. From the funds allocated under subsection (1), an amount as determined under this subsection is allocated to each intermediate district serving as a fiscal agent for adult education programs in each of the prosperity regions or subregions identified by the department. An intermediate district shall not use more than 5% of the funds allocated under this subsection for administration costs for serving as the fiscal agent. The allocation provided to each intermediate district serving as a fiscal agent must be calculated as follows:

(a) Sixty percent of this portion of the funding must be distributed based upon the proportion of the state population of individuals between the ages of 18 and 24 that are not high school graduates that resides in each of the prosperity regions or subregions located within the intermediate district, as reported by the most recent 5-year estimates from the American Community Survey

(ACS) from the United States Census Bureau.

(b) Thirty-five percent of this portion of the funding must be distributed based upon the proportion of the state population of individuals age 25 or older who are not high school graduates that resides in each of the prosperity regions or subregions located within the intermediate district, as reported by the most recent 5-year estimates from the ACS from the United States Census Bureau.

(c) Five percent of this portion of the funding must be distributed based upon the proportion of the state population of individuals age 18 or older who lack basic English language proficiency that resides in each of the prosperity regions or subregions located within the intermediate district, as reported by the most recent 5-year estimates from the ACS from the United States Census Bureau.

(5) To be an eligible fiscal agent, an intermediate district must agree to do the following in a form and manner determined by the department:

(a) Distribute funds to adult education programs in a prosperity region or subregion as described in this section.

(b) Collaborate with the career and educational advisory council, which is an advisory council of the workforce development boards located in the prosperity region or subregion, or its successor, to develop a regional strategy that aligns adult education programs and services into an efficient and effective delivery system for adult education learners, with special consideration for providing contextualized learning and career pathways and addressing barriers to education and employment.

(c) Collaborate with the career and educational advisory council, which is an advisory council of the workforce development

boards located in the prosperity region or subregion, or its successor, to create a local process and criteria that will identify eligible adult education providers to receive funds allocated under this section based on location, demand for services, past performance, quality indicators as identified by the department, and cost to provide instructional services. The fiscal agent shall determine all local processes, criteria, and provider determinations. However, the local processes, criteria, and provider services must be approved by the department before funds may be distributed to the fiscal agent.

(d) Provide oversight to its adult education providers throughout the program year to ensure compliance with the requirements of this section.

(e) Report adult education program and participant data and information as prescribed by the department.

(6) An adult basic education program, an adult secondary 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 a department-approved assessment, in a form and manner prescribed by the department, to be below twelfth 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 upon completion of the program in compliance with the state-approved assessment policy.

(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 participant in an adult secondary education program is eligible for reimbursement until 1 of the following occurs:

(*i*) The participant's reading and mathematics proficiency are assessed above the twelfth grade level.

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

(e) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (9) until the participant meets 1 of the following:

(*i*) The participant is assessed as having attained basic English proficiency as determined by a department-approved assessment.

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

(7) A high school equivalency 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 or a high school equivalency certificate.

(b) The program administers a pre-test approved by the department before enrolling an individual to determine the individual's literacy levels, administers a high school equivalency

practice test to determine the individual's potential for success on the high school equivalency test, and administers a post-test upon completion of the program in compliance with the state-approved assessment policy.

(c) A funding recipient receives funding according to subsection (9) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

(*i*) The participant achieves a high school equivalency certificate.

(*ii*) The participant fails to show progress on 2 successive department-approved assessments used to determine readiness to take a high school equivalency test after having completed at least 450 hours of instruction.

(8) 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) The program tests participants described in subdivision (a) before enrollment and upon completion of the program in compliance with the state-approved assessment policy.

(c) A funding recipient receives funding according to subsection (9) 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.

(9) The department shall make payments to a funding recipient under this section in accordance with all of the following:

(a) Statewide allocation criteria, including 3-year average enrollments, census data, and local needs.

(b) Participant completion of the adult basic education objectives by achieving an educational gain as determined by the national reporting system levels; for achieving basic English proficiency, as determined by the department; for achieving a high school equivalency certificate or passage of 1 or more individual high school equivalency tests; for attainment of a high school diploma or passage of a course required for a participant to attain a high school diploma; for enrollment in a postsecondary institution; or for entry into or retention of employment, as applicable.

(c) Participant completion of core indicators as identified in the workforce innovation and opportunity act, Public Law 113-128.

(d) Allowable expenditures.

(10) An individual who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, an individual who is not eligible to be served in a program under this section due to the program limitations specified in subsection (6), (7), or (8) may continue to receive adult education services in that program upon the payment of tuition. The local or intermediate district conducting the program shall determine the tuition amount.

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

(12) A funding recipient shall not commingle money received under this section or from another source for adult education

purposes with any other funds and shall establish a separate ledger account for funds received under this section. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(13) A funding recipient receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A funding recipient 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 must not exceed the actual operating cost per participant minus any funds received under this section per participant. A funding recipient 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.

(14) To receive funds under this section, a funding recipient shall furnish to the department, in a form and manner determined by the department, all information needed to administer this program and meet federal reporting requirements; 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. In addition, a funding recipient shall agree to pay to a career and technical education program under section 61a the amount of funding received under this section in the proportion of career and technical education coursework used to satisfy adult basic education programming, as billed to the funding recipient by programs operating under section 61a.

(15) From the amount appropriated in subsection (1), an amount not to exceed $4,000,000.00 is allocated for ~~2025-2026~~ **2026-2027** to approved adult education programs that connect adult education participants with employers as provided under this subsection. The department shall determine regional planning allocations under this subsection to each intermediate district serving as a fiscal agent for adult education programs in each of the prosperity regions or subregions identified by the department in the same proportion as funding calculated and allocated under subsection (4). Funds not fully utilized within a region may be transferred to other regions as appropriate. To be eligible for funding under this subsection, a program must provide a collaboration linking adult education programs within the county, state-approved career and technical education programs, and local employers. To receive funding under this subsection, an eligible program must satisfy all of the following:

(a) Connect adult education participants directly with employers by linking adult education, career and technical skills, and workforce development.

(b) Require adult education staff to work with Michigan Works! agency to identify a cohort of participants who are most prepared to successfully enter the workforce. Except as otherwise provided under this subdivision, participants identified under this subsection must be dually enrolled in adult education programming and in at least 1 state-approved technical course through a career and technical education program. A program that links participants identified under this subsection with adult education programming and commercial driver license courses does not need to enroll the participants in at least 1 state-approved technical course through

a career and technical education program to be considered an eligible program under this subsection.

(c) Employ an individual staffed as an adult education navigator who will serve as a caseworker for each participant identified under subdivision (b). The navigator shall work with adult education staff and potential employers to design an educational program best suited to the personal and employment needs of the participant and shall work with human service agencies or other entities to address any barrier in the way of participant access.

(16) By not later than December 1 of each year, a program funded under subsection (15) shall provide a report to the senate and house appropriations subcommittees on school aid, to the senate and house fiscal agencies, and to the state budget director identifying the number of participants, graduation rates, and a measure of transition to employment.

(17) Except as otherwise provided in this subsection, participants under subsection (15) must be concurrently enrolled and actively working toward obtaining a high school diploma or a high school equivalency certificate. Concurrent enrollment is not required under this subsection for a participant that was enrolled in adult education during the same program year and obtained a high school diploma or a high school equivalency certificate before enrollment in an eligible career and technical skills program under subsection (15). Up to 10% of adult education participants served under subsection (15) may already have a high school diploma or a high school equivalency certificate at the time of enrollment in an eligible career and technical skills program under subsection (15) and receive remediation services. It is intended that the cap

described in the immediately preceding sentence is continually lowered on an annual basis until it eventually is 0%.

(18) The department shall approve at least 2 high school equivalency tests and determine whether a high school equivalency certificate meets the requisite standards for high school equivalency in this state.

(19) As used in this section:

(a) "Career and educational advisory council" means an advisory council to the local workforce development boards located in a prosperity region consisting of educational, employer, labor, and parent representatives.

(b) "Career pathway" means a combination of rigorous and high-quality education, training, and other services that comply with all of the following:

(*i*) Aligns with the skill needs of industries in the economy of this state or in the regional economy involved.

(*ii*) Prepares an individual to be successful in any of a full range of secondary or postsecondary education options, including apprenticeships registered under the act of August 16, 1937, commonly referred to as the national apprenticeship act, 29 USC 50 et seq.

(*iii*) Includes counseling to support an individual in achieving the individual's education and career goals.

(*iv*) Includes, as appropriate, education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster.

(*v*) Organizes education, training, and other services to meet the particular needs of an individual in a manner that accelerates the educational and career advancement of the individual to the

extent practicable.

(*vi*) Enables an individual to attain a secondary school diploma or its recognized equivalent, and at least 1 recognized postsecondary credential.

(*vii*) Helps an individual enter or advance within a specific occupation or occupational cluster.

(c) "Department" means the department of labor and economic opportunity.

(d) "Eligible adult education provider" means a district, intermediate district, a consortium of districts, a consortium of intermediate districts, or a consortium of districts and intermediate districts that is identified as part of the local process described in subsection (5)(c) and approved by the department.

Sec. 147. (1) The allocation for ~~2025-2026~~ **2026-2027** for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, is made using the individual projected benefit entry age normal cost method of valuation and risk assumptions adopted by the public school employees retirement board and the department of technology, management, and budget.

(2) The annual level percentage of payroll contribution rates for the ~~2025-2026~~ **2026-2027** fiscal year, as determined by the retirement system, are estimated as follows:

(a) For public school employees who first worked for a public school reporting unit before July 1, 2010 and who are enrolled in the health premium subsidy, the annual level percentage of payroll contribution rate is estimated at ~~44.93%~~ **41.02%** with ~~29.91%~~ **27.51%** paid directly by the employer.

(b) For public school employees who first worked for a public school reporting unit on or after July 1, 2010 and who are enrolled in the health premium subsidy, the annual level percentage of payroll contribution rate is estimated at ~~40.19%~~ **36.28%** with ~~25.17%~~ **22.77%** paid directly by the employer.

(c) For public school employees who first worked for a public school reporting unit on or after July 1, 2010 and who participate in the personal healthcare fund, the annual level percentage of payroll contribution rate is estimated at ~~36.36%~~ **34.85%** with 21.34% paid directly by the employer.

(d) For public school employees who first worked for a public school reporting unit on or after September 4, 2012, who elect defined contribution, and who participate in the personal healthcare fund, the annual level percentage of payroll contribution rate is estimated at ~~30.23%~~ **28.72%** with 15.21% paid directly by the employer.

(e) For public school employees who first worked for a public school reporting unit before July 1, 2010, who elect defined contribution, and who are enrolled in the health premium subsidy, the annual level percentage of payroll contribution rate is estimated at ~~34.06%~~ **30.15%** with ~~19.04%~~ **16.64%** paid directly by the employer.

(f) For public school employees who first worked for a public school reporting unit before July 1, 2010, who elect defined contribution, and who participate in the personal healthcare fund, the annual level percentage of payroll contribution rate is estimated at ~~30.23%~~ **28.72%** with 15.21% paid directly by the employer.

(g) For public school employees who first worked for a public

school reporting unit before July 1, 2010 and who participate in the personal healthcare fund, the annual level percentage of payroll contribution rate is estimated at ~~41.10%~~ **39.59%** with 26.08% paid directly by the employer.

(h) For public school employees who first worked for a public school reporting unit after January 31, 2018 and who elect to become members of the MPSERS plan, the annual level percentage of payroll contribution rate is estimated at ~~36.43%~~ **34.92%** with 21.41% paid directly by the employer.

(3) In addition to the employer payments described in subsection (2), the employer shall pay the applicable contributions to the Tier 2 plan, as determined by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(4) The contribution rates in subsection (2) reflect an amortization period of ~~13~~ **12** years for ~~2024-2025.~~ **2026-2027.** The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

Sec. 147a. ~~(1) From the state school aid fund money appropriated in section 11, there is allocated for 2024-2025 an amount not to exceed $100,000,000.00 for payments to participating districts. A participating district that receives money under this subsection shall use that money solely for the purpose of offsetting a portion of the retirement contributions owed by the district for the fiscal year in which it is received. The amount allocated to each participating district under this subsection is based on each participating district's percentage of the total statewide payroll for all participating districts for the immediately preceding fiscal year. As used in this subsection,~~

~~"participating district" means a district that is a reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.~~

~~(2) In addition to the allocation under subsection (1), from~~ **From** the state school aid fund money appropriated under section 11, there is allocated ~~an amount not to exceed $414,900,000.00 for 2024-2025 and~~ an amount not to exceed ~~$336,200,000.00~~ **$361,100,000.00** for 2025-2026 **and an amount not to exceed $307,400,000.00 for 2026-2027** for payments to participating districts and intermediate districts and from the general fund money appropriated under section 11, there is allocated an amount not to exceed $100,000.00 for ~~2024-2025 and~~ 2025-2026 **and 2026-2027** for payments to participating district libraries. The amount allocated to each participating entity under this subsection is based on each participating entity's reported quarterly payroll for members that became tier 1 before February 1, 2018 for the current fiscal year. A participating entity that receives money under this subsection shall use that money solely for the purpose of offsetting a portion of the normal cost contribution rate. As used in this ~~subsection:~~**section:**

(a) "District library" means a district library established under the district library establishment act, 1989 PA 24, MCL 397.171 to 397.196.

(b) "Participating entity" means a district, intermediate district, or district library that is a reporting unit of the Michigan public school employees' retirement system under the

public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.

~~(3) In addition to the allocations under subsections (1) and (2), from the state school aid fund money appropriated in section 11, there is allocated for 2024-2025 only an amount not to exceed $11,939,000.00 for payments to participating intermediate districts and participating district libraries. A participating intermediate district or participating district library shall use that money solely for the purpose of offsetting a portion of the retirement contributions owed by the participating intermediate district or participating district library for the fiscal year in which it is received. The amount allocated to each participating intermediate district or participating district library under this subsection is calculated as follows:~~

~~(a) For each participating intermediate district, $11,912,000.00 multiplied by each participating intermediate district's percentage of the total statewide payroll for all participating intermediate districts for the immediately preceding fiscal year.~~

~~(b) For each participating district library, $27,000.00 multiplied by each participating district library's percentage of the total statewide payroll for all participating district libraries for the immediately preceding fiscal year.~~

~~(c) As used in this subsection:~~

~~(*i*) "Participating district library" means a district library that is a reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act~~

~~of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.~~

~~(*ii*) "Participating intermediate district" means an intermediate district that is a reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.~~

~~(4) In addition to the allocations under subsections (1), (2), and (3), from the state school aid fund money appropriated in section 11, there is allocated for 2024-2025 an amount not to exceed $598,000,000.00 for payments to participating entities. The amount allocated to each participating entity under this subsection is based on each participating entity's percentage of the total statewide payroll for all participating entities for the immediately preceding fiscal year. The amount allocated in this subsection represents an amount to effectively reduce each participating entity's unfunded actuarial accrued liability from 20.96% to an estimated 15.21% of covered payroll. It is the intent of the legislature that the allocation under this subsection be used to support student mental health, school safety, the educator workforce, and academic interventions.~~

~~(a) As used in this subsection:~~

~~(*i*) "District library" means a district library established under the district library establishment act, 1989 PA 24, MCL 397.171 to 397.196.~~

~~(*ii*) "Participating entity" means a district, intermediate district, district library, or community college that is a~~

~~reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.~~

Sec. 147b. (1) The MPSERS retirement obligation reform reserve fund is created as a separate account within the state school aid fund.

(2) The state treasurer may receive money or other assets from any source for deposit into the MPSERS retirement obligation reform reserve fund. The state treasurer shall direct the investment of the MPSERS retirement obligation reform reserve fund. The state treasurer shall credit to the MPSERS retirement obligation reform reserve fund interest and earnings from the MPSERS retirement obligation reform reserve fund.

(3) Money available in the MPSERS retirement obligation reform reserve fund must not be expended without a specific appropriation.

(4) Money in the MPSERS retirement obligation reform reserve fund at the close of the fiscal year ~~remains in the MPSERS retirement obligation reform reserve fund and does not lapse~~ **lapses** to the state school aid fund. ~~or to the general fund.~~ The department of treasury is the administrator of the MPSERS retirement obligation reform reserve fund for auditing purposes.

~~(5) For 2022-2023, $825,000,000.00 from the state school aid fund is deposited into the MPSERS retirement obligation reform reserve fund. It is the intent of the legislature that $425,000,000.00 of the funds deposited under this subsection for 2022-2023 are used to offset costs associated with accelerating the reduction of the payroll growth assumption for reporting units that~~

~~are not university reporting units until that rate is zero by October 1, 2026.~~

Sec. 147c. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2025-2026 an amount not to exceed $1,536,500,000.00 **and there is allocated for 2026-2027 an amount not to exceed $1,454,400,000.00** for payments to districts and intermediate districts that are participating entities of the Michigan public school employees' retirement system. In addition, from the general fund money appropriated in section 11, there is allocated for 2025-2026 **and 2026-2027** an amount not to exceed $300,000.00 for payments to district libraries that are participating entities of the Michigan public school employees' retirement system. All of the following apply to funding under this subsection:

(a) ~~Except as otherwise provided in this subdivision, for~~ **For** 2025-2026 ~~,~~ **and 2026-2027,** the amounts allocated under this subsection are estimated to provide an average MPSERS rate cap per pupil amount for districts of $1,100.00. ~~, which represents an average increase of $362.00 per pupil compared to the immediately preceding state fiscal year.~~

(b) Payments made under this subsection are equal to the difference between the unfunded actuarial accrued liability contribution rate as calculated under section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, as calculated without taking into account the maximum employer rate of ~~20.96%~~ **15.21%** included in section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, and the maximum employer rate of ~~20.96%~~ **15.21%** included in section 41 of the public school employees retirement act of 1979, 1980 PA 300,

MCL 38.1341.

(c) The amount allocated to each participating entity under this subsection is based on each participating entity's proportion of the total covered payroll for the immediately preceding fiscal year for the same type of participating entities. A participating entity that receives funds under this subsection shall use the funds solely for the purpose of retirement contributions as specified in subdivision (d).

(d) Each participating entity receiving funds under this subsection shall forward an amount equal to the amount allocated under subdivision (c) to the retirement system in a form, manner, and time frame determined by the retirement system.

(e) Funds allocated under this subsection should be considered when comparing a district's growth in total state aid funding from 1 fiscal year to the next.

(f) By not later than December 20 of each fiscal year for which funding is allocated under this subsection, the department shall publish and post on its website an estimated MPSERS rate cap per pupil for each district.

(2) As used in this section:

(a) "District library" means a district library established under the district library establishment act, 1989 PA 24, MCL 397.171 to 397.196.

(b) "MPSERS rate cap per pupil" means an amount equal to the quotient of the district's payment under this section divided by the district's pupils in membership.

(c) "Participating entity" means, except as otherwise provided in this subdivision, a district, intermediate district, or district library that is a reporting unit of the Michigan public school

employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.

(d) "Retirement system" means the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

Sec. 147e. (1) From the state school aid fund money appropriated in section 11, ~~there is allocated for 2024-2025 an amount not to exceed $71,600,000.00, and~~ there is allocated for 2025-2026 an amount not to exceed ~~$118,400,000.00~~ **$116,500,000.00 and there is allocated for 2026-2027 an amount not to exceed $136,200,000.00** for payments to participating entities.

(2) The payment to each participating entity under this section is the sum of the amounts under this subsection as follows:

(a) An amount equal to the contributions made by a participating entity for the additional contribution made to a qualified participant's Tier 2 account in an amount equal to the contribution made by the qualified participant not to exceed 3% of the qualified participant's compensation as provided for under section 131(6) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1431.

(b) Beginning October 1, 2017, an amount equal to the contributions made by a participating entity for a qualified participant who is only a Tier 2 qualified participant under section 81d of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1381d, not to exceed 4%, and, beginning February 1, 2018, not to exceed 1%, of the qualified participant's compensation.

(c) An amount equal to the increase in employer normal cost contributions under section 41b(2) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341b, for a member that was hired after February 1, 2018 and chose to participate in Tier 1, compared to the employer normal cost contribution for a member under section 41b(1) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341b.

(3) As used in this section:

(a) "Member" means that term as defined under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(b) "Participating entity" means a district, intermediate district, or community college that is a reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.

(c) "Qualified participant" means that term as defined under section 124 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1424.

Sec. 152a. (1) As required by the court in the consolidated cases known as *Adair v State of Michigan*, 486 Mich 468 (2010), from the state school aid fund money appropriated in section 11, there is allocated for ~~2025-2026~~ **2026-2027** an amount not to exceed $41,000,500.00 to be used solely for the purpose of paying necessary costs related to the state-mandated collection, maintenance, and reporting of data to this state. From this allocation, $3,000,000.00 is allocated for costs associated with

collecting data necessary to provide reporting to tribal governments on the status of students affiliated with their particular tribe and data necessary to determine student participation in federal programs funded under 20 USC 7401 to 7546 and participation in federal programs funded under the Johnson-O'Malley ~~Supplemental~~ **supplemental** Indian ~~Education Program Modernization Act,~~ **education program modernization act**, Public Law 115-404.

(2) From the allocation in subsection (1), the department shall make payments to districts and intermediate districts in an equal amount per pupil based on the total number of pupils in membership in each district and intermediate district. The department shall not make any adjustment to these payments after the final installment payment under section 17b is made.

Sec. 152b. (1) From the general fund money appropriated under section 11, there is allocated an amount not to exceed $1,000,000.00 for ~~2025-2026~~ **2026-2027** to reimburse actual costs incurred by nonpublic schools in complying with a health, safety, or welfare requirement mandated by a law or administrative rule of this state.

(2) By January 1 of each applicable fiscal year, the department shall publish a form for reporting actual costs incurred by a nonpublic school in complying with a health, safety, or welfare requirement mandated under state law containing each health, safety, or welfare requirement mandated by a law or administrative rule of this state applicable to a nonpublic school and with a reference to each relevant provision of law or administrative rule for the requirement. The form must be posted on the department's website in electronic form.

(3) By June 30 of each applicable fiscal year, a nonpublic school seeking reimbursement for actual costs incurred in complying with a health, safety, or welfare requirement under a law or administrative rule of this state during each applicable school year must submit a completed form described in subsection (2) to the department. This section does not require a nonpublic school to submit a form described in subsection (2). A nonpublic school is not eligible for reimbursement under this section if the nonpublic school does not submit the form described in subsection (2) in a timely manner.

(4) By August 15 of each applicable fiscal year, the department shall distribute funds to each nonpublic school that submits a completed form described under subsection (2) in a timely manner. The superintendent shall determine the amount of funds to be paid to each nonpublic school in an amount that does not exceed the nonpublic school's actual costs in complying with a health, safety, or welfare requirement under a law or administrative rule of this state. The superintendent shall calculate a nonpublic school's actual cost in accordance with this section.

(5) If the funds allocated under this section are insufficient to fully fund payments as otherwise calculated under this section, the department shall distribute funds under this section on a prorated or other equitable basis as determined by the superintendent.

(6) The department may review the records of a nonpublic school submitting a form described in subsection (2) only for the limited purpose of verifying the nonpublic school's compliance with this section. If a nonpublic school does not allow the department to review records under this subsection, the nonpublic school is

not eligible for reimbursement under this section.

(7) The funds appropriated under this section are for purposes that are incidental to teaching and the provision of educational services to nonpublic school students; that are noninstructional in nature; that do not constitute a primary function or element necessary for a nonpublic school's existence, operation, and survival; that do not involve or result in excessive religious entanglement; and that are intended for the public purpose of ensuring the health, safety, and welfare of the children in nonpublic schools and to reimburse nonpublic schools for costs described in this section.

(8) Funds allocated under this section are not intended to aid or maintain any nonpublic school, support the attendance of any student at a nonpublic school, employ any person at a nonpublic school, support the attendance of any student at any location where instruction is offered to a nonpublic school student, or support the employment of any person at any location where instruction is offered to a nonpublic school student.

(9) For purposes of this section, "actual cost" means the hourly wage for the employee or employees performing a task or tasks required to comply with a health, safety, or welfare requirement under a law or administrative rule of this state identified by the department under subsection (2) and is to be calculated in accordance with the form published by the department under subsection (2), which must include a detailed itemization of costs. The nonpublic school shall not charge more than the hourly wage of its lowest-paid employee capable of performing a specific task regardless of whether that individual is available and regardless of who actually performs a specific task. Labor costs

under this subsection must be estimated and charged in increments of 15 minutes or more, with all partial time increments rounded down. When calculating costs under subsection (4), fee components must be itemized in a manner that expresses both the hourly wage and the number of hours charged. The nonpublic school may not charge any applicable labor charge amount to cover or partially cover the cost of health or fringe benefits. A nonpublic school shall not charge any overtime wages in the calculation of labor costs.

(10) Training fees, inspection fees, and criminal background check fees are considered actual costs in complying with a health, safety, or welfare requirement under a law or administrative rule of this state.

(11) The funds allocated under this section for ~~2025-2026~~ **2026-2027** are a work project appropriation, and any unexpended funds for ~~2025-2026~~ **2026-2027** are carried forward into ~~2026-2027.~~ **2027-2028.** The purpose of the work project is to continue to reimburse nonpublic schools for actual costs incurred in complying with a health, safety, or welfare requirement mandated by a law or administrative rule of this state. The estimated completion date of the work project is September 30, ~~2027.~~**2028.**

(12) The department shall reimburse nonpublic schools for actual costs incurred in complying with health, safety, or welfare requirements under a law or administrative rule of this state from 2017-2018 through 2022-2023 using work project funds or, if those funds are insufficient to fund reimbursements under this subsection, from the allocation under subsection (1).

Sec. 163. (1) Except as otherwise provided in the revised school code, the board of a district or intermediate district shall

not permit any of the following:

(a) An individual who is not appropriately placed under a valid certificate, valid substitute permit, authorization, or approval issued under rules promulgated by the department to teach in an elementary or secondary school.

(b) ~~An individual who does not satisfy the requirements of section 1233 of the revised school code, MCL 380.1233, and rules promulgated by the department to provide school counselor services to pupils in an elementary or secondary school.~~

~~(c)~~ An individual who does not satisfy the requirements of section 1246 of the revised school code, MCL 380.1246, and rules promulgated by the department to be employed as a superintendent, principal, or assistant principal, or as an individual whose primary responsibility is to administer instructional programs in an elementary or secondary school or in a district or intermediate district, unless the individual is working under a valid substitute permit issued under rules promulgated by the department.

(2) Except as otherwise provided under subsection (4) or (5), **if** a district or intermediate district ~~employing~~ **employs** an individual in violation of this section, **all of the following apply:**

**(a) The district or intermediate district shall, not later than 10 school days after receiving notice of the violation, rectify the noncompliance.**

**(b) For the first violation within a 3-year period, the department shall provide a letter to the district or intermediate district regarding the violation and potential penalties as a result of further violations.**

**(c) For the second violation within a 3-year period, the**

**district or intermediate district** must have deducted an amount equal to ~~50%~~ **25%** of the amount paid to the individual for the period of employment that is in violation of this section. ~~Except as otherwise provided under subsection (4) or (5), if a district or intermediate district is notified by the department that it is employing an individual in violation of this section and it continues to employ the individual in violation of this section 10 business days after receiving the notification, both of the following apply:~~

**(d)** ~~(a) The~~ **For the third violation within a 3-year period, the** district or intermediate district must have deducted an amount equal to 50% of the amount paid to the individual for the period of employment that is in violation of this section. ~~that occurs before the expiration of the 10-day period described in this subsection.~~

~~(b) The district or intermediate district must have deducted an amount equal to 100% of the amount paid to the individual for the period of employment that is in violation of this section that occurs after the 10-day period described in this subsection.~~

(3) For purposes of subsection (2), ~~if~~ **both of the following apply:**

**(a) If** a district or intermediate district on behalf of an individual or an individual successfully completes the credential application process through the department, including the submission of an appropriate application, required fees, and all required supporting documentation, the individual's employment with the district or intermediate district after this completion is not considered a period of employment that is in violation of this section.

**(b) If a district or intermediate district has no further**

**violations of this section for a period of 3 years after violations under subsection (2), the district or intermediate district is subject only to the penalties described in subsections (2)(a) and (2)(b) upon the next violation.**

(4) A deduction under subsection (2) for employment in violation of this section may be less than the amount required under that subsection if the superintendent of public instruction finds that the district or intermediate district was hindered in its ability to obtain a substitute credential to enable the district or intermediate district to employ the individual in compliance with this section due to unusual and extenuating circumstances resulting from conditions not within the control of school authorities, including, but not limited to, a natural disaster, death or serious illness of the individual or another employee, an emergency school closure, fraud or other intentional wrongdoing of the individual or another employee, or an emergency health condition as defined by city, county, or state health authorities.

(5) ~~There must be no deduction under subsection (2) for employment of an individual if there is a membership adjustment under section 15 based on the same employment.~~**This section provides the sole and exclusive penalty for a violation of subsection (1). A district or intermediate district will not also be subject to a membership adjustment under section 15(4).**

(6) If a school official is notified by the department that the school official is employing an individual in violation of this section and knowingly continues to employ that individual **for a period longer than 10 school days**, the school official is guilty of a misdemeanor punishable by a fine of $1,500.00 for each incident.

This penalty is in addition to all other financial penalties otherwise specified in this article.

Sec. 164k. If the department receives a report that a district or intermediate district is violating any of the following requirements, and the department confirms the violation, the department shall withhold 5% of the payment the district is eligible to receive under section 22b, or 5% of the payment the intermediate district is eligible to receive under section 81, as applicable, for as long as the district or intermediate district is out of compliance:

(a) A district or intermediate district shall ensure that all food made available to a student in the breakfast or lunch program complies with all federal rules and regulations related to school meals.

(b) To the extent practicable under federal regulations, a district or intermediate district shall require each student household to complete the child nutrition and education benefits application, as provided by the department, for free and reduced-price school meals regardless of whether the district or intermediate district opts to provide universal breakfast or lunch.

(c) For pupil membership count days after the fall 2025 count, a district or intermediate district shall not provide a financial incentive to students for attending pupil membership count day.

(d) A district or intermediate district shall ensure that student survey questions and results are made available to the public, posted on the district's or intermediate district's website, and that parents and legal guardians are notified of the survey. As used in this subsection, "survey" includes any survey from the district or intermediate district or from the local,

state, or federal government.

(e) Beginning with the fiscal year ending September 30, 2026, if a district is not using a curriculum from the department's evidence-based curriculum list required under section 1280f of the revised school code, MCL 380.1280f, the district must provide a notification to all parents or legal guardians of students in grades K to 5 receiving instruction with that curriculum that includes all of the following:

(*i*) A statement informing parents or legal guardians that the curriculum used by the district is not evidence-based or not aligned to state standards, which could negatively impact student academic outcomes.

(*ii*) A statement explaining why the district is not using a curriculum that is evidence-based or aligned to state standards.

(*iii*) A plan, including a projected timeline, for when a new curriculum will be adopted that is evidence-based and aligned to state standards.

**(f) A district or intermediate district shall ensure that all students participate in the presidential fitness test.**

Sec. 164*l*. (1) ~~Not~~ **By not** later than 30 days after the enactment of the amendatory act that added ~~this~~ section **164m**, the ~~legislature shall provide to the responsible entity and the state budget director a list of legislatively directed spending items, which may be referred to in this section as grants or direct appropriation grants, funded under the amendatory act that added this section consistent with house or senate rules and this section. The list must include all information and documents pertaining to the funded items as publicly disclosed in accordance with house or senate rules and this section.~~

~~(2) Notwithstanding any other conditions or requirements for direct appropriation grants, the responsible entity shall perform, at a minimum, at least all of the following activities to administer the grants described in subsection (1):~~

~~(a) Establish a process to review, complete, and execute a grant agreement with a grant recipient. The responsible entity shall not execute a grant agreement unless all necessary documentation has been submitted and reviewed.~~

~~(b) Verify to the extent possible that a grant recipient is a not-for-profit entity and will use funds as publicly disclosed and for a public purpose that serves the economic prosperity, health, safety, or general welfare of the residents of this state.~~

~~(c) Review and verify all necessary information to ensure the grant recipient is reasonably able to execute the grant agreement, perform its fiduciary duty, and comply with all applicable state and federal statutes. The responsible entity may deduct the cost of background checks and any other efforts performed as part of this verification from the amount of the designated grant award.~~

~~(d) Disburse the grant money per the grant disbursement schedule in the executed grant agreement on a reimbursement basis after the grantee has provided sufficient documentation, as determined by the responsible entity, to verify that expenditures were made in accordance with the project purpose.~~

~~(e) If the state budget director determines that information provided by the grantee does not meet the disclosure requirements, that the grant will be used to pay a tax lien, delinquent tax, or other obligation owed to this state, or that the grant will create a conflict of interest, the responsible entity shall not release the grant money to the grantee. Money that is not released under~~

~~this subdivision lapses at the end of the fiscal year. There is not a conflict of interest if the sponsoring legislator certifies that the sponsoring legislator's immediate family members, legislative staff members that have worked for the sponsoring legislator within the past 2 years, and the sponsoring legislator do not have a direct or indirect pecuniary interest in the legislatively directed spending item.~~

~~(3) An executed grant agreement under this section between the responsible entity and a grant recipient must include at least all of the following:~~

~~(a) All necessary identifying information for the grant recipient, including any tax and financial information necessary for the responsible entity to administer grant money under this section.~~

~~(b) A description of the project for which the grant money will be expended, including tentative timelines and the estimated budget. Project budget must include how all grant money will be used and must indicate if any grant money will be provided to a third party or subrecipient. The responsible entity shall not reimburse expenditures that are outside of the project purpose, as stated in the executed grant agreement, from appropriations under the amendatory act that added this section. The grantee shall return to the state treasury any interest in excess of $1,000.00 earned on the grant money while unexpended and in possession of the grantee.~~

~~(c) Unless otherwise specified in the responsible entity's policy, a requirement that funds appropriated for the grants described in subsection (1) may be used only for expenditures that occur on or after the effective date of the amendatory act that~~

~~added this section.~~

~~(d) A requirement for reporting by the grant recipient to the responsible entity and the legislative sponsor that provides the status of the project and an accounting of all money expended by the grant recipient, as determined by the responsible entity.~~

~~(e) A clawback provision that allows the department of treasury to recoup or otherwise collect any grant money that is declined, unspent, or otherwise misused.~~

~~(f) The documents publicly disclosed under subsection (1).~~

~~(4) If appropriate to improve the administration or oversight of a grant described in subsection (1), the responsible entity may adopt a memorandum of understanding with another state department to perform the required duties under this section.~~

~~(5) A grant recipient shall respond to all reasonable information requests from the responsible entity related to grant expenditures and retain grant records for not less than 7 years, and the grant may be subject to monitoring, site visits, and audit as determined by the responsible entity. The grant agreement required under this section must include signed assurance by the chief executive officer or other executive officer of the grant recipient authorized to bind the grant recipient that the requirements of this subsection will be met.~~

~~(6) The grant recipient shall expend all grant money awarded and complete all projects not later than September 30, 2030. If, at that time, any unexpended money remains, the grant recipient shall return that money to the state treasury. If a grant recipient does not provide information sufficient to execute a grant agreement not later than June 1, 2026, the responsible entity shall return money associated with the grant to the state treasury.~~

~~(7) Any grant money that is awarded to a responsible entity is appropriated in that responsible entity for the purpose of the intended grant.~~

~~(8) Except as otherwise provided in subsection (9), beginning March 15 of the current fiscal year, the responsible entity shall post a report in a publicly accessible location on its website. The report must list the grant recipient, project purpose, and location of the project for each grant described in subsection (1), the status of money allocated and disbursed under the grant agreement, and the legislative sponsor, if applicable. The responsible entity shall update the report and post the updated report in a publicly accessible location on its website not later than June 15 of the current fiscal year and again not later than September 15 of the current fiscal year. The responsible entity shall include in the report the most comprehensive information the responsible entity has available at the time of posting for grants awarded.~~

~~(9) If the state budget office determines that it is more efficient for the state budget office to compile all affected responsible entities' information and post a report of the compiled information rather than the report required under subsection (8) being posted by individual responsible entities, the state budget office may compile that information across all affected responsible entities and other state departments and post the compiled report and any updates on the same time schedule as identified in subsection (8).~~

~~(10) If the responsible entity reasonably determines that the money allocated for an executed grant agreement under this section was misused or that use of the money was misrepresented by the grant recipient, the responsible entity shall not award any~~

~~additional funds under the executed grant agreement and shall refer the grant for review following internal audit protocols, which may include referral for criminal investigation.~~

~~(11) As used in this section, "responsible entity" means the department, the department of lifelong education, advancement, and potential, a district, an intermediate district, or other person that administers a grant under this article.~~**state budget office shall post a list of legislatively directed spending items funded under this article as defined in sections 364 and 364a of the management and budget act, 1984 PA 431, MCL 18.1364 and 18.1364a. The list must include all information and documents pertaining to the funded items as publicly disclosed in accordance with sections 364 and 364a of the management and budget act, 1984 PA 431, MCL 18.1364 and 18.1364a.**

**(2) In accordance with section 364(4) of the management and budget act, 1984 PA 431, MCL 18.1364, the department or agency administering the grant shall submit a report not later than November 1. The department or agency shall update the report and shall submit updated reports not later than March 15 and September 15 of the current fiscal year. The department or agency shall include in the report the most comprehensive information the department or agency has available at the time of posting for grants awarded, including, but not limited to, project milestones, percent completed, funding expended, and funding encumbered.**

**(3) Before executing a grant agreement, all grant recipients must provide a spending plan that specifies the scope of service, the program goals, the measurement for meeting program goals, and how all grant funds will be used, and must indicate if any grant funds will be provided to a third party or subrecipient.**

**(4) Each department or agency responsible for awarding or disbursing grant funds must annually audit the entity's use of the grant funds for each fiscal year in which the grant is active. Each entity must submit information requested by the department or agency to confirm compliance.**

**(5) Each department or agency shall work with the office of the auditor general to conduct an audit of the grant according to generally accepted accounting practices and audit standards. The office of the auditor general must be given access to all internal and external records. All contracts or agreements between a department or agency and a grant recipient or between a grant recipient and a third party must include a clause granting the office of the auditor general access to all internal and external records.**

**(6) Grant recipients and their immediate family members are prohibited from being employed by the executive branch or legislative branch of this state. In addition, grant recipients are prohibited from serving on any state board that has direct or indirect responsibility for approving or auditing grant funds awarded or disbursed by any department or agency.**

**(7) Full and complete audits of grant funds issued by the department or an agency of this state, without redaction unless required by law, must be posted to the department's or agency's website in a conspicuous place for public review.**

**(8) On a quarterly basis, the department or agency shall submit a report on legislatively sponsored grant funds that includes, but is not limited to, all of the following:**

**(a) The name of each grant recipient and the status of each grant.**

**(b) The amount distributed to each grant recipient.**

**(c) Any changes to scope or costs of program.**

**(9) The report under subsection (8) must include the following statements made by the department or agency:**

**(a) A statement that confirms the department or agency reviewed and affirmed compliance by each grant recipient with program scope and expenditure of grant funding.**

**(b) A statement that confirms the department or agency reviewed applicable program reports and requests for reimbursement.**

**Sec. 164m. Districts and intermediate districts are encouraged to evaluate and pursue efficiency and cost-containment measures that maximize state funding. Districts and intermediate districts shall identify practices that increase efficiencies, including, but not limited to, establishing joint ventures, consolidating services, utilizing program collaborations, maximizing educational benefits through optimal class sizes and frequency of course offerings, eliminating low-enrollment and high-cost instructional programs, using self-insurance, practicing energy conservation, and utilizing group purchasing.**

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending on school aid under article I of the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, as amended by 2025 PA 15 and this amendatory act, from state sources for fiscal year 2025-2026 is estimated at $18,704,213,800.00 and state appropriations for school aid to be paid to local units of government for fiscal year 2025-2026 are estimated at $17,243,232,600.00. In accordance with section 30 of article IX of the state constitution of 1963, total state spending on school aid under article I of the state school

aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, as amended by this amendatory act, from state sources for fiscal year 2026-2027 is estimated at $19,119,121,700.00 and state appropriations for school aid to be paid to local units of government for fiscal year 2026-2027 are estimated at $17,616,139,800.00.

Enacting section 2. Sections 11s, 11bb, 27k, 27*l*, 27m, 31p, 35e, 41b, 55, 61d, 65, 67f, 94e, 97k, 99, 99b, 99aa, 99ee, 99mm, 107a, 147g, and 164j of the state school aid act of 1979, 1979 PA 94, MCL 388.1611s, 388.1611bb, 388.1627k, 388.1627*l*, 388.1627m, 388.1631p, 388.1635e, 388.1641b, 388.1655, 388.1667f, 388.1694e, 388.1697k, 388.1699, 388.1699b, 388.1699aa, 388.1699ee, 388.1699mm, 388.1707a, 388.1747g, and 388.1764j, are repealed.

Enacting section 3. (1) Sections 11, 22a, 22b, 26a, 26d, 31c, 51a, 51c, 51e, 56, 62, 104, 147a, 147c, and 147e of the state school aid act of 1979, 1979 PA 94, MCL 388.1611, 388.1622a, 388.1622b, 388.1626a, 388.1626d, 388.1631c, 388.1651a, 388.1651c, 388.1651e, 388.1656, 388.1662, 388.1704, 388.1747a, 388.1747c, and 388.1747e, as amended and section 18e of the state school aid act of 1979, 1979 PA 94, as added by this amendatory act, if granted immediate effect pursuant to section 27 of article IV of the state constitution of 1963, take effect on enactment of this amendatory act.

(2) Except as otherwise provided for those sections listed in subsection (1), the remaining sections of this amendatory act take effect October 1, 2026.