



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

November 8, 2007

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48909

Ladies and Gentlemen:

Today I have signed Enrolled House Bill 4359, the school aid budget for fiscal year 2008. However, I am returning it to you because of an item of which I disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific veto is contained in the attached copy of the bill, which has been filed with the Secretary of State.

In these extremely tight economic times, it is essential that we continue to invest in our top priority – the education of our children. Enrolled House Bill 4359 appropriates \$13.0 billion for fiscal year 2008 to support K-12 education in Michigan.

All districts will receive a foundation allowance increase of \$48 or more per pupil. In an effort to further close the funding gap, a foundation allowance formula has been instituted that provides the lowest-funded districts twice the increase of the highest-funded districts, or \$96 per pupil. Those districts with foundation allowances between the lowest and highest funded districts will receive an adjusted amount dependent upon how large the gap is between their foundation allowance and the maximum state foundation share of \$8,344 per pupil.

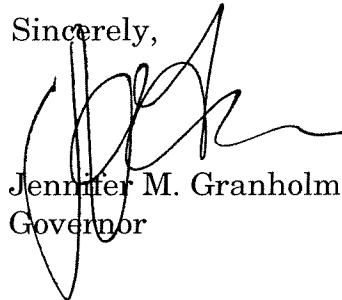
This budget also recognizes the financial struggles of districts with declining enrollment by maintaining \$20 million for declining enrollment assistance grants. These grants assist nearly 60% of our school districts.

The budget also provides for a modest increase in our state's preschool programs by increasing the per-child allotment for the Great Start school readiness program from \$3,300 to \$3,400 and providing small increases for the Early Childhood Investment Corporation and interagency early childhood preventative services grants.

I have vetoed section 77, which appropriates nearly \$1.3 million to subsidize student transportation costs for certain districts. During the implementation of Proposal A, all districts that were receiving separate transportation dollars had that funding rolled into their foundation allowance. Since that time, districts have received significant foundation allowance increases. Therefore, I am vetoing this proposed new subsidy.

I thank the Legislature for their work on behalf of Michigan's children.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer M. Granholm", written over the printed name and title.

Jennifer M. Granholm
Governor

cc: Michigan State Senate
The Honorable Terri Lynn Land

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

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

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

- ~~(a) Has a total square mileage greater than 200.0~~ *mk*
- ~~(b) Has 5.0 or fewer pupils per square mile as determined by the department~~ *mk*
- ~~(c) Operates all of grades K to 12.~~ *mk*
- ~~(2) The funds allocated under this section shall be allocated to eligible districts on an equal per pupil basis. These payments are to be used for costs associated with transporting pupils to and from school.~~ *mk*

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

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

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

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

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

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

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

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

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

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

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

Sec. 82. From the funds allocated under section 81, an intermediate district may develop and make available to districts an early intervening model program for grades K to 3. The model early intervening program shall be designed to instruct classroom teachers and support staff on how to monitor individual pupil learning and how to provide specific support or learning strategies to pupils as early as possible in order to reduce the need for special education placement. The model program shall include literacy and numeracy supports, sensory motor skill development, behavior supports,