

**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, 24,  
24a, 24c, 25e, 26a, 26b, 26c, 31a, 31b, 31d, 31f, 32d, 32p, 39,  
39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94, 94a, 95,  
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,  
388.1624, 388.1624a, 388.1624c, 388.1625e, 388.1626a, 388.1626b,

388.1626c, 388.1631a, 388.1631b, 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, 388.1694, 388.1694a, 388.1695, 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, 24c, 25e, 26a, 74, 104b, and 107 as amended by 2013 PA 130, section 8b as amended by 2007 PA 92, sections 11, 11m, 20g, 21f, 22a, 22b, 51a, 51c, 99h, 101, and 147c as amended and sections 31b and 94 as added by 2014 PA 116, sections 11a, 11j, 11k, 12, 15, 18, 19, 20d, 22d, 22i, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51d, 53a, 54, 56, 61a, 62, 81, 94a, 95, 99, 102, 104, 147, and 152a as amended and section 20f as added by 2013 PA 60, sections 11g and 17a as amended by 2013 PA 97, 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, 64b, 74a, 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

1 buildings that do not serve regular education pupils also qualify.  
2 Unless otherwise approved by the department, a center program  
3 either shall serve all constituent districts within an intermediate  
4 district or shall serve several districts with less than 50% of the  
5 pupils residing in the operating district. In addition, special  
6 education center program pupils placed part-time in noncenter  
7 programs to comply with the least restrictive environment  
8 provisions of section 612 of part B of the individuals with  
9 disabilities education act, 20 USC 1412, may be considered center  
10 program pupils for pupil accounting purposes for the time scheduled  
11 in either a center program or a noncenter program.

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

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

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

1 supplemental count day for the current school year. A district's,  
2 public school academy's, or intermediate district's membership  
3 shall be adjusted as provided under section ~~25~~**25E** for pupils who  
4 enroll in the district, public school academy, or intermediate  
5 district after the pupil membership count day. All pupil counts  
6 used in this subsection are as determined by the department and  
7 calculated by adding the number of pupils registered for attendance  
8 plus pupils received by transfer and minus pupils lost as defined  
9 by rules promulgated by the superintendent, and as corrected by a  
10 subsequent department audit. For the purposes of this section and  
11 section 6a, for a school of excellence that is a cyber school, as  
12 defined in section 551 of the revised school code, MCL 380.551, and  
13 is in compliance with section 553a of the revised school code, MCL  
14 380.553a, a pupil's participation in the cyber school's educational  
15 program is considered regular daily attendance; for the education  
16 achievement system, a pupil's participation in an online  
17 educational program of the education achievement system or of an  
18 achievement school is considered regular daily attendance; and for  
19 a district a pupil's participation in an online course as defined  
20 in section 21f is considered regular daily attendance. The amount  
21 of the foundation allowance for a pupil in membership is determined  
22 under section 20. In making the calculation of membership, all of  
23 the following, as applicable, apply to determining the membership  
24 of a district, a public school academy, the education achievement  
25 system, or an intermediate district:

26 (a) Except as otherwise provided in this subsection, and  
27 pursuant to subsection (6), a pupil shall be counted in membership

1 in the pupil's educating district or districts. An individual pupil  
2 shall not be counted for more than a total of 1.0 full-time equated  
3 membership.

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

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

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

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

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

1 single district or in an area vocational-technical education  
2 program established pursuant to section 690 of the revised school  
3 code, MCL 380.690, shall be counted only in the pupil's district of  
4 residence.

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

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

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

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

25 (ii) If operations begin after the pupil membership count day  
26 for the fiscal year and not later than the supplemental count day  
27 for the fiscal year, membership is the final audited count of the

1 number of full-time equated pupils in grades K to 12 actually  
2 enrolled and in regular daily attendance on the supplemental count  
3 day for the current school year.

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

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

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

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

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

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

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

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

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

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



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

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

26           (ii) If the public school academy or the education achievement  
27 system provides instruction for less than 1/2 of the class hours

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

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

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

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

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

1 kindergarten pupil by the same number used for determining full-  
2 time equated memberships for pupils in grades 1 to 12. However, to  
3 the extent allowable under federal law, for a district or public  
4 school academy that provides evidence satisfactory to the  
5 department that it used federal title I money in the 2 immediately  
6 preceding school fiscal years to fund full-time kindergarten, full-  
7 time equated memberships for pupils in kindergarten shall be  
8 determined by dividing the number of class hours scheduled and  
9 provided per year per kindergarten pupil by a number equal to  $1/2$   
10 the number used for determining full-time equated memberships for  
11 pupils in grades 1 to 12. The change in the counting of full-time  
12 equated memberships for pupils in kindergarten that took effect for  
13 2012-2013 is not a mandate.

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

Senate Bill No. 775 as amended May 8, 2014

1 supplemental count day for the current school year, and dividing  
2 that sum by 2.

3 (t) A pupil enrolled in a cooperative education program may be  
4 counted in membership in the pupil's district of residence <<

5  
6 >> with the written approval of all parties to  
7 the cooperative agreement.

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

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

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

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

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

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

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

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

1 pupil membership count day or supplemental count day that occurred  
2 before suspending operations, as determined by the superintendent.

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

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

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

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

~~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) ~~(cc)~~ 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

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

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

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

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



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

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

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

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

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

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

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

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

1 91 if the intermediate district and its constituent districts have  
2 been exempted from section 105.

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

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

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

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

1 Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

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

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

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

27 (k) An expelled pupil who has been denied reinstatement by the

1 expelling district and is reinstated by another school board under  
2 section 1311 or 1311a of the revised school code, MCL 380.1311 and  
3 380.1311a.

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

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

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

14 (o) A pupil who enrolls in a district other than the pupil's  
15 district of residence as a result of the pupil's school not making  
16 adequate yearly progress under the no child left behind act of  
17 2001, Public Law 107-110.

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

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

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

1 district means:

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

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

10 (i) Fourth Wednesday in July.

11 (ii) First Wednesday in October.

12 (iii) Second Wednesday in February.

13 (iv) Fourth Wednesday in April.

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

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

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

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

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

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

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

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

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

10          (16) "Tuition pupil" means a pupil of school age attending  
11 school in a district other than the pupil's district of residence  
12 for whom tuition may be charged to the district of residence.

13 Tuition pupil does not include a pupil who is a special education  
14 pupil, a pupil described in subsection (6)(c) to (p), or a pupil  
15 whose parent or guardian voluntarily enrolls the pupil in a  
16 district that is not the pupil's district of residence. A pupil's  
17 district of residence shall not require a high school tuition  
18 pupil, as provided under section 111, to attend another school  
19 district after the pupil has been assigned to a school district.

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

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

26          (19) "Textbook" means a book, electronic book, or other  
27 instructional print or electronic resource that is selected and

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

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

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

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



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

6 Sec. 11. (1) For the fiscal year ending September 30, ~~2014,~~  
7 **2015**, there is appropriated for the public schools of this state  
8 and certain other state purposes relating to education the sum of  
9 ~~\$11,115,232,300.00~~ **\$11,890,010,200.00** from the state school aid  
10 fund, the sum of ~~\$156,000,000.00~~ **\$18,000,000.00** from the MPSEERS  
11 retirement obligation reform reserve fund created under section  
12 147b, and the sum of ~~\$234,900,000.00~~ **\$30,000,000.00** from the  
13 general fund. In addition, all other available federal funds are  
14 appropriated for the fiscal year ending September 30, ~~2014-2015~~.

15 (2) The appropriations under this section shall be allocated  
16 as provided in this article. Money appropriated under this section  
17 from the general fund shall be expended to fund the purposes of  
18 this article before the expenditure of money appropriated under  
19 this section from the state school aid fund.

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

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

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

1 state treasurer shall deposit into the school aid stabilization  
2 fund all of the following:

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

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

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

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

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

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

22 (6) If the maximum amount appropriated under section 11 from  
23 the state school aid fund for a fiscal year exceeds the amount  
24 available for expenditure from the state school aid fund for that  
25 fiscal year, there is appropriated from the school aid  
26 stabilization fund to the state school aid fund an amount equal to  
27 the projected shortfall as determined by the department of

1 treasury, but not to exceed available money in the school aid  
2 stabilization fund. If the money in the school aid stabilization  
3 fund is insufficient to fully fund an amount equal to the projected  
4 shortfall, the state budget director shall notify the legislature  
5 as required under section 296(2) and state payments in an amount  
6 equal to the remainder of the projected shortfall shall be prorated  
7 in the manner provided under section 296(3).

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

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

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

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

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

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

22 (4) The entire amount of each payment under this section each  
23 fiscal year shall be paid on May 15 of the applicable fiscal year  
24 or on the next business day following that date. If a district or  
25 intermediate district borrows money and issues bonds under section  
26 11i, the district or intermediate district shall use funds received  
27 under this section to pay debt service on bonds issued under

1 section 11i. If a district or intermediate district does not borrow  
2 money and issue bonds under section 11i, the district or  
3 intermediate district shall use funds received under this section  
4 only for the following purposes, in the following order of  
5 priority:

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

9 (b) Second, to pay debt service on other limited tax  
10 obligations.

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

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

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

22 (7) If a district eligible for payments under this section is  
23 dissolved under section 12 of the revised school code, MCL 380.12,  
24 the payment otherwise due to the dissolved district under this  
25 section shall be paid instead to the intermediate district of the  
26 dissolved district. The intermediate district of the dissolved  
27 district shall perform any functions and responsibilities of the

Senate Bill No. 775 as amended May 8, 2014

1 board and other officers of the dissolved district necessary under  
2 this section on behalf of the dissolved district. As used in this  
3 subsection, "dissolved district" and "receiving district" mean  
4 those terms as defined in section 20.

5 Sec. 11j. From the appropriation in section 11, there is  
6 allocated an amount not to exceed ~~\$131,660,000.00 for 2013-2014~~  
7 **\$142,600,000.00 FOR 2014-2015** for payments to the school loan bond  
8 redemption fund in the department of treasury on behalf of  
9 districts and intermediate districts. Notwithstanding section 296  
10 or any other provision of this act, funds allocated under this  
11 section are not subject to proration and shall be paid in full.

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

19 Sec. 11m. From the appropriations in section 11, there is  
20 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed  
21 ~~\$2,500,000.00~~ **\$4,000,000.00** for fiscal year cash-flow borrowing  
22 costs solely related to the state school aid fund established by  
23 section 11 of article IX of the state constitution of 1963.

24 **SEC. 11S. IN ADDITION TO THE SCHOOL AID FUNDS APPROPRIATED IN**  
25 **SECTION 11, THERE IS TRANSFERRED FOR 2014-2015 AN AMOUNT NOT TO**  
26 **EXCEED <<\$32,433,000.00>> TO THE EDUCATION RESERVE FUND. THE EDUCATION**  
27 **RESERVE FUND IS CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE**

1 SCHOOL AID FUND. FUNDS SHALL NOT BE APPROPRIATED FROM THE EDUCATION  
2 RESERVE FUND UNTIL THE ENACTMENT OF A STATUE AMENDING THIS SECTION  
3 THAT PROVIDES FOR AN APPROPRIATION FROM THE EDUCATION RESERVE FUND  
4 AND SPECIFIES THE PURPOSE OR PURPOSES OF APPROPRIATIONS FROM THE  
5 EDUCATION RESERVE FUND.

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

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

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

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

26 (3) If, **BASED ON AN AUDIT BY THE DEPARTMENT OR THE**  
27 **DEPARTMENT'S DESIGNEE OR** because of ~~the receipt of~~ new or updated



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

19 (4) **THE DEPARTMENT MAY CONDUCT AUDITS, OR MAY DIRECT AUDITS BY**  
 20 **DESIGNEE OF THE DEPARTMENT, FOR THE CURRENT FISCAL YEAR AND THE**  
 21 **IMMEDIATELY PRECEDING 3 FISCAL YEARS OF ALL RECORDS RELATED TO A**  
 22 **PROGRAM FOR WHICH A DISTRICT OR INTERMEDIATE DISTRICT HAS RECEIVED**  
 23 **FUNDS UNDER THIS ARTICLE.**

24 (5) ~~(4)~~—Expenditures made by the department under this article  
 25 that are caused by the write-off of prior year accruals may be  
 26 funded by revenue from the write-off of prior year accruals.

27 (6) ~~(5)~~—In addition to funds appropriated in section 11 for

1 all programs and services, there is appropriated for ~~2013-2014~~  
2 **2014-2015** for obligations in excess of applicable appropriations an  
3 amount equal to the collection of overpayments, but not to exceed  
4 amounts available from overpayments.

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

20 (2) The state treasurer may withhold all or part of any  
21 payment that a district or intermediate district is entitled to  
22 receive under this ~~act~~**ARTICLE** to the extent authorized or required  
23 under section 15 of the school bond qualification, approval, and  
24 loan act, 2005 PA 92, MCL 388.1935, **THE EMERGENCY MUNICIPAL LOAN**  
25 **ACT, 1980 PA 243, MCL 141.931 TO 141.942, THE LOCAL FINANCIAL**  
26 **STABILITY AND CHOICE ACT, 2012 PA 436, MCL 141.1541 TO 141.1575, OR**  
27 **OTHER STATUTORY AUTHORITY.**

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

12           (4) If a district or intermediate district for which an  
13 emergency manager ~~has been appointed pursuant to~~ **IS IN PLACE UNDER**  
14 the local financial stability and choice act, 2012 PA 436, MCL  
15 141.1541 to 141.1575, or that has an approved deficit elimination  
16 plan **OR AN APPROVED ENHANCED DEFICIT ELIMINATION PLAN** under section  
17 102, enters into or has entered into an agreement described in  
18 subsection (3) pursuant to section 1225(2) of the revised school  
19 code, MCL 380.1225, whether the obligation was issued before or  
20 after the effective date of this subsection, the portion of state  
21 school aid paid or to be paid on behalf of the district or  
22 intermediate district directly to the Michigan finance authority,  
23 or to a trustee designated by the Michigan finance authority, for  
24 the sole purpose of paying the principal of and interest on the  
25 obligation is subject to a lien and trust that is a statutory lien  
26 and trust, paramount and superior to all other liens and interests  
27 of any kind, for the sole purpose of paying the principal of and

1 interest on the obligation. The statutory lien and trust applies to  
2 the state school aid received or to be received by the Michigan  
3 finance authority, or trustee designated by the Michigan finance  
4 authority, on behalf of the district or intermediate district,  
5 immediately upon the later of the effective date of this subsection  
6 or the time when the state school aid is allocated to the district  
7 or intermediate district, but is subject to any subsequent  
8 reduction of the state school aid allocation by operation of law or  
9 executive order. The lien and trust imposed by this section with  
10 respect to state school aid has a priority as established in the  
11 agreement, except that the agreement shall not impair any existing  
12 lien and trust previously created pursuant to this section,  
13 including any lien and trust applicable to a multi-year repayment  
14 agreement under section 1225 of the revised school code, MCL  
15 380.1225. Except as otherwise provided in this subsection, the lien  
16 and trust created under this subsection for the benefit of holders  
17 of the obligation issued pursuant to this section is valid and  
18 binding against a party having a claim of any kind in tort,  
19 contract, or otherwise against the district or intermediate  
20 district that has issued the obligation secured by a pledge of  
21 state school aid pursuant to this section, regardless of whether  
22 that party has notice of the pledge. A pledge made pursuant to this  
23 section for the benefit of the holders of obligations or others is  
24 perfected without delivery, recording, or notice. The state school  
25 aid paid or to be paid on behalf of a district or intermediate  
26 district to the Michigan finance authority, or trustee designated  
27 by the Michigan finance authority, shall be held in trust for the

1 sole benefit of the holders of the obligation issued pursuant to  
2 this section or section 1225 of the revised school code, MCL  
3 380.1225, and is exempt from being levied upon, taken, sequestered,  
4 or applied toward paying the debts or liabilities of the district  
5 or intermediate district other than for payment of the obligation  
6 to which the lien applies. However, nothing in this subsection  
7 alters the ability of the state treasurer to withhold state school  
8 aid from a district or intermediate district as provided by law.

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

19 (6) This section does not require the state to make an  
20 appropriation to any school district or intermediate school  
21 district and shall not be construed as creating an indebtedness of  
22 the state, and any agreement made pursuant to this section shall  
23 contain a statement to that effect.

24 (7) As used in this section, "trustee of a pooled arrangement"  
25 means the trustee of a trust approved by the state treasurer and,  
26 subject to the conditions and requirements of that approval,  
27 established for the purpose of offering for sale, as part of a

1 pooled arrangement, certificates representing undivided interests  
2 in notes issued by districts or intermediate districts under  
3 section 1225 of the revised school code, MCL 380.1225.

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

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

24 (2) Within ~~30~~**15** days after a board adopts its annual  
25 operating budget for the following school fiscal year, or after a  
26 board adopts a subsequent revision to that budget, the district  
27 shall make all of the following available through a link on its

1 website home page, or may make the information available through a  
2 link on its intermediate district's website home page, in a form  
3 and manner prescribed by the department:

4 (a) The annual operating budget and subsequent budget  
5 revisions.

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

10 (i) A chart of personnel expenditures, broken into the  
11 following subcategories:

12 (A) Salaries and wages.

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

16 (C) Retirement benefit costs.

17 (D) All other personnel costs.

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

20 (A) Instruction.

21 (B) Support services.

22 (C) Business and administration.

23 (D) Operations and maintenance.

24 (c) Links to all of the following:

25 (i) The current collective bargaining agreement for each  
26 bargaining unit.

27 (ii) Each health care benefits plan, including, but not limited

1 to, medical, dental, vision, disability, long-term care, or any  
2 other type of benefits that would constitute health care services,  
3 offered to any bargaining unit or employee in the district.

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

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

8 (d) The total salary and a description and cost of each fringe  
9 benefit included in the compensation package for the superintendent  
10 of the district and for each employee of the district whose salary  
11 exceeds \$100,000.00.

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

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

16 **(G) ANY DEFICIT ELIMINATION PLAN OR ENHANCED DEFICIT**  
17 **ELIMINATION PLAN THE DISTRICT WAS REQUIRED TO SUBMIT UNDER THIS**  
18 **ARTICLE.**

19 (3) For the information required under subsection (2)(a),  
20 (2)(b)(i), and (2)(c), an intermediate district shall provide the  
21 same information in the same manner as required for a district  
22 under subsection (2).

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



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

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

25 (c) A district's or intermediate district's annual financial  
26 audit shall include an analysis of the financial and pupil  
27 accounting data used as the basis for distribution of state school

1 aid.

2 (d) The pupil and financial accounting records and reports,  
3 audits, and management letters are subject to requirements  
4 established in the auditing and accounting manuals approved and  
5 published by the department.

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

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

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

12 (iii) The intermediate district shall enter the pupil membership  
13 audit reports for its constituent districts and for the  
14 intermediate district, for the pupil membership count day and  
15 supplemental count day, in the Michigan student data system.

16 (f) The annual financial audit reports and pupil accounting  
17 procedures reports shall be available to the public in compliance  
18 with the freedom of information act, 1976 PA 442, MCL 15.231 to  
19 15.246.

20 (g) Not later than January 31 of each year, the department  
21 shall notify the state budget director and the legislative  
22 appropriations subcommittees responsible for review of the school  
23 aid budget of districts and intermediate districts that have not  
24 filed an annual financial audit and pupil accounting procedures  
25 report required under this section for the school year ending in  
26 the immediately preceding fiscal year.

27 (5) By ~~November~~**OCTOBER** 15 of each year, each district and

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

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

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

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

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

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

19    ~~—— (11) Not later than September 1, 2014, if a district or~~  
20    ~~intermediate district offers online learning, the district or~~  
21    ~~intermediate district shall submit to the department a report that~~  
22    ~~details the per pupil costs of operating the online learning. The~~  
23    ~~report shall include at least all of the following information~~  
24    ~~concerning the operation of online learning for the school fiscal~~  
25    ~~year ending June 30, 2014:~~

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

~~1 (b) The total number of students enrolled in the online  
2 learning and the total number of membership pupils enrolled in the  
3 online learning.~~

~~4 (c) For each pupil who is enrolled in a district other than  
5 the district offering online learning, the name of that district.~~

~~6 (d) The district in which the pupil was enrolled before  
7 enrolling in the district offering online learning.~~

~~8 (e) The number of participating students who had previously  
9 dropped out of school.~~

~~10 (f) The number of participating students who had previously  
11 been expelled from school.~~

~~12 (g) The total cost to enroll a student in the program. This  
13 cost shall be reported on a per pupil, per course, per semester or  
14 trimester basis. The total shall include costs broken down by cost  
15 for training, personnel, hardware and software, payment to each  
16 online learning provider, and other costs associated with operating  
17 online learning.~~

~~18 (h) The name of each online education provider contracted by  
19 the district and the state in which each online education provider  
20 is headquartered.~~

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

1 data system.

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

16 (3) By the first business day in December and by June 30 of  
17 each year, a district shall furnish to the center, in a manner  
18 prescribed by the center, information related to educational  
19 personnel as necessary for reporting required by state and federal  
20 law.

21 (4) By June 30 of each year, a district shall furnish to the  
22 center, in a manner prescribed by the center, information related  
23 to safety practices and criminal incidents as necessary for  
24 reporting required by state and federal law.

25 (5) If a district or intermediate district fails to meet the  
26 requirements of this section, the department shall withhold 5% of  
27 the total funds for which the district or intermediate district

1 qualifies under this article until the district or intermediate  
2 district complies with all of those subsections. If the district or  
3 intermediate district does not comply with all of those subsections  
4 by the end of the fiscal year, the department shall place the  
5 amount withheld in an escrow account until the district or  
6 intermediate district complies with all of those subsections.

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

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

25 Sec. 20. (1) For ~~2013-2014, 2014-2015~~, **BOTH OF THE FOLLOWING**  
26 **APPLY:**

27 (A) **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION**, the

1 basic foundation allowance is ~~\$8,049.00~~ **\$8,199.00**.

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

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

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

10 (a) For a district that had a foundation allowance for the  
11 immediately preceding state fiscal year that was ~~at least equal to~~  
12 ~~the sum of \$7,108.00 plus the total dollar amount of all~~  
13 ~~adjustments made from 2006-2007 to the immediately preceding state~~  
14 ~~fiscal year in the lowest foundation allowance among all districts,~~  
15 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**  
16 **FISCAL YEAR**, but less than the basic foundation allowance for the  
17 immediately preceding state fiscal year, the district shall receive  
18 a foundation allowance in an amount equal to the sum of ~~the greater~~  
19 ~~of \$6,966.00 or the district's foundation allowance for the~~  
20 immediately preceding state fiscal year plus the difference between  
21 twice the dollar amount of the adjustment from the immediately  
22 preceding state fiscal year to the current state fiscal year made  
23 in the basic foundation allowance and ~~[(the dollar amount of the~~  
24 ~~adjustment from~~ **DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE**  
25 **FOR THE CURRENT STATE FISCAL YEAR AND BASIC FOUNDATION ALLOWANCE**  
26 **FOR** the immediately preceding state fiscal year ~~to the current~~  
27 ~~state fiscal year made in the basic foundation allowance minus~~



1 \$10.00) times (the difference between the district's foundation  
 2 allowance for the immediately preceding state fiscal year and the  
 3 ~~sum of \$7,108.00 plus the total dollar amount of all adjustments~~  
 4 ~~made from 2006-2007 to the immediately preceding state fiscal year~~  
 5 ~~in the lowest foundation allowance among all districts)~~ **MINIMUM**  
 6 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**  
 7 **YEAR)** divided by the difference between the basic foundation  
 8 allowance for the current state fiscal year and the ~~sum of~~  
 9 ~~\$7,108.00 plus the total dollar amount of all adjustments made from~~  
 10 ~~2006-2007 to the immediately preceding state fiscal year in the~~  
 11 ~~lowest foundation allowance among all districts]~~. For 2011-2012,  
 12 ~~for a district that had a foundation allowance for the immediately~~  
 13 ~~preceding state fiscal year that was at least equal to 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, but less than the~~  
 17 ~~basic foundation allowance for the immediately preceding state~~  
 18 ~~fiscal year, the district shall receive a foundation allowance in~~  
 19 ~~an amount equal to the district's foundation allowance for 2010-~~  
 20 ~~2011, minus \$470.00.~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE**  
 21 **IMMEDIATELY PRECEDING STATE FISCAL YEAR]**. However, the foundation  
 22 allowance for a district that had less than the basic foundation  
 23 allowance for the immediately preceding state fiscal year shall not  
 24 exceed the basic foundation allowance for the current state fiscal  
 25 year. **FOR THE PURPOSES OF THIS SUBDIVISION, FOR 2014-2015, THE**  
 26 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**  
 27 **FISCAL YEAR SHALL BE CONSIDERED TO BE \$7,076.00.**

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

8 (c) ~~Except as otherwise provided in subdivision (d), for~~ **FOR** a  
9 district that ~~in the 1994-95 state fiscal year~~ had a foundation  
10 allowance **FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR THAT WAS**  
11 ~~greater than \$6,500.00,~~ **THE BASIC FOUNDATION ALLOWANCE FOR THE**  
12 **IMMEDIATELY PRECEDING STATE FISCAL YEAR,** the district's foundation  
13 allowance is an amount equal to the sum of the district's  
14 foundation allowance for the immediately preceding state fiscal  
15 year plus the lesser of the increase in the basic foundation  
16 allowance for the current state fiscal year, as compared to the  
17 immediately preceding state fiscal year, or the product of the  
18 district's foundation allowance for the immediately preceding state  
19 fiscal year times the percentage increase in the United States  
20 consumer price index in the calendar year ending in the immediately  
21 preceding fiscal year as reported by the May revenue estimating  
22 conference conducted under section 367b of the management and  
23 budget act, 1984 PA 431, MCL 18.1367b. ~~Except as otherwise provided~~  
24 ~~in subdivision (d), for 2011-2012, for a district that in the 1994-~~  
25 ~~1995 state fiscal year had a foundation allowance greater than~~  
26 ~~\$6,500.00, the district's foundation allowance is an amount equal~~  
27 ~~to the district's foundation allowance for the 2010-2011 fiscal~~

1 ~~year minus \$470.00.~~

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

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

12 ~~—— (f) For a district that received a payment under section 22c~~  
 13 ~~as that section was in effect for 2001-2002, the district's 2001-~~  
 14 ~~2002 foundation allowance shall be considered to have been an~~  
 15 ~~amount equal to the sum of the district's actual 2001-2002~~  
 16 ~~foundation allowance as otherwise calculated under this section~~  
 17 ~~plus the per pupil amount of the district's equity payment for~~  
 18 ~~2001-2002 under section 22c as that section was in effect for 2001-~~  
 19 ~~2002.~~

20 (E) ~~(g)~~ For a district that received a payment under section  
 21 22c as that section was in effect for 2006-2007, **2013-2014**, the  
 22 district's ~~2006-2007~~ **2013-2014** foundation allowance shall be  
 23 considered to have been an amount equal to the sum of the  
 24 district's actual ~~2006-2007~~ **2013-2014** foundation allowance as  
 25 otherwise calculated under this section plus the per pupil amount  
 26 of the district's equity payment for ~~2006-2007~~ **2013-2014** under  
 27 section 22c as that section was in effect for ~~2006-2007~~ **2013-2014**.

~~1 (h) For 2012-2013, for a district that had a foundation  
2 allowance for the 2011-2012 state fiscal year of less than  
3 \$6,966.00, the district's foundation allowance is an amount equal  
4 to \$6,966.00.~~

5 (4) Except as otherwise provided in this subsection, the state  
6 portion of a district's foundation allowance is an amount equal to  
7 the district's foundation allowance or the basic foundation  
8 allowance for the current state fiscal year, whichever is less,  
9 minus the ~~difference between the sum of the product of the taxable~~  
10 ~~value per membership pupil of all property in the district that is~~  
11 ~~nonexempt property times the district's certified mills and, for a~~  
12 ~~district with certified mills exceeding 12, the product of the~~  
13 ~~taxable value per membership pupil of property in the district that~~  
14 ~~is commercial personal property times the certified mills minus 12~~  
15 ~~mills and the quotient of the ad valorem property tax revenue of~~  
16 ~~the district captured under tax increment financing acts~~ **LOCAL**  
17 **PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE** divided by the  
18 district's membership excluding special education pupils. For a  
19 district described in subsection (3)(c), the state portion of the  
20 district's foundation allowance is an amount equal to \$6,962.00  
21 plus the difference between the district's foundation allowance for  
22 the current state fiscal year and the district's foundation  
23 allowance for 1998-99, minus the ~~difference between the sum of the~~  
24 ~~product of the taxable value per membership pupil of all property~~  
25 ~~in the district that is nonexempt property times the district's~~  
26 ~~certified mills and, for a district with certified mills exceeding~~  
27 ~~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  
lesser of the foundation allowance of the pupil's district of  
residence or the foundation allowance of the educating district.  
For a pupil in membership in a K-5, K-6, or K-8 district who is  
enrolled in another district in a grade not offered by the pupil's  
district of residence, the allocation calculated under this section

1 shall be based on the foundation allowance of the educating  
2 district if the educating district's foundation allowance is  
3 greater than the foundation allowance of the pupil's district of  
4 residence.

5 (6) Except as otherwise provided in this subsection, for  
6 pupils in membership, other than special education pupils, in a  
7 public school academy, the allocation calculated under this section  
8 is an amount per membership pupil other than special education  
9 pupils in the public school academy equal to the foundation  
10 allowance of the district in which the public school academy is  
11 located or the state maximum public school academy allocation,  
12 whichever is less. However, a public school academy that had an  
13 allocation under this subsection before 2009-2010 that was equal to  
14 the sum of the local school operating revenue per membership pupil  
15 other than special education pupils for the district in which the  
16 public school academy is located and the state portion of that  
17 district's foundation allowance shall not have that allocation  
18 reduced as a result of the 2010 amendment to this subsection.  
19 Notwithstanding section 101, for a public school academy that  
20 begins operations after the pupil membership count day, the amount  
21 per membership pupil calculated under this subsection shall be  
22 adjusted by multiplying that amount per membership pupil by the  
23 number of hours of pupil instruction provided by the public school  
24 academy after it begins operations, as determined by the  
25 department, divided by the minimum number of hours of pupil  
26 instruction required under section 101(3). The result of this  
27 calculation shall not exceed the amount per membership pupil

1 otherwise calculated under this subsection.

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

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

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

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

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

27           (a) The pupil membership factor shall be computed by dividing



1 the estimated membership in the school year ending in the current  
2 state fiscal year, excluding intermediate district membership, by  
3 the estimated membership for the school year ending in the  
4 subsequent state fiscal year, excluding intermediate district  
5 membership. If a consensus membership factor is not determined at  
6 the revenue estimating conference, the principals of the revenue  
7 estimating conference shall report their estimates to the house and  
8 senate subcommittees responsible for school aid appropriations not  
9 later than 7 days after the conclusion of the revenue conference.

10 (b) The revenue adjustment factor shall be computed by  
11 dividing the sum of the estimated total state school aid fund  
12 revenue for the subsequent state fiscal year plus the estimated  
13 total state school aid fund revenue for the current state fiscal  
14 year, adjusted for any change in the rate or base of a tax the  
15 proceeds of which are deposited in that fund and excluding money  
16 transferred into that fund from the countercyclical budget and  
17 economic stabilization fund under the management and budget act,  
18 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated  
19 total school aid fund revenue for the current state fiscal year  
20 plus the estimated total state school aid fund revenue for the  
21 immediately preceding state fiscal year, adjusted for any change in  
22 the rate or base of a tax the proceeds of which are deposited in  
23 that fund. If a consensus revenue factor is not determined at the  
24 revenue estimating conference, the principals of the revenue  
25 estimating conference shall report their estimates to the house and  
26 senate subcommittees responsible for school aid appropriations not  
27 later than 7 days after the conclusion of the revenue conference.

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

8 ~~—— (12) For a district that received a grant under former section~~  
9 ~~32e for 2001-2002, the district's foundation allowance for 2002-~~  
10 ~~2003 and each succeeding fiscal year shall be adjusted to be an~~  
11 ~~amount equal to the sum of the district's foundation allowance, as~~  
12 ~~otherwise calculated under this section, plus the quotient of 100%~~  
13 ~~of the amount of the grant award to the district for 2001-2002~~  
14 ~~under former section 32e divided by the number of pupils in the~~  
15 ~~district's membership for 2001-2002 who were residents of and~~  
16 ~~enrolled in the district. All of the following apply to districts~~  
17 ~~receiving a foundation allowance adjustment under this subsection:~~

18 ~~—— (a) Except as otherwise provided in this subdivision, a~~  
19 ~~district qualifying for a foundation allowance adjustment under~~  
20 ~~this subsection shall use the funds resulting from this adjustment~~  
21 ~~for at least 1 of grades K to 3 for purposes allowable under former~~  
22 ~~section 32e as in effect for 2001-2002. For an individual school or~~  
23 ~~schools operated by a district qualifying for a foundation~~  
24 ~~allowance adjustment under this subsection that have been~~  
25 ~~determined by the department to meet the adequate yearly progress~~  
26 ~~standards of the federal no child left behind act of 2001, Public~~  
27 ~~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 THE 2014-2015 FISCAL YEAR. THE PORTION OF THE DISTRICT'S TOTAL FOUNDATION ALLOWANCE THAT IS ATTRIBUTABLE TO THE MPSERS RATE CAP PER PUPIL SHALL BE REMITTED TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS REQUIRED UNDER SECTION 147C, AND THIS PORTION OF THE TOTAL FOUNDATION ALLOWANCE SHALL BE FUNDED

1 UNDER SECTION 147C. THE PORTION OF THE DISTRICT'S TOTAL FOUNDATION  
2 ALLOWANCE THAT IS ATTRIBUTABLE TO THE MPSERS RATE CAP PER PUPIL  
3 SHALL NOT BE CONSIDERED TO BE PART OF A DISTRICT'S BASE FOUNDATION  
4 ALLOWANCE THAT IS USED IN CALCULATING ANY INCREASE IN THE  
5 DISTRICT'S FOUNDATION ALLOWANCE IN SUBSEQUENT YEARS AS OTHERWISE  
6 CALCULATED UNDER THIS SECTION.

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

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

16 (15) As used in this section:

17 (a) "Certified mills" means the lesser of 18 mills or the  
18 number of mills of school operating taxes levied by the district in  
19 1993-94.

20 (b) "Combined state and local revenue" means the aggregate of  
21 the district's state school aid received by or paid on behalf of  
22 the district under this section and the district's local school  
23 operating revenue.

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

27 (d) "Current state fiscal year" means the state fiscal year

1 for which a particular calculation is made.

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

6 (f) "Immediately preceding state fiscal year" means the state  
7 fiscal year immediately preceding the current state fiscal year.

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

20 (H) ~~(g)~~ "Local school operating revenue" means school  
21 operating taxes levied under section 1211 of the revised school  
22 code, MCL 380.1211. For a receiving district, if school operating  
23 taxes are to be levied on behalf of a dissolved district that has  
24 been attached in whole or in part to the receiving district to  
25 satisfy debt obligations of the dissolved district under section 12  
26 of the revised school code, MCL 380.12, local school operating  
27 revenue does not include school operating taxes levied within the

1 geographic area of the dissolved district.

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

5 (J) ~~(i)~~—"Maximum public school academy allocation", except as  
6 otherwise provided in this subdivision, means the maximum per-pupil  
7 allocation as calculated by adding the highest per-pupil allocation  
8 among all public school academies for the immediately preceding  
9 state fiscal year plus the difference between twice the ~~dollar~~  
10 ~~amount of the adjustment from~~ **AMOUNT OF THE DIFFERENCE BETWEEN THE**  
11 **BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND**  
12 **THE BASIC FOUNDATION FOR** the immediately preceding state fiscal  
13 ~~year to the current state fiscal year made in the basic foundation~~  
14 ~~allowance and [(the dollar amount of the adjustment from~~ **AMOUNT OF**  
15 **THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE**  
16 **CURRENT STATE FISCAL YEAR AND THE BASIC FOUNDATION FOR** the  
17 immediately preceding state fiscal year ~~to the current state fiscal~~  
18 ~~year made in the basic foundation allowance minus \$10.00) times~~  
19 (the difference between the highest per-pupil allocation among all  
20 public school academies for the immediately preceding state fiscal  
21 year and the ~~sum of \$7,108.00 plus the total dollar amount of all~~  
22 ~~adjustments made from 2006-2007 to the immediately preceding state~~  
23 ~~fiscal year in the lowest per-pupil allocation among all public~~  
24 ~~school academies)~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**  
25 **PRECEDING STATE FISCAL YEAR)** divided by the difference between the  
26 basic foundation allowance for the current state fiscal year and  
27 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 included in the operation costs of the district as prescribed in sections 7 and 18 and purposes authorized under section 1211 of the revised school code, MCL 380.1211.

(P) ~~(o)~~ "School operating taxes" means local ad valorem property taxes levied under section 1211 of the revised school



code, MCL 380.1211, and retained for school operating purposes.

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

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

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

(a) For a district that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more and served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, total state school aid received by or paid on behalf of the district pursuant to this act in 1993-94 shall exclude payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services to the area

1 vocational education center. Not later than June 30, 1996, the  
2 department shall make an adjustment under this subdivision to the  
3 district's combined state and local revenue per membership pupil in  
4 the 1994-95 state fiscal year and the department of treasury shall  
5 make a final certification of the number of mills that may be  
6 levied by the district under section 1211 of the revised school  
7 code, MCL 380.1211, as a result of the adjustment under this  
8 subdivision.

9 (b) If a district had an adjustment made to its 1993-94 total  
10 state school aid that excluded payments made under former section  
11 146 and under section 147 on behalf of the district's employees who  
12 provided direct services for intermediate district center programs  
13 operated by the district under article 5, if nonresident pupils  
14 attending the center programs were included in the district's  
15 membership for purposes of calculating the combined state and local  
16 revenue per membership pupil for 1993-94, and if there is a signed  
17 agreement by all constituent districts of the intermediate district  
18 that an adjustment under this subdivision shall be made, the  
19 foundation allowances for 1995-96 and 1996-97 of all districts that  
20 had pupils attending the intermediate district center program  
21 operated by the district that had the adjustment shall be  
22 calculated as if their combined state and local revenue per  
23 membership pupil for 1993-94 included resident pupils attending the  
24 center program and excluded nonresident pupils attending the center  
25 program.

26 Sec. 20f. (1) From the funds appropriated in section 11, there  
27 is allocated an amount not to exceed ~~\$6,000,000.00~~ **\$31,000,000.00**

1 for ~~2013-2014~~**2014-2015** for payments to eligible districts under  
 2 this section. A district is eligible for funding under this section  
 3 if the sum of the following is less than ~~\$5.00~~**\$75.00**:

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

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

15 (c) The quotient of the district's allocation under section  
 16 147a for ~~2012-2013~~**2013-2014** divided by the district's membership  
 17 pupils for ~~2012-2013~~ minus the quotient of the district's  
 18 allocation under section 147a for ~~2013-2014~~ divided by the  
 19 district's membership pupils for 2013-2014.

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

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

25 (2) The amount allocated to each eligible district under this  
 26 section is an amount per membership pupil equal to ~~\$5.00~~**\$75.00**  
 27 minus the sum of the following:

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

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

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

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

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

(3) IF THE ALLOCATION UNDER SUBSECTION (1) IS INSUFFICIENT TO FULLY FUND PAYMENTS AS OTHERWISE CALCULATED UNDER THIS SECTION, THE DEPARTMENT SHALL PRORATE PAYMENTS UNDER THIS SECTION ON AN EQUAL PER-PUPIL BASIS.

Sec. 20g. (1) From the money appropriated under section 11, ~~the following amounts are allocated for 2013-2014.~~

1 ~~\_\_\_\_\_ (a) From the general fund money, THERE IS ALLOCATED~~ an amount  
 2 not to exceed \$2,200,000.00 for ~~2013-2014-2014-2015~~ for grants to  
 3 eligible districts **THAT FIRST RECEIVED PAYMENTS UNDER THIS SECTION**  
 4 **IN 2013-2014** for transition costs related to the enrollment of  
 5 pupils who were previously enrolled in a district that was  
 6 dissolved under section 12 of the revised school code, MCL 380.12,  
 7 allocated as provided under subsection (3). ~~It is the intent of the~~  
 8 ~~legislature to continue this transition funding~~ **PAYMENTS UNDER THIS**  
 9 **SECTION SHALL CONTINUE** for a total of 4 fiscal years following the  
 10 dissolution of a district, **AFTER WHICH THE PAYMENTS SHALL CEASE.**

11 ~~\_\_\_\_\_ (b) From the state school aid fund money, an amount not to~~  
 12 ~~exceed \$5,000,000.00 for reimbursements to eligible districts for~~  
 13 ~~costs incurred by the eligible district associated with the~~  
 14 ~~transfer of property from a dissolved school district to the~~  
 15 ~~eligible district, allocated as provided under subsection (4).~~

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

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

~~———— (4) To allocate funds under subsection (1)(b), the department shall develop a reimbursement application process and a reimbursement distribution process. Reimbursable costs shall include, but are not limited to, the costs of maintenance, utilities, security, or insurance associated with, or the demolition of, buildings transferred from a dissolved school district to the eligible district. However, the reimbursement made to eligible districts for all of the property transferred from a single dissolved school district shall not exceed the total cumulative sum of \$2,500,000.00 for all of the eligible districts to which property was transferred from that dissolved school district.~~

~~———— (5) The funds allocated under subsection (1)(b) are considered work project appropriations and any unexpended funds for 2013-2014 are carried forward into 2014-2015. The purpose of the work project is as described in subsection (1)(b). The total estimated cost of the work project is \$5,000,000.00. The tentative estimated completion date for the work project is September 30, 2015.~~

(4) ~~(6)~~ As used in this section, "dissolved school district" means a school district that has been declared dissolved under section 12 of the revised school code, 1976 PA 451, MCL 380.12.

Sec. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under section 22a or 22b to support the attendance of a district pupil **WHO IS AN ELIGIBLE STUDENT** at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, 2000 PA 258, MCL

1 388.1901 to 388.1913, BY PAYING ELIGIBLE CHARGES ON BEHALF OF THE  
2 DISTRICT PUPIL AS REQUIRED UNDER THOSE ACTS.

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

15 ~~(3) A district shall pay to the eligible postsecondary~~  
16 ~~institution on behalf of an eligible student an amount equal to the~~  
17 ~~lesser of the amount of the eligible charges described in~~  
18 ~~subsection (2) or the prorated percentage of the state portion of~~  
19 ~~the foundation allowance paid or calculated, as applicable, on~~  
20 ~~behalf of that eligible student under section 20, with the~~  
21 ~~proration based on the proportion of the school year that the~~  
22 ~~eligible student attends the postsecondary institution. A district~~  
23 ~~may pay more money to an eligible postsecondary institution on~~  
24 ~~behalf of an eligible student than required under this section and~~  
25 ~~the postsecondary enrollment options act, 1996 PA 160, MCL 388.511~~  
26 ~~to 388.524, or the career and technical preparation act, 2000 PA~~  
27 ~~258, MCL 388.1901 to 388.1913, and may use local school operating~~

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

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

16 Sec. 21f. (1) A pupil enrolled in a district in any of grades  
17 5 to 12 is eligible to enroll in an online course as provided for  
18 in this section. ~~However, this section does not apply to a pupil~~  
19 ~~enrolled in a school of excellence that is a cyber school, as~~  
20 ~~defined in section 551 of the revised school code, MCL 380.551.~~

21 (2) With the consent of the pupil's parent or legal guardian,  
22 a district shall enroll an eligible pupil in up to 2 online courses  
23 as requested by the pupil during an academic term, semester, or  
24 trimester. ~~It is the intent of the legislature to consider~~  
25 ~~increasing the limit on the number of online courses that a pupil~~  
26 ~~may enroll in beginning in 2014-2015 for pupils who have~~  
27 ~~demonstrated previous success with online courses. **UNLESS THE PUPIL**~~



1 IS NEWLY ENROLLED IN THE DISTRICT, THE REQUEST FOR ONLINE COURSE  
2 ENROLLMENT MUST BE MADE IN THE ACADEMIC TERM, SEMESTER, OR  
3 TRIMESTER IMMEDIATELY PRECEDING THE ENROLLMENT. A DISTRICT MAY NOT  
4 ESTABLISH ADDITIONAL REQUIREMENTS THAT WOULD PROHIBIT A PUPIL FROM  
5 TAKING AN ONLINE COURSE. IF A PUPIL HAS DEMONSTRATED PREVIOUS  
6 SUCCESS WITH ONLINE COURSES AND THE SCHOOL LEADERSHIP AND THE  
7 PUPIL'S PARENT OR LEGAL GUARDIAN DETERMINE THAT IT IS IN THE BEST  
8 INTEREST OF THE PUPIL, A PUPIL MAY BE ENROLLED IN MORE THAN 2  
9 ONLINE COURSES IN A SPECIFIC ACADEMIC TERM, SEMESTER, OR TRIMESTER.

10 Consent of the pupil's parent or legal guardian is not required if  
11 the pupil is at least age 18 or is an emancipated minor.

12 (3) An eligible pupil may enroll in an online course published  
13 in the pupil's educating district's catalog of online courses  
14 described in subsection (7)(a) or the statewide catalog of online  
15 courses maintained by the ~~Michigan virtual university~~ DEPARTMENT  
16 pursuant to section 98.

17 (4) A district shall determine whether or not it has capacity  
18 to accept applications for enrollment from nonresident applicants  
19 in online courses and may use that limit as the reason for refusal  
20 to enroll an applicant. If the number of nonresident applicants  
21 eligible for acceptance in an online course does not exceed the  
22 capacity of the district to provide the online course, the district  
23 shall accept for enrollment all of the nonresident applicants  
24 eligible for acceptance. If the number of nonresident applicants  
25 exceeds the district's capacity to provide the online course, the  
26 district shall use a random draw system, subject to the need to  
27 abide by state and federal antidiscrimination laws and court

1 orders.

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

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

6 (b) The online course is not capable of generating academic  
7 credit.

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

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

13 (e) The online course is of insufficient quality or rigor. A  
14 district that denies a pupil enrollment for this reason shall make  
15 a reasonable effort to assist the pupil to find an alternative  
16 course in the same or a similar subject that is of acceptable rigor  
17 and quality.

18 **(F) THE COST OF THE ONLINE COURSE EXCEEDS THE AMOUNT**  
19 **IDENTIFIED IN SUBSECTION (8).**

20 **(G) THE ONLINE COURSE ENROLLMENT REQUEST DOES NOT OCCUR WITHIN**  
21 **THE SAME TIMELINES ESTABLISHED BY THE DISTRICT FOR ENROLLMENT AND**  
22 **SCHEDULE CHANGES FOR REGULAR COURSES.**

23 (6) If a pupil is denied enrollment in an online course by a  
24 district, the pupil may appeal the denial by submitting a letter to  
25 the superintendent of the intermediate district in which the  
26 pupil's educating district is located. The letter of appeal shall  
27 include the reason provided by the district for not enrolling the

1 pupil and the reason why the pupil is claiming that the enrollment  
2 should be approved. The intermediate district superintendent or  
3 designee shall respond to the appeal within 5 days after it is  
4 received. If the intermediate district superintendent or designee  
5 determines that the denial of enrollment does not meet 1 or more of  
6 the reasons specified in subsection (5), the district shall allow  
7 the pupil to enroll in the online course.

8 (7) To offer or provide an online course **UNDER THIS SECTION**, a  
9 district or intermediate district shall do all of the following:

10 (a) Provide the ~~Michigan virtual university~~ **DEPARTMENT** with  
11 the course syllabus in a form and method prescribed by the ~~Michigan~~  
12 ~~virtual university~~ **DEPARTMENT** for inclusion in a statewide online  
13 course catalog. The district or intermediate district shall also  
14 provide on its publicly accessible website a link to the course  
15 syllabi for all of the online courses offered by the district or  
16 intermediate district and a link to the statewide catalog of online  
17 courses maintained by the ~~Michigan virtual university~~ **DEPARTMENT**.

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

21 (C) **NOT LATER THAN OCTOBER 1, 2014, PROVIDE THE DEPARTMENT**  
22 **WITH THE NUMBER OF ENROLLMENTS IN EACH ONLINE COURSE THE DISTRICT**  
23 **OR INTERMEDIATE DISTRICT OFFERED TO PUPILS PURSUANT TO THIS SECTION**  
24 **IN THE IMMEDIATELY PRECEDING SCHOOL YEAR, AND THE NUMBER OF**  
25 **ENROLLMENTS IN WHICH THE PUPIL EARNED 60% OR MORE OF THE TOTAL**  
26 **COURSE POINTS FOR EACH ONLINE COURSE.**

27 (8) For a pupil enrolled in 1 or more online courses published

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

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

19 (10) If a pupil successfully completes an online course, as  
20 determined by the **PUPIL'S PRIMARY** district, the pupil's **PRIMARY**  
21 district shall grant appropriate academic credit for completion of  
22 the course and shall count that credit toward completion of  
23 graduation and subject area requirements. A pupil's school record  
24 and transcript shall identify the online course title as it appears  
25 in the online course syllabus.

26 (11) The enrollment of a pupil in 1 or more online courses  
27 shall not result in a pupil being counted as more than 1.0 full-

1 time equivalent pupils under this ~~act~~ **ARTICLE**.

2 (12) As used in this section:

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

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

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

15 (ii) The online course content outline.

16 (iii) The online course required assessments.

17 (iv) The online course prerequisites.

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

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

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

22 (viii) The name of the institution or organization providing the  
23 online content.

24 (ix) The name of the institution or organization providing the  
25 online instructor.

26 (x) The course titles assigned by the district or intermediate  
27 district and the course titles and course codes from the national

center for education statistics (NCES) school codes for the exchange of data (SCED).

(xi) The number of eligible nonresident pupils that will be accepted by the district or intermediate district in the online course.

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

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

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

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$5,526,000,000.00~~ **\$5,403,000,000.00** for ~~2013-2014-2014-2015~~ for payments to districts and qualifying public school academies to guarantee each district and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as

1 determined by the department, may be used to supplement the  
2 allocations under sections 22b and 51c in order to fully fund those  
3 calculated allocations for the same fiscal year.

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

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

1 under section 12 of the revised school code, MCL 380.12, taxable  
2 value per membership pupil of all property in the receiving  
3 district that is nonexempt property and taxable value per  
4 membership pupil of property in the receiving district that is  
5 commercial personal property do not include property within the  
6 geographic area of the dissolved district; ad valorem property tax  
7 revenue of the receiving district captured under tax increment  
8 financing acts does not include ad valorem property tax revenue  
9 captured within the geographic boundaries of the dissolved district  
10 under tax increment financing acts; and certified mills do not  
11 include the certified mills of the dissolved district.

12 (b) For a district that had a 1994-95 foundation allowance  
13 greater than \$6,500.00, the state payment under this subsection  
14 shall be the sum of the amount calculated under subdivision (a)  
15 plus the amount calculated under this subdivision. The amount  
16 calculated under this subdivision shall be equal to the difference  
17 between the district's 1994-95 foundation allowance minus \$6,500.00  
18 and the current year hold harmless school operating taxes per  
19 pupil. If the result of the calculation under subdivision (a) is  
20 negative, the negative amount shall be an offset against any state  
21 payment calculated under this subdivision. If the result of a  
22 calculation under this subdivision is negative, there shall not be  
23 a state payment or a deduction under this subdivision. The taxable  
24 values per membership pupil used in the calculations under this  
25 subdivision are as adjusted by ad valorem property tax revenue  
26 captured under tax increment financing acts divided by the  
27 district's membership. For a receiving district, if school



1 operating taxes are to be levied on behalf of a dissolved district  
2 that has been attached in whole or in part to the receiving  
3 district to satisfy debt obligations of the dissolved district  
4 under section 12 of the revised school code, MCL 380.12, ad valorem  
5 property tax revenue captured under tax increment financing acts do  
6 not include ad valorem property tax revenue captured within the  
7 geographic boundaries of the dissolved district under tax increment  
8 financing acts.

9 (3) Beginning in 2003-2004, for pupils in membership in a  
10 qualifying public school academy, there is allocated under this  
11 section to the authorizing body that is the fiscal agent for the  
12 qualifying public school academy for forwarding to the qualifying  
13 public school academy an amount equal to the 1994-95 per pupil  
14 payment to the qualifying public school academy under section 20.

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

19 (5) Except as otherwise provided in this subsection, for a  
20 district that is formed or reconfigured after June 1, 2000 by  
21 consolidation of 2 or more districts or by annexation, the  
22 resulting district's 1994-95 foundation allowance under this  
23 section beginning after the effective date of the consolidation or  
24 annexation shall be the average of the 1994-95 foundation  
25 allowances of each of the original or affected districts,  
26 calculated as provided in this section, weighted as to the  
27 percentage of pupils in total membership in the resulting district

1 in the state fiscal year in which the consolidation takes place who  
2 reside in the geographic area of each of the original districts. If  
3 an affected district's 1994-95 foundation allowance is less than  
4 the 1994-95 basic foundation allowance, the amount of that  
5 district's 1994-95 foundation allowance shall be considered for the  
6 purpose of calculations under this subsection to be equal to the  
7 amount of the 1994-95 basic foundation allowance. This subsection  
8 does not apply to a receiving district unless there is a subsequent  
9 consolidation or annexation that affects the district.

10 (6) As used in this section:

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

15 (b) "Certified mills" means the lesser of 18 mills or the  
16 number of mills of school operating taxes levied by the district in  
17 1993-94.

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

20 (d) "Current year hold harmless school operating taxes per  
21 pupil" means the per pupil revenue generated by multiplying a  
22 district's 1994-95 hold harmless millage by the district's current  
23 year taxable value per membership pupil. For a receiving district,  
24 if school operating taxes are to be levied on behalf of a dissolved  
25 district that has been attached in whole or in part to the  
26 receiving district to satisfy debt obligations of the dissolved  
27 district under section 12 of the revised school code, MCL 380.12,

1 taxable value per membership pupil does not include the taxable  
2 value of property within the geographic area of the dissolved  
3 district.

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

8 (f) "Hold harmless millage" means, for a district with a 1994-  
9 95 foundation allowance greater than \$6,500.00, the number of mills  
10 by which the exemption from the levy of school operating taxes on a  
11 homestead, qualified agricultural property, qualified forest  
12 property, supportive housing property, industrial personal  
13 property, and commercial personal property could be reduced as  
14 provided in section 1211 of the revised school code, MCL 380.1211,  
15 and the number of mills of school operating taxes that could be  
16 levied on all property as provided in section 1211(2) of the  
17 revised school code, MCL 380.1211, as certified by the department  
18 of treasury for the 1994 tax year. For a receiving district, if  
19 school operating taxes are to be levied on behalf of a dissolved  
20 district that has been attached in whole or in part to the  
21 receiving district to satisfy debt obligations of the dissolved  
22 district under section 12 of the revised school code, MCL 380.12,  
23 school operating taxes do not include school operating taxes levied  
24 within the geographic area of the dissolved district.

25 (g) "Homestead", "qualified agricultural property", "qualified  
26 forest property", "supportive housing property", "industrial  
27 personal property", and "commercial personal property" mean those

1 terms as defined in section 1211 of the revised school code, MCL  
2 380.1211.

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

6 (i) "Nonexempt property" means property that is not a  
7 principal residence, qualified agricultural property, qualified  
8 forest property, supportive housing property, industrial personal  
9 property, or commercial personal property.

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

13 (k) "Receiving district" means a district to which all or part  
14 of the territory of a dissolved district is attached under section  
15 12 of the revised school code, MCL 380.12.

16 (l) "School operating taxes" means local ad valorem property  
17 taxes levied under section 1211 of the revised school code, MCL  
18 380.1211, and retained for school operating purposes as defined in  
19 section 20.

20 (m) "Tax increment financing acts" means 1975 PA 197, MCL  
21 125.1651 to 125.1681, the tax increment finance authority act, 1980  
22 PA 450, MCL 125.1801 to 125.1830, the local development financing  
23 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
24 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
25 or the corridor improvement authority act, 2005 PA 280, MCL  
26 125.2871 to 125.2899.

27 (n) "Taxable value per membership pupil" means each of the

1 following divided by the district's membership:

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

18 (ii) For the number of mills of school operating taxes that may  
19 be levied on all property as provided in section 1211(2) of the  
20 revised school code, MCL 380.1211, the taxable value of all  
21 property for the calendar year ending in the current state fiscal  
22 year. For a receiving district, if school operating taxes are to be  
23 levied on behalf of a dissolved district that has been attached in  
24 whole or in part to the receiving district to satisfy debt  
25 obligations of the dissolved district under section 12 of the  
26 revised school code, MCL 380.12, school operating taxes do not  
27 include school operating taxes levied within the geographic area of

1 the dissolved district.

2       Sec. 22b. (1) From the appropriation in section 11, there is  
3 allocated an amount not to exceed ~~\$3,335,000,000.00~~  
4 **\$3,818,000,000.00** for ~~2013-2014-2014-2015~~ for discretionary  
5 nonmandated payments to districts under this section. Funds  
6 allocated under this section that are not expended in the state  
7 fiscal year for which they were allocated, as determined by the  
8 department, may be used to supplement the allocations under  
9 sections 22a and 51c in order to fully fund those calculated  
10 allocations for the same fiscal year.

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

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

18       (a) Comply with section 1280b of the revised school code, MCL  
19 380.1280b.

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

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

25       (d) Comply with section 1230g of the revised school code, MCL  
26 380.1230g.

27       (e) Comply with section 21f.

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

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

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

19           (7) It is the intent of the legislature that all  
20 constitutional obligations of this state have been fully funded  
21 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by  
22 an entity receiving funds under this article that challenges the  
23 legislative determination of the adequacy of this funding or  
24 alleges that there exists an unfunded constitutional requirement,  
25 the state budget director may escrow or allocate from the  
26 discretionary funds for nonmandated payments under this section the  
27 amount as may be necessary to satisfy the claim before making any

1 payments to districts under subsection (2). If funds are escrowed,  
2 the escrowed funds are a work project appropriation and the funds  
3 are carried forward into the following fiscal year. The purpose of  
4 the work project is to provide for any payments that may be awarded  
5 to districts as a result of litigation. The work project shall be  
6 completed upon resolution of the litigation.

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

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

24 (10) If payments resulting from a final determination by the  
25 local claims review board or a court of competent jurisdiction that  
26 there has been a violation of section 29 of article IX of the state  
27 constitution of 1963 exceed the amount allocated for discretionary



1 nonmandated payments under this section, the legislature shall  
2 provide for adequate funding for this state's constitutional  
3 obligations at its next legislative session.

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

22 Sec. 22d. (1) From the appropriation in section 11, an amount  
23 not to exceed ~~\$2,584,600.00~~ **\$2,713,800.00** is allocated for ~~2013-~~  
24 ~~2014-2014-2015~~ for supplemental payments to rural districts under  
25 this section.

26 (2) From the allocation under subsection (1), there is  
27 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed

1 ~~\$957,300.00~~ **\$1,005,200.00** for payments under this subsection to  
2 districts that meet all of the following:

3 (a) Operates grades K to 12.

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

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

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

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

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

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

(2) The department shall develop a competitive application

1 process and method of grant distribution to eligible districts and  
2 intermediate districts that demonstrate need for grants under  
3 subsection (1). The department may consult with the department of  
4 technology, management, and budget during the grant process and  
5 grant distribution. Grants to districts shall not exceed  
6 \$2,000,000.00 per district. A grant to an intermediate district on  
7 behalf of its constituent districts shall not exceed \$2,000,000.00  
8 per constituent district. To receive a grant under subsection (1),  
9 an intermediate district shall demonstrate that a grant awarded to  
10 the intermediate district on behalf of its constituent districts  
11 would provide savings compared to providing grants to individual  
12 districts.

13 ~~—— (3) From the general fund money appropriated in section 11,~~  
14 ~~there is allocated an amount not to exceed \$5,000,000.00 for 2013-~~  
15 ~~2014 to be awarded through a competitive bid process to a single~~  
16 ~~provider of whole school technology as described in this~~  
17 ~~subsection. The department shall issue a single request for~~  
18 ~~proposal with application rules written and administered by the~~  
19 ~~department, and with a focus on economic and geographic diversity.~~  
20 ~~To be eligible to receive the grant under this section, a provider~~  
21 ~~shall meet all of the following:~~

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

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

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

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

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

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

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

3 ~~—— (vi) Operating software.~~

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

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

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

7 ~~—— (x) Ongoing support.~~

8       Sec. 24. (1) From the appropriation in section 11, there is  
9 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed  
10 \$8,000,000.00 for payments to the educating district or  
11 intermediate district for educating pupils assigned by a court or  
12 the department of human services to reside in or to attend a  
13 juvenile detention facility or child caring institution licensed by  
14 the department of human services and approved by the department to  
15 provide an on-grounds education program. The amount of the payment  
16 under this section to a district or intermediate district shall be  
17 calculated as prescribed under subsection (2).

18       (2) The total amount allocated under this section shall be  
19 allocated by paying to the educating district or intermediate  
20 district an amount equal to the lesser of the district's or  
21 intermediate district's added cost or the department's approved per  
22 pupil allocation for the district or intermediate district. For the  
23 purposes of this subsection:

24       (a) "Added cost" means 100% of the added cost each fiscal year  
25 for educating all pupils assigned by a court or the department of  
26 human services to reside in or to attend a juvenile detention  
27 facility or child caring institution licensed by the department of

1 human services or the department of licensing and regulatory  
2 affairs and approved by the department to provide an on-grounds  
3 education program. Added cost shall be computed by deducting all  
4 other revenue received under this article for pupils described in  
5 this section from total costs, as approved by the department, in  
6 whole or in part, for educating those pupils in the on-grounds  
7 education program or in a program approved by the department that  
8 is located on property adjacent to a juvenile detention facility or  
9 child caring institution. Costs reimbursed by federal funds are not  
10 included.

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

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

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

1       Sec. 24a. From the appropriation in section 11, there is  
2 allocated an amount not to exceed ~~\$2,167,500.00~~ **\$2,195,500.00** for  
3 ~~2013-2014~~ **2014-2015** for payments to intermediate districts for  
4 pupils who are placed in juvenile justice service facilities  
5 operated by the department of human services. Each intermediate  
6 district shall receive an amount equal to the state share of those  
7 costs that are clearly and directly attributable to the educational  
8 programs for pupils placed in facilities described in this section  
9 that are located within the intermediate district's boundaries. The  
10 intermediate districts receiving payments under this section shall  
11 cooperate with the department of human services to ensure that all  
12 funding allocated under this section is utilized by the  
13 intermediate district and department of human services for  
14 educational programs for pupils described in this section. Pupils  
15 described in this section are not eligible to be funded under  
16 section 24. However, a program responsibility or other fiscal  
17 responsibility associated with these pupils shall not be  
18 transferred from the department of human services to a district or  
19 intermediate district unless the district or intermediate district  
20 consents to the transfer.

21       Sec. 24c. From the appropriation in section 11, there is  
22 allocated an amount not to exceed ~~\$1,500,000.00~~ ~~for 2013-2014~~  
23 **\$1,550,000.00 FOR 2014-2015** for payments to districts for pupils  
24 who are enrolled in a nationally administered community-based  
25 education and youth mentoring program, known as the youth challenge  
26 program, that is administered by the department of military and  
27 veterans affairs. Both of the following apply to a district

1 receiving payments under this section:

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

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

9 Sec. 25e. (1) ~~The center shall work with the department,~~  
10 ~~districts, and intermediate districts to develop a~~ **THE** pupil  
11 membership transfer application and ~~a~~ pupil transfer process  
12 **ADMINISTERED BY THE CENTER** under this section **SHALL BE USED FOR**  
13 **PROCESSING PUPIL TRANSFERS.** ~~The center shall complete development~~  
14 ~~of this pupil membership transfer application not later than~~  
15 ~~November 1, 2013.~~

16 (2) If a pupil counted in membership for the pupil membership  
17 count day transfers from a district or intermediate district to  
18 enroll in another district or intermediate district after the pupil  
19 membership count day and before the supplemental count day and, due  
20 to the pupil's enrollment and attendance status as of the pupil  
21 membership count day, the pupil was not counted in membership in  
22 the educating district or intermediate district, the educating  
23 district or intermediate district may report the enrollment and  
24 attendance information to the center through the pupil transfer  
25 process within 30 days after the transfer or within 30 days after  
26 the sixth Wednesday after the pupil membership count day, whichever  
27 is later. Pupil transfers may be submitted no earlier than the



1 first day after the certification deadline for the pupil membership  
2 count day and before the supplemental count day. Upon receipt of  
3 the transfer information under this subsection indicating that a  
4 pupil has enrolled and is in attendance in an educating district or  
5 intermediate district as described in this subsection, the pupil  
6 transfer process shall do the following:

7 (a) Notify the district in which the pupil was previously  
8 enrolled.

9 (b) Notify both the pupil auditing staff of the intermediate  
10 district in which the educating district is located and the pupil  
11 auditing staff of the intermediate district in which the district  
12 that previously enrolled the pupil is located. The pupil auditing  
13 staff shall approve or deny the pupil membership transfer.

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

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

17 (a) Adjust the membership calculation for each district or  
18 intermediate district in which the pupil was previously counted in  
19 membership or that previously received an adjustment in its  
20 membership calculation under this section due to a change in the  
21 pupil's enrollment and attendance so that the district's or  
22 intermediate district's membership is prorated to allow the  
23 district or intermediate district to receive for each school day,  
24 as determined by the financial calendar furnished by the center, in  
25 which the pupil was enrolled and in attendance in the district or  
26 intermediate district an amount equal to 1/105 of a full-time  
27 equated membership claimed in the fall pupil membership count. The

1 district or intermediate district shall receive a prorated  
2 foundation allowance in an amount equal to the product of the  
3 adjustment under this subdivision for the district or intermediate  
4 district multiplied by the foundation allowance or per pupil  
5 payment as calculated under section 20 for the district or  
6 intermediate district. The foundation allowance or per pupil  
7 payment shall be adjusted by the pupil's full-time equated status  
8 as affected by the membership definition under section 6(4).

9 (b) Adjust the membership calculation for the educating  
10 district or intermediate district in which the pupil is enrolled  
11 and is in attendance so that the district's or intermediate  
12 district's membership is increased to allow the district or  
13 intermediate district to receive an amount equal to the difference  
14 between the full-time equated membership claimed in the fall pupil  
15 membership count and the sum of the adjustments calculated under  
16 subdivision (a) for each district or intermediate district in which  
17 the pupil was previously enrolled and in attendance. The educating  
18 district or intermediate district shall receive a prorated  
19 foundation allowance in an amount equal to the product of the  
20 adjustment under this subdivision for the educating district or  
21 intermediate district multiplied by the foundation allowance or per  
22 pupil payment as calculated under section 20 for the educating  
23 district or intermediate district. The foundation allowance or per  
24 pupil payment shall be adjusted by the pupil's full-time equated  
25 status as affected by the membership definition under section 6(4).

26 (4) The changes in calculation of state school aid required  
27 under subsection (3) shall take effect as of the date that the

1 pupil becomes enrolled and in attendance in the educating district  
 2 or intermediate district, and the department shall base all  
 3 subsequent payments under this article for the fiscal year to the  
 4 affected districts or intermediate districts on this recalculation  
 5 of state school aid.

6 (5) If a pupil enrolls in an educating district or  
 7 intermediate district as described in subsection (2), the district  
 8 or intermediate district in which the pupil is counted in  
 9 membership or another educating district or intermediate district  
 10 that received an adjustment in its membership calculation under  
 11 subsection (3), if any, and the educating district or intermediate  
 12 district shall provide to the center and the department all  
 13 information they require to comply with this section.

14 (6) As used in this section, "educating district or  
 15 intermediate district" means the district or intermediate district  
 16 in which a pupil enrolls after the pupil membership count day or  
 17 after an adjustment was made in another district's or intermediate  
 18 district's membership calculation under this section due to the  
 19 pupil's enrollment and attendance.

<<Sec. 25f. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$2,000,000.00 for ~~2013-2014-2014-2015~~ for payments to strict discipline academies established under sections 1311b to 1311m of the revised school code, MCL 380.1311b to 380.1311m, as provided under this section.

(2) In order to receive funding under this section, a strict discipline academy shall first comply with section 25e and use the pupil transfer process under that section for changes in enrollment as prescribed under that section.

(3) Not later than June 30, ~~2014-2015~~, a strict discipline academy shall report to the center and to the department, in a manner prescribed by the center and the department, the following information for ~~2013-2014-2014-2015~~:

(a) The number of pupils enrolled and in attendance at the strict discipline academy.

(b) The number of days each pupil enrolled was in attendance at the strict discipline academy, not to exceed 180.

(4) The amount of the payment to a strict discipline academy under this section shall be an amount equal to the difference between the product of 1/180 of the per-pupil payment as calculated under section 20

Senate Bill No. 775 as amended May 8, 2014

for the strict discipline academy multiplied by the number of days of pupil attendance reported under subsection (3)(b) minus the product of the per-pupil payment as calculated under section 20 for the strict discipline academy multiplied by the pupils in membership at the strict discipline academy as calculated under section 6 and as adjusted by section 25e.

(5) If the funds allocated under this section are insufficient to fully fund the adjustments under subsection (4), payments to eligible strict discipline academies shall be prorated on an equal per-pupil basis.>>

20           Sec. 26a. ~~(1) From the state school aid fund appropriation~~  
21   **FUNDS APPROPRIATED** in section 11, there is allocated an amount not  
22   to exceed \$26,300,000.00 for ~~2013-2014~~ **2014-2015** to reimburse  
23   districts and intermediate districts pursuant to section 12 of the  
24   Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes  
25   levied in ~~2013-2014~~. The allocations shall be made not later than  
26   60 days after the department of treasury certifies to the  
27   department and to the state budget director that the department of

1 treasury has received all necessary information to properly  
2 determine the amounts due to each eligible recipient.

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

13       Sec. 26b. (1) From the appropriation in section 11, there is  
14 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed  
15 ~~\$4,009,500.00~~ **\$4,210,000.00** for payments to districts, intermediate  
16 districts, and community college districts for the portion of the  
17 payment in lieu of taxes obligation that is attributable to  
18 districts, intermediate districts, and community college districts  
19 pursuant to section 2154 of the natural resources and environmental  
20 protection act, 1994 PA 451, MCL 324.2154.

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

25       Sec. 26c. (1) From the appropriation in section 11, there is  
26 allocated an amount not to exceed ~~\$209,400.00 for 2012-2013 and an~~  
27 ~~amount not to exceed \$266,200.00 for 2013-2014~~ **\$293,100.00 FOR**

1 ~~2014-2015~~ to the promise zone fund created in subsection (3).

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

7 (3) The promise zone fund is created as a separate account  
8 within the state school aid fund to be used solely for the purposes  
9 of the Michigan promise zone authority act, 2008 PA 549, MCL  
10 390.1661 to 390.1679. All of the following apply to the promise  
11 zone fund:

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

15 (b) Money in the promise zone fund at the close of a fiscal  
16 year shall remain in the promise zone fund and shall not lapse to  
17 the general fund.

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

24 Sec. 31a. (1) From the state school aid fund money  
25 appropriated in section 11, there is allocated for ~~2013-2014-2014-~~  
26 ~~2015~~ an amount not to exceed \$317,695,500.00 for payments to  
27 eligible districts, eligible public school academies, and the

1 education achievement system under this section. Subject to  
2 subsection (14), the amount of the additional allowance under this  
3 section, other than funding under subsection (6) or (7), shall be  
4 based on the number of actual pupils in membership in the district  
5 or public school academy or the education achievement system who  
6 met the income eligibility criteria for free breakfast, lunch, or  
7 milk in the immediately preceding state fiscal year, as determined  
8 under the Richard B. Russell national school lunch act, 42 USC 1751  
9 to 1769i, and reported to the department not later than the fifth  
10 Wednesday after the pupil membership count day of the immediately  
11 preceding fiscal year and adjusted not later than December 31 of  
12 the immediately preceding fiscal year in the form and manner  
13 prescribed by the center. However, for a public school academy that  
14 began operations as a public school academy, or for an achievement  
15 school that began operations as an achievement school, after the  
16 pupil membership count day of the immediately preceding school  
17 year, the basis for the additional allowance under this section  
18 shall be the number of actual pupils in membership in the public  
19 school academy or the education achievement system who met the  
20 income eligibility criteria for free breakfast, lunch, or milk in  
21 the current state fiscal year, as determined under the Richard B.  
22 Russell national school lunch act and reported to the department  
23 not later than the fifth Wednesday after the pupil membership count  
24 day.

25 (2) To be eligible to receive funding under this section,  
26 other than funding under subsection (6) or (7), a district or  
27 public school academy that has not been previously determined to be

1 eligible or the education achievement system shall apply to the  
2 department, in a form and manner prescribed by the department, and  
3 a district or public school academy or the education achievement  
4 system must meet all of the following:

5 (a) The sum of the district's or public school academy's or  
6 the education achievement system's combined state and local revenue  
7 per membership pupil in the current state fiscal year, as  
8 calculated under section 20, is less than or equal to the basic  
9 foundation allowance under section 20 for the current state fiscal  
10 year.

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

15 (3) Except as otherwise provided in this subsection, an  
16 eligible district or eligible public school academy or the  
17 education achievement system shall receive under this section for  
18 each membership pupil in the district or public school academy or  
19 the education achievement system who met the income eligibility  
20 criteria for free breakfast, lunch, or milk, as determined under  
21 the Richard B. Russell national school lunch act and as reported to  
22 the department not later than the fifth Wednesday after the pupil  
23 membership count day of the immediately preceding fiscal year and  
24 adjusted not later than December 31 of the immediately preceding  
25 fiscal year, an amount per pupil equal to 11.5% of the sum of the  
26 district's foundation allowance or the public school academy's or  
27 the education achievement system's per pupil amount calculated



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

20 (4) Except as otherwise provided in this section, a district  
21 or public school academy, or the education achievement system,  
22 receiving funding under this section shall use that money only to  
23 provide instructional programs and direct noninstructional  
24 services, including, but not limited to, medical or counseling  
25 services, for at-risk pupils; for school health clinics; and for  
26 the purposes of subsection (5), (6), or (7). In addition, a  
27 district that is a school district of the first class or a district

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

1           (5) Except as otherwise provided in subsection (12), a  
2 district or public school academy that receives funds under this  
3 section and that operates a school breakfast program under section  
4 1272a of the revised school code, MCL 380.1272a, or the education  
5 achievement system if it operates a school breakfast program, shall  
6 use from the funds received under this section an amount, not to  
7 exceed \$10.00 per pupil for whom the district or public school  
8 academy or the education achievement system receives funds under  
9 this section, necessary to pay for costs associated with the  
10 operation of the school breakfast program.

11           (6) From the funds allocated under subsection (1), there is  
12 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed  
13 \$3,557,300.00 to support child and adolescent health centers. These  
14 grants shall be awarded for 5 consecutive years beginning with  
15 2003-2004 in a form and manner approved jointly by the department  
16 and the department of community health. Each grant recipient shall  
17 remain in compliance with the terms of the grant award or shall  
18 forfeit the grant award for the duration of the 5-year period after  
19 the noncompliance. To continue to receive funding for a child and  
20 adolescent health center under this section a grant recipient shall  
21 ensure that the child and adolescent health center has an advisory  
22 committee and that at least one-third of the members of the  
23 advisory committee are parents or legal guardians of school-aged  
24 children. A child and adolescent health center program shall  
25 recognize the role of a child's parents or legal guardian in the  
26 physical and emotional well-being of the child. Funding under this  
27 subsection shall be used to support child and adolescent health

1 center services provided to children up to age 21. If any funds  
2 allocated under this subsection are not used for the purposes of  
3 this subsection for the fiscal year in which they are allocated,  
4 those unused funds shall be used that fiscal year to avoid or  
5 minimize any proration that would otherwise be required under  
6 subsection (14) for that fiscal year.

7 (7) From the funds allocated under subsection (1), there is  
8 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed  
9 \$5,150,000.00 for the state portion of the hearing and vision  
10 screenings as described in section 9301 of the public health code,  
11 1978 PA 368, MCL 333.9301. A local public health department shall  
12 pay at least 50% of the total cost of the screenings. The frequency  
13 of the screenings shall be as required under R 325.13091 to R  
14 325.13096 and R 325.3271 to R 325.3276 of the Michigan  
15 administrative code. Funds shall be awarded in a form and manner  
16 approved jointly by the department and the department of community  
17 health. Notwithstanding section 17b, payments to eligible entities  
18 under this subsection shall be paid on a schedule determined by the  
19 department.

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

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

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

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

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

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

12 (12) For an individual school or schools operated by a  
13 district or public school academy receiving funds under this  
14 section or the education achievement system that have been  
15 determined by the department to meet the adequate yearly progress  
16 standards of the no child left behind act of 2001, Public Law 107-  
17 110, in both mathematics and English language arts at all  
18 applicable grade levels for all applicable subgroups, the district  
19 or public school academy or the education achievement system may  
20 use not more than 20% of the funds it receives under this section  
21 for specific alternative purposes identified by the district or  
22 public school academy or the education achievement system that are  
23 designed to benefit at-risk pupils in the school, but that may be  
24 different from the purposes otherwise allowable under this section.  
25 If a district or public school academy or the education achievement  
26 system uses funds for alternative purposes allowed under the  
27 flexibility provisions under this subsection, the district or

1 public school academy or the education achievement system shall  
2 maintain documentation of the amounts used for those alternative  
3 purposes and shall make that information available to the  
4 department upon request.

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

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

21 (b) Provides early intervening strategies using school-wide  
22 systems of academic and behavioral supports and is scientifically  
23 research-based. The strategies to be provided shall include at  
24 least pupil performance indicators based upon response to  
25 intervention, instructional consultation for teachers, and ongoing  
26 progress monitoring. A school-wide system of academic and  
27 behavioral support should be based on a support team available to

1 the classroom teachers. The members of this team could include the  
2 principal, special education staff, reading teachers, and other  
3 appropriate personnel who would be available to systematically  
4 study the needs of the individual child and work with the teacher  
5 to match instruction to the needs of the individual child.

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

16 (15) If a district is formed by consolidation after June 1,  
17 1995, and if 1 or more of the original districts was not eligible  
18 before the consolidation for an additional allowance under this  
19 section, the amount of the additional allowance under this section  
20 for the consolidated district shall be based on the number of  
21 pupils described in subsection (1) enrolled in the consolidated  
22 district who reside in the territory of an original district that  
23 was eligible before the consolidation for an additional allowance  
24 under this section. **IN ADDITION, IF A DISTRICT IS DISSOLVED**  
25 **PURSUANT TO SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, THE**  
26 **INTERMEDIATE DISTRICT TO WHICH THE DISSOLVED SCHOOL DISTRICT WAS**  
27 **CONSTITUENT SHALL DETERMINE THE ESTIMATED NUMBER OF PUPILS THAT**



1 MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR  
2 MILK, AS DESCRIBED UNDER SUBSECTION (3), ENROLLED IN EACH OF THE  
3 OTHER DISTRICTS WITHIN THE INTERMEDIATE DISTRICT AND PROVIDE THAT  
4 ESTIMATE TO THE DEPARTMENT FOR THE PURPOSES OF DISTRIBUTING FUNDS  
5 UNDER THIS SECTION WITHIN 60 DAYS AFTER THE SCHOOL DISTRICT IS  
6 DECLARED DISSOLVED.

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

1 science, or social studies components of the most recent Michigan  
2 merit examination for which results for the pupil have been  
3 received. For pupils in grades K-3, at-risk pupil also includes a  
4 pupil who is at risk of not meeting the district's core academic  
5 curricular objectives in English language arts or mathematics.

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

10 Sec. 31b. (1) From the appropriations in section 11, there is  
11 allocated an amount not to exceed \$2,000,000.00 for ~~2013-2014-2014-~~  
12 **2015** for grants to at-risk districts for implementing a year-round  
13 instructional program for at least 1 of its schools.

14 (2) The department shall select districts for grants under  
15 this section from among applicant districts that meet both of the  
16 following:

17 (a) The district meets 1 or both of the following:

18 (i) Is eligible in ~~2013-2014-2014-2015~~ for the community  
19 eligibility option for free and reduced price lunch under 42 USC  
20 1759a.

21 (ii) At least 50% of the pupils in membership in the district  
22 met the income eligibility criteria for free breakfast, lunch, or  
23 milk in the immediately preceding state fiscal year, as determined  
24 under the Richard B. Russell national school lunch act, 42 USC 1751  
25 to 1769i.

26 (b) The board of the district has adopted a resolution stating  
27 that the district will implement for the first time a year-round

1 instructional calendar that will begin in ~~2014-2015~~**2015-2016** for  
2 at least 1 school operated by the district and committing to  
3 providing the year-round instructional calendar in each of those  
4 schools for at least 3 school years.

5 (3) A district seeking a grant under this section shall apply  
6 to the department in the form and manner prescribed by the  
7 department not later than ~~May~~**DECEMBER** 1, 2014. The department  
8 shall select districts for grants and make notification not later  
9 than ~~June 1, 2014~~**FEBRUARY 1, 2015**.

10 (4) The department shall award grants under this section on a  
11 competitive basis, but shall give priority based solely on  
12 consideration of the following criteria:

13 (a) Giving priority to districts with lower general fund  
14 balances as a percent of revenues.

15 (b) Giving priority to districts that operate at least 1  
16 school that has been identified by the department as either a  
17 priority school or a focus school.

18 (c) Ensuring that grant funding includes both rural and urban  
19 districts.

20 (5) The amount of a grant under this section to any 1 district  
21 shall not exceed ~~\$750,000.00~~**\$250,000.00**.

22 (6) A grant payment under this section to a district shall be  
23 used for necessary modifications to instructional facilities and  
24 other nonrecurring costs of preparing for the operation of a year-  
25 round instructional program as approved by the department.

26 (7) A district receiving a grant under this section is not  
27 required to provide more than the minimum number of days and hours

1 of pupil instruction prescribed under section 101, but shall spread  
2 at least those minimum amounts of pupil instruction over the entire  
3 year in each of its schools in which a year-round instructional  
4 calendar is implemented. The district shall commit to providing the  
5 year-round instructional calendar in each of those schools for at  
6 least 3 school years.

7 (8) For a district receiving a grant under this section,  
8 excessive heat is considered to be a condition not within the  
9 control of school authorities for the purpose of days or hours  
10 being counted as days or hours of pupil instruction under section  
11 101(4).

12 (9) Notwithstanding section 17b, grant payments to districts  
13 under this section shall be paid on a schedule determined by the  
14 department.

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

19 (2) The amounts allocated from state sources under this  
20 section shall be used to pay the amount necessary to reimburse  
21 districts for 6.0127% of the necessary costs of the state mandated  
22 portion of the school lunch programs provided by those districts.  
23 The amount due to each district under this section shall be  
24 computed by the department using the methods of calculation adopted  
25 by the Michigan supreme court in the consolidated cases known as  
26 Durant v State of Michigan, Michigan supreme court docket no.  
27 104458-104492.

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

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

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

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

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

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

27           (2) The funds allocated under this section for school

1 breakfast programs shall be made available to all eligible  
2 applicant districts that meet all of the following criteria:

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

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

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

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

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

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

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

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

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

1 programs.

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

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

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

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

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

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

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

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

26 (h) Participation in a ~~multidistrict, multiagency,~~ school  
27 readiness advisory committee convened as a workgroup of the great



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

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

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

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

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

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

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

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

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

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

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

25 (d) Include a program budget that contains only those costs  
26 that are not reimbursed or reimbursable by federal funding, that  
27 are clearly and directly attributable to the great start readiness

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

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

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

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

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

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

1 INCOME EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY LEVEL  
2 REGARDLESS OF ACTUAL FAMILY INCOME.

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

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

1 families maintenance of effort purposes.

2 (12) As used in this section:

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

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

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

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

25 ~~—— (14) The great start readiness reserve fund is created as a~~  
26 ~~separate account within the state school aid fund established by~~  
27 ~~section 11 of article IX of the state constitution of 1963. Money~~

Senate Bill No. 775 as amended May 8, 2014

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

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

19 (15) FROM THE AMOUNT APPROPRIATED IN SUBSECTION (1), THERE IS  
20 ALLOCATED AN AMOUNT NOT TO EXCEED <<\$10,000,000.00>> FOR REIMBURSEMENT  
21 OF TRANSPORTATION COSTS FOR CHILDREN ATTENDING GREAT START  
22 READINESS PROGRAMS FUNDED UNDER THIS SECTION. TO RECEIVE  
23 REIMBURSEMENT UNDER THIS SUBSECTION, NOT LATER THAN NOVEMBER 1,  
24 2014, A PROGRAM FUNDED UNDER THIS SECTION THAT PROVIDES  
25 TRANSPORTATION SHALL SUBMIT TO THE INTERMEDIATE DISTRICT THAT IS  
26 THE FISCAL AGENT FOR THE PROGRAM A PROJECTED TRANSPORTATION BUDGET.  
27 THE AMOUNT OF THE REIMBURSEMENT FOR TRANSPORTATION UNDER THIS



Senate Bill No. 775 as amended May 8, 2014

1 SUBSECTION SHALL BE THE LESSER OF THE PROJECTED TRANSPORTATION  
2 BUDGET OR <<\$150.00>> MULTIPLIED BY THE NUMBER OF SLOTS FUNDED FOR THE  
3 PROGRAM UNDER THIS SECTION. IF THE AMOUNT ALLOCATED UNDER THIS  
4 SUBSECTION IS INSUFFICIENT TO FULLY REIMBURSE THE TRANSPORTATION  
5 COSTS FOR ALL PROGRAMS THAT PROVIDE TRANSPORTATION AND SUBMIT THE  
6 REQUIRED INFORMATION, THE REIMBURSEMENT SHALL BE PRORATED IN AN  
7 EQUAL AMOUNT PER SLOT FUNDED. PAYMENTS SHALL BE MADE TO THE  
8 INTERMEDIATE DISTRICT THAT IS THE FISCAL AGENT FOR EACH PROGRAM,  
9 AND THE INTERMEDIATE DISTRICT SHALL THEN REIMBURSE THE PROGRAM  
10 PROVIDER FOR TRANSPORTATION COSTS AS PRESCRIBED UNDER THIS  
11 SUBSECTION.

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

27 (2) Each intermediate district or consortium of intermediate

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

7 (a) Children born healthy.

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

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

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

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

21 (a) Physical health.

22 (b) Social-emotional health.

23 (c) Family supports and basic needs.

24 (d) Parent education and child advocacy.

25 (e) Early education and care.

26 (4) Not later than December 1 of each year, each intermediate  
27 district shall provide a report to the department detailing the

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

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

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

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

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

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

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

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

24 (3) The number of prekindergarten children construed to be in  
25 need of special readiness assistance under section 32d shall be  
26 calculated for each applicant in the following manner: 1/2 of the  
27 percentage of the applicant's pupils in grades 1 to 5 in all

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

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

1 great start readiness program allocation. All head start and great  
2 start readiness program policies and regulations apply to the  
3 blended program.

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

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

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

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

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

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

26 (a) An amount estimated at ~~\$10,808,600.00~~ **\$8,000,000.00** to  
27 provide students with drug- and violence-prevention programs and to

1 implement strategies to improve school safety, funded from DED-  
2 OESE, drug-free schools and communities funds.

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

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

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

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

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

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

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

1 ~~mentally impaired by providing opportunities for mentoring and~~  
2 ~~integrated employment.~~

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

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

12 (3) ~~(4)~~ All federal funds allocated under this section shall  
13 be distributed in accordance with federal law and with flexibility  
14 provisions outlined in Public Law 107-116, and in the education  
15 flexibility partnership act of 1999, Public Law 106-25.  
16 Notwithstanding section 17b, payments of federal funds to  
17 districts, intermediate districts, and other eligible entities  
18 under this section shall be paid on a schedule determined by the  
19 department.

20 (4) ~~(5)~~ For the purposes of applying for federal grants  
21 appropriated under this article, the department shall allow an  
22 intermediate district to submit a consortium application on behalf  
23 of 2 or more districts with the agreement of those districts as  
24 appropriate according to federal rules and guidelines.

25 (5) ~~(6)~~ As used in this section:

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

27 (b) "DED-OESE" means the DED office of elementary and

1 secondary education.

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

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

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

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

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

25 Sec. 51a. (1) From the appropriation in section 11, there is  
26 allocated an amount not to exceed ~~\$919,846,100.00~~ **\$938,946,100.00**  
27 for ~~2013-2014-2014-2015~~ from state sources and all available

1 federal funding under sections 611 to 619 of part B of the  
2 individuals with disabilities education act, 20 USC 1411 to 1419,  
3 estimated at \$370,000,000.00 for ~~2013-2014~~, **2014-2015**, plus any  
4 carryover federal funds from previous year appropriations. The  
5 allocations under this subsection are for the purpose of  
6 reimbursing districts and intermediate districts for special  
7 education programs, services, and special education personnel as  
8 prescribed in article 3 of the revised school code, MCL 380.1701 to  
9 380.1766; net tuition payments made by intermediate districts to  
10 the Michigan schools for the deaf and blind; and special education  
11 programs and services for pupils who are eligible for special  
12 education programs and services according to statute or rule. For  
13 meeting the costs of special education programs and services not  
14 reimbursed under this article, a district or intermediate district  
15 may use money in general funds or special education funds, not  
16 otherwise restricted, or contributions from districts to  
17 intermediate districts, tuition payments, gifts and contributions  
18 from individuals or other entities, or federal funds that may be  
19 available for this purpose, as determined by the intermediate  
20 district plan prepared pursuant to article 3 of the revised school  
21 code, MCL 380.1701 to 380.1766. ~~All federal funds allocated under  
22 this section in excess of those allocated under this section for  
23 2002-2003 may be distributed in accordance with the flexible  
24 funding provisions of the individuals with disabilities education  
25 act, Public Law 108-446, including, but not limited to, 34 CFR  
26 300.206 and 300.208.~~ Notwithstanding section 17b, payments of  
27 federal funds to districts, intermediate districts, and other

1 eligible entities under this section shall be paid on a schedule  
2 determined by the department.

3 (2) From the funds allocated under subsection (1), there is  
4 allocated the amount necessary, estimated at ~~\$247,000,000.00~~  
5 **\$252,000,000.00** for ~~2013-2014, 2014-2015~~, for payments toward  
6 reimbursing districts and intermediate districts for 28.6138% of  
7 total approved costs of special education, excluding costs  
8 reimbursed under section 53a, and 70.4165% of total approved costs  
9 of special education transportation. Allocations under this  
10 subsection shall be made as follows:

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

1 foundation allowance under section 20 of the pupil's district of  
2 residence, not to exceed the basic foundation allowance under  
3 section 20 for the current fiscal year.

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

9 (3) From the funds allocated under subsection (1), there is  
10 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed  
11 \$1,000,000.00 to make payments to districts and intermediate  
12 districts under this subsection. If the amount allocated to a  
13 district or intermediate district for a fiscal year under  
14 subsection (2)(b) is less than the sum of the amounts allocated to  
15 the district or intermediate district for 1996-97 under sections 52  
16 and 58, there is allocated to the district or intermediate district  
17 for the fiscal year an amount equal to that difference, adjusted by  
18 applying the same proration factor that was used in the  
19 distribution of funds under section 52 in 1996-97 as adjusted to  
20 the district's or intermediate district's necessary costs of  
21 special education used in calculations for the fiscal year. This  
22 adjustment is to reflect reductions in special education program  
23 operations or services between 1996-97 and subsequent fiscal years.  
24 Adjustments for reductions in special education program operations  
25 or services shall be made in a manner determined by the department  
26 and shall include adjustments for program or service shifts.

27 (4) If the department determines that the sum of the amounts

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

19 (5) State funds shall be allocated on a total approved cost  
20 basis. Federal funds shall be allocated under applicable federal  
21 requirements, except that an amount not to exceed \$3,500,000.00 may  
22 be allocated by the department for ~~2013-2014~~ **2014-2015** to  
23 districts, intermediate districts, or other eligible entities on a  
24 competitive grant basis for programs, equipment, and services that  
25 the department determines to be designed to benefit or improve  
26 special education on a statewide scale.

27 (6) From the amount allocated in subsection (1), there is

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

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

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



1 services shall be reimbursed under this section only for that  
2 portion of time actually spent providing these programs and  
3 services, with the exception of special education programs and  
4 services provided to youth placed in child caring institutions or  
5 juvenile detention programs approved by the department to provide  
6 an on-grounds education program.

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

21 (c) If the department determines before bookclosing for a  
22 fiscal year that the amounts allocated for that fiscal year under  
23 subsections (2), (3), (6), and (11) and sections 53a, 54, and 56  
24 will exceed expenditures for that fiscal year under subsections  
25 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a  
26 district or intermediate district whose reimbursement for that  
27 fiscal year would otherwise be affected by subdivision (b),

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

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

24 (e) Beginning with calculations for 2004-2005, if an  
25 intermediate district purchases a special education pupil  
26 transportation service from a constituent district that was  
27 previously purchased from a private entity; if the purchase from

1 the constituent district is at a lower cost, adjusted for changes  
2 in fuel costs; and if the cost shift from the intermediate district  
3 to the constituent does not result in any net change in the revenue  
4 the constituent district receives from payments under sections 22b  
5 and 51c, then upon application by the intermediate district, the  
6 department shall direct the intermediate district to continue to  
7 report the cost associated with the specific identified special  
8 education pupil transportation service and shall adjust the costs  
9 reported by the constituent district to remove the cost associated  
10 with that specific service.

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

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

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

1           (11) From the funds allocated in subsection (1), there is  
2 allocated the amount necessary, estimated at ~~\$3,500,000.00~~  
3 **\$3,300,000.00** for ~~2013-2014,~~ **2014-2015**, to pay the foundation  
4 allowances for pupils described in this subsection. The allocation  
5 to a district under this subsection shall be calculated by  
6 multiplying the number of pupils described in this subsection who  
7 are counted in membership in the district times the foundation  
8 allowance under section 20 of the pupil's district of residence,  
9 not to exceed the basic foundation allowance under section 20 for  
10 the current fiscal year, or, for a pupil described in this  
11 subsection who is counted in membership in a district that is a  
12 public school academy, times an amount equal to the amount per  
13 membership pupil under section 20(6) or, for a pupil described in  
14 this subsection who is counted in membership in the education  
15 achievement system, times an amount equal to the amount per  
16 membership pupil under section 20(7). The allocation to an  
17 intermediate district under this subsection shall be calculated in  
18 the same manner as for a district, using the foundation allowance  
19 under section 20 of the pupil's district of residence, not to  
20 exceed the basic foundation allowance under section 20 for the  
21 current fiscal year. This subsection applies to all of the  
22 following pupils:

23           (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

17 (13) The allocations under subsections (2), (3), and (11)  
18 shall be allocations to intermediate districts only and shall not  
19 be allocations to districts, but instead shall be calculations used  
20 only to determine the state payments under section 22b.

21 (14) If a public school academy enrolls pursuant to this  
22 section a pupil who resides outside of the intermediate district in  
23 which the public school academy is located and who is eligible for  
24 special education programs and services according to statute or  
25 rule, or who is a child with disabilities, as defined under the  
26 individuals with disabilities education act, Public Law 108-446,  
27 the provision of special education programs and services and the

1 payment of the added costs of special education programs and  
2 services for the pupil are the responsibility of the district and  
3 intermediate district in which the pupil resides unless the  
4 enrolling district or intermediate district has a written agreement  
5 with the district or intermediate district in which the pupil  
6 resides or the public school academy for the purpose of providing  
7 the pupil with a free appropriate public education and the written  
8 agreement includes at least an agreement on the responsibility for  
9 the payment of the added costs of special education programs and  
10 services for the pupil.

11 Sec. 51c. As required by the court in the consolidated cases  
12 known as Durant v State of Michigan, Michigan supreme court docket  
13 no. 104458-104492, from the allocation under section 51a(1), there  
14 is allocated for ~~2013-2014-2014-2015~~ the amount necessary,  
15 estimated at ~~\$613,200,000.00,~~ **\$630,500,000.00**, for payments to  
16 reimburse districts for 28.6138% of total approved costs of special  
17 education excluding costs reimbursed under section 53a, and  
18 70.4165% of total approved costs of special education  
19 transportation. Funds allocated under this section that are not  
20 expended in the state fiscal year for which they were allocated, as  
21 determined by the department, may be used to supplement the  
22 allocations under sections 22a and 22b in order to fully fund those  
23 calculated allocations for the same fiscal year.

24 Sec. 51d. (1) From the federal funds appropriated in section  
25 11, there is allocated for ~~2013-2014-2014-2015~~, all available  
26 federal funding, estimated at \$74,000,000.00, for special education  
27 programs **AND SERVICES** that are funded by federal grants. All

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

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

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

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

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

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

20 Sec. 53a. (1) For districts, reimbursement for pupils  
21 described in subsection (2) shall be 100% of the total approved  
22 costs of operating special education programs and services approved  
23 by the department and included in the intermediate district plan  
24 adopted pursuant to article 3 of the revised school code, MCL  
25 380.1701 to 380.1766, minus the district's foundation allowance  
26 calculated under section 20. For intermediate districts,  
27 reimbursement for pupils described in subsection (2) shall be

1 calculated in the same manner as for a district, using the  
2 foundation allowance under section 20 of the pupil's district of  
3 residence, not to exceed the basic foundation allowance under  
4 section 20 for the current fiscal year.

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

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

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

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

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

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

25 (3) Only those costs that are clearly and directly  
26 attributable to educational programs for pupils described in  
27 subsection (2), and that would not have been incurred if the pupils



1 were not being educated in a district or intermediate district, are  
2 reimbursable under this section.

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

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

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

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

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

19 (b) "Millage levied" means the millage levied for special  
20 education pursuant to part 30 of the revised school code, MCL  
21 380.1711 to 380.1743, including a levy for debt service  
22 obligations.

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

1 value of the intermediate district.

2 (2) From the allocation under section 51a(1), there is  
3 allocated an amount not to exceed \$37,758,100.00 for ~~2013-2014~~  
4 **2014-2015** to reimburse intermediate districts levying millages for  
5 special education pursuant to part 30 of the revised school code,  
6 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the  
7 reimbursement shall be limited as if the funds were generated by  
8 these millages and governed by the intermediate district plan  
9 adopted pursuant to article 3 of the revised school code, MCL  
10 380.1701 to 380.1766. As a condition of receiving funds under this  
11 section, an intermediate district distributing any portion of  
12 special education millage funds to its constituent districts shall  
13 submit for departmental approval and implement a distribution plan.

14 (3) Reimbursement for those millages levied in ~~2012-2013-2013-~~  
15 **2014** shall be made in ~~2013-2014-2014-2015~~ at an amount per ~~2012-~~  
16 ~~2013-2013-2014~~ membership pupil computed by subtracting from  
17 ~~\$169,900.00-\$172,200.00~~ the ~~2012-2013-2013-2014~~ taxable value  
18 behind each membership pupil and multiplying the resulting  
19 difference by the ~~2012-2013-2013-2014~~ millage levied.

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

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

27 Sec. 61a. (1) From the appropriation in section 11, there is

1 allocated an amount not to exceed \$26,611,300.00 for ~~2013-2014~~  
2 **2014-2015** to reimburse on an added cost basis districts, except for  
3 a district that served as the fiscal agent for a vocational  
4 education consortium in the 1993-94 school year, and secondary area  
5 vocational-technical education centers for secondary-level career  
6 and technical education programs according to rules approved by the  
7 superintendent. Applications for participation in the programs  
8 shall be submitted in the form prescribed by the department. The  
9 department shall determine the added cost for each career and  
10 technical education program area. The allocation of added cost  
11 funds shall be based on the type of career and technical education  
12 programs provided, the number of pupils enrolled, and the length of  
13 the training period provided, and shall not exceed 75% of the added  
14 cost of any program. With the approval of the department, the board  
15 of a district maintaining a secondary career and technical  
16 education program may offer the program for the period from the  
17 close of the school year until September 1. The program shall use  
18 existing facilities and shall be operated as prescribed by rules  
19 promulgated by the superintendent.

20 (2) Except for a district that served as the fiscal agent for  
21 a vocational education consortium in the 1993-94 school year,  
22 districts and intermediate districts shall be reimbursed for local  
23 career and technical education administration, shared time career  
24 and technical education administration, and career education  
25 planning district career and technical education administration.  
26 The definition of what constitutes administration and reimbursement  
27 shall be pursuant to guidelines adopted by the superintendent. Not

1 more than \$800,000.00 of the allocation in subsection (1) shall be  
2 distributed under this subsection.

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

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

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

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

27 (c) "Taxable value" means the total taxable value of the

1 districts constituent to an intermediate district or area  
2 vocational-technical education program, except that if a district  
3 has elected not to come under sections 681 to 690 of the revised  
4 school code, MCL 380.681 to 380.690, the membership and taxable  
5 value of that district shall not be included in the membership and  
6 taxable value of the intermediate district. However, the membership  
7 and taxable value of a district that has elected not to come under  
8 sections 681 to 690 of the revised school code, MCL 380.681 to  
9 380.690, shall be included in the membership and taxable value of  
10 the intermediate district if the district meets both of the  
11 following:

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

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

20 (2) From the appropriation in section 11, there is allocated  
21 an amount not to exceed \$9,190,000.00 for ~~2013-2014~~ **2014-2015** to  
22 reimburse intermediate districts and area vocational-technical  
23 education programs established under section 690(3) of the revised  
24 school code, MCL 380.690, levying millages for area vocational-  
25 technical education pursuant to sections 681 to 690 of the revised  
26 school code, MCL 380.681 to 380.690. The purpose, use, and  
27 expenditure of the reimbursement shall be limited as if the funds

1 were generated by those millages.

2 (3) Reimbursement for the millages levied in ~~2012-2013-2013-~~  
 3 ~~2014~~ shall be made in ~~2013-2014-~~**2014-2015** at an amount per ~~2012-~~  
 4 ~~2013-2013-2014~~ membership pupil computed by subtracting from  
 5 ~~\$186,500.00-~~**\$188,100.00** the ~~2012-2013-2013-2014~~ taxable value  
 6 behind each membership pupil and multiplying the resulting  
 7 difference by the ~~2012-2013-~~**2013-2014** millage levied.

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

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

15 **SEC. 64B. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**  
 16 **ALLOCATED AN AMOUNT NOT TO EXCEED \$1,750,000.00 FOR 2014-2015 FOR**  
 17 **SUPPLEMENTAL PAYMENTS TO DISTRICTS THAT SUPPORT THE ATTENDANCE OF**  
 18 **DISTRICT PUPILS IN GRADES 9 TO 12 UNDER THE POSTSECONDARY**  
 19 **ENROLLMENT OPTIONS ACT, 1996 PA 160, MCL 388.511 TO 388.524, OR**  
 20 **UNDER THE CAREER AND TECHNICAL PREPARATION ACT, 2000 PA 258, MCL**  
 21 **388.1901 TO 388.1913, CONSISTENT WITH SECTION 21B, OR THAT SUPPORT**  
 22 **THE ATTENDANCE OF DISTRICT PUPILS IN A CONCURRENT ENROLLMENT**  
 23 **PROGRAM IF THE DISTRICT MEETS THE REQUIREMENTS UNDER SUBSECTION**  
 24 **(3).**

25 **(2) TO BE ELIGIBLE FOR PAYMENTS UNDER THIS SECTION FOR**  
 26 **SUPPORTING THE ATTENDANCE OF DISTRICT PUPILS UNDER THE**  
 27 **POSTSECONDARY ENROLLMENT OPTIONS ACT, 1996 PA 160, MCL 388.511 TO**

1 388.524, OR UNDER THE CAREER AND TECHNICAL PREPARATION ACT, 2000 PA  
2 258, MCL 388.1901 TO 388.1913, A DISTRICT SHALL DO ALL OF THE  
3 FOLLOWING:

4 (A) PROVIDE INFORMATION TO ALL HIGH SCHOOL PUPILS ON  
5 POSTSECONDARY ENROLLMENT OPTIONS, INCLUDING ENROLLMENT ELIGIBILITY,  
6 THE INSTITUTIONS AND TYPES OF COURSES THAT ARE ELIGIBLE FOR  
7 PARTICIPATION, THE DECISION-MAKING PROCESS FOR GRANTING ACADEMIC  
8 CREDIT, AND AN EXPLANATION OF ELIGIBLE CHARGES THAT WILL BE PAID BY  
9 THE DISTRICT.

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

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

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

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

18 (A) PROVIDE INFORMATION TO ALL HIGH SCHOOL PUPILS ON  
19 POSTSECONDARY ENROLLMENT OPTIONS, INCLUDING ENROLLMENT ELIGIBILITY,  
20 THE INSTITUTIONS AND TYPES OF COURSES THAT ARE ELIGIBLE FOR  
21 PARTICIPATION, THE DECISION-MAKING PROCESS FOR GRANTING ACADEMIC  
22 CREDIT, AND AN EXPLANATION OF ELIGIBLE CHARGES THAT WILL BE PAID BY  
23 THE DISTRICT.

24 (B) ENTER INTO A WRITTEN AGREEMENT WITH A POSTSECONDARY  
25 INSTITUTION ESTABLISHING THE CONCURRENT ENROLLMENT PROGRAM BEFORE  
26 THE ENROLLMENT OF DISTRICT PUPILS IN A POSTSECONDARY COURSE THROUGH  
27 THE POSTSECONDARY INSTITUTION.

1 (C) ENSURE THAT THE COURSE IS TAUGHT BY EITHER A HIGH SCHOOL  
2 TEACHER OR POSTSECONDARY FACULTY PURSUANT TO STANDARDS ESTABLISHED  
3 BY THE POSTSECONDARY INSTITUTION WITH WHICH THE DISTRICT HAS  
4 ENTERED INTO A WRITTEN AGREEMENT TO OPERATE THE CONCURRENT  
5 ENROLLMENT PROGRAM.

6 (D) ENSURE THAT THE WRITTEN AGREEMENT PROVIDES THAT THE  
7 POSTSECONDARY INSTITUTION AGREES NOT TO CHARGE THE PUPIL FOR ANY  
8 COST OF THE PROGRAM.

9 (E) ENSURE THAT THE COURSE IS TAUGHT IN THE LOCAL DISTRICT OR  
10 INTERMEDIATE DISTRICT.

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

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

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

19 (B) AN ADDITIONAL PAYMENT OF \$30.00 PER PUPIL PER COURSE  
20 IDENTIFIED IN SUBDIVISION (A), IF THE PUPIL SUCCESSFULLY COMPLETES,  
21 AND IS AWARDED BOTH HIGH SCHOOL AND POSTSECONDARY CREDIT FOR, THE  
22 COURSE DURING THE 2014-2015 SCHOOL YEAR.

23 (5) A DISTRICT REQUESTING PAYMENT UNDER THIS SECTION SHALL  
24 SUBMIT AN APPLICATION TO THE DEPARTMENT IN THE FORM AND MANNER  
25 PRESCRIBED BY THE DEPARTMENT. NOTWITHSTANDING SECTION 17B, PAYMENTS  
26 UNDER THIS SECTION SHALL BE MADE ON A SCHEDULE DETERMINED BY THE  
27 DEPARTMENT.



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

4       (2) From the allocation in subsection (1), there is allocated  
5 for each fiscal year the amount necessary for payments to state  
6 supported colleges or universities and intermediate districts  
7 providing school bus driver safety instruction pursuant to section  
8 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The  
9 payments shall be in an amount determined by the department not to  
10 exceed the actual cost of instruction and driver compensation for  
11 each public or nonpublic school bus driver attending a course of  
12 instruction. For the purpose of computing compensation, the hourly  
13 rate allowed each school bus driver shall not exceed the hourly  
14 rate received for driving a school bus. Reimbursement compensating  
15 the driver during the course of instruction shall be made by the  
16 department to the college or university or intermediate district  
17 providing the course of instruction.

18       (3) From the allocation in subsection (1), there is allocated  
19 ~~each fiscal year~~ **FOR 2014-2015** the amount necessary to pay the  
20 reasonable costs of nonspecial education auxiliary services  
21 transportation provided pursuant to section 1323 of the revised  
22 school code, MCL 380.1323. Districts funded under this subsection  
23 shall not receive funding under any other section of this article  
24 for nonspecial education auxiliary services transportation.

25       (4) From the funds allocated in subsection (1), there is  
26 allocated an amount not to exceed ~~\$1,674,000.00 for 2013-2014~~  
27 **\$1,691,500.00 FOR 2014-2015** for reimbursement to districts and

1 intermediate districts for costs associated with the inspection of  
2 school buses and pupil transportation vehicles by the department of  
3 state police as required under section 715a of the Michigan vehicle  
4 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil  
5 transportation act, 1990 PA 187, MCL 257.1839. The department of  
6 state police shall prepare a statement of costs attributable to  
7 each district for which bus inspections are provided and submit it  
8 to the department and to an intermediate district serving as  
9 fiduciary in a time and manner determined jointly by the department  
10 and the department of state police. Upon review and approval of the  
11 statement of cost, the department shall forward to the designated  
12 intermediate district serving as fiduciary the amount of the  
13 reimbursement on behalf of each district and intermediate district  
14 for costs detailed on the statement within 45 days after receipt of  
15 the statement. The designated intermediate district shall make  
16 payment in the amount specified on the statement to the department  
17 of state police within 45 days after receipt of the statement. The  
18 total reimbursement of costs under this subsection shall not exceed  
19 the amount allocated under this subsection. Notwithstanding section  
20 17b, payments to eligible entities under this subsection shall be  
21 paid on a schedule prescribed by the department.

22       **SEC. 74A. FROM THE SCHOOL AID FUND MONEY APPROPRIATED IN**  
23 **SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**  
24 **\$5,000,000.00 FOR 2014-2015 FOR A PILOT PROJECT PROVIDING GRANTS TO**  
25 **DISTRICTS TO CONVERT BUSES FROM DIESEL FUEL TO NATURAL GAS. IN**  
26 **ORDER TO BE ELIGIBLE FOR A GRANT, A DISTRICT SHALL PROVIDE THE**  
27 **DEPARTMENT WITH INFORMATION ON THE COST OF FUEL FOR THE CONVERTED**

Senate Bill No. 775 as amended May 8, 2014

1 BUSES, EXPRESSED IN DOLLARS PER MILE DRIVEN. GRANTS TO ELIGIBLE  
2 DISTRICTS SHALL NOT EXCEED \$8,000.00 PER BUS CONVERTED, WITH A  
3 MAXIMUM GRANT PER DISTRICT NOT TO EXCEED \$50,000.00. DISTRICTS  
4 SEEKING GRANTS UNDER THIS SECTION SHALL APPLY TO THE DEPARTMENT NOT  
5 LATER THAN NOVEMBER 1, 2014. THE DEPARTMENT SHALL RANK ORDER ALL  
6 DISTRICTS THAT APPLY FOR GRANTS BASED ON MILES DRIVEN IN THE  
7 PREVIOUS SCHOOL YEAR, AND SHALL AWARD GRANTS TO DISTRICTS WITH THE  
8 HIGHEST NUMBER OF MILES DRIVEN, UNTIL ALL FUNDING IS AWARDED.

9 Sec. 81. (1) Except as otherwise provided in this section,  
10 from the appropriation in section 11, there is allocated each  
11 ~~fiscal year for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** to the  
12 intermediate districts the sum necessary, but not to exceed  
13 ~~\$64,115,100.00 each fiscal year,~~ **<<\$66,682,000.00>>** to provide state  
14 aid to intermediate districts under this section.

15 (2) From the allocation in subsection (1), there is allocated  
16 **FOR 2014-2015** an amount not to exceed ~~\$62,108,000.00~~ **<<\$66,675,000.00>>**  
17 for allocations to each intermediate district ~~for 2012-2013 in an~~  
18 ~~amount equal to 100% of the amount allocated to the intermediate~~  
19 ~~district under this subsection for 2011-2012. From the allocation~~  
20 ~~in subsection (1), there is allocated an amount not to exceed~~  
21 ~~\$62,108,000.00 for allocations to each intermediate district for~~  
22 ~~2013-2014 in an amount equal to~~ **<<100.0%104.0%>>** of the amount  
allocated to

23 the intermediate district under this ~~subsection for 2012-2013.~~  
24 **SECTION, EXCLUDING THE AMOUNT UNDER SUBSECTION (4), FOR 2013-2014.**  
25 Funding provided under this section shall be used to comply with  
26 requirements of this article and the revised school code that are  
27 applicable to intermediate districts, and for which funding is not

1 provided elsewhere in this article, and to provide technical  
2 assistance to districts as authorized by the intermediate school  
3 board.

4 (3) Intermediate districts receiving funds under subsection  
5 (2) shall collaborate with the department to develop expanded  
6 professional development opportunities for teachers to update and  
7 expand their knowledge and skills needed to support the Michigan  
8 merit curriculum.

9 (4) From the allocation in subsection (1), there is allocated  
10 to an intermediate district, formed by the consolidation or  
11 annexation of 2 or more intermediate districts or the attachment of  
12 a total intermediate district to another intermediate school  
13 district or the annexation of all of the constituent K-12 districts  
14 of a previously existing intermediate school district which has  
15 disorganized, an additional allotment of \$3,500.00 each fiscal year  
16 for each intermediate district included in the new intermediate  
17 district for 3 years following consolidation, annexation, or  
18 attachment. From the allocation in subsection (1), there is  
19 allocated \$7,000.00 for purposes of this subsection for 2012-2013,  
20 for 2013-2014, and for 2014-2015, after which the payment under  
21 this subsection will cease.

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

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

27 (b) Demonstrate to the satisfaction of the department that the

1 intermediate district employs at least 1 person who is trained in  
2 rules, regulations, and district reporting procedures for the  
3 individual-level student data that serves as the basis for the  
4 calculation of the district and high school graduation and dropout  
5 rates.

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

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

11 (e) Comply with section 1230g of the revised school code, MCL  
12 380.1230g.

13 (f) Comply with section 761 of the revised school code, MCL  
14 380.761.

15 ~~—— (6) From the allocation in subsection (1), there is allocated~~  
16 ~~an amount not to exceed \$2,000,000.00 for 2012-2013 for an~~  
17 ~~incentive payment to each intermediate district that meets best~~  
18 ~~practices as determined by the department under this subsection.~~  
19 ~~The amount of the incentive payment is an amount equal to 3.2% of~~  
20 ~~the amount allocated to the intermediate district under subsection~~  
21 ~~(2). An intermediate district is eligible for an incentive payment~~  
22 ~~under this subsection if the intermediate district satisfies at~~  
23 ~~least 4 of the following requirements not later than June 1, 2013:~~

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

26 ~~—— (i) Develop a service consolidation plan in 2012-2013 to reduce~~  
27 ~~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.~~

~~1 (iii) The number and percentage of teachers in the intermediate  
2 district service area that are trained to integrate technology into  
3 the classroom.~~

~~4 (iv) The total funds received from levying special education  
5 and vocational education millages, and the number of special  
6 education and vocational education pupils served with those  
7 dollars.~~

~~8 (v) The number and percentage of individualized education  
9 programs developed for special education pupils that contain  
10 academic goals.~~

~~11 (e) The intermediate district works in a consortium with 1 or  
12 more other intermediate districts to develop information management  
13 system requirements and bid specifications that can be used as  
14 statewide models. At a minimum, these specifications shall include  
15 pupil management systems for both general and special education,  
16 learning management tools, and business services.~~

~~17 (7) From the allocation in subsection (1), there is allocated  
18 an amount not to exceed \$2,000,000.00 for 2013-2014 for an  
19 incentive payment to each intermediate district that meets best  
20 practices as determined by the department under this subsection.~~

~~21 The amount of the incentive payment is an amount equal to 3.2% of  
22 the amount allocated to the intermediate district under subsection  
23 (2). An intermediate district is eligible for an incentive payment  
24 under this subsection if the intermediate district satisfies at  
25 least 5 of the following requirements not later than June 1, 2014:~~

~~26 (a) The intermediate district enters into an agreement with  
27 the department to comply with all of the following:~~

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

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

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

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

19 ~~—— (b) The intermediate district has obtained competitive bids on~~  
20 ~~the provision of 1 or more noninstructional services for the~~  
21 ~~intermediate district or its constituent districts with a value of~~  
22 ~~at least \$50,000.00. The unfunded accrued liability costs for~~  
23 ~~retirement and other benefits shall be excluded from the~~  
24 ~~intermediate district's current costs for the purpose of comparing~~  
25 ~~competitive bids to the current costs of providing services.~~

26 ~~—— (c) The intermediate district develops a technology plan in~~  
27 ~~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.~~

~~—— (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~~

1 dollars.

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

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

15 ~~—— (f) If an intermediate district provides medical, pharmacy,~~  
16 ~~dental, vision, disability, long term care, or any other type of~~  
17 ~~benefit that would constitute a health care services benefit, to~~  
18 ~~employees and their dependents, the intermediate district is the~~  
19 ~~policyholder for each of its insurance policies that covers 1 or~~  
20 ~~more of these benefits. An intermediate district that does not~~  
21 ~~directly employ its staff or an intermediate district with a~~  
22 ~~voluntary employee beneficiary association that pays no more than~~  
23 ~~the maximum per employee contribution amount and that contributes~~  
24 ~~no more than the maximum employer contribution percentage of total~~  
25 ~~annual costs for the medical benefit plans as described in sections~~  
26 ~~3 and 4 of the publicly funded health insurance contribution act,~~  
27 ~~2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied~~

1 ~~this requirement.~~

2       Sec. 94. (1) From the general fund appropriation in section  
3 11, there is allocated to the department for ~~2013-2014~~**2014-2015** an  
4 amount not to exceed \$250,000.00 for efforts to increase the number  
5 of pupils who participate and succeed in advanced placement and  
6 international baccalaureate programs.

7       (2) From the funds allocated under this section, the  
8 department shall award funds to cover all or part of the costs of  
9 advanced placement test fees or international baccalaureate test  
10 fees for low-income pupils who take an advanced placement or an  
11 international baccalaureate test. Payments shall not exceed \$20.00  
12 per test completed.

13       (3) The department shall only award funds under this section  
14 if the department determines that all of the following criteria are  
15 met:

16       (a) Each pupil for whom payment is made meets eligibility  
17 requirements of the federal advanced placement test fee program  
18 under section 1701 of the no child left behind act of 2001, Public  
19 Law 107-110.

20       (b) The tests are administered by the college board, the  
21 international baccalaureate organization, or another test provider  
22 approved by the department.

23       (c) The pupil for whom payment is made pays at least \$5.00  
24 toward the cost of each test for which payment is made **ON BEHALF OF**  
25 **THAT PUPIL.**

26       (4) The department shall establish procedures for awarding  
27 funds under this section.

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

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

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

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

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

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

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

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

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

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

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

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

9           (2) Each state department, officer, or agency that collects  
10 information from districts, intermediate districts, or  
11 postsecondary institutions as required under state or federal law  
12 shall make arrangements with the center to ensure that the state  
13 department, officer, or agency is in compliance with subsection  
14 (1). This subsection does not apply to information collected by the  
15 department of treasury under the uniform budgeting and accounting  
16 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal  
17 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond  
18 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to  
19 388.1939; or section 1351a of the revised school code, MCL  
20 380.1351a.

21           (3) The center may enter into any interlocal agreements  
22 necessary to fulfill its functions.

23           (4) The center shall ensure that the P-20 longitudinal data  
24 system required under subsection (1)(b) meets all of the following:

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

27           (b) Supports interoperability by using standard data

1 structures, data formats, and data definitions to ensure linkage  
2 and connectivity in a manner that facilitates the exchange of data  
3 among agencies and institutions within the state and between  
4 states.

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

8 (d) Enables the matching of individual teachers with  
9 information about their certification and the institutions that  
10 prepared and recommended those teachers for state certification.

11 (e) Enables data to be easily generated for continuous  
12 improvement and decision-making, including timely reporting to  
13 parents, teachers, and school leaders on student achievement.

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

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

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

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

23 (ii) Contains student-level enrollment, demographic, and  
24 program participation information.

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

1 (iv) Has the capacity to communicate with higher education data  
2 systems.

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

5 (i) Contains yearly test records of individual students for  
6 assessments approved by DED-OESE for accountability purposes under  
7 section 1111(b) of the elementary and secondary education act of  
8 1965, 20 USC 6311, including information on individual students not  
9 tested, by grade and subject.

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

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

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

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

18 (A) Enrollment in remedial coursework.

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

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

24 (5) From the general fund appropriation in section 11, there  
25 is allocated an amount not to exceed ~~\$9,535,100.00 for 2013-2014~~  
26 **\$12,022,800.00 FOR 2014-2015** to the department of technology,  
27 management, and budget to support the operations of the center. In

1 addition, from the federal funds appropriated in section 11 there  
2 is allocated for ~~2013-2014~~**2014-2015** the amount necessary,  
3 estimated at \$193,500.00, to support the operations of the center  
4 and to establish a P-20 longitudinal data system as provided under  
5 this section in compliance with the assurance provided to the  
6 United States department of education in order to receive state  
7 fiscal stabilization funds. The center shall cooperate with the  
8 department to ensure that this state is in compliance with federal  
9 law and is maximizing opportunities for increased federal funding  
10 to improve education in this state.

11 (6) From the funds allocated in subsection (5), there is  
12 allocated for ~~2013-2014~~**2014-2015** an amount not to exceed  
13 \$850,000.00 for competitive grants to support collaborative efforts  
14 on the P-20 longitudinal data system. All of the following apply to  
15 grants awarded under this subsection:

16 (a) The center shall award competitive grants to eligible  
17 intermediate districts or a consortium of intermediate districts  
18 based on criteria established by the center.

19 (b) Activities funded under the grant shall support the P-20  
20 longitudinal data system portal and may include portal hosting,  
21 hardware and software acquisition, maintenance, enhancements, user  
22 support and related materials, and professional learning tools and  
23 activities aimed at improving the utility of the P-20 longitudinal  
24 data system.

25 (c) An applicant that received a grant under this subsection  
26 for the immediately preceding fiscal year shall receive priority  
27 for funding under this section. However, after 3 fiscal years of



1 continuous funding, an applicant is required to compete openly with  
2 new applicants.

3 ~~—— (7) From the funds allocated in subsection (5), there is~~  
4 ~~allocated for 2013-2014 an amount not to exceed \$100,000.00 for the~~  
5 ~~center to develop the pupil transfer application as required under~~  
6 ~~section 25e.~~

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

11 ~~—— (9) It is the intent of the legislature that, beginning in~~  
12 ~~2014-2015, a district shall report to the center by June 30, in a~~  
13 ~~manner prescribed by the center, the number of pupils in the~~  
14 ~~district who have had 10 or more unexcused absences each school~~  
15 ~~year. For pupils in grades 9 to 12, the report shall include both~~  
16 ~~the total number of unexcused absences in any single course and the~~  
17 ~~total number of unexcused absences in all courses. Each district~~  
18 ~~shall define unexcused absence. It is the intent of the legislature~~  
19 ~~that a district that reports false information under this~~  
20 ~~subsection shall forfeit an amount equal to 5% of its total state~~  
21 ~~aid allocation under this act.~~

22 (8) ~~(10)~~ The center may bill departments as necessary in order  
23 to fulfill reporting requirements of state and federal law. The  
24 center may also enter into agreements to supply custom data,  
25 analysis, and reporting to other principal executive departments,  
26 state agencies, local units of government, and other individuals  
27 and organizations. The center may receive and expend funds in

1 addition to those authorized in subsection (5) to cover the costs  
 2 associated with salaries, benefits, supplies, materials, and  
 3 equipment necessary to provide such data, analysis, and reporting  
 4 services.

5 (9) ~~(11)~~ As used in this section:

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

8 (b) "State education agency" means the department.

9 Sec. 95. (1) From the funds appropriated in section 11, there  
 10 is allocated an amount not to exceed ~~\$1,750,000.00 for 2012-2013~~  
 11 ~~and there is allocated an amount not to exceed \$500,000.00 for~~  
 12 ~~2013-2014-2014-2015~~ for grants to districts to support professional  
 13 development for principals and assistant principals in a  
 14 department-approved training program for implementing educator  
 15 evaluations as required under section 1249 of the revised school  
 16 code, MCL 380.1249.

17 (2) The funds allocated under this section are a work project  
 18 appropriation, and any unexpended funds for ~~2012-2013 are carried~~  
 19 ~~forward into 2013-2014. 2014-2015 ARE CARRIED FORWARD INTO 2015-~~  
 20 **2016.** The purpose of the work project is to continue to implement  
 21 the projects described under subsection (1). The estimated  
 22 completion date of the work project is September 30, ~~2014-2016.~~

23 (3) For ~~2012-2013, 2014-2015~~, all districts may apply for  
 24 funding under this section by a date determined by the department.  
 25 ~~Beginning in 2013-2014, in~~ **IN** a form and manner determined by the  
 26 department, **THE DEPARTMENT SHALL GIVE** priority ~~will be given to~~  
 27 districts that have new building administrators who have not

1 previously received training in programs funded under this section.

2 (4) The department shall approve training programs for the  
3 purpose of this section. The department shall approve all training  
4 programs recommended by the council on educator effectiveness and  
5 may approve other training programs that meet department criteria.  
6 At a minimum, these other programs shall meet all of the following  
7 criteria:

8 (a) Contain instructional content on methods of evaluating  
9 teachers consistently across multiple grades and subjects.

10 (b) Include training on evaluation observation that is focused  
11 on reliability and bias awareness and that instills skills needed  
12 for consistent, evidence-based observations.

13 (c) Incorporate the use of videos of actual lessons for  
14 applying rubrics and consistent scoring.

15 (d) Align with recommendations of the council on educator  
16 effectiveness.

17 (e) Provide ongoing support to maintain inter-rater  
18 reliability. As used in this subdivision, "inter-rater reliability"  
19 means a consistency of measurement from different evaluators  
20 independently applying the same evaluation criteria to the same  
21 classroom observation.

22 (5) The department shall award grants to eligible districts in  
23 an amount determined by the department, but not to exceed \$350.00  
24 per participant.

25 (6) A district receiving funds under this section shall use  
26 the funds only for department-approved training programs under this  
27 section.

1       Sec. 99. (1) From the funds appropriated in section 11, there  
2 is allocated for ~~2013-2014~~**2014-2015** an amount not to exceed  
3 ~~\$2,850,000.00~~**\$2,750,000.00** from the state school aid fund and an  
4 amount not to exceed ~~\$375,000.00~~**\$475,000.00** from the general fund  
5 to support the activities and programs of mathematics and science  
6 centers and for other purposes as described in this section. In  
7 addition, from the federal funds appropriated in section 11, there  
8 is allocated for ~~2013-2014~~**2014-2015** an amount estimated at  
9 \$5,249,300.00 from DED-OESE, title II, mathematics and science  
10 partnership grants.

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

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

26       (4) As part of the technical assistance process, the  
27 department shall provide minimum standard guidelines that may be

1 used by the mathematics and science center for providing fair  
2 access for qualified pupils and professional staff as prescribed in  
3 this section.

4 (5) Allocations under this section to support the activities  
5 and programs of mathematics and science centers shall be continuing  
6 support grants to all 33 established mathematics and science  
7 centers. Each established mathematics and science center that was  
8 funded in the immediately preceding fiscal year shall receive state  
9 funding in an amount equal to 100% of the amount it was allocated  
10 under this subsection for the immediately preceding fiscal year. If  
11 a center declines state funding or a center closes, the remaining  
12 money available under this section shall be distributed to the  
13 remaining centers, as determined by the department.

14 (6) From the funds allocated in subsection (1), there is  
15 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed  
16 \$750,000.00 in a form and manner determined by the department to  
17 those centers able to provide curriculum and professional  
18 development support to assist districts in implementing the  
19 Michigan merit curriculum components for mathematics and science.  
20 Funding under this subsection is in addition to funding allocated  
21 under subsection (5).

22 (7) From the ~~state school aid~~ **GENERAL** fund money allocated in  
23 subsection (1), there is allocated for ~~2013-2014-2014-2015~~ an  
24 amount not to exceed \$100,000.00 ~~in a form and manner determined by~~  
25 ~~the department to a single mathematics and science center that is a~~  
26 ~~participant in~~ **TO** the Michigan STEM partnership, to be used to  
27 administer the grant process under this subsection. From the

1 general fund money allocated in subsection (1), there is allocated  
2 for ~~2013-2014~~**2014-2015** an amount not to exceed \$375,000.00 to the  
3 Michigan STEM partnership to be used for a competitive grant  
4 process to award competitive grants to organizations conducting  
5 student-focused, project-based programs and competitions, either in  
6 the classroom or extracurricular, in science, technology,  
7 engineering, and mathematics subjects such as, but not limited to,  
8 robotics, coding, and design-build-test projects, from pre-  
9 kindergarten through college level. Funding under this subsection  
10 is in addition to funding allocated under subsection (5) and shall  
11 be used for connecting mathematics and science centers for science,  
12 technology, engineering, and mathematics purposes **AND TO SUPPORT**  
13 **THE GOALS OF THE MICHIGAN STEM PARTNERSHIP**. A program receiving  
14 funds under section 99h may not receive funds under this  
15 subsection.

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

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

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

27 (11) In order to receive state funds under this section, a

1 grant recipient shall provide at least a 10% local match from local  
2 public or private resources for the funds received under this  
3 section.

4 (12) Not later than July 1 of each year, a mathematics and  
5 science center that receives funds under this section shall report  
6 to the department in a form and manner prescribed by the department  
7 on the following performance measures:

8 (a) Statistical change in pre- and post-assessment scores for  
9 students who enrolled in mathematics and science activities  
10 provided to districts by the mathematics and science center.

11 (b) Statistical change in pre- and post-assessment scores for  
12 teachers who enrolled in professional development activities  
13 provided by the mathematics and science center.

14 (13) As used in this section:

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

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

18 **SEC. 99B. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE**  
19 **IS ALLOCATED AN AMOUNT NOT TO EXCEED \$330,000.00 FOR 2014-2015 FOR**  
20 **GRANTS TO DISTRICTS TO SUPPORT PROFESSIONAL DEVELOPMENT FOR**  
21 **TEACHERS IN A DEPARTMENT-APPROVED TRAINING PROGRAM FOR SCIENCE**  
22 **TECHNOLOGY AND MATHEMATICS (STEM) INSTRUCTION.**

23 **(2) ANY DISTRICT MAY APPLY FOR FUNDING UNDER THIS SECTION FOR**  
24 **2014-2015 BY A DATE DETERMINED BY THE DEPARTMENT. BEGINNING IN**  
25 **2014-2015, IN AWARDING GRANTS, THE DEPARTMENT SHALL GIVE PRIORITY,**  
26 **IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT, TO APPLICANT**  
27 **DISTRICTS WITH TEACHERS WHO HAVE NOT PREVIOUSLY RECEIVED TRAINING**

1 IN PROGRAMS FUNDED UNDER THIS SECTION.

2 (3) FOR A TRAINING PROGRAM TO BE APPROVED BY THE DEPARTMENT  
3 FOR THE PURPOSES OF THIS SECTION, THE PROGRAM SHALL MEET ALL OF THE  
4 FOLLOWING CRITERIA:

5 (A) UTILIZES AN INTEGRATIVE STEM APPROACH TO CONTENT  
6 ORGANIZATION AND DELIVERY. THE INTEGRATIVE STEM APPROACH SHALL  
7 INCLUDE CONTENT DERIVED FROM SCIENCE, TECHNOLOGY, ENGINEERING, AND  
8 MATHEMATICS.

9 (B) OFFERS EVIDENCE THAT THE PROGRAM OUTCOMES ADDRESS  
10 MATHEMATICS, SCIENCE, AND TECHNOLOGICAL LITERACY STANDARDS IN AN  
11 EXPLORATORY MIDDLE SCHOOL OR HIGH SCHOOL OFFERING.

12 (C) OFFERS EVIDENCE THAT THE PROGRAM POSITIVELY INFLUENCES  
13 STUDENT CAREER CHOICES ALONG STEM CAREER PATHS AND INCREASES  
14 STUDENT ENGAGEMENT THROUGH PEER-REVIEWED RESEARCH.

15 (D) PRESENTS EVIDENCE OF THE PERIODIC IMPROVEMENT OF THE  
16 CURRICULUM.

17 (E) UTILIZES OUTCOME MEASURES FOR TEACHER PROFESSIONAL  
18 DEVELOPMENT.

19 (F) PROVIDES PEER-REVIEWED EVIDENCE THAT THE PROGRAM IS  
20 EFFECTIVE WITH DISADVANTAGED STUDENTS AND THOSE WITH LANGUAGE  
21 BARRIERS.

22 (4) THE DEPARTMENT SHALL AWARD GRANTS TO DISTRICTS IN AN  
23 AMOUNT DETERMINED BY THE DEPARTMENT, BUT NOT TO EXCEED \$3,200.00  
24 PER PARTICIPANT.

25 (5) A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE  
26 THE FUNDS ONLY FOR DEPARTMENT-APPROVED TRAINING PROGRAMS UNDER THIS  
27 SECTION.



1       Sec. 99h. (1) From the appropriation in section 11, there is  
2 allocated an amount not to exceed ~~\$3,000,000.00~~ **\$2,000,000.00** for  
3 ~~2013-2014-2014-2015~~ for competitive grants to districts that  
4 provide pupils in grades 7 to 12 with expanded opportunities to  
5 improve mathematics, science, and technology skills by  
6 participating in events hosted by a science and technology  
7 development program known as FIRST (for inspiration and recognition  
8 of science and technology) robotics.

9       (2) A district applying for a FIRST tech challenge or FIRST  
10 robotics competition program grant shall submit an application in a  
11 form and manner determined by the department. To be eligible for a  
12 grant, a district shall demonstrate in its application that the  
13 district has established a partnership for the purposes of the  
14 FIRST program with at least 1 sponsor, business entity, higher  
15 education institution, or technical school, **SHALL SUBMIT A SPENDING**  
16 **PLAN, AND SHALL PAY AT LEAST 25% OF THE COST OF THE FIRST ROBOTICS**  
17 **PROGRAM.**

18       (3) The department shall distribute the grant funding under  
19 this section for the following purposes:

20       (a) ~~Except as otherwise provided in subparagraph (iii), an~~  
21 ~~amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to districts to  
22 pay for stipends of \$1,500.00 for 1 coach per team, distributed as  
23 follows:

24       (i) Not more than 500 stipends for coaches of high school  
25 teams, including existing teams.

26       (ii) Not more than 100 stipends for coaches of middle school or  
27 junior high teams, including existing teams.

1 (iii) If the requests for stipends exceed the numbers of  
2 stipends allowed under subparagraphs (i) and (ii), and if there is  
3 funding remaining unspent under subdivisions (b) and (c), the  
4 department shall use that remaining unspent funding for grants to  
5 districts to pay for additional stipends in a manner that expands  
6 the geographical distribution of teams.

7 (b) ~~An amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to  
8 districts for event registrations, materials, travel costs, and  
9 other expenses associated with the preparation for and attendance  
10 at FIRST tech challenge and FIRST robotics competitions. Each grant  
11 recipient shall provide a local match from other private or local  
12 funds for the funds received under this subdivision equal to at  
13 least 50% of the costs of participating in an event. The department  
14 shall set maximum grant amounts under this subdivision in a manner  
15 that maximizes the number of teams that will be able to receive  
16 funding.

17 (c) ~~An amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to  
18 districts for awards to teams that advance to the state and world  
19 championship competitions. The department shall determine an equal  
20 amount per team for those teams that advance to the state  
21 championship and a second equal award amount to those teams that  
22 advance to the world championship.

23 (4) The funds allocated under this section are a work project  
24 appropriation, and any unexpended funds for ~~2013-2014-2014-2015~~ are  
25 carried forward into ~~2014-2015-2015-2016~~. The purpose of the work  
26 project is to continue to implement the projects described under  
27 subsection (1). The estimated completion date of the work project

1 is September 30, ~~2016~~-2017.

2       Sec. 101. (1) To be eligible to receive state aid under this  
3 article, not later than the fifth Wednesday after the pupil  
4 membership count day and not later than the fifth Wednesday after  
5 the supplemental count day, each district superintendent shall  
6 submit to the center and the intermediate superintendent, in the  
7 form and manner prescribed by the center, the number of pupils  
8 enrolled and in regular daily attendance in the district as of the  
9 pupil membership count day and as of the supplemental count day, as  
10 applicable, for the current school year. In addition, a district  
11 maintaining school during the entire year, as provided under  
12 section 1561 of the revised school code, MCL 380.1561, shall submit  
13 to the center and the intermediate superintendent, in the form and  
14 manner prescribed by the center, the number of pupils enrolled and  
15 in regular daily attendance in the district for the current school  
16 year pursuant to rules promulgated by the superintendent. Not later  
17 than the sixth Wednesday after the pupil membership count day and  
18 not later than the sixth Wednesday after the supplemental count  
19 day, the district shall certify the data in a form and manner  
20 prescribed by the center and file the certified data with the  
21 intermediate superintendent. If a district fails to submit and  
22 certify the attendance data, as required under this subsection, the  
23 center shall notify the department and state aid due to be  
24 distributed under this article shall be withheld from the  
25 defaulting district immediately, beginning with the next payment  
26 after the failure and continuing with each payment until the  
27 district complies with this subsection. If a district does not

1 comply with this subsection by the end of the fiscal year, the  
2 district forfeits the amount withheld. A person who willfully  
3 falsifies a figure or statement in the certified and sworn copy of  
4 enrollment shall be punished in the manner prescribed by section  
5 161.

6 (2) To be eligible to receive state aid under this article,  
7 not later than the twenty-fourth Wednesday after the pupil  
8 membership count day and not later than the twenty-fourth Wednesday  
9 after the supplemental count day, an intermediate district shall  
10 submit to the center, in a form and manner prescribed by the  
11 center, the audited enrollment and attendance data for the pupils  
12 of its constituent districts and of the intermediate district. If  
13 an intermediate district fails to submit the audited data as  
14 required under this subsection, state aid due to be distributed  
15 under this article shall be withheld from the defaulting  
16 intermediate district immediately, beginning with the next payment  
17 after the failure and continuing with each payment until the  
18 intermediate district complies with this subsection. If an  
19 intermediate district does not comply with this subsection by the  
20 end of the fiscal year, the intermediate district forfeits the  
21 amount withheld.

22 (3) Except as otherwise provided in subsections (11) and (12),  
23 all of the following apply to the provision of pupil instruction:

24 (a) Except as otherwise provided in this section, each  
25 district shall provide at least 1,098 hours and, beginning in 2010-  
26 2011, the required minimum number of days of pupil instruction.

27 ~~Beginning in 2012-2013, the required minimum number of days of~~

~~pupil instruction is 170.~~ Beginning in 2014-2015, the required minimum number of days of pupil instruction is 175. However, all of the following apply to these requirements:

~~(i) Except as otherwise provided in subparagraph (ii), a A~~ district shall not provide fewer days of pupil instruction than the district provided for 2009-2010.

~~—— (ii) For 2013-2014 only, if a district is scheduled to provide more than 174 days of instruction, the district shall provide at least 174 days of instruction and 1,098 hours of pupil instruction.~~

~~—— (iii) If a collective bargaining agreement that provides for at least 170 days but less than 175 days, and at least 1,098 hours, of pupil instruction is in effect for employees of a district as of June 13, 2013, then until the school year that begins after the expiration of that collective bargaining agreement the district shall provide at least the number of days of pupil instruction identified in the collective bargaining agreement, and at least 1,098 hours of pupil instruction.~~

**(ii) IF A COLLECTIVE BARGAINING AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR WAS IN EFFECT FOR EMPLOYEES OF A DISTRICT AS OF JUNE 13, 2013, AND IF THAT SCHOOL CALENDAR IS NOT IN COMPLIANCE WITH THIS SUBSECTION, THEN THIS SUBSECTION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT. IF A DISTRICT ENTERED INTO A COLLECTIVE BARGAINING AGREEMENT AFTER JUNE 30, 2013 AND IF THAT COLLECTIVE BARGAINING AGREEMENT DID NOT PROVIDE FOR AT LEAST 175 DAYS OF PUPIL INSTRUCTION BEGINNING IN 2014-2015, THEN THE DEPARTMENT SHALL WITHHOLD FROM THE DISTRICT'S TOTAL STATE SCHOOL**

1 AID AN AMOUNT EQUAL TO 5% OF THE FUNDING THE DISTRICT RECEIVES IN  
2 2014-2015 UNDER SECTIONS 22A AND 22B.

3 (iii) ~~(iv)~~—A district may apply for a waiver under subsection (9)  
4 from the requirements of this subdivision.

5 (b) Except as otherwise provided in this article, a district  
6 failing to comply with the required minimum hours and days of pupil  
7 instruction under this subsection shall forfeit from its total  
8 state aid allocation an amount determined by applying a ratio of  
9 the number of hours or days the district was in noncompliance in  
10 relation to the required minimum number of hours and days under  
11 this subsection. Not later than August 1, the board of each  
12 district shall certify to the department the number of hours and  
13 days of pupil instruction in the previous school year. If the  
14 district did not provide at least the required minimum number of  
15 hours and days of pupil instruction under this subsection, the  
16 deduction of state aid shall be made in the following fiscal year  
17 from the first payment of state school aid. A district is not  
18 subject to forfeiture of funds under this subsection for a fiscal  
19 year in which a forfeiture was already imposed under subsection  
20 (6).

21 (c) Hours or days lost because of strikes or teachers'  
22 conferences shall not be counted as hours or days of pupil  
23 instruction.

24 (d) If a collective bargaining agreement that provides a  
25 complete school calendar is in effect for employees of a district  
26 as of October 19, 2009, and if that school calendar is not in  
27 compliance with this subsection, then this subsection does not

1 apply to that district until after the expiration of that  
2 collective bargaining agreement.

3 (e) Except as otherwise provided in subdivisions (f) and (g),  
4 a district not having at least 75% of the district's membership in  
5 attendance on any day of pupil instruction shall receive state aid  
6 in that proportion of 1/180 that the actual percent of attendance  
7 bears to the specified percentage.

8 (f) If a district adds 1 or more days of pupil instruction to  
9 the end of its instructional calendar for a school year to comply  
10 with subdivision (a) because the district otherwise would fail to  
11 provide the required minimum number of days of pupil instruction  
12 even after the operation of subsection (4) due to conditions not  
13 within the control of school authorities, then subdivision (e) does  
14 not apply for any day of pupil instruction that is added to the end  
15 of the instructional calendar. Instead, for any of those days, if  
16 the district does not have at least 60% of the district's  
17 membership in attendance on that day, the district shall receive  
18 state aid in that proportion of 1/180 that the actual percentage of  
19 attendance bears to the specified percentage. For any day of pupil  
20 instruction added to the instructional calendar as described in  
21 this subdivision, the district shall report to the department the  
22 percentage of the district's membership that is in attendance, in  
23 the form and manner prescribed by the department.

24 (g) At the request of a district that operates a department-  
25 approved alternative education program and that does not provide  
26 instruction for pupils in all of grades K to 12, the superintendent  
27 may grant a waiver from the requirements of subdivision (e). The

1 waiver shall indicate that an eligible district is subject to the  
2 proration provisions of subdivision (e) only if the district does  
3 not have at least 50% of the district's membership in attendance on  
4 any day of pupil instruction. In order to be eligible for this  
5 waiver, a district must maintain records to substantiate its  
6 compliance with the following requirements:

7 (i) The district offers the minimum hours of pupil instruction  
8 as required under this section.

9 (ii) For each enrolled pupil, the district uses appropriate  
10 academic assessments to develop an individual education plan that  
11 leads to a high school diploma.

12 (iii) The district tests each pupil to determine academic  
13 progress at regular intervals and records the results of those  
14 tests in that pupil's individual education plan.

15 (h) All of the following apply to a waiver granted under  
16 subdivision (g):

17 (i) If the waiver is for a blended model of delivery, a waiver  
18 that is granted for the 2011-2012 fiscal year or a subsequent  
19 fiscal year remains in effect unless it is revoked by the  
20 superintendent.

21 (ii) If the waiver is for a 100% online model of delivery and  
22 the educational program for which the waiver is granted makes  
23 educational services available to pupils for a minimum of at least  
24 1,098 hours during a school year and ensures that each pupil  
25 participates in the educational program for at least 1,098 hours  
26 during a school year, a waiver that is granted for the 2011-2012  
27 fiscal year or a subsequent fiscal year remains in effect unless it



1 is revoked by the superintendent.

2 (iii) A waiver that is not a waiver described in subparagraph  
3 (i) or (ii) is valid for 1 fiscal year and must be renewed annually  
4 to remain in effect.

5 (i) The superintendent shall promulgate rules for the  
6 implementation of this subsection.

7 (4) Except as otherwise provided in this subsection, the first  
8 6 days or the equivalent number of hours for which pupil  
9 instruction is not provided because of conditions not within the  
10 control of school authorities, such as severe storms, fires,  
11 epidemics, utility power unavailability, water or sewer failure, or  
12 health conditions as defined by the city, county, or state health  
13 authorities, shall be counted as hours and days of pupil  
14 instruction. With the approval of the superintendent of public  
15 instruction, the department shall count as hours and days of pupil  
16 instruction for a fiscal year not more than 6 additional days or  
17 the equivalent number of additional hours for which pupil  
18 instruction is not provided in a district after April 1 of the  
19 applicable school year due to unusual and extenuating occurrences  
20 resulting from conditions not within the control of school  
21 authorities such as those conditions described in this subsection.  
22 Subsequent such hours or days shall not be counted as hours or days  
23 of pupil instruction.

24 (5) A district shall not forfeit part of its state aid  
25 appropriation because it adopts or has in existence an alternative  
26 scheduling program for pupils in kindergarten if the program  
27 provides at least the number of hours required under subsection (3)

1 for a full-time equated membership for a pupil in kindergarten as  
2 provided under section 6(4).

3 (6) In addition to any other penalty or forfeiture under this  
4 section, if at any time the department determines that 1 or more of  
5 the following have occurred in a district, the district shall  
6 forfeit in the current fiscal year beginning in the next payment to  
7 be calculated by the department a proportion of the funds due to  
8 the district under this article that is equal to the proportion  
9 below the required minimum number of hours and days of pupil  
10 instruction under subsection (3), as specified in the following:

11 (a) The district fails to operate its schools for at least the  
12 required minimum number of hours and days of pupil instruction  
13 under subsection (3) in a school year, including hours and days  
14 counted under subsection (4).

15 (b) The board of the district takes formal action not to  
16 operate its schools for at least the required minimum number of  
17 hours and days of pupil instruction under subsection (3) in a  
18 school year, including hours and days counted under subsection (4).

19 (7) In providing the minimum number of hours and days of pupil  
20 instruction required under subsection (3), a district shall use the  
21 following guidelines, and a district shall maintain records to  
22 substantiate its compliance with the following guidelines:

23 (a) Except as otherwise provided in this subsection, a pupil  
24 must be scheduled for at least the required minimum number of hours  
25 of instruction, excluding study halls, or at least the sum of 90  
26 hours plus the required minimum number of hours of instruction,  
27 including up to 2 study halls.

1 (b) The time a pupil is assigned to any tutorial activity in a  
2 block schedule may be considered instructional time, unless that  
3 time is determined in an audit to be a study hall period.

4 (c) Except as otherwise provided in this subdivision, a pupil  
5 in grades 9 to 12 for whom a reduced schedule is determined to be  
6 in the individual pupil's best educational interest must be  
7 scheduled for a number of hours equal to at least 80% of the  
8 required minimum number of hours of pupil instruction to be  
9 considered a full-time equivalent pupil. A pupil in grades 9 to 12  
10 who is scheduled in a 4-block schedule may receive a reduced  
11 schedule under this subsection if the pupil is scheduled for a  
12 number of hours equal to at least 75% of the required minimum  
13 number of hours of pupil instruction to be considered a full-time  
14 equivalent pupil.

15 (d) If a pupil in grades 9 to 12 who is enrolled in a  
16 cooperative education program or a special education pupil cannot  
17 receive the required minimum number of hours of pupil instruction  
18 solely because of travel time between instructional sites during  
19 the school day, that travel time, up to a maximum of 3 hours per  
20 school week, shall be considered to be pupil instruction time for  
21 the purpose of determining whether the pupil is receiving the  
22 required minimum number of hours of pupil instruction. However, if  
23 a district demonstrates to the satisfaction of the department that  
24 the travel time limitation under this subdivision would create  
25 undue costs or hardship to the district, the department may  
26 consider more travel time to be pupil instruction time for this  
27 purpose.

1 (e) In grades 7 through 12, instructional time that is part of  
2 a junior reserve officer training corps (JROTC) program shall be  
3 considered to be pupil instruction time regardless of whether the  
4 instructor is a certificated teacher if all of the following are  
5 met:

6 (i) The instructor has met all of the requirements established  
7 by the United States department of defense and the applicable  
8 branch of the armed services for serving as an instructor in the  
9 junior reserve officer training corps program.

10 (ii) The board of the district or intermediate district  
11 employing or assigning the instructor complies with the  
12 requirements of sections 1230 and 1230a of the revised school code,  
13 MCL 380.1230 and 380.1230a, with respect to the instructor to the  
14 same extent as if employing the instructor as a regular classroom  
15 teacher.

16 (8) Except as otherwise provided in subsections (11) and (12),  
17 the department shall apply the guidelines under subsection (7) in  
18 calculating the full-time equivalency of pupils.

19 (9) Upon application by the district for a particular fiscal  
20 year, the superintendent may waive for a district the minimum  
21 number of hours and days of pupil instruction requirement of  
22 subsection (3) for a department-approved alternative education  
23 program or another innovative program approved by the department,  
24 including a 4-day school week. If a district applies for and  
25 receives a waiver under this subsection and complies with the terms  
26 of the waiver, the district is not subject to forfeiture under this  
27 section for the specific program covered by the waiver. If the

1 district does not comply with the terms of the waiver, the amount  
2 of the forfeiture shall be calculated based upon a comparison of  
3 the number of hours and days of pupil instruction actually provided  
4 to the minimum number of hours and days of pupil instruction  
5 required under subsection (3). Pupils enrolled in a department-  
6 approved alternative education program under this subsection shall  
7 be reported to the center in a form and manner determined by the  
8 center. All of the following apply to a waiver granted under this  
9 subsection:

10 (a) If the waiver is for a blended model of delivery, a waiver  
11 that is granted for the 2011-2012 fiscal year or a subsequent  
12 fiscal year remains in effect unless it is revoked by the  
13 superintendent.

14 (b) If the waiver is for a 100% online model of delivery and  
15 the educational program for which the waiver is granted makes  
16 educational services available to pupils for a minimum of at least  
17 1,098 hours during a school year and ensures that each pupil  
18 participates in the educational program for at least 1,098 hours  
19 during a school year, a waiver that is granted for the 2011-2012  
20 fiscal year or a subsequent fiscal year remains in effect unless it  
21 is revoked by the superintendent.

22 (c) A waiver that is not a waiver described in subdivision (a)  
23 or (b) is valid for 1 fiscal year and must be renewed annually to  
24 remain in effect.

25 (10) Until 2014-2015, a district may count up to 38 hours of  
26 qualifying professional development for teachers as hours of pupil  
27 instruction. However, if a collective bargaining agreement that

1 provides for the counting of up to 38 hours of qualifying  
2 professional development for teachers as pupil instruction is in  
3 effect for employees of a district as of June 13, 2013, then until  
4 the school year that begins after the expiration of that collective  
5 bargaining agreement a district may count up to the contractually  
6 specified number of hours of qualifying professional development  
7 for teachers as hours of pupil instruction. Professional  
8 development provided online is allowable and encouraged, as long as  
9 the instruction has been approved by the district. The department  
10 shall issue a list of approved online professional development  
11 providers, which shall include the Michigan virtual school. As used  
12 in this subsection, "qualifying professional development" means  
13 professional development that is focused on 1 or more of the  
14 following:

15 (a) Achieving or improving adequate yearly progress as defined  
16 under the no child left behind act of 2001, Public Law 107-110.

17 (b) Achieving accreditation or improving a school's  
18 accreditation status under section 1280 of the revised school code,  
19 MCL 380.1280.

20 (c) Achieving highly qualified teacher status as defined under  
21 the no child left behind act of 2001, Public Law 107-110.

22 (d) Integrating technology into classroom instruction.

23 (e) Maintaining teacher certification.

24 (11) Subsections (3) and (8) do not apply to a school of  
25 excellence that is a cyber school, as defined in section 551 of the  
26 revised school code, MCL 380.551, and is in compliance with section  
27 553a of the revised school code, MCL 380.553a.

(12) Subsections (3) and (8) do not apply to eligible pupils enrolled in a dropout recovery program that meets the requirements of section 23a. As used in this subsection, "eligible pupil" means that term as defined in section 23a.

(13) Beginning in 2013, at least every 2 years the superintendent shall review the waiver standards set forth in the pupil accounting and auditing manuals to ensure that the waiver standards and waiver process continue to be appropriate and responsive to changing trends in online learning. The superintendent shall solicit and consider input from stakeholders as part of this review.

Sec. 102. (1) A district or intermediate district receiving money under this article shall not adopt or operate under a deficit budget, and a district or intermediate district shall not incur an operating deficit in a fund during a school fiscal year. ~~A-IF A~~ district or intermediate district ~~that~~ has an existing deficit fund balance, ~~that~~ incurs a deficit fund balance in the most recently completed school fiscal year, or ~~that~~ adopts a current year budget that projects a deficit fund balance, ~~shall not be allotted or paid a further sum under this article~~ **ALL OF THE FOLLOWING APPLY:**

**(A) THE DISTRICT OR INTERMEDIATE DISTRICT SHALL NOTIFY THE DEPARTMENT IMMEDIATELY UPON THE OCCURRENCE OF THE CIRCUMSTANCE.**

**(B) WITHIN 30 DAYS AFTER NOTIFYING THE DEPARTMENT, THE DISTRICT OR INTERMEDIATE DISTRICT SHALL SUBMIT TO THE DEPARTMENT AND THE STATE TREASURER A PREPLAN FINANCIAL REPORT IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY.**

**(C) THE DEPARTMENT MAY WITHHOLD SOME OR ALL OF THE MONEY**

1 PAYABLE TO THE DISTRICT OR INTERMEDIATE DISTRICT UNDER THIS  
2 ARTICLE, IN AN AMOUNT THE DEPARTMENT DETERMINES NECESSARY TO  
3 INCENTIVIZE THE DISTRICT OR INTERMEDIATE DISTRICT TO ELIMINATE THE  
4 DEFICIT, until the district or intermediate district submits to the  
5 department for approval a budget for the current school fiscal year  
6 and a ~~plan to eliminate the district's or intermediate district's~~  
7 ~~deficit not later than the end of the second school fiscal year~~  
8 ~~after the deficit was incurred or the budget projecting a deficit~~  
9 ~~was adopted. Withheld state aid payments shall be released~~ DEFICIT  
10 ELIMINATION PLAN IN THE FORM AND MANNER PRESCRIBED BY THE  
11 DEPARTMENT OR UNTIL THE DEFICIT ELIMINATION PLAN IS APPROVED BY THE  
12 DEPARTMENT, AS DETERMINED BY THE DEPARTMENT. THE DEPARTMENT MAY  
13 REQUIRE A DEFICIT ELIMINATION PLAN TO INCLUDE AN ACADEMIC PLAN FOR  
14 THE DISTRICT OR INTERMEDIATE DISTRICT.

15 (D) THE DEPARTMENT SHALL RELEASE MONEY WITHHELD UNDER THIS  
16 SUBSECTION after the department approves the deficit elimination  
17 plan. ~~and ensures that the budget for the current school fiscal~~  
18 ~~year is balanced.~~

19 (E) After the department approves a district's or intermediate  
20 district's deficit elimination plan, the district or intermediate  
21 district shall post the deficit elimination plan on the district's  
22 or intermediate district's website.

23 (2) Not later than March 1 of each year, the department shall  
24 prepare a report of deficits incurred or projected by districts and  
25 intermediate districts in the immediately preceding fiscal year and  
26 the progress made in reducing those deficits and submit the report  
27 to the standing committees of the legislature responsible for K-12



1 education legislation, the appropriations subcommittees of the  
 2 legislature responsible for K-12 ~~education~~ **SCHOOL AID**  
 3 appropriations, the house and senate fiscal agencies, the state  
 4 treasurer, and the state budget director. The department also shall  
 5 submit quarterly interim reports concerning the progress made by  
 6 districts and intermediate districts in reducing those deficits **TO**  
 7 **THE STANDING COMMITTEES OF THE LEGISLATURE RESPONSIBLE FOR K-12**  
 8 **EDUCATION LEGISLATION, THE APPROPRIATIONS SUBCOMMITTEES OF THE**  
 9 **LEGISLATURE RESPONSIBLE FOR K-12 SCHOOL AID APPROPRIATIONS, THE**  
 10 **HOUSE AND SENATE FISCAL AGENCIES, THE STATE TREASURER, AND THE**  
 11 **STATE BUDGET DIRECTOR.** On a quarterly basis, the superintendent of  
 12 public instruction shall publicly present those reports to the  
 13 appropriations subcommittees of the legislature responsible for K-  
 14 12 ~~education~~ **SCHOOL AID** appropriations.

15 ~~—— (3) The amount of the permissible deficit for each school~~  
 16 ~~fiscal year shall not exceed the amount of state aid reduced by an~~  
 17 ~~executive order during that school fiscal year.~~

18 (3) ~~(4)~~ A district or intermediate district that has an  
 19 existing deficit fund balance, that incurs a deficit fund balance  
 20 in the most recently completed school fiscal year, or that adopts a  
 21 current year budget that projects a deficit fund balance shall  
 22 submit to the department **AND THE STATE TREASURER** a monthly  
 23 monitoring report on revenue and expenditures in a form and manner  
 24 prescribed by the department and shall post these reports on its  
 25 website.

26 (4) ~~(5)~~ If a district or intermediate district is ~~not able to~~  
 27 ~~comply with the provisions of this section, the district or~~

~~intermediate district shall submit to the department a plan to eliminate its deficit. Upon approval of the plan submitted,~~  
**REQUIRED TO SUBMIT A DEFICIT ELIMINATION PLAN UNDER THIS SECTION, AND THE DEFICIT ELIMINATION PLAN IS APPROVED BY THE DEPARTMENT,** the superintendent ~~of public instruction~~ may continue allotment and payment of funds under this article. ~~, extend~~ **WHEN APPROVING A DEFICIT ELIMINATION PLAN, THE SUPERINTENDENT MAY ESTABLISH** the period of time ~~in~~ **WITHIN** which a district or intermediate district ~~has to~~ **MUST** eliminate its deficit, and **MAY** set special conditions that the district or intermediate district must meet ~~during the period of the extension.~~ **WHILE THE DEFICIT ELIMINATION PLAN IS IN EFFECT.** After the department approves a district's or intermediate district's deficit elimination plan under this subsection, the district or intermediate district shall post the deficit elimination plan on the district's or intermediate district's website. **THE REQUIREMENTS OF THIS SECTION RELATING TO A DEFICIT ELIMINATION PLAN DO NOT APPLY TO A DISTRICT OR INTERMEDIATE DISTRICT IF THE DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5).**

(5) IF, BASED UPON INFORMATION INCLUDED IN A MONTHLY FINANCIAL STATUS REPORT REQUIRED UNDER SECTION 102A, A PREPLAN FINANCIAL REPORT REQUIRED UNDER THIS SECTION, OR A DEFICIT ELIMINATION PLAN REQUIRED UNDER THIS SECTION, THE STATE TREASURER DETERMINES THAT A DISTRICT OR INTERMEDIATE DISTRICT IS SUBJECT TO RAPIDLY DETERIORATING FINANCIAL CIRCUMSTANCES, PERSISTENTLY DECLINING ENROLLMENT, OR OTHER INDICATORS OF FINANCIAL STRESS LIKELY TO RESULT IN RECURRING OPERATING DEFICITS OR RECURRING FINANCIAL

1 STRESS WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THE STATE  
2 TREASURER MAY REQUIRE THE DISTRICT OR INTERMEDIATE DISTRICT TO  
3 SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN IN THE FORM AND MANNER  
4 DETERMINED BY THE DEPARTMENT OF TREASURY. AN ENHANCED DEFICIT  
5 ELIMINATION PLAN SHALL PROVIDE FOR THE RESOLUTION OF THE  
6 DETERIORATING FINANCIAL CIRCUMSTANCES, PERSISTENTLY DECLINING  
7 ENROLLMENT, OR OTHER INDICATORS OF RECURRING OPERATING DEFICITS OR  
8 RECURRING FINANCIAL STRESS AND IS SUBJECT TO APPROVAL BY THE STATE  
9 TREASURER. AS A CONDITION OF APPROVING THE ENHANCED DEFICIT  
10 ELIMINATION PLAN, THE STATE TREASURER MAY REQUIRE THE DISTRICT OR  
11 INTERMEDIATE SCHOOL DISTRICT TO ENTER INTO A CONSENT AGREEMENT WITH  
12 THE STATE TREASURER. A CONSENT AGREEMENT MAY PROVIDE FOR, BUT IS  
13 NOT LIMITED TO, ALL OF THE FOLLOWING:

14 (A) ASSISTANCE AND GUIDANCE FROM THE DEPARTMENT OF TREASURY  
15 AND OTHER STATE DEPARTMENTS AND AGENCIES.

16 (B) A FINANCIAL AND OPERATING PLAN FOR THE DISTRICT.

17 (C) THE APPOINTMENT OF A LOCAL AUDITOR OR INSPECTOR, OR BOTH.

18 (D) REMEDIAL MEASURES NECESSARY TO ADDRESS THE FINANCIAL  
19 CIRCUMSTANCES OF THE DISTRICT OR INTERMEDIATE DISTRICT.

20 (E) ALTERNATIVE MEANS TO MORE EFFECTIVELY AND EFFICIENTLY  
21 PROVIDE PUBLIC EDUCATIONAL SERVICES TO RESIDENTS OF THE DISTRICT OR  
22 INTERMEDIATE DISTRICT AND PERFORM OTHER FUNCTIONS AND  
23 RESPONSIBILITIES OF THE DISTRICT OR INTERMEDIATE DISTRICT.

24 (F) THE REQUIRED RETENTION BY THE DISTRICT OR INTERMEDIATE  
25 DISTRICT OF A CONSULTANT OR 1 OR MORE OTHER EXPERTS FOR THE PURPOSE  
26 OF ASSISTING THE DISTRICT OR INTERMEDIATE DISTRICT TO ACHIEVE THE  
27 GOALS AND OBJECTIVES OF THE CONSENT AGREEMENT.

1 (G) OTHER MEASURES CONSIDERED NECESSARY BY THE STATE TREASURER  
2 TO ADDRESS THE FINANCIAL CONDITIONS WITHIN THE DISTRICT OR  
3 INTERMEDIATE DISTRICT.

4 (6) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO  
5 SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5),  
6 THE DEPARTMENT AND THE DEPARTMENT OF TREASURY MAY WITHHOLD SOME OR  
7 ALL OF THE MONEY PAYABLE TO THE DISTRICT UNDER THIS ARTICLE, IN AN  
8 AMOUNT THE STATE TREASURER DETERMINES NECESSARY TO INCENTIVIZE THE  
9 DISTRICT OR INTERMEDIATE DISTRICT TO ELIMINATE THE DEFICIT, UNTIL  
10 THE DISTRICT OR INTERMEDIATE DISTRICT SUBMITS TO THE STATE  
11 TREASURER FOR APPROVAL A BUDGET FOR THE CURRENT SCHOOL FISCAL YEAR  
12 AND AN ENHANCED DEFICIT ELIMINATION PLAN IN THE FORM AND MANNER  
13 PRESCRIBED BY THE DEPARTMENT OF TREASURY UNDER THIS SECTION OR  
14 UNTIL THE ENHANCED DEFICIT ELIMINATION PLAN IS APPROVED BY THE  
15 DEPARTMENT OF TREASURY, AS DETERMINED BY THE DEPARTMENT TREASURY.  
16 THE DEPARTMENT SHALL RELEASE MONEY WITHHELD UNDER THIS SUBSECTION  
17 AFTER THE DEPARTMENT OF TREASURY APPROVES THE ENHANCED DEFICIT  
18 ELIMINATION PLAN FOR THE DISTRICT OR INTERMEDIATE DISTRICT. WHEN  
19 APPROVING AN ENHANCED DEFICIT ELIMINATION PLAN, THE STATE TREASURER  
20 MAY ESTABLISH THE PERIOD OF TIME WITHIN WHICH A DISTRICT OR  
21 INTERMEDIATE DISTRICT MUST ELIMINATE ITS DEFICIT AND MAY SET  
22 SPECIAL CONDITIONS THAT THE DISTRICT OR INTERMEDIATE DISTRICT MUST  
23 MEET WHILE THE DEFICIT ELIMINATION PLAN IS IN EFFECT.

24 (7) AFTER THE STATE TREASURER APPROVES AN ENHANCED DEFICIT  
25 ELIMINATION PLAN FOR A DISTRICT OR INTERMEDIATE DISTRICT, THE  
26 DISTRICT OR INTERMEDIATE DISTRICT SHALL POST THE ENHANCED DEFICIT  
27 ELIMINATION PLAN ON THE DISTRICT'S WEBSITE.

1           (8) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO  
2     SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5),  
3     THE SUPERINTENDENT AND THE STATE TREASURER MAY NOT CONTINUE  
4     ALLOTMENT AND PAYMENT OF FUNDS UNDER THIS ACT UNTIL THE ENHANCED  
5     DEFICIT ELIMINATION PLAN IS APPROVED BY THE STATE TREASURER.

6           (9) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO  
7     SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5),  
8     THE DISTRICT OR INTERMEDIATE DISTRICT SHALL SUBMIT TO THE  
9     DEPARTMENT OF TREASURY AND THE DEPARTMENT AN ENHANCED MONTHLY  
10    MONITORING REPORT ON REVENUE, EXPENDITURES, CASH FLOW, LIABILITIES,  
11    BUDGET AMENDMENTS, PUPIL MEMBERSHIP, AND OTHER DATA RELATING TO THE  
12    FINANCES OF THE DISTRICT OR INTERMEDIATE DISTRICT IN A FORM AND  
13    MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY AND SHALL POST  
14    THESE REPORTS ON ITS WEBSITE.

15           (10) ~~(6) For the purposes of~~ AS USED IN this section: ~~7~~  
16    "deficit"

17           (A) "DEFICIT ELIMINATION PLAN" MEANS A PLAN REQUIRED UNDER  
18    THIS SECTION FOR THE ELIMINATION OF A DEFICIT THAT SETS FORTH  
19    ACTIONS TO BE TAKEN TO ELIMINATE THE DEFICIT WITHIN THE TIME PERIOD  
20    PRESCRIBED BY THE DEPARTMENT.

21           (B) "DEFICIT fund balance" means that term as defined in the  
22    Michigan public school accounting manual published by the  
23    department.

24           (C) "ENHANCED DEFICIT ELIMINATION PLAN" MEANS MEASURES  
25    REQUIRED BY THE STATE TREASURER UNDER THIS SECTION TO ADDRESS THE  
26    FINANCIAL CONDITIONS WITHIN A DISTRICT OR INTERMEDIATE DISTRICT AND  
27    RESOLVE ANY DEFICIT WITHIN THE TIME PERIOD PRESCRIBED BY THE

1 DEPARTMENT AND THE STATE TREASURER.

2 (D) "PREPLAN FINANCIAL REPORT" MEANS A REPORT ON THE FINANCIAL  
3 CONDITIONS WITHIN A DISTRICT OR INTERMEDIATE DISTRICT REQUIRED  
4 UNDER THIS SECTION AND SUBMITTED IN A FORM AND MANNER PRESCRIBED BY  
5 THE STATE TREASURER, WHICH MAY INCLUDE, BUT IS NOT LIMITED TO,  
6 FINANCIAL DATA AND OTHER INFORMATION ON LIABILITIES, PAYMENTS,  
7 ENROLLMENT, BORROWING, AND OTHER CRITERIA RELATING TO THE FINANCIAL  
8 CONDITIONS WITHIN A DISTRICT OR INTERMEDIATE DISTRICT.

9 SEC. 102A. (1) THE SUPERINTENDENT OR THE STATE TREASURER MAY  
10 REQUIRE A DISTRICT OR INTERMEDIATE DISTRICT TO SUBMIT MONTHLY  
11 FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE SUPERINTENDENT  
12 OR THE STATE TREASURER DETERMINES THAT POTENTIAL FINANCIAL STRESS  
13 MAY EXIST WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THAT AN  
14 OPERATING DEFICIT MAY ARISE WITHIN THE DISTRICT OR INTERMEDIATE  
15 DISTRICT DURING THE CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2  
16 SCHOOL FISCAL YEARS, OR THAT THE DISTRICT OR INTERMEDIATE DISTRICT  
17 MAY BE UNABLE TO MEET ITS FINANCIAL OBLIGATIONS WHILE ALSO  
18 SATISFYING THE DISTRICT'S OR THE INTERMEDIATE DISTRICT'S  
19 OBLIGATIONS TO PROVIDE PUBLIC EDUCATIONAL SERVICES IN A MANNER THAT  
20 COMPLIES WITH THIS ACT, THE REVISED SCHOOL CODE, AND APPLICABLE  
21 RULES, BASED UPON 1 OR MORE OF THE FOLLOWING:

22 (A) FINANCIAL DATA OR OTHER INFORMATION SUBMITTED BY THE  
23 DISTRICT OR INTERMEDIATE DISTRICT TO A STATE DEPARTMENT OR AGENCY.

24 (B) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN AN  
25 AUDITED FINANCIAL STATEMENT OF THE DISTRICT OR INTERMEDIATE  
26 DISTRICT.

27 (C) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE

1 DEPARTMENT, AGENCY, OR AUTHORITY IN CONNECTION WITH A REQUEST TO  
2 ISSUE BONDS, NOTES, OR OTHER DEBT OBLIGATIONS.

3 (D) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN A  
4 RECOMMENDED BUDGET, BUDGET, OR GENERAL APPROPRIATIONS ACT OF THE  
5 DISTRICT OR INTERMEDIATE DISTRICT.

6 (E) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO  
7 TIMELY TRANSMIT TO THE DEPARTMENT OF TREASURY TAX PAYMENTS WITHHELD  
8 FROM PAYMENTS TO EMPLOYEES OF THE DISTRICT OR INTERMEDIATE  
9 DISTRICT.

10 (F) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO  
11 MAKE TIMELY PAYMENTS TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES'  
12 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT  
13 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

14 (G) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO  
15 MAKE TIMELY REQUIRED PAYMENTS TO THE MICHIGAN UNEMPLOYMENT  
16 INSURANCE AGENCY.

17 (H) INFORMATION SUBMITTED BY A VENDOR OF THE DISTRICT OR  
18 INTERMEDIATE DISTRICT INDICATING THAT THE DISTRICT OR INTERMEDIATE  
19 DISTRICT HAS FAILED TO MAKE TIMELY PAYMENTS TO THE VENDOR AS  
20 REQUIRED UNDER A CONTRACT BETWEEN THE VENDOR AND THE DISTRICT OR  
21 INTERMEDIATE DISTRICT.

22 (I) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE  
23 DEPARTMENT, AGENCY, OR AUTHORITY BY AN OFFICER, EMPLOYEE,  
24 CONTRACTOR, OR AGENT OF THE DISTRICT OR INTERMEDIATE DISTRICT.

25 (J) A REQUEST FOR A DETERMINATION UNDER THIS SUBSECTION  
26 SUBMITTED TO THE SUPERINTENDENT OR STATE TREASURER BY THE  
27 SUPERINTENDENT OR BOARD OF THE DISTRICT OR INTERMEDIATE DISTRICT.

1           (K) THE EXPENDITURE OF TAX REVENUE FOR UNAUTHORIZED PURPOSES  
2 BY THE DISTRICT OR INTERMEDIATE DISTRICT OR THE UNAUTHORIZED  
3 TRANSFER OR DEPOSIT OF TAX REVENUE BY THE DISTRICT OR INTERMEDIATE  
4 DISTRICT.

5           (2) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED BY THE  
6 SUPERINTENDENT OR THE STATE TREASURER TO SUBMIT A FINANCIAL STATUS  
7 REPORT UNDER SUBSECTION (1), THE DISTRICT OR INTERMEDIATE DISTRICT  
8 SHALL FILE A MONTHLY FINANCIAL STATUS REPORT DESCRIBED IN  
9 SUBSECTION (3) WITH THE DEPARTMENT AND THE DEPARTMENT OF TREASURY.  
10 BEFORE A DISTRICT OR INTERMEDIATE DISTRICT FILES A FINANCIAL STATUS  
11 REPORT WITH THE DEPARTMENT AND THE DEPARTMENT OF TREASURY, THE  
12 FINANCIAL STATUS REPORT SHALL BE REVIEWED AND APPROVED BY THE BOARD  
13 OF THE DISTRICT OR INTERMEDIATE DISTRICT.

14           (3) A MONTHLY FINANCIAL STATUS REPORT SHALL BE SUBMITTED IN  
15 THE FORM AND MANNER DETERMINED BY THE DEPARTMENT OF TREASURY. THE  
16 REPORT SHALL INCLUDE FINANCIAL DATA AND OTHER INFORMATION THAT THE  
17 DEPARTMENT OF TREASURY DETERMINES CAN ASSIST THE STATE IN  
18 DEVELOPING AN EARLY WARNING SYSTEM OF FINANCIAL STRESS OR OPERATING  
19 DEFICITS IN DISTRICTS OR INTERMEDIATE DISTRICTS. FINANCIAL DATA OR  
20 OTHER INFORMATION THAT MAY BE REQUIRED BY THE DEPARTMENT OF  
21 TREASURY TO BE REPORTED ON A MONTHLY FINANCIAL STATUS REPORT MAY  
22 INCLUDE, BUT IS NOT LIMITED TO, SOME OR ALL OF THE FOLLOWING:

23           (A) PUPIL MEMBERSHIP COUNTS FOR THE DISTRICT OR INTERMEDIATE  
24 DISTRICT AND PROJECTED PUPIL MEMBERSHIP COUNTS FOR THE DISTRICT OR  
25 INTERMEDIATE DISTRICT.

26           (B) AN ASSET SUFFICIENCY RATIO. AS USED IN THIS SUBDIVISION,  
27 "ASSET SUFFICIENCY RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR



1 INTERMEDIATE DISTRICT'S GENERAL FUND ASSETS DIVIDED BY THE  
2 DISTRICT'S OR INTERMEDIATE DISTRICT'S GENERAL FUND LIABILITIES.

3 (C) AN OPERATING RESERVE RATIO. AS USED IN THIS SUBDIVISION,  
4 "OPERATING RESERVE RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR  
5 INTERMEDIATE DISTRICT'S GENERAL FUND BALANCE DIVIDED BY THE  
6 DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND  
7 EXPENDITURES FOR A FISCAL YEAR.

8 (D) AN OPERATING MARGIN RATIO. AS USED IN THIS SUBDIVISION,  
9 "OPERATING MARGIN RATIO" MEANS THE QUOTIENT OF THE DIFFERENCE  
10 BETWEEN DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND  
11 REVENUE AND TOTAL GENERAL FUND EXPENDITURES FOR A FISCAL YEAR  
12 DIVIDED BY THE DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL  
13 FUND REVENUE FOR THE FISCAL YEAR.

14 (E) A DEFICIT FUND BALANCE RATIO. AS USED IN THIS  
15 SUBPARAGRAPH, "DEFICIT FUND BALANCE RATIO" MEANS THE QUOTIENT OF  
16 THE DIFFERENCE BETWEEN THE DISTRICT'S OR INTERMEDIATE DISTRICT'S  
17 TOTAL REVENUE FOR A FISCAL YEAR AND THE TOTAL OF ANY DEFICIT FUND  
18 BALANCES FOR THE FISCAL YEAR DIVIDED BY THE TOTAL REVENUE IN THE  
19 DEFICIT FUNDS.

20 (F) A FUND BALANCE CHANGE RATIO. AS USED IN THIS SUBPARAGRAPH,  
21 "FUND BALANCE CHANGE RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR  
22 INTERMEDIATE DISTRICT'S PRIOR FISCAL YEAR GENERAL FUND BALANCE AND  
23 THE CURRENT FISCAL YEAR GENERAL FUND BALANCE DIVIDED BY PRIOR  
24 FISCAL YEAR GENERAL FUND BALANCE.

25 (G) A CASH FLOW BORROWING RATIO. AS USED IN THIS SUBPARAGRAPH,  
26 "CASH FLOW BORROWING RATIO" MEANS THE QUOTIENT OF THE SUM OF THE  
27 TOTAL AMOUNT OF TAX ANTICIPATION NOTES ISSUED BY THE DISTRICT OR

1 INTERMEDIATE DISTRICT IN THE FISCAL YEAR AND THE TOTAL AMOUNT OF  
2 STATE SCHOOL AID ANTICIPATION NOTES ISSUED BY THE DISTRICT OR  
3 INTERMEDIATE DISTRICT IN THE FISCAL YEAR DIVIDED BY THE DISTRICT'S  
4 OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND REVENUE FOR THE  
5 FISCAL YEAR.

6 (H) A CASH FLOW PROJECTION FOR THE DISTRICT OR INTERMEDIATE  
7 DISTRICT.

8 (I) A COMPARISON OF EXPENDITURES BUDGETED BY THE DISTRICT OR  
9 INTERMEDIATE DISTRICT FOR THE PRIOR MONTH COMPARED TO ACTUAL  
10 EXPENDITURES FOR THE PRIOR MONTH.

11 (J) OUTSTANDING ACCOUNTS PAYABLE AS OF THE PRIOR MONTH.

12 (K) FOR A DISTRICT, THE NUMBER OF PUPILS ENROLLED IN THE  
13 DISTRICT WHO ARE RESIDENTS OF THE DISTRICT AND THE NUMBER OF PUPILS  
14 ENROLLED IN THE DISTRICT WHO ARE NOT RESIDENTS OF THE DISTRICT.

15 (4) A DISTRICT OR INTERMEDIATE DISTRICT REQUIRED TO SUBMIT  
16 PERIODIC FINANCIAL STATUS REPORTS UNDER THIS SECTION SHALL DO ALL  
17 OF THE FOLLOWING:

18 (A) PROVIDE THE DEPARTMENT OF TREASURY OR THE DEPARTMENT WITH  
19 OTHER FINANCIAL DATA OR INFORMATION RELATING TO THE FINANCIAL  
20 CONDITION OF THE SCHOOL DISTRICT AS REQUESTED BY THE DEPARTMENT OF  
21 TREASURY OR THE DEPARTMENT.

22 (B) ALLOW THE DEPARTMENT OF TREASURY OR THE DEPARTMENT TO  
23 EXAMINE ALL FINANCIAL RECORDS AND BOOKS OF ACCOUNT OF THE DISTRICT  
24 OR INTERMEDIATE DISTRICT. THE DEPARTMENT OF TREASURY OR THE  
25 DEPARTMENT MAY REQUIRE THE ATTENDANCE OF WITNESSES AND THE  
26 PRODUCTION OF BOOKS, PAPERS, CONTRACTS, AND OTHER DOCUMENTS  
27 RELEVANT TO AN ANALYSIS OF THE FINANCIAL CONDITION OF THE DISTRICT

1 OR INTERMEDIATE DISTRICT.

2 (C) PROMPTLY AND FULLY PROVIDE THE ASSISTANCE AND INFORMATION  
3 NECESSARY AND PROPERLY REQUESTED BY THE DEPARTMENT OF TREASURY OR  
4 THE DEPARTMENT IN THE EFFECTUATION OF THE DEPARTMENT OF TREASURY'S  
5 DUTIES UNDER THIS SECTION.

6 (5) IF A DISTRICT OR INTERMEDIATE DISTRICT FAILS TO SUBMIT A  
7 PERIODIC FINANCIAL STATUS REPORT REQUIRED UNDER THIS SECTION, OR IF  
8 THE STATE TREASURER DETERMINES OR IS NOTIFIED BY THE SUPERINTENDENT  
9 OF PUBLIC INSTRUCTION THAT INFORMATION INCLUDED ON A PERIODIC  
10 FINANCIAL STATUS REPORT INDICATES THAT FINANCIAL STRESS EXISTS  
11 WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THAT AN OPERATING  
12 DEFICIT HAS OCCURRED OR IS PROJECTED TO OCCUR WITHIN THE DISTRICT  
13 OR INTERMEDIATE DISTRICT, OR THAT THE DISTRICT OR INTERMEDIATE  
14 DISTRICT WOULD BENEFIT FROM STATE ASSISTANCE WITH FINANCIAL  
15 DIFFICULTIES WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THE  
16 STATE TREASURER MAY REQUIRE THE DISTRICT OR INTERMEDIATE DISTRICT  
17 TO SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SECTION 102.  
18 THE FAILURE OF AN OFFICER OF A DISTRICT OR INTERMEDIATE DISTRICT TO  
19 PREPARE AND SUBMIT A PERIODIC FINANCIAL REPORT AS PROVIDED UNDER  
20 THIS SECTION CONSTITUTES MALFEASANCE AND IS GROUNDS FOR REMOVAL OF  
21 THE OFFICER FROM OFFICE.

22 (6) A DISTRICT OR INTERMEDIATE DISTRICT IS NOT REQUIRED TO  
23 SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE  
24 DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO SUBMIT AN ENHANCED  
25 DEFICIT ELIMINATION PLAN UNDER SECTION 102 OR IF A FINANCIAL  
26 EMERGENCY HAS BEEN DECLARED FOR THE DISTRICT OR INTERMEDIATE  
27 DISTRICT UNDER THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012

1 PA 436, MCL 141.1541 TO 141.1575.

2 (7) A DISTRICT OR INTERMEDIATE DISTRICT IS NO LONGER REQUIRED  
3 TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER THIS SECTION IF  
4 THE PERIODIC FINANCIAL STATUS REPORTS SUBMITTED BY A DISTRICT OR  
5 INTERMEDIATE DISTRICT INDICATE TO THE STATE TREASURER THAT  
6 POTENTIAL FINANCIAL STRESS DOES NOT EXIST WITHIN THE DISTRICT OR  
7 INTERMEDIATE DISTRICT, THAT AN OPERATING DEFICIT IS NOT PROJECTED  
8 TO ARISE WITHIN THE DISTRICT OR INTERMEDIATE SCHOOL DISTRICT WITHIN  
9 THE CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2 SCHOOL FISCAL  
10 YEARS, AND THAT THE DISTRICT OR INTERMEDIATE SCHOOL DISTRICT WILL  
11 BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS WHILE ALSO SATISFYING THE  
12 DISTRICT'S OR INTERMEDIATE DISTRICT'S OBLIGATIONS TO PROVIDE PUBLIC  
13 EDUCATIONAL SERVICES IN A MANNER THAT COMPLIES WITH THIS ACT, THE  
14 REVISED SCHOOL CODE, AND APPLICABLE RULES.

15 (8) THE STATE TREASURER SHALL NOTIFY A DISTRICT OR  
16 INTERMEDIATE DISTRICT WHEN SUBSECTION (7) APPLIES TO THE DISTRICT  
17 OR INTERMEDIATE DISTRICT. THE SUPERINTENDENT OF PUBLIC INSTRUCTION  
18 MAY NOTIFY THE STATE TREASURER THAT THE SUPERINTENDENT OF PUBLIC  
19 INSTRUCTION HAS DETERMINED THAT CONDITIONS UNDER SUBSECTION (7)  
20 APPLY TO THE DISTRICT OR INTERMEDIATE DISTRICT.

21 Sec. 104. (1) In order to receive state aid under this  
22 article, a district shall comply with sections 1249, 1278a, 1278b,  
23 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,  
24 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970  
25 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from  
26 the state school aid fund money appropriated in section 11, there  
27 is allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed

Senate Bill No. 775 as amended May 8, 2014

1 <<\$26,694,400.00 >> for payments on behalf of districts for costs  
2 associated with complying with those provisions of law. In  
3 addition, from the federal funds appropriated in section 11, there  
4 is allocated for ~~2013-2014~~ **2014-2015** an amount estimated at  
5 <<\$6,250,000.00, >> funded from DED-OESE, title VI, state  
6 assessment funds, and from DED-OSERS, section 504 of part B of the  
7 individuals with disabilities education act, Public Law 94-142,  
8 plus any carryover federal funds from previous year appropriations,  
9 for the purposes of complying with the federal no child left behind  
10 act of 2001, Public Law 107-110.

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

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

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

25 (5) **FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED**  
26 **AN AMOUNT NOT TO EXCEED \$0.00 FOR THE FOLLOWING PURPOSES:**

27 (A) **CONVERTING EXISTING STUDENT ASSESSMENTS TO ONLINE**

1 ASSESSMENTS.

2 (B) PROVIDING PAPER AND PENCIL TEST VERSIONS TO DISTRICTS NOT  
3 PREPARED TO IMPLEMENT ONLINE ASSESSMENTS.

4 (C) EXPANDING WRITING ASSESSMENTS TO ADDITIONAL GRADE LEVELS.

5 (D) PROVIDING AN INCREASED NUMBER OF CONSTRUCTED RESPONSE TEST  
6 QUESTIONS SO THAT PUPILS CAN DEMONSTRATE HIGHER-ORDER SKILLS SUCH  
7 AS PROBLEM SOLVING AND COMMUNICATING REASONING.

8 (6) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED  
9 AN AMOUNT NOT TO EXCEED \$0.00 FOR THE DEVELOPMENT OR SELECTION OF  
10 AN ONLINE REPORTING TOOL TO PROVIDE STUDENT-LEVEL ASSESSMENT DATA  
11 IN A SECURE ENVIRONMENT TO EDUCATORS, PARENTS, AND PUPILS  
12 IMMEDIATELY AFTER ASSESSMENTS ARE SCORED. THE DEPARTMENT AND THE  
13 CENTER SHALL ENSURE THAT ANY DATA COLLECTED BY THE ONLINE REPORTING  
14 TOOL DO NOT PROVIDE INDIVIDUALLY IDENTIFIABLE STUDENT DATA TO THE  
15 FEDERAL GOVERNMENT.

16 (7) ~~(5)~~As used in this section:

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

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

20 (c) "DED-OSERS" means the DED office of special education and  
21 rehabilitative services.

22 Sec. 104b. (1) In order to receive state aid under this ~~act~~,  
23 **ARTICLE**, a district shall comply with this section and shall  
24 administer the Michigan merit examination to pupils in grade 11,  
25 and to pupils in grade 12 who did not take the complete Michigan  
26 merit examination in grade 11, as provided in this section.

27 (2) For the purposes of this section, the department of

1 **TECHNOLOGY**, management, and budget shall contract with 1 or more  
2 providers to develop, supply, and score the Michigan merit  
3 examination. The Michigan merit examination shall consist of all of  
4 the following:

5 (a) Assessment instruments that measure English language arts,  
6 mathematics, reading, and science and are used by colleges and  
7 universities in this state for entrance or placement purposes. ~~This~~  
8 ~~shall include a writing component in which the pupil produces an~~  
9 ~~extended writing sample. The Michigan merit examination shall not~~  
10 ~~require any other extended writing sample.~~

11 (b) One or more tests from 1 or more test developers that  
12 assess a pupil's ability to apply at least reading and mathematics  
13 skills in a manner that is intended to allow employers to use the  
14 results in making employment decisions. The department of  
15 **TECHNOLOGY**, management, and budget and the superintendent shall  
16 ensure that any test or tests selected under this subdivision have  
17 all the components necessary to allow a pupil to be eligible to  
18 receive the results of a nationally recognized evaluation of  
19 workforce readiness if the pupil's test performance is adequate.

20 (c) A social studies component.

21 (d) Any other component that is necessary to obtain the  
22 approval of the United States department of education to use the  
23 Michigan merit examination for the purposes of the no child left  
24 behind act of 2001, Public Law 107-110.

25 (3) In addition to all other requirements of this section, all  
26 of the following apply to the Michigan merit examination:

27 (a) The department of **TECHNOLOGY**, management, and budget and

1 the superintendent shall ensure that any contractor used for  
2 scoring the Michigan merit examination supplies an individual  
3 report for each pupil that will identify for the pupil's parents  
4 and teachers whether the pupil met expectations or failed to meet  
5 expectations for each standard, to allow the pupil's parents and  
6 teachers to assess and remedy problems before the pupil moves to  
7 the next grade.

8 (b) The department of **TECHNOLOGY**, management, and budget and  
9 the superintendent shall ensure that any contractor used for  
10 scoring, developing, or processing the Michigan merit examination  
11 meets quality management standards commonly used in the assessment  
12 industry, including at least meeting level 2 of the capability  
13 maturity model developed by the software engineering institute of  
14 Carnegie Mellon university for the first year the Michigan merit  
15 examination is offered to all grade 11 pupils and at least meeting  
16 level 3 of the capability maturity model for subsequent years.

17 (c) The department of **TECHNOLOGY**, management, and budget and  
18 the superintendent shall ensure that any contract for scoring,  
19 administering, or developing the Michigan merit examination  
20 includes specific deadlines for all steps of the assessment  
21 process, including, but not limited to, deadlines for the correct  
22 testing materials to be supplied to schools and for the correct  
23 results to be returned to schools, and includes penalties for  
24 noncompliance with these deadlines.

25 (d) The superintendent shall ensure that the Michigan merit  
26 examination meets all of the following:

27 (i) Is designed to test pupils on grade level content



1 expectations or course content expectations, as appropriate, in all  
2 subjects tested.

3 (ii) Complies with requirements of the no child left behind act  
4 of 2001, Public Law 107-110.

5 (iii) Is consistent with the code of fair testing practices in  
6 education prepared by the joint committee on testing practices of  
7 the American psychological association.

8 (iv) Is factually accurate. If the superintendent determines  
9 that a question is not factually accurate and should be excluded  
10 from scoring, the state board and the superintendent shall ensure  
11 that the question is excluded from scoring.

12 (4) A district shall include on each pupil's high school  
13 transcript all of the following:

14 (a) For each high school graduate who has completed the  
15 Michigan merit examination under this section, the pupil's scaled  
16 score on each subject area component of the Michigan merit  
17 examination.

18 (b) The number of school days the pupil was in attendance at  
19 school each school year during high school and the total number of  
20 school days in session for each of those school years.

21 (5) The superintendent shall work with the provider or  
22 providers of the Michigan merit examination to produce Michigan  
23 merit examination subject area scores for each pupil participating  
24 in the Michigan merit examination. ~~including scaling and merging~~  
25 ~~of test items for the different subject area components.~~ The  
26 superintendent shall design and distribute to districts,  
27 intermediate districts, and nonpublic schools a simple and concise

1 document that describes the scoring for each subject area and  
2 indicates the scaled score ranges for each subject area.

3 (6) The Michigan merit examination shall be administered each  
4 ~~year after March 1 and before June 1 to pupils in grade 11.~~ **IN EACH**  
5 **DISTRICT DURING THE LAST 12 WEEKS OF THE DISTRICT'S SCHOOL YEAR.**

6 The superintendent shall ensure that the Michigan merit examination  
7 is scored and the scores are returned to pupils, their parents or  
8 legal guardians, and districts not later than the beginning of the  
9 pupil's first semester of grade 12. The returned scores shall  
10 indicate at least the pupil's scaled score for each subject area  
11 component and the range of scaled scores for each subject area. In  
12 reporting the scores to pupils, parents, and schools, the  
13 superintendent shall provide standards-specific, meaningful, and  
14 timely feedback on the pupil's performance on the Michigan merit  
15 examination.

16 (7) A district shall administer the complete Michigan merit  
17 examination to a pupil only once and shall not administer the  
18 complete Michigan merit examination to the same pupil more than  
19 once. If a pupil does not take the complete Michigan merit  
20 examination in grade 11, the district shall administer the complete  
21 Michigan merit examination to the pupil in grade 12. If a pupil  
22 chooses to retake the college entrance examination component of the  
23 Michigan merit examination, as described in subsection (2)(a), the  
24 pupil may do so through the provider of the college entrance  
25 examination component and the cost of the retake is the  
26 responsibility of the pupil unless all of the following are met:

27 (a) The pupil has taken the complete Michigan merit

1 examination.

2 (b) The pupil did not qualify for a Michigan promise grant  
3 under section 6 of the Michigan promise grant act, 2006 PA 479, MCL  
4 390.1626, based on the pupil's performance on the complete Michigan  
5 merit examination.

6 (c) The pupil meets the income eligibility criteria for free  
7 breakfast, lunch, or milk, as determined under the Richard B.  
8 Russell national school lunch act, 42 USC 1751 to 1769i.

9 (d) The pupil has applied to the provider of the college  
10 entrance examination component for a scholarship or fee waiver to  
11 cover the cost of the retake and that application has been denied.

12 (e) After taking the complete Michigan merit examination, the  
13 pupil has not already received a free retake of the college  
14 entrance examination component paid for either by this state or  
15 through a scholarship or fee waiver by the provider.

16 (8) The superintendent shall ensure that the length of the  
17 Michigan merit examination and the combined total time necessary to  
18 administer all of the components of the Michigan merit examination  
19 are the shortest possible that will still maintain the degree of  
20 reliability and validity of the Michigan merit examination results  
21 determined necessary by the superintendent. ~~The superintendent~~  
22 ~~shall ensure that the maximum total combined length of time that~~  
23 ~~schools are required to set aside for pupils to answer all test~~  
24 ~~questions on the Michigan merit examination does not exceed 8 hours~~  
25 ~~if the superintendent determines that sufficient alignment to~~  
26 ~~applicable Michigan merit curriculum content standards can be~~  
27 ~~achieved within that time limit.~~

1           (9) A district shall provide accommodations to a pupil with  
2 disabilities for the Michigan merit examination, as provided under  
3 section 504 of title V of the rehabilitation act of 1973, 29 USC  
4 794; subtitle A of title II of the Americans with disabilities act  
5 of 1990, 42 USC 12131 to 12134; the individuals with disabilities  
6 education act amendments of 1997, Public Law 105-17; and the  
7 implementing regulations for those statutes. The provider or  
8 providers of the Michigan merit examination and the superintendent  
9 shall mutually agree upon the accommodations to be provided under  
10 this subsection.

11           (10) To the greatest extent possible, the Michigan merit  
12 examination shall be based on grade level content expectations or  
13 course content expectations, as appropriate. Not later than July 1,  
14 2008, the department shall identify specific grade level content  
15 expectations to be taught before and after the middle of grade 11,  
16 so that teachers will know what content will be covered within the  
17 Michigan merit examination.

18           (11) A child who is a student in a nonpublic school or home  
19 school may take the Michigan merit examination under this section.  
20 To take the Michigan merit examination, a child who is a student in  
21 a home school shall contact the district in which the child  
22 resides, and that district shall administer the Michigan merit  
23 examination, or the child may take the Michigan merit examination  
24 at a nonpublic school if allowed by the nonpublic school. Upon  
25 request from a nonpublic school, the superintendent shall direct  
26 the provider or providers to supply the Michigan merit examination  
27 to the nonpublic school and the nonpublic school may administer the

1 Michigan merit examination. If a district administers the Michigan  
2 merit examination under this subsection to a child who is not  
3 enrolled in the district, the scores for that child are not  
4 considered for any purpose to be scores of a pupil of the district.

5 (12) In contracting under subsection (2), the department of  
6 management and budget shall consider a contractor that provides  
7 electronically-scored essays with the ability to score constructed  
8 response feedback in multiple languages and provide ongoing  
9 instruction and feedback.

10 (13) The purpose of the Michigan merit examination is to  
11 assess pupil performance in mathematics, science, social studies,  
12 and English language arts for the purpose of improving academic  
13 achievement and establishing a statewide standard of competency.  
14 The assessment under this section provides a common measure of data  
15 that will contribute to the improvement of Michigan schools'  
16 curriculum and instruction by encouraging alignment with Michigan's  
17 curriculum framework standards and promotes pupil participation in  
18 higher level mathematics, science, social studies, and English  
19 language arts courses. These standards are based upon the  
20 expectations of what pupils should learn through high school and  
21 are aligned with national standards.

22 (14) For a pupil enrolled in a middle college program, other  
23 than a middle college operated as a shared educational entity or a  
24 specialized shared educational entity, if the pupil receives at  
25 least 50% of his or her instruction at the high school while in  
26 grade 11, the Michigan merit examination shall be administered to  
27 the pupil at the high school at which the pupil receives high

1 school instruction, and the department shall include the pupil's  
2 scores on the Michigan merit examination in the scores for that  
3 high school for all purposes for which a school's or district's  
4 results are reported. The department shall allow the middle college  
5 program to use a 5-year graduation rate for determining adequate  
6 yearly progress. As used in this subsection, "middle college" means  
7 a program consisting of a series of courses and other requirements  
8 and conditions, including an early college or other program created  
9 under a memorandum of understanding, that allows a pupil to  
10 graduate from high school with both a high school diploma and a  
11 certificate or degree from a community college or state public  
12 university.

13 (15) As used in this section:

14 (a) "English language arts" means reading and writing.

15 (b) "Social studies" means United States history, world  
16 history, world geography, economics, and American government.

<<SEC. 104C. (1) IN ORDER TO RECEIVE STATE AID UNDER THIS ARTICLE,  
A DISTRICT SHALL ADMINISTER THE STATE ASSESSMENTS DESCRIBED IN THIS  
SECTION.

(2) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL DEVELOP  
FOR USE IN THE SPRING OF 2014-2015 AND 2015-2016 NEW MICHIGAN EDUCATION  
ASSESSMENT PROGRAM (MEAP) ASSESSMENTS IN ENGLISH LANGUAGE ARTS AND  
MATHEMATICS. THESE ASSESSMENTS SHALL BE ALIGNED TO STATE STANDARDS.

(3) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL  
IMPLEMENT BEGINNING IN THE 2016-2017 SCHOOL YEAR A SUMMATIVE ASSESSMENT  
SYSTEM FOR ADMINISTRATION TO PUPILS AS PROVIDED UNDER THIS SUBSECTION.  
THE SUMMATIVE ASSESSMENT SYSTEM SHALL MEET ALL OF THE FOLLOWING  
REQUIREMENTS:

(A) THE SUMMATIVE ASSESSMENT SYSTEM SHALL MEASURE STUDENT  
PROFICIENCY ON THE CURRENT STATE STANDARDS, SHALL MEASURE STUDENT GROWTH  
FOR CONSECUTIVE GRADE LEVELS IN WHICH STUDENTS ARE ASSESSED IN THE SAME  
SUBJECT AREA IN BOTH GRADE LEVELS, AND SHALL BE CAPABLE OF MEASURING  
INDIVIDUAL STUDENT PERFORMANCE.

(B) THE SUMMATIVE ASSESSMENTS FOR ENGLISH LANGUAGE ARTS AND  
MATHEMATICS SHALL BE ADMINISTERED TO ALL PUBLIC SCHOOL PUPILS IN GRADES 3  
TO 10, INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS WITH  
DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I OF THE  
FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

(C) THE SUMMATIVE ASSESSMENTS FOR SCIENCE SHALL BE ADMINISTERED TO

Senate Bill No. 775 as amended May 8, 2014

ALL PUBLIC SCHOOL PUPILS IN GRADES 5 AND 8 ONLY, INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I OF THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

(D) THE SUMMATIVE ASSESSMENTS FOR SOCIAL STUDIES SHALL BE ADMINISTERED TO ALL PUBLIC SCHOOL PUPILS IN GRADES 6 AND 9 ONLY, INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I OF THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

(E) THE CONTENT OF THE SUMMATIVE ASSESSMENTS SHALL BE ALIGNED TO STATE STANDARDS.

(F) THE CONTENT OF THE SUMMATIVE ASSESSMENTS SHALL BE SELECTED FROM A POOL OF QUESTIONS INDISTINGUISHABLY POPULATED WITH QUESTIONS FROM PREVIOUS YEARS AS WELL AS FROM THE CURRENT YEAR. THIS POOL OF QUESTIONS SHALL BE SUBJECT TO A TRANSPARENT REVIEW PROCESS FOR QUALITY, BIAS, AND SENSITIVE ISSUES INVOLVING PUBLIC REVIEW AND COMMENT. THE DEPARTMENT IS ENCOURAGED TO POST SAMPLE TESTS FEATURING QUESTIONS FROM THIS POOL FOR REVIEW BY THE PUBLIC.

(G) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT STUDENTS, PARENTS, AND TEACHERS ARE PROVIDED WITH REPORTS THAT CONVEY INDIVIDUAL STUDENT PROFICIENCY AND GROWTH ON THE ASSESSMENT AND THAT CONVEY INDIVIDUAL STUDENT PERFORMANCE ON INDIVIDUAL ASSESSMENT ITEMS AND INDIVIDUAL STUDENT PERFORMANCE IN MEETING STATE STANDARDS.

(H) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT STUDENTS, PARENTS, TEACHERS, ADMINISTRATORS, AND COMMUNITY MEMBERS ARE PROVIDED WITH REPORTS THAT CONVEY AGGREGATE STUDENT PROFICIENCY AND GROWTH DATA BY TEACHER, GRADE, SCHOOL, AND DISTRICT.

(I) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THE CAPABILITY OF REPORTING THE NECESSARY DATA TO SUPPORT EDUCATOR EVALUATIONS.

(J) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE REPORTS PROVIDED TO DISTRICTS CONTAINING INDIVIDUAL STUDENT DATA ARE AVAILABLE AS FOLLOWS:

(i) FOR COMPUTER-BASED ASSESSMENTS WITHOUT WRITTEN ANSWERS, WITHIN 1 WEEK AFTER COMPLETION OF THE ASSESSMENTS.

(ii) FOR PAPER AND PENCIL ASSESSMENTS WITHOUT WRITTEN ANSWERS, COMPUTER-BASED ASSESSMENTS WITH WRITTEN ANSWERS, AND PAPER AND PENCIL ASSESSMENTS WITH WRITTEN ANSWERS, WITHIN 3 WEEKS AFTER COMPLETION OF THE ASSESSMENTS.

(K) THE ASSESSMENTS SHALL BE CAPABLE OF BEING IMPLEMENTED STATEWIDE IN A FULLY OPERATIONAL MANNER NO LATER THAN THE 2016-2017 SCHOOL YEAR.

(L) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT ACCESS TO INDIVIDUALLY IDENTIFIABLE STUDENT DATA MEETS ALL OF THE FOLLOWING:

(i) IS IN COMPLIANCE WITH 20 USC 1232G, COMMONLY REFERRED TO AS THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974.

(ii) EXCEPT AS MAY BE PROVIDED FOR IN AN AGREEMENT WITH A VENDOR TO PROVIDE ASSESSMENT SERVICES, OR AS NECESSARY TO SUPPORT EDUCATOR EVALUATIONS PURSUANT TO SUBDIVISION (I), IS AVAILABLE ONLY TO THE STUDENT; TO THE STUDENT'S PARENT OR LEGAL GUARDIAN; AND TO A SCHOOL

Senate Bill No. 775 as amended May 8, 2014

ADMINISTRATOR OR TEACHER, TO THE EXTENT THAT HE OR SHE HAS A LEGITIMATE EDUCATIONAL INTEREST.

(M) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE ASSESSMENTS ARE PILOT TESTED AND VALIDATED BEFORE STATEWIDE IMPLEMENTATION.

(N) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE MAXIMUM TOTAL COMBINED LENGTH OF TIME THAT SCHOOLS ARE REQUIRED TO SET ASIDE FOR A PUPIL TO ANSWER ALL TEST QUESTIONS ON ALL ASSESSMENTS THAT ARE PART OF THE SYSTEM FOR THE PUPIL'S GRADE LEVEL DOES NOT EXCEED THAT MAXIMUM COMBINED TOTAL COMBINED LENGTH OF TIME FOR THE PREVIOUS STATEWIDE ASSESSMENT SYSTEM.

(O) THE TOTAL COST OF EXECUTING THE SUMMATIVE ASSESSMENT SYSTEM STATEWIDE EACH YEAR SHALL NOT EXCEED AN AMOUNT EQUAL TO 2 TIMES THE COST OF EXECUTING THE PREVIOUS STATEWIDE ASSESSMENT AFTER ADJUSTMENT FOR INFLATION.

(4) TO BEGIN THE PROCESS REQUIRED UNDER SUBSECTION (3), NOT LATER THAN SEPTEMBER 1, 2014, THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSALS FOR THE SUMMATIVE ASSESSMENT SYSTEM DESCRIBED IN THAT SUBSECTION.

(5) THIS SECTION DOES NOT PROHIBIT DISTRICTS FROM ADOPTING INTERIM ASSESSMENTS.

(6) AS USED IN THIS SECTION, "ENGLISH LANGUAGE ARTS" MEANS THAT TERM AS DEFINED IN SECTION 104B.>>

17       Sec. 107. (1) From the appropriation in section 11, there is  
18 allocated an amount not to exceed \$22,000,000.00 for ~~2013-2014~~  
19 **2014-2015** for adult education programs authorized under this  
20 section. Funds allocated under this section are restricted for  
21 adult education programs as authorized under this section only. A  
22 recipient of funds under this section shall not use those funds for  
23 any other purpose.

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



1           (3) To be eligible to be a participant funded under this  
2 section, a person shall be enrolled in an adult basic education  
3 program, an adult English as a second language program, a general  
4 educational development (G.E.D.) test preparation program, a job-  
5 or employment-related program, or a high school completion program,  
6 that meets the requirements of this section, **AND FOR WHICH**  
7 **INSTRUCTION IS PROVIDED**, and shall meet either of the following, as  
8 applicable:

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

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

15           (ii) Is less than 20 years of age on September 1 of the school  
16 year, is not attending an institution of higher education, and is  
17 enrolled in a job- or employment-related program through a referral  
18 by an employer **OR BY A MICHIGAN WORKFORCE AGENCY**.

19           (iii) Is enrolled in an English as a second language program.

20           (iv) Is enrolled in a high school completion program.

21           (b) If the individual has not obtained a high school diploma  
22 or G.E.D. certificate, the individual meets 1 of the following:

23           (i) Is at least 20 years of age on September 1 of the school  
24 year.

25           (ii) Is at least 16 years of age on September 1 of the school  
26 year, has been permanently expelled from school under section  
27 1311(2) or 1311a of the revised school code, MCL 380.1311 and

1 380.1311a, and has no appropriate alternative education program  
2 available through his or her district of residence.

3 (4) Except as otherwise provided in subsection (5), the money  
4 allocated under this section shall be distributed as follows:

5 (a) For districts and consortia that received payments for  
6 ~~2012-2013-2013-2014~~ under this section, the amount allocated to  
7 each for ~~2013-2014-2014-2015~~ shall be based on the number of  
8 participants served by the district or consortium for ~~2013-2014,~~  
9 ~~2014-2015~~, using the amount allocated per full-time equated  
10 participant under subsection (7), up to a maximum total allocation  
11 under this subsection in an amount equal to the amount the district  
12 or consortium received for ~~2012-2013-2013-2014~~ under this section  
13 before any reallocations made for ~~2012-2013-2014-2015~~ under  
14 subsection (5).

15 (b) A district or consortium that received funding in ~~2012-~~  
16 ~~2013-2013-2014~~ under this section may operate independently of a  
17 consortium or join or form a consortium for ~~2013-2014.-2014-2015.~~  
18 The allocation for ~~2013-2014-2014-2015~~ to the district or the newly  
19 formed consortium under this subsection shall be determined by the  
20 department and shall be based on the proportion of the amounts that  
21 are attributable to the district or consortium that received  
22 funding in ~~2012-2013.-2013-2014.~~ A district or consortium described  
23 in this subdivision shall notify the department of its intention  
24 with regard to ~~2013-2014-2014-2015~~ by October 1, ~~2013-2014.~~

25 (5) A district that operated an adult education program in  
26 ~~2012-2013-2013-2014~~ and does not intend to operate a program in  
27 ~~2013-2014-2014-2015~~ shall notify the department by October 1, ~~2013~~

1   **2014** of its intention. The money intended to be allocated under  
2   this section to a district that does not operate a program in ~~2013-~~  
3   ~~2014-2014-2015~~ and the unspent money originally allocated under  
4   this section to a district or consortium that subsequently operates  
5   a program at less than the level of funding allocated under  
6   subsection (4) and any other unallocated money under this section  
7   shall instead be proportionately reallocated to the other districts  
8   described in subsection (4)(a) that are operating an adult  
9   education program in ~~2013-2014-2014-2015~~ under this section.

10       (6) The amount allocated under this section per full-time  
11   equated participant ~~is~~ **SHALL NOT EXCEED** \$2,850.00 for a 450-hour  
12   program. The amount shall be proportionately reduced for a program  
13   offering less than 450 hours of instruction.

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

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

22       (b) The program tests individuals for eligibility under  
23   subdivision (a) before enrollment and upon completion of the  
24   program in compliance with the state-approved assessment policy.

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

27       (i) The participant's reading and mathematics proficiency are

1 assessed at or above the ninth grade level.

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

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

8 (i) The participant is assessed as having attained basic  
9 English proficiency as determined by a department-approved  
10 assessment.

11 (ii) The participant fails to show progress on 2 successive  
12 department-approved assessments after having completed at least 450  
13 hours of instruction. The department shall provide information to a  
14 funding recipient regarding appropriate assessment instruments for  
15 this program.

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

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

21 (b) The program shall administer a ~~G.E.D.~~ pre-test approved by  
22 the department before enrolling an individual to determine the  
23 individual's **LITERACY LEVELS, SHALL ADMINISTER A G.E.D. PRACTICE**  
24 **TEST TO DETERMINE THE INDIVIDUAL'S** potential for success on the  
25 G.E.D. test, and shall administer a post-test upon completion of  
26 the program in compliance with the state-approved assessment  
27 policy.

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

4 (i) The participant ~~passes~~**OBTAINS** the G.E.D. ~~test~~.

5 (ii) The participant fails to show progress on 2 successive  
6 department-approved assessments used to determine readiness to take  
7 the G.E.D. test after having completed at least 450 hours of  
8 instruction.

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

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

14 (b) The program tests participants described in subdivision  
15 (a) before enrollment and upon completion of the program in  
16 compliance with the state-approved assessment policy.

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

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

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

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

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

(b) The program tests participants described in subdivision (a) before enrollment and upon completion of the program in compliance with the department-approved assessment policy.

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

(i) The individual achieves the requisite skills as determined by department-approved assessment instruments.

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

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

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for **PARTICIPANT** completion of the adult basic education objectives by achieving an ~~increase of at least 1 grade level of proficiency in reading or mathematics;~~ **EDUCATIONAL GAIN AS DETERMINED BY THE NATIONAL REPORTING SYSTEM LEVELS;** for achieving basic English proficiency; ~~, as defined by the department in the adult education guidebook;~~ for obtaining a G.E.D. or passage of 1 or more individual G.E.D. tests; for attainment of a high school diploma or passage of a course required for a participant to attain

1 a high school diploma; ~~or for completion of the course and~~  
2 ~~demonstrated proficiency in the academic skills to be learned in~~  
3 ~~the course,~~ **FOR ENROLLMENT IN A POSTSECONDARY INSTITUTION, OR FOR**  
4 **ENTRY INTO OR RETENTION OF EMPLOYMENT,** as applicable.

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

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

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

20 (15) A district shall not commingle money received under this  
21 section or from another source for adult education purposes with  
22 any other funds of the district. A district receiving adult  
23 education funds shall establish a separate ledger account for ~~these~~  
24 funds **RECEIVED UNDER THIS SECTION.** This subsection does not  
25 prohibit a district from using general funds of the district to  
26 support an adult education or community education program.

27 (16) A district or intermediate district receiving funds under

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

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

20 (18) All intermediate district participant audits of adult  
21 education programs shall be performed pursuant to the adult  
22 education participant auditing and accounting manuals published by  
23 the department.

24 (19) It is the intent of the legislature to study allocating  
25 funds under this section on a competitive basis beginning for 2014-  
26 2015.

27 (20) As used in this section, "department" means the Michigan



1 strategic fund.

2       Sec. 147. (1) The allocation ~~each fiscal year for 2013-2014~~  
3 ~~and for 2014-2015~~ for the public school employees' retirement  
4 system pursuant to the public school employees retirement act of  
5 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the  
6 individual projected benefit entry age normal cost method of  
7 valuation and risk assumptions adopted by the public school  
8 employees retirement board and the department of technology,  
9 management, and budget.

10 ~~—— (2) The annual level percentage of payroll contribution rates~~  
11 ~~for the 2013-2014 fiscal year, as determined by the retirement~~  
12 ~~system, are estimated as follows:~~

13 ~~—— (a) For public school employees who first worked for a public~~  
14 ~~school reporting unit before July 1, 2010 and who are enrolled in~~  
15 ~~the health premium subsidy, the annual level percentage of payroll~~  
16 ~~contribution rate is estimated at 29.35%, with 24.79% paid directly~~  
17 ~~by the employer.~~

18 ~~—— (b) For public school employees who first worked for a public~~  
19 ~~school reporting unit on or after July 1, 2010 and who are enrolled~~  
20 ~~in the health premium subsidy, the annual level percentage of~~  
21 ~~payroll contribution rate is estimated at 29.12%, with 24.56% paid~~  
22 ~~directly by the employer.~~

23 ~~—— (c) For public school employees who first worked for a public~~  
24 ~~school reporting unit on or after July 1, 2010 and who participate~~  
25 ~~in the pension plus plan and in the personal healthcare fund, the~~  
26 ~~annual level percentage of payroll contribution rate is estimated~~  
27 ~~at 28.19%, with 23.63% paid directly by the employer.~~

~~1 (d) For public school employees who first worked for a public  
2 school reporting unit on or after September 4, 2012, who elect  
3 defined contribution, and who participate in the personal  
4 healthcare fund, the annual level percentage of payroll  
5 contribution rate is estimated at 25.52%, with 20.96% paid directly  
6 by the employer.~~

~~7 (e) For public school employees who first worked for a public  
8 school reporting unit before July 1, 2010, who elect defined  
9 contribution, and who are enrolled in the health premium subsidy,  
10 the annual level percentage of payroll contribution rate is  
11 estimated at 26.45%, with 21.89% paid directly by the employer.~~

~~12 (f) For public school employees who first worked for a public  
13 school reporting unit before July 1, 2010, who elect defined  
14 contribution, and who participate in the personal healthcare fund,  
15 the annual level percentage of payroll contribution rate is  
16 estimated at 25.52%, with 20.96% paid directly by the employer.~~

~~17 (g) For public school employees who first worked for a public  
18 school reporting unit before July 1, 2010 and who participate in  
19 the personal healthcare fund, the annual level percentage of  
20 payroll contribution rate is estimated at 28.42%, with 23.86% paid  
21 directly by the employer.~~

~~22 (2) (3)~~ The annual level percentage of payroll contribution  
23 rates for the 2014-2015 fiscal year, as determined by the  
24 retirement system, are estimated as follows:

25 (a) For public school employees who first worked for a public  
26 school reporting unit before July 1, 2010 and who are enrolled in  
27 the health premium subsidy, the annual level percentage of payroll

1 contribution rate is estimated at ~~33.10%~~, **33.44%**, with 25.78% paid  
2 directly by the employer.

3 (b) For public school employees who first worked for a public  
4 school reporting unit on or after July 1, 2010 and who are enrolled  
5 in the health premium subsidy, the annual level percentage of  
6 payroll contribution rate is estimated at ~~32.02%~~, **32.36%**, with  
7 24.70% paid directly by the employer.

8 (c) For public school employees who first worked for a public  
9 school reporting unit on or after July 1, 2010 and who participate  
10 in the personal healthcare fund, the annual level percentage of  
11 payroll contribution rate is estimated at ~~31.51%~~, **31.85%**, with  
12 24.19% paid directly by the employer.

13 (d) For public school employees who first worked for a public  
14 school reporting unit on or after September 4, 2012, who elect  
15 defined contribution, and who participate in the personal  
16 healthcare fund, the annual level percentage of payroll  
17 contribution rate is estimated at ~~28.28%~~, **28.62%**, with 20.96% paid  
18 directly by the employer.

19 (e) For public school employees who first worked for a public  
20 school reporting unit before July 1, 2010, who elect defined  
21 contribution, and who are enrolled in the health premium subsidy,  
22 the annual level percentage of payroll contribution rate is  
23 estimated at ~~28.79%~~, **29.13%**, with 21.47% paid directly by the  
24 employer.

25 (f) For public school employees who first worked for a public  
26 school reporting unit before July 1, 2010, who elect defined  
27 contribution, and who participate in the personal healthcare fund,

1 the annual level percentage of payroll contribution rate is  
 2 estimated at ~~28.28%~~, **28.62%**, with 20.96% paid directly by the  
 3 employer.

4 (g) For public school employees who first worked for a public  
 5 school reporting unit before July 1, 2010 and who participate in  
 6 the personal healthcare fund, the annual level percentage of  
 7 payroll contribution rate is estimated at ~~32.59%~~, **32.93%**, with  
 8 25.27% paid directly by the employer.

9 (3) ~~(4)~~—In addition to the employer payments described in  
 10 ~~subsections (2) and (3)~~, **SUBSECTION (2)**, the employer shall pay the  
 11 applicable contributions to the Tier 2 plan, as determined by the  
 12 public school employees retirement act of 1979, 1980 PA 300 MCL  
 13 38.1301 to 38.1408.

14 (4) ~~(5)~~—The contribution rates in subsection (2) reflect an  
 15 amortization period of ~~25~~ **24** years for ~~2013-2014~~. **2014-2015**. The  
 16 public school employees' retirement system board shall notify each  
 17 district and intermediate district by February 28 of each fiscal  
 18 year of the estimated contribution rate for the next fiscal year.

19 Sec. 147c. (1) From the appropriation in section 11, there is  
 20 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed  
 21 ~~\$249,500,000.00~~ **\$656,700,000.00** from the state school aid fund, and  
 22 there is appropriated for ~~2013-2014~~ **2014-2015** an amount not to  
 23 exceed ~~\$156,000,000.00~~ **\$18,000,000.00** from the MPSERS retirement  
 24 obligation reform reserve fund, for payments to districts and  
 25 intermediate districts that are participating entities of the  
 26 Michigan public school employees' retirement system.

27 ~~—(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 \$1,300,000.00 for 2013-2014.~~

(2) FOR 2014-2015, THE AMOUNTS ALLOCATED UNDER SUBSECTION (1) ARE ESTIMATED TO PROVIDE AN AVERAGE MPSERS RATE CAP PER PUPIL AMOUNT OF \$441.00 AND ARE ESTIMATED TO PROVIDE A RATE CAP PER PUPIL FOR DISTRICTS RANGING BETWEEN \$4.00 AND \$1,400.00. AS USED IN THIS SUBSECTION, "MPSERS RATE CAP PER PUPIL" MEANS AN AMOUNT EQUAL TO THE QUOTIENT OF THE DISTRICT'S PAYMENT UNDER THIS SECTION DIVIDED BY THE DISTRICT'S PUPILS IN MEMBERSHIP.

(3) Payments made under this section for ~~2013-2014~~ 2014-2015 shall be equal to the difference between the unfunded actuarial accrued liability contribution rate as calculated pursuant to section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, as calculated without taking into account the maximum employer rate of 20.96% included in section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, and the maximum employer rate of 20.96% included in section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341.

(4) The amount allocated to each participating entity under this section shall be based on each participating entity's proportion of the total covered payroll for the immediately preceding fiscal year for the same type of participating entities. A participating entity that receives funds under this section shall use the funds solely for the purpose of retirement contributions as

1 specified in subsection (5).

2 (5) Each participating entity receiving funds under this  
3 section shall forward an amount equal to the amount allocated under  
4 subsection (4) to the retirement system in a form, manner, and time  
5 frame determined by the retirement system.

6 (6) Funds allocated under this section should be considered  
7 when comparing a district's growth in total state aid funding from  
8 1 fiscal year to the next.

9 (7) As used in this section:

10 (a) "Participating entity" means a district, intermediate  
11 district, or district library that is a reporting unit of the  
12 Michigan public school employees' retirement system under the  
13 public school employees retirement act of 1979, 1980 PA 300, MCL  
14 38.1301 to 38.1437, and that reports employees to the Michigan  
15 public school employees' retirement system for the applicable  
16 fiscal year.

17 (b) "Retirement board" means the board that administers the  
18 retirement system under the public school employees retirement act  
19 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

20 (c) "Retirement system" means the Michigan public school  
21 employees' retirement system under the public school employees  
22 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

23 Sec. 152a. (1) As required by the court in the consolidated  
24 cases known as Adair v State of Michigan, Michigan supreme court  
25 docket nos. 137424 and 137453, from the state school aid fund money  
26 appropriated in section 11 there is allocated for ~~2013-2014-2014-~~  
27 **2015** an amount not to exceed \$38,000,500.00 to be used solely for

1 the purpose of paying necessary costs related to the state-mandated  
2 collection, maintenance, and reporting of data to this state.

3 (2) From the allocation in subsection (1), the department  
4 shall make payments to districts and intermediate districts in an  
5 equal amount per pupil based on the total number of pupils in  
6 membership in each district and intermediate district. The  
7 department shall not make any adjustment to these payments after  
8 the final installment payment under section 17b is made.

9 Sec. 161. A school official or member of a board or other  
10 person who neglects or refuses to do or perform an act required by  
11 this act or who violates or knowingly permits or consents to the  
12 violation of this act is guilty of a misdemeanor, punishable by  
13 imprisonment for not more than 90 days, or a fine of not more than  
14 \$1,500.00, or both. **THIS PENALTY IS IN ADDITION TO ALL OTHER**  
15 **FINANCIAL PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

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

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

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

25 (2) Except as provided in the revised school code, a district  
26 or intermediate district employing teachers or counselors not  
27 legally certificated shall have deducted the sum equal to the

1 amount paid the teachers or counselors for the period of  
2 noncertificated or illegal employment. Each intermediate  
3 superintendent shall notify the department of the name of the  
4 noncertificated teacher or counselor, and the district employing  
5 that individual and the amount of salary the noncertificated  
6 teacher or counselor was paid within a constituent district.

7 (3) If a school official is notified by the department that he  
8 or she is employing a nonapproved noncertificated teacher or  
9 counselor in violation of this section and knowingly continues to  
10 employ that teacher or counselor, the school official is guilty of  
11 a misdemeanor, punishable by a fine of \$1,500.00 for each  
12 incidence. **THIS PENALTY IS IN ADDITION TO ALL OTHER FINANCIAL**  
13 **PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

14 **SEC. 164F. THE INTERMEDIATE BOARD OF AN INTERMEDIATE DISTRICT,**  
15 **THE BOARD OF A DISTRICT, OR THE BOARD OF DIRECTORS OF A PUBLIC**  
16 **SCHOOL ACADEMY MAY USE FUNDS APPROPRIATED UNDER THIS ACT TO ENTER**  
17 **INTO A SWAP, HEDGE, DERIVATIVE, OR SIMILAR AGREEMENT IN CONNECTION**  
18 **WITH THE PROCUREMENT OF DIESEL FUEL. HOWEVER, NOT MORE THAN 25% OF**  
19 **A DISTRICT'S, PUBLIC SCHOOL ACADEMY'S, OR INTERMEDIATE DISTRICT'S**  
20 **ANNUAL DIESEL FUEL BUDGET MAY BE PROCURED IN THE MANNER ALLOWED**  
21 **UNDER THIS SECTION.**

22 Sec. 168. In order to receive funds under this act, a  
23 district, intermediate district, grant recipient, contractor, or  
24 other entity that directly or indirectly receives funds under this  
25 act shall allow access for the department or the department's  
26 designee to audit all records related to a program for which it  
27 receives ~~such~~ funds **UNDER THIS ACT OR HAS RECEIVED FUNDS UNDER THIS**



Senate Bill No. 775 as amended May 8, 2014

1 **ACT FOR ANY OF THE 3 IMMEDIATELY PRECEDING FISCAL YEARS.** The  
2 district, intermediate district, grant recipient, contractor, or  
3 other entity shall reimburse the state for all disallowances found  
4 in ~~the audit.~~ **ANY AUDIT CONDUCTED UNDER THIS ACT.**

5 Enacting section 1. In accordance with section 30 of article I  
6 of the state constitution of 1963, total state spending on school  
7 aid under article I as amended by this amendatory act from state  
8 sources for fiscal year 2014-2015 is estimated at  
9 \$11,938,010,200.00 and state appropriations for school aid to be  
10 paid to local units of government for fiscal year 2014-2015 are  
11 estimated at \$11,792,049,900.00.

12 Enacting section 2. Sections 22c, 22f, 22g, 22j, 22k, 64a, 82,  
13 98, and 147a of the state school aid act of 1979, 1979 PA 94, MCL  
14 388.1622c, 388.1622f, 388.1622g, 388.1622j, 388.1622k, 388.1664a,  
15 388.1682, 388.1698, and 388.1747a, are repealed.

16 <<Enacting section 3. (1) Except as otherwise provided in  
17 subsection (2), this amendatory act takes effect October 1, 2014.  
(2) Section 104c of the state school aid act of 1979, 1979 PA 94,  
MCL 388.1704c, as added by this amendatory act, takes effect upon  
enactment of this amendatory act.>>