

**SUBSTITUTE FOR
SENATE BILL NO. 775**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 8b, 11, 11a, 11g, 11j, 11k, 11m, 12, 15,
17a, 18, 19, 20, 20d, 20f, 20g, 21b, 21f, 22a, 22b, 22d, 22i, 22j,
24, 24a, 24c, 25e, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a,
41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 95, 98, 99,
99h, 101, 102, 104, 104b, 107, 147, 147c, 152a, 161, 163, and 168
(MCL 388.1606, 388.1608b, 388.1611, 388.1611a, 388.1611g,
388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615, 388.1617a,
388.1618, 388.1619, 388.1620, 388.1620d, 388.1620f, 388.1620g,
388.1621b, 388.1621f, 388.1622a, 388.1622b, 388.1622d, 388.1622i,
388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1625e, 388.1626a,
388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d,

388.1632p, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1695, 388.1698, 388.1699, 388.1699h, 388.1701, 388.1702, 388.1704, 388.1704b, 388.1707, 388.1747, 388.1747c, 388.1752a, 388.1761, 388.1763, and 388.1768), sections 6, 20, 21f, 24c, 25e, 26a, 74, 104b, and 107 as amended by 2013 PA 130, section 8b as amended by 2007 PA 92, sections 11, 11g, 17a, and 22a as amended and section 20g as added by 2013 PA 97, sections 11a, 11j, 11k, 11m, 12, 15, 18, 19, 20d, 22b, 22d, 22i, 22j, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 81, 94a, 95, 98, 99, 101, 102, 104, 147, 147c, and 152a as amended and sections 20f and 99h as added by 2013 PA 60, section 21b as amended by 2004 PA 351, section 161 as amended by 1990 PA 207, section 163 as amended by 2007 PA 137, and section 168 as added by 1993 PA 175, and by adding sections 11s, 31b, 64b, 74a, 94, 99b, 102a, and 164f; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) "Center program" means a program operated by a
 2 district or by an intermediate district for special education
 3 pupils from several districts in programs for pupils with autism
 4 spectrum disorder, pupils with severe cognitive impairment, pupils
 5 with moderate cognitive impairment, pupils with severe multiple
 6 impairments, pupils with hearing impairment, pupils with visual
 7 impairment, and pupils with physical impairment or other health
 8 impairment. Programs for pupils with emotional impairment housed in
 9 buildings that do not serve regular education pupils also qualify.

1 Unless otherwise approved by the department, a center program
2 either shall serve all constituent districts within an intermediate
3 district or shall serve several districts with less than 50% of the
4 pupils residing in the operating district. In addition, special
5 education center program pupils placed part-time in noncenter
6 programs to comply with the least restrictive environment
7 provisions of section 612 of part B of the individuals with
8 disabilities education act, 20 USC 1412, may be considered center
9 program pupils for pupil accounting purposes for the time scheduled
10 in either a center program or a noncenter program.

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

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

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

public school academy's, or intermediate district's membership shall be adjusted as provided under section ~~25~~**25E** for pupils who enroll in the district, public school academy, or intermediate district after the pupil membership count day. 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. For the purposes of this section and section 6a, for a school of excellence that is a cyber school, as 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, a pupil's participation in the cyber school's educational program is considered regular daily attendance; for the education achievement system, a pupil's participation in an online educational program of the education achievement system or of an achievement school is considered regular daily attendance; and for a district a pupil's participation in an online course as defined in section 21f is considered regular daily attendance. 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, the education achievement system, or an intermediate district:

(a) Except as otherwise provided in this subsection, and pursuant to subsection (6), a pupil shall be counted in membership in the pupil's educating district or districts. An individual pupil

1 shall not be counted for more than a total of 1.0 full-time equated
2 membership.

3 (b) If a pupil is educated in a district other than the
4 pupil's district of residence, if the pupil is not being educated
5 as part of a cooperative education program, if the pupil's district
6 of residence does not give the educating district its approval to
7 count the pupil in membership in the educating district, and if the
8 pupil is not covered by an exception specified in subsection (6) to
9 the requirement that the educating district must have the approval
10 of the pupil's district of residence to count the pupil in
11 membership, the pupil shall not be counted in membership in any
12 district.

13 (c) A special education pupil educated by the intermediate
14 district shall be counted in membership in the intermediate
15 district.

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

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

25 (f) A pupil enrolled in a career and technical education
26 program supported by a millage levied over an area larger than a
27 single district or in an area vocational-technical education

1 program established pursuant to section 690 of the revised school
2 code, MCL 380.690, shall be counted only in the pupil's district of
3 residence.

4 (g) A pupil enrolled in a public school academy shall be
5 counted in membership in the public school academy.

6 (h) A pupil enrolled in an achievement school shall be counted
7 in membership in the education achievement system.

8 (i) For a new district or public school academy beginning its
9 operation after December 31, 1994, or for the education achievement
10 system or an achievement school, membership for the first 2 full or
11 partial fiscal years of operation shall be determined as follows:

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

24 (ii) If operations begin after the pupil membership count day
25 for the fiscal year and not later than the supplemental count day
26 for the fiscal year, membership is the final audited count of the
27 number of full-time equated pupils in grades K to 12 actually

1 enrolled and in regular daily attendance on the supplemental count
2 day for the current school year.

3 (j) If a district is the authorizing body for a public school
4 academy, then, in the first school year in which pupils are counted
5 in membership on the pupil membership count day in the public
6 school academy, the determination of the district's membership
7 shall exclude from the district's pupil count for the immediately
8 preceding supplemental count day any pupils who are counted in the
9 public school academy on that first pupil membership count day who
10 were also counted in the district on the immediately preceding
11 supplemental count day.

12 (k) In a district, a public school academy, the education
13 achievement system, or an intermediate district operating an
14 extended school year program approved by the superintendent, a
15 pupil enrolled, but not scheduled to be in regular daily attendance
16 on a pupil membership count day, shall be counted.

17 (l) To be counted in membership, a pupil shall meet the minimum
18 age requirement to be eligible to attend school under section 1147
19 of the revised school code, MCL 380.1147, or shall be enrolled
20 under subsection (3) of that section, and shall be less than 20
21 years of age on September 1 of the school year except as follows:

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

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

1 the following may be counted in membership:

2 (A) Is enrolled in a public school academy or an alternative
3 education high school diploma program, that is primarily focused on
4 educating homeless pupils and that is located in a city with a
5 population of more than 175,000.

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

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

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

17 (m) An individual who has obtained a high school diploma shall
18 not be counted in membership. An individual who has obtained a
19 general educational development (G.E.D.) certificate shall not be
20 counted in membership unless the individual is a pupil with a
21 disability as defined in R 340.1702 of the Michigan administrative
22 code. An individual participating in a job training program funded
23 under former section 107a or a jobs program funded under former
24 section 107b, administered by the Michigan strategic fund, or
25 participating in any successor of either of those 2 programs, shall
26 not be counted in membership.

27 (n) If a pupil counted in membership in a public school

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

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

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

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

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

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

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

24 (r) Beginning in 2012-2013, full-time equated memberships for
25 pupils in kindergarten shall be determined by dividing the number
26 of instructional hours scheduled and provided per year per
27 kindergarten pupil by the same number used for determining full-

1 time equated memberships for pupils in grades 1 to 12. However, to
2 the extent allowable under federal law, for a district or public
3 school academy that provides evidence satisfactory to the
4 department that it used federal title I money in the 2 immediately
5 preceding school fiscal years to fund full-time kindergarten, full-
6 time equated memberships for pupils in kindergarten shall be
7 determined by dividing the number of class hours scheduled and
8 provided per year per kindergarten pupil by a number equal to $1/2$
9 the number used for determining full-time equated memberships for
10 pupils in grades 1 to 12. The change in the counting of full-time
11 equated memberships for pupils in kindergarten that took effect for
12 2012-2013 is not a mandate.

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

1 that sum by 2.

2 (t) A pupil enrolled in a cooperative education program may be
3 counted in membership in the pupil's district of residence **OR IN**
4 **THE INTERMEDIATE DISTRICT OF WHICH THE DISTRICT OF RESIDENCE IS A**
5 **CONSTITUENT DISTRICT** with the written approval of all parties to
6 the cooperative agreement.

7 (u) If, as a result of a disciplinary action, a district
8 determines through the district's alternative or disciplinary
9 education program that the best instructional placement for a pupil
10 is in the pupil's home or otherwise apart from the general school
11 population, if that placement is authorized in writing by the
12 district superintendent and district alternative or disciplinary
13 education supervisor, and if the district provides appropriate
14 instruction as described in this subdivision to the pupil at the
15 pupil's home or otherwise apart from the general school population,
16 the district may count the pupil in membership on a pro rata basis,
17 with the proration based on the number of hours of instruction the
18 district actually provides to the pupil divided by the number of
19 hours specified in subdivision (q) for full-time equivalency. For
20 the purposes of this subdivision, a district shall be considered to
21 be providing appropriate instruction if all of the following are
22 met:

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

27 (ii) The district provides instructional materials, resources,

1 and supplies that are comparable to those otherwise provided in the
2 district's alternative education program.

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

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

7 ~~—— (v) A pupil enrolled in an alternative or disciplinary~~
8 ~~education program described in section 25 shall be counted in~~
9 ~~membership in the district, the public school academy, or the~~
10 ~~education achievement system that is educating the pupil.~~

11 (V) ~~(w)~~ If a pupil was enrolled in a public school academy on
12 the pupil membership count day, if the public school academy's
13 contract with its authorizing body is revoked or the public school
14 academy otherwise ceases to operate, and if the pupil enrolls in a
15 district or the education achievement system within 45 days after
16 the pupil membership count day, the department shall adjust the
17 district's or the education achievement system's pupil count for
18 the pupil membership count day to include the pupil in the count.

19 (W) ~~(x)~~ For a public school academy that has been in operation
20 for at least 2 years and that suspended operations for at least 1
21 semester and is resuming operations, membership is the sum of the
22 product of .90 times the number of full-time equated pupils in
23 grades K to 12 actually enrolled and in regular daily attendance on
24 the first pupil membership count day or supplemental count day,
25 whichever is first, occurring after operations resume, plus the
26 product of .10 times the final audited count from the most recent
27 pupil membership count day or supplemental count day that occurred

1 before suspending operations, as determined by the superintendent.

2 (X) ~~(y)~~—If a district's membership for a particular fiscal
3 year, as otherwise calculated under this subsection, would be less
4 than 1,550 pupils and the district has 4.5 or fewer pupils per
5 square mile, as determined by the department, and if the district
6 does not receive funding under section 22d(2), the district's
7 membership shall be considered to be the membership figure
8 calculated under this subdivision. If a district educates and
9 counts in its membership pupils in grades 9 to 12 who reside in a
10 contiguous district that does not operate grades 9 to 12 and if 1
11 or both of the affected districts request the department to use the
12 determination allowed under this sentence, the department shall
13 include the square mileage of both districts in determining the
14 number of pupils per square mile for each of the districts for the
15 purposes of this subdivision. The membership figure calculated
16 under this subdivision is the greater of the following:

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

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

24 ~~—— (z) If a public school academy that is not in its first or~~
25 ~~second year of operation closes at the end of a school year and~~
26 ~~does not reopen for the next school year, the department shall~~
27 ~~adjust the membership count of the district or the education~~

~~achievement system in which a former pupil of the public school academy enrolls and is in regular daily attendance for the next school year to ensure that the district or the education achievement system receives the same amount of membership aid for the pupil as if the pupil were counted in the district or the education achievement system on the supplemental count day of the preceding school year.~~

(Y) ~~(aa)~~ 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 shall be 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 340.1862 of the Michigan administrative code shall be determined by dividing the number of hours of service scheduled and provided per year per pupil by 180.

(Z) ~~(bb)~~ 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 shall not be 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) ~~(ee)~~ 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

1 by the department. ~~If a pupil was counted by the operating district~~
2 ~~on the immediately preceding supplemental count day, the pupil~~
3 ~~shall be excluded from the district's immediately preceding~~
4 ~~supplemental count for purposes of determining the district's~~
5 ~~membership.~~

6 (BB) ~~(dd)~~ A district, a public school academy, or the
7 education achievement system that educates a pupil who attends a
8 United States Olympic education center may count the pupil in
9 membership regardless of whether or not the pupil is a resident of
10 this state.

11 (CC) ~~(ee)~~ A pupil enrolled in a district other than the
12 pupil's district of residence pursuant to section 1148(2) of the
13 revised school code, MCL 380.1148, shall be counted in the
14 educating district or the education achievement system.

15 (DD) ~~(ff)~~ For a pupil enrolled in a dropout recovery program
16 that meets the requirements of section 23a, the pupil shall be
17 counted as 1/12 of a full-time equated membership for each month
18 that the district operating the program reports that the pupil was
19 enrolled in the program and was in full attendance. However, a
20 pupil counted under this subdivision shall not be counted as more
21 than 1.0 FTE in a fiscal year. The district operating the program
22 shall report to the center the number of pupils who were enrolled
23 in the program and were in full attendance for a month not later
24 than the tenth day of the next month. A district shall not report a
25 pupil as being in full attendance for a month unless both of the
26 following are met:

27 (i) A personalized learning plan is in place on or before the

1 first school day of the month for the first month the pupil
2 participates in the program.

3 (ii) The pupil meets the district's definition under section
4 23a of satisfactory monthly progress for that month or, if the
5 pupil does not meet that definition of satisfactory monthly
6 progress for that month, the pupil did meet that definition of
7 satisfactory monthly progress in the immediately preceding month
8 and appropriate interventions are implemented within 10 school days
9 after it is determined that the pupil does not meet that definition
10 of satisfactory monthly progress.

11 (5) "Public school academy" means that term as defined in
12 **SECTION 5 OF** the revised school code, **MCL 380.5**.

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

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

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

22 (c) A pupil enrolled in a public school academy or the
23 education achievement system.

24 (d) A pupil enrolled in a district other than the pupil's
25 district of residence under an intermediate district schools of
26 choice pilot program as described in section 91a or former section
27 91 if the intermediate district and its constituent districts have

1 been exempted from section 105.

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

5 (f) A pupil who has made an official written complaint or
6 whose parent or legal guardian has made an official written
7 complaint to law enforcement officials and to school officials of
8 the pupil's district of residence that the pupil has been the
9 victim of a criminal sexual assault or other serious assault, if
10 the official complaint either indicates that the assault occurred
11 at school or that the assault was committed by 1 or more other
12 pupils enrolled in the school the pupil would otherwise attend in
13 the district of residence or by an employee of the district of
14 residence. A person who intentionally makes a false report of a
15 crime to law enforcement officials for the purposes of this
16 subdivision is subject to section 411a of the Michigan penal code,
17 1931 PA 328, MCL 750.411a, which provides criminal penalties for
18 that conduct. As used in this subdivision:

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

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

1 (g) A pupil whose district of residence changed after the
2 pupil membership count day and before the supplemental count day
3 and who continues to be enrolled on the supplemental count day as a
4 nonresident in the district in which he or she was enrolled as a
5 resident on the pupil membership count day of the same school year.

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

9 (i) The pupil has been suspended or expelled from his or her
10 district of residence for any reason, including, but not limited
11 to, a suspension or expulsion under section 1310, 1311, or 1311a of
12 the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

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

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

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

16 ~~—— (v) The pupil is enrolled in an alternative or disciplinary~~
17 ~~education program described in section 25.~~

18 (i) A pupil enrolled in the Michigan virtual school, for the
19 pupil's enrollment in the Michigan virtual school.

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

26 (k) An expelled pupil who has been denied reinstatement by the
27 expelling district and is reinstated by another school board under

1 section 1311 or 1311a of the revised school code, MCL 380.1311 and
2 380.1311a.

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

7 (m) A pupil enrolled in a district other than the pupil's
8 district of residence who attends a United States Olympic education
9 center.

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

13 (o) A pupil who enrolls in a district other than the pupil's
14 district of residence as a result of the pupil's school not making
15 adequate yearly progress under the no child left behind act of
16 2001, Public Law 107-110.

17 (p) An online learning pupil enrolled in a district other than
18 the pupil's district of residence as an eligible pupil under
19 section 21f.

20 However, if a district educates pupils who reside in another
21 district and if the primary instructional site for those pupils is
22 established by the educating district after 2009-2010 and is
23 located within the boundaries of that other district, the educating
24 district must have the approval of that other district to count
25 those pupils in membership.

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

1 (a) Except as provided in subdivision (b), the first Wednesday
2 in October each school year or, for a district or building in which
3 school is not in session on that Wednesday due to conditions not
4 within the control of school authorities, with the approval of the
5 superintendent, the immediately following day on which school is in
6 session in the district or building.

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

9 (i) Fourth Wednesday in July.

10 (ii) First Wednesday in October.

11 (iii) Second Wednesday in February.

12 (iv) Fourth Wednesday in April.

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

1 supplemental count day shall not be counted as 1.0 full-time
2 equated membership. In addition, a pupil who was enrolled and in
3 attendance in a district, an intermediate district, a public school
4 academy, or the education achievement system before the pupil
5 membership count day or supplemental count day of a particular year
6 but was expelled or suspended on the pupil membership count day or
7 supplemental count day shall only be counted as 1.0 full-time
8 equated membership if the pupil resumed attendance in the district,
9 intermediate district, public school academy, or education
10 achievement system within 45 days after the pupil membership count
11 day or supplemental count day of that particular year. Pupils not
12 counted as 1.0 full-time equated membership due to an absence from
13 a class shall be counted as a prorated membership for the classes
14 the pupil attended. For purposes of this subsection, "class" means
15 a period of time in 1 day when pupils and a certificated teacher or
16 legally qualified substitute teacher are together and instruction
17 is taking place.

18 (9) "Rule" means a rule promulgated pursuant to the
19 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
20 24.328.

21 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
22 380.1852.

23 (11) "School district of the first class", "first class school
24 district", and "district of the first class" mean, **FOR THE PURPOSES**
25 **OF THIS ARTICLE ONLY**, a district that had at least ~~60,000~~ **45,000**
26 pupils in membership for the immediately preceding fiscal year.

27 (12) "School fiscal year" means a fiscal year that commences

1 July 1 and continues through June 30.

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

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

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

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

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

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

25 (19) "Textbook" means a book, electronic book, or other
26 instructional print or electronic resource that is selected and
27 approved by the governing board of a district or, for an

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

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

10 Sec. 8b. (1) The department shall assign a district code to
11 each public school academy that is authorized under the revised
12 school code and is eligible to receive funding under this ~~act~~
13 **ARTICLE** within 30 days after a contract is submitted to the
14 department by the authorizing body of a public school academy.

15 (2) If the department does not assign a district code to a
16 public school academy within the 30-day period described in
17 subsection (1), the district code the department shall use to make
18 payments under this ~~act~~**ARTICLE** to the newly authorized public
19 school academy shall be a number that is equivalent to the sum of
20 the last district code assigned to a public school academy located
21 in the same county as the newly authorized public school academy
22 plus 1. However, if there is not an existing public school academy
23 located in the same county as the newly authorized public school
24 academy, then the district code the department shall use to make
25 payments under this ~~act~~**ARTICLE** to the newly authorized public
26 school academy shall be a 5-digit number that has the county code
27 in which the public school academy is located as its first 2

1 digits, 9 as its third digit, 0 as its fourth digit, and 1 as its
 2 fifth digit. If the number of public school academies in a county
 3 grows to exceed 100, the third digit in this 5-digit number shall
 4 then be ~~8~~-7 for the public school academies in excess of 100.

5 Sec. 11. (1) ~~For the fiscal year ending September 30, 2013,~~
 6 ~~there is appropriated for the public schools of this state and~~
 7 ~~certain other state purposes relating to education the sum of~~
 8 ~~\$10,928,614,200.00 from the state school aid fund and the sum of~~
 9 ~~\$282,400,000.00 from the general fund.~~ For the fiscal year ending
 10 September 30, ~~2014,~~**2015**, there is appropriated for the public
 11 schools of this state and certain other state purposes relating to
 12 education the sum of ~~\$11,211,382,300.00~~**\$11,890,010,200.00** from the
 13 state school aid fund, the sum of ~~\$156,000,000.00~~**\$18,000,000.00**
 14 from the MPSERS retirement obligation reform reserve fund created
 15 under section 147b, and the sum of ~~\$234,900,000.00~~**\$30,000,000.00**
 16 from the general fund. In addition, all other available federal
 17 funds, except those otherwise appropriated under section 11p, are
 18 appropriated for the fiscal year ending ~~September 30, 2013 and for~~
 19 ~~the fiscal year ending~~ September 30, ~~2014.~~**2015.**

20 (2) The appropriations under this section shall be allocated
 21 as provided in this article. Money appropriated under this section
 22 from the general fund shall be expended to fund the purposes of
 23 this article before the expenditure of money appropriated under
 24 this section from the state school aid fund.

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

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

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

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

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

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

14 (3) Money available in the school aid stabilization fund may
15 not be expended without a specific appropriation from the school
16 aid stabilization fund. Money in the school aid stabilization fund
17 shall be expended only for purposes for which state school aid fund
18 money may be expended.

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

23 (5) Money in the school aid stabilization fund at the close of
24 a fiscal year shall remain in the school aid stabilization fund and
25 shall not lapse to the unreserved school aid fund balance or the
26 general fund.

27 (6) If the maximum amount appropriated under section 11 from

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

13 (7) For ~~2013-2014, 2014-2015~~, in addition to the
14 appropriations in section 11, there is appropriated from the school
15 aid stabilization fund to the state school aid fund the amount
16 necessary to fully fund the allocations under this article.

17 Sec. 11g. (1) From the appropriation in section 11, there is
18 allocated for this section an amount not to exceed \$39,500,000.00
19 for the fiscal year ending ~~September 30, 2014 and for the fiscal~~
20 ~~year ending~~ September 30, 2015, after which these payments will
21 cease. These allocations are for paying the amounts described in
22 subsection (3) to districts and intermediate districts, other than
23 those receiving a lump-sum payment under section 11f(2), that were
24 not plaintiffs in the consolidated cases known as Durant v State of
25 Michigan, Michigan supreme court docket no. 104458-104492 and that,
26 on or before March 2, 1998, submitted to the state treasurer a
27 waiver resolution described in section 11f. The amounts paid under

1 this section represent offers of settlement and compromise of any
2 claim or claims that were or could have been asserted by these
3 districts and intermediate districts, as described in this section.

4 (2) This section does not create any obligation or liability
5 of this state to any district or intermediate district that does
6 not submit a waiver resolution described in section 11f. This
7 section and any other provision of this article are not intended to
8 admit liability or waive any defense that is or would be available
9 to this state or its agencies, employees, or agents in any
10 litigation or future litigation with a district or intermediate
11 district regarding these claims or potential claims.

12 (3) The amount paid each fiscal year to each district or
13 intermediate district under this section shall be 1 of the
14 following:

15 (a) If the district or intermediate district does not borrow
16 money and issue bonds under section 11i, 1/30 of the total amount
17 listed in section 11h for the district or intermediate district
18 through the fiscal year ending September 30, 2015.

19 (b) If the district or intermediate district borrows money and
20 issues bonds under section 11i, an amount in each fiscal year
21 calculated by the department of treasury that is equal to the debt
22 service amount in that fiscal year on the bonds issued by that
23 district or intermediate district under section 11i and that will
24 result in the total payments made to all districts and intermediate
25 districts in each fiscal year under this section being no more than
26 the amount appropriated under this section in each fiscal year.

27 (4) The entire amount of each payment under this section each

1 fiscal year shall be paid on May 15 of the applicable fiscal year
2 or on the next business day following that date. If a district or
3 intermediate district borrows money and issues bonds under section
4 11i, the district or intermediate district shall use funds received
5 under this section to pay debt service on bonds issued under
6 section 11i. If a district or intermediate district does not borrow
7 money and issue bonds under section 11i, the district or
8 intermediate district shall use funds received under this section
9 only for the following purposes, in the following order of
10 priority:

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

14 (b) Second, to pay debt service on other limited tax
15 obligations.

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

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

23 (6) A district or intermediate district may pledge or assign
24 payments under this section as security for bonds issued under
25 section 11i, but shall not otherwise pledge or assign payments
26 under this section.

27 (7) If a district eligible for payments under this section is

1 dissolved under section 12 of the revised school code, MCL 380.12,
2 the payment otherwise due to the dissolved district under this
3 section shall be paid instead to the intermediate district of the
4 dissolved district. The intermediate district of the dissolved
5 district shall perform any functions and responsibilities of the
6 board and other officers of the dissolved district necessary under
7 this section on behalf of the dissolved district. As used in this
8 subsection, "dissolved district" and "receiving district" mean
9 those terms as defined in section 20.

10 Sec. 11j. From the appropriation in section 11, there is
11 allocated an amount not to exceed ~~\$131,660,000.00 for 2013-2014~~
12 **\$142,600,000.00 FOR 2014-2015** for payments to the school loan bond
13 redemption fund in the department of treasury on behalf of
14 districts and intermediate districts. Notwithstanding section 296
15 or any other provision of this act, funds allocated under this
16 section are not subject to proration and shall be paid in full.

17 Sec. 11k. For ~~2013-2014~~, **2014-2015**, there is appropriated from
18 the general fund to the school loan revolving fund an amount equal
19 to the amount of school bond loans assigned to the Michigan finance
20 authority, not to exceed the total amount of school bond loans held
21 in reserve as long-term assets. As used in this section, "school
22 loan revolving fund" means that fund created in section 16c of the
23 shared credit rating act, 1985 PA 227, MCL 141.1066c.

24 Sec. 11m. From the appropriations in section 11, there is
25 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed
26 \$4,000,000.00 for fiscal year cash-flow borrowing costs solely
27 related to the state school aid fund established by section 11 of

1 article IX of the state constitution of 1963.

2 SEC. 11S. IN ADDITION TO THE SCHOOL AID FUNDS APPROPRIATED IN
3 SECTION 11, THERE IS TRANSFERRED FOR 2014-2015 AN AMOUNT NOT TO
4 EXCEED \$35,000,000.00 TO THE EDUCATION RESERVE FUND. THE EDUCATION
5 RESERVE FUND IS CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE
6 SCHOOL AID FUND. FUNDS SHALL NOT BE APPROPRIATED FROM THE EDUCATION
7 RESERVE FUND UNTIL THE ENACTMENT OF A STATUE AMENDING THIS SECTION
8 THAT PROVIDES FOR AN APPROPRIATION FROM THE EDUCATION RESERVE FUND
9 AND SPECIFIES THE PURPOSE OR PURPOSES OF APPROPRIATIONS FROM THE
10 EDUCATION RESERVE FUND.

11 Sec. 12. It is the intent of the legislature to appropriate
12 and allocate for the fiscal year ending September 30, ~~2015-2016~~ the
13 same amounts of money from the same sources for the same purposes
14 as are appropriated and allocated under this article for the fiscal
15 year ending September 30, ~~2014-2015~~, as adjusted for changes in
16 pupil membership, taxable values, special education costs, interest
17 costs, **RETIREMENT COSTS**, and available revenue. These adjustments
18 will be determined after the January ~~2014-2015~~ consensus revenue
19 estimating conference.

20 Sec. 15. (1) If a district or intermediate district fails to
21 receive its proper apportionment, the department, upon satisfactory
22 proof that the district or intermediate district was entitled
23 justly, shall apportion the deficiency in the next apportionment.
24 Subject to subsections (2) and (3), if a district or intermediate
25 district has received more than its proper apportionment, the
26 department, upon satisfactory proof, shall deduct the excess in the
27 next apportionment. Notwithstanding any other provision in this

1 article, state aid overpayments to a district, other than
2 overpayments in payments for special education or special education
3 transportation, may be recovered from any payment made under this
4 article other than a special education or special education
5 transportation payment, from the proceeds of a loan to the district
6 under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to
7 141.942, or from the proceeds of millage levied or pledged under
8 section 1211 of the revised school code, MCL 380.1211. State aid
9 overpayments made in special education or special education
10 transportation payments may be recovered from subsequent special
11 education or special education transportation payments, from the
12 proceeds of a loan to the district under the emergency municipal
13 loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds
14 of millage levied or pledged under section 1211 of the revised
15 school code, MCL 380.1211.

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

1 authorized under this article if the district would otherwise
2 experience a significant hardship in satisfying its financial
3 obligations.

4 (3) If, **BASED ON AN AUDIT BY THE DEPARTMENT OR THE**
5 **DEPARTMENT'S DESIGNEE OR** because of ~~the receipt of new or updated~~
6 ~~data,~~ **INFORMATION RECEIVED BY THE DEPARTMENT,** the department
7 determines ~~during a fiscal year~~ that the amount paid to a district
8 or intermediate district under this article for **THE CURRENT FISCAL**
9 **YEAR OR** a prior fiscal year was incorrect, ~~under the law in effect~~
10 ~~for that year,~~ the department ~~may~~ **SHALL** make the appropriate
11 deduction or payment in the district's or intermediate district's
12 allocation ~~for the fiscal year in which the determination is made.~~
13 **IN THE NEXT APPORTIONMENT AFTER THE ADJUSTMENT IS FINALIZED.** The
14 deduction or payment shall be calculated according to the law in
15 effect in the fiscal year in which the ~~improper~~ **INCORRECT** amount
16 was paid. If the district does not receive an allocation for the
17 fiscal year or if the allocation is not sufficient to pay the
18 amount of any deduction, the amount of any deduction otherwise
19 applicable shall be satisfied from the proceeds of a loan to the
20 district under the emergency municipal loan act, 1980 PA 243, MCL
21 141.931 to 141.942, or from the proceeds of millage levied or
22 pledged under section 1211 of the revised school code, MCL
23 380.1211, as determined by the department.

24 (4) **THE DEPARTMENT MAY CONDUCT AUDITS, OR MAY DIRECT AUDITS BY**
25 **DESIGNEE OF THE DEPARTMENT, FOR THE CURRENT FISCAL YEAR AND THE**
26 **IMMEDIATELY PRECEDING 3 FISCAL YEARS OF ALL RECORDS RELATED TO A**
27 **PROGRAM FOR WHICH A DISTRICT OR INTERMEDIATE DISTRICT HAS RECEIVED**

1 **FUNDS UNDER THIS ARTICLE.**

2 (5) ~~(4)~~—Expenditures made by the department under this article
3 that are caused by the write-off of prior year accruals may be
4 funded by revenue from the write-off of prior year accruals.

5 (6) ~~(5)~~—In addition to funds appropriated in section 11 for
6 all programs and services, there is appropriated for ~~2013-2014~~
7 **2014-2015** for obligations in excess of applicable appropriations an
8 amount equal to the collection of overpayments, but not to exceed
9 amounts available from overpayments.

10 Sec. 17a. (1) The department may withhold all or part of any
11 payment that a district or intermediate district is entitled to
12 receive under this ~~act~~**ARTICLE** to the extent the withholdings are a
13 component part of a plan, developed and implemented pursuant to the
14 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
15 141.2821, **THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL**
16 **141.931 TO 141.942, THE LOCAL FINANCIAL STABILITY AND CHOICE ACT,**
17 **2012 PA 436, MCL 141.1541 TO 141.1575,** or other statutory
18 authority, for financing an outstanding obligation upon which the
19 district or intermediate district defaulted **OR FOR OTHER FINANCIAL**
20 **OBLIGATIONS OF THE DISTRICT OR INTERMEDIATE DISTRICT.** Amounts
21 withheld shall be used to pay, on behalf of the district or
22 intermediate district, unpaid amounts or subsequently due amounts,
23 or both, of principal and interest on the outstanding obligation
24 upon which the district or intermediate district defaulted.

25 (2) The state treasurer may withhold all or part of any
26 payment that a district or intermediate district is entitled to
27 receive under this ~~act~~**ARTICLE** to the extent authorized or required

1 under section 15 of the school bond qualification, approval, and
2 loan act, 2005 PA 92, MCL 388.1935, **THE EMERGENCY MUNICIPAL LOAN**
3 **ACT, 1980 PA 243, MCL 141.931 TO 141.942, THE LOCAL FINANCIAL**
4 **STABILITY AND CHOICE ACT, 2012 PA 436, MCL 141.1541 TO 141.1575, OR**
5 **OTHER STATUTORY AUTHORITY.**

6 (3) Under an agreement entered into by a district or
7 intermediate district assigning all or a portion of the payment
8 that it is eligible to receive under this ~~act~~**ARTICLE** to the
9 Michigan finance authority or to the trustee of a pooled
10 arrangement or pledging the amount for payment of an obligation it
11 incurred with the Michigan finance authority or with the trustee of
12 a pooled arrangement, the state treasurer shall transmit to the
13 Michigan finance authority or a trustee designated by the Michigan
14 finance authority or to the trustee of a pooled arrangement **OR**
15 **OTHER DESIGNATED DEPOSITORY** the amount of the payment that is
16 assigned or pledged under the agreement.

17 (4) If a district or intermediate district for which an
18 emergency manager ~~has been appointed pursuant to~~**IS IN PLACE UNDER**
19 the local financial stability and choice act, 2012 PA 436, MCL
20 141.1541 to 141.1575, or that has an approved deficit elimination
21 plan **OR AN APPROVED ENHANCED DEFICIT ELIMINATION PLAN** under section
22 102, enters into or has entered into an agreement described in
23 subsection (3) pursuant to section 1225(2) of the revised school
24 code, MCL 380.1225, whether the obligation was issued before or
25 after the effective date of this subsection, the portion of state
26 school aid paid or to be paid on behalf of the district or
27 intermediate district directly to the Michigan finance authority,

1 or to a trustee designated by the Michigan finance authority, for
2 the sole purpose of paying the principal of and interest on the
3 obligation is subject to a lien and trust that is a statutory lien
4 and trust, paramount and superior to all other liens and interests
5 of any kind, for the sole purpose of paying the principal of and
6 interest on the obligation. The statutory lien and trust applies to
7 the state school aid received or to be received by the Michigan
8 finance authority, or trustee designated by the Michigan finance
9 authority, on behalf of the district or intermediate district,
10 immediately upon the later of the effective date of this subsection
11 or the time when the state school aid is allocated to the district
12 or intermediate district, but is subject to any subsequent
13 reduction of the state school aid allocation by operation of law or
14 executive order. The lien and trust imposed by this section with
15 respect to state school aid has a priority as established in the
16 agreement, except that the agreement shall not impair any existing
17 lien and trust previously created pursuant to this section,
18 including any lien and trust applicable to a multi-year repayment
19 agreement under section 1225 of the revised school code, MCL
20 380.1225. Except as otherwise provided in this subsection, the lien
21 and trust created under this subsection for the benefit of holders
22 of the obligation issued pursuant to this section is valid and
23 binding against a party having a claim of any kind in tort,
24 contract, or otherwise against the district or intermediate
25 district that has issued the obligation secured by a pledge of
26 state school aid pursuant to this section, regardless of whether
27 that party has notice of the pledge. A pledge made pursuant to this

1 section for the benefit of the holders of obligations or others is
2 perfected without delivery, recording, or notice. The state school
3 aid paid or to be paid on behalf of a district or intermediate
4 district to the Michigan finance authority, or trustee designated
5 by the Michigan finance authority, shall be held in trust for the
6 sole benefit of the holders of the obligation issued pursuant to
7 this section or section 1225 of the revised school code, MCL
8 380.1225, and is exempt from being levied upon, taken, sequestered,
9 or applied toward paying the debts or liabilities of the district
10 or intermediate district other than for payment of the obligation
11 to which the lien applies. However, nothing in this subsection
12 alters the ability of the state treasurer to withhold state school
13 aid from a district or intermediate district as provided by law.

14 (5) Notwithstanding the payment dates prescribed by this ~~act~~
15 **ARTICLE** for distributions under this ~~act~~, **ARTICLE**, the state
16 treasurer may advance all or part of a payment that is dedicated
17 for distribution or for which the appropriation authorizing the
18 payment has been made if and to the extent, under the terms of an
19 agreement entered into by a district or intermediate district and
20 the Michigan finance authority, the payment that the district or
21 intermediate district is eligible to receive has been assigned to
22 or pledged for payment of an obligation it incurred with the
23 Michigan finance authority.

24 (6) This section does not require the state to make an
25 appropriation to any school district or intermediate school
26 district and shall not be construed as creating an indebtedness of
27 the state, and any agreement made pursuant to this section shall

1 contain a statement to that effect.

2 (7) As used in this section, "trustee of a pooled arrangement"
3 means the trustee of a trust approved by the state treasurer and,
4 subject to the conditions and requirements of that approval,
5 established for the purpose of offering for sale, as part of a
6 pooled arrangement, certificates representing undivided interests
7 in notes issued by districts or intermediate districts under
8 section 1225 of the revised school code, MCL 380.1225.

9 (8) If a trustee applies to the state treasurer for approval
10 of a trust for the purposes of this section, the state treasurer
11 shall approve or disapprove the trust within 10 days after receipt
12 of the application.

13 Sec. 18. (1) Except as provided in another section of this
14 article, each district or other entity shall apply the money
15 received by the district or entity under this article to salaries
16 and other compensation of teachers and other employees, tuition,
17 transportation, lighting, heating, ventilation, water service, the
18 purchase of textbooks, other supplies, and any other school
19 operating expenditures defined in section 7. However, not more than
20 20% of the total amount received by a district **UNDER SECTIONS 22A**
21 **AND 22B** or **RECEIVED BY AN** intermediate district under ~~this article~~
22 **SECTION 81** may be transferred by the board to either the capital
23 projects fund or to the debt retirement fund for debt service. The
24 money shall not be applied or taken for a purpose other than as
25 provided in this section. The department shall determine the
26 reasonableness of expenditures and may withhold from a recipient of
27 funds under this article the apportionment otherwise due upon a

1 violation by the recipient.

2 (2) Within ~~30~~15 days after a board adopts its annual
3 operating budget for the following school fiscal year, or after a
4 board adopts a subsequent revision to that budget, the district
5 shall make all of the following available through a link on its
6 website home page, or may make the information available through a
7 link on its intermediate district's website home page, in a form
8 and manner prescribed by the department:

9 (a) The annual operating budget and subsequent budget
10 revisions.

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

15 (i) A chart of personnel expenditures, broken into the
16 following subcategories:

17 (A) Salaries and wages.

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

21 (C) Retirement benefit costs.

22 (D) All other personnel costs.

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

25 (A) Instruction.

26 (B) Support services.

27 (C) Business and administration.

1 (D) Operations and maintenance.

2 (c) Links to all of the following:

3 (i) The current collective bargaining agreement for each
4 bargaining unit.

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

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

11 (iv) The bids required under section 5 of the public employee
12 health benefits act, 2007 PA 106, MCL 124.75.

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

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

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

21 **(G) ANY DEFICIT ELIMINATION PLAN OR ENHANCED DEFICIT**
22 **ELIMINATION PLAN THE DISTRICT WAS REQUIRED TO SUBMIT UNDER THIS**
23 **ARTICLE.**

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

1 (4) For the ~~purpose~~**PURPOSES** of determining the reasonableness
2 of expenditures, **WHETHER A DISTRICT OR INTERMEDIATE DISTRICT HAS**
3 **RECEIVED THE PROPER AMOUNT OF FUNDS UNDER THIS ARTICLE**, and whether
4 a violation of this article has occurred, all of the following
5 apply:

6 (a) The department shall require that each district and
7 intermediate district have an audit of the district's or
8 intermediate district's financial and pupil accounting records
9 conducted at least annually, **AND AT SUCH OTHER TIMES AS DETERMINED**
10 **BY THE DEPARTMENT**, at the expense of the district or intermediate
11 district, as applicable. ~~—THE AUDITS MUST BE PERFORMED~~ by a
12 certified public accountant or by the intermediate district
13 superintendent, as may be required by the department, or in the
14 case of a district of the first class by a certified public
15 accountant, the intermediate superintendent, or the auditor general
16 of the city. **A DISTRICT OR INTERMEDIATE DISTRICT SHALL RETAIN THESE**
17 **RECORDS FOR THE CURRENT FISCAL YEAR AND FROM AT LEAST THE 3**
18 **IMMEDIATELY PRECEDING FISCAL YEARS.**

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

1 fiscal year varies from the district's membership for the
2 immediately preceding fiscal year by less than 5%.

3 (c) A district's or intermediate district's annual financial
4 audit shall include an analysis of the financial and pupil
5 accounting data used as the basis for distribution of state school
6 aid.

7 (d) The pupil and financial accounting records and reports,
8 audits, and management letters are subject to requirements
9 established in the auditing and accounting manuals approved and
10 published by the department.

11 (e) All of the following shall be done not later than ~~November~~
12 **OCTOBER** 15 each year:

13 (i) A district shall file the annual financial audit reports
14 with the intermediate district and the department.

15 (ii) The intermediate district shall file the annual financial
16 audit reports for the intermediate district with the department.

17 (iii) The intermediate district shall enter the pupil membership
18 audit reports for its constituent districts and for the
19 intermediate district, for the pupil membership count day and
20 supplemental count day, in the Michigan student data system.

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

25 (g) Not later than January 31 of each year, the department
26 shall notify the state budget director and the legislative
27 appropriations subcommittees responsible for review of the school

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

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

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

1 the manner prescribed by the department.

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

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

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

13 (10) If a district or intermediate district does not comply
14 with subsections (4), (5), (6), and (7), the department shall
15 withhold all state school aid due to the district or intermediate
16 district under this article, beginning with the next payment due to
17 the district or intermediate district, until the district or
18 intermediate district complies with subsections (4), (5), (6), and
19 (7). **HOWEVER, THE DEPARTMENT SHALL NOT WITHHOLD THE PAYMENT DUE ON**
20 **OCTOBER 20 DUE TO THE OPERATION OF THIS SUBSECTION.** If the district
21 or intermediate district does not comply with subsections (4), (5),
22 (6), and (7) by the end of the fiscal year, the district or
23 intermediate district forfeits the amount withheld.

24 ~~—— (11) Not later than September 1, 2014, if a district or~~
25 ~~intermediate district offers online learning, the district or~~
26 ~~intermediate district shall submit to the department a report that~~
27 ~~details the per pupil costs of operating the online learning. The~~

~~report shall include at least all of the following information concerning the operation of online learning for the school fiscal year ending June 30, 2014:~~

~~—— (a) The name of the district operating the online learning and of each district that enrolled students in the online learning.~~

~~—— (b) The total number of students enrolled in the online learning and the total number of membership pupils enrolled in the online learning.~~

~~—— (c) For each pupil who is enrolled in a district other than the district offering online learning, the name of that district.~~

~~—— (d) The district in which the pupil was enrolled before enrolling in the district offering online learning.~~

~~—— (e) The number of participating students who had previously dropped out of school.~~

~~—— (f) The number of participating students who had previously been expelled from school.~~

~~—— (g) The total cost to enroll a student in the program. This cost shall be reported on a per pupil, per course, per semester or trimester basis. The total shall include costs broken down by cost for training, personnel, hardware and software, payment to each online learning provider, and other costs associated with operating online learning.~~

~~—— (h) The name of each online education provider contracted by the district and the state in which each online education provider is headquartered.~~

Sec. 19. (1) A district or intermediate district shall comply with all applicable reporting requirements specified in state and

1 federal law. Data provided to the center, in a form and manner
2 prescribed by the center, shall be aggregated and disaggregated as
3 required by state and federal law. In addition, a district or
4 intermediate district shall cooperate with all measures taken by
5 the center to establish and maintain a statewide P-20 longitudinal
6 data system.

7 (2) Each district shall furnish to the center not later than 5
8 weeks after the pupil membership count day and by June 30 of the
9 school fiscal year ending in the fiscal year, in a manner
10 prescribed by the center, the information necessary for the
11 preparation of the district and high school graduation report. This
12 information shall meet requirements established in the pupil
13 auditing manual approved and published by the department. The
14 center shall calculate an annual graduation and pupil dropout rate
15 for each high school, each district, and this state, in compliance
16 with nationally recognized standards for these calculations. The
17 center shall report all graduation and dropout rates to the senate
18 and house education committees and appropriations committees, the
19 state budget director, and the department not later than 30 days
20 after the publication of the list described in subsection (6).

21 (3) By the first business day in December and by June 30 of
22 each year, a district shall furnish to the center, in a manner
23 prescribed by the center, information related to educational
24 personnel as necessary for reporting required by state and federal
25 law.

26 (4) By June 30 of each year, a district shall furnish to the
27 center, in a manner prescribed by the center, information related

1 to safety practices and criminal incidents as necessary for
2 reporting required by state and federal law.

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

12 (6) Before publishing a list of school or district
13 accountability designations as required by the no child left behind
14 act of 2001, Public Law 107-110, the department shall allow a
15 school or district to appeal that determination. The department
16 shall consider and act upon the appeal within 30 days after it is
17 submitted and shall not publish the list until after all appeals
18 have been considered and decided.

19 ~~(7) It is the intent of the legislature to implement not~~ **NOT**
20 later than 2014-2015, **THE DEPARTMENT SHALL IMPLEMENT** statewide
21 standard reporting requirements for education data approved by the
22 department in conjunction with the center. The department shall
23 work with the center, intermediate districts, districts, and other
24 interested stakeholders to develop recommendations on the
25 implementation of this policy change. A district or intermediate
26 district shall implement the statewide standard reporting
27 requirements not later than 2014-2015 or when a district or

1 intermediate district updates its education data reporting system,
2 whichever is later.

3 Sec. 20. (1) For ~~2013-2014, 2014-2015~~, BOTH OF THE FOLLOWING
4 APPLY:

5 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, the
6 basic foundation allowance is ~~\$8,049.00~~-\$8,199.00.

7 (B) THE MINIMUM FOUNDATION ALLOWANCE IS \$7,376.00.

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

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

15 (a) For a district that had a foundation allowance for the
16 immediately preceding state fiscal year that was ~~at least equal to~~
17 ~~the sum of \$7,108.00 plus the total dollar amount of all~~
18 ~~adjustments made from 2006-2007 to the immediately preceding state~~
19 ~~fiscal year in the lowest foundation allowance among all districts,~~

20 MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE
21 FISCAL YEAR, but less than the basic foundation allowance for the
22 immediately preceding state fiscal year, the district shall receive
23 a foundation allowance in an amount equal to the sum of ~~the greater~~
24 ~~of \$6,966.00 or~~ the district's foundation allowance for the
25 immediately preceding state fiscal year plus the difference between
26 twice the dollar amount of the adjustment from the immediately
27 preceding state fiscal year to the current state fiscal year made

1 in the basic foundation allowance and [~~(the dollar amount of the~~
 2 ~~adjustment from~~ **DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE**
 3 **FOR THE CURRENT STATE FISCAL YEAR AND BASIC FOUNDATION ALLOWANCE**
 4 **FOR** the immediately preceding state fiscal year ~~to the current~~
 5 ~~state fiscal year made in the basic foundation allowance minus~~
 6 \$10.00) times (the difference between the district's foundation
 7 allowance for the immediately preceding state fiscal year and the
 8 ~~sum of \$7,108.00 plus the total dollar amount of all adjustments~~
 9 ~~made from 2006-2007 to the immediately preceding state fiscal year~~
 10 ~~in the lowest foundation allowance among all districts)~~ **MINIMUM**
 11 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**
 12 **YEAR)** divided by the difference between the basic foundation
 13 allowance for the current state fiscal year and the ~~sum of~~
 14 ~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
 15 ~~2006-2007 to the immediately preceding state fiscal year in the~~
 16 ~~lowest foundation allowance among all districts]~~. For 2011-2012,
 17 ~~for a district that had a foundation allowance for the immediately~~
 18 ~~preceding state fiscal year that was at least equal to the sum of~~
 19 ~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
 20 ~~2006-2007 to the immediately preceding state fiscal year in the~~
 21 ~~lowest foundation allowance among all districts, but less than the~~
 22 ~~basic foundation allowance for the immediately preceding state~~
 23 ~~fiscal year, the district shall receive a foundation allowance in~~
 24 ~~an amount equal to the district's foundation allowance for 2010-~~
 25 ~~2011, minus \$470.00.~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE**
 26 **IMMEDIATELY PRECEDING STATE FISCAL YEAR]**. However, the foundation
 27 allowance for a district that had less than the basic foundation

1 allowance for the immediately preceding state fiscal year shall not
2 exceed the basic foundation allowance for the current state fiscal
3 year. **FOR THE PURPOSES OF THIS SUBDIVISION, FOR 2014-2015, THE**
4 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**
5 **FISCAL YEAR SHALL BE CONSIDERED TO BE \$7,076.00.**

6 (b) Except as otherwise provided in this subsection, for a
7 district that in the immediately preceding state fiscal year had a
8 foundation allowance in an amount at least equal to the amount of
9 the basic foundation allowance for the immediately preceding state
10 fiscal year, the district shall receive a foundation allowance for
11 2011-2012 in an amount equal to the district's foundation allowance
12 for 2010-2011, minus \$470.00.

13 ~~(c) Except as otherwise provided in subdivision (d), for~~ **FOR** a
14 district that ~~in the 1994-95 state fiscal year~~ had a foundation
15 allowance **FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR THAT WAS**
16 ~~greater than \$6,500.00,~~ **THE BASIC FOUNDATION ALLOWANCE FOR THE**
17 **IMMEDIATELY PRECEDING STATE FISCAL YEAR,** the district's foundation
18 allowance is an amount equal to the sum of the district's
19 foundation allowance for the immediately preceding state fiscal
20 year plus the lesser of the increase in the basic foundation
21 allowance for the current state fiscal year, as compared to the
22 immediately preceding state fiscal year, or the product of the
23 district's foundation allowance for the immediately preceding state
24 fiscal year times the percentage increase in the United States
25 consumer price index in the calendar year ending in the immediately
26 preceding fiscal year as reported by the May revenue estimating
27 conference conducted under section 367b of the management and

1 budget act, 1984 PA 431, MCL 18.1367b. ~~Except as otherwise provided~~
2 ~~in subdivision (d), for 2011-2012, for a district that in the 1994-~~
3 ~~1995 state fiscal year had a foundation allowance greater than~~
4 ~~\$6,500.00, the district's foundation allowance is an amount equal~~
5 ~~to the district's foundation allowance for the 2010-2011 fiscal~~
6 ~~year minus \$470.00.~~

7 ~~—— (d) For a district that in the 1994-95 state fiscal year had a~~
8 ~~foundation allowance greater than \$6,500.00 and that had a~~
9 ~~foundation allowance for the 2009-2010 state fiscal year, as~~
10 ~~otherwise calculated under this section, that was less than the~~
11 ~~basic foundation allowance, the district's foundation allowance for~~
12 ~~2011-2012 and each succeeding fiscal year shall be considered to be~~
13 ~~an amount equal to the basic foundation allowance.~~

14 (D) ~~(e)~~ For a district that has a foundation allowance that is
15 not a whole dollar amount, the district's foundation allowance
16 shall be rounded up to the nearest whole dollar.

17 ~~—— (f) For a district that received a payment under section 22c~~
18 ~~as that section was in effect for 2001-2002, the district's 2001-~~
19 ~~2002 foundation allowance shall be considered to have been an~~
20 ~~amount equal to the sum of the district's actual 2001-2002~~
21 ~~foundation allowance as otherwise calculated under this section~~
22 ~~plus the per pupil amount of the district's equity payment for~~
23 ~~2001-2002 under section 22c as that section was in effect for 2001-~~
24 ~~2002.~~

25 (E) ~~(g)~~ For a district that received a payment under section
26 22c as that section was in effect for 2006-2007, **2013-2014**, the
27 district's ~~2006-2007~~ **2013-2014** foundation allowance shall be

1 considered to have been an amount equal to the sum of the
 2 district's actual ~~2006-2007~~**2013-2014** foundation allowance as
 3 otherwise calculated under this section plus the per pupil amount
 4 of the district's equity payment for ~~2006-2007~~**2013-2014** under
 5 section 22c as that section was in effect for ~~2006-2007~~**2013-2014**.

6 ~~— (h) For 2012-2013, for a district that had a foundation~~
 7 ~~allowance for the 2011-2012 state fiscal year of less than~~
 8 ~~\$6,966.00, the district's foundation allowance is an amount equal~~
 9 ~~to \$6,966.00.~~

10 (4) Except as otherwise provided in this subsection, the state
 11 portion of a district's foundation allowance is an amount equal to
 12 the district's foundation allowance or the basic foundation
 13 allowance for the current state fiscal year, whichever is less,
 14 minus the ~~difference between the sum of the product of the taxable~~
 15 ~~value per membership pupil of all property in the district that is~~
 16 ~~nonexempt property times the district's certified mills and, for a~~
 17 ~~district with certified mills exceeding 12, the product of the~~
 18 ~~taxable value per membership pupil of property in the district that~~
 19 ~~is commercial personal property times the certified mills minus 12~~
 20 ~~mills and the quotient of the ad valorem property tax revenue of~~
 21 ~~the district captured under tax increment financing acts~~ **LOCAL**
 22 **PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE** divided by the
 23 district's membership excluding special education pupils. For a
 24 district described in subsection (3)(c), the state portion of the
 25 district's foundation allowance is an amount equal to \$6,962.00
 26 plus the difference between the district's foundation allowance for
 27 the current state fiscal year and the district's foundation

~~allowance for 1998-99, 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~~ **LOCAL PORTION OF THE DISTRICT'S FOUNDATION**
ALLOWANCE divided by the district's membership excluding special
 education pupils. For a district that has a millage reduction
 required under section 31 of article IX of the state constitution
 of 1963, the state portion of the district's foundation allowance
 shall be calculated as if that reduction did not occur. 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.

(5) The allocation calculated under this section for a pupil
 shall be based on the foundation allowance of the pupil's district
 of residence. For a pupil enrolled pursuant to section 105 or 105c
 in a district other than the pupil's district of residence, the
 allocation calculated under this section shall be based on the

1 lesser of the foundation allowance of the pupil's district of
2 residence or the foundation allowance of the educating district.
3 For a pupil in membership in a K-5, K-6, or K-8 district who is
4 enrolled in another district in a grade not offered by the pupil's
5 district of residence, the allocation calculated under this section
6 shall be based on the foundation allowance of the educating
7 district if the educating district's foundation allowance is
8 greater than the foundation allowance of the pupil's district of
9 residence.

10 (6) Except as otherwise provided in this subsection, for
11 pupils in membership, other than special education pupils, in a
12 public school academy, the allocation calculated under this section
13 is an amount per membership pupil other than special education
14 pupils in the public school academy equal to the foundation
15 allowance of the district in which the public school academy is
16 located or the state maximum public school academy allocation,
17 whichever is less. However, a public school academy that had an
18 allocation under this subsection before 2009-2010 that was equal to
19 the sum of the local school operating revenue per membership pupil
20 other than special education pupils for the district in which the
21 public school academy is located and the state portion of that
22 district's foundation allowance shall not have that allocation
23 reduced as a result of the 2010 amendment to this subsection.
24 Notwithstanding section 101, for a public school academy that
25 begins operations after the pupil membership count day, the amount
26 per membership pupil calculated under this subsection shall be
27 adjusted by multiplying that amount per membership pupil by the

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

7 (7) Except as otherwise provided in this subsection, for
8 pupils attending an achievement school and in membership in the
9 education achievement system, other than special education pupils,
10 the allocation calculated under this section is an amount per
11 membership pupil other than special education pupils equal to the
12 foundation allowance of the district in which the achievement
13 school is located, not to exceed the basic foundation allowance.
14 Notwithstanding section 101, for an achievement school that begins
15 operation after the pupil membership count day, the amount per
16 membership pupil calculated under this subsection shall be adjusted
17 by multiplying that amount per membership pupil by the number of
18 hours of pupil instruction provided by the achievement school after
19 it begins operations, as determined by the department, divided by
20 the minimum number of hours of pupil instruction required under
21 section 101(3). The result of this calculation shall not exceed the
22 amount per membership pupil otherwise calculated under this
23 subsection. For the purposes of this subsection, if a public school
24 is transferred from a district to the state school reform/redesign
25 district or the achievement authority under section 1280c of the
26 revised school code, MCL 380.1280c, that public school is
27 considered to be an achievement school within the education

1 achievement system and not a school that is part of a district, and
2 a pupil attending that public school is considered to be in
3 membership in the education achievement system and not in
4 membership in the district that operated the school before the
5 transfer.

6 (8) Subject to subsection (4), for a district that is formed
7 or reconfigured after June 1, 2002 by consolidation of 2 or more
8 districts or by annexation, the resulting district's foundation
9 allowance under this section beginning after the effective date of
10 the consolidation or annexation shall be the lesser of the sum of
11 the average of the foundation allowances of each of the original or
12 affected districts, calculated as provided in this section,
13 weighted as to the percentage of pupils in total membership in the
14 resulting district who reside in the geographic area of each of the
15 original or affected districts plus \$100.00 or the highest
16 foundation allowance among the original or affected districts. This
17 subsection does not apply to a receiving district unless there is a
18 subsequent consolidation or annexation that affects the district.

19 (9) Each fraction used in making calculations under this
20 section shall be rounded to the fourth decimal place and the dollar
21 amount of an increase in the basic foundation allowance shall be
22 rounded to the nearest whole dollar.

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

26 (11) To assist the legislature in determining the basic
27 foundation allowance for the subsequent state fiscal year, each

1 revenue estimating conference conducted under section 367b of the
2 management and budget act, 1984 PA 431, MCL 18.1367b, shall
3 calculate a pupil membership factor, a revenue adjustment factor,
4 and an index as follows:

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

15 (b) The revenue adjustment factor shall be computed by
16 dividing the sum of the estimated total state school aid fund
17 revenue for the subsequent state fiscal year plus the estimated
18 total state school aid fund revenue for the current state fiscal
19 year, adjusted for any change in the rate or base of a tax the
20 proceeds of which are deposited in that fund and excluding money
21 transferred into that fund from the countercyclical budget and
22 economic stabilization fund under the management and budget act,
23 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
24 total school aid fund revenue for the current state fiscal year
25 plus the estimated total state school aid fund revenue for the
26 immediately preceding state fiscal year, adjusted for any change in
27 the rate or base of a tax the proceeds of which are deposited in

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

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

13 ~~—— (12) For a district that received a grant under former section~~
14 ~~32e for 2001-2002, the district's foundation allowance for 2002-~~
15 ~~2003 and each succeeding fiscal year shall be adjusted to be an~~
16 ~~amount equal to the sum of the district's foundation allowance, as~~
17 ~~otherwise calculated under this section, plus the quotient of 100%~~
18 ~~of the amount of the grant award to the district for 2001-2002~~
19 ~~under former section 32e divided by the number of pupils in the~~
20 ~~district's membership for 2001-2002 who were residents of and~~
21 ~~enrolled in the district. All of the following apply to districts~~
22 ~~receiving a foundation allowance adjustment under this subsection:~~

23 ~~—— (a) Except as otherwise provided in this subdivision, a~~
24 ~~district qualifying for a foundation allowance adjustment under~~
25 ~~this subsection shall use the funds resulting from this adjustment~~
26 ~~for at least 1 of grades K to 3 for purposes allowable under former~~
27 ~~section 32e as in effect for 2001-2002. For an individual school or~~

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

~~—— (b) A district receiving an adjustment under this subsection shall not receive as a result of this adjustment an amount that exceeds 68.5% of the amount the district received as a result of this adjustment for 2010-2011.~~

~~—— (c) Notwithstanding subsection (8), for a district that is~~

~~formed or reconfigured by consolidation of 2 or more districts, 1 of which received an adjustment under this subsection for 2012-2013, the resulting district's foundation allowance for 2013-2014 and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the resulting district's foundation allowance as calculated under subsection (8) excluding any adjustment calculated under this subsection plus [(the original district's adjustment under this subsection in 2012-2013 times the number of pupils in the original district's membership for 2012-2013) divided by the number of pupils in the resulting district's membership for 2013-2014].~~

~~—— (d) Beginning in 2013-2014, for a district that received an adjustment for the immediately preceding fiscal year and that had a foundation allowance as adjusted by this subsection for the immediately preceding fiscal year equal to \$6,966.00, the district shall not receive an adjustment under this section for the current fiscal year.~~

(12) IN ADDITION TO ALL OTHER CALCULATIONS UNDER THIS SECTION, A DISTRICT'S TOTAL FOUNDATION ALLOWANCE SHALL BE CONSIDERED TO BE THE SUM OF THE FOUNDATION ALLOWANCE AMOUNT AS OTHERWISE CALCULATED UNDER THIS SECTION PLUS THE DISTRICT'S MPSERS RATE CAP PER PUPIL. AS USED IN THIS SUBSECTION, "MPSERS RATE CAP PER PUPIL" MEANS AN AMOUNT EQUAL TO THE QUOTIENT OF THE DISTRICT'S PAYMENT UNDER SECTION 147C DIVIDED BY THE DISTRICT'S MEMBERSHIP. THE DEPARTMENT SHALL PUBLISH AN ESTIMATED TOTAL FOUNDATION ALLOWANCE FOR EACH DISTRICT THAT REFLECTS THIS CALCULATION UPON ENACTMENT OF THE AMENDATORY ACT THAT PROVIDES FOR STATE AID UNDER THIS ARTICLE FOR

1 THE 2014-2015 FISCAL YEAR. THE PORTION OF THE DISTRICT'S TOTAL
2 FOUNDATION ALLOWANCE THAT IS ATTRIBUTABLE TO THE MPSERS RATE CAP
3 PER PUPIL SHALL BE REMITTED TO THE MICHIGAN PUBLIC SCHOOL
4 EMPLOYEES' RETIREMENT SYSTEM AS REQUIRED UNDER SECTION 147C, AND
5 THIS PORTION OF THE TOTAL FOUNDATION ALLOWANCE SHALL BE FUNDED
6 UNDER SECTION 147C. THE PORTION OF THE DISTRICT'S TOTAL FOUNDATION
7 ALLOWANCE THAT IS ATTRIBUTABLE TO THE MPSERS RATE CAP PER PUPIL
8 SHALL NOT BE CONSIDERED TO BE PART OF A DISTRICT'S BASE FOUNDATION
9 ALLOWANCE THAT IS USED IN CALCULATING ANY INCREASE IN THE
10 DISTRICT'S FOUNDATION ALLOWANCE IN SUBSEQUENT YEARS AS OTHERWISE
11 CALCULATED UNDER THIS SECTION.

12 (13) Payments to districts, public school academies, or the
13 education achievement system shall not be made under this section.
14 Rather, the calculations under this section shall be used to
15 determine the amount of state payments under section 22b.

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

21 (15) As used in this section:

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

25 (b) "Combined state and local revenue" means the aggregate of
26 the district's state school aid received by or paid on behalf of
27 the district under this section and the district's local school

1 operating revenue.

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

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

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

11 (f) "Immediately preceding state fiscal year" means the state
12 fiscal year immediately preceding the current state fiscal year.

13 (G) "LOCAL PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE"
14 MEANS AN AMOUNT THAT IS EQUAL TO THE DIFFERENCE BETWEEN THE SUM OF
15 THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF ALL
16 PROPERTY IN THE DISTRICT THAT IS NONEXEMPT PROPERTY TIMES THE
17 DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS
18 EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL
19 OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY
20 TIMES THE CERTIFIED MILLS MINUS 12 MILLS AND [MINUS?] THE QUOTIENT
21 OF THE PRODUCT OF THE CAPTURED ASSESSED VALUATION UNDER TAX
22 INCREMENT FINANCING ACTS TIMES THE DISTRICT'S CERTIFIED MILLS
23 DIVIDED BY THE DISTRICT'S MEMBERSHIP EXCLUDING SPECIAL EDUCATION
24 PUPILS.

25 (H) ~~(g)~~ "Local school operating revenue" means school
26 operating taxes levied under section 1211 of the revised school
27 code, MCL 380.1211. For a receiving district, if school operating

1 taxes are to be levied on behalf of a dissolved district that has
 2 been attached in whole or in part to the receiving district to
 3 satisfy debt obligations of the dissolved district under section 12
 4 of the revised school code, MCL 380.12, local school operating
 5 revenue does not include school operating taxes levied within the
 6 geographic area of the dissolved district.

7 (I) ~~(h)~~ "Local school operating revenue per membership pupil"
 8 means a district's local school operating revenue divided by the
 9 district's membership excluding special education pupils.

10 (J) ~~(i)~~ "Maximum public school academy allocation", except as
 11 otherwise provided in this subdivision, means the maximum per-pupil
 12 allocation as calculated by adding the highest per-pupil allocation
 13 among all public school academies for the immediately preceding
 14 state fiscal year plus the difference between twice the ~~dollar~~
 15 ~~amount of the adjustment from~~ **AMOUNT OF THE DIFFERENCE BETWEEN THE**
 16 **BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND**
 17 **THE BASIC FOUNDATION FOR** the immediately preceding state fiscal
 18 ~~year to the current state fiscal year made in the basic foundation~~
 19 ~~allowance and [(the dollar amount of the adjustment from~~ **AMOUNT OF**
 20 **THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE**
 21 **CURRENT STATE FISCAL YEAR AND THE BASIC FOUNDATION FOR** the
 22 immediately preceding state fiscal year ~~to the current state fiscal~~
 23 ~~year made in the basic foundation allowance minus \$10.00) times~~
 24 (the difference between the highest per-pupil allocation among all
 25 public school academies for the immediately preceding state fiscal
 26 year and the ~~sum of \$7,108.00 plus the total dollar amount of all~~
 27 ~~adjustments made from 2006-2007 to the immediately preceding state~~

~~fiscal year in the lowest per pupil allocation among all public school academies)~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR)** divided by the difference between the basic foundation allowance for the current state fiscal year and the ~~sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per pupil allocation among all public school academies]~~. **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR]**. FOR THE PURPOSES OF THIS SUBDIVISION, FOR 2014-2015, THE MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR SHALL BE CONSIDERED TO BE \$7,076.00.

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

(I) ~~(k)~~—"Nonexempt property" means property that is not a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, or commercial personal property.

(M) ~~(l)~~—"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.

(N) ~~(m)~~—"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.

(O) ~~(n)~~—"School operating purposes" means the purposes

1 included in the operation costs of the district as prescribed in
 2 sections 7 and 18 and purposes authorized under section 1211 of the
 3 revised school code, MCL 380.1211.

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

7 (Q) ~~(p)~~ "Tax increment financing acts" means 1975 PA 197, MCL
 8 125.1651 to 125.1681, the tax increment finance authority act, 1980
 9 PA 450, MCL 125.1801 to 125.1830, the local development financing
 10 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
 11 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
 12 or the corridor improvement authority act, 2005 PA 280, MCL
 13 125.2871 to 125.2899.

14 (R) ~~(q)~~ "Taxable value per membership pupil" means taxable
 15 value, as certified by the ~~department of treasury,~~ **COUNTY TREASURER**
 16 **AND REPORTED TO THE DEPARTMENT,** for the calendar year ending in the
 17 current state fiscal year divided by the district's membership
 18 excluding special education pupils for the school year ending in
 19 the current state fiscal year.

20 Sec. 20d. In making the final determination required under
 21 former section 20a of a district's combined state and local revenue
 22 per membership pupil in 1993-94 and in making calculations under
 23 section 20 for ~~2013-2014,~~ **2014-2015,** the department and the
 24 department of treasury shall comply with all of the following:

25 (a) For a district that had combined state and local revenue
 26 per membership pupil in the 1994-95 state fiscal year of \$6,500.00
 27 or more and served as a fiscal agent for a state board designated

1 area vocational education center in the 1993-94 school year, total
2 state school aid received by or paid on behalf of the district
3 pursuant to this act in 1993-94 shall exclude payments made under
4 former section 146 and under section 147 on behalf of the
5 district's employees who provided direct services to the area
6 vocational education center. Not later than June 30, 1996, the
7 department shall make an adjustment under this subdivision to the
8 district's combined state and local revenue per membership pupil in
9 the 1994-95 state fiscal year and the department of treasury shall
10 make a final certification of the number of mills that may be
11 levied by the district under section 1211 of the revised school
12 code, MCL 380.1211, as a result of the adjustment under this
13 subdivision.

14 (b) If a district had an adjustment made to its 1993-94 total
15 state school aid that excluded payments made under former section
16 146 and under section 147 on behalf of the district's employees who
17 provided direct services for intermediate district center programs
18 operated by the district under article 5, if nonresident pupils
19 attending the center programs were included in the district's
20 membership for purposes of calculating the combined state and local
21 revenue per membership pupil for 1993-94, and if there is a signed
22 agreement by all constituent districts of the intermediate district
23 that an adjustment under this subdivision shall be made, the
24 foundation allowances for 1995-96 and 1996-97 of all districts that
25 had pupils attending the intermediate district center program
26 operated by the district that had the adjustment shall be
27 calculated as if their combined state and local revenue per

1 membership pupil for 1993-94 included resident pupils attending the
 2 center program and excluded nonresident pupils attending the center
 3 program.

4 Sec. 20f. (1) From the funds appropriated in section 11, there
 5 is allocated an amount not to exceed ~~\$6,000,000.00~~ **\$31,000,000.00**
 6 for ~~2013-2014~~ **2014-2015** for payments to eligible districts under
 7 this section. A district is eligible for funding under this section
 8 if the sum of the following is less than ~~\$5.00~~ **\$75.00**:

9 (a) The increase in the district's foundation allowance or per
 10 pupil payment as calculated under section 20 from ~~2012-2013~~ **2013-**
 11 **2014** to ~~2013-2014~~ **2014-2015**. **FOR THE PURPOSES OF THIS SUBDIVISION,**
 12 **A DISTRICT'S FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT FOR 2013-**
 13 **2014 SHALL BE CONSIDERED TO BE THE SUM OF THE DISTRICT'S FOUNDATION**
 14 **ALLOWANCE OR PER PUPIL PAYMENT CALCULATED UNDER SECTION 20 FOR**
 15 **2013-2014 PLUS THE DISTRICT'S EQUITY PAYMENT PER MEMBERSHIP PUPIL**
 16 **UNDER FORMER SECTION 22E AS THAT SECTION WAS IN EFFECT FOR 2013-**
 17 **2014.**

18 (b) The district's ~~equity~~ **PUPIL PERFORMANCE** payment per
 19 membership pupil under **FORMER** section ~~22e~~ **22J FOR 2013-2014.**

20 (c) The quotient of the district's allocation under section
 21 147a for ~~2012-2013~~ **2013-2014** divided by the district's membership
 22 pupils for ~~2012-2013~~ ~~minus the quotient of the district's~~
 23 ~~allocation under section 147a for 2013-2014 divided by the~~
 24 ~~district's membership pupils for 2013-2014.~~

25 **(D) THE DISTRICT'S BEST PRACTICES PAYMENT PER MEMBERSHIP PUPIL**
 26 **UNDER FORMER SECTION 22F FOR 2013-2014.**

27 **(E) THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER THIS**

1 SECTION FOR 2013-2014 DIVIDED BY THE DISTRICT'S MEMBERSHIP PUPILS
2 FOR 2013-2014.

3 (2) The amount allocated to each eligible district under this
4 section is an amount per membership pupil equal to ~~\$5.00~~-\$75.00
5 minus the sum of the following:

6 (a) The increase in the district's foundation allowance or per
7 pupil payment as calculated under section 20 from ~~2012-2013~~ 2013-
8 2014 to ~~2013-2014~~ 2014-2015. FOR THE PURPOSES OF THIS SUBDIVISION,
9 A DISTRICT'S FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT FOR 2013-
10 2014 SHALL BE CONSIDERED TO BE THE SUM OF THE DISTRICT'S FOUNDATION
11 ALLOWANCE OR PER PUPIL PAYMENT CALCULATED UNDER SECTION 20 FOR
12 2013-2014 PLUS THE DISTRICT'S EQUITY PAYMENT PER MEMBERSHIP PUPIL
13 UNDER FORMER SECTION 22E AS THAT SECTION WAS IN EFFECT FOR 2013-
14 2014.

15 (b) The district's ~~equity~~ PUPIL PERFORMANCE payment per
16 membership pupil under FORMER section ~~22e~~ 22J FOR 2013-2014.

17 (c) The quotient of the district's allocation under section
18 147a for ~~2012-2013~~ 2013-2014 divided by the district's membership
19 pupils for ~~2012-2013~~ minus the quotient of the district's
20 allocation under section 147a for ~~2013-2014~~ divided by the
21 district's membership pupils for 2013-2014.

22 (D) THE DISTRICT'S BEST PRACTICES PAYMENT PER MEMBERSHIP PUPIL
23 UNDER FORMER SECTION 22F FOR 2013-2014.

24 (E) THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER THIS
25 SECTION FOR 2013-2014 DIVIDED BY THE DISTRICT'S MEMBERSHIP PUPILS
26 FOR 2013-2014.

27 (3) IF THE ALLOCATION UNDER SUBSECTION (1) IS INSUFFICIENT TO

1 FULLY FUND PAYMENTS AS OTHERWISE CALCULATED UNDER THIS SECTION, THE
2 DEPARTMENT SHALL PRORATE PAYMENTS UNDER THIS SECTION ON AN EQUAL
3 PER-PUPIL BASIS.

4 Sec. 20g. (1) From the ~~general fund money~~ **FUNDS** appropriated
5 under section 11, there is allocated an amount not to exceed
6 \$2,200,000.00 for ~~2013-2014~~ **2014-2015** for grants to eligible
7 districts **THAT FIRST RECEIVED PAYMENTS UNDER THIS SECTION IN 2013-**
8 **2014** for transition costs related to the enrollment of pupils who
9 were previously enrolled in a district that was dissolved under
10 section 12 of the revised school code, MCL 380.12. ~~It is the intent~~
11 ~~of the legislature to continue this transition funding~~ **PAYMENTS**
12 **UNDER THIS SECTION SHALL CONTINUE** for a total of 4 fiscal years
13 following the dissolution of a district, **AFTER WHICH THE PAYMENTS**
14 **SHALL CEASE.**

15 (2) A receiving school district, as that term is defined in
16 section 12 of the revised school code, MCL 380.12, is an eligible
17 district under this section.

18 (3) The amount allocated to each eligible district under this
19 section is an amount equal to the product of the number of
20 membership pupils enrolled in the eligible district who were
21 previously enrolled in the dissolved district in the school year
22 immediately preceding the dissolution, or who reside in the
23 geographic area of the dissolved district and are entering
24 kindergarten, times 10.0% of the lesser of the foundation allowance
25 of the eligible district as calculated under section 20 or the
26 basic foundation allowance under section 20(1).

27 Sec. 21b. (1) Subject to subsections (2) and (3), a district

1 shall use funds received under section 22a or 22b to support the
2 attendance of a district pupil **WHO IS AN ELIGIBLE STUDENT** at an
3 eligible postsecondary institution under the postsecondary
4 enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or
5 under the career and technical preparation act, 2000 PA 258, MCL
6 388.1901 to 388.1913, **BY PAYING ELIGIBLE CHARGES ON BEHALF OF THE**
7 **DISTRICT PUPIL AS REQUIRED UNDER THOSE ACTS.**

8 ~~(2) To the extent required under subsection (3), a district~~
9 ~~shall pay tuition and mandatory course fees, material fees, and~~
10 ~~registration fees required by an eligible postsecondary institution~~
11 ~~for enrollment in an eligible course. A district also shall pay any~~
12 ~~late fees charged by an eligible postsecondary institution due to~~
13 ~~the district's failure to make a required payment according to the~~
14 ~~timetable prescribed by the postsecondary enrollment options act,~~
15 ~~1996 PA 160, MCL 388.511 to 388.524, or the career and technical~~
16 ~~preparation act, 2000 PA 258, MCL 388.1901 to 388.1913. A district~~
17 ~~is not required to pay transportation costs, parking costs, or~~
18 ~~activity fees~~ **ON BEHALF OF AN ELIGIBLE STUDENT FOR ATTENDANCE AT AN**
19 **ELIGIBLE POSTSECONDARY INSTITUTION AS DESCRIBED IN SUBSECTION (1) .**

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

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

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

21 Sec. 21f. (1) A pupil enrolled in a district in any of grades
22 5 to 12 is eligible to enroll in an online course as provided for
23 in this section. ~~However, this section does not apply to a pupil~~
24 ~~enrolled in a school of excellence that is a cyber school, as~~
25 ~~defined in section 551 of the revised school code, MCL 380.551.~~

26 (2) With the consent of the pupil's parent or legal guardian,
27 a district shall enroll an eligible pupil in up to 2 online courses

1 as requested by the pupil during an academic term, semester, or
2 trimester. ~~It is the intent of the legislature to consider~~
3 ~~increasing the limit on the number of online courses that a pupil~~
4 ~~may enroll in beginning in 2014-2015 for pupils who have~~
5 ~~demonstrated previous success with online courses.~~ **UNLESS THE PUPIL**
6 **IS NEWLY ENROLLED IN THE DISTRICT, THE REQUEST FOR ONLINE COURSE**
7 **ENROLLMENT MUST BE MADE IN THE ACADEMIC TERM, SEMESTER, OR**
8 **TRIMESTER IMMEDIATELY PRECEDING THE ENROLLMENT. A DISTRICT MAY NOT**
9 **ESTABLISH ADDITIONAL REQUIREMENTS THAT WOULD PROHIBIT A PUPIL FROM**
10 **TAKING AN ONLINE COURSE. IF A PUPIL HAS DEMONSTRATED PREVIOUS**
11 **SUCCESS WITH ONLINE COURSES AND THE SCHOOL LEADERSHIP AND THE**
12 **PUPIL'S PARENT OR LEGAL GUARDIAN DETERMINE THAT IT IS IN THE BEST**
13 **INTEREST OF THE PUPIL, A PUPIL MAY BE ENROLLED IN MORE THAN 2**
14 **ONLINE COURSES IN A SPECIFIC ACADEMIC TERM, SEMESTER, OR TRIMESTER.**
15 Consent of the pupil's parent or legal guardian is not required if
16 the pupil is at least age 18 or is an emancipated minor.

17 (3) An eligible pupil may enroll in an online course published
18 in the pupil's educating district's catalog of online courses
19 described in subsection (7)(a) or the statewide catalog of online
20 courses maintained by the ~~Michigan virtual university~~ **DEPARTMENT**
21 pursuant to section 98.

22 (4) A district shall determine whether or not it has capacity
23 to accept applications for enrollment from nonresident applicants
24 in online courses and may use that limit as the reason for refusal
25 to enroll an applicant. If the number of nonresident applicants
26 eligible for acceptance in an online course does not exceed the
27 capacity of the district to provide the online course, the district

1 shall accept for enrollment all of the nonresident applicants
2 eligible for acceptance. If the number of nonresident applicants
3 exceeds the district's capacity to provide the online course, the
4 district shall use a random draw system, subject to the need to
5 abide by state and federal antidiscrimination laws and court
6 orders.

7 (5) A district may deny a pupil enrollment in an online course
8 if any of the following apply, as determined by the district:

9 (a) The pupil has previously gained the credits provided from
10 the completion of the online course.

11 (b) The online course is not capable of generating academic
12 credit.

13 (c) The online course is inconsistent with the remaining
14 graduation requirements or career interests of the pupil.

15 (d) The pupil does not possess the prerequisite knowledge and
16 skills to be successful in the online course or has demonstrated
17 failure in previous online coursework in the same subject.

18 (e) The online course is of insufficient quality or rigor. A
19 district that denies a pupil enrollment for this reason shall make
20 a reasonable effort to assist the pupil to find an alternative
21 course in the same or a similar subject that is of acceptable rigor
22 and quality.

23 (F) THE COST OF THE ONLINE COURSE EXCEEDS THE AMOUNT
24 IDENTIFIED IN SUBSECTION (8).

25 (G) THE ONLINE COURSE ENROLLMENT REQUEST DOES NOT OCCUR WITHIN
26 THE SAME TIMELINES ESTABLISHED BY THE DISTRICT FOR ENROLLMENT AND
27 SCHEDULE CHANGES FOR REGULAR COURSES.

1 (6) If a pupil is denied enrollment in an online course by a
2 district, the pupil may appeal the denial by submitting a letter to
3 the superintendent of the intermediate district in which the
4 pupil's educating district is located. The letter of appeal shall
5 include the reason provided by the district for not enrolling the
6 pupil and the reason why the pupil is claiming that the enrollment
7 should be approved. The intermediate district superintendent or
8 designee shall respond to the appeal within 5 days after it is
9 received. If the intermediate district superintendent or designee
10 determines that the denial of enrollment does not meet 1 or more of
11 the reasons specified in subsection (5), the district shall allow
12 the pupil to enroll in the online course.

13 (7) To offer or provide an online course **UNDER THIS SECTION**, a
14 district **OR INTERMEDIATE DISTRICT** shall do all of the following:

15 (a) Provide the ~~Michigan virtual university~~ **DEPARTMENT** with
16 the course syllabus in a form and method prescribed by the ~~Michigan~~
17 ~~virtual university~~ **DEPARTMENT** for inclusion in a statewide online
18 course catalog. The district **OR INTERMEDIATE DISTRICT** shall also
19 provide on its publicly accessible website a link to the course
20 syllabi for all of the online courses offered by the district **OR**
21 **INTERMEDIATE DISTRICT** and a link to the statewide catalog of online
22 courses maintained by the ~~Michigan virtual university~~ **DEPARTMENT**.

23 (b) Offer the online course on an open entry and exit method,
24 or aligned to a semester, trimester, or accelerated academic term
25 format.

26 (c) **NOT LATER THAN OCTOBER 1, 2014, PROVIDE THE DEPARTMENT**
27 **WITH THE NUMBER OF ENROLLMENTS IN EACH ONLINE COURSE THE DISTRICT**

1 OR INTERMEDIATE DISTRICT OFFERED TO PUPILS PURSUANT TO THIS SECTION
2 IN THE IMMEDIATELY PRECEDING SCHOOL YEAR, AND THE NUMBER OF
3 ENROLLMENTS IN WHICH THE PUPIL EARNED 60% OR MORE OF THE TOTAL
4 COURSE POINTS FOR EACH ONLINE COURSE.

5 (8) For a pupil enrolled in 1 or more online courses published
6 in the pupil's educating district's catalog of online courses under
7 subsection (7) or in the statewide catalog of online courses
8 maintained by the ~~Michigan virtual university, DEPARTMENT,~~ the
9 district shall use foundation allowance or per pupil funds
10 calculated under section 20 to pay for the expenses associated with
11 the online course or courses. The district shall pay 80% of the
12 cost of the online course upon enrollment and 20% upon completion
13 as determined by the district. A district is not required to pay
14 toward the cost of an online course an amount that exceeds ~~1/12~~
15 **8.33%** of the district's foundation allowance or per pupil payment
16 **FOR THE CURRENT FISCAL YEAR** as calculated under section 20 per
17 semester. ~~or an amount that exceeds 1/18 of the district's~~
18 ~~foundation allowance or per pupil payment as calculated under~~
19 ~~section 20 per trimester.~~

20 (9) An online learning pupil shall have the same rights and
21 access to technology in his or her ~~educating~~ **PRIMARY** district's
22 school facilities as all other pupils enrolled in the ~~educating~~
23 **PUPIL'S PRIMARY** district.

24 (10) If a pupil successfully completes an online course, as
25 determined by the **PUPIL'S PRIMARY** district, the pupil's **PRIMARY**
26 district shall grant appropriate academic credit for completion of
27 the course and shall count that credit toward completion of

1 graduation and subject area requirements. A pupil's school record
2 and transcript shall identify the online course title as it appears
3 in the online course syllabus.

4 (11) The enrollment of a pupil in 1 or more online courses
5 shall not result in a pupil being counted as more than 1.0 full-
6 time equivalent pupils under this ~~act~~**ARTICLE**.

7 (12) As used in this section:

8 (a) "Online course" means a course of study that is capable of
9 generating a credit or a grade, that is provided in an interactive
10 internet-connected learning environment, in which pupils are
11 separated from their teachers by time or location, or both, and in
12 which a teacher who holds a valid Michigan teaching certificate is
13 responsible for determining appropriate instructional methods for
14 each pupil, diagnosing learning needs, assessing pupil learning,
15 prescribing intervention strategies, reporting outcomes, and
16 evaluating the effects of instruction and support strategies.

17 (b) "Online course syllabus" means a document that includes
18 all of the following:

19 (i) The state academic standards addressed in an online course.

20 (ii) The online course content outline.

21 (iii) The online course required assessments.

22 (iv) The online course prerequisites.

23 (v) Expectations for actual instructor contact time with the
24 online learning pupil and other pupil-to-instructor communications.

25 (vi) Academic support available to the online learning pupil.

26 (vii) The online course learning outcomes and objectives.

27 (viii) The name of the institution or organization providing the

1 online content.

2 (ix) The name of the institution or organization providing the
3 online instructor.

4 (x) The course titles assigned by the district **OR INTERMEDIATE**
5 **DISTRICT** and the course titles and course codes from the national
6 center for education statistics (NCES) school codes for the
7 exchange of data (SCED).

8 (xi) The number of eligible nonresident pupils that will be
9 accepted by the district **OR INTERMEDIATE DISTRICT** in the online
10 course.

11 (xii) The results of the online course quality review using the
12 guidelines and model review process published by the Michigan
13 virtual university.

14 (c) "Online learning pupil" means a pupil enrolled in 1 or
15 more online courses.

16 (D) **"PRIMARY DISTRICT" MEANS THE DISTRICT THAT ENROLLS THE**
17 **PUPIL AND REPORTS THE PUPIL AS A FULL-TIME EQUATED PUPIL FOR PUPIL**
18 **MEMBERSHIP PURPOSES.**

19 Sec. 22a. (1) From the appropriation in section 11, there is
20 allocated an amount not to exceed ~~\$5,630,000,000.00 for 2012-2013~~
21 ~~and there is allocated an amount not to exceed \$5,536,700,000.00~~
22 ~~for 2013-2014~~ **\$5,403,000,000.00 FOR 2014-2015** for payments to
23 districts and qualifying public school academies to guarantee each
24 district and qualifying public school academy an amount equal to
25 its 1994-95 total state and local per pupil revenue for school
26 operating purposes under section 11 of article IX of the state
27 constitution of 1963. Pursuant to section 11 of article IX of the

1 state constitution of 1963, this guarantee does not apply to a
2 district in a year in which the district levies a millage rate for
3 school district operating purposes less than it levied in 1994.
4 However, subsection (2) applies to calculating the payments under
5 this section. Funds allocated under this section that are not
6 expended in the state fiscal year for which they were allocated, as
7 determined by the department, may be used to supplement the
8 allocations under sections 22b and 51c in order to fully fund those
9 calculated allocations for the same fiscal year.

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

15 (a) Except as otherwise provided in this subsection, the state
16 portion of a district's 1994-95 foundation allowance is an amount
17 equal to the district's 1994-95 foundation allowance or \$6,500.00,
18 whichever is less, minus the difference between the sum of the
19 product of the taxable value per membership pupil of all property
20 in the district that is nonexempt property times the district's
21 certified mills and, for a district with certified mills exceeding
22 12, the product of the taxable value per membership pupil of
23 property in the district that is commercial personal property times
24 the certified mills minus 12 mills and the quotient of the ad
25 valorem property tax revenue of the district captured under tax
26 increment financing acts divided by the district's membership. For
27 a district that has a millage reduction required under section 31

1 of article IX of the state constitution of 1963, the state portion
2 of the district's foundation allowance shall be calculated as if
3 that reduction did not occur. For a receiving district, if school
4 operating taxes are to be levied on behalf of a dissolved district
5 that has been attached in whole or in part to the receiving
6 district to satisfy debt obligations of the dissolved district
7 under section 12 of the revised school code, MCL 380.12, taxable
8 value per membership pupil of all property in the receiving
9 district that is nonexempt property and taxable value per
10 membership pupil of property in the receiving district that is
11 commercial personal property do not include property within the
12 geographic area of the dissolved district; ad valorem property tax
13 revenue of the receiving district captured under tax increment
14 financing acts does not include ad valorem property tax revenue
15 captured within the geographic boundaries of the dissolved district
16 under tax increment financing acts; and certified mills do not
17 include the certified mills of the dissolved district.

18 (b) For a district that had a 1994-95 foundation allowance
19 greater than \$6,500.00, the state payment under this subsection
20 shall be the sum of the amount calculated under subdivision (a)
21 plus the amount calculated under this subdivision. The amount
22 calculated under this subdivision shall be equal to the difference
23 between the district's 1994-95 foundation allowance minus \$6,500.00
24 and the current year hold harmless school operating taxes per
25 pupil. If the result of the calculation under subdivision (a) is
26 negative, the negative amount shall be an offset against any state
27 payment calculated under this subdivision. If the result of a

1 calculation under this subdivision is negative, there shall not be
2 a state payment or a deduction under this subdivision. The taxable
3 values per membership pupil used in the calculations under this
4 subdivision are as adjusted by ad valorem property tax revenue
5 captured under tax increment financing acts divided by the
6 district's membership. For a receiving district, if school
7 operating taxes are to be levied on behalf of a dissolved district
8 that has been attached in whole or in part to the receiving
9 district to satisfy debt obligations of the dissolved district
10 under section 12 of the revised school code, MCL 380.12, ad valorem
11 property tax revenue captured under tax increment financing acts do
12 not include ad valorem property tax revenue captured within the
13 geographic boundaries of the dissolved district under tax increment
14 financing acts.

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

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

25 (5) Except as otherwise provided in this subsection, for a
26 district that is formed or reconfigured after June 1, 2000 by
27 consolidation of 2 or more districts or by annexation, the

1 resulting district's 1994-95 foundation allowance under this
2 section beginning after the effective date of the consolidation or
3 annexation shall be the average of the 1994-95 foundation
4 allowances of each of the original or affected districts,
5 calculated as provided in this section, weighted as to the
6 percentage of pupils in total membership in the resulting district
7 in the state fiscal year in which the consolidation takes place who
8 reside in the geographic area of each of the original districts. If
9 an affected district's 1994-95 foundation allowance is less than
10 the 1994-95 basic foundation allowance, the amount of that
11 district's 1994-95 foundation allowance shall be considered for the
12 purpose of calculations under this subsection to be equal to the
13 amount of the 1994-95 basic foundation allowance. This subsection
14 does not apply to a receiving district unless there is a subsequent
15 consolidation or annexation that affects the district.

16 (6) As used in this section:

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

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

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

26 (d) "Current year hold harmless school operating taxes per
27 pupil" means the per pupil revenue generated by multiplying a

1 district's 1994-95 hold harmless millage by the district's current
2 year taxable value per membership pupil. For a receiving district,
3 if school operating taxes are to be levied on behalf of a dissolved
4 district that has been attached in whole or in part to the
5 receiving district to satisfy debt obligations of the dissolved
6 district under section 12 of the revised school code, MCL 380.12,
7 taxable value per membership pupil does not include the taxable
8 value of property within the geographic area of the dissolved
9 district.

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

14 (f) "Hold harmless millage" means, for a district with a 1994-
15 95 foundation allowance greater than \$6,500.00, the number of mills
16 by which the exemption from the levy of school operating taxes on a
17 homestead, qualified agricultural property, qualified forest
18 property, supportive housing property, industrial personal
19 property, and commercial personal property could be reduced as
20 provided in section 1211 of the revised school code, MCL 380.1211,
21 and the number of mills of school operating taxes that could be
22 levied on all property as provided in section 1211(2) of the
23 revised school code, MCL 380.1211, as certified by the department
24 of treasury for the 1994 tax year. For a receiving district, if
25 school operating taxes are to be levied on behalf of a dissolved
26 district that has been attached in whole or in part to the
27 receiving district to satisfy debt obligations of the dissolved

1 district under section 12 of the revised school code, MCL 380.12,
2 school operating taxes do not include school operating taxes levied
3 within the geographic area of the dissolved district.

4 (g) "Homestead", "qualified agricultural property", "qualified
5 forest property", "supportive housing property", "industrial
6 personal property", and "commercial personal property" mean those
7 terms as defined in section 1211 of the revised school code, MCL
8 380.1211.

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

12 (i) "Nonexempt property" means property that is not a
13 principal residence, qualified agricultural property, qualified
14 forest property, supportive housing property, industrial personal
15 property, or commercial personal property.

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

19 (k) "Receiving district" means a district to which all or part
20 of the territory of a dissolved district is attached under section
21 12 of the revised school code, MCL 380.12.

22 (l) "School operating taxes" means local ad valorem property
23 taxes levied under section 1211 of the revised school code, MCL
24 380.1211, and retained for school operating purposes as defined in
25 section 20.

26 (m) "Tax increment financing acts" means 1975 PA 197, MCL
27 125.1651 to 125.1681, the tax increment finance authority act, 1980

1 PA 450, MCL 125.1801 to 125.1830, the local development financing
2 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
3 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
4 or the corridor improvement authority act, 2005 PA 280, MCL
5 125.2871 to 125.2899.

6 (n) "Taxable value per membership pupil" means each of the
7 following divided by the district's membership:

8 (i) For the number of mills by which the exemption from the
9 levy of school operating taxes on a homestead, qualified
10 agricultural property, qualified forest property, supportive
11 housing property, industrial personal property, and commercial
12 personal property may be reduced as provided in section 1211 of the
13 revised school code, MCL 380.1211, the taxable value of homestead,
14 qualified agricultural property, qualified forest property,
15 supportive housing property, industrial personal property, and
16 commercial personal property for the calendar year ending in the
17 current state fiscal year. For a receiving district, if school
18 operating taxes are to be levied on behalf of a dissolved district
19 that has been attached in whole or in part to the receiving
20 district to satisfy debt obligations of the dissolved district
21 under section 12 of the revised school code, MCL 380.12, mills do
22 not include mills within the geographic area of the dissolved
23 district.

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

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

8 Sec. 22b. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed ~~\$3,215,000,000.00 for 2012-2013~~
10 ~~and there is allocated an amount not to exceed \$3,373,700,000.00~~
11 ~~for 2013-2014~~ **\$3,818,000,000.00 FOR 2014-2015** for discretionary
12 nonmandated payments to districts under this section. Funds
13 allocated under this section that are not expended in the state
14 fiscal year for which they were allocated, as determined by the
15 department, may be used to supplement the allocations under
16 sections 22a and 51c in order to fully fund those calculated
17 allocations for the same fiscal year.

18 (2) Subject to subsection (3) and section 296, the allocation
19 to a district under this section shall be an amount equal to the
20 sum of the amounts calculated under sections 20, 51a(2), 51a(3),
21 and 51a(11), minus the sum of the allocations to the district under
22 sections 22a and 51c.

23 (3) In order to receive an allocation under subsection (1),
24 each district shall do all of the following:

25 (a) Comply with section 1280b of the revised school code, MCL
26 380.1280b.

27 (b) Comply with sections 1278a and 1278b of the revised school

1 code, MCL 380.1278a and 380.1278b.

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

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

7 (e) Comply with section 21f.

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

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

18 (6) From the allocation in subsection (1), the department
19 shall pay up to \$1,000,000.00 in litigation costs incurred by this
20 state associated with lawsuits filed by 1 or more districts or
21 intermediate districts against this state. If the allocation under
22 this section is insufficient to fully fund all payments required
23 under this section, the payments under this subsection shall be
24 made in full before any proration of remaining payments under this
25 section.

26 (7) It is the intent of the legislature that all
27 constitutional obligations of this state have been fully funded

1 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by
2 an entity receiving funds under this article that challenges the
3 legislative determination of the adequacy of this funding or
4 alleges that there exists an unfunded constitutional requirement,
5 the state budget director may escrow or allocate from the
6 discretionary funds for nonmandated payments under this section the
7 amount as may be necessary to satisfy the claim before making any
8 payments to districts under subsection (2). If funds are escrowed,
9 the escrowed funds are a work project appropriation and the funds
10 are carried forward into the following fiscal year. The purpose of
11 the work project is to provide for any payments that may be awarded
12 to districts as a result of litigation. The work project shall be
13 completed upon resolution of the litigation.

14 (8) If the local claims review board or a court of competent
15 jurisdiction makes a final determination that this state is in
16 violation of section 29 of article IX of the state constitution of
17 1963 regarding state payments to districts, the state budget
18 director shall use work project funds under subsection (7) or
19 allocate from the discretionary funds for nonmandated payments
20 under this section the amount as may be necessary to satisfy the
21 amount owed to districts before making any payments to districts
22 under subsection (2).

23 (9) If a claim is made in court that challenges the
24 legislative determination of the adequacy of funding for this
25 state's constitutional obligations or alleges that there exists an
26 unfunded constitutional requirement, any interested party may seek
27 an expedited review of the claim by the local claims review board.

1 If the claim exceeds \$10,000,000.00, this state may remove the
2 action to the court of appeals, and the court of appeals shall have
3 and shall exercise jurisdiction over the claim.

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

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

1 to 1396v.

2 Sec. 22d. (1) From the appropriation in section 11, an amount
3 not to exceed ~~\$2,584,600.00~~ **\$2,713,800.00** is allocated for ~~2013-~~
4 ~~2014-2014-2015~~ for supplemental payments to rural districts under
5 this section.

6 (2) From the allocation under subsection (1), there is
7 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
8 ~~\$957,300.00~~ **\$1,005,200.00** for payments under this subsection to
9 districts that meet all of the following:

10 (a) Operates grades K to 12.

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

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

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

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

17 (3) The amount of the additional funding to each eligible
18 district under subsection (2) shall be determined under a spending
19 plan developed as provided in this subsection and approved by the
20 superintendent of public instruction. The spending plan shall be
21 developed cooperatively by the intermediate superintendents of each
22 intermediate district in which an eligible district is located. The
23 intermediate superintendents shall review the financial situation
24 of each eligible district, determine the minimum essential
25 financial needs of each eligible district, and develop and agree on
26 a spending plan that distributes the available funding under
27 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 shall be paid to the eligible districts in the same manner as payments under section 22b.

(4) Subject to subsection (6), from the allocation in subsection (1), there is allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed ~~\$1,627,300.00~~ **\$1,708,600.00** for payments under this subsection to districts that meet all of the following:

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

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

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

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

Sec. 22i. (1) From the ~~state school aid fund money~~ **FUNDS** appropriated in section 11, there is allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed ~~\$45,000,000.00~~ **\$50,000,000.00** for the technology infrastructure grant program for districts or intermediate districts on behalf of their constituent districts. Funds received under this subsection shall be used **ONLY** for the development or improvement of a district's technology

1 infrastructure, the shared services consolidation of technology and
2 data, and hardware in preparation for the planned implementation in
3 2014-2015 of online growth assessments. **ALL FUNDING AWARDED UNDER**
4 **THIS SECTION SHALL BE USED TO ENSURE THAT THE RECIPIENT DISTRICT OR**
5 **INTERMEDIATE DISTRICT IS TECHNOLOGICALLY READY TO ADMINISTER AN**
6 **ONLINE ASSESSMENT.**

7 (2) The department shall develop a competitive application
8 process and method of grant distribution to eligible districts and
9 intermediate districts that demonstrate need for grants under
10 subsection (1). The department may consult with the department of
11 technology, management, and budget during the grant process and
12 grant distribution. Grants to districts shall not exceed
13 \$2,000,000.00 per district. A grant to an intermediate district on
14 behalf of its constituent districts shall not exceed \$2,000,000.00
15 per constituent district. To receive a grant under subsection (1),
16 an intermediate district shall demonstrate that a grant awarded to
17 the intermediate district on behalf of its constituent districts
18 would provide savings compared to providing grants to individual
19 districts.

20 ~~—— (3) From the general fund money appropriated in section 11,~~
21 ~~there is allocated an amount not to exceed \$5,000,000.00 for 2013-~~
22 ~~2014 to be awarded through a competitive bid process to a single~~
23 ~~provider of whole school technology as described in this~~
24 ~~subsection. The department shall issue a single request for~~
25 ~~proposal with application rules written and administered by the~~
26 ~~department, and with a focus on economic and geographic diversity.~~
27 ~~To be eligible to receive the grant under this section, a provider~~

1 ~~shall meet all of the following:~~

2 ~~—— (a) Agrees to submit evaluation criteria in a form and manner~~
 3 ~~determined by the department.~~

4 ~~—— (b) Provides at least all of the following:~~

5 ~~—— (i) One to one mobile devices.~~

6 ~~—— (ii) Laptop or desktop computers for each classroom.~~

7 ~~—— (iii) On and off campus filtering.~~

8 ~~—— (iv) Wireless networks and peripherals.~~

9 ~~—— (v) Wireless audio equipment.~~

10 ~~—— (vi) Operating software.~~

11 ~~—— (vii) Instructional software.~~

12 ~~—— (viii) Repairs and replacements.~~

13 ~~—— (ix) Professional development.~~

14 ~~—— (x) Ongoing support.~~

15 Sec. 24. (1) From the appropriation in section 11, there is
 16 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
 17 \$8,000,000.00 for payments to the educating district or
 18 intermediate district for educating pupils assigned by a court or
 19 the department of human services to reside in or to attend a
 20 juvenile detention facility or child caring institution licensed by
 21 the department of human services and approved by the department to
 22 provide an on-grounds education program. The amount of the payment
 23 under this section to a district or intermediate district shall be
 24 calculated as prescribed under subsection (2).

25 (2) The total amount allocated under this section shall be
 26 allocated by paying to the educating district or intermediate
 27 district an amount equal to the lesser of the district's or

1 intermediate district's added cost or the department's approved per
2 pupil allocation for the district or intermediate district. For the
3 purposes of this subsection:

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

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

24 (3) A district or intermediate district educating pupils
25 described in this section at a residential child caring institution
26 may operate, and receive funding under this section for, a
27 department-approved on-grounds educational program for those pupils

1 that is longer than 181 days, but not longer than 233 days, if the
2 child caring institution was licensed as a child caring institution
3 and offered in 1991-92 an on-grounds educational program that was
4 longer than 181 days but not longer than 233 days and that was
5 operated by a district or intermediate district.

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

8 Sec. 24a. From the appropriation in section 11, there is
9 allocated an amount not to exceed ~~\$2,167,500.00~~ **\$2,195,500.00** for
10 ~~2013-2014-2014-2015~~ for payments to intermediate districts for
11 pupils who are placed in juvenile justice service facilities
12 operated by the department of human services. Each intermediate
13 district shall receive an amount equal to the state share of those
14 costs that are clearly and directly attributable to the educational
15 programs for pupils placed in facilities described in this section
16 that are located within the intermediate district's boundaries. The
17 intermediate districts receiving payments under this section shall
18 cooperate with the department of human services to ensure that all
19 funding allocated under this section is utilized by the
20 intermediate district and department of human services for
21 educational programs for pupils described in this section. Pupils
22 described in this section are not eligible to be funded under
23 section 24. However, a program responsibility or other fiscal
24 responsibility associated with these pupils shall not be
25 transferred from the department of human services to a district or
26 intermediate district unless the district or intermediate district
27 consents to the transfer.

1 Sec. 24c. From the appropriation in section 11, there is
 2 allocated an amount not to exceed ~~\$1,500,000.00 for 2013-2014~~
 3 **\$1,550,000.00 FOR 2014-2015** for payments to districts for pupils
 4 who are enrolled in a nationally administered community-based
 5 education and youth mentoring program, known as the youth challenge
 6 program, that is administered by the department of military and
 7 veterans affairs. Both of the following apply to a district
 8 receiving payments under this section:

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

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

16 Sec. 25e. (1) ~~The center shall work with the department,~~
 17 ~~districts, and intermediate districts to develop a~~ **THE** pupil
 18 membership transfer application and a pupil transfer process
 19 **ADMINISTERED BY THE CENTER** under this section **SHALL BE USED FOR**
 20 **PROCESSING PUPIL TRANSFERS.** ~~The center shall complete development~~
 21 ~~of this pupil membership transfer application not later than~~
 22 ~~November 1, 2013.~~

23 (2) If a pupil counted in membership for the pupil membership
 24 count day transfers from a district or intermediate district to
 25 enroll in another district or intermediate district after the pupil
 26 membership count day and before the supplemental count day and, due
 27 to the pupil's enrollment and attendance status as of the pupil

1 membership count day, the pupil was not counted in membership in
2 the educating district or intermediate district, the educating
3 district or intermediate district may report the enrollment and
4 attendance information to the center through the pupil transfer
5 process within 30 days after the transfer or within 30 days after
6 the sixth Wednesday after the pupil membership count day, whichever
7 is later. Pupil transfers may be submitted no earlier than the
8 first day after the certification deadline for the pupil membership
9 count day and before the supplemental count day. Upon receipt of
10 the transfer information under this subsection indicating that a
11 pupil has enrolled and is in attendance in an educating district or
12 intermediate district as described in this subsection, the pupil
13 transfer process shall do the following:

14 (a) Notify the district in which the pupil was previously
15 enrolled.

16 (b) Notify both the pupil auditing staff of the intermediate
17 district in which the educating district is located and the pupil
18 auditing staff of the intermediate district in which the district
19 that previously enrolled the pupil is located. The pupil auditing
20 staff shall approve or deny the pupil membership transfer.

21 (c) Aggregate the districtwide changes and notify the
22 department for use in adjusting the state aid payment system.

23 (3) The department shall do all of the following:

24 (a) Adjust the membership calculation for each district or
25 intermediate district in which the pupil was previously counted in
26 membership or that previously received an adjustment in its
27 membership calculation under this section due to a change in the

1 pupil's enrollment and attendance so that the district's or
2 intermediate district's membership is prorated to allow the
3 district or intermediate district to receive for each school day,
4 as determined by the financial calendar furnished by the center, in
5 which the pupil was enrolled and in attendance in the district or
6 intermediate district an amount equal to $1/105$ of a full-time
7 equated membership claimed in the fall pupil membership count. The
8 district or intermediate district shall receive a prorated
9 foundation allowance in an amount equal to the product of the
10 adjustment under this subdivision for the district or intermediate
11 district multiplied by the foundation allowance or per pupil
12 payment as calculated under section 20 for the district or
13 intermediate district. The foundation allowance or per pupil
14 payment shall be adjusted by the pupil's full-time equated status
15 as affected by the membership definition under section 6(4).

16 (b) Adjust the membership calculation for the educating
17 district or intermediate district in which the pupil is enrolled
18 and is in attendance so that the district's or intermediate
19 district's membership is increased to allow the district or
20 intermediate district to receive an amount equal to the difference
21 between the full-time equated membership claimed in the fall pupil
22 membership count and the sum of the adjustments calculated under
23 subdivision (a) for each district or intermediate district in which
24 the pupil was previously enrolled and in attendance. The educating
25 district or intermediate district shall receive a prorated
26 foundation allowance in an amount equal to the product of the
27 adjustment under this subdivision for the educating district or

1 intermediate district multiplied by the foundation allowance or per
2 pupil payment as calculated under section 20 for the educating
3 district or intermediate district. The foundation allowance or per
4 pupil payment shall be adjusted by the pupil's full-time equated
5 status as affected by the membership definition under section 6(4).

6 (4) The changes in calculation of state school aid required
7 under subsection (3) shall take effect as of the date that the
8 pupil becomes enrolled and in attendance in the educating district
9 or intermediate district, and the department shall base all
10 subsequent payments under this article for the fiscal year to the
11 affected districts or intermediate districts on this recalculation
12 of state school aid.

13 (5) If a pupil enrolls in an educating district or
14 intermediate district as described in subsection (2), the district
15 or intermediate district in which the pupil is counted in
16 membership or another educating district or intermediate district
17 that received an adjustment in its membership calculation under
18 subsection (3), if any, and the educating district or intermediate
19 district shall provide to the center and the department all
20 information they require to comply with this section.

21 (6) As used in this section, "educating district or
22 intermediate district" means the district or intermediate district
23 in which a pupil enrolls after the pupil membership count day or
24 after an adjustment was made in another district's or intermediate
25 district's membership calculation under this section due to the
26 pupil's enrollment and attendance.

27 Sec. 26a. ~~(1) From the state school aid fund appropriation~~

FUNDS APPROPRIATED in section 11, there is allocated an amount not to exceed \$26,300,000.00 for ~~2013-2014~~**2014-2015** to reimburse districts and intermediate districts pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2013.~~**2014**. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

~~—— (2) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated an amount not to exceed \$3,200,000.00 for 2013-2014 to reimburse public libraries pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2013. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.~~

Sec. 26b. (1) From the appropriation in section 11, there is allocated for ~~2013-2014~~**2014-2015** an amount not to exceed ~~\$4,009,500.00~~**\$4,210,000.00** for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

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

5 Sec. 26c. (1) From the appropriation in section 11, there is
6 allocated an amount not to exceed ~~\$209,400.00 for 2012-2013 and an~~
7 ~~amount not to exceed \$266,200.00 for 2013-2014~~ **\$293,100.00 FOR**
8 **2014-2015** to the promise zone fund created in subsection (3).

9 (2) Funds allocated to the promise zone fund under this
10 section shall be used solely for payments to eligible districts and
11 intermediate districts that have a promise zone development plan
12 approved by the department of treasury under section 7 of the
13 Michigan promise zone authority act, 2008 PA 549, MCL 390.1667.

14 (3) The promise zone fund is created as a separate account
15 within the state school aid fund to be used solely for the purposes
16 of the Michigan promise zone authority act, 2008 PA 549, MCL
17 390.1661 to 390.1679. All of the following apply to the promise
18 zone fund:

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

22 (b) Money in the promise zone fund at the close of a fiscal
23 year shall remain in the promise zone fund and shall not lapse to
24 the general fund.

25 (4) Subject to subsection (2), the state treasurer may make
26 payments from the promise zone fund to eligible districts and
27 intermediate districts pursuant to the Michigan promise zone

1 authority act, 2008 PA 549, MCL 390.1661 to 390.1679, to be used
2 for the purposes of a promise zone authority created under that
3 act.

4 Sec. 31a. (1) From the state school aid fund money
5 appropriated in section 11, there is allocated for ~~2013-2014-2014-~~
6 **2015** an amount not to exceed \$317,695,500.00 for payments to
7 eligible districts, eligible public school academies, and the
8 education achievement system under this section. Subject to
9 subsection (14), the amount of the additional allowance under this
10 section, other than funding under subsection (6) or (7), shall be
11 based on the number of actual pupils in membership in the district
12 or public school academy or the education achievement system who
13 met the income eligibility criteria for free breakfast, lunch, or
14 milk in the immediately preceding state fiscal year, as determined
15 under the Richard B. Russell national school lunch act, 42 USC 1751
16 to 1769i, and reported to the department not later than the fifth
17 Wednesday after the pupil membership count day of the immediately
18 preceding fiscal year and adjusted not later than December 31 of
19 the immediately preceding fiscal year in the form and manner
20 prescribed by the center. However, for a public school academy that
21 began operations as a public school academy, or for an achievement
22 school that began operations as an achievement school, after the
23 pupil membership count day of the immediately preceding school
24 year, the basis for the additional allowance under this section
25 shall be the number of actual pupils in membership in the public
26 school academy or the education achievement system who met the
27 income eligibility criteria for free breakfast, lunch, or milk in

1 the current state fiscal year, as determined under the Richard B.
2 Russell national school lunch act and reported to the department
3 not later than the fifth Wednesday after the pupil membership count
4 day.

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

12 (a) The sum of the district's or public school academy's or
13 the education achievement system's combined state and local revenue
14 per membership pupil in the current state fiscal year, as
15 calculated under section 20, is less than or equal to the basic
16 foundation allowance under section 20 for the current state fiscal
17 year.

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

22 (3) Except as otherwise provided in this subsection, an
23 eligible district or eligible public school academy or the
24 education achievement system shall receive under this section for
25 each membership pupil in the district or public school academy or
26 the education achievement system who met the income eligibility
27 criteria for free breakfast, lunch, or milk, as determined under

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

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

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

1 working under the supervision of a certificated teacher. The ratio
2 of pupils to paraprofessionals shall be between 10:1 and 15:1. Only
3 1 certificated teacher is required to supervise instruction using a
4 tutorial method. As used in this subsection, "to supplant another
5 program" means to take the place of a previously existing
6 instructional program or direct noninstructional services funded
7 from a funding source other than funding under this section.

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

18 (6) From the funds allocated under subsection (1), there is
19 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
20 \$3,557,300.00 to support child and adolescent health centers. These
21 grants shall be awarded for 5 consecutive years beginning with
22 2003-2004 in a form and manner approved jointly by the department
23 and the department of community health. Each grant recipient shall
24 remain in compliance with the terms of the grant award or shall
25 forfeit the grant award for the duration of the 5-year period after
26 the noncompliance. To continue to receive funding for a child and
27 adolescent health center under this section a grant recipient shall

1 ensure that the child and adolescent health center has an advisory
2 committee and that at least one-third of the members of the
3 advisory committee are parents or legal guardians of school-aged
4 children. A child and adolescent health center program shall
5 recognize the role of a child's parents or legal guardian in the
6 physical and emotional well-being of the child. Funding under this
7 subsection shall be used to support child and adolescent health
8 center services provided to children up to age 21. If any funds
9 allocated under this subsection are not used for the purposes of
10 this subsection for the fiscal year in which they are allocated,
11 those unused funds shall be used that fiscal year to avoid or
12 minimize any proration that would otherwise be required under
13 subsection (14) for that fiscal year.

14 (7) From the funds allocated under subsection (1), there is
15 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
16 \$5,150,000.00 for the state portion of the hearing and vision
17 screenings as described in section 9301 of the public health code,
18 1978 PA 368, MCL 333.9301. A local public health department shall
19 pay at least 50% of the total cost of the screenings. The frequency
20 of the screenings shall be as required under R 325.13091 to R
21 325.13096 and R 325.3271 to R 325.3276 of the Michigan
22 administrative code. Funds shall be awarded in a form and manner
23 approved jointly by the department and the department of community
24 health. Notwithstanding section 17b, payments to eligible entities
25 under this subsection shall be paid on a schedule determined by the
26 department.

27 (8) Each district or public school academy receiving funds

1 under this section and the education achievement system shall
2 submit to the department by July 15 of each fiscal year a report,
3 not to exceed 10 pages, on the usage by the district or public
4 school academy or the education achievement system of funds under
5 this section, which report shall include at least a brief
6 description of each program conducted by the district or public
7 school academy or the education achievement system using funds
8 under this section, the amount of funds under this section
9 allocated to each of those programs, the number of at-risk pupils
10 eligible for free or reduced price school lunch who were served by
11 each of those programs, and the total number of at-risk pupils
12 served by each of those programs. If a district or public school
13 academy or the education achievement system does not comply with
14 this subsection, the department shall withhold an amount equal to
15 the August payment due under this section until the district or
16 public school academy or the education achievement system complies
17 with this subsection. If the district or public school academy or
18 the education achievement system does not comply with this
19 subsection by the end of the state fiscal year, the withheld funds
20 shall be forfeited to the school aid fund.

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

1 (10) Subject to subsections (5), (6), (7), (12), and (13), a
2 district may use up to 100% of the funds it receives under this
3 section to reduce the ratio of pupils to teachers in grades K-12,
4 or any combination of those grades, in school buildings in which
5 the percentage of pupils described in subsection (1) exceeds the
6 district's aggregate percentage of those pupils. Subject to
7 subsections (5), (6), (7), (12), and (13), a district may use up to
8 100% of the funds it receives under this section to reduce the
9 ratio of pupils to teachers in grades K-12, or any combination of
10 those grades, in school buildings in which the percentage of pupils
11 described in subsection (1) is at least 60% of the district's
12 aggregate percentage of those pupils and at least 30% of the total
13 number of pupils enrolled in the school building.

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

19 (12) For an individual school or schools operated by a
20 district or public school academy receiving funds under this
21 section or the education achievement system that have been
22 determined by the department to meet the adequate yearly progress
23 standards of the no child left behind act of 2001, Public Law 107-
24 110, in both mathematics and English language arts at all
25 applicable grade levels for all applicable subgroups, the district
26 or public school academy or the education achievement system may
27 use not more than 20% of the funds it receives under this section

1 for specific alternative purposes identified by the district or
2 public school academy or the education achievement system that are
3 designed to benefit at-risk pupils in the school, but that may be
4 different from the purposes otherwise allowable under this section.
5 If a district or public school academy or the education achievement
6 system uses funds for alternative purposes allowed under the
7 flexibility provisions under this subsection, the district or
8 public school academy or the education achievement system shall
9 maintain documentation of the amounts used for those alternative
10 purposes and shall make that information available to the
11 department upon request.

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

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

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

13 (14) If necessary, and before any proration required under
14 section 296, the department shall prorate payments under this
15 section by reducing the amount of the per pupil payment under this
16 section by a dollar amount calculated by determining the amount by
17 which the amount necessary to fully fund the requirements of this
18 section exceeds the maximum amount allocated under this section and
19 then dividing that amount by the total statewide number of pupils
20 who met the income eligibility criteria for free breakfast, lunch,
21 or milk in the immediately preceding fiscal year, as described in
22 subsection (1).

23 (15) If a district is formed by consolidation after June 1,
24 1995, and if 1 or more of the original districts was not eligible
25 before the consolidation for an additional allowance under this
26 section, the amount of the additional allowance under this section
27 for the consolidated district shall be based on the number of

1 pupils described in subsection (1) enrolled in the consolidated
2 district who reside in the territory of an original district that
3 was eligible before the consolidation for an additional allowance
4 under this section. **IN ADDITION, IF A DISTRICT IS DISSOLVED**
5 **PURSUANT TO SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, THE**
6 **INTERMEDIATE DISTRICT TO WHICH THE DISSOLVED SCHOOL DISTRICT WAS**
7 **CONSTITUENT SHALL DETERMINE THE ESTIMATED NUMBER OF PUPILS THAT**
8 **MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR**
9 **MILK, AS DESCRIBED UNDER SUBSECTION (3), ENROLLED IN EACH OF THE**
10 **OTHER DISTRICTS WITHIN THE INTERMEDIATE DISTRICT AND PROVIDE THAT**
11 **ESTIMATE TO THE DEPARTMENT FOR THE PURPOSES OF DISTRIBUTING FUNDS**
12 **UNDER THIS SECTION WITHIN 60 DAYS AFTER THE SCHOOL DISTRICT IS**
13 **DECLARED DISSOLVED.**

14 (16) As used in this section, "at-risk pupil" means a pupil
15 for whom the district has documentation that the pupil meets at
16 least 2 of the following criteria: is a victim of child abuse or
17 neglect; is below grade level in English language arts or
18 mathematics; is a pregnant teenager or teenage parent; is eligible
19 for a federal free or reduced-price lunch subsidy; has atypical
20 behavior or attendance patterns; or has a family history of school
21 failure, incarceration, or substance abuse. At-risk pupil also
22 includes all pupils in a priority school as defined in the
23 elementary and secondary education act of 2001 flexibility request
24 approved by the United States department of education. For pupils
25 for whom the results of at least the applicable Michigan education
26 assessment program (MEAP) test have been received, at-risk pupil
27 also includes a pupil who does not meet the other criteria under

1 this subsection but who did not achieve at least a score of level 2
2 on the most recent MEAP English language arts, mathematics, science
3 test, or social studies for which results for the pupil have been
4 received. For pupils for whom the results of the Michigan merit
5 examination have been received, at-risk pupil also includes a pupil
6 who does not meet the other criteria under this subsection but who
7 did not achieve proficiency on the reading, writing, mathematics,
8 science, or social studies components of the most recent Michigan
9 merit examination for which results for the pupil have been
10 received. For pupils in grades K-3, at-risk pupil also includes a
11 pupil who is at risk of not meeting the district's core academic
12 curricular objectives in English language arts or mathematics.

13 (17) A district or public school academy that receives funds
14 under this section or the education achievement system may use
15 funds received under this section to provide an anti-bullying or
16 crisis intervention program.

17 **SEC. 31B. (1) FROM THE APPROPRIATIONS IN SECTION 11, THERE IS**
18 **ALLOCATED AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2014-2015 FOR**
19 **GRANTS TO AT-RISK DISTRICTS FOR IMPLEMENTING A YEAR-ROUND**
20 **INSTRUCTIONAL PROGRAM FOR AT LEAST 1 OF ITS SCHOOLS.**

21 **(2) THE DEPARTMENT SHALL SELECT DISTRICTS FOR GRANTS UNDER**
22 **THIS SECTION FROM AMONG APPLICANT DISTRICTS THAT MEET BOTH OF THE**
23 **FOLLOWING:**

24 **(A) THE DISTRICT IS ELIGIBLE IN 2014-2015 FOR THE COMMUNITY**
25 **ELIGIBILITY OPTION FOR FREE AND REDUCED PRICE LUNCH UNDER 42 USC**
26 **1759A.**

27 **(B) THE BOARD OF THE DISTRICT HAS ADOPTED A RESOLUTION STATING**

1 THAT THE DISTRICT WILL IMPLEMENT FOR THE FIRST TIME A YEAR-ROUND
2 INSTRUCTIONAL CALENDAR THAT WILL BEGIN IN 2015-2016 FOR AT LEAST 1
3 SCHOOL OPERATED BY THE DISTRICT AND COMMITTING TO PROVIDING THE
4 YEAR-ROUND INSTRUCTIONAL CALENDAR IN EACH OF THOSE SCHOOLS FOR AT
5 LEAST 3 SCHOOL YEARS.

6 (3) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL APPLY
7 TO THE DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE
8 DEPARTMENT NOT LATER THAN DECEMBER 1, 2014. THE DEPARTMENT SHALL
9 SELECT DISTRICTS FOR GRANTS AND MAKE NOTIFICATION NOT LATER THAN
10 FEBRUARY 1, 2015.

11 (4) THE DEPARTMENT SHALL AWARD GRANTS UNDER THIS SECTION ON A
12 COMPETITIVE BASIS, BUT SHALL GIVE PRIORITY BASED SOLELY ON
13 CONSIDERATION OF THE FOLLOWING CRITERIA:

14 (A) GIVING PRIORITY TO DISTRICTS WITH LOWER GENERAL FUND
15 BALANCES AS A PERCENT OF REVENUES.

16 (B) GIVING PRIORITY TO DISTRICTS THAT OPERATE AT LEAST 1
17 SCHOOL THAT HAS BEEN IDENTIFIED BY THE DEPARTMENT AS EITHER A
18 PRIORITY SCHOOL OR A FOCUS SCHOOL.

19 (C) ENSURING THAT GRANT FUNDING INCLUDES BOTH RURAL AND URBAN
20 DISTRICTS.

21 (5) THE AMOUNT OF A GRANT UNDER THIS SECTION TO ANY 1 DISTRICT
22 SHALL NOT EXCEED \$250,000.00.

23 (6) A GRANT PAYMENT UNDER THIS SECTION TO A DISTRICT SHALL BE
24 USED FOR NECESSARY MODIFICATIONS TO INSTRUCTIONAL FACILITIES AND
25 OTHER NONRECURRING COSTS OF PREPARING FOR THE OPERATION OF A YEAR-
26 ROUND INSTRUCTIONAL PROGRAM AS APPROVED BY THE DEPARTMENT.

27 (7) A DISTRICT RECEIVING A GRANT UNDER THIS SECTION IS NOT

1 REQUIRED TO PROVIDE MORE THAN THE MINIMUM NUMBER OF DAYS AND HOURS
2 OF PUPIL INSTRUCTION PRESCRIBED UNDER SECTION 101, BUT SHALL SPREAD
3 AT LEAST THOSE MINIMUM AMOUNTS OF PUPIL INSTRUCTION OVER THE ENTIRE
4 YEAR IN EACH OF ITS SCHOOLS IN WHICH A YEAR-ROUND INSTRUCTIONAL
5 CALENDAR IS IMPLEMENTED. THE DISTRICT SHALL COMMIT TO PROVIDING THE
6 YEAR-ROUND INSTRUCTIONAL CALENDAR IN EACH OF THOSE SCHOOLS FOR AT
7 LEAST 3 SCHOOL YEARS.

8 (8) FOR A DISTRICT RECEIVING A GRANT UNDER THIS SECTION,
9 EXCESSIVE HEAT IS CONSIDERED TO BE A CONDITION NOT WITHIN THE
10 CONTROL OF SCHOOL AUTHORITIES FOR THE PURPOSE OF DAYS OR HOURS
11 BEING COUNTED AS DAYS OR HOURS OF PUPIL INSTRUCTION UNDER SECTION
12 101(4).

13 (9) NOTWITHSTANDING SECTION 17B, GRANT PAYMENTS TO DISTRICTS
14 UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE
15 DEPARTMENT.

16 Sec. 31d. (1) From the appropriations in section 11, there is
17 allocated an amount not to exceed \$22,495,100.00 for ~~2013-2014~~
18 2014-2015 for the purpose of making payments to districts and other
19 eligible entities under this section.

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

1 104458-104492.

2 (3) The payments made under this section include all state
3 payments made to districts so that each district receives at least
4 6.0127% of the necessary costs of operating the state mandated
5 portion of the school lunch program in a fiscal year.

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

12 (5) From the federal funds appropriated in section 11, there
13 is allocated for ~~2013-2014-2014-2015~~ all available federal funding,
14 estimated at ~~\$460,000,000.00~~ **\$510,000,000.00** for the national
15 school lunch program and all available federal funding, estimated
16 at \$3,200,000.00 for the emergency food assistance program.

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

20 (7) In purchasing food for a school lunch program funded under
21 this section, preference shall be given to food that is grown or
22 produced by Michigan businesses if it is competitively priced and
23 of comparable quality.

24 Sec. 31f. (1) From the appropriations in section 11, there is
25 allocated an amount not to exceed \$5,625,000.00 for ~~2013-2014-2014-~~
26 **2015** for the purpose of making payments to districts to reimburse
27 for the cost of providing breakfast.

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

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

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

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

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

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

23 Sec. 32d. (1) From the funds appropriated in section 11, there
24 is allocated to eligible intermediate districts and consortia of
25 intermediate districts for great start readiness programs an amount
26 not to exceed ~~\$149,275,000.00~~ **\$239,275,000.00** for ~~2013-2014.~~ **2014-**
27 **2015.** ~~In addition, from the funds appropriated in section 11, there~~

1 ~~is allocated to the great start readiness reserve fund created~~
2 ~~under subsection (14) an amount not to exceed \$25,000,000.00 for~~
3 ~~2013-2014.~~ Funds allocated under this section for great start
4 readiness programs shall be used to provide part-day, school-day,
5 or GSRP/head start blended comprehensive free compensatory
6 classroom programs designed to improve the readiness and subsequent
7 achievement of educationally disadvantaged children who meet the
8 participant eligibility and prioritization guidelines as defined by
9 the department. ~~Beginning in 2013-2014, for~~ **FOR** a child to be
10 eligible to participate in a program under this section, the child
11 shall be at least 4, but less than 5, years of age as of the date
12 specified for determining a child's eligibility to attend school
13 under section 1147 of the revised school code, MCL 380.1147.

14 (2) Funds allocated under subsection (1) shall be allocated to
15 intermediate districts or consortia of intermediate districts based
16 on the formula in section 39. An intermediate district or
17 consortium of intermediate districts receiving funding under this
18 section shall act as the fiduciary for the great start readiness
19 programs. In order to be eligible to receive funds allocated under
20 this subsection from an intermediate district or consortium of
21 intermediate districts, a district, a consortium of districts, or a
22 public or private for-profit or nonprofit legal entity or agency
23 shall comply with this section and section 39.

24 (3) In addition to the allocation under subsection (1), from
25 the general fund money appropriated under section 11, there is
26 allocated an amount not to exceed \$300,000.00 for ~~2013-2014-2014-~~
27 **2015** for a competitive grant to continue a longitudinal evaluation

1 of children who have participated in great start readiness
2 programs.

3 (4) To be eligible for funding under this section, a program
4 shall prepare children for success in school through comprehensive
5 part-day, school-day, or GSRP/head start blended programs that
6 contain all of the following program components, as determined by
7 the department:

8 (a) Participation in a collaborative recruitment and
9 enrollment process to assure that each child is enrolled in the
10 program most appropriate to his or her needs and to maximize the
11 use of federal, state, and local funds.

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

15 (c) Nutritional services for all program participants
16 supported by federal, state, and local resources as applicable.

17 (d) ~~Health~~**PHYSICAL AND DENTAL HEALTH** and developmental
18 screening services for all program participants.

19 (e) Referral services for families of program participants to
20 community social service agencies, **INCLUDING MENTAL HEALTH**
21 **SERVICES**, as appropriate.

22 (f) Active and continuous involvement of the parents or
23 guardians of the program participants.

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

27 (h) Participation in a ~~multidistrict, multiagency,~~ school

1 readiness advisory committee convened as a workgroup of the great
 2 start collaborative that provides for the involvement of classroom
 3 teachers, parents or guardians of program participants, and
 4 community, volunteer, and social service agencies and
 5 organizations, as appropriate. The advisory committee annually
 6 shall review **AND MAKE RECOMMENDATIONS REGARDING** the program
 7 components listed in this subsection. ~~and make recommendations for~~
 8 ~~changes to the great start readiness program for which it is an~~
 9 ~~advisory committee.~~ **THE ADVISORY COMMITTEE ALSO SHALL MAKE**
 10 **RECOMMENDATIONS TO THE GREAT START COLLABORATIVE REGARDING OTHER**
 11 **COMMUNITY SERVICES DESIGNED TO IMPROVE ALL CHILDREN'S SCHOOL**
 12 **READINESS.**

13 (i) The ongoing articulation of the kindergarten and first
 14 grade programs offered by the program provider.

15 (j) Participation in this state's great start to quality
 16 process with a rating of at least 3 stars.

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

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

22 (b) ~~Ensure~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,**
 23 **ENSURE** that at least 90% of the children participating in an
 24 eligible great start readiness program for whom the ~~provider~~
 25 **INTERMEDIATE DISTRICT** is receiving funds under this section are
 26 children who live with families with a household income that is
 27 equal to or less than 250% of the federal poverty level. **IF THE**

1 INTERMEDIATE DISTRICT DETERMINES THAT ALL ELIGIBLE CHILDREN ARE
2 BEING SERVED AND THAT THERE ARE NO CHILDREN ON THE WAITING LIST
3 UNDER SECTION 39(1)(D) WHO LIVE WITH FAMILIES WITH A HOUSEHOLD
4 INCOME THAT IS EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY
5 LEVEL, THE INTERMEDIATE DISTRICT MAY THEN ENROLL CHILDREN WHO LIVE
6 WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN
7 300% OF THE FEDERAL POVERTY LEVEL. THE ENROLLMENT PROCESS SHALL
8 CONSIDER INCOME AND RISK FACTORS, SUCH THAT CHILDREN DETERMINED
9 WITH HIGHER NEED ARE ENROLLED BEFORE CHILDREN WITH LESSER NEED. FOR
10 PURPOSES OF THIS SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN
11 FOSTER CARE OR WHO ARE EXPERIENCING HOMELESSNESS OR WHO HAVE
12 INDIVIDUALIZED EDUCATION PLANS RECOMMENDING PLACEMENT IN AN
13 INCLUSIVE PRESCHOOL SETTING SHALL BE CONSIDERED TO LIVE WITH
14 FAMILIES WITH HOUSEHOLD INCOME EQUAL TO OR LESS THAN 250% OF THE
15 FEDERAL POVERTY LEVEL REGARDLESS OF ACTUAL FAMILY INCOME.

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

18 (i) Teachers possessing proper training. ~~For programs managed~~
19 ~~directly by a district or intermediate district, A LEAD TEACHER~~
20 **MUST HAVE** a valid teaching certificate ~~and WITH~~ an early childhood
21 (ZA or ZS) endorsement ~~are required. This provision does not apply~~
22 ~~to an eligible child development program. In that situation, a~~
23 ~~teacher must have a valid Michigan teaching certificate with an~~
24 ~~early childhood (ZA or ZS) endorsement, a valid Michigan elementary~~
25 ~~teaching certificate with a child development associate credential,~~
26 or a bachelor's degree in child development **OR EARLY CHILD**
27 **DEVELOPMENT** with specialization in preschool teaching. However, if

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

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

26 (d) Include a program budget that contains only those costs
27 that are not reimbursed or reimbursable by federal funding, that

1 are clearly and directly attributable to the great start readiness
2 program, and that would not be incurred if the program were not
3 being offered. Eligible costs include transportation costs. The
4 program budget shall indicate the extent to which these funds will
5 supplement other federal, state, local, or private funds. Funds
6 received under this section shall not be used to supplant any
7 federal funds received by the applicant to serve children eligible
8 for a federally funded preschool program that has the capacity to
9 serve those children.

10 (6) For a grant recipient that enrolls pupils in a school-day
11 program funded under this section, each child enrolled in the
12 school-day program shall be counted as 2 children served by the
13 program for purposes of determining the number of children to be
14 served and for determining the amount of the grant award. A grant
15 award shall not be increased solely on the basis of providing a
16 school-day program.

17 (7) For a grant recipient that enrolls pupils in a GSRP/head
18 start blended program, the grant recipient shall ensure that all
19 head start and GSRP policies and regulations are applied to the
20 blended slots, with adherence to the highest standard from either
21 program, to the extent allowable under federal law.

22 (8) An intermediate district or consortium of intermediate
23 districts receiving a grant under this section **SHALL DESIGNATE AN**
24 **EARLY CHILDHOOD COORDINATOR, AND** may provide services directly or
25 may contract with 1 or more districts or public or private for-
26 profit or nonprofit providers that meet all requirements of
27 subsection (4) and retain for administrative services **PROVIDED BY**

1 THE INTERMEDIATE DISTRICT AND THE SUBRECIPIENTS LOCATED WITHIN THE
2 INTERMEDIATE DISTRICT an amount equal to not more than 7% of the
3 grant amount. In addition, an intermediate district or consortium
4 of intermediate districts may expend not more than 2% of the total
5 grant amount for **OUTREACH**, recruiting, and public awareness of the
6 program.

7 (9) Each grant recipient shall enroll children identified
8 under subsection (5)(b) according to how far the child's household
9 income is below 250% of the federal poverty level by ranking each
10 applicant child's household income from lowest to highest and
11 dividing the applicant children into quintiles based on how far the
12 child's household income is below 250% of the federal poverty
13 level, and then enrolling children in the quintile with the lowest
14 household income before enrolling children in the quintile with the
15 next lowest household income until slots are completely filled. IF
16 THE GRANT RECEIPIENT DETERMINES THAT ALL ELIGIBLE CHILDREN ARE
17 BEING SERVED AND THAT THERE ARE NO CHILDREN ON THE WAITING LIST
18 UNDER SECTION 39(1)(D) WHO LIVE WITH FAMILIES WITH A HOUSEHOLD
19 INCOME THAT IS EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY
20 LEVEL, THE GRANT RECEIPIENT MAY THEN ENROLL CHILDREN WHO LIVE WITH
21 FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN 300%
22 OF THE FEDERAL POVERTY LEVEL. THE ENROLLMENT PROCESS SHALL CONSIDER
23 INCOME AND RISK FACTORS, SUCH THAT CHILDREN DETERMINED WITH HIGHER
24 NEED ARE ENROLLED BEFORE CHILDREN WITH LESSER NEED. FOR PURPOSES OF
25 THIS SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN FOSTER CARE
26 OR WHO ARE EXPERIENCING HOMELESSNESS OR WHO HAVE INDIVIDUALIZED
27 EDUCATION PLANS RECOMMENDING PLACEMENT IN AN INCLUSIVE PRESCHOOL

1 SETTING SHALL BE CONSIDERED TO LIVE WITH FAMILIES WITH HOUSEHOLD
2 INCOME EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY LEVEL
3 REGARDLESS OF ACTUAL FAMILY INCOME.

4 (10) An intermediate district or consortium of intermediate
5 districts receiving a grant under this section shall conduct a
6 local process to contract with interested and eligible public and
7 private for-profit and nonprofit community-based providers that
8 meet all requirements of subsection (4) for at least 30% of its
9 total slot allocation. If the intermediate district or consortium
10 is not able to contract for at least 30% of its total slot
11 allocation, the grant recipient shall notify the department and, if
12 the department verifies that the intermediate district or
13 consortium attempted to contract for at least 30% of its total slot
14 allocation and was not able to do so, then the intermediate
15 district or consortium may retain and use all of its allocated
16 slots as provided under this section.

17 (11) A recipient of funds under this section shall report to
18 the department in a form and manner prescribed by the department
19 the number of children participating in the program who meet the
20 income eligibility criteria under subsection (5)(b) and the total
21 number of children participating in the program. For children
22 participating in the program who meet the income eligibility
23 criteria specified under subsection (5)(b), a recipient shall also
24 report whether or not a parent is available to provide care based
25 on employment status. For the purposes of this subsection,
26 "employment status" shall be defined by the department of human
27 services in a manner consistent with maximizing the amount of

1 spending that may be claimed for temporary assistance for needy
2 families maintenance of effort purposes.

3 (12) As used in this section:

4 (a) "GSRP/head start blended program" means a part-day program
5 funded under this section and a head start program, which are
6 combined for a school-day program.

7 (b) "Part-day program" means a program that operates at least
8 4 days per week, 30 weeks per year, for at least 3 hours of
9 teacher-child contact time per day but for fewer hours of teacher-
10 child contact time per day than a school-day program.

11 (c) "School-day program" means a program that operates for at
12 least the same length of day as a district's first grade program
13 for a minimum of 4 days per week, 30 weeks per year. A classroom
14 that offers a school-day program must enroll all children for the
15 school day to be considered a school-day program.

16 (13) An intermediate district or consortium of intermediate
17 districts receiving funds under this section shall establish a
18 sliding scale of tuition rates based upon household income for
19 children participating in an eligible great start readiness program
20 who live with families with a household income that is more than
21 250% of the federal poverty level to be used by all of its
22 providers, as approved by the department. A grant recipient shall
23 charge tuition according to that sliding scale of tuition rates on
24 a uniform basis for any child who does not meet the income
25 eligibility requirements under this section.

26 ~~—— (14) The great start readiness reserve fund is created as a~~
27 ~~separate account within the state school aid fund established by~~

~~section 11 of article IX of the state constitution of 1963. Money available in the great start readiness reserve fund may not be expended for 2013-2014 unless transferred by the legislature not later than January 31, 2014 to the allocation under subsection (1) for great start readiness programs. Money in the great start readiness reserve fund shall be expended only for purposes for which state school aid fund money may be expended. The state treasurer shall direct the investment of the great start readiness reserve fund. The state treasurer shall credit to the great start readiness reserve fund interest and earnings from fund investments. Money in the great start readiness reserve fund at the close of a fiscal year shall remain in the great start readiness reserve fund and shall not lapse to the unreserved school aid fund balance or the general fund.~~

(14) A GREAT START READINESS PROGRAM OPERATING IN 1 INTERMEDIATE DISTRICT MAY ENROLL A CHILD RESIDING IN A CONTIGUOUS INTERMEDIATE DISTRICT. THE INTERMEDIATE DISTRICT IN WHICH THE CHILD RESIDES SHALL PAY TO THE ENROLLING PROGRAM THE FUNDING AWARDED UNDER THIS SECTION FOR A CHILD ENROLLED UNDER THIS SUBSECTION.

(15) FROM THE AMOUNT APPROPRIATED IN SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$3,300,000.00 FOR REIMBURSEMENT OF TRANSPORTATION COSTS FOR CHILDREN ATTENDING GREAT START READINESS PROGRAMS FUNDED UNDER THIS SECTION. TO RECEIVE REIMBURSEMENT UNDER THIS SUBSECTION, NOT LATER THAN NOVEMBER 1, 2014, 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.

1 THE AMOUNT OF THE REIMBURSEMENT FOR TRANSPORTATION UNDER THIS
2 SUBSECTION SHALL BE THE LESSER OF THE PROJECTED TRANSPORTATION
3 BUDGET OR \$50.00 MULTIPLIED BY THE NUMBER OF SLOTS FUNDED FOR THE
4 PROGRAM UNDER THIS SECTION. IF THE AMOUNT ALLOCATED UNDER THIS
5 SUBSECTION IS INSUFFICIENT TO FULLY REIMBURSE THE TRANSPORTATION
6 COSTS FOR ALL PROGRAMS THAT PROVIDE TRANSPORTATION AND SUBMIT THE
7 REQUIRED INFORMATION, THE REIMBURSEMENT SHALL BE PRORATED IN AN
8 EQUAL AMOUNT PER SLOT FUNDED. PAYMENTS SHALL BE MADE TO THE
9 INTERMEDIATE DISTRICT THAT IS THE FISCAL AGENT FOR EACH PROGRAM,
10 AND THE INTERMEDIATE DISTRICT SHALL THEN REIMBURSE THE PROGRAM
11 PROVIDER FOR TRANSPORTATION COSTS AS PRESCRIBED UNDER THIS
12 SUBSECTION.

13 Sec. 32p. (1) From the school aid fund appropriation in
14 section 11, there is allocated an amount not to exceed
15 \$10,900,000.00 to intermediate districts for ~~2013-2014-2014-2015~~
16 for the purpose of providing early childhood funding to
17 intermediate school districts in block grants, supporting the
18 activities under subsection (2), and providing early childhood
19 programs for children from birth through age 8. ~~Beginning in 2013-~~
20 ~~2014, the~~ **THE** funding provided to each intermediate district under
21 this section shall be determined by the distribution formula
22 established by the department's office of great start to provide
23 equitable funding statewide. In order to receive funding under this
24 section, each intermediate district shall provide an application to
25 the office of great start not later than September 15 of the
26 immediately preceding fiscal year indicating the activities planned
27 to be provided.

1 (2) Each intermediate district or consortium of intermediate
2 districts that receives funding under this section shall convene a
3 local great start collaborative and a parent coalition. The goal of
4 each great start collaborative and parent coalition shall be to
5 ensure the coordination and expansion of local early childhood
6 infrastructure and programs that allow every child in the community
7 to achieve the following outcomes:

8 (a) Children born healthy.

9 (b) Children healthy, thriving, and developmentally on track
10 from birth to third grade.

11 (c) Children developmentally ready to succeed in school at the
12 time of school entry.

13 (d) Children prepared to succeed in fourth grade and beyond by
14 reading proficiently by the end of third grade.

15 (3) Each local great start collaborative and parent coalition
16 shall convene ~~a workgroup to serve as a school readiness advisory~~
17 ~~committee as required under section 32d and shall~~ **WORKGROUPS TO**
18 **MAKE RECOMMENDATIONS ABOUT COMMUNITY SERVICES DESIGNED TO ACHIEVE**
19 **THE OUTCOMES DESCRIBED IN SUBSECTION (2) AND TO** ensure that its
20 local great start system includes the following supports for
21 children from birth through age 8:

22 (a) Physical health.

23 (b) Social-emotional health.

24 (c) Family supports and basic needs.

25 (d) Parent education and child advocacy.

26 (e) Early education and care.

27 (4) Not later than December 1 of each year, each intermediate

1 district shall provide a report to the department detailing the
 2 activities actually provided during the immediately preceding
 3 school year and the families and children actually served. The
 4 department shall compile and summarize these reports and submit its
 5 summary to the house and senate appropriations subcommittees on
 6 school aid and to the house and senate fiscal agencies **NOT LATER**
 7 **THAN FEBRUARY 15 OF EACH YEAR.** ~~The block grants allocated under~~
 8 ~~this section implement legislative intent language for this purpose~~
 9 ~~enacted in 2011 PA 62.~~

10 (5) An intermediate district or consortium of intermediate
 11 districts that receives funding under this section may carry over
 12 any unexpended funds received under this section into the next
 13 fiscal year and may expend those unused funds ~~in~~ **THROUGH JUNE 30 OF**
 14 the next fiscal year. A recipient of a grant shall return any
 15 unexpended grant funds to the department in the manner prescribed
 16 by the department not later than September 30 of the next fiscal
 17 year after the fiscal year in which the funds are received.

18 Sec. 39. (1) An eligible applicant receiving funds under
 19 section 32d shall submit ~~a preapplication,~~ **AN APPLICATION,** in a
 20 form and manner prescribed by the department, by a date specified
 21 by the department in the immediately preceding state fiscal year.
 22 The ~~preapplication~~ **APPLICATION** shall include a comprehensive needs
 23 assessment using aggregated data from the applicant's entire
 24 service area and a community collaboration plan that is endorsed by
 25 the local great start collaborative and is part of the community's
 26 great start strategic plan that includes, but is not limited to,
 27 great start readiness program and head start providers, and shall

1 identify all of the following:

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

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

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

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

18 (2) ~~An~~ **AFTER NOTIFICATION OF FUNDING ALLOCATIONS, AN** applicant
19 receiving funds under section 32d shall also submit ~~a final~~
20 ~~application~~ **AN IMPLEMENTATION PLAN** for approval, in a form and
21 manner prescribed by the department, by a date specified by the
22 department, that details how the applicant complies with the
23 program components established by the department pursuant to
24 section 32d.

25 (3) The number of prekindergarten children construed to be in
26 need of special readiness assistance under section 32d shall be
27 calculated for each applicant in the following manner: 1/2 of the

1 percentage of the applicant's pupils in grades 1 to 5 in all
2 districts served by the applicant who are eligible for free lunch,
3 as determined using the district's pupil membership count as of the
4 pupil membership count day in the school year prior to the fiscal
5 year for which the calculation is made, under the Richard B.
6 Russell national school lunch act, 42 USC 1751 to 1769i, shall be
7 multiplied by the average kindergarten enrollment of the districts
8 served by the applicant on the pupil membership count day of the 2
9 immediately preceding fiscal years.

10 (4) The initial allocation for each fiscal year to each
11 eligible applicant under section 32d shall be determined by
12 multiplying the number of children determined by the formula under
13 subsection (3) or the number of children the applicant indicates it
14 will be able to serve under subsection (1)(c), whichever is less,
15 by ~~\$3,625.00~~ **\$3,675.00** and shall be distributed among applicants in
16 decreasing order of concentration of eligible children as
17 determined by the formula under subsection (3). If the number of
18 children an applicant indicates it will be able to serve under
19 subsection (1)(c) includes children able to be served in a school-
20 day program, then the number able to be served in a school-day
21 program shall be doubled for the purposes of making this
22 calculation of the lesser of the number of children determined by
23 the formula under subsection (3) and the number of children the
24 applicant indicates it will be able to serve under subsection
25 (1)(c) and determining the amount of the initial allocation to the
26 applicant under section 32d. A district may contract with a head
27 start agency to serve children enrolled in head start with a

1 school-day program by blending head start funds with a part-day
2 great start readiness program allocation. All head start and great
3 start readiness program policies and regulations apply to the
4 blended program.

5 (5) If funds allocated for eligible applicants ~~or to the great~~
6 ~~start readiness reserve fund under section 32d~~ remain after the
7 initial allocation under subsection (4), the allocation under this
8 subsection shall be distributed to each eligible applicant under
9 section 32d in decreasing order of concentration of eligible
10 children as determined by the formula under subsection (3). The
11 allocation shall be determined by multiplying the number of
12 children each district within the applicant's service area served
13 in the immediately preceding fiscal year or the number of children
14 the applicant indicates it will be able to serve under subsection
15 (1)(c), whichever is less, minus the number of children for which
16 the applicant received funding in subsection (4) by
17 ~~\$3,625.00.~~ **\$3,675.00.**

18 (6) If funds allocated for eligible applicants or to the great
19 start readiness reserve fund under section 32d remain after the
20 allocations under subsections (4) and (5), remaining funds shall be
21 distributed to each eligible applicant under section 32d in
22 decreasing order of concentration of eligible children as
23 determined by the formula under subsection (3). If the number of
24 children the applicant indicates it will be able to serve under
25 subsection (1)(c) exceeds the number of children for which funds
26 have been received under subsections (4) and (5), the allocation
27 under this subsection shall be determined by multiplying the number

1 of children the applicant indicates it will be able to serve under
2 subsection (1)(c) less the number of children for which funds have
3 been received under subsections (4) and (5) by ~~\$3,625.00~~ **\$3,675.00**
4 until the funds allocated for eligible applicants in section 32d
5 are distributed.

6 (7) An applicant that offers supplementary child care funded
7 by funds other than those received under section 32d and therefore
8 offers full-day programs as part of its early childhood development
9 program shall receive priority in the allocation of funds under
10 section 32d over other eligible applicants. As used in this
11 subsection, "full-day program" means a program that provides
12 supplementary child care that totals at least 10 hours of
13 programming per day.

14 (8) If, taking into account the total amount to be allocated
15 to the applicant as calculated under this section, an applicant
16 determines that it is able to include additional eligible children
17 in the great start readiness program without additional funds under
18 section 32d, the applicant may include additional eligible children
19 but shall not receive additional funding under section 32d for
20 those children.

21 Sec. 39a. (1) From the federal funds appropriated in section
22 11, there is allocated for ~~2013-2014-2014-2015~~ to districts,
23 intermediate districts, and other eligible entities all available
24 federal funding, estimated at ~~\$811,828,500.00,~~ **\$807,969,900.00** for
25 the federal programs under the no child left behind act of 2001,
26 Public Law 107-110. These funds are allocated as follows:

27 (a) An amount estimated at ~~\$10,808,600.00~~ **\$8,000,000.00** to

1 provide students with drug- and violence-prevention programs and to
2 implement strategies to improve school safety, funded from DED-
3 OESE, drug-free schools and communities funds.

4 (b) An amount estimated at \$111,111,900.00 for the purpose of
5 preparing, training, and recruiting high-quality teachers and class
6 size reduction, funded from DED-OESE, improving teacher quality
7 funds.

8 (c) An amount estimated at \$12,200,000.00 for programs to
9 teach English to limited English proficient (LEP) children, funded
10 from DED-OESE, language acquisition state grant funds.

11 (d) An amount estimated at \$10,286,500.00 for the Michigan
12 charter school subgrant program, funded from DED-OESE, charter
13 school funds.

14 (e) An amount estimated at \$2,393,500.00 for rural and low
15 income schools, funded from DED-OESE, rural and low income school
16 funds.

17 (f) An amount estimated at \$591,500,000.00 to provide
18 supplemental programs to enable educationally disadvantaged
19 children to meet challenging academic standards, funded from DED-
20 OESE, title I, disadvantaged children funds.

21 (g) An amount estimated at \$8,878,000.00 for the purpose of
22 identifying and serving migrant children, funded from DED-OESE,
23 title I, migrant education funds.

24 (h) An amount estimated at ~~\$40,050,000.00~~ **\$39,000,000.00** for
25 the purpose of providing high-quality extended learning
26 opportunities, after school and during the summer, for children in
27 low-performing schools, funded from DED-OESE, twenty-first century

community learning center funds.

(i) An amount estimated at \$24,600,000.00 to help support local school improvement efforts, funded from DED-OESE, title I, local school improvement grants.

(2) From the federal funds appropriated in section 11, there is allocated for ~~2013-2014~~ **2014-2015** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$31,700,000.00~~ **\$31,300,000.00** for the following programs that are funded by federal grants:

(a) An amount estimated at ~~\$600,000.00~~ **\$200,000.00** for acquired immunodeficiency syndrome education grants, funded from HHS - center for disease control, AIDS funding.

(b) An amount estimated at \$2,600,000.00 to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

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

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

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

~~—— (b) A mentoring program that is a research based, validated program or a statewide 1 to 1 mentoring program and is designed to~~

1 ~~enhance the independence and life quality of pupils who are~~
2 ~~mentally impaired by providing opportunities for mentoring and~~
3 ~~integrated employment.~~

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

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

13 (3) ~~(4)~~ All federal funds allocated under this section shall
14 be distributed in accordance with federal law and with flexibility
15 provisions outlined in Public Law 107-116, and in the education
16 flexibility partnership act of 1999, Public Law 106-25.
17 Notwithstanding section 17b, payments of federal funds to
18 districts, intermediate districts, and other eligible entities
19 under this section shall be paid on a schedule determined by the
20 department.

21 (4) ~~(5)~~ For the purposes of applying for federal grants
22 appropriated under this article, the department shall allow an
23 intermediate district to submit a consortium application on behalf
24 of 2 or more districts with the agreement of those districts as
25 appropriate according to federal rules and guidelines.

26 (5) ~~(6)~~ As used in this section:

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

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

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

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

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

9 Sec. 41. (1) From the appropriation in section 11, there is
10 allocated an amount not to exceed \$1,200,000.00 for ~~2013-2014-2014-~~
11 ~~2015~~ to applicant districts and intermediate districts offering
12 programs of instruction for pupils of limited English-speaking
13 ability under section 1153 of the revised school code, MCL
14 380.1153. Subject to subsection (2), reimbursement shall be on a
15 per-pupil basis and shall be based on the number of pupils of
16 limited English-speaking ability in membership on the pupil
17 membership count day. Funds allocated under this section shall be
18 used solely for instruction in speaking, reading, writing, or
19 comprehension of English. A pupil shall not be counted under this
20 section or instructed in a program under this section for more than
21 3 years.

22 (2) A district or intermediate district shall not receive
23 funds under this section if it allows pupils to participate in the
24 program of instruction who are not residing in the United States
25 legally.

26 Sec. 51a. (1) From the appropriation in section 11, there is
27 allocated an amount not to exceed ~~\$952,569,100.00 for 2012-2013 and~~

1 ~~there is allocated an amount not to exceed \$980,446,100.00 for~~
2 ~~2013-2014 \$938,946,100.00~~ **FOR 2014-2015** from state sources and all
3 available federal funding under sections 611 to 619 of part B of
4 the individuals with disabilities education act, 20 USC 1411 to
5 1419, estimated at ~~\$365,000,000.00 for 2012-2013, and estimated at~~
6 ~~\$370,000,000.00 for 2013-2014,~~ **2014-2015**, plus any carryover
7 federal funds from previous year appropriations. The allocations
8 under this subsection are for the purpose of reimbursing districts
9 and intermediate districts for special education programs,
10 services, and special education personnel as prescribed in article
11 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition
12 payments made by intermediate districts to the Michigan schools for
13 the deaf and blind; and special education programs and services for
14 pupils who are eligible for special education programs and services
15 according to statute or rule. For meeting the costs of special
16 education programs and services not reimbursed under this article,
17 a district or intermediate district may use money in general funds
18 or special education funds, not otherwise restricted, or
19 contributions from districts to intermediate districts, tuition
20 payments, gifts and contributions from individuals or other
21 entities, or federal funds that may be available for this purpose,
22 as determined by the intermediate district plan prepared pursuant
23 to article 3 of the revised school code, MCL 380.1701 to 380.1766.
24 ~~All federal funds allocated under this section in excess of those~~
25 ~~allocated under this section for 2002-2003 may be distributed in~~
26 ~~accordance with the flexible funding provisions of the individuals~~
27 ~~with disabilities education act, Public Law 108-446, including, but~~

1 ~~not limited to, 34 CFR 300.206 and 300.208.~~ Notwithstanding section
2 17b, payments of federal funds to districts, intermediate
3 districts, and other eligible entities under this section shall be
4 paid on a schedule determined by the department.

5 (2) From the funds allocated under subsection (1), there is
6 allocated the amount necessary, estimated at ~~\$251,000,000.00 for~~
7 ~~2012-2013, and estimated at \$257,800,000.00~~ **\$252,000,000.00** for
8 ~~2013-2014,~~ **2014-2015**, for payments toward reimbursing districts and
9 intermediate districts for 28.6138% of total approved costs of
10 special education, excluding costs reimbursed under section 53a,
11 and 70.4165% of total approved costs of special education
12 transportation. Allocations under this subsection shall be made as
13 follows:

14 (a) The initial amount allocated to a district under this
15 subsection toward fulfilling the specified percentages shall be
16 calculated by multiplying the district's special education pupil
17 membership, excluding pupils described in subsection (11), times
18 the foundation allowance under section 20 of the pupil's district
19 of residence, not to exceed the basic foundation allowance under
20 section 20 for the current fiscal year, or, for a special education
21 pupil in membership in a district that is a public school academy,
22 times an amount equal to the amount per membership pupil calculated
23 under section 20(6) or, for a pupil described in this subsection
24 who is counted in membership in the education achievement system,
25 times an amount equal to the amount per membership pupil under
26 section 20(7). For an intermediate district, the amount allocated
27 under this subdivision toward fulfilling the specified percentages

1 shall be an amount per special education membership pupil,
2 excluding pupils described in subsection (11), and shall be
3 calculated in the same manner as for a district, using the
4 foundation allowance under section 20 of the pupil's district of
5 residence, not to exceed the basic foundation allowance under
6 section 20 for the current fiscal year.

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

12 (3) From the funds allocated under subsection (1), there is
13 allocated ~~each fiscal year for 2012-2013 and for 2013-2014~~ **FOR**
14 **2014-2015** an amount not to exceed \$1,000,000.00 to make payments to
15 districts and intermediate districts under this subsection. If the
16 amount allocated to a district or intermediate district for a
17 fiscal year under subsection (2)(b) is less than the sum of the
18 amounts allocated to the district or intermediate district for
19 1996-97 under sections 52 and 58, there is allocated to the
20 district or intermediate district for the fiscal year an amount
21 equal to that difference, adjusted by applying the same proration
22 factor that was used in the distribution of funds under section 52
23 in 1996-97 as adjusted to the district's or intermediate district's
24 necessary costs of special education used in calculations for the
25 fiscal year. This adjustment is to reflect reductions in special
26 education program operations or services between 1996-97 and
27 subsequent fiscal years. Adjustments for reductions in special

1 education program operations or services shall be made in a manner
2 determined by the department and shall include adjustments for
3 program or service shifts.

4 (4) If the department determines that the sum of the amounts
5 allocated for a fiscal year to a district or intermediate district
6 under subsection (2)(a) and (b) is not sufficient to fulfill the
7 specified percentages in subsection (2), then the shortfall shall
8 be paid to the district or intermediate district during the fiscal
9 year beginning on the October 1 following the determination and
10 payments under subsection (3) shall be adjusted as necessary. If
11 the department determines that the sum of the amounts allocated for
12 a fiscal year to a district or intermediate district under
13 subsection (2)(a) and (b) exceeds the sum of the amount necessary
14 to fulfill the specified percentages in subsection (2), then the
15 department shall deduct the amount of the excess from the
16 district's or intermediate district's payments under this article
17 for the fiscal year beginning on the October 1 following the
18 determination and payments under subsection (3) shall be adjusted
19 as necessary. However, if the amount allocated under subsection
20 (2)(a) in itself exceeds the amount necessary to fulfill the
21 specified percentages in subsection (2), there shall be no
22 deduction under this subsection.

23 (5) State funds shall be allocated on a total approved cost
24 basis. Federal funds shall be allocated under applicable federal
25 requirements, except that an amount not to exceed \$3,500,000.00 may
26 be allocated by the department ~~each fiscal year for 2012-2013 and~~
27 ~~for 2013-2014~~ **FOR 2014-2015** to districts, intermediate districts,

1 or other eligible entities on a competitive grant basis for
2 programs, equipment, and services that the department determines to
3 be designed to benefit or improve special education on a statewide
4 scale.

5 (6) From the amount allocated in subsection (1), there is
6 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~
7 ~~for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** to reimburse 100% of
8 the net increase in necessary costs incurred by a district or
9 intermediate district in implementing the revisions in the
10 administrative rules for special education that became effective on
11 July 1, 1987. As used in this subsection, "net increase in
12 necessary costs" means the necessary additional costs incurred
13 solely because of new or revised requirements in the administrative
14 rules minus cost savings permitted in implementing the revised
15 rules. Net increase in necessary costs shall be determined in a
16 manner specified by the department.

17 (7) For purposes of sections 51a to 58, all of the following
18 apply:

19 (a) "Total approved costs of special education" shall be
20 determined in a manner specified by the department and may include
21 indirect costs, but shall not exceed 115% of approved direct costs
22 for section 52 and section 53a programs. The total approved costs
23 include salary and other compensation for all approved special
24 education personnel for the program, including payments for social
25 security and medicare and public school employee retirement system
26 contributions. The total approved costs do not include salaries or
27 other compensation paid to administrative personnel who are not

1 special education personnel as defined in section 6 of the revised
2 school code, MCL 380.6. Costs reimbursed by federal funds, other
3 than those federal funds included in the allocation made under this
4 article, are not included. Special education approved personnel not
5 utilized full time in the evaluation of students or in the delivery
6 of special education programs, ancillary, and other related
7 services shall be reimbursed under this section only for that
8 portion of time actually spent providing these programs and
9 services, with the exception of special education programs and
10 services provided to youth placed in child caring institutions or
11 juvenile detention programs approved by the department to provide
12 an on-grounds education program.

13 (b) Beginning with the 2004-2005 fiscal year, a district or
14 intermediate district that employed special education support
15 services staff to provide special education support services in
16 2003-2004 or in a subsequent fiscal year and that in a fiscal year
17 after 2003-2004 receives the same type of support services from
18 another district or intermediate district shall report the cost of
19 those support services for special education reimbursement purposes
20 under this article. This subdivision does not prohibit the transfer
21 of special education classroom teachers and special education
22 classroom aides if the pupils counted in membership associated with
23 those special education classroom teachers and special education
24 classroom aides are transferred and counted in membership in the
25 other district or intermediate district in conjunction with the
26 transfer of those teachers and aides.

27 (c) If the department determines before bookclosing for a

1 fiscal year that the amounts allocated for that fiscal year under
2 subsections (2), (3), (6), and (11) and sections 53a, 54, and 56
3 will exceed expenditures for that fiscal year under subsections
4 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a
5 district or intermediate district whose reimbursement for that
6 fiscal year would otherwise be affected by subdivision (b),
7 subdivision (b) does not apply to the calculation of the
8 reimbursement for that district or intermediate district and
9 reimbursement for that district or intermediate district shall be
10 calculated in the same manner as it was for 2003-2004. If the
11 amount of the excess allocations under subsections (2), (3), (6),
12 and (11) and sections 53a, 54, and 56 is not sufficient to fully
13 fund the calculation of reimbursement to those districts and
14 intermediate districts under this subdivision, then the
15 calculations and resulting reimbursement under this subdivision
16 shall be prorated on an equal percentage basis. This reimbursement
17 shall not be made after 2014-2015.

18 (d) Reimbursement for ancillary and other related services, as
19 defined by R 340.1701c of the Michigan administrative code, shall
20 not be provided when those services are covered by and available
21 through private group health insurance carriers or federal
22 reimbursed program sources unless the department and district or
23 intermediate district agree otherwise and that agreement is
24 approved by the state budget director. Expenses, other than the
25 incidental expense of filing, shall not be borne by the parent. In
26 addition, the filing of claims shall not delay the education of a
27 pupil. A district or intermediate district shall be responsible for

1 payment of a deductible amount and for an advance payment required
2 until the time a claim is paid.

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

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

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

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

7 (11) From the funds allocated in subsection (1), there is
8 allocated the amount necessary, estimated at ~~\$4,300,000.00 for~~
9 ~~2012-2013, and estimated at \$4,300,000.00 for 2013-2014,~~
10 **\$3,300,000.00 FOR 2014-2015**, to pay the foundation allowances for
11 pupils described in this subsection. The allocation to a district
12 under this subsection shall be calculated by multiplying the number
13 of pupils described in this subsection who are counted in
14 membership in the district times the foundation allowance under
15 section 20 of the pupil's district of residence, not to exceed the
16 basic foundation allowance under section 20 for the current fiscal
17 year, or, for a pupil described in this subsection who is counted
18 in membership in a district that is a public school academy, times
19 an amount equal to the amount per membership pupil under section
20 20(6) or, for a pupil described in this subsection who is counted
21 in membership in the education achievement system, times an amount
22 equal to the amount per membership pupil under section 20(7). The
23 allocation to an intermediate district under this subsection shall
24 be calculated in the same manner as for a district, using the
25 foundation allowance under section 20 of the pupil's district of
26 residence, not to exceed the basic foundation allowance under
27 section 20 for the current fiscal year. This subsection applies to

1 all of the following pupils:

2 (a) Pupils described in section 53a.

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

7 (c) Pupils with an emotional impairment counted in membership
8 by an intermediate district and provided educational services by
9 the department of community health.

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

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

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

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

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

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

23 (13) The allocations under subsections (2), (3), and (11)
24 shall be allocations to intermediate districts only and shall not
25 be allocations to districts, but instead shall be calculations used
26 only to determine the state payments under section 22b.

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

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

17 Sec. 51c. As required by the court in the consolidated cases
18 known as Durant v State of Michigan, Michigan supreme court docket
19 no. 104458-104492, from the allocation under section 51a(1), there
20 is allocated ~~each fiscal year for 2012-2013 and for 2013-2014~~ **FOR**
21 **2014-2015**, the amount necessary, estimated at ~~\$642,000,000.00 for~~
22 ~~2012-2013, and estimated at \$662,200,000.00 for 2013-2014,~~
23 **\$630,500,000.00** for payments to reimburse districts for 28.6138% of
24 total approved costs of special education excluding costs
25 reimbursed under section 53a, and 70.4165% of total approved costs
26 of special education transportation. Funds allocated under this
27 section that are not expended in the state fiscal year for which

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

5 Sec. 51d. (1) From the federal funds appropriated in section
6 11, there is allocated for ~~2013-2014-2014-2015~~, all available
7 federal funding, estimated at \$74,000,000.00, for special education
8 programs **AND SERVICES** that are funded by federal grants. All
9 federal funds allocated under this section shall be distributed in
10 accordance with federal law. Notwithstanding section 17b, payments
11 of federal funds to districts, intermediate districts, and other
12 eligible entities under this section shall be paid on a schedule
13 determined by the department.

14 (2) From the federal funds allocated under subsection (1), the
15 following amounts are allocated for ~~2013-2014-2014-2015~~:

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

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

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

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

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

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

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

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

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

25 (d) Pupils enrolled in a department-approved on-grounds
26 educational program longer than 180 days, but not longer than 233
27 days, at a residential child care institution, if the child care

1 institution offered in 1991-92 an on-grounds educational program
2 longer than 180 days but not longer than 233 days.

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

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

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

13 (5) Not more than ~~\$13,500,000.00~~ **\$10,500,000.00** of the
14 allocation for ~~2013-2014~~ **2014-2015** in section 51a(1) shall be
15 allocated under this section.

16 Sec. 54. Each intermediate district shall receive an amount
17 per pupil for each pupil in attendance at the Michigan schools for
18 the deaf and blind. The amount shall be proportionate to the total
19 instructional cost at each school. Not more than \$1,688,000.00 of
20 the allocation for ~~2013-2014~~ **2014-2015** in section 51a(1) shall be
21 allocated under this section.

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

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

27 (b) "Millage levied" means the millage levied for special

1 education pursuant to part 30 of the revised school code, MCL
2 380.1711 to 380.1743, including a levy for debt service
3 obligations.

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

10 (2) From the allocation under section 51a(1), there is
11 allocated an amount not to exceed \$37,758,100.00 for ~~2013-2014~~
12 **2014-2015** to reimburse intermediate districts levying millages for
13 special education pursuant to part 30 of the revised school code,
14 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
15 reimbursement shall be limited as if the funds were generated by
16 these millages and governed by the intermediate district plan
17 adopted pursuant to article 3 of the revised school code, MCL
18 380.1701 to 380.1766. As a condition of receiving funds under this
19 section, an intermediate district distributing any portion of
20 special education millage funds to its constituent districts shall
21 submit for departmental approval and implement a distribution plan.

22 (3) Reimbursement for those millages levied in ~~2012-2013-2013-~~
23 **2014** shall be made in ~~2013-2014-2014-2015~~ at an amount per ~~2012-~~
24 ~~2013-2013-2014~~ membership pupil computed by subtracting from
25 ~~\$169,900.00~~ **\$172,200.00** the ~~2012-2013-2013-2014~~ taxable value
26 behind each membership pupil and multiplying the resulting
27 difference by the ~~2012-2013-2013-2014~~ millage levied.

1 (4) The amount paid to a single intermediate district under
2 this section shall not exceed 62.9% of the total amount allocated
3 under subsection (2).

4 (5) The amount paid to a single intermediate district under
5 this section shall not be less than 75% of the amount allocated to
6 the intermediate district under this section for the immediately
7 preceding fiscal year.

8 Sec. 61a. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed \$26,611,300.00 for ~~2013-2014~~
10 **2014-2015** to reimburse on an added cost basis districts, except for
11 a district that served as the fiscal agent for a vocational
12 education consortium in the 1993-94 school year, and secondary area
13 vocational-technical education centers for secondary-level career
14 and technical education programs according to rules approved by the
15 superintendent. Applications for participation in the programs
16 shall be submitted in the form prescribed by the department. The
17 department shall determine the added cost for each career and
18 technical education program area. The allocation of added cost
19 funds shall be based on the type of career and technical education
20 programs provided, the number of pupils enrolled, and the length of
21 the training period provided, and shall not exceed 75% of the added
22 cost of any program. With the approval of the department, the board
23 of a district maintaining a secondary career and technical
24 education program may offer the program for the period from the
25 close of the school year until September 1. The program shall use
26 existing facilities and shall be operated as prescribed by rules
27 promulgated by the superintendent.

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

11 (3) In addition to the funds allocated in subsection (1), from
12 the appropriation in section 11, there is allocated an amount not
13 to exceed \$1,000,000.00 for ~~2013-2014~~ **2014-2015** to districts or
14 intermediate districts for area career and technical education
15 centers for the purpose of integrating the Michigan merit
16 curriculum content standards under sections 1278a and 1278b of the
17 revised school code, MCL 380.1278a and 380.1278b, into state-
18 approved career and technical education instructional programs for
19 the purpose of awarding academic credit. The department shall
20 determine the allocation to each career and technical education
21 center in a manner that provides for maximum integration of
22 Michigan merit curriculum content standards statewide.

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

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

1 preceding fiscal year of the area vocational-technical program.

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

8 (c) "Taxable value" means the total taxable value of the
9 districts constituent to an intermediate district or area
10 vocational-technical education program, except that if a district
11 has elected not to come under sections 681 to 690 of the revised
12 school code, MCL 380.681 to 380.690, the membership and taxable
13 value of that district shall not be included in the membership and
14 taxable value of the intermediate district. However, the membership
15 and taxable value of a district that has elected not to come under
16 sections 681 to 690 of the revised school code, MCL 380.681 to
17 380.690, shall be included in the membership and taxable value of
18 the intermediate district if the district meets both of the
19 following:

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

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

1 (2) From the appropriation in section 11, there is allocated
2 an amount not to exceed \$9,190,000.00 for ~~2013-2014~~**2014-2015** to
3 reimburse intermediate districts and area vocational-technical
4 education programs established under section 690(3) of the revised
5 school code, MCL 380.690, levying millages for area vocational-
6 technical education pursuant to sections 681 to 690 of the revised
7 school code, MCL 380.681 to 380.690. The purpose, use, and
8 expenditure of the reimbursement shall be limited as if the funds
9 were generated by those millages.

10 (3) Reimbursement for the millages levied in ~~2012-2013~~**2013-**
11 **2014** shall be made in ~~2013-2014~~**2014-2015** at an amount per ~~2012-~~
12 ~~2013-2013-2014~~ membership pupil computed by subtracting from
13 ~~\$186,500.00~~**\$188,100.00** the ~~2012-2013~~**2013-2014** taxable value
14 behind each membership pupil and multiplying the resulting
15 difference by the ~~2012-2013~~**2013-2014** millage levied.

16 (4) The amount paid to a single intermediate district under
17 this section shall not exceed 38.4% of the total amount allocated
18 under subsection (2).

19 (5) The amount paid to a single intermediate district under
20 this section shall not be less than 75% of the amount allocated to
21 the intermediate district under this section for the immediately
22 preceding fiscal year.

23 **SEC. 64B. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
24 **ALLOCATED AN AMOUNT NOT TO EXCEED \$1,750,000.00 FOR 2014-2015 FOR**
25 **SUPPLEMENTAL PAYMENTS TO DISTRICTS THAT SUPPORT THE ATTENDANCE OF**
26 **DISTRICT PUPILS IN GRADES 9 TO 12 UNDER THE POSTSECONDARY**
27 **ENROLLMENT OPTIONS ACT, 1996 PA 160, MCL 388.511 TO 388.524, OR**

1 UNDER THE CAREER AND TECHNICAL PREPARATION ACT, 2000 PA 258, MCL
2 388.1901 TO 388.1913, CONSISTENT WITH SECTION 21B, OR THAT SUPPORT
3 THE ATTENDANCE OF DISTRICT PUPILS IN A CONCURRENT ENROLLMENT
4 PROGRAM IF THE DISTRICT MEETS THE REQUIREMENTS UNDER SUBSECTION
5 (3).

6 (2) TO BE ELIGIBLE FOR PAYMENTS UNDER THIS SECTION FOR
7 SUPPORTING THE ATTENDANCE OF DISTRICT PUPILS UNDER THE
8 POSTSECONDARY ENROLLMENT OPTIONS ACT, 1996 PA 160, MCL 388.511 TO
9 388.524, OR UNDER THE CAREER AND TECHNICAL PREPARATION ACT, 2000 PA
10 258, MCL 388.1901 TO 388.1913, A DISTRICT SHALL DO ALL OF THE
11 FOLLOWING:

12 (A) PROVIDE INFORMATION TO ALL HIGH SCHOOL PUPILS ON
13 POSTSECONDARY ENROLLMENT OPTIONS, INCLUDING ENROLLMENT ELIGIBILITY,
14 THE INSTITUTIONS AND TYPES OF COURSES THAT ARE ELIGIBLE FOR
15 PARTICIPATION, THE DECISION-MAKING PROCESS FOR GRANTING ACADEMIC
16 CREDIT, AND AN EXPLANATION OF ELIGIBLE CHARGES THAT WILL BE PAID BY
17 THE DISTRICT.

18 (B) ENTER INTO A WRITTEN AGREEMENT WITH A POSTSECONDARY
19 INSTITUTION BEFORE THE ENROLLMENT OF DISTRICT PUPILS.

20 (C) AGREE TO PAY ALL ELIGIBLE CHARGES PURSUANT TO SECTION 21B.

21 (D) AWARD HIGH SCHOOL CREDIT FOR THE POSTSECONDARY COURSE IF
22 THE PUPIL SUCCESSFULLY COMPLETES THE COURSE.

23 (3) TO BE ELIGIBLE FOR PAYMENTS UNDER THIS SECTION FOR PUPILS
24 ENROLLED IN A CONCURRENT ENROLLMENT PROGRAM, A DISTRICT SHALL DO
25 ALL OF THE FOLLOWING:

26 (A) PROVIDE INFORMATION TO ALL HIGH SCHOOL PUPILS ON
27 POSTSECONDARY ENROLLMENT OPTIONS, INCLUDING ENROLLMENT ELIGIBILITY,

1 THE INSTITUTIONS AND TYPES OF COURSES THAT ARE ELIGIBLE FOR
2 PARTICIPATION, THE DECISION-MAKING PROCESS FOR GRANTING ACADEMIC
3 CREDIT, AND AN EXPLANATION OF ELIGIBLE CHARGES THAT WILL BE PAID BY
4 THE DISTRICT.

5 (B) ENTER INTO A WRITTEN AGREEMENT WITH A POSTSECONDARY
6 INSTITUTION ESTABLISHING THE CONCURRENT ENROLLMENT PROGRAM BEFORE
7 THE ENROLLMENT OF DISTRICT PUPILS IN A POSTSECONDARY COURSE THROUGH
8 THE POSTSECONDARY INSTITUTION.

9 (C) ENSURE THAT THE COURSE IS TAUGHT BY EITHER A HIGH SCHOOL
10 TEACHER OR POSTSECONDARY FACULTY PURSUANT TO STANDARDS ESTABLISHED
11 BY THE POSTSECONDARY INSTITUTION WITH WHICH THE DISTRICT HAS
12 ENTERED INTO A WRITTEN AGREEMENT TO OPERATE THE CONCURRENT
13 ENROLLMENT PROGRAM.

14 (D) ENSURE THAT THE WRITTEN AGREEMENT PROVIDES THAT THE
15 POSTSECONDARY INSTITUTION AGREES NOT TO CHARGE THE PUPIL FOR ANY
16 COST OF THE PROGRAM.

17 (E) ENSURE THAT THE COURSE IS TAUGHT IN THE LOCAL DISTRICT OR
18 INTERMEDIATE DISTRICT.

19 (F) ENSURE THAT THE PUPIL IS AWARDED BOTH HIGH SCHOOL AND
20 COLLEGE CREDIT UPON SUCCESSFUL COMPLETION OF THE COURSE AS OUTLINED
21 IN THE AGREEMENT WITH THE POSTSECONDARY INSTITUTION.

22 (4) FUNDS SHALL BE AWARDED TO ELIGIBLE DISTRICTS UNDER THIS
23 SECTION IN THE FOLLOWING MANNER:

24 (A) A PAYMENT OF \$10.00 PER CREDIT, FOR UP TO 3 CREDITS, FOR A
25 CREDIT-BEARING COURSE IN WHICH A PUPIL ENROLLS DURING THE 2014-2015
26 SCHOOL YEAR AS DESCRIBED UNDER EITHER SUBSECTION (2) OR (3).

27 (B) AN ADDITIONAL PAYMENT OF \$30.00 PER PUPIL PER COURSE

1 IDENTIFIED IN SUBDIVISION (A), IF THE PUPIL SUCCESSFULLY COMPLETES,
2 AND IS AWARDED BOTH HIGH SCHOOL AND POSTSECONDARY CREDIT FOR, THE
3 COURSE DURING THE 2014-2015 SCHOOL YEAR.

4 (5) A DISTRICT REQUESTING PAYMENT UNDER THIS SECTION SHALL
5 SUBMIT AN APPLICATION TO THE DEPARTMENT IN THE FORM AND MANNER
6 PRESCRIBED BY THE DEPARTMENT. NOTWITHSTANDING SECTION 17B, PAYMENTS
7 UNDER THIS SECTION SHALL BE MADE ON A SCHEDULE DETERMINED BY THE
8 DEPARTMENT.

9 Sec. 74. (1) From the amount appropriated in section 11, there
10 is allocated an amount not to exceed ~~\$3,299,000.00 for 2013-2014~~
11 **\$3,316,500.00 FOR 2014-2015** for the purposes of this section.

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

26 (3) From the allocation in subsection (1), there is allocated
27 ~~each fiscal year~~ **FOR 2014-2015** the amount necessary to pay the

1 reasonable costs of nonspecial education auxiliary services
2 transportation provided pursuant to section 1323 of the revised
3 school code, MCL 380.1323. Districts funded under this subsection
4 shall not receive funding under any other section of this article
5 for nonspecial education auxiliary services transportation.

6 (4) From the funds allocated in subsection (1), there is
7 allocated an amount not to exceed ~~\$1,674,000.00 for 2013-2014~~
8 **\$1,691,500.00 FOR 2014-2015** for reimbursement to districts and
9 intermediate districts for costs associated with the inspection of
10 school buses and pupil transportation vehicles by the department of
11 state police as required under section 715a of the Michigan vehicle
12 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
13 transportation act, 1990 PA 187, MCL 257.1839. The department of
14 state police shall prepare a statement of costs attributable to
15 each district for which bus inspections are provided and submit it
16 to the department and to an intermediate district serving as
17 fiduciary in a time and manner determined jointly by the department
18 and the department of state police. Upon review and approval of the
19 statement of cost, the department shall forward to the designated
20 intermediate district serving as fiduciary the amount of the
21 reimbursement on behalf of each district and intermediate district
22 for costs detailed on the statement within 45 days after receipt of
23 the statement. The designated intermediate district shall make
24 payment in the amount specified on the statement to the department
25 of state police within 45 days after receipt of the statement. The
26 total reimbursement of costs under this subsection shall not exceed
27 the amount allocated under this subsection. Notwithstanding section

1 17b, payments to eligible entities under this subsection shall be
2 paid on a schedule prescribed by the department.

3 **SEC. 74A. FROM THE SCHOOL AID FUND MONEY APPROPRIATED IN**
4 **SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
5 **\$5,000,000.00 FOR 2014-2015 FOR A PILOT PROJECT PROVIDING GRANTS TO**
6 **DISTRICTS TO CONVERT BUSES FROM DIESEL FUEL TO NATURAL GAS. IN**
7 **ORDER TO BE ELIGIBLE FOR A GRANT, A DISTRICT SHALL PROVIDE THE**
8 **DEPARTMENT WITH INFORMATION ON THE COST OF FUEL FOR THE CONVERTED**
9 **BUSES, EXPRESSED IN DOLLARS PER MILE DRIVEN. GRANTS TO ELIGIBLE**
10 **DISTRICTS SHALL NOT EXCEED \$8,000.00 PER BUS CONVERTED, WITH A**
11 **MAXIMUM GRANT PER DISTRICT NOT TO EXCEED \$50,000.00. DISTRICTS**
12 **SEEKING GRANTS UNDER THIS SECTION SHALL APPLY TO THE DEPARTMENT NOT**
13 **LATER THAN NOVEMBER 1, 2014. THE DEPARTMENT SHALL RANK ORDER ALL**
14 **DISTRICTS THAT APPLY FOR GRANTS BASED ON MILES DRIVEN IN THE**
15 **PREVIOUS SCHOOL YEAR, AND SHALL AWARD GRANTS TO DISTRICTS WITH THE**
16 **HIGHEST NUMBER OF MILES DRIVEN, UNTIL ALL FUNDING IS AWARDED.**

17 Sec. 81. (1) Except as otherwise provided in this section,
18 from the appropriation in section 11, there is allocated ~~each~~
19 ~~fiscal year for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** to the
20 intermediate districts the sum necessary, but not to exceed
21 ~~\$64,115,100.00 each fiscal year,~~ **\$64,115,000.00** to provide state
22 aid to intermediate districts under this section.

23 (2) From the allocation in subsection (1), there is allocated
24 **FOR 2014-2015** an amount not to exceed ~~\$62,108,000.00~~ **\$64,108,000.00**
25 for allocations to each intermediate district ~~for 2012-2013 in an~~
26 ~~amount equal to 100% of the amount allocated to the intermediate~~
27 ~~district under this subsection for 2011-2012. From the allocation~~

~~in subsection (1), there is allocated an amount not to exceed \$62,108,000.00 for allocations to each intermediate district for 2013-2014 in an amount equal to 100.0% of the amount allocated to the intermediate district under this subsection for 2012-2013.~~

SECTION, EXCLUDING THE AMOUNT UNDER SUBSECTION (4), FOR 2013-2014.

Funding provided under this section shall be used 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 subsection (2) 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 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. From the allocation in subsection (1), there is allocated \$7,000.00 for purposes of this subsection for 2012-2013,

1 for 2013-2014, and for 2014-2015, after which the payment under
2 this subsection will cease.

3 (5) In order to receive funding under subsection (2), an
4 intermediate district shall do all of the following:

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

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

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

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

19 (e) Comply with section 1230g of the revised school code, MCL
20 380.1230g.

21 (f) Comply with section 761 of the revised school code, MCL
22 380.761.

23 ~~—— (6) From the allocation in subsection (1), there is allocated~~
24 ~~an amount not to exceed \$2,000,000.00 for 2012-2013 for an~~
25 ~~incentive payment to each intermediate district that meets best~~
26 ~~practices as determined by the department under this subsection.~~
27 ~~The amount of the incentive payment is an amount equal to 3.2% of~~

~~the amount allocated to the intermediate district under subsection (2). An intermediate district is eligible for an incentive payment under this subsection if the intermediate district satisfies at least 4 of the following requirements not later than June 1, 2013:~~

~~—— (a) The intermediate district enters into an agreement with the department to do all of the following:~~

~~—— (i) Develop a service consolidation plan in 2012-2013 to reduce operating costs that is in compliance with guidelines that were developed by the department for former section 11d as that section was in effect for 2010-2011.~~

~~—— (ii) Implement the service consolidation plan in 2013-2014 and report to the department not later than February 1, 2014 on the intermediate district's progress in implementing the service consolidation plan.~~

~~—— (b) The intermediate district has obtained competitive bids on the provision of 1 or more noninstructional services for the intermediate district or its constituent districts with a value of at least \$50,000.00.~~

~~—— (c) The intermediate district develops a technology plan in accordance with department policy on behalf of all constituent districts within the intermediate district that integrates technology into the classroom and prepares teachers to use digital technologies as part of the instructional program of each of its constituent districts.~~

~~—— (d) The intermediate district provides to parents and community members a dashboard or report card demonstrating the intermediate district's efforts to manage its finances responsibly.~~

~~The dashboard or report card shall include at least all of the following for the 3 most recent school years for which the data are available.~~

~~—— (i) A list of services offered by the intermediate district that are shared by other local or intermediate districts and a list of the districts or intermediate districts that participate.~~

~~—— (ii) The total cost savings to local or other intermediate districts that share services with the intermediate district.~~

~~—— (iii) The number and percentage of teachers in the intermediate district service area that are trained to integrate technology into the classroom.~~

~~—— (iv) The total funds received from levying special education and vocational education millages, and the number of special education and vocational education pupils served with those dollars.~~

~~—— (v) The number and percentage of individualized education programs developed for special education pupils that contain academic goals.~~

~~—— (e) The intermediate district works in a consortium with 1 or more other intermediate districts to develop information management system requirements and bid specifications that can be used as statewide models. At a minimum, these specifications shall include pupil management systems for both general and special education, learning management tools, and business services.~~

~~—— (7) From the allocation in subsection (1), there is allocated an amount not to exceed \$2,000,000.00 for 2013-2014 for an incentive payment to each intermediate district that meets best~~

~~practices as determined by the department under this subsection.~~

~~The amount of the incentive payment is an amount equal to 3.2% of the amount allocated to the intermediate district under subsection (2). An intermediate district is eligible for an incentive payment under this subsection if the intermediate district satisfies at least 5 of the following requirements not later than June 1, 2014:~~

~~—— (a) The intermediate district enters into an agreement with the department to comply with all of the following:~~

~~(G) (i) If the intermediate district developed a service consolidation plan in 2012-2013, 2013-2014, implement the service consolidation plan in 2013-2014-2014-2015 and report to the department not later than February 1, 2014-2015 on the intermediate district's progress in implementing the service consolidation plan.~~

~~(H) (ii) If the intermediate district did not develop a service consolidation plan in 2012-2013, 2013-2014, develop a service consolidation plan in 2013-2014-2014-2015 to reduce operating costs that is in compliance with guidelines that were developed by the department for former section 11d as that section was in effect for 2010-2011.~~

~~—— (iii) If the intermediate district developed a service consolidation plan in 2013-2014, implement the service consolidation plan in 2014-2015 and report to the department not later than February 1, 2015 on the intermediate district's progress in implementing the service consolidation plan.~~

~~(I) (iv) Make the intermediate district's service consolidation plan publicly available on the intermediate district's website.~~

~~—— (b) The intermediate district has obtained competitive bids on~~

~~the provision of 1 or more noninstructional services for the intermediate district or its constituent districts with a value of at least \$50,000.00. The unfunded accrued liability costs for retirement and other benefits shall be excluded from the intermediate district's current costs for the purpose of comparing competitive bids to the current costs of providing services.~~

~~—— (c) The intermediate district develops a technology plan in accordance with department policy on behalf of all constituent districts within the intermediate district that integrates technology into the classroom and prepares teachers to use digital technologies as part of the instructional program of each of its constituent districts. An intermediate district that developed a technology plan in 2012-2013 shall begin implementing that technology plan in 2013-2014.~~

~~—— (d) The intermediate district provides to parents and community members a dashboard or report card demonstrating the intermediate district's efforts to manage its finances responsibly. The dashboard or report card shall include revenue and expenditure projections for the intermediate district for 2013-2014 and 2014-2015, a listing of all debt service obligations, detailed by project, including anticipated 2013-2014 payment for each project, a listing of total outstanding debt, and at least all of the following for the 3 most recent school years for which the data are available:~~

~~—— (i) A list of services offered by the intermediate district that are shared by other local or intermediate districts and a list of the districts or intermediate districts that participate.~~

1 ~~—— (ii) The total cost savings to local or other intermediate~~
2 ~~districts that share services with the intermediate district.~~

3 ~~—— (iii) The number and percentage of teachers in the intermediate~~
4 ~~district service area that are trained to integrate technology into~~
5 ~~the classroom.~~

6 ~~—— (iv) The total funds received from levying special education~~
7 ~~and vocational education millages, and the number of special~~
8 ~~education and vocational education pupils served with those~~
9 ~~dollars.~~

10 ~~—— (v) The number and percentage of individualized education~~
11 ~~programs developed for special education pupils that contain~~
12 ~~academic goals.~~

13 ~~—— (e) The intermediate district works in a consortium with 1 or~~
14 ~~more other intermediate districts and the center to develop local~~
15 ~~information management system requirements and bid specifications~~
16 ~~that result in a recommended model information system that supports~~
17 ~~interoperability to ensure linkage and connectivity in a manner~~
18 ~~that facilitates the efficient exchange of data among districts,~~
19 ~~intermediate districts, and the center. At a minimum, these~~
20 ~~specifications shall include pupil management systems for both~~
21 ~~general and special education, learning management tools, and~~
22 ~~business services.~~

23 ~~—— (f) If an intermediate district provides medical, pharmacy,~~
24 ~~dental, vision, disability, long term care, or any other type of~~
25 ~~benefit that would constitute a health care services benefit, to~~
26 ~~employees and their dependents, the intermediate district is the~~
27 ~~policyholder for each of its insurance policies that covers 1 or~~

~~more of these benefits. An intermediate district that does not directly employ its staff or an intermediate district with a voluntary employee beneficiary association that pays no more than the maximum per employee contribution amount and that contributes no more than the maximum employer contribution percentage of total annual costs for the medical benefit plans as described in sections 3 and 4 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied this requirement.~~

SEC. 94. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2014-2015 AN AMOUNT NOT TO EXCEED \$250,000.00 FOR EFFORTS TO INCREASE THE NUMBER OF PUPILS WHO PARTICIPATE AND SUCCEED IN ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.

(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 FOR LOW-INCOME PUPILS WHO TAKE AN ADVANCED PLACEMENT OR AN INTERNATIONAL BACCALAUREATE TEST. PAYMENTS SHALL NOT EXCEED \$20.00 PER TEST COMPLETED.

(3) THE DEPARTMENT SHALL ONLY AWARD FUNDS UNDER THIS SECTION IF THE DEPARTMENT DETERMINES THAT ALL OF FOLLOWING CRITERIA ARE MET:

(A) EACH PUPIL FOR WHOM PAYMENT IS MADE MEETS ELIGIBILITY REQUIREMENTS OF THE FEDERAL ADVANCED PLACEMENT TEST FEE PROGRAM UNDER SECTION 1701 OF THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC LAW 107-110.

1 (B) THE TESTS ARE ADMINISTERED BY THE COLLEGE BOARD, THE
2 INTERNATIONAL BACCALAUREATE ORGANIZATION, OR ANOTHER TEST PROVIDER
3 APPROVED BY THE DEPARTMENT.

4 (C) THE PUPIL FOR WHOM PAYMENT IS MADE PAYS AT LEAST \$5.00
5 TOWARD THE COST OF EACH TEST FOR WHICH PAYMENT IS MADE ON BEHALF OF
6 THAT PUPIL.

7 (4) THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR AWARDING
8 FUNDS UNDER THIS SECTION.

9 (5) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION
10 SHALL BE MADE ON A SCHEDULE DETERMINED BY THE DEPARTMENT.

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

15 (a) Coordinate the collection of all data required by state
16 and federal law from districts, intermediate districts, and
17 postsecondary institutions.

18 (b) Create, maintain, and enhance this state's P-20
19 longitudinal data system and ensure that it meets the requirements
20 of subsection (4).

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

24 (d) Create, maintain, and enhance this state's web-based
25 educational portal to provide information to school leaders,
26 teachers, researchers, and the public in compliance with all
27 federal and state privacy laws. Data shall include, but are not

1 limited to, all of the following:

2 (i) Data sets that link teachers to student information,
3 allowing districts to assess individual teacher impact on student
4 performance and consider student growth factors in teacher and
5 principal evaluation systems.

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

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

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

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

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

17 (2) Each state department, officer, or agency that collects
18 information from districts, intermediate districts, or
19 postsecondary institutions as required under state or federal law
20 shall make arrangements with the center to ensure that the state
21 department, officer, or agency is in compliance with subsection
22 (1). This subsection does not apply to information collected by the
23 department of treasury under the uniform budgeting and accounting
24 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
25 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
26 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
27 388.1939; or section 1351a of the revised school code, MCL

1 380.1351a.

2 (3) The center may enter into any interlocal agreements
3 necessary to fulfill its functions.

4 (4) The center shall ensure that the P-20 longitudinal data
5 system required under subsection (1)(b) meets all of the following:

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

8 (b) Supports interoperability by using standard data
9 structures, data formats, and data definitions to ensure linkage
10 and connectivity in a manner that facilitates the exchange of data
11 among agencies and institutions within the state and between
12 states.

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

16 (d) Enables the matching of individual teachers with
17 information about their certification and the institutions that
18 prepared and recommended those teachers for state certification.

19 (e) Enables data to be easily generated for continuous
20 improvement and decision-making, including timely reporting to
21 parents, teachers, and school leaders on student achievement.

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

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

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

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

4 (ii) Contains student-level enrollment, demographic, and
5 program participation information.

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

9 (iv) Has the capacity to communicate with higher education data
10 systems.

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

13 (i) Contains yearly test records of individual students for
14 assessments approved by DED-OESE for accountability purposes under
15 section 1111(b) of the elementary and secondary education act of
16 1965, 20 USC 6311, including information on individual students not
17 tested, by grade and subject.

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

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

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

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

26 (A) Enrollment in remedial coursework.

27 (B) Completion of 1 year's worth of college credit applicable

1 to a degree within 2 years of enrollment.

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

5 (5) From the general fund appropriation in section 11, there
6 is allocated an amount not to exceed ~~\$9,535,100.00 for 2013-2014~~
7 **\$12,022,800.00 FOR 2014-2015** to the department of technology,
8 management, and budget to support the operations of the center. In
9 addition, from the federal funds appropriated in section 11 there
10 is allocated for ~~2013-2014-2014-2015~~ the amount necessary,
11 estimated at \$193,500.00, to support the operations of the center
12 and to establish a P-20 longitudinal data system as provided under
13 this section in compliance with the assurance provided to the
14 United States department of education in order to receive state
15 fiscal stabilization funds. The center shall cooperate with the
16 department to ensure that this state is in compliance with federal
17 law and is maximizing opportunities for increased federal funding
18 to improve education in this state.

19 (6) From the funds allocated in subsection (5), there is
20 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
21 \$850,000.00 for competitive grants to support collaborative efforts
22 on the P-20 longitudinal data system. All of the following apply to
23 grants awarded under this subsection:

24 (a) The center shall award competitive grants to eligible
25 intermediate districts or a consortium of intermediate districts
26 based on criteria established by the center.

27 (b) Activities funded under the grant shall support the P-20

1 longitudinal data system portal and may include portal hosting,
2 hardware and software acquisition, maintenance, enhancements, user
3 support and related materials, and professional learning tools and
4 activities aimed at improving the utility of the P-20 longitudinal
5 data system.

6 (c) An applicant that received a grant under this subsection
7 for the immediately preceding fiscal year shall receive priority
8 for funding under this section. However, after 3 fiscal years of
9 continuous funding, an applicant is required to compete openly with
10 new applicants.

11 ~~—— (7) From the funds allocated in subsection (5), there is~~
12 ~~allocated for 2013-2014 an amount not to exceed \$100,000.00 for the~~
13 ~~center to develop the pupil transfer application as required under~~
14 ~~section 25e.~~

15 (7) ~~(8)~~ Funds allocated under this section that are not
16 expended in the fiscal year in which they were allocated may be
17 carried forward to a subsequent fiscal year and are appropriated
18 for the purposes for which the funds were originally allocated.

19 ~~—— (9) It is the intent of the legislature that, beginning in~~
20 ~~2014-2015, a district shall report to the center by June 30, in a~~
21 ~~manner prescribed by the center, the number of pupils in the~~
22 ~~district who have had 10 or more unexcused absences each school~~
23 ~~year. For pupils in grades 9 to 12, the report shall include both~~
24 ~~the total number of unexcused absences in any single course and the~~
25 ~~total number of unexcused absences in all courses. Each district~~
26 ~~shall define unexcused absence. It is the intent of the legislature~~
27 ~~that a district that reports false information under this~~

~~subsection shall forfeit an amount equal to 5% of its total state aid allocation under this act.~~

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

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

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

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

Sec. 95. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed ~~\$1,750,000.00 for 2012-2013~~ and there is allocated an amount not to exceed \$500,000.00 for ~~2013-2014~~ **2014-2015** for grants to districts to support professional development for principals and assistant principals in a department-approved training program for implementing educator evaluations as required under section 1249 of the revised school code, MCL 380.1249.

(2) The funds allocated under this section are a work project appropriation, and any unexpended funds for ~~2012-2013~~ are carried forward into ~~2013-2014~~. **2014-2015 ARE CARRIED FORWARD INTO 2015-**

1 2016. The purpose of the work project is to continue to implement
2 the projects described under subsection (1). The estimated
3 completion date of the work project is September 30, ~~2014-2016~~.

4 (3) For ~~2012-2013, 2014-2015~~, all districts may apply for
5 funding under this section by a date determined by the department.
6 ~~Beginning in 2013-2014, in~~ IN a form and manner determined by the
7 department, **THE DEPARTMENT SHALL GIVE** priority ~~will be given to~~
8 districts that have new building administrators who have not
9 previously received training in programs funded under this section.

10 (4) The department shall approve training programs for the
11 purpose of this section. The department shall approve all training
12 programs recommended by the council on educator effectiveness and
13 may approve other training programs that meet department criteria.
14 At a minimum, these other programs shall meet all of the following
15 criteria:

16 (a) Contain instructional content on methods of evaluating
17 teachers consistently across multiple grades and subjects.

18 (b) Include training on evaluation observation that is focused
19 on reliability and bias awareness and that instills skills needed
20 for consistent, evidence-based observations.

21 (c) Incorporate the use of videos of actual lessons for
22 applying rubrics and consistent scoring.

23 (d) Align with recommendations of the council on educator
24 effectiveness.

25 (e) Provide ongoing support to maintain inter-rater
26 reliability. As used in this subdivision, "inter-rater reliability"
27 means a consistency of measurement from different evaluators

1 independently applying the same evaluation criteria to the same
2 classroom observation.

3 (5) The department shall award grants to eligible districts in
4 an amount determined by the department, but not to exceed \$350.00
5 per participant.

6 (6) A district receiving funds under this section shall use
7 the funds only for department-approved training programs under this
8 section.

9 Sec. 99. (1) From the funds appropriated in section 11, there
10 is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
11 ~~\$2,850,000.00~~ **\$2,750,000.00** from the state school aid fund and an
12 amount not to exceed ~~\$375,000.00~~ **\$475,000.00** from the general fund
13 to support the activities and programs of mathematics and science
14 centers and for other purposes as described in this section. In
15 addition, from the federal funds appropriated in section 11, there
16 is allocated for ~~2013-2014-2014-2015~~ an amount estimated at
17 \$5,249,300.00 from DED-OESE, title II, mathematics and science
18 partnership grants.

19 (2) Within a service area designated locally, approved by the
20 department, and consistent with the comprehensive master plan for
21 mathematics and science centers developed by the department and
22 approved by the state board, an established mathematics and science
23 center shall provide 2 or more of the following 6 basic services,
24 as described in the master plan, to constituent districts and
25 communities: leadership, pupil services, curriculum support,
26 community involvement, professional development, and resource
27 clearinghouse services.

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

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

12 (5) Allocations under this section to support the activities
13 and programs of mathematics and science centers shall be continuing
14 support grants to all 33 established mathematics and science
15 centers. Each established mathematics and science center that was
16 funded in the immediately preceding fiscal year shall receive state
17 funding in an amount equal to 100% of the amount it was allocated
18 under this subsection for the immediately preceding fiscal year. If
19 a center declines state funding or a center closes, the remaining
20 money available under this section shall be distributed to the
21 remaining centers, as determined by the department.

22 (6) From the funds allocated in subsection (1), there is
23 allocated for ~~2013-2014~~ **2014-205** an amount not to exceed
24 \$750,000.00 in a form and manner determined by the department to
25 those centers able to provide curriculum and professional
26 development support to assist districts in implementing the
27 Michigan merit curriculum components for mathematics and science.

1 Funding under this subsection is in addition to funding allocated
2 under subsection (5).

3 (7) From the ~~state school aid~~ **GENERAL** fund money allocated in
4 subsection (1), there is allocated for ~~2013-2014-2014-2015~~ an
5 amount not to exceed \$100,000.00 ~~in a form and manner determined by~~
6 ~~the department to a single mathematics and science center that is a~~
7 ~~participant in~~ **TO** the Michigan STEM partnership, to be used to
8 administer the grant process under this subsection. From the
9 general fund money allocated in subsection (1), there is allocated
10 for ~~2013-2014-2014-2015~~ an amount not to exceed \$375,000.00 to the
11 Michigan STEM partnership to be used for a competitive grant
12 process to award competitive grants to organizations conducting
13 student-focused, project-based programs and competitions, either in
14 the classroom or extracurricular, in science, technology,
15 engineering, and mathematics subjects such as, but not limited to,
16 robotics, coding, and design-build-test projects, from pre-
17 kindergarten through college level. Funding under this subsection
18 is in addition to funding allocated under subsection (5) and shall
19 be used for connecting mathematics and science centers for science,
20 technology, engineering, and mathematics purposes **AND TO SUPPORT**
21 **THE GOALS OF THE MICHIGAN STEM PARTNERSHIP**. A program receiving
22 funds under section 99h may not receive funds under this
23 subsection.

24 (8) In order to receive state or federal funds under this
25 section, a grant recipient shall allow access for the department or
26 the department's designee to audit all records related to the
27 program for which it receives such funds. The grant recipient shall

1 reimburse the state for all disallowances found in the audit.

2 (9) Not later than September 30, 2013, the department shall
3 reevaluate and update the comprehensive master plan described in
4 subsection (1).

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

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

12 (12) Not later than July 1 of each year, a mathematics and
13 science center that receives funds under this section shall report
14 to the department in a form and manner prescribed by the department
15 on the following performance measures:

16 (a) Statistical change in pre- and post-assessment scores for
17 students who enrolled in mathematics and science activities
18 provided to districts by the mathematics and science center.

19 (b) Statistical change in pre- and post-assessment scores for
20 teachers who enrolled in professional development activities
21 provided by the mathematics and science center.

22 (13) As used in this section:

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

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

26 **SEC. 99B. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE**
27 **IS ALLOCATED AN AMOUNT NOT TO EXCEED \$330,000.00 FOR 2014-2015 FOR**

1 GRANTS TO DISTRICTS TO SUPPORT PROFESSIONAL DEVELOPMENT FOR
2 TEACHERS IN A DEPARTMENT-APPROVED TRAINING PROGRAM FOR SCIENCE
3 TECHNOLOGY AND MATHEMATICS (STEM) INSTRUCTION.

4 (2) ANY DISTRICT MAY APPLY FOR FUNDING UNDER THIS SECTION FOR
5 2014-2015 BY A DATE DETERMINED BY THE DEPARTMENT. BEGINNING IN
6 2014-2015, IN AWARDING GRANTS, THE DEPARTMENT SHALL GIVE PRIORITY,
7 IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT, TO APPLICANT
8 DISTRICTS WITH TEACHERS WHO HAVE NOT PREVIOUSLY RECEIVED TRAINING
9 IN PROGRAMS FUNDED UNDER THIS SECTION.

10 (3) FOR A TRAINING PROGRAM TO BE APPROVED BY THE DEPARTMENT
11 FOR THE PURPOSES OF THIS SECTION, THE PROGRAM SHALL MEET ALL OF THE
12 FOLLOWING CRITERIA:

13 (A) UTILIZES AN INTEGRATIVE STEM APPROACH TO CONTENT
14 ORGANIZATION AND DELIVERY. THE INTEGRATIVE STEM APPROACH SHALL
15 INCLUDE CONTENT DERIVED FROM SCIENCE, TECHNOLOGY, ENGINEERING, AND
16 MATHEMATICS.

17 (B) OFFERS EVIDENCE THAT THE PROGRAM OUTCOMES ADDRESS
18 MATHEMATICS, SCIENCE, AND TECHNOLOGICAL LITERACY STANDARDS IN AN
19 EXPLORATORY MIDDLE SCHOOL OR HIGH SCHOOL OFFERING.

20 (C) OFFERS EVIDENCE THAT THE PROGRAM POSITIVELY INFLUENCES
21 STUDENT CAREER CHOICES ALONG STEM CAREER PATHS AND INCREASES
22 STUDENT ENGAGEMENT THROUGH PEER-REVIEWED RESEARCH.

23 (D) PRESENTS EVIDENCE OF THE PERIODIC IMPROVEMENT OF THE
24 CURRICULUM.

25 (E) UTILIZES OUTCOME MEASURES FOR TEACHER PROFESSIONAL
26 DEVELOPMENT.

27 (F) PROVIDES PEER-REVIEWED EVIDENCE THAT THE PROGRAM IS

1 EFFECTIVE WITH DISADVANTAGED STUDENTS AND THOSE WITH LANGUAGE
2 BARRIERS.

3 (4) THE DEPARTMENT SHALL AWARD GRANTS TO DISTRICTS IN AN
4 AMOUNT DETERMINED BY THE DEPARTMENT, BUT NOT TO EXCEED \$3,200.00
5 PER PARTICIPANT.

6 (5) A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE
7 THE FUNDS ONLY FOR DEPARTMENT-APPROVED TRAINING PROGRAMS UNDER THIS
8 SECTION.

9 Sec. 99h. (1) From the appropriation in section 11, there is
10 allocated an amount not to exceed ~~\$3,000,000.00~~ **\$2,000,000.00** for
11 ~~2013-2014-2014-2015~~ for competitive grants to districts that
12 provide pupils in grades 7 to 12 with expanded opportunities to
13 improve mathematics, science, and technology skills by
14 participating in events hosted by a science and technology
15 development program known as FIRST (for inspiration and recognition
16 of science and technology) robotics.

17 (2) A district applying for a FIRST tech challenge or FIRST
18 robotics competition program grant shall submit an application in a
19 form and manner determined by the department. To be eligible for a
20 grant, a district shall demonstrate in its application that the
21 district has established a partnership for the purposes of the
22 FIRST program with at least 1 sponsor, business entity, higher
23 education institution, or technical school, **SHALL SUBMIT A SPENDING**
24 **PLAN, AND SHALL PAY AT LEAST 25% OF THE COST OF THE FIRST ROBOTICS**
25 **PROGRAM.**

26 (3) The department shall distribute the grant funding under
27 this section for the following purposes:

1 (a) ~~Except as otherwise provided in subparagraph (iii), not more~~
2 ~~than \$1,000,000.00 for grants~~ **GRANTS** to districts to pay for
3 stipends of \$1,500.00 for 1 coach per team, distributed as follows:

4 (i) Not more than 500 stipends for coaches of high school
5 teams, including existing teams.

6 (ii) Not more than 100 stipends for coaches of middle school or
7 junior high teams, including existing teams.

8 (iii) If the requests for stipends exceed the numbers of
9 stipends allowed under subparagraphs (i) and (ii), and if there is
10 funding remaining unspent under subdivisions (b) and (c), the
11 department shall use that remaining unspent funding for grants to
12 districts to pay for additional stipends in a manner that expands
13 the geographical distribution of teams.

14 (b) ~~Not more than \$1,000,000.00 for grants~~ **GRANTS** to districts
15 for event registrations, materials, travel costs, and other
16 expenses associated with the preparation for and attendance at
17 FIRST tech challenge and FIRST robotics competitions. Each grant
18 recipient shall provide a local match from other private or local
19 funds for the funds received under this subdivision equal to at
20 least 50% of the costs of participating in an event. The department
21 shall set maximum grant amounts under this subdivision in a manner
22 that maximizes the number of teams that will be able to receive
23 funding.

24 (c) ~~Not more than \$1,000,000.00 for grants~~ **GRANTS** to districts
25 for awards to teams that advance to the state and world
26 championship competitions. The department shall determine an equal
27 amount per team for those teams that advance to the state

1 championship and a second equal award amount to those teams that
2 advance to the world championship.

3 (4) THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT
4 APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2014-2015 ARE CARRIED
5 FORWARD INTO 2015-2016. THE PURPOSE OF THE WORK PROJECT IS TO
6 CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION (1).
7 THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30,
8 2017.

9 Sec. 101. (1) To be eligible to receive state aid under this
10 article, not later than the fifth Wednesday after the pupil
11 membership count day and not later than the fifth Wednesday after
12 the supplemental count day, each district superintendent shall
13 submit to the center and the intermediate superintendent, in the
14 form and manner prescribed by the center, the number of pupils
15 enrolled and in regular daily attendance in the district as of the
16 pupil membership count day and as of the supplemental count day, as
17 applicable, for the current school year. In addition, a district
18 maintaining school during the entire year, as provided under
19 section 1561 of the revised school code, MCL 380.1561, shall submit
20 to the center and the intermediate superintendent, in the form and
21 manner prescribed by the center, the number of pupils enrolled and
22 in regular daily attendance in the district for the current school
23 year pursuant to rules promulgated by the superintendent. Not later
24 than the sixth Wednesday after the pupil membership count day and
25 not later than the sixth Wednesday after the supplemental count
26 day, the district shall certify the data in a form and manner
27 prescribed by the center and file the certified data with the

1 intermediate superintendent. If a district fails to submit and
2 certify the attendance data, as required under this subsection, the
3 center shall notify the department and state aid due to be
4 distributed under this article shall be withheld from the
5 defaulting district immediately, beginning with the next payment
6 after the failure and continuing with each payment until the
7 district complies with this subsection. If a district does not
8 comply with this subsection by the end of the fiscal year, the
9 district forfeits the amount withheld. A person who willfully
10 falsifies a figure or statement in the certified and sworn copy of
11 enrollment shall be punished in the manner prescribed by section
12 161.

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

1 amount withheld.

2 (3) Except as otherwise provided in subsections (11) and (12),
3 all of the following apply to the provision of pupil instruction:

4 (a) Except as otherwise provided in this section, each
5 district shall provide at least 1,098 hours and, beginning in 2010-
6 2011, the required minimum number of days of pupil instruction.

7 ~~Beginning in 2012-2013, the required minimum number of days of~~
8 ~~pupil instruction is 170. Beginning in 2014-2015, the required~~

9 minimum number of days of pupil instruction is 175. However, a

10 district shall not provide fewer days of pupil instruction than the

11 district provided for 2009-2010. **IF A COLLECTIVE BARGAINING**

12 **AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR WAS IN EFFECT**

13 **FOR EMPLOYEES OF A DISTRICT AS OF JUNE 13, 2013, AND IF THAT SCHOOL**

14 **CALENDAR IS NOT IN COMPLIANCE WITH THIS SUBSECTION, THEN THIS**

15 **SUBSECTION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE**

16 **EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT. IF A DISTRICT**

17 **ENTERED INTO A COLLECTIVE BARGAINING AGREEMENT AFTER JUNE 30, 2013**

18 **AND IF THAT COLLECTIVE BARGAINING AGREEMENT DID NOT PROVIDE FOR AT**

19 **LEAST 175 DAYS OF PUPIL INSTRUCTION BEGINNING IN 2014-2015, THEN**

20 **THE DEPARTMENT SHALL WITHHOLD FROM THE DISTRICT'S TOTAL STATE**

21 **SCHOOL AID AN AMOUNT EQUAL TO 5% OF THE FUNDING THE DISTRICT**

22 **RECEIVES IN 2014-2015 UNDER SECTIONS 22A AND 22B. A district may**

23 apply for a waiver under subsection (9) from the requirements of

24 this subdivision. ~~For 2012-2013 only, if a district is unable to~~

25 ~~provide the required minimum number of days of pupil instruction~~

26 ~~because of school closures occurring before April 20, 2013 due to~~

27 ~~conditions not within the control of school authorities, such as~~

~~1 severe storms, fires, epidemics, utility power unavailability,
2 water or sewer failure, or health conditions as defined by the
3 city, county, or state health authorities, but the district does
4 provide at least the required minimum number of hours of pupil
5 instruction, the district is not subject to the minimum number of
6 days of pupil instruction requirement of this subsection. A
7 district that uses the 2012-2013 exception from the minimum number
8 of days of pupil instruction requirement shall submit to the
9 department not later than July 1, 2013, in the form and manner
10 prescribed by the department, a report that details the amount of
11 instructional time that was lost due to school closures and the
12 amount of additional instructional time that was added to
13 compensate, when the additional instructional time was provided,
14 the activities that were carried out and subject areas addressed
15 during the additional instructional time; and other information
16 specified by the department to assess whether appropriate
17 instruction occurred during the additional instructional time. The
18 department shall aggregate and provide these reports to the senate
19 and house standing committees on education.~~

20 (b) Except as otherwise provided in this article, a district
21 failing to comply with the required minimum hours and days of pupil
22 instruction under this subsection shall forfeit from its total
23 state aid allocation an amount determined by applying a ratio of
24 the number of hours or days the district was in noncompliance in
25 relation to the required minimum number of hours and days under
26 this subsection. Not later than August 1, the board of each
27 district shall certify to the department the number of hours and

1 days of pupil instruction in the previous school year. If the
2 district did not provide at least the required minimum number of
3 hours and days of pupil instruction under this subsection, the
4 deduction of state aid shall be made in the following fiscal year
5 from the first payment of state school aid. A district is not
6 subject to forfeiture of funds under this subsection for a fiscal
7 year in which a forfeiture was already imposed under subsection
8 (6).

9 (c) Hours or days lost because of strikes or teachers'
10 conferences shall not be counted as hours or days of pupil
11 instruction.

12 (d) If a collective bargaining agreement that provides a
13 complete school calendar is in effect for employees of a district
14 as of October 19, 2009, and if that school calendar is not in
15 compliance with this subsection, then this subsection does not
16 apply to that district until after the expiration of that
17 collective bargaining agreement.

18 (e) Except as otherwise provided in subdivision (f), a
19 district not having at least 75% of the district's membership in
20 attendance on any day of pupil instruction shall receive state aid
21 in that proportion of 1/180 that the actual percent of attendance
22 bears to the specified percentage.

23 (f) At the request of a district that operates a department-
24 approved alternative education program and that does not provide
25 instruction for pupils in all of grades K to 12, the superintendent
26 may grant a waiver from the requirements of subdivision (e). The
27 waiver shall indicate that an eligible district is subject to the

1 proration provisions of subdivision (e) only if the district does
2 not have at least 50% of the district's membership in attendance on
3 any day of pupil instruction. In order to be eligible for this
4 waiver, a district must maintain records to substantiate its
5 compliance with the following requirements:

6 (i) The district offers the minimum hours of pupil instruction
7 as required under this section.

8 (ii) For each enrolled pupil, the district uses appropriate
9 academic assessments to develop an individual education plan that
10 leads to a high school diploma.

11 (iii) The district tests each pupil to determine academic
12 progress at regular intervals and records the results of those
13 tests in that pupil's individual education plan.

14 (g) All of the following apply to a waiver granted under
15 subdivision (f):

16 (i) If the waiver is for a blended model of delivery, a waiver
17 that is granted for the 2011-2012 fiscal year or a subsequent
18 fiscal year remains in effect unless it is revoked by the
19 superintendent.

20 (ii) If the waiver is for a 100% online model of delivery and
21 the educational program for which the waiver is granted makes
22 educational services available to pupils for a minimum of at least
23 1,098 hours during a school year and ensures that each pupil
24 participates in the educational program for at least 1,098 hours
25 during a school year, a waiver that is granted for the 2011-2012
26 fiscal year or a subsequent fiscal year remains in effect unless it
27 is revoked by the superintendent.

1 (iii) A waiver that is not a waiver described in subparagraph
2 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
3 to remain in effect.

4 (h) The superintendent shall promulgate rules for the
5 implementation of this subsection.

6 (4) Except as otherwise provided in this subsection, the first
7 6 days or the equivalent number of hours for which pupil
8 instruction is not provided because of conditions not within the
9 control of school authorities, such as severe storms, fires,
10 epidemics, utility power unavailability, water or sewer failure, or
11 health conditions as defined by the city, county, or state health
12 authorities, shall be counted as hours and days of pupil
13 instruction. With the approval of the superintendent of public
14 instruction, the department shall count as hours and days of pupil
15 instruction for a fiscal year not more than 6 additional days or
16 the equivalent number of additional hours for which pupil
17 instruction is not provided in a district after April 1 of the
18 applicable school year due to unusual and extenuating occurrences
19 resulting from conditions not within the control of school
20 authorities such as those conditions described in this subsection.
21 Subsequent such hours or days shall not be counted as hours or days
22 of pupil instruction.

23 (5) A district shall not forfeit part of its state aid
24 appropriation because it adopts or has in existence an alternative
25 scheduling program for pupils in kindergarten if the program
26 provides at least the number of hours required under subsection (3)
27 for a full-time equated membership for a pupil in kindergarten as

1 provided under section 6(4).

2 (6) In addition to any other penalty or forfeiture under this
3 section, if at any time the department determines that 1 or more of
4 the following have occurred in a district, the district shall
5 forfeit in the current fiscal year beginning in the next payment to
6 be calculated by the department a proportion of the funds due to
7 the district under this article that is equal to the proportion
8 below the required minimum number of hours and days of pupil
9 instruction under subsection (3), as specified in the following:

10 (a) The district fails to operate its schools for at least the
11 required minimum number of hours and days of pupil instruction
12 under subsection (3) in a school year, including hours and days
13 counted under subsection (4).

14 (b) The board of the district takes formal action not to
15 operate its schools for at least the required minimum number of
16 hours and days of pupil instruction under subsection (3) in a
17 school year, including hours and days counted under subsection (4).

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

22 (a) Except as otherwise provided in this subsection, a pupil
23 must be scheduled for at least the required minimum number of hours
24 of instruction, excluding study halls, or at least the sum of 90
25 hours plus the required minimum number of hours of instruction,
26 including up to 2 study halls.

27 (b) The time a pupil is assigned to any tutorial activity in a

1 block schedule may be considered instructional time, unless that
2 time is determined in an audit to be a study hall period.

3 (c) Except as otherwise provided in this subdivision, a pupil
4 in grades 9 to 12 for whom a reduced schedule is determined to be
5 in the individual pupil's best educational interest must be
6 scheduled for a number of hours equal to at least 80% of the
7 required minimum number of hours of pupil instruction to be
8 considered a full-time equivalent pupil. A pupil in grades 9 to 12
9 who is scheduled in a 4-block schedule may receive a reduced
10 schedule under this subsection if the pupil is scheduled for a
11 number of hours equal to at least 75% of the required minimum
12 number of hours of pupil instruction to be considered a full-time
13 equivalent pupil.

14 (d) If a pupil in grades 9 to 12 who is enrolled in a
15 cooperative education program or a special education pupil cannot
16 receive the required minimum number of hours of pupil instruction
17 solely because of travel time between instructional sites during
18 the school day, that travel time, up to a maximum of 3 hours per
19 school week, shall be considered to be pupil instruction time for
20 the purpose of determining whether the pupil is receiving the
21 required minimum number of hours of pupil instruction. However, if
22 a district demonstrates to the satisfaction of the department that
23 the travel time limitation under this subdivision would create
24 undue costs or hardship to the district, the department may
25 consider more travel time to be pupil instruction time for this
26 purpose.

27 (e) In grades 7 through 12, instructional time that is part of

1 a junior reserve officer training corps (JROTC) program shall be
2 considered to be pupil instruction time regardless of whether the
3 instructor is a certificated teacher if all of the following are
4 met:

5 (i) The instructor has met all of the requirements established
6 by the United States department of defense and the applicable
7 branch of the armed services for serving as an instructor in the
8 junior reserve officer training corps program.

9 (ii) The board of the district or intermediate district
10 employing or assigning the instructor complies with the
11 requirements of sections 1230 and 1230a of the revised school code,
12 MCL 380.1230 and 380.1230a, with respect to the instructor to the
13 same extent as if employing the instructor as a regular classroom
14 teacher.

15 (8) Except as otherwise provided in subsections (11) and (12),
16 the department shall apply the guidelines under subsection (7) in
17 calculating the full-time equivalency of pupils.

18 (9) Upon application by the district for a particular fiscal
19 year, the superintendent may waive for a district the minimum
20 number of hours and days of pupil instruction requirement of
21 subsection (3) for a department-approved alternative education
22 program or another innovative program approved by the department,
23 including a 4-day school week. If a district applies for and
24 receives a waiver under this subsection and complies with the terms
25 of the waiver, the district is not subject to forfeiture under this
26 section for the specific program covered by the waiver. If the
27 district does not comply with the terms of the waiver, the amount

1 of the forfeiture shall be calculated based upon a comparison of
2 the number of hours and days of pupil instruction actually provided
3 to the minimum number of hours and days of pupil instruction
4 required under subsection (3). Pupils enrolled in a department-
5 approved alternative education program under this subsection shall
6 be reported to the center in a form and manner determined by the
7 center. All of the following apply to a waiver granted under this
8 subsection:

9 (a) If the waiver is for a blended model of delivery, a waiver
10 that is granted for the 2011-2012 fiscal year or a subsequent
11 fiscal year remains in effect unless it is revoked by the
12 superintendent.

13 (b) If the waiver is for a 100% online model of delivery and
14 the educational program for which the waiver is granted makes
15 educational services available to pupils for a minimum of at least
16 1,098 hours during a school year and ensures that each pupil
17 participates in the educational program for at least 1,098 hours
18 during a school year, a waiver that is granted for the 2011-2012
19 fiscal year or a subsequent fiscal year remains in effect unless it
20 is revoked by the superintendent.

21 (c) A waiver that is not a waiver described in subdivision (a)
22 or (b) is valid for 1 fiscal year and must be renewed annually to
23 remain in effect.

24 (10) Until 2014-2015, a district may count up to 38 hours of
25 qualifying professional development for teachers as hours of pupil
26 instruction. Professional development provided online is allowable
27 and encouraged, as long as the instruction has been approved by the

1 district. The department shall issue a list of approved online
2 professional development providers, which shall include the
3 Michigan virtual school. As used in this subsection, "qualifying
4 professional development" means professional development that is
5 focused on 1 or more of the following:

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

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

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

13 (d) Integrating technology into classroom instruction.

14 (e) Maintaining teacher certification.

15 (11) Subsections (3) and (8) do not apply to a school of
16 excellence that is a cyber school, as defined in section 551 of the
17 revised school code, MCL 380.551, and is in compliance with section
18 553a of the revised school code, MCL 380.553a.

19 (12) Subsections (3) and (8) do not apply to eligible pupils
20 enrolled in a dropout recovery program that meets the requirements
21 of section 23a. As used in this subsection, "eligible pupil" means
22 that term as defined in section 23a.

23 (13) Beginning in 2013, at least every 2 years the
24 superintendent shall review the waiver standards set forth in the
25 pupil accounting and auditing manuals to ensure that the waiver
26 standards and waiver process continue to be appropriate and
27 responsive to changing trends in online learning. The

1 superintendent shall solicit and consider input from stakeholders
2 as part of this review.

3 Sec. 102. (1) A district or intermediate district receiving
4 money under this article shall not adopt or operate under a deficit
5 budget, and a district or intermediate district shall not incur an
6 operating deficit in a fund during a school fiscal year. ~~A-IF A~~
7 district or intermediate district ~~that~~ has an existing deficit fund
8 balance, ~~that~~ incurs a deficit fund balance in the most recently
9 completed school fiscal year, or ~~that~~ adopts a current year budget
10 that projects a deficit fund balance, ~~shall not be allotted or paid~~
11 ~~a further sum under this article~~ **ALL OF THE FOLLOWING APPLY:**

12 (A) THE DISTRICT OR INTERMEDIATE DISTRICT SHALL NOTIFY THE
13 DEPARTMENT IMMEDIATELY UPON THE OCCURRENCE OF THE CIRCUMSTANCE.

14 (B) WITHIN 30 DAYS AFTER NOTIFYING THE DEPARTMENT, THE
15 DISTRICT OR INTERMEDIATE DISTRICT SHALL SUBMIT TO THE DEPARTMENT
16 AND THE STATE TREASURER A PREPLAN FINANCIAL REPORT IN THE FORM AND
17 MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY.

18 (C) THE DEPARTMENT MAY WITHHOLD SOME OR ALL OF THE MONEY
19 PAYABLE TO THE DISTRICT OR INTERMEDIATE DISTRICT UNDER THIS
20 ARTICLE, IN AN AMOUNT THE DEPARTMENT DETERMINES NECESSARY TO
21 INCENTIVIZE THE DISTRICT OR INTERMEDIATE DISTRICT TO ELIMINATE THE
22 DEFICIT, until the district or intermediate district submits to the
23 department for approval a budget for the current school fiscal year
24 and a ~~plan to eliminate the district's or intermediate district's~~
25 ~~deficit not later than the end of the second school fiscal year~~
26 ~~after the deficit was incurred or the budget projecting a deficit~~
27 ~~was adopted. Withheld state aid payments shall be released~~ **DEFICIT**

1 ELIMINATION PLAN IN THE FORM AND MANNER PRESCRIBED BY THE
2 DEPARTMENT OR UNTIL THE DEFICIT ELIMINATION PLAN IS APPROVED BY THE
3 DEPARTMENT, AS DETERMINED BY THE DEPARTMENT. THE DEPARTMENT MAY
4 REQUIRE A DEFICIT ELIMINATION PLAN TO INCLUDE AN ACADEMIC PLAN FOR
5 THE DISTRICT OR INTERMEDIATE DISTRICT.

6 (D) THE DEPARTMENT SHALL RELEASE MONEY WITHHELD UNDER THIS
7 SUBSECTION after the department approves the deficit elimination
8 plan. ~~and ensures that the budget for the current school fiscal~~
9 ~~year is balanced.~~

10 (E) After the department approves a district's or intermediate
11 district's deficit elimination plan, the district or intermediate
12 district shall post the deficit elimination plan on the district's
13 or intermediate district's website.

14 (2) Not later than March 1 of each year, the department shall
15 prepare a report of deficits incurred or projected by districts and
16 intermediate districts in the immediately preceding fiscal year and
17 the progress made in reducing those deficits and submit the report
18 to the standing committees of the legislature responsible for K-12
19 education legislation, the appropriations subcommittees of the
20 legislature responsible for K-12 ~~education~~ **SCHOOL AID**
21 appropriations, the house and senate fiscal agencies, the state
22 treasurer, and the state budget director. The department also shall
23 submit quarterly interim reports concerning the progress made by
24 districts and intermediate districts in reducing those deficits **TO**
25 **THE STANDING COMMITTEES OF THE LEGISLATURE RESPONSIBLE FOR K-12**
26 **EDUCATION LEGISLATION, THE APPROPRIATIONS SUBCOMMITTEES OF THE**
27 **LEGISLATURE RESPONSIBLE FOR K-12 SCHOOL AID APPROPRIATIONS, THE**

1 **HOUSE AND SENATE FISCAL AGENCIES, THE STATE TREASURER, AND THE**
 2 **STATE BUDGET DIRECTOR.** On a quarterly basis, the superintendent of
 3 public instruction shall publicly present those reports to the
 4 appropriations subcommittees of the legislature responsible for K-
 5 12 ~~education~~ **SCHOOL AID** appropriations.

6 ~~—— (3) The amount of the permissible deficit for each school~~
 7 ~~fiscal year shall not exceed the amount of state aid reduced by an~~
 8 ~~executive order during that school fiscal year.~~

9 (3) ~~(4)~~ A district or intermediate district that has an
 10 existing deficit fund balance, that incurs a deficit fund balance
 11 in the most recently completed school fiscal year, or that adopts a
 12 current year budget that projects a deficit fund balance shall
 13 submit to the department **AND THE STATE TREASURER** a monthly
 14 monitoring report on revenue and expenditures in a form and manner
 15 prescribed by the department and shall post these reports on its
 16 website.

17 (4) ~~(5)~~ If a district or intermediate district is ~~not able to~~
 18 ~~comply with the provisions of this section, the district or~~
 19 ~~intermediate district shall submit to the department a plan to~~
 20 ~~eliminate its deficit. Upon approval of the plan submitted,~~
 21 **REQUIRED TO SUBMIT A DEFICIT ELIMINATION PLAN UNDER THIS SECTION,**
 22 **AND THE DEFICIT ELIMINATION PLAN IS APPROVED BY THE DEPARTMENT,** the
 23 superintendent ~~of public instruction~~ may continue allotment and
 24 payment of funds under this article. ~~, extend~~ **WHEN APPROVING A**
 25 **DEFICIT ELIMINATION PLAN, THE SUPERINTENDENT MAY ESTABLISH** the
 26 period of time ~~in~~ **WITHIN** which a district or intermediate district
 27 ~~has to~~ **MUST** eliminate its deficit, and **MAY** set special conditions

1 that the district or intermediate district must meet ~~during the~~
2 ~~period of the extension.~~ **WHILE THE DEFICIT ELIMINATION PLAN IS IN**
3 **EFFECT.** After the department approves a district's or intermediate
4 district's deficit elimination plan under this subsection, the
5 district or intermediate district shall post the deficit
6 elimination plan on the district's or intermediate district's
7 website. **THE REQUIREMENTS OF THIS SECTION RELATING TO A DEFICIT**
8 **ELIMINATION PLAN DO NOT APPLY TO A DISTRICT OR INTERMEDIATE**
9 **DISTRICT IF THE DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO**
10 **SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5).**

11 (5) IF, BASED UPON INFORMATION INCLUDED IN A MONTHLY FINANCIAL
12 STATUS REPORT REQUIRED UNDER SECTION 102A, A PREPLAN FINANCIAL
13 REPORT REQUIRED UNDER THIS SECTION, OR A DEFICIT ELIMINATION PLAN
14 REQUIRED UNDER THIS SECTION, THE STATE TREASURER DETERMINES THAT A
15 DISTRICT OR INTERMEDIATE DISTRICT IS SUBJECT TO RAPIDLY
16 DETERIORATING FINANCIAL CIRCUMSTANCES, PERSISTENTLY DECLINING
17 ENROLLMENT, OR OTHER INDICATORS OF FINANCIAL STRESS LIKELY TO
18 RESULT IN RECURRING OPERATING DEFICITS OR RECURRING FINANCIAL
19 STRESS WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THE STATE
20 TREASURER MAY REQUIRE THE DISTRICT OR INTERMEDIATE DISTRICT TO
21 SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN IN THE FORM AND MANNER
22 DETERMINED BY THE DEPARTMENT OF TREASURY. AN ENHANCED DEFICIT
23 ELIMINATION PLAN SHALL PROVIDE FOR THE RESOLUTION OF THE
24 DETERIORATING FINANCIAL CIRCUMSTANCES, PERSISTENTLY DECLINING
25 ENROLLMENT, OR OTHER INDICATORS OF RECURRING OPERATING DEFICITS OR
26 RECURRING FINANCIAL STRESS AND IS SUBJECT TO APPROVAL BY THE STATE
27 TREASURER. AS A CONDITION OF APPROVING THE ENHANCED DEFICIT

1 ELIMINATION PLAN, THE STATE TREASURER MAY REQUIRE THE DISTRICT OR
2 INTERMEDIATE SCHOOL DISTRICT TO ENTER INTO A CONSENT AGREEMENT WITH
3 THE STATE TREASURER. A CONSENT AGREEMENT MAY PROVIDE FOR, BUT IS
4 NOT LIMITED TO, ALL OF THE FOLLOWING:

5 (A) ASSISTANCE AND GUIDANCE FROM THE DEPARTMENT OF TREASURY
6 AND OTHER STATE DEPARTMENTS AND AGENCIES.

7 (B) A FINANCIAL AND OPERATING PLAN FOR THE DISTRICT.

8 (C) THE APPOINTMENT OF A LOCAL AUDITOR OR INSPECTOR, OR BOTH.

9 (D) REMEDIAL MEASURES NECESSARY TO ADDRESS THE FINANCIAL
10 CIRCUMSTANCES OF THE DISTRICT OR INTERMEDIATE DISTRICT.

11 (E) ALTERNATIVE MEANS TO MORE EFFECTIVELY AND EFFICIENTLY
12 PROVIDE PUBLIC EDUCATIONAL SERVICES TO RESIDENTS OF THE DISTRICT OR
13 INTERMEDIATE DISTRICT AND PERFORM OTHER FUNCTIONS AND
14 RESPONSIBILITIES OF THE DISTRICT OR INTERMEDIATE DISTRICT.

15 (F) THE REQUIRED RETENTION BY THE DISTRICT OR INTERMEDIATE
16 DISTRICT OF A CONSULTANT OR 1 OR MORE OTHER EXPERTS FOR THE PURPOSE
17 OF ASSISTING THE DISTRICT OR INTERMEDIATE DISTRICT TO ACHIEVE THE
18 GOALS AND OBJECTIVES OF THE CONSENT AGREEMENT.

19 (G) OTHER MEASURES CONSIDERED NECESSARY BY THE STATE TREASURER
20 TO ADDRESS THE FINANCIAL CONDITIONS WITHIN THE DISTRICT OR
21 INTERMEDIATE DISTRICT.

22 (6) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO
23 SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5),
24 THE DEPARTMENT AND THE DEPARTMENT OF TREASURY MAY WITHHOLD SOME OR
25 ALL OF THE MONEY PAYABLE TO THE DISTRICT UNDER THIS ARTICLE, IN AN
26 AMOUNT THE STATE TREASURER DETERMINES NECESSARY TO INCENTIVIZE THE
27 DISTRICT OR INTERMEDIATE DISTRICT TO ELIMINATE THE DEFICIT, UNTIL

1 THE DISTRICT OR INTERMEDIATE DISTRICT SUBMITS TO THE STATE
2 TREASURER FOR APPROVAL A BUDGET FOR THE CURRENT SCHOOL FISCAL YEAR
3 AND AN ENHANCED DEFICIT ELIMINATION PLAN IN THE FORM AND MANNER
4 PRESCRIBED BY THE DEPARTMENT OF TREASURY UNDER THIS SECTION OR
5 UNTIL THE ENHANCED DEFICIT ELIMINATION PLAN IS APPROVED BY THE
6 DEPARTMENT OF TREASURY, AS DETERMINED BY THE DEPARTMENT TREASURY.
7 THE DEPARTMENT SHALL RELEASE MONEY WITHHELD UNDER THIS SUBSECTION
8 AFTER THE DEPARTMENT OF TREASURY APPROVES THE ENHANCED DEFICIT
9 ELIMINATION PLAN FOR THE DISTRICT OR INTERMEDIATE DISTRICT. WHEN
10 APPROVING AN ENHANCED DEFICIT ELIMINATION PLAN, THE STATE TREASURER
11 MAY ESTABLISH THE PERIOD OF TIME WITHIN WHICH A DISTRICT OR
12 INTERMEDIATE DISTRICT MUST ELIMINATE ITS DEFICIT AND MAY SET
13 SPECIAL CONDITIONS THAT THE DISTRICT OR INTERMEDIATE DISTRICT MUST
14 MEET WHILE THE DEFICIT ELIMINATION PLAN IS IN EFFECT.

15 (7) AFTER THE STATE TREASURER APPROVES AN ENHANCED DEFICIT
16 ELIMINATION PLAN FOR A DISTRICT OR INTERMEDIATE DISTRICT, THE
17 DISTRICT OR INTERMEDIATE DISTRICT SHALL POST THE ENHANCED DEFICIT
18 ELIMINATION PLAN ON THE DISTRICT'S WEBSITE.

19 (8) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO
20 SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5),
21 THE SUPERINTENDENT AND THE STATE TREASURER MAY NOT CONTINUE
22 ALLOTMENT AND PAYMENT OF FUNDS UNDER THIS ACT UNTIL THE ENHANCED
23 DEFICIT ELIMINATION PLAN IS APPROVED BY THE STATE TREASURER.

24 (9) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO
25 SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5),
26 THE DISTRICT OR INTERMEDIATE DISTRICT SHALL SUBMIT TO THE
27 DEPARTMENT OF TREASURY AND THE DEPARTMENT AN ENHANCED MONTHLY

1 MONITORING REPORT ON REVENUE, EXPENDITURES, CASH FLOW, LIABILITIES,
2 BUDGET AMENDMENTS, PUPIL MEMBERSHIP, AND OTHER DATA RELATING TO THE
3 FINANCES OF THE DISTRICT OR INTERMEDIATE DISTRICT IN A FORM AND
4 MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY AND SHALL POST
5 THESE REPORTS ON ITS WEBSITE.

6 (10) ~~(6) For the purposes of~~ AS USED IN this section: ~~7~~
7 "deficit"

8 (A) "DEFICIT ELIMINATION PLAN" MEANS A PLAN REQUIRED UNDER
9 THIS SECTION FOR THE ELIMINATION OF A DEFICIT THAT SETS FORTH
10 ACTIONS TO BE TAKEN TO ELIMINATE THE DEFICIT WITHIN THE TIME PERIOD
11 PRESCRIBED BY THE DEPARTMENT.

12 (B) "DEFICIT fund balance" means that term as defined in the
13 Michigan public school accounting manual published by the
14 department.

15 (C) "ENHANCED DEFICIT ELIMINATION PLAN" MEANS MEASURES
16 REQUIRED BY THE STATE TREASURER UNDER THIS SECTION TO ADDRESS THE
17 FINANCIAL CONDITIONS WITHIN A DISTRICT OR INTERMEDIATE DISTRICT AND
18 RESOLVE ANY DEFICIT WITHIN THE TIME PERIOD PRESCRIBED BY THE
19 DEPARTMENT AND THE STATE TREASURER.

20 (D) "PREPLAN FINANCIAL REPORT" MEANS A REPORT ON THE FINANCIAL
21 CONDITIONS WITHIN A DISTRICT OR INTERMEDIATE DISTRICT REQUIRED
22 UNDER THIS SECTION AND SUBMITTED IN A FORM AND MANNER PRESCRIBED BY
23 THE STATE TREASURER, WHICH MAY INCLUDE, BUT IS NOT LIMITED TO,
24 FINANCIAL DATA AND OTHER INFORMATION ON LIABILITIES, PAYMENTS,
25 ENROLLMENT, BORROWING, AND OTHER CRITERIA RELATING TO THE FINANCIAL
26 CONDITIONS WITHIN A DISTRICT OR INTERMEDIATE DISTRICT.

27 SEC. 102A. (1) THE SUPERINTENDENT OR THE STATE TREASURER MAY

1 REQUIRE A DISTRICT OR INTERMEDIATE DISTRICT TO SUBMIT MONTHLY
2 FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE SUPERINTENDENT
3 OR THE STATE TREASURER DETERMINES THAT POTENTIAL FINANCIAL STRESS
4 MAY EXIST WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THAT AN
5 OPERATING DEFICIT MAY ARISE WITHIN THE DISTRICT OR INTERMEDIATE
6 DISTRICT DURING THE CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2
7 SCHOOL FISCAL YEARS, OR THAT THE DISTRICT OR INTERMEDIATE DISTRICT
8 MAY BE UNABLE TO MEET ITS FINANCIAL OBLIGATIONS WHILE ALSO
9 SATISFYING THE DISTRICT'S OR THE INTERMEDIATE DISTRICT'S
10 OBLIGATIONS TO PROVIDE PUBLIC EDUCATIONAL SERVICES IN A MANNER THAT
11 COMPLIES WITH THIS ACT, THE REVISED SCHOOL CODE, AND APPLICABLE
12 RULES, BASED UPON 1 OR MORE OF THE FOLLOWING:

13 (A) FINANCIAL DATA OR OTHER INFORMATION SUBMITTED BY THE
14 DISTRICT OR INTERMEDIATE DISTRICT TO A STATE DEPARTMENT OR AGENCY.

15 (B) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN AN
16 AUDITED FINANCIAL STATEMENT OF THE DISTRICT OR INTERMEDIATE
17 DISTRICT.

18 (C) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE
19 DEPARTMENT, AGENCY, OR AUTHORITY IN CONNECTION WITH A REQUEST TO
20 ISSUE BONDS, NOTES, OR OTHER DEBT OBLIGATIONS.

21 (D) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN A
22 RECOMMENDED BUDGET, BUDGET, OR GENERAL APPROPRIATIONS ACT OF THE
23 DISTRICT OR INTERMEDIATE DISTRICT.

24 (E) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO
25 TIMELY TRANSMIT TO THE DEPARTMENT OF TREASURY TAX PAYMENTS WITHHELD
26 FROM PAYMENTS TO EMPLOYEES OF THE DISTRICT OR INTERMEDIATE
27 DISTRICT.

1 (F) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO
2 MAKE TIMELY PAYMENTS TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES'
3 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT
4 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

5 (G) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO
6 MAKE TIMELY REQUIRED PAYMENTS TO THE MICHIGAN UNEMPLOYMENT
7 INSURANCE AGENCY.

8 (H) INFORMATION SUBMITTED BY A VENDOR OF THE DISTRICT OR
9 INTERMEDIATE DISTRICT INDICATING THAT THE DISTRICT OR INTERMEDIATE
10 DISTRICT HAS FAILED TO MAKE TIMELY PAYMENTS TO THE VENDOR AS
11 REQUIRED UNDER A CONTRACT BETWEEN THE VENDOR AND THE DISTRICT OR
12 INTERMEDIATE DISTRICT.

13 (I) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE
14 DEPARTMENT, AGENCY, OR AUTHORITY BY AN OFFICER, EMPLOYEE,
15 CONTRACTOR, OR AGENT OF THE DISTRICT OR INTERMEDIATE DISTRICT.

16 (J) A REQUEST FOR A DETERMINATION UNDER THIS SUBSECTION
17 SUBMITTED TO THE SUPERINTENDENT OR STATE TREASURER BY THE
18 SUPERINTENDENT OR BOARD OF THE DISTRICT OR INTERMEDIATE DISTRICT.

19 (K) THE EXPENDITURE OF TAX REVENUE FOR UNAUTHORIZED PURPOSES
20 BY THE DISTRICT OR INTERMEDIATE DISTRICT OR THE UNAUTHORIZED
21 TRANSFER OR DEPOSIT OF TAX REVENUE BY THE DISTRICT OR INTERMEDIATE
22 DISTRICT.

23 (2) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED BY THE
24 SUPERINTENDENT OR THE STATE TREASURER TO SUBMIT A FINANCIAL STATUS
25 REPORT UNDER SUBSECTION (1), THE DISTRICT OR INTERMEDIATE DISTRICT
26 SHALL FILE A MONTHLY FINANCIAL STATUS REPORT DESCRIBED IN
27 SUBSECTION (3) WITH THE DEPARTMENT AND THE DEPARTMENT OF TREASURY.

1 BEFORE A DISTRICT OR INTERMEDIATE DISTRICT FILES A FINANCIAL STATUS
2 REPORT WITH THE DEPARTMENT AND THE DEPARTMENT OF TREASURY, THE
3 FINANCIAL STATUS REPORT SHALL BE REVIEWED AND APPROVED BY THE BOARD
4 OF THE DISTRICT OR INTERMEDIATE DISTRICT.

5 (3) A MONTHLY FINANCIAL STATUS REPORT SHALL BE SUBMITTED IN
6 THE FORM AND MANNER DETERMINED BY THE DEPARTMENT OF TREASURY. THE
7 REPORT SHALL INCLUDE FINANCIAL DATA AND OTHER INFORMATION THAT THE
8 DEPARTMENT OF TREASURY DETERMINES CAN ASSIST THE STATE IN
9 DEVELOPING AN EARLY WARNING SYSTEM OF FINANCIAL STRESS OR OPERATING
10 DEFICITS IN DISTRICTS OR INTERMEDIATE DISTRICTS. FINANCIAL DATA OR
11 OTHER INFORMATION THAT MAY BE REQUIRED BY THE DEPARTMENT OF
12 TREASURY TO BE REPORTED ON A MONTHLY FINANCIAL STATUS REPORT MAY
13 INCLUDE, BUT IS NOT LIMITED TO, SOME OR ALL OF THE FOLLOWING:

14 (A) PUPIL MEMBERSHIP COUNTS FOR THE DISTRICT OR INTERMEDIATE
15 DISTRICT AND PROJECTED PUPIL MEMBERSHIP COUNTS FOR THE DISTRICT OR
16 INTERMEDIATE DISTRICT.

17 (B) AN ASSET SUFFICIENCY RATIO. AS USED IN THIS SUBDIVISION,
18 "ASSET SUFFICIENCY RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR
19 INTERMEDIATE DISTRICT'S GENERAL FUND ASSETS DIVIDED BY THE
20 DISTRICT'S OR INTERMEDIATE DISTRICT'S GENERAL FUND LIABILITIES.

21 (C) AN OPERATING RESERVE RATIO. AS USED IN THIS SUBDIVISION,
22 "OPERATING RESERVE RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR
23 INTERMEDIATE DISTRICT'S GENERAL FUND BALANCE DIVIDED BY THE
24 DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND
25 EXPENDITURES FOR A FISCAL YEAR.

26 (D) AN OPERATING MARGIN RATIO. AS USED IN THIS SUBDIVISION,
27 "OPERATING MARGIN RATIO" MEANS THE QUOTIENT OF THE DIFFERENCE

1 BETWEEN DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND
2 REVENUE AND TOTAL GENERAL FUND EXPENDITURES FOR A FISCAL YEAR
3 DIVIDED BY THE DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL
4 FUND REVENUE FOR THE FISCAL YEAR.

5 (E) A DEFICIT FUND BALANCE RATIO. AS USED IN THIS
6 SUBPARAGRAPH, "DEFICIT FUND BALANCE RATIO" MEANS THE QUOTIENT OF
7 THE DIFFERENCE BETWEEN THE DISTRICT'S OR INTERMEDIATE DISTRICT'S
8 TOTAL REVENUE FOR A FISCAL YEAR AND THE TOTAL OF ANY DEFICIT FUND
9 BALANCES FOR THE FISCAL YEAR DIVIDED BY THE TOTAL REVENUE IN THE
10 DEFICIT FUNDS.

11 (F) A FUND BALANCE CHANGE RATIO. AS USED IN THIS SUBPARAGRAPH,
12 "FUND BALANCE CHANGE RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR
13 INTERMEDIATE DISTRICT'S PRIOR FISCAL YEAR GENERAL FUND BALANCE AND
14 THE CURRENT FISCAL YEAR GENERAL FUND BALANCE DIVIDED BY PRIOR
15 FISCAL YEAR GENERAL FUND BALANCE.

16 (G) A CASH FLOW BORROWING RATIO. AS USED IN THIS SUBPARAGRAPH,
17 "CASH FLOW BORROWING RATIO" MEANS THE QUOTIENT OF THE SUM OF THE
18 TOTAL AMOUNT OF TAX ANTICIPATION NOTES ISSUED BY THE DISTRICT OR
19 INTERMEDIATE DISTRICT IN THE FISCAL YEAR AND THE TOTAL AMOUNT OF
20 STATE SCHOOL AID ANTICIPATION NOTES ISSUED BY THE DISTRICT OR
21 INTERMEDIATE DISTRICT IN THE FISCAL YEAR DIVIDED BY THE DISTRICT'S
22 OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND REVENUE FOR THE
23 FISCAL YEAR.

24 (H) A CASH FLOW PROJECTION FOR THE DISTRICT OR INTERMEDIATE
25 DISTRICT.

26 (I) A COMPARISON OF EXPENDITURES BUDGETED BY THE DISTRICT OR
27 INTERMEDIATE DISTRICT FOR THE PRIOR MONTH COMPARED TO ACTUAL

1 EXPENDITURES FOR THE PRIOR MONTH.

2 (J) OUTSTANDING ACCOUNTS PAYABLE AS OF THE PRIOR MONTH.

3 (K) FOR A DISTRICT, THE NUMBER OF PUPILS ENROLLED IN THE
4 DISTRICT WHO ARE RESIDENTS OF THE DISTRICT AND THE NUMBER OF PUPILS
5 ENROLLED IN THE DISTRICT WHO ARE NOT RESIDENTS OF THE DISTRICT.

6 (4) A DISTRICT OR INTERMEDIATE DISTRICT REQUIRED TO SUBMIT
7 PERIODIC FINANCIAL STATUS REPORTS UNDER THIS SECTION SHALL DO ALL
8 OF THE FOLLOWING:

9 (A) PROVIDE THE DEPARTMENT OF TREASURY OR THE DEPARTMENT WITH
10 OTHER FINANCIAL DATA OR INFORMATION RELATING TO THE FINANCIAL
11 CONDITION OF THE SCHOOL DISTRICT AS REQUESTED BY THE DEPARTMENT OF
12 TREASURY OR THE DEPARTMENT.

13 (B) ALLOW THE DEPARTMENT OF TREASURY OR THE DEPARTMENT TO
14 EXAMINE ALL FINANCIAL RECORDS AND BOOKS OF ACCOUNT OF THE DISTRICT
15 OR INTERMEDIATE DISTRICT. THE DEPARTMENT OF TREASURY OR THE
16 DEPARTMENT MAY REQUIRE THE ATTENDANCE OF WITNESSES AND THE
17 PRODUCTION OF BOOKS, PAPERS, CONTRACTS, AND OTHER DOCUMENTS
18 RELEVANT TO AN ANALYSIS OF THE FINANCIAL CONDITION OF THE DISTRICT
19 OR INTERMEDIATE DISTRICT.

20 (C) PROMPTLY AND FULLY PROVIDE THE ASSISTANCE AND INFORMATION
21 NECESSARY AND PROPERLY REQUESTED BY THE DEPARTMENT OF TREASURY OR
22 THE DEPARTMENT IN THE EFFECTUATION OF THE DEPARTMENT OF TREASURY'S
23 DUTIES UNDER THIS SECTION.

24 (5) IF A DISTRICT OR INTERMEDIATE DISTRICT FAILS TO SUBMIT A
25 PERIODIC FINANCIAL STATUS REPORT REQUIRED UNDER THIS SECTION, OR IF
26 THE STATE TREASURER DETERMINES OR IS NOTIFIED BY THE SUPERINTENDENT
27 OF PUBLIC INSTRUCTION THAT INFORMATION INCLUDED ON A PERIODIC

1 FINANCIAL STATUS REPORT INDICATES THAT FINANCIAL STRESS EXISTS
2 WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THAT AN OPERATING
3 DEFICIT HAS OCCURRED OR IS PROJECTED TO OCCUR WITHIN THE DISTRICT
4 OR INTERMEDIATE DISTRICT, OR THAT THE DISTRICT OR INTERMEDIATE
5 DISTRICT WOULD BENEFIT FROM STATE ASSISTANCE WITH FINANCIAL
6 DIFFICULTIES WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THE
7 STATE TREASURER MAY REQUIRE THE DISTRICT OR INTERMEDIATE DISTRICT
8 TO SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SECTION 102.
9 THE FAILURE OF AN OFFICER OF A DISTRICT OR INTERMEDIATE DISTRICT TO
10 PREPARE AND SUBMIT A PERIODIC FINANCIAL REPORT AS PROVIDED UNDER
11 THIS SECTION CONSTITUTES MALFEASANCE AND IS GROUNDS FOR REMOVAL OF
12 THE OFFICER FROM OFFICE.

13 (6) A DISTRICT OR INTERMEDIATE DISTRICT IS NOT REQUIRED TO
14 SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE
15 DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO SUBMIT AN ENHANCED
16 DEFICIT ELIMINATION PLAN UNDER SECTION 102 OR IF A FINANCIAL
17 EMERGENCY HAS BEEN DECLARED FOR THE DISTRICT OR INTERMEDIATE
18 DISTRICT UNDER THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012
19 PA 436, MCL 141.1541 TO 141.1575.

20 (7) A DISTRICT OR INTERMEDIATE DISTRICT IS NO LONGER REQUIRED
21 TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER THIS SECTION IF
22 THE PERIODIC FINANCIAL STATUS REPORTS SUBMITTED BY A DISTRICT OR
23 INTERMEDIATE DISTRICT INDICATE TO THE STATE TREASURER THAT
24 POTENTIAL FINANCIAL STRESS DOES NOT EXIST WITHIN THE DISTRICT OR
25 INTERMEDIATE DISTRICT, THAT AN OPERATING DEFICIT IS NOT PROJECTED
26 TO ARISE WITHIN THE DISTRICT OR INTERMEDIATE SCHOOL DISTRICT WITHIN
27 THE CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2 SCHOOL FISCAL

1 YEARS, AND THAT THE DISTRICT OR INTERMEDIATE SCHOOL DISTRICT WILL
 2 BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS WHILE ALSO SATISFYING THE
 3 DISTRICT'S OR INTERMEDIATE DISTRICT'S OBLIGATIONS TO PROVIDE PUBLIC
 4 EDUCATIONAL SERVICES IN A MANNER THAT COMPLIES WITH THIS ACT, THE
 5 REVISED SCHOOL CODE, AND APPLICABLE RULES.

6 (8) THE STATE TREASURER SHALL NOTIFY A DISTRICT OR
 7 INTERMEDIATE DISTRICT WHEN SUBSECTION (7) APPLIES TO THE DISTRICT
 8 OR INTERMEDIATE DISTRICT. THE SUPERINTENDENT OF PUBLIC INSTRUCTION
 9 MAY NOTIFY THE STATE TREASURER THAT THE SUPERINTENDENT OF PUBLIC
 10 INSTRUCTION HAS DETERMINED THAT CONDITIONS UNDER SUBSECTION (7)
 11 APPLY TO THE DISTRICT OR INTERMEDIATE DISTRICT.

12 Sec. 104. (1) In order to receive state aid under this
 13 article, a district shall comply with sections 1249, 1278a, 1278b,
 14 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
 15 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
 16 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
 17 the state school aid fund money appropriated in section 11, there
 18 is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
 19 ~~\$26,694,400.00~~ **\$0.00** for payments on behalf of districts for costs
 20 associated with complying with those provisions of law. In
 21 addition, from the federal funds appropriated in section 11, there
 22 is allocated for ~~2013-2014-2014-2015~~ an amount estimated at
 23 ~~\$8,250,000.00~~ **\$0.00**, funded from DED-OESE, title VI, state
 24 assessment funds, and from DED-OSERS, section 504 of part B of the
 25 individuals with disabilities education act, Public Law 94-142,
 26 plus any carryover federal funds from previous year appropriations,
 27 for the purposes of complying with the federal no child left behind

1 act of 2001, Public Law 107-110.

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

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

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

16 (5) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
17 AN AMOUNT NOT TO EXCEED \$0.00 FOR THE FOLLOWING PURPOSES:

18 (A) CONVERTING EXISTING STUDENT ASSESSMENTS TO ONLINE
19 ASSESSMENTS.

20 (B) PROVIDING PAPER AND PENCIL TEST VERSIONS TO DISTRICTS NOT
21 PREPARED TO IMPLEMENT ONLINE ASSESSMENTS.

22 (C) EXPANDING WRITING ASSESSMENTS TO ADDITIONAL GRADE LEVELS.

23 (D) PROVIDING AN INCREASED NUMBER OF CONSTRUCTED RESPONSE TEST
24 QUESTIONS SO THAT PUPILS CAN DEMONSTRATE HIGHER-ORDER SKILLS SUCH
25 AS PROBLEM SOLVING AND COMMUNICATING REASONING.

26 (6) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
27 AN AMOUNT NOT TO EXCEED \$0.00 FOR THE DEVELOPMENT OR SELECTION OF

1 AN ONLINE REPORTING TOOL TO PROVIDE STUDENT-LEVEL ASSESSMENT DATA
 2 IN A SECURE ENVIRONMENT TO EDUCATORS, PARENTS, AND PUPILS
 3 IMMEDIATELY AFTER ASSESSMENTS ARE SCORED. THE DEPARTMENT AND THE
 4 CENTER SHALL ENSURE THAT ANY DATA COLLECTED BY THE ONLINE REPORTING
 5 TOOL DO NOT PROVIDE INDIVIDUALLY IDENTIFIABLE STUDENT DATA TO THE
 6 FEDERAL GOVERNMENT.

7 (7) ~~(5)~~ As used in this section:

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

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

11 (c) "DED-OSERS" means the DED office of special education and
 12 rehabilitative services.

13 Sec. 104b. (1) In order to receive state aid under this ~~act,~~
 14 **ARTICLE**, a district shall comply with this section and shall
 15 administer the Michigan merit examination to pupils in grade 11,
 16 and to pupils in grade 12 who did not take the complete Michigan
 17 merit examination in grade 11, as provided in this section.

18 (2) For the purposes of this section, the department of
 19 **TECHNOLOGY**, management, and budget shall contract with 1 or more
 20 providers to develop, supply, and score the Michigan merit
 21 examination. The Michigan merit examination shall consist of all of
 22 the following:

23 (a) Assessment instruments that measure English language arts,
 24 mathematics, reading, and science and are used by colleges and
 25 universities in this state for entrance or placement purposes. ~~This~~
 26 ~~shall include a writing component in which the pupil produces an~~
 27 ~~extended writing sample. The Michigan merit examination shall not~~

~~require any other extended writing sample.~~

(b) One or more tests from 1 or more test developers that assess a pupil's ability to apply at least reading and mathematics skills in a manner that is intended to allow employers to use the results in making employment decisions. The department of **TECHNOLOGY**, management, and budget and the superintendent shall ensure that any test or tests selected under this subdivision have all the components necessary to allow a pupil to be eligible to receive the results of a nationally recognized evaluation of workforce readiness if the pupil's test performance is adequate.

(c) A social studies component.

(d) Any other component that is necessary to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the no child left behind act of 2001, Public Law 107-110.

(3) In addition to all other requirements of this section, all of the following apply to the Michigan merit examination:

(a) The department of **TECHNOLOGY**, management, and budget and the superintendent shall ensure that any contractor used for scoring the Michigan merit examination supplies an individual report for each pupil that will identify for the pupil's parents and teachers whether the pupil met expectations or failed to meet expectations for each standard, to allow the pupil's parents and teachers to assess and remedy problems before the pupil moves to the next grade.

(b) The department of **TECHNOLOGY**, management, and budget and the superintendent shall ensure that any contractor used for

1 scoring, developing, or processing the Michigan merit examination
2 meets quality management standards commonly used in the assessment
3 industry, including at least meeting level 2 of the capability
4 maturity model developed by the software engineering institute of
5 Carnegie Mellon university for the first year the Michigan merit
6 examination is offered to all grade 11 pupils and at least meeting
7 level 3 of the capability maturity model for subsequent years.

8 (c) The department of **TECHNOLOGY**, management, and budget and
9 the superintendent shall ensure that any contract for scoring,
10 administering, or developing the Michigan merit examination
11 includes specific deadlines for all steps of the assessment
12 process, including, but not limited to, deadlines for the correct
13 testing materials to be supplied to schools and for the correct
14 results to be returned to schools, and includes penalties for
15 noncompliance with these deadlines.

16 (d) The superintendent shall ensure that the Michigan merit
17 examination meets all of the following:

18 (i) Is designed to test pupils on grade level content
19 expectations or course content expectations, as appropriate, in all
20 subjects tested.

21 (ii) Complies with requirements of the no child left behind act
22 of 2001, Public Law 107-110.

23 (iii) Is consistent with the code of fair testing practices in
24 education prepared by the joint committee on testing practices of
25 the American psychological association.

26 (iv) Is factually accurate. If the superintendent determines
27 that a question is not factually accurate and should be excluded

1 from scoring, the state board and the superintendent shall ensure
2 that the question is excluded from scoring.

3 (4) A district shall include on each pupil's high school
4 transcript all of the following:

5 (a) For each high school graduate who has completed the
6 Michigan merit examination under this section, the pupil's scaled
7 score on each subject area component of the Michigan merit
8 examination.

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

12 (5) The superintendent shall work with the provider or
13 providers of the Michigan merit examination to produce Michigan
14 merit examination subject area scores for each pupil participating
15 in the Michigan merit examination. ~~including scaling and merging~~
16 ~~of test items for the different subject area components.~~ The
17 superintendent shall design and distribute to districts,
18 intermediate districts, and nonpublic schools a simple and concise
19 document that describes the scoring for each subject area and
20 indicates the scaled score ranges for each subject area.

21 (6) The Michigan merit examination shall be administered ~~each~~
22 ~~year after March 1 and before June 1 to pupils in grade 11.~~ **IN EACH**
23 **DISTRICT DURING THE LAST 12 WEEKS OF THE DISTRICT'S SCHOOL YEAR.**

24 The superintendent shall ensure that the Michigan merit examination
25 is scored and the scores are returned to pupils, their parents or
26 legal guardians, and districts not later than the beginning of the
27 pupil's first semester of grade 12. The returned scores shall

1 indicate at least the pupil's scaled score for each subject area
2 component and the range of scaled scores for each subject area. In
3 reporting the scores to pupils, parents, and schools, the
4 superintendent shall provide standards-specific, meaningful, and
5 timely feedback on the pupil's performance on the Michigan merit
6 examination.

7 (7) A district shall administer the complete Michigan merit
8 examination to a pupil only once and shall not administer the
9 complete Michigan merit examination to the same pupil more than
10 once. If a pupil does not take the complete Michigan merit
11 examination in grade 11, the district shall administer the complete
12 Michigan merit examination to the pupil in grade 12. If a pupil
13 chooses to retake the college entrance examination component of the
14 Michigan merit examination, as described in subsection (2)(a), the
15 pupil may do so through the provider of the college entrance
16 examination component and the cost of the retake is the
17 responsibility of the pupil unless all of the following are met:

18 (a) The pupil has taken the complete Michigan merit
19 examination.

20 (b) The pupil did not qualify for a Michigan promise grant
21 under section 6 of the Michigan promise grant act, 2006 PA 479, MCL
22 390.1626, based on the pupil's performance on the complete Michigan
23 merit examination.

24 (c) The pupil meets the income eligibility criteria for free
25 breakfast, lunch, or milk, as determined under the Richard B.
26 Russell national school lunch act, 42 USC 1751 to 1769i.

27 (d) The pupil has applied to the provider of the college

1 entrance examination component for a scholarship or fee waiver to
2 cover the cost of the retake and that application has been denied.

3 (e) After taking the complete Michigan merit examination, the
4 pupil has not already received a free retake of the college
5 entrance examination component paid for either by this state or
6 through a scholarship or fee waiver by the provider.

7 (8) The superintendent shall ensure that the length of the
8 Michigan merit examination and the combined total time necessary to
9 administer all of the components of the Michigan merit examination
10 are the shortest possible that will still maintain the degree of
11 reliability and validity of the Michigan merit examination results
12 determined necessary by the superintendent. ~~The superintendent~~
13 ~~shall ensure that the maximum total combined length of time that~~
14 ~~schools are required to set aside for pupils to answer all test~~
15 ~~questions on the Michigan merit examination does not exceed 8 hours~~
16 ~~if the superintendent determines that sufficient alignment to~~
17 ~~applicable Michigan merit curriculum content standards can be~~
18 ~~achieved within that time limit.~~

19 (9) A district shall provide accommodations to a pupil with
20 disabilities for the Michigan merit examination, as provided under
21 section 504 of title V of the rehabilitation act of 1973, 29 USC
22 794; subtitle A of title II of the Americans with disabilities act
23 of 1990, 42 USC 12131 to 12134; the individuals with disabilities
24 education act amendments of 1997, Public Law 105-17; and the
25 implementing regulations for those statutes. The provider or
26 providers of the Michigan merit examination and the superintendent
27 shall mutually agree upon the accommodations to be provided under

1 this subsection.

2 (10) To the greatest extent possible, the Michigan merit
3 examination shall be based on grade level content expectations or
4 course content expectations, as appropriate. Not later than July 1,
5 2008, the department shall identify specific grade level content
6 expectations to be taught before and after the middle of grade 11,
7 so that teachers will know what content will be covered within the
8 Michigan merit examination.

9 (11) A child who is a student in a nonpublic school or home
10 school may take the Michigan merit examination under this section.
11 To take the Michigan merit examination, a child who is a student in
12 a home school shall contact the district in which the child
13 resides, and that district shall administer the Michigan merit
14 examination, or the child may take the Michigan merit examination
15 at a nonpublic school if allowed by the nonpublic school. Upon
16 request from a nonpublic school, the superintendent shall direct
17 the provider or providers to supply the Michigan merit examination
18 to the nonpublic school and the nonpublic school may administer the
19 Michigan merit examination. If a district administers the Michigan
20 merit examination under this subsection to a child who is not
21 enrolled in the district, the scores for that child are not
22 considered for any purpose to be scores of a pupil of the district.

23 (12) In contracting under subsection (2), the department of
24 management and budget shall consider a contractor that provides
25 electronically-scored essays with the ability to score constructed
26 response feedback in multiple languages and provide ongoing
27 instruction and feedback.

1 (13) The purpose of the Michigan merit examination is to
2 assess pupil performance in mathematics, science, social studies,
3 and English language arts for the purpose of improving academic
4 achievement and establishing a statewide standard of competency.
5 The assessment under this section provides a common measure of data
6 that will contribute to the improvement of Michigan schools'
7 curriculum and instruction by encouraging alignment with Michigan's
8 curriculum framework standards and promotes pupil participation in
9 higher level mathematics, science, social studies, and English
10 language arts courses. These standards are based upon the
11 expectations of what pupils should learn through high school and
12 are aligned with national standards.

13 (14) For a pupil enrolled in a middle college program, other
14 than a middle college operated as a shared educational entity or a
15 specialized shared educational entity, if the pupil receives at
16 least 50% of his or her instruction at the high school while in
17 grade 11, the Michigan merit examination shall be administered to
18 the pupil at the high school at which the pupil receives high
19 school instruction, and the department shall include the pupil's
20 scores on the Michigan merit examination in the scores for that
21 high school for all purposes for which a school's or district's
22 results are reported. The department shall allow the middle college
23 program to use a 5-year graduation rate for determining adequate
24 yearly progress. As used in this subsection, "middle college" means
25 a program consisting of a series of courses and other requirements
26 and conditions, including an early college or other program created
27 under a memorandum of understanding, that allows a pupil to

1 graduate from high school with both a high school diploma and a
2 certificate or degree from a community college or state public
3 university.

4 (15) As used in this section:

5 (a) "English language arts" means reading and writing.

6 (b) "Social studies" means United States history, world
7 history, world geography, economics, and American government.

8 Sec. 107. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed \$22,000,000.00 for ~~2013-2014~~
10 **2014-2015** for adult education programs authorized under this
11 section. Funds allocated under this section are restricted for
12 adult education programs as authorized under this section only. A
13 recipient of funds under this section shall not use those funds for
14 any other purpose.

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

19 (3) To be eligible to be a participant funded under this
20 section, a person shall be enrolled in an adult basic education
21 program, an adult English as a second language program, a general
22 educational development (G.E.D.) test preparation program, a job-
23 or employment-related program, or a high school completion program,
24 that meets the requirements of this section, **AND FOR WHICH**
25 **INSTRUCTION IS PROVIDED**, and shall meet either of the following, as
26 applicable:

27 (a) If the individual has obtained a high school diploma or a

1 general educational development (G.E.D.) certificate, the
 2 individual meets 1 of the following:

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

6 (ii) Is less than 20 years of age on September 1 of the school
 7 year, is not attending an institution of higher education, and is
 8 enrolled in a job- or employment-related program through a referral
 9 by an employer **OR BY A MICHIGAN WORKFORCE AGENCY.**

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

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

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

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

16 (ii) Is at least 16 years of age on September 1 of the school
 17 year, has been permanently expelled from school under section
 18 1311(2) or 1311a of the revised school code, MCL 380.1311 and
 19 380.1311a, and has no appropriate alternative education program
 20 available through his or her district of residence.

21 (4) Except as otherwise provided in subsection (5), the money
 22 allocated under this section shall be distributed as follows:

23 (a) For districts and consortia that received payments for
 24 ~~2012-2013-2013-2014~~ under this section, the amount allocated to
 25 each for ~~2013-2014-2014-2015~~ shall be based on the number of
 26 participants served by the district or consortium for ~~2013-2014,~~
 27 **2014-2015**, using the amount allocated per full-time equated

1 participant under subsection (7), up to a maximum total allocation
2 under this subsection in an amount equal to the amount the district
3 or consortium received for ~~2012-2013-2013-2014~~ under this section
4 before any reallocations made for ~~2012-2013-2014-2015~~ under
5 subsection (5).

6 (b) A district or consortium that received funding in ~~2012-~~
7 ~~2013-2013-2014~~ under this section may operate independently of a
8 consortium or join or form a consortium for ~~2013-2014.-2014-2015.~~
9 The allocation for ~~2013-2014-2014-2015~~ to the district or the newly
10 formed consortium under this subsection shall be determined by the
11 department and shall be based on the proportion of the amounts that
12 are attributable to the district or consortium that received
13 funding in ~~2012-2013.-2013-2014.~~ A district or consortium described
14 in this subdivision shall notify the department of its intention
15 with regard to ~~2013-2014-2014-2015~~ by October 1, ~~2013-2014.~~

16 (5) A district that operated an adult education program in
17 ~~2012-2013-2013-2014~~ and does not intend to operate a program in
18 ~~2013-2014-2014-2015~~ shall notify the department by October 1, ~~2013-~~
19 ~~2014~~ of its intention. The money intended to be allocated under
20 this section to a district that does not operate a program in ~~2013-~~
21 ~~2014-2014-2015~~ and the unspent money originally allocated under
22 this section to a district or consortium that subsequently operates
23 a program at less than the level of funding allocated under
24 subsection (4) and any other unallocated money under this section
25 shall instead be proportionately reallocated to the other districts
26 described in subsection (4)(a) that are operating an adult
27 education program in ~~2013-2014-2014-2015~~ under this section.

1 (6) The amount allocated under this section per full-time
2 equated participant ~~is~~ **SHALL NOT EXCEED** \$2,850.00 for a 450-hour
3 program. The amount shall be proportionately reduced for a program
4 offering less than 450 hours of instruction.

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

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

13 (b) The program tests individuals for eligibility under
14 subdivision (a) before enrollment and upon completion of the
15 program in compliance with the state-approved assessment policy.

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

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

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

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

26 (i) The participant is assessed as having attained basic
27 English proficiency as determined by a department-approved

1 assessment.

2 (ii) The participant fails to show progress on 2 successive
3 department-approved assessments after having completed at least 450
4 hours of instruction. The department shall provide information to a
5 funding recipient regarding appropriate assessment instruments for
6 this program.

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

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

12 (b) The program shall administer a ~~G.E.D.~~ pre-test approved by
13 the department before enrolling an individual to determine the
14 individual's **LITERACY LEVELS, SHALL ADMINISTER A G.E.D. PRACTICE**
15 **TEST TO DETERMINE THE INDIVIDUAL'S** potential for success on the
16 G.E.D. test, and shall administer a post-test upon completion of
17 the program in compliance with the state-approved assessment
18 policy.

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

22 (i) The participant ~~passes~~ **OBTAINS** the G.E.D. ~~test~~.

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

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

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

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

5 (b) The program tests participants described in subdivision
6 (a) before enrollment and upon completion of the program in
7 compliance with the state-approved assessment policy.

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

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

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

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

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

24 (b) The program tests participants described in subdivision
25 (a) before enrollment and upon completion of the program in
26 compliance with the department-approved assessment policy.

27 (c) An individual may be enrolled in this program and the

1 grant recipient shall receive funding according to subsection (11)
2 until 1 of the following occurs:

3 (i) The individual achieves the requisite skills as determined
4 by department-approved assessment instruments.

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

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

10 (a) Ninety percent for enrollment of eligible participants.

11 (b) Ten percent for **PARTICIPANT** completion of the adult basic
12 education objectives by achieving an ~~increase of at least 1 grade~~
13 ~~level of proficiency in reading or mathematics;~~ **EDUCATIONAL GAIN AS**
14 **DETERMINED BY THE NATIONAL REPORTING SYSTEM LEVELS;** for achieving
15 basic English proficiency; ~~, as defined by the department in the~~
16 ~~adult education guidebook;~~ for obtaining a G.E.D. or passage of 1
17 or more individual G.E.D. tests; for attainment of a high school
18 diploma or passage of a course required for a participant to attain
19 a high school diploma; ~~or for completion of the course and~~
20 ~~demonstrated proficiency in the academic skills to be learned in~~
21 ~~the course;~~ **FOR ENROLLMENT IN A POSTSECONDARY INSTITUTION, OR FOR**
22 **ENTRY INTO OR RETENTION OF EMPLOYMENT,** as applicable.

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

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

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

11 (15) A district shall not commingle money received under this
12 section or from another source for adult education purposes with
13 any other funds of the district. A district receiving adult
14 education funds shall establish a separate ledger account for ~~those~~
15 funds **RECEIVED UNDER THIS SECTION**. This subsection does not
16 prohibit a district from using general funds of the district to
17 support an adult education or community education program.

18 (16) A district or intermediate district receiving funds under
19 this section may establish a sliding scale of tuition rates based
20 upon a participant's family income. A district or intermediate
21 district may charge a participant tuition to receive adult
22 education services under this section from that sliding scale of
23 tuition rates on a uniform basis. The amount of tuition charged per
24 participant shall not exceed the actual operating cost per
25 participant minus any funds received under this section per
26 participant. A district or intermediate district may not charge a
27 participant tuition under this section if the participant's income

1 is at or below 200% of the federal poverty guidelines published by
2 the United States department of health and human services.

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

11 (18) All intermediate district participant audits of adult
12 education programs shall be performed pursuant to the adult
13 education participant auditing and accounting manuals published by
14 the department.

15 (19) It is the intent of the legislature to study allocating
16 funds under this section on a competitive basis beginning for 2014-
17 2015.

18 (20) As used in this section, "department" means the Michigan
19 strategic fund.

20 Sec. 147. (1) The allocation ~~each fiscal year for 2013-2014~~
21 ~~and~~ for 2014-2015 for the public school employees' retirement
22 system pursuant to the public school employees retirement act of
23 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the
24 individual projected benefit entry age normal cost method of
25 valuation and risk assumptions adopted by the public school
26 employees retirement board and the department of technology,
27 management, and budget.

~~—— (2) The annual level percentage of payroll contribution rates for the 2013-2014 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 29.35%, with 24.79% 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 29.12%, with 24.56% 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 pension plus plan and in the personal healthcare fund, the annual level percentage of payroll contribution rate is estimated at 28.19%, with 23.63% 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 25.52%, with 20.96% 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 26.45%, with 21.89% 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 25.52%, with 20.96% 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 28.42%, with 23.86% paid directly by the employer.~~

(2) ~~(3)~~ The annual level percentage of payroll contribution rates for the 2014-2015 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 ~~33.10%~~, **33.44%**, with 25.78% 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 ~~32.02%~~, **32.36%**, with 24.70% 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

1 in the personal healthcare fund, the annual level percentage of
2 payroll contribution rate is estimated at ~~31.51%~~, **31.85%**, with
3 24.19% paid directly by the employer.

4 (d) For public school employees who first worked for a public
5 school reporting unit on or after September 4, 2012, who elect
6 defined contribution, and who participate in the personal
7 healthcare fund, the annual level percentage of payroll
8 contribution rate is estimated at ~~28.28%~~, **28.62%**, with 20.96% paid
9 directly by the employer.

10 (e) For public school employees who first worked for a public
11 school reporting unit before July 1, 2010, who elect defined
12 contribution, and who are enrolled in the health premium subsidy,
13 the annual level percentage of payroll contribution rate is
14 estimated at ~~28.79%~~, **29.13%**, with 21.47% paid directly by the
15 employer.

16 (f) For public school employees who first worked for a public
17 school reporting unit before July 1, 2010, who elect defined
18 contribution, and who participate in the personal healthcare fund,
19 the annual level percentage of payroll contribution rate is
20 estimated at ~~28.28%~~, **28.62%**, with 20.96% paid directly by the
21 employer.

22 (g) For public school employees who first worked for a public
23 school reporting unit before July 1, 2010 and who participate in
24 the personal healthcare fund, the annual level percentage of
25 payroll contribution rate is estimated at ~~32.59%~~, **32.93%**, with
26 25.27% paid directly by the employer.

27 (3) ~~(4)~~—In addition to the employer payments described in

~~subsections (2) and (3),~~ **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 38.1408.

(4) ~~(5)~~—The contribution rates in subsection (2) reflect an amortization period of ~~25~~**24** years for ~~2013-2014~~**2014-2015**. 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. 147c. (1) ~~From the state school aid fund money appropriated in section 11, there is allocated for 2012-2013 an amount not to exceed \$160,000,000.00 for payments to districts and intermediate districts that are participating entities of the retirement system. From the appropriation in section 11, there is allocated for 2013-2014~~**2014-2015** an amount not to exceed ~~\$247,300,000.00~~**\$656,700,000.00** from the state school aid fund, and there is appropriated for ~~2013-2014~~**2014-2015** an amount not to exceed ~~\$156,000,000.00~~**\$18,000,000.00** from the MPSERS retirement obligation reform reserve fund, for payments to districts and intermediate districts that are participating entities of the Michigan public school employees' retirement system.

~~—— (2) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated for payments to district libraries that are participating entities of the retirement system an amount not to exceed \$500,000.00 for 2012-2013 and an amount not to exceed \$1,300,000.00 for 2013-2014.~~

1 (2) FOR 2014-2015, THE AMOUNTS ALLOCATED UNDER SUBSECTION (1)
2 ARE ESTIMATED TO PROVIDE AN AVERAGE MPSERS RATE CAP PER PUPIL
3 AMOUNT OF \$441.00 AND ARE ESTIMATED TO PROVIDE A RATE CAP PER PUPIL
4 FOR DISTRICTS RANGING BETWEEN \$4.00 AND \$1,400.00. AS USED IN THIS
5 SUBSECTION, "MPSERS RATE CAP PER PUPIL" MEANS AN AMOUNT EQUAL TO
6 THE QUOTIENT OF THE DISTRICT'S PAYMENT UNDER THIS SECTION DIVIDED
7 BY THE DISTRICT'S PUPILS IN MEMBERSHIP.

8 ~~(3) Payments made under this section for 2012-2013 shall be~~
9 ~~equal to the difference between the unfunded actuarial accrued~~
10 ~~liability contribution rate as calculated pursuant to section 41 of~~
11 ~~the public school employees retirement act of 1979, 1980 PA 300,~~
12 ~~MCL 38.1341, and the maximum employer rate of 20.96% included in~~
13 ~~section 41 of the public school employees retirement act of 1979,~~
14 ~~1980 PA 300, MCL 38.1341. Payments made under this section for~~
15 ~~2013-2014-2014-2015~~ shall be equal to the difference between the
16 unfunded actuarial accrued liability contribution rate as
17 calculated pursuant to section 41 of the public school employees
18 retirement act of 1979, 1980 PA 300, MCL 38.1341, as calculated
19 without taking into account the maximum employer rate of 20.96%
20 included in section 41 of the public school employees retirement
21 act of 1979, 1980 PA 300, MCL 38.1341, and the maximum employer
22 rate of 20.96% included in section 41 of the public school
23 employees retirement act of 1979, 1980 PA 300, MCL 38.1341.

24 (4) The amount allocated to each participating entity under
25 this section shall be based on each participating entity's
26 proportion of the total covered payroll for the immediately
27 preceding fiscal year for the same type of participating entities.

1 A participating entity that receives funds under this section shall
2 use the funds solely for the purpose of retirement contributions as
3 specified in subsection (5).

4 (5) Each participating entity receiving funds under this
5 section shall forward an amount equal to the amount allocated under
6 subsection (4) to the retirement system in a form, manner, and time
7 frame determined by the retirement system.

8 (6) Funds allocated under this section should be considered
9 when comparing a district's growth in total state aid funding from
10 1 fiscal year to the next.

11 (7) As used in this section:

12 (a) "Participating entity" means a district, intermediate
13 district, or district library that is a reporting unit of the
14 Michigan public school employees' retirement system under the
15 public school employees retirement act of 1979, 1980 PA 300, MCL
16 38.1301 to 38.1437, and that reports employees to the Michigan
17 public school employees' retirement system for the applicable
18 fiscal year.

19 (b) "Retirement board" means the board that administers the
20 retirement system under the public school employees retirement act
21 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

22 (c) "Retirement system" means the Michigan public school
23 employees' retirement system under the public school employees
24 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

25 Sec. 152a. (1) As required by the court in the consolidated
26 cases known as Adair v State of Michigan, Michigan supreme court
27 docket nos. 137424 and 137453, from the state school aid fund money

1 appropriated in section 11 there is allocated for ~~2013-2014-2014-~~
2 **2015** an amount not to exceed \$38,000,500.00 to be used solely for
3 the purpose of paying necessary costs related to the state-mandated
4 collection, maintenance, and reporting of data to this state.

5 (2) From the allocation in subsection (1), the department
6 shall make payments to districts and intermediate districts in an
7 equal amount per pupil based on the total number of pupils in
8 membership in each district and intermediate district. The
9 department shall not make any adjustment to these payments after
10 the final installment payment under section 17b is made.

11 Sec. 161. A school official or member of a board or other
12 person who neglects or refuses to do or perform an act required by
13 this act or who violates or knowingly permits or consents to the
14 violation of this act is guilty of a misdemeanor, punishable by
15 imprisonment for not more than 90 days, or a fine of not more than
16 \$1,500.00, or both. **THIS PENALTY IS IN ADDITION TO ALL OTHER**
17 **FINANCIAL PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

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

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

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

27 (2) Except as provided in the revised school code, a district

1 or intermediate district employing teachers or counselors not
2 legally certificated shall have deducted the sum equal to the
3 amount paid the teachers or counselors for the period of
4 noncertificated or illegal employment. Each intermediate
5 superintendent shall notify the department of the name of the
6 noncertificated teacher or counselor, and the district employing
7 that individual and the amount of salary the noncertificated
8 teacher or counselor was paid within a constituent district.

9 (3) If a school official is notified by the department that he
10 or she is employing a nonapproved noncertificated teacher or
11 counselor in violation of this section and knowingly continues to
12 employ that teacher or counselor, the school official is guilty of
13 a misdemeanor, punishable by a fine of \$1,500.00 for each
14 incidence. **THIS PENALTY IS IN ADDITION TO ALL OTHER FINANCIAL**
15 **PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

16 **SEC. 164F. THE INTERMEDIATE BOARD OF AN INTERMEDIATE DISTRICT,**
17 **THE BOARD OF A DISTRICT, OR THE BOARD OF DIRECTORS OF A PUBLIC**
18 **SCHOOL ACADEMY MAY USE FUNDS APPROPRIATED UNDER THIS ACT TO ENTER**
19 **INTO A SWAP, HEDGE, DERIVATIVE, OR SIMILAR AGREEMENT IN CONNECTION**
20 **WITH THE PROCUREMENT OF DIESEL FUEL. HOWEVER, NOT MORE THAN 25% OF**
21 **A DISTRICT'S, PUBLIC SCHOOL ACADEMY'S, OR INTERMEDIATE DISTRICT'S**
22 **ANNUAL DIESEL FUEL BUDGET MAY BE PROCURED IN THE MANNER ALLOWED**
23 **UNDER THIS SECTION.**

24 Sec. 168. In order to receive funds under this act, a
25 district, intermediate district, grant recipient, contractor, or
26 other entity that directly or indirectly receives funds under this
27 act shall allow access for the department or the department's

1 designee to audit all records related to a program for which it
2 receives ~~such funds~~ **UNDER THIS ACT OR HAS RECEIVED FUNDS UNDER THIS**
3 **ACT FOR ANY OF THE 3 IMMEDIATELY PRECEDING FISCAL YEARS.** The
4 district, intermediate district, grant recipient, contractor, or
5 other entity shall reimburse the state for all disallowances found
6 in ~~the audit.~~ **ANY AUDIT CONDUCTED UNDER THIS ACT.**

7 Enacting section 1. In accordance with section 30 of article I
8 of the state constitution of 1963, total state spending on school
9 aid under article I as amended by this amendatory act from state
10 sources for fiscal year 2014-2015 is estimated at
11 \$11,938,010,200.00 and state appropriations for school aid to be
12 paid to local units of government for fiscal year 2014-2015 are
13 estimated at \$11,792,049,900.00.

14 Enacting section 2. Sections 22c, 22f, 22g, 22j, 22k, 64a, 82,
15 98, and 147a of the state school aid act of 1979, 1979 PA 94, MCL
16 388.1622c, 388.1622f, 388.1622g, 388.1622j, 388.1622k, 388.1664a,
17 388.1682, 388.1698, and 388.1747a, are repealed.

18 Enacting section 3. This amendatory act takes effect October
19 1, 2014.