

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 182, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 18, 18b, 19, 20, 20d, 22a, 22b, 22d, 22j, 24, 24a, 24c, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39a, 51a, 51b, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 95, 98, 99, 101, 102, 104, 107, 147, 147a, 147b, 147c, and 152a (MCL 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1622a, 388.1622b, 388.1622d, 388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639a, 388.1651a, 388.1651b, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1695, 388.1698, 388.1699, 388.1701, 388.1702, 388.1704, 388.1707, 388.1747, 388.1747a, 388.1747b, 388.1747c, and 388.1752a), sections 6, 11, and 26b as amended by 2012 PA 465, sections 11a, 11g, 11j, 11k, 11m, 12, 18, 19, 20, 20d, 22a, 22b, 22d, 24, 24a, 24c, 26a, 31a, 31d, 31f, 32d, 39a, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99, 102, 104, 107, 147, 147a, 147b, and 152a as amended and sections 22j, 26c, 32p, 95, and 147c as added by 2012 PA 201, section 15 as amended by 2012 PA 286, section 18b as amended by 2008 PA 268, section 51b as added by 1996 PA 300, and section 101 as amended by 2012 PA 516, and by adding sections 11s, 21f, 22k, 22m, 25e, and 32q; and to repeal acts and parts of acts.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

(attached)

Third: That the Senate and House agree to the title of the bill to read as follows:

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools, the intermediate school districts, community colleges, and public universities of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 18, 18b, 19, 20, 20d, 22a, 22b, 22d, 22f, 22g, 22i, 22j, 24, 24a, 24c, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 51a, 51b, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 95, 98, 99, 101, 102, 104, 107, 147, 147a, 147b, 147c, and 152a (MCL 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1622a, 388.1622b, 388.1622d, 388.1622f, 388.1622g, 388.1622i, 388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1651a, 388.1651b, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1695, 388.1698, 388.1699, 388.1701, 388.1702, 388.1704, 388.1707, 388.1747, 388.1747a, 388.1747b, 388.1747c, and 388.1752a), sections 6, 11, and 26b as amended by 2012 PA 465, sections 11a, 11g, 11j, 11k, 11m, 12, 18, 19, 20, 20d, 22a, 22b, 22d, 22f, 24, 24a, 24c, 26a, 31a, 31d, 31f, 32d, 39, 39a, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99, 102, 104, 107, 147, 147a, 147b, and 152a as amended and sections 22g, 22i, 22j, 26c, 32p, 95, and 147c as added by 2012 PA 201, section 15 as amended by 2012 PA 286, section 18b as amended by 2008 PA 268, section 51b as added by 1996 PA 300, and section 101 as amended by 2013 PA 29, and by adding sections 20f, 21f, 22c, 22k, 25e, 41, 64a, and 99h; and to repeal acts and parts of acts.

Howard Walker

Bill Rogers

Roger Kahn

Phil Potvin

Hoon-Yung Hopgood

Brandon Dillon

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR
SENATE BILL NO. 182**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 18,
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26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 51a, 51b, 51c,
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388.1681, 388.1694a, 388.1695, 388.1698, 388.1699, 388.1701, 388.1702, 388.1704, 388.1707, 388.1747, 388.1747a, 388.1747b, 388.1747c, and 388.1752a), sections 6, 11, and 26b as amended by 2012 PA 465, sections 11a, 11g, 11j, 11k, 11m, 12, 18, 19, 20, 20d, 22a, 22b, 22d, 22f, 24, 24a, 24c, 26a, 31a, 31d, 31f, 32d, 39, 39a, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99, 102, 104, 107, 147, 147a, 147b, and 152a as amended and sections 22g, 22i, 22j, 26c, 32p, 95, and 147c as added by 2012 PA 201, section 15 as amended by 2012 PA 286, section 18b as amended by 2008 PA 268, section 51b as added by 1996 PA 300, and section 101 as amended by 2013 PA 29, and by adding sections 20f, 21f, 22c, 22k, 25e, 41, 64a, and 99h; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) "Center program" means a program operated by a
2 district or by an intermediate district for special education
3 pupils from several districts in programs for pupils with autism
4 spectrum disorder, pupils with severe cognitive impairment, pupils
5 with moderate cognitive impairment, pupils with severe multiple
6 impairments, pupils with hearing impairment, pupils with visual
7 impairment, and pupils with physical impairment or other health
8 impairment. Programs for pupils with emotional impairment housed in
9 buildings that do not serve regular education pupils also qualify.
10 Unless otherwise approved by the department, a center program
11 either shall serve all constituent districts within an intermediate
12 district or shall serve several districts with less than 50% of the
13 pupils residing in the operating district. In addition, special
14 education center program pupils placed part-time in noncenter

1 programs to comply with the least restrictive environment
2 provisions of section 612 of part B of the individuals with
3 disabilities education act, 20 USC 1412, may be considered center
4 program pupils for pupil accounting purposes for the time scheduled
5 in either a center program or a noncenter program.

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

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

15 (4) "Membership", except as otherwise provided in this
16 article, means for a district, a public school academy, the
17 education achievement system, or an intermediate district the sum
18 of the product of .90 times the number of full-time equated pupils
19 in grades K to 12 actually enrolled and in regular daily attendance
20 on the pupil membership count day for the current school year, plus
21 the product of .10 times the final audited count from the
22 supplemental count day for the ~~immediately preceding~~ **CURRENT** school
23 year. A district's, public school academy's, or intermediate
24 district's membership shall be adjusted as provided under section
25 25 for pupils who enroll in the district, public school academy, or
26 intermediate district after the pupil membership count day. All
27 pupil counts used in this subsection are as determined by the

1 department and calculated by adding the number of pupils registered
 2 for attendance plus pupils received by transfer and minus pupils
 3 lost as defined by rules promulgated by the superintendent, and as
 4 corrected by a subsequent department audit. For the purposes of
 5 this section and section 6a, for a school of excellence that is a
 6 cyber school, as defined in section 551 of the revised school code,
 7 MCL 380.551, and is in compliance with section 553a of the revised
 8 school code, MCL 380.553a, ~~or for the education achievement system,~~
 9 a pupil's participation in the cyber school's educational program
 10 ~~or in an online educational program of the education achievement~~
 11 ~~system or of an achievement school~~ is considered regular daily
 12 attendance; **FOR THE EDUCATION ACHIEVEMENT SYSTEM, A PUPIL'S**
 13 **PARTICIPATION IN AN ONLINE EDUCATIONAL PROGRAM OF THE EDUCATION**
 14 **ACHIEVEMENT SYSTEM OR OF AN ACHIEVEMENT SCHOOL IS CONSIDERED**
 15 **REGULAR DAILY ATTENDANCE; AND FOR A DISTRICT A PUPIL'S**
 16 **PARTICIPATION IN AN ONLINE COURSE AS DEFINED IN SECTION 21F IS**
 17 **CONSIDERED REGULAR DAILY ATTENDANCE.** The amount of the foundation
 18 allowance for a pupil in membership is determined under section 20.
 19 In making the calculation of membership, all of the following, as
 20 applicable, apply to determining the membership of a district, a
 21 public school academy, the education achievement system, or an
 22 intermediate district:

23 (a) Except as otherwise provided in this subsection, and
 24 pursuant to subsection (6), a pupil shall be counted in membership
 25 in the pupil's educating district or districts. An individual pupil
 26 shall not be counted for more than a total of 1.0 full-time equated
 27 membership.

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

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

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

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

23 (f) A pupil enrolled in a career and technical education
24 program supported by a millage levied over an area larger than a
25 single district or in an area vocational-technical education
26 program established pursuant to section 690 of the revised school
27 code, MCL 380.690, shall be counted only in the pupil's district of

1 residence.

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

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

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

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

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

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

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

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

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

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

27 (A) Is enrolled in a public school academy or an alternative

1 education high school diploma program, that is primarily focused on
2 educating homeless pupils and that is located in a city with a
3 population of more than ~~500,000~~.175,000.

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

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

8 (iii) IF A CHILD BECOMES A RESIDENT OF A DISTRICT AND THE CHILD
9 DOES NOT MEET THE MINIMUM AGE REQUIREMENT TO BE ELIGIBLE TO ATTEND
10 SCHOOL FOR THAT SCHOOL YEAR UNDER SECTION 1147 OF THE REVISED
11 SCHOOL CODE, MCL 380.1147, BUT WILL BE 5 YEARS OF AGE NOT LATER
12 THAN DECEMBER 1 OF THAT SCHOOL YEAR, THE DISTRICT MAY COUNT THE
13 CHILD IN MEMBERSHIP FOR THAT SCHOOL YEAR IF THE PARENT OR LEGAL
14 GUARDIAN HAS NOTIFIED THE DISTRICT IN WRITING THAT HE OR SHE
15 INTENDS TO ENROLL THE CHILD IN KINDERGARTEN FOR THAT SCHOOL YEAR.

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

26 (n) If a pupil counted in membership in a public school
27 academy or the education achievement system is also educated by a

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

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

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

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

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

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

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

23 (r) Beginning in 2012-2013, full-time equated memberships for
24 pupils in kindergarten shall be determined by dividing the number
25 of instructional hours scheduled and provided per year per
26 kindergarten pupil by the same number used for determining full-
27 time equated memberships for pupils in grades 1 to 12. However, to

1 the extent allowable under federal law, for a district or public
2 school academy that provides evidence satisfactory to the
3 department that it used federal title I money in the 2 immediately
4 preceding school fiscal years to fund full-time kindergarten, full-
5 time equated memberships for pupils in kindergarten shall be
6 determined by dividing the number of class hours scheduled and
7 provided per year per kindergarten pupil by a number equal to 1/2
8 the number used for determining full-time equated memberships for
9 pupils in grades 1 to 12. ~~Not later than December 1, 2012, the~~
10 ~~department shall seek a clarification from the federal department~~
11 ~~of education as to whether this is an allowable use of federal~~
12 ~~title I money.~~ The change in the counting of full-time equated
13 memberships for pupils in kindergarten that ~~takes~~ **TOOK** effect in
14 **FOR** 2012-2013 is not a mandate. ~~Not later than the fifth Wednesday~~
15 ~~after the pupil membership count day, each district or public~~
16 ~~school academy and the education achievement system shall report to~~
17 ~~the department and the center the number of instructional hours~~
18 ~~scheduled per kindergarten pupil for 2012-2013. If the number of~~
19 ~~instructional hours scheduled per kindergarten pupil is not equal~~
20 ~~for all kindergarten pupils in the district, the district or public~~
21 ~~school academy and the education achievement system shall report~~
22 ~~the number of kindergarten pupils who were scheduled to receive~~
23 ~~each of the different numbers of instructional hours scheduled.~~

24 (s) For a district, a public school academy, or the education
25 achievement system that has pupils enrolled in a grade level that
26 was not offered by the district, the public school academy, or the
27 education achievement system in the immediately preceding school

1 year, the number of pupils enrolled in that grade level to be
2 counted in membership is the average of the number of those pupils
3 enrolled and in regular daily attendance on the pupil membership
4 count day and the supplemental count day of the current school
5 year, as determined by the department. Membership shall be
6 calculated by adding the number of pupils registered for attendance
7 in that grade level on the pupil membership count day plus pupils
8 received by transfer and minus pupils lost as defined by rules
9 promulgated by the superintendent, and as corrected by subsequent
10 department audit, plus the final audited count from the
11 supplemental count day for the current school year, and dividing
12 that sum by 2.

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

16 (u) If, as a result of a disciplinary action, a district
17 determines through the district's alternative or disciplinary
18 education program that the best instructional placement for a pupil
19 is in the pupil's home or otherwise apart from the general school
20 population, if that placement is authorized in writing by the
21 district superintendent and district alternative or disciplinary
22 education supervisor, and if the district provides appropriate
23 instruction as described in this subdivision to the pupil at the
24 pupil's home or otherwise apart from the general school population,
25 the district may count the pupil in membership on a pro rata basis,
26 with the proration based on the number of hours of instruction the
27 district actually provides to the pupil divided by the number of

1 hours specified in subdivision (q) for full-time equivalency. For
2 the purposes of this subdivision, a district shall be considered to
3 be providing appropriate instruction if all of the following are
4 met:

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

9 (ii) The district provides instructional materials, resources,
10 and supplies ~~, except computers,~~ that are comparable to those
11 otherwise provided in the district's alternative education program.

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

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

16 (v) A pupil enrolled in an alternative or disciplinary
17 education program described in section 25 shall be counted in
18 membership in the district, the public school academy, or the
19 education achievement system that is educating the pupil.

20 (w) If a pupil was enrolled in a public school academy on the
21 pupil membership count day, if the public school academy's contract
22 with its authorizing body is revoked or the public school academy
23 otherwise ceases to operate, and if the pupil enrolls in a district
24 or the education achievement system within 45 days after the pupil
25 membership count day, the department shall adjust the district's or
26 the education achievement system's pupil count for the pupil
27 membership count day to include the pupil in the count.

1 (x) For a public school academy that has been in operation for
2 at least 2 years and that suspended operations for at least 1
3 semester and is resuming operations, membership is the sum of the
4 product of .90 times the number of full-time equated pupils in
5 grades K to 12 actually enrolled and in regular daily attendance on
6 the first pupil membership count day or supplemental count day,
7 whichever is first, occurring after operations resume, plus the
8 product of .10 times the final audited count from the most recent
9 pupil membership count day or supplemental count day that occurred
10 before suspending operations, as determined by the superintendent.

11 (y) If a district's membership for a particular fiscal year,
12 as otherwise calculated under this subsection, would be less than
13 1,550 pupils and the district has 4.5 or fewer pupils per square
14 mile, as determined by the department, and ~~, beginning in 2007-~~
15 ~~2008,~~ if the district does not receive funding under section
16 22d(2), the district's membership shall be considered to be the
17 membership figure calculated under this subdivision. If a district
18 educates and counts in its membership pupils in grades 9 to 12 who
19 reside in a contiguous district that does not operate grades 9 to
20 12 and if 1 or both of the affected districts request the
21 department to use the determination allowed under this sentence,
22 the department shall include the square mileage of both districts
23 in determining the number of pupils per square mile for each of the
24 districts for the purposes of this subdivision. The membership
25 figure calculated under this subdivision is the greater of the
26 following:

27 (i) The average of the district's membership for the 3-fiscal-

1 year period ending with that fiscal year, calculated by adding the
2 district's actual membership for each of those 3 fiscal years, as
3 otherwise calculated under this subsection, and dividing the sum of
4 those 3 membership figures by 3.

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

7 (z) If a public school academy that is not in its first or
8 second year of operation closes at the end of a school year and
9 does not reopen for the next school year, the department shall
10 adjust the membership count of the district or the education
11 achievement system in which a former pupil of the public school
12 academy enrolls and is in regular daily attendance for the next
13 school year to ensure that the district or the education
14 achievement system receives the same amount of membership aid for
15 the pupil as if the pupil were counted in the district or the
16 education achievement system on the supplemental count day of the
17 preceding school year.

18 (aa) Full-time equated memberships for special education
19 pupils who are not enrolled in kindergarten but are enrolled in a
20 classroom program under R 340.1754 of the Michigan administrative
21 code shall be determined by dividing the number of class hours
22 scheduled and provided per year by 450. Full-time equated
23 memberships for special education pupils who are not enrolled in
24 kindergarten but are receiving early childhood special education
25 services under R 340.1755 of the Michigan administrative code shall
26 be determined by dividing the number of hours of service scheduled
27 and provided per year per pupil by 180.

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

6 (cc) For the first year in which a pupil is counted in
7 membership on the pupil membership count day in a middle college
8 program, the membership is the average of the full-time equated
9 membership on the pupil membership count day and on the
10 supplemental count day for the current school year, as determined
11 by the department. If a pupil was counted by the operating district
12 on the immediately preceding supplemental count day, the pupil
13 shall be excluded from the district's immediately preceding
14 supplemental count for purposes of determining the district's
15 membership.

16 (dd) A district, a public school academy, or the education
17 achievement system that educates a pupil who attends a United
18 States Olympic education center may count the pupil in membership
19 regardless of whether or not the pupil is a resident of this state.

20 (ee) A pupil enrolled in a district other than the pupil's
21 district of residence pursuant to section 1148(2) of the revised
22 school code, MCL 380.1148, shall be counted in the educating
23 district or the education achievement system.

24 (ff) For a pupil enrolled in a dropout recovery program that
25 meets the requirements of section 23a, the pupil shall be counted
26 as 1/12 of a full-time equated membership for each month that the
27 district operating the program reports that the pupil was enrolled

1 in the program and was in full attendance. **HOWEVER, A PUPIL COUNTED**
2 **UNDER THIS SUBDIVISION SHALL NOT BE COUNTED AS MORE THAN 1.0 FTE IN**
3 **A FISCAL YEAR.** The district operating the program shall report to
4 the center the number of pupils who were enrolled in the program
5 and were in full attendance for a month not later than the tenth
6 day of the next month. A district shall not report a pupil as being
7 in full attendance for a month unless both of the following are
8 met:

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

12 (ii) The pupil meets the district's definition under section
13 23a of satisfactory monthly progress for that month or, if the
14 pupil does not meet that definition of satisfactory monthly
15 progress for that month, the pupil did meet that definition of
16 satisfactory monthly progress in the immediately preceding month
17 and appropriate interventions are implemented within 10 school days
18 after it is determined that the pupil does not meet that definition
19 of satisfactory monthly progress.

20 (5) "Public school academy" means that term as defined in the
21 revised school code.

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

27 (a) A nonpublic part-time pupil enrolled in grades 1 to 12 in

1 accordance with section 166b.

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

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

6 (d) A pupil enrolled in a district other than the pupil's
7 district of residence under an intermediate district schools of
8 choice pilot program as described in section 91a or former section
9 91 if the intermediate district and its constituent districts have
10 been exempted from section 105.

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

14 (f) A pupil who has made an official written complaint or
15 whose parent or legal guardian has made an official written
16 complaint to law enforcement officials and to school officials of
17 the pupil's district of residence that the pupil has been the
18 victim of a criminal sexual assault or other serious assault, if
19 the official complaint either indicates that the assault occurred
20 at school or that the assault was committed by 1 or more other
21 pupils enrolled in the school the pupil would otherwise attend in
22 the district of residence or by an employee of the district of
23 residence. A person who intentionally makes a false report of a
24 crime to law enforcement officials for the purposes of this
25 subdivision is subject to section 411a of the Michigan penal code,
26 1931 PA 328, MCL 750.411a, which provides criminal penalties for
27 that conduct. As used in this subdivision:

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

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

10 (g) A pupil whose district of residence changed after the
11 pupil membership count day and before the supplemental count day
12 and who continues to be enrolled on the supplemental count day as a
13 nonresident in the district in which he or she was enrolled as a
14 resident on the pupil membership count day of the same school year.

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

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

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

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

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

25 (v) The pupil is enrolled in an alternative or disciplinary
26 education program described in section 25.

27 (i) A pupil enrolled in the Michigan virtual school, for the

1 pupil's enrollment in the Michigan virtual school.

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

8 (k) An expelled pupil who has been denied reinstatement by the
9 expelling district and is reinstated by another school board under
10 section 1311 or 1311a of the revised school code, MCL 380.1311 and
11 380.1311a.

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

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

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

22 (o) A pupil who enrolls in a district other than the pupil's
23 district of residence as a result of the pupil's school not making
24 adequate yearly progress under the no child left behind act of
25 2001, Public Law 107-110.

26 ~~—— (p) A pupil enrolled in a district other than the pupil's~~
27 ~~district of residence as a qualifying pupil under section 22h(2).~~

1 (P) AN ONLINE LEARNING PUPIL ENROLLED IN A DISTRICT OTHER THAN
2 THE PUPIL'S DISTRICT OF RESIDENCE AS AN ELIGIBLE PUPIL UNDER
3 SECTION 21F.

4 However, if a district educates pupils who reside in another
5 district and if the primary instructional site for those pupils is
6 established by the educating district after 2009-2010 and is
7 located within the boundaries of that other district, the educating
8 district must have the approval of that other district to count
9 those pupils in membership.

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

12 (a) Except as provided in subdivision (b), the first Wednesday
13 in October each school year or, for a district or building in which
14 school is not in session on that Wednesday due to conditions not
15 within the control of school authorities, with the approval of the
16 superintendent, the immediately following day on which school is in
17 session in the district or building.

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

20 (i) Fourth Wednesday in July.

21 (ii) First Wednesday in October.

22 (iii) Second Wednesday in February.

23 (iv) Fourth Wednesday in April.

24 (8) "Pupils in grades K to 12 actually enrolled and in regular
25 daily attendance" means pupils in grades K to 12 in attendance and
26 receiving instruction in all classes for which they are enrolled on
27 the pupil membership count day or the supplemental count day, as

1 applicable. Except as otherwise provided in this subsection, a
2 pupil who is absent from any of the classes in which the pupil is
3 enrolled on the pupil membership count day or supplemental count
4 day and who does not attend each of those classes during the 10
5 consecutive school days immediately following the pupil membership
6 count day or supplemental count day, except for a pupil who has
7 been excused by the district, shall not be counted as 1.0 full-time
8 equated membership. A pupil who is excused from attendance on the
9 pupil membership count day or supplemental count day and who fails
10 to attend each of the classes in which the pupil is enrolled within
11 30 calendar days after the pupil membership count day or
12 supplemental count day shall not be counted as 1.0 full-time
13 equated membership. In addition, a pupil who was enrolled and in
14 attendance in a district, an intermediate district, a public school
15 academy, or the education achievement system before the pupil
16 membership count day or supplemental count day of a particular year
17 but was expelled or suspended on the pupil membership count day or
18 supplemental count day shall only be counted as 1.0 full-time
19 equated membership if the pupil resumed attendance in the district,
20 intermediate district, public school academy, or education
21 achievement system within 45 days after the pupil membership count
22 day or supplemental count day of that particular year. Pupils not
23 counted as 1.0 full-time equated membership due to an absence from
24 a class shall be counted as a prorated membership for the classes
25 the pupil attended. For purposes of this subsection, "class" means
26 a period of time in 1 day when pupils and a certificated teacher or
27 legally qualified substitute teacher are together and instruction

1 is taking place.

2 (9) "Rule" means a rule promulgated pursuant to the
3 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
4 24.328.

5 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
6 380.1852.

7 (11) "School district of the first class", "first class school
8 district", and "district of the first class" mean a district that
9 had at least 60,000 pupils in membership for the immediately
10 preceding fiscal year.

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

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

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

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

20 (16) "Tuition pupil" means a pupil of school age attending
21 school in a district other than the pupil's district of residence
22 for whom tuition may be charged **TO THE DISTRICT OF RESIDENCE.**
23 Tuition pupil does not include a pupil who is a special education
24 pupil, ~~or~~ a pupil described in subsection (6)(c) to ~~(e)~~ **(P), OR A**
25 **PUPIL WHOSE PARENT OR GUARDIAN VOLUNTARILY ENROLLS THE PUPIL IN A**
26 **DISTRICT THAT IS NOT THE PUPIL'S DISTRICT OF RESIDENCE.** A pupil's
27 district of residence shall not require a high school tuition

1 pupil, as provided under section 111, to attend another school
2 district after the pupil has been assigned to a school district.

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

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

9 (19) "Textbook" means a book, electronic book, or other
10 instructional print or electronic resource that is selected and
11 approved by the governing board of a district or, for an
12 achievement school, by the chancellor of the achievement authority
13 and that contains a presentation of principles of a subject, or
14 that is a literary work relevant to the study of a subject required
15 for the use of classroom pupils, or another type of course material
16 that forms the basis of classroom instruction.

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

21 Sec. 11. (1) ~~Subject to subsection (3), for~~ **FOR** the fiscal
22 year ending September 30, 2013, there is appropriated for the
23 public schools of this state and certain other state purposes
24 relating to education the sum of ~~\$10,961,245,600.00~~
25 **\$10,928,614,200.00** from the state school aid fund and the sum of
26 **\$282,400,000.00** from the general fund. **FOR THE FISCAL YEAR ENDING**
27 **SEPTEMBER 30, 2014, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF**

1 THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION
2 THE SUM OF \$11,211,382,300.00 FROM THE STATE SCHOOL AID FUND, THE
3 SUM OF \$156,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM
4 RESERVE FUND CREATED UNDER SECTION 147B, AND THE SUM OF
5 \$230,000,000.00 FROM THE GENERAL FUND. In addition, all other
6 available federal funds, except those otherwise appropriated under
7 section 11p, are appropriated for the fiscal year ending September
8 30, 2013 AND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014.

9 (2) The appropriations under this section shall be allocated
10 as provided in this article. Money appropriated under this section
11 from the general fund shall be expended to fund the purposes of
12 this article before the expenditure of money appropriated under
13 this section from the state school aid fund.

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

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

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

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

27 (b) Money statutorily dedicated to the school aid

1 stabilization fund.

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

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

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

12 (5) Money in the school aid stabilization fund at the close of
13 a fiscal year shall remain in the school aid stabilization fund and
14 shall not lapse to the unreserved school aid fund balance or the
15 general fund.

16 (6) If the maximum amount appropriated under section 11 from
17 the state school aid fund for a fiscal year exceeds the amount
18 available for expenditure from the state school aid fund for that
19 fiscal year, there is appropriated from the school aid
20 stabilization fund to the state school aid fund an amount equal to
21 the projected shortfall as determined by the department of
22 treasury, but not to exceed available money in the school aid
23 stabilization fund. If the money in the school aid stabilization
24 fund is insufficient to fully fund an amount equal to the projected
25 shortfall, the state budget director shall notify the legislature
26 as required under section ~~11(3)~~ **296(2)** and state payments in an
27 amount equal to the remainder of the projected shortfall shall be

1 prorated in the manner provided under section ~~11(4)-296(3)~~.

2 (7) For ~~2012-2013~~, **2013-2014**, in addition to the
3 appropriations in section 11, there is appropriated from the school
4 aid stabilization fund to the state school aid fund the amount
5 necessary to fully fund the allocations under this article.

6 ~~— (8) Effective February 24, 2012, in addition to any amounts~~
7 ~~otherwise deposited into the school aid stabilization fund, there~~
8 ~~is transferred from the state school aid fund to the school aid~~
9 ~~stabilization fund an amount equal to \$100,000,000.00.~~

10 Sec. 11g. (1) From the appropriation in section 11, there is
11 allocated for this section an amount not to exceed ~~\$39,000,000.00~~
12 **\$39,500,000.00** for the fiscal year ending September 30, ~~2013~~, **2014**
13 and for ~~each succeeding fiscal year through~~ the fiscal year ending
14 September 30, 2015, after which these payments will cease. These
15 allocations are for paying the amounts described in subsection (3)
16 to districts and intermediate districts, other than those receiving
17 a lump-sum payment under section 11f(2), that were not plaintiffs
18 in the consolidated cases known as Durant v State of Michigan,
19 Michigan supreme court docket no. 104458-104492 and that, on or
20 before March 2, 1998, submitted to the state treasurer a waiver
21 resolution described in section 11f. The amounts paid under this
22 section represent offers of settlement and compromise of any claim
23 or claims that were or could have been asserted by these districts
24 and intermediate districts, as described in this section.

25 (2) This section does not create any obligation or liability
26 of this state to any district or intermediate district that does
27 not submit a waiver resolution described in section 11f. This

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

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

9 (a) If the district or intermediate district does not borrow
10 money and issue bonds under section 11i, 1/30 of the total amount
11 listed in section 11h for the district or intermediate district
12 through the fiscal year ending September 30, ~~2013~~-2015.

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

21 (4) The entire amount of each payment under this section each
22 fiscal year shall be paid on May 15 of the applicable fiscal year
23 or on the next business day following that date. If a district or
24 intermediate district borrows money and issues bonds under section
25 11i, the district or intermediate district shall use funds received
26 under this section to pay debt service on bonds issued under
27 section 11i. If a district or intermediate district does not borrow

1 money and issue bonds under section 11i, the district or
2 intermediate district shall use funds received under this section
3 only for the following purposes, in the following order of
4 priority:

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

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

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

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

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

21 Sec. 11j. From the appropriation in section 11, there is
22 allocated an amount not to exceed ~~\$120,390,000.00 for 2012-2013~~
23 **\$131,660,000.00 FOR 2013-2014** for payments to the school loan bond
24 redemption fund in the department of treasury on behalf of
25 districts and intermediate districts. Notwithstanding section ~~11~~
26 **296** or any other provision of this act, funds allocated under this
27 section are not subject to proration and shall be paid in full.

1 Sec. 11k. For ~~2012-2013~~, **2013-2014**, there is appropriated from
2 the general fund to the school loan revolving fund an amount equal
3 to the amount of school bond loans assigned to the Michigan finance
4 authority, not to exceed the total amount of school bond loans held
5 in reserve as long-term assets. As used in this section, "school
6 loan revolving fund" means that fund created in section 16c of the
7 shared credit rating act, 1985 PA 227, MCL 141.1066c.

8 Sec. 11m. From the appropriations in section 11, ~~there is~~
9 ~~allocated for 2011-2012 an amount not to exceed \$2,100,000.00 and~~
10 there is allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
11 ~~\$3,200,000.00~~ **\$4,000,000.00** for fiscal year cash-flow borrowing
12 costs solely related to the state school aid fund established by
13 section 11 of article IX of the state constitution of 1963.

14 Sec. 12. It is the intent of the legislature to appropriate
15 and allocate for the fiscal year ending September 30, ~~2014-2015~~ the
16 same amounts of money from the same sources for the same purposes
17 as are appropriated and allocated under this article for the fiscal
18 year ending September 30, ~~2013~~, **2014**, as adjusted for changes in
19 pupil membership, taxable values, special education costs, interest
20 costs, and available revenue. These adjustments will be determined
21 after the January ~~2013~~ **2014** consensus revenue estimating
22 conference.

23 Sec. 15. (1) If a district or intermediate district fails to
24 receive its proper apportionment, the department, upon satisfactory
25 proof that the district or intermediate district was entitled
26 justly, shall apportion the deficiency in the next apportionment.
27 Subject to subsections (2) and (3), if a district or intermediate

1 district has received more than its proper apportionment, the
2 department, upon satisfactory proof, shall deduct the excess in the
3 next apportionment. Notwithstanding any other provision in this
4 article, state aid overpayments to a district, other than
5 overpayments in payments for special education or special education
6 transportation, may be recovered from any payment made under this
7 article other than a special education or special education
8 transportation payment, from the proceeds of a loan to the district
9 under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to
10 141.942, or from the proceeds of millage levied or pledged under
11 section 1211 of the revised school code, MCL 380.1211. State aid
12 overpayments made in special education or special education
13 transportation payments may be recovered from subsequent special
14 education or special education transportation payments, from the
15 proceeds of a loan to the district under the emergency municipal
16 loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds
17 of millage levied or pledged under section 1211 of the revised
18 school code, MCL 380.1211.

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

1 presenting evidence satisfactory to the department of the hardship,
2 the department may grant up to an additional 4 years for the
3 adjustment and may advance payments to the district otherwise
4 authorized under this ~~act~~ **ARTICLE** if the district would otherwise
5 experience a significant hardship in satisfying its financial
6 obligations.

7 (3) If, because of the receipt of new or updated data, the
8 department determines during a fiscal year that the amount paid to
9 a district or intermediate district under this article for a prior
10 fiscal year was incorrect under the law in effect for that year,
11 the department may make the appropriate deduction or payment in the
12 district's or intermediate district's allocation for the fiscal
13 year in which the determination is made. The deduction or payment
14 shall be calculated according to the law in effect in the fiscal
15 year in which the improper amount was paid. If the district does
16 not receive an allocation for the fiscal year or if the allocation
17 is not sufficient to pay the amount of any deduction, the amount of
18 any deduction otherwise applicable shall be satisfied from the
19 proceeds of a loan to the district under the emergency municipal
20 loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds
21 of millage levied or pledged under section 1211 of the revised
22 school code, MCL 380.1211, as determined by the department.

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

26 (5) In addition to funds appropriated in section 11 for all
27 programs and services, there is appropriated for ~~2012-2013-2013-~~

1 **2014** for obligations in excess of applicable appropriations an
2 amount equal to the collection of overpayments, but not to exceed
3 amounts available from overpayments.

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

19 (2) Within 30 days after a board adopts its annual operating
20 budget for the following school fiscal year, or after a board
21 adopts a subsequent revision to that budget, the district shall
22 make all of the following available through a link on its website
23 home page, or may make the information available through a link on
24 its intermediate district's website home page, in a form and manner
25 prescribed by the department:

26 (a) The annual operating budget and subsequent budget
27 revisions.

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

5 (i) A chart of personnel expenditures, broken into the
6 following subcategories:

7 (A) Salaries and wages.

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

11 (C) Retirement benefit costs.

12 (D) All other personnel costs.

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

15 (A) Instruction.

16 (B) Support services.

17 (C) Business and administration.

18 (D) Operations and maintenance.

19 (c) Links to all of the following:

20 (i) The current collective bargaining agreement for each
21 bargaining unit.

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

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

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

3 (d) The total salary and a description and cost of each fringe
4 benefit included in the compensation package for the superintendent
5 of the district and for each employee of the district whose salary
6 exceeds \$100,000.00.

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

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

11 (3) For the information required under subsection (2)(a),
12 (2)(b)(i), and (2)(c), an intermediate district shall provide the
13 same information in the same manner as required for a district
14 under subsection (2).

15 (4) For the purpose of determining the reasonableness of
16 expenditures and whether a violation of this article has occurred,
17 all of the following apply:

18 (a) The department shall require that each district and
19 intermediate district have an audit of the district's or
20 intermediate district's financial and pupil accounting records
21 conducted at least annually at the expense of the district or
22 intermediate district, as applicable, by a certified public
23 accountant or by the intermediate district superintendent, as may
24 be required by the department, or in the case of a district of the
25 first class by a certified public accountant, the intermediate
26 superintendent, or the auditor general of the city.

27 (b) If a district operates in a single building with fewer

1 than 700 full-time equated pupils, if the district has stable
2 membership, and if the error rate of the immediately preceding 2
3 pupil accounting field audits of the district is less than 2%, the
4 district may have a pupil accounting field audit conducted
5 biennially but must continue to have desk audits for each pupil
6 count. The auditor must document compliance with the audit cycle in
7 the pupil auditing manual. As used in this subdivision, "stable
8 membership" means that the district's membership for the current
9 fiscal year varies from the district's membership for the
10 immediately preceding fiscal year by less than 5%.

11 (c) A district's or intermediate district's annual financial
12 audit shall include an analysis of the financial and pupil
13 accounting data used as the basis for distribution of state school
14 aid.

15 (d) The pupil and financial accounting records and reports,
16 audits, and management letters are subject to requirements
17 established in the auditing and accounting manuals approved and
18 published by the department.

19 (e) All of the following shall be done not later than November
20 15 each year:

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

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

25 (iii) The intermediate district shall enter the pupil membership
26 audit reports for its constituent districts and for the
27 intermediate district, for the pupil membership count day and

1 supplemental count day, in the Michigan student data system.

2 (f) The annual financial audit reports and pupil accounting
3 procedures reports shall be available to the public in compliance
4 with the freedom of information act, 1976 PA 442, MCL 15.231 to
5 15.246.

6 (g) Not later than January 31 of each year, the department
7 shall notify the state budget director and the legislative
8 appropriations subcommittees responsible for review of the school
9 aid budget of districts and intermediate districts that have not
10 filed an annual financial audit and pupil accounting procedures
11 report required under this section for the school year ending in
12 the immediately preceding fiscal year.

13 (5) By November 15 of each year, each district and
14 intermediate district shall submit to the center, in a manner
15 prescribed by the center, annual comprehensive financial data
16 consistent with accounting manuals and charts of accounts approved
17 and published by the department. For an intermediate district, the
18 report shall also contain the website address where the department
19 can access the report required under section 620 of the revised
20 school code, MCL 380.620. The department shall ensure that the
21 prescribed Michigan public school accounting manual chart of
22 accounts includes standard conventions to distinguish expenditures
23 by allowable fund function and object. The functions shall include
24 at minimum categories for instruction, pupil support, instructional
25 staff support, general administration, school administration,
26 business administration, transportation, facilities operation and
27 maintenance, facilities acquisition, and debt service; and shall

1 include object classifications of salary, benefits, including
2 categories for active employee health expenditures, purchased
3 services, supplies, capital outlay, and other. Districts shall
4 report the required level of detail consistent with the manual as
5 part of the comprehensive annual financial report.

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

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

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

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

21 (10) If a district or intermediate district does not comply
22 with subsections (4), (5), (6), and (7), the department shall
23 withhold all state school aid due to the district or intermediate
24 district under this article, beginning with the next payment due to
25 the district or intermediate district, until the district or
26 intermediate district complies with subsections (4), (5), (6), and
27 (7). If the district or intermediate district does not comply with

subsections (4), (5), (6), and (7) by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

(11) Not later than ~~October 1, 2012,~~ **SEPTEMBER 1, 2014**, if a district or intermediate district offers online learning, the district or intermediate district shall submit to the department a report that details the per-pupil costs of operating the online learning. The report shall include ~~, on a per pupil basis,~~ at least all of the following ~~costs~~: **INFORMATION CONCERNING THE OPERATION OF ONLINE LEARNING FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 2014:**

(a) ~~Textbooks, instructional materials, and supplies, including electronic instructional material.~~ **THE NAME OF THE DISTRICT OPERATING THE ONLINE LEARNING AND OF EACH DISTRICT THAT ENROLLED STUDENTS IN THE ONLINE LEARNING.**

(b) ~~Computer and other electronic equipment, including internet and telephone access.~~ **THE TOTAL NUMBER OF STUDENTS ENROLLED IN THE ONLINE LEARNING AND THE TOTAL NUMBER OF MEMBERSHIP PUPILS ENROLLED IN THE ONLINE LEARNING.**

(c) ~~Salaries and benefits for the online learning employees.~~ **FOR EACH PUPIL WHO IS ENROLLED IN A DISTRICT OTHER THAN THE DISTRICT OFFERING ONLINE LEARNING, THE NAME OF THAT DISTRICT.**

(d) ~~Purchased courses and curricula.~~ **THE DISTRICT IN WHICH THE PUPIL WAS ENROLLED BEFORE ENROLLING IN THE DISTRICT OFFERING ONLINE LEARNING.**

(e) ~~Fees associated with oversight and regulation.~~ **THE NUMBER OF PARTICIPATING STUDENTS WHO HAD PREVIOUSLY DROPPED OUT OF SCHOOL.**

(f) ~~Travel costs associated with school activities and testing.~~ **THE NUMBER OF PARTICIPATING STUDENTS WHO HAD PREVIOUSLY**

1 BEEN EXPELLED FROM SCHOOL.

2 (g) ~~Facilities costs.~~ THE TOTAL COST TO ENROLL A STUDENT IN THE
3 PROGRAM. THIS COST SHALL BE REPORTED ON A PER-PUPIL, PER-COURSE,
4 PER-SEMESTER OR TRIMESTER BASIS. THE TOTAL SHALL INCLUDE COSTS
5 BROKEN DOWN BY COST FOR TRAINING, PERSONNEL, HARDWARE AND SOFTWARE,
6 PAYMENT TO EACH ONLINE LEARNING PROVIDER, AND OTHER COSTS
7 ASSOCIATED WITH OPERATING ONLINE LEARNING.

8 (h) ~~Costs associated with special education.~~ THE NAME OF EACH
9 ONLINE EDUCATION PROVIDER CONTRACTED BY THE DISTRICT AND THE STATE
10 IN WHICH EACH ONLINE EDUCATION PROVIDER IS HEADQUARTERED.

11 ~~—— (12) Not later than December 31, 2012, the department shall~~
12 ~~issue a report to the legislature including the following:~~

13 ~~—— (a) A review of the data submitted under subsection (11).~~

14 ~~—— (b) A comparison with costs of substantially similar programs~~
15 ~~in other states and relevant national research on the costs of~~
16 ~~online learning.~~

17 ~~—— (c) Any conclusions concerning factors or characteristics of~~
18 ~~online learning programs that make a difference in the costs of~~
19 ~~operating the programs.~~

20 Sec. 18b. (1) Property of a public school academy that was
21 acquired substantially with funds appropriated under this act
22 **ARTICLE** shall be transferred to this state by the public school
23 academy corporation if any of the following occur:

24 (a) The public school academy has been ineligible to receive
25 funding under this act ~~act~~ **ARTICLE** for 18 consecutive months.

26 (b) The public school academy's contract has been revoked or
27 terminated for any reason.

1 (c) The public school academy's contract has **EXPIRED AND HAS**
2 not been reissued by the authorizing body.

3 (2) **A PUBLIC SCHOOL ACADEMY CORPORATION SHALL INITIATE THE**
4 **PROCESS OF TRANSFERRING PROPERTY TO THIS STATE AS REQUIRED UNDER**
5 **SUBSECTION (1) WITHIN 30 DAYS AFTER THE OCCURRENCE OF THE EVENT**
6 **THAT TRIGGERS THE PROCESS UNDER SUBSECTION (1) .**

7 (3) ~~(2)~~—Property required to be transferred to this state
8 under this section includes title to all real and personal
9 property, interests in real or personal property, and other assets
10 owned by the public school academy corporation that were
11 substantially acquired with funds appropriated under this
12 ~~act.~~**ARTICLE.**

13 (4) ~~(3)~~—The state treasurer, or his or her designee, is
14 authorized to dispose of property transferred to this state under
15 this section. Except as otherwise provided in this section, the
16 state treasurer shall deposit in the state school aid fund any
17 money included in that property and the net proceeds from the sale
18 of the property or interests in property, after payment by the
19 state treasurer of any public school academy debt secured by the
20 property or interest in property.

21 (5) ~~(4)~~—This section does not impose any liability on this
22 state, any agency of this state, or an authorizing body for any
23 debt incurred by a public school academy.

24 (6) ~~(5)~~—As used in this section and section 18c, "authorizing
25 body" means an authorizing body defined under section 501 or 1311b
26 of the revised school code, MCL 380.501 and 380.1311b.

27 Sec. 19. (1) A district or intermediate district shall comply

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

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

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

27 (4) By June 30 of each year, a district shall furnish to the

1 center, in a manner prescribed by the center, information related
2 to safety practices and criminal incidents as necessary for
3 reporting required by state and federal law.

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

13 (6) Before publishing a list of ~~schools or districts~~
14 ~~determined to have failed to make adequate yearly progress~~ **SCHOOL**
15 **OR DISTRICT ACCOUNTABILITY DESIGNATIONS** as required by the no child
16 left behind act of 2001, Public Law 107-110, the department shall
17 allow a school or district to appeal that determination. The
18 department shall consider and act upon the appeal within 30 days
19 after it is submitted and shall not publish the list until after
20 all appeals have been considered and decided.

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

1 standard reporting requirements not later than 2014-2015 or when a
2 district or intermediate district updates its education data
3 reporting system, whichever is later.

4 Sec. 20. (1) For ~~2011-2012, and for 2012-2013, 2013-2014~~, the
5 basic foundation allowance is ~~\$8,019.00~~. **\$8,049.00**.

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

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

13 (a) For a district that had a foundation allowance for the
14 immediately preceding state fiscal year that was at least equal to
15 the sum of \$7,108.00 plus the total dollar amount of all
16 adjustments made from 2006-2007 to the immediately preceding state
17 fiscal year in the lowest foundation allowance among all districts,
18 but less than the basic foundation allowance for the immediately
19 preceding state fiscal year, the district shall receive a
20 foundation allowance in an amount equal to the sum of the **GREATER**
21 **OF \$6,966.00 OR THE** district's foundation allowance for the
22 immediately preceding state fiscal year plus the difference between
23 twice the dollar amount of the adjustment from the immediately
24 preceding state fiscal year to the current state fiscal year made
25 in the basic foundation allowance and [(the dollar amount of the
26 adjustment from the immediately preceding state fiscal year to the
27 current state fiscal year made in the basic foundation allowance

1 minus ~~\$20.00~~—\$10.00) times (the difference between the district's
2 foundation allowance for the immediately preceding state fiscal
3 year and the sum of \$7,108.00 plus the total dollar amount of all
4 adjustments made from 2006-2007 to the immediately preceding state
5 fiscal year in the lowest foundation allowance among all districts)
6 divided by the difference between the basic foundation allowance
7 for the current state fiscal year and the sum of \$7,108.00 plus the
8 total dollar amount of all adjustments made from 2006-2007 to the
9 immediately preceding state fiscal year in the lowest foundation
10 allowance among all districts]. For 2011-2012, for a district that
11 had a foundation allowance for the immediately preceding state
12 fiscal year that was at least equal to the sum of \$7,108.00 plus
13 the total dollar amount of all adjustments made from 2006-2007 to
14 the immediately preceding state fiscal year in the lowest
15 foundation allowance among all districts, but less than the basic
16 foundation allowance for the immediately preceding state fiscal
17 year, the district shall receive a foundation allowance in an
18 amount equal to the district's foundation allowance for 2010-2011,
19 minus \$470.00. Except as otherwise provided in subdivision (h), for
20 ~~2012-2013,~~ **2013-2014**, for a district that had a foundation
21 allowance for the immediately preceding state fiscal year that was
22 at least equal to the sum of \$7,108.00 plus the total dollar amount
23 of all adjustments made from 2006-2007 to the immediately preceding
24 state fiscal year in the lowest foundation allowance among all
25 districts, but less than the basic foundation allowance for the
26 immediately preceding state fiscal year, the district shall receive
27 a foundation allowance in an amount equal to the district's

1 foundation allowance for the immediately preceding state fiscal
2 year. However, the foundation allowance for a district that had
3 less than the basic foundation allowance for the immediately
4 preceding state fiscal year shall not exceed the basic foundation
5 allowance for the current state fiscal year.

6 (b) Except as otherwise provided in this subsection, for a
7 district that in the immediately preceding state fiscal year had a
8 foundation allowance in an amount at least equal to the amount of
9 the basic foundation allowance for the immediately preceding state
10 fiscal year, the district shall receive a foundation allowance for
11 2011-2012 in an amount equal to the district's foundation allowance
12 for 2010-2011, minus \$470.00. For ~~2012-2013~~, **2013-2014**, except as
13 otherwise provided in this subsection, for a district that in the
14 immediately preceding state fiscal year had a foundation allowance
15 in an amount at least equal to the amount of the basic foundation
16 allowance for the immediately preceding state fiscal year, the
17 district shall receive a foundation allowance ~~for 2012-2013~~ in an
18 amount equal to the district's foundation allowance for the
19 immediately preceding state fiscal year.

20 (c) Except as otherwise provided in subdivision (d), for a
21 district that in the 1994-95 state fiscal year had a foundation
22 allowance greater than \$6,500.00, the district's foundation
23 allowance is an amount equal to the sum of the district's
24 foundation allowance for the immediately preceding state fiscal
25 year plus the lesser of the increase in the basic foundation
26 allowance for the current state fiscal year, as compared to the
27 immediately preceding state fiscal year, or the product of the

1 district's foundation allowance for the immediately preceding state
2 fiscal year times the percentage increase in the United States
3 consumer price index in the calendar year ending in the immediately
4 preceding fiscal year as reported by the May revenue estimating
5 conference conducted under section 367b of the management and
6 budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided
7 in subdivision (d), for 2011-2012, for a district that in the 1994-
8 1995 state fiscal year had a foundation allowance greater than
9 \$6,500.00, the district's foundation allowance is an amount equal
10 to the district's foundation allowance for the 2010-2011 fiscal
11 year minus \$470.00. For ~~2012-2013~~, **2013-2014**, except as otherwise
12 provided in subdivision (d), for a district that in the 1994-1995
13 state fiscal year had a foundation allowance greater than
14 \$6,500.00, the district's foundation allowance is an amount equal
15 to the district's foundation allowance for the immediately
16 preceding state fiscal year.

17 (d) For a district that in the 1994-95 state fiscal year had a
18 foundation allowance greater than \$6,500.00 and that had a
19 foundation allowance for the 2009-2010 state fiscal year, as
20 otherwise calculated under this section, that was less than the
21 basic foundation allowance, the district's foundation allowance for
22 2011-2012 and each succeeding fiscal year shall be considered to be
23 an amount equal to the basic foundation allowance.

24 (e) For a district that has a foundation allowance that is not
25 a whole dollar amount, the district's foundation allowance shall be
26 rounded up to the nearest whole dollar.

27 (f) For a district that received a payment under section 22c

1 as that section was in effect for 2001-2002, the district's 2001-
2 2002 foundation allowance shall be considered to have been an
3 amount equal to the sum of the district's actual 2001-2002
4 foundation allowance as otherwise calculated under this section
5 plus the per pupil amount of the district's equity payment for
6 2001-2002 under section 22c as that section was in effect for 2001-
7 2002.

8 (g) For a district that received a payment under section 22c
9 as that section was in effect for 2006-2007, the district's 2006-
10 2007 foundation allowance shall be considered to have been an
11 amount equal to the sum of the district's actual 2006-2007
12 foundation allowance as otherwise calculated under this section
13 plus the per pupil amount of the district's equity payment for
14 2006-2007 under section 22c as that section was in effect for 2006-
15 2007.

16 (h) For 2012-2013, for a district that had a foundation
17 allowance for the 2011-2012 state fiscal year of less than
18 \$6,966.00, the district's foundation allowance is an amount equal
19 to \$6,966.00.

20 (4) Except as otherwise provided in this subsection, the state
21 portion of a district's foundation allowance is an amount equal to
22 the district's foundation allowance or the basic foundation
23 allowance for the current state fiscal year, whichever is less,
24 minus the difference between the sum of the product of the taxable
25 value per membership pupil of all property in the district that is
26 nonexempt property times the district's certified mills and, for a
27 district with certified mills exceeding 12, the product of the

1 taxable value per membership pupil of property in the district that
2 is commercial personal property times the certified mills minus 12
3 mills and the quotient of the ad valorem property tax revenue of
4 the district captured under tax increment financing acts divided by
5 the district's membership excluding special education pupils. For a
6 district described in subsection (3)(c), the state portion of the
7 district's foundation allowance is an amount equal to \$6,962.00
8 plus the difference between the district's foundation allowance for
9 the current state fiscal year and the district's foundation
10 allowance for 1998-99, minus the difference between the sum of the
11 product of the taxable value per membership pupil of all property
12 in the district that is nonexempt property times the district's
13 certified mills and, for a district with certified mills exceeding
14 12, the product of the taxable value per membership pupil of
15 property in the district that is commercial personal property times
16 the certified mills minus 12 mills and the quotient of the ad
17 valorem property tax revenue of the district captured under tax
18 increment financing acts divided by the district's membership
19 excluding special education pupils. For a district that has a
20 millage reduction required under section 31 of article IX of the
21 state constitution of 1963, the state portion of the district's
22 foundation allowance shall be calculated as if that reduction did
23 not occur.

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

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

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

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

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

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

6 (8) Subject to subsection (4), for a district that is formed
7 or reconfigured after June 1, 2002 by consolidation of 2 or more
8 districts or by annexation, the resulting district's foundation
9 allowance under this section beginning after the effective date of
10 the consolidation or annexation shall be **LESSER OF THE SUM OF** the
11 average of the foundation allowances of each of the original or
12 affected districts, calculated as provided in this section,
13 weighted as to the percentage of pupils in total membership in the
14 resulting district who reside in the geographic area of each of the
15 original or affected districts **PLUS \$100.00 OR THE HIGHEST**
16 **FOUNDATION ALLOWANCE AMONG THE ORIGINAL OR AFFECTED DISTRICTS.**

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

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

24 (11) To assist the legislature in determining the basic
25 foundation allowance for the subsequent state fiscal year, each
26 revenue estimating conference conducted under section 367b of the
27 management and budget act, 1984 PA 431, MCL 18.1367b, shall

1 calculate a pupil membership factor, a revenue adjustment factor,
2 and an index as follows:

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

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

1 estimating conference shall report their estimates to the house and
2 senate subcommittees responsible for school aid appropriations not
3 later than 7 days after the conclusion of the revenue conference.

4 (c) The index shall be calculated by multiplying the pupil
5 membership factor by the revenue adjustment factor. ~~However, for~~
6 ~~2011-2012, the index shall be 0.93575 and for 2012-2013, the index~~
7 ~~shall be 1.00.~~ If a consensus index is not determined at the
8 revenue estimating conference, the principals of the revenue
9 estimating conference shall report their estimates to the house and
10 senate subcommittees responsible for school aid appropriations not
11 later than 7 days after the conclusion of the revenue conference.

12 ~~—— (12) For a district in which 7.75 mills levied in 1992 for~~
13 ~~school operating purposes in the 1992-93 school year were not~~
14 ~~renewed in 1993 for school operating purposes in the 1993-94 school~~
15 ~~year, the district's combined state and local revenue per~~
16 ~~membership pupil shall be recalculated as if that millage reduction~~
17 ~~did not occur and the district's foundation allowance shall be~~
18 ~~calculated as if its 1994-95 foundation allowance had been~~
19 ~~calculated using that recalculated 1993-94 combined state and local~~
20 ~~revenue per membership pupil as a base. A district is not entitled~~
21 ~~to any retroactive payments for fiscal years before 2000-2001 due~~
22 ~~to this subsection. A district receiving an adjustment under this~~
23 ~~subsection shall not receive as a result of this adjustment an~~
24 ~~amount that exceeds 50% of the amount the district received as a~~
25 ~~result of this adjustment for 2010-2011. This adjustment shall not~~
26 ~~be made after 2011-2012.~~

27 ~~—— (13) For a district in which an industrial facilities~~

~~exemption certificate that abated taxes on property with a state equalized valuation greater than the total state equalized valuation of the district at the time the certificate was issued or \$700,000,000.00, whichever is greater, was issued under 1974 PA 198, MCL 207.551 to 207.572, before the calculation of the district's 1994-95 foundation allowance, the district's foundation allowance for 2002-2003 is an amount equal to the sum of the district's foundation allowance for 2002-2003, as otherwise calculated under this section, plus \$250.00. A district receiving an adjustment under this subsection shall not receive as a result of this adjustment an amount that exceeds 50% of the amount the district received as a result of this adjustment for 2010-2011. This adjustment shall not be made after 2011-2012.~~

(12) ~~(14)~~ For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of 100% of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the number of pupils in the district's membership for 2001-2002 who were residents of and enrolled in the district. **ALL OF THE FOLLOWING APPLY TO DISTRICTS**

RECEIVING A FOUNDATION ALLOWANCE ADJUSTMENT UNDER THIS SUBSECTION:

(A) Except as otherwise provided in this ~~subsection,~~ **SUBDIVISION**, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes

allowable under former section 32e as in effect for 2001-2002. For an individual school or schools operated by a district qualifying for a foundation allowance **ADJUSTMENT** under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this ~~subsection~~. **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.

1 (C) NOTWITHSTANDING SUBSECTION (8), FOR A DISTRICT THAT IS
2 FORMED OR RECONFIGURED BY CONSOLIDATION OF 2 OR MORE DISTRICTS, 1
3 OF WHICH RECEIVED AN ADJUSTMENT UNDER THIS SUBSECTION FOR 2012-
4 2013, THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014
5 AND EACH SUCCEEDING FISCAL YEAR SHALL BE ADJUSTED TO BE AN AMOUNT
6 EQUAL TO THE SUM OF THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE
7 AS CALCULATED UNDER SUBSECTION (8) EXCLUDING ANY ADJUSTMENT
8 CALCULATED UNDER THIS SUBSECTION PLUS [(THE ORIGINAL DISTRICT'S
9 ADJUSTMENT UNDER THIS SUBSECTION IN 2012-2013 TIMES THE NUMBER OF
10 PUPILS IN THE ORIGINAL DISTRICT'S MEMBERSHIP FOR 2012-2013) DIVIDED
11 BY THE NUMBER OF PUPILS IN THE RESULTING DISTRICT'S MEMBERSHIP FOR
12 2013-2014] .

13 (D) BEGINNING IN 2013-2014, FOR A DISTRICT THAT RECEIVED AN
14 ADJUSTMENT FOR THE IMMEDIATELY PRECEDING FISCAL YEAR AND THAT HAD A
15 FOUNDATION ALLOWANCE AS ADJUSTED BY THIS SUBSECTION FOR THE
16 IMMEDIATELY PRECEDING FISCAL YEAR EQUAL TO \$6,966.00, THE DISTRICT
17 SHALL NOT RECEIVE AN ADJUSTMENT UNDER THIS SECTION FOR THE CURRENT
18 FISCAL YEAR.

19 ~~—— (15) For a district that levied 1.9 mills in 1993 to finance~~
20 ~~an operating deficit, the district's foundation allowance shall be~~
21 ~~calculated as if those mills were included as operating mills in~~
22 ~~the calculation of the district's 1994 1995 foundation allowance. A~~
23 ~~district is not entitled to any retroactive payments for fiscal~~
24 ~~years before 2006 2007 due to this subsection. A district receiving~~
25 ~~an adjustment under this subsection shall not receive more than~~
26 ~~\$800,000.00 for a fiscal year as a result of this adjustment. A~~
27 ~~district receiving an adjustment under this subsection shall not~~

~~receive as a result of this adjustment an amount that exceeds 50% of the amount the district received as a result of this adjustment for 2010-2011. This adjustment shall not be made after 2011-2012.~~

~~—— (16) For a district that levied 2.23 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$500,000.00 for a fiscal year as a result of this adjustment. A district receiving an adjustment under this subsection shall not receive as a result of this adjustment an amount that exceeds 50% of the amount the district received as a result of this adjustment for 2010-2011. This adjustment shall not be made after 2011-2012.~~

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

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

(15) ~~(19)~~ As used in this section:

(a) "Certified mills" means the lesser of 18 mills or the number of mills of school operating taxes levied by the district in

1 1993-94.

2 (b) "Combined state and local revenue" means the aggregate of
3 the district's state school aid received by or paid on behalf of
4 the district under this section and the district's local school
5 operating revenue.

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

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

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

13 (f) "Local school operating revenue" means school operating
14 taxes levied under section 1211 of the revised school code, MCL
15 380.1211.

16 (g) "Local school operating revenue per membership pupil"
17 means a district's local school operating revenue divided by the
18 district's membership excluding special education pupils.

19 (h) "Maximum public school academy allocation", except as
20 otherwise provided in this subdivision, means the maximum per-pupil
21 allocation as calculated by adding the highest per-pupil allocation
22 among all public school academies for the immediately preceding
23 state fiscal year plus the difference between twice the dollar
24 amount of the adjustment from the immediately preceding state
25 fiscal year to the current state fiscal year made in the basic
26 foundation allowance and [(the dollar amount of the adjustment from
27 the immediately preceding state fiscal year to the current state

1 fiscal year made in the basic foundation allowance minus ~~\$20.00)~~
2 **\$10.00)** times (the difference between the highest per-pupil
3 allocation among all public school academies for the immediately
4 preceding state fiscal year and the sum of \$7,108.00 plus the total
5 dollar amount of all adjustments made from 2006-2007 to the
6 immediately preceding state fiscal year in the lowest per-pupil
7 allocation among all public school academies) divided by the
8 difference between the basic foundation allowance for the current
9 state fiscal year and the sum of \$7,108.00 plus the total dollar
10 amount of all adjustments made from 2006-2007 to the immediately
11 preceding state fiscal year in the lowest per-pupil allocation
12 among all public school academies]. ~~For 2011-2012 and 2012-2013,~~
13 ~~maximum public school academy allocation means \$7,110.00.~~

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

17 (j) "Nonexempt property" means property that is not a
18 principal residence, qualified agricultural property, qualified
19 forest property, supportive housing property, industrial personal
20 property, or commercial personal property.

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

26 (l) "School operating purposes" means the purposes included in
27 the operation costs of the district as prescribed in sections 7 and

1 18.

2 (m) "School operating taxes" means local ad valorem property
3 taxes levied under section 1211 of the revised school code, MCL
4 380.1211, and retained for school operating purposes.

5 (n) "Tax increment financing acts" means 1975 PA 197, MCL
6 125.1651 to 125.1681, the tax increment finance authority act, 1980
7 PA 450, MCL 125.1801 to 125.1830, the local development financing
8 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
9 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
10 or the corridor improvement authority act, 2005 PA 280, MCL
11 125.2871 to 125.2899.

12 (o) "Taxable value per membership pupil" means taxable value,
13 as certified by the department of treasury, for the calendar year
14 ending in the current state fiscal year divided by the district's
15 membership excluding special education pupils for the school year
16 ending in the current state fiscal year.

17 Sec. 20d. In making the final determination required under
18 former section 20a of a district's combined state and local revenue
19 per membership pupil in 1993-94 and in making calculations under
20 section 20 for ~~2012-2013~~, **2013-2014**, the department and the
21 department of treasury shall comply with all of the following:

22 (a) For a district that had combined state and local revenue
23 per membership pupil in the 1994-95 state fiscal year of \$6,500.00
24 or more and served as a fiscal agent for a state board designated
25 area vocational education center in the 1993-94 school year, total
26 state school aid received by or paid on behalf of the district
27 pursuant to this act in 1993-94 shall exclude payments made under

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

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

1 SEC. 20F. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE
2 IS ALLOCATED AN AMOUNT NOT TO EXCEED \$6,000,000.00 FOR 2013-2014
3 FOR PAYMENTS TO ELIGIBLE DISTRICTS UNDER THIS SECTION. A DISTRICT
4 IS ELIGIBLE FOR FUNDING UNDER THIS SECTION IF THE SUM OF THE
5 FOLLOWING IS LESS THAN \$5.00:

6 (A) THE INCREASE IN THE DISTRICT'S FOUNDATION ALLOWANCE OR PER
7 PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FROM 2012-2013 TO
8 2013-2014.

9 (B) THE DISTRICT'S EQUITY PAYMENT PER MEMBERSHIP PUPIL UNDER
10 SECTION 22C.

11 (C) THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER SECTION
12 147A FOR 2012-2013 DIVIDED BY THE DISTRICT'S MEMBERSHIP PUPILS FOR
13 2012-2013 MINUS THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER
14 SECTION 147A FOR 2013-2014 DIVIDED BY THE DISTRICT'S MEMBERSHIP
15 PUPILS FOR 2013-2014.

16 (2) THE AMOUNT ALLOCATED TO EACH ELIGIBLE DISTRICT UNDER THIS
17 SECTION IS AN AMOUNT PER MEMBERSHIP PUPIL EQUAL TO \$5.00 MINUS THE
18 SUM OF THE FOLLOWING:

19 (A) THE INCREASE IN THE DISTRICT'S FOUNDATION ALLOWANCE OR PER
20 PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FROM 2012-2013 TO
21 2013-2014.

22 (B) THE DISTRICT'S EQUITY PAYMENT PER MEMBERSHIP PUPIL UNDER
23 SECTION 22C.

24 (C) THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER SECTION
25 147A FOR 2012-2013 DIVIDED BY THE DISTRICT'S MEMBERSHIP PUPILS FOR
26 2012-2013 MINUS THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER
27 SECTION 147A FOR 2013-2014 DIVIDED BY THE DISTRICT'S MEMBERSHIP

1 PUPILS FOR 2013-2014.

2 SEC. 21F. (1) A PUPIL ENROLLED IN A DISTRICT IN ANY OF GRADES
3 5 TO 12 IS ELIGIBLE TO ENROLL IN AN ONLINE COURSE AS PROVIDED FOR
4 IN THIS SECTION. HOWEVER, THIS SECTION DOES NOT APPLY TO A PUPIL
5 ENROLLED IN A SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL, AS
6 DEFINED IN SECTION 551 OF THE REVISED SCHOOL CODE, MCL 380.551.

7 (2) WITH THE CONSENT OF THE PUPIL'S PARENT OR LEGAL GUARDIAN,
8 A DISTRICT SHALL ENROLL AN ELIGIBLE PUPIL IN UP TO 2 ONLINE COURSES
9 AS REQUESTED BY THE PUPIL DURING AN ACADEMIC TERM, SEMESTER, OR
10 TRIMESTER. IT IS THE INTENT OF THE LEGISLATURE TO CONSIDER
11 INCREASING THE LIMIT ON THE NUMBER OF ONLINE COURSES THAT A PUPIL
12 MAY ENROLL IN BEGINNING IN 2014-2015 FOR PUPILS WHO HAVE
13 DEMONSTRATED PREVIOUS SUCCESS WITH ONLINE COURSES. CONSENT OF THE
14 PUPIL'S PARENT OR LEGAL GUARDIAN IS NOT REQUIRED IF THE PUPIL IS AT
15 LEAST AGE 18 OR IS AN EMANCIPATED MINOR.

16 (3) AN ELIGIBLE PUPIL MAY ENROLL IN AN ONLINE COURSE PUBLISHED
17 IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES
18 DESCRIBED IN SUBSECTION (7) (A) OR THE STATEWIDE CATALOG OF ONLINE
19 COURSES MAINTAINED BY THE MICHIGAN VIRTUAL UNIVERSITY PURSUANT TO
20 SECTION 98.

21 (4) A DISTRICT SHALL DETERMINE WHETHER OR NOT IT HAS CAPACITY
22 TO ACCEPT APPLICATIONS FOR ENROLLMENT FROM NONRESIDENT APPLICANTS
23 IN ONLINE COURSES AND MAY USE THAT LIMIT AS THE REASON FOR REFUSAL
24 TO ENROLL AN APPLICANT. IF THE NUMBER OF NONRESIDENT APPLICANTS
25 ELIGIBLE FOR ACCEPTANCE IN AN ONLINE COURSE DOES NOT EXCEED THE
26 CAPACITY OF THE DISTRICT TO PROVIDE THE ONLINE COURSE, THE DISTRICT
27 SHALL ACCEPT FOR ENROLLMENT ALL OF THE NONRESIDENT APPLICANTS

1 ELIGIBLE FOR ACCEPTANCE. IF THE NUMBER OF NONRESIDENT APPLICANTS
2 EXCEEDS THE DISTRICT'S CAPACITY TO PROVIDE THE ONLINE COURSE, THE
3 DISTRICT SHALL USE A RANDOM DRAW SYSTEM, SUBJECT TO THE NEED TO
4 ABIDE BY STATE AND FEDERAL ANTIDISCRIMINATION LAWS AND COURT
5 ORDERS.

6 (5) A DISTRICT MAY DENY A PUPIL ENROLLMENT IN AN ONLINE COURSE
7 IF ANY OF THE FOLLOWING APPLY, AS DETERMINED BY THE DISTRICT:

8 (A) THE PUPIL HAS PREVIOUSLY GAINED THE CREDITS PROVIDED FROM
9 THE COMPLETION OF THE ONLINE COURSE.

10 (B) THE ONLINE COURSE IS NOT CAPABLE OF GENERATING ACADEMIC
11 CREDIT.

12 (C) THE ONLINE COURSE IS INCONSISTENT WITH THE REMAINING
13 GRADUATION REQUIREMENTS OR CAREER INTERESTS OF THE PUPIL.

14 (D) THE PUPIL DOES NOT POSSESS THE PREREQUISITE KNOWLEDGE AND
15 SKILLS TO BE SUCCESSFUL IN THE ONLINE COURSE OR HAS DEMONSTRATED
16 FAILURE IN PREVIOUS ONLINE COURSEWORK IN THE SAME SUBJECT.

17 (E) THE ONLINE COURSE IS OF INSUFFICIENT QUALITY OR RIGOR. A
18 DISTRICT THAT DENIES A PUPIL ENROLLMENT FOR THIS REASON SHALL MAKE
19 A REASONABLE EFFORT TO ASSIST THE PUPIL TO FIND AN ALTERNATIVE
20 COURSE IN THE SAME OR A SIMILAR SUBJECT THAT IS OF ACCEPTABLE RIGOR
21 AND QUALITY.

22 (6) IF A PUPIL IS DENIED ENROLLMENT IN AN ONLINE COURSE BY A
23 DISTRICT, THE PUPIL MAY APPEAL THE DENIAL BY SUBMITTING A LETTER TO
24 THE SUPERINTENDENT OF THE INTERMEDIATE DISTRICT IN WHICH THE
25 PUPIL'S EDUCATING DISTRICT IS LOCATED. THE LETTER OF APPEAL SHALL
26 INCLUDE THE REASON PROVIDED BY THE DISTRICT FOR NOT ENROLLING THE
27 PUPIL AND THE REASON WHY THE PUPIL IS CLAIMING THAT THE ENROLLMENT

1 SHOULD BE APPROVED. THE INTERMEDIATE DISTRICT SUPERINTENDENT OR
2 DESIGNEE SHALL RESPOND TO THE APPEAL WITHIN 5 DAYS AFTER IT IS
3 RECEIVED. IF THE INTERMEDIATE DISTRICT SUPERINTENDENT OR DESIGNEE
4 DETERMINES THAT THE DENIAL OF ENROLLMENT DOES NOT MEET 1 OR MORE OF
5 THE REASONS SPECIFIED IN SUBSECTION (5), THE DISTRICT SHALL ALLOW
6 THE PUPIL TO ENROLL IN THE ONLINE COURSE.

7 (7) TO OFFER OR PROVIDE AN ONLINE COURSE, A DISTRICT SHALL DO
8 ALL OF THE FOLLOWING:

9 (A) PROVIDE THE MICHIGAN VIRTUAL UNIVERSITY WITH THE COURSE
10 SYLLABUS IN A FORM AND METHOD PRESCRIBED BY THE DEPARTMENT FOR
11 INCLUSION IN A STATEWIDE ONLINE COURSE CATALOG. THE DISTRICT SHALL
12 ALSO PROVIDE ON ITS PUBLICLY ACCESSIBLE WEBSITE A LINK TO THE
13 COURSE SYLLABI FOR ALL OF THE ONLINE COURSES OFFERED BY THE
14 DISTRICT AND A LINK TO THE STATEWIDE CATALOG OF ONLINE COURSES
15 MAINTAINED BY THE MICHIGAN VIRTUAL UNIVERSITY.

16 (B) OFFER THE ONLINE COURSE ON AN OPEN ENTRY AND EXIT METHOD,
17 OR ALIGNED TO A SEMESTER, TRIMESTER, OR ACCELERATED ACADEMIC TERM
18 FORMAT.

19 (8) FOR A PUPIL ENROLLED IN 1 OR MORE ONLINE COURSES PUBLISHED
20 IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES UNDER
21 SUBSECTION (7) OR IN THE STATEWIDE CATALOG OF ONLINE COURSES
22 MAINTAINED BY THE MICHIGAN VIRTUAL UNIVERSITY, THE DISTRICT SHALL
23 USE FOUNDATION ALLOWANCE OR PER PUPIL FUNDS CALCULATED UNDER
24 SECTION 20 TO PAY FOR THE EXPENSES ASSOCIATED WITH THE ONLINE
25 COURSE OR COURSES. THE DISTRICT SHALL PAY 80% OF THE COST OF THE
26 ONLINE COURSE UPON ENROLLMENT AND 20% UPON COMPLETION AS DETERMINED
27 BY THE DISTRICT. A DISTRICT IS NOT REQUIRED TO PAY TOWARD THE COST

1 OF AN ONLINE COURSE AN AMOUNT THAT EXCEEDS 1/12 OF THE DISTRICT'S
2 FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER
3 SECTION 20 PER SEMESTER OR AN AMOUNT THAT EXCEEDS 1/18 OF THE
4 DISTRICT'S FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED
5 UNDER SECTION 20 PER TRIMESTER.

6 (9) AN ONLINE LEARNING PUPIL SHALL HAVE THE SAME RIGHTS AND
7 ACCESS TO TECHNOLOGY IN HIS OR HER EDUCATING DISTRICT'S SCHOOL
8 FACILITIES AS ALL OTHER PUPILS ENROLLED IN THE EDUCATING DISTRICT.

9 (10) IF A PUPIL SUCCESSFULLY COMPLETES AN ONLINE COURSE, AS
10 DETERMINED BY THE DISTRICT, THE PUPIL'S DISTRICT SHALL GRANT
11 APPROPRIATE ACADEMIC CREDIT FOR COMPLETION OF THE COURSE AND SHALL
12 COUNT THAT CREDIT TOWARD COMPLETION OF GRADUATION AND SUBJECT AREA
13 REQUIREMENTS. A PUPIL'S SCHOOL RECORD AND TRANSCRIPT SHALL IDENTIFY
14 THE ONLINE COURSE TITLE AS IT APPEARS IN THE ONLINE COURSE
15 SYLLABUS.

16 (11) THE ENROLLMENT OF A PUPIL IN 1 OR MORE ONLINE COURSES
17 SHALL NOT RESULT IN A PUPIL BEING COUNTED AS MORE THAN 1.0 FULL-
18 TIME EQUIVALENT PUPILS UNDER THIS ACT.

19 (12) AS USED IN THIS SECTION:

20 (A) "ONLINE COURSE" MEANS A COURSE OF STUDY THAT IS CAPABLE OF
21 GENERATING A CREDIT OR A GRADE, THAT IS PROVIDED IN AN INTERACTIVE
22 INTERNET-CONNECTED LEARNING ENVIRONMENT, IN WHICH PUPILS ARE
23 SEPARATED FROM THEIR TEACHERS BY TIME OR LOCATION, OR BOTH, AND IN
24 WHICH A TEACHER WHO HOLDS A VALID MICHIGAN TEACHING CERTIFICATE IS
25 RESPONSIBLE FOR DETERMINING APPROPRIATE INSTRUCTIONAL METHODS FOR
26 EACH PUPIL, DIAGNOSING LEARNING NEEDS, ASSESSING PUPIL LEARNING,
27 PRESCRIBING INTERVENTION STRATEGIES, REPORTING OUTCOMES, AND

1 EVALUATING THE EFFECTS OF INSTRUCTION AND SUPPORT STRATEGIES.

2 (B) "ONLINE COURSE SYLLABUS" MEANS A DOCUMENT THAT INCLUDES
3 ALL OF THE FOLLOWING:

4 (i) THE STATE ACADEMIC STANDARDS ADDRESSED IN AN ONLINE COURSE.

5 (ii) THE ONLINE COURSE CONTENT OUTLINE.

6 (iii) THE ONLINE COURSE REQUIRED ASSESSMENTS.

7 (iv) THE ONLINE COURSE PREREQUISITES.

8 (v) EXPECTATIONS FOR ACTUAL INSTRUCTOR CONTACT TIME WITH THE
9 ONLINE LEARNING PUPIL AND OTHER PUPIL-TO-INSTRUCTOR COMMUNICATIONS.

10 (vi) ACADEMIC SUPPORT AVAILABLE TO THE ONLINE LEARNING PUPIL.

11 (vii) THE ONLINE COURSE LEARNING OUTCOMES AND OBJECTIVES.

12 (viii) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
13 ONLINE CONTENT.

14 (ix) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
15 ONLINE INSTRUCTOR.

16 (x) THE COURSE TITLES ASSIGNED BY THE DISTRICT AND THE COURSE
17 TITLES AND COURSE CODES FROM THE NATIONAL CENTER FOR EDUCATION
18 STATISTICS (NCES) SCHOOL CODES FOR THE EXCHANGE OF DATA (SCED).

19 (xi) THE NUMBER OF ELIGIBLE NONRESIDENT PUPILS THAT WILL BE
20 ACCEPTED BY THE DISTRICT IN THE ONLINE COURSE.

21 (xii) THE RESULTS OF THE ONLINE COURSE QUALITY REVIEW USING THE
22 GUIDELINES AND MODEL REVIEW PROCESS PUBLISHED BY THE MICHIGAN
23 VIRTUAL UNIVERSITY.

24 (C) "ONLINE LEARNING PUPIL" MEANS A PUPIL ENROLLED IN 1 OR
25 MORE ONLINE COURSES.

26 Sec. 22a. (1) From the appropriation in section 11, ~~there is~~
27 ~~allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012~~

~~and there is allocated an amount not to exceed \$5,712,000,000.00~~
~~for 2012-2013 \$5,630,000,000.00 FOR 2012-2013 AND THERE IS~~

ALLOCATED AN AMOUNT NOT TO EXCEED \$5,534,000,000.00 FOR 2013-2014

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

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

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the sum of the product of the taxable value per membership pupil of all property

1 in the district that is nonexempt property times the district's
2 certified mills and, for a district with certified mills exceeding
3 12, the product of the taxable value per membership pupil of
4 property in the district that is commercial personal property times
5 the certified mills minus 12 mills and the quotient of the ad
6 valorem property tax revenue of the district captured under tax
7 increment financing acts divided by the district's membership. For
8 a district that has a millage reduction required under section 31
9 of article IX of the state constitution of 1963, the state portion
10 of the district's foundation allowance shall be calculated as if
11 that reduction did not occur.

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.

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

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

11 (5) For a district that is formed or reconfigured after June
12 1, 2000 by consolidation of 2 or more districts or by annexation,
13 the resulting district's 1994-95 foundation allowance under this
14 section beginning after the effective date of the consolidation or
15 annexation shall be the average of the 1994-95 foundation
16 allowances of each of the original or affected districts,
17 calculated as provided in this section, weighted as to the
18 percentage of pupils in total membership in the resulting district
19 in the state fiscal year in which the consolidation takes place who
20 reside in the geographic area of each of the original districts. If
21 an affected district's 1994-95 foundation allowance is less than
22 the 1994-95 basic foundation allowance, the amount of that
23 district's 1994-95 foundation allowance shall be considered for the
24 purpose of calculations under this subsection to be equal to the
25 amount of the 1994-95 basic foundation allowance.

26 ~~—— (6) Subject to conditions set forth in this subsection, from~~
27 ~~the allocation in subsection (1), there is allocated for 2011-2012~~

~~only an amount not to exceed \$6,000,000.00 for payments to districts that meet the eligibility requirements under this subsection, for the reduction in school operating revenues resulting from a settlement or other disposition of appeals described in subdivision (a). A payment may only be made under this subsection if a settlement agreement is signed by all applicable parties. Payments made under this subsection shall be in accordance with the settlement agreement. All of the following apply to payments under this subsection:~~

~~—— (a) To be eligible for a payment under this subsection, a district shall be determined by the department and the department of treasury to meet all of the following:~~

~~—— (i) The district does not receive any state portion of its foundation allowance, as calculated under section 20(4).~~

~~—— (ii) Before January 1, 2011, the owner of a natural gas powered power plant located in a renaissance zone within the district's geographic boundaries for 2009 and 2010 appealed to the Michigan tax tribunal an order of the state tax commission for tax years 2009 and 2010 pursuant to section 154 of the general property tax act, 1893 PA 206, MCL 211.154, and appealed to the state tax commission the 2011 classification and valuation of the power plant.~~

~~—— (iii) The district received a reduced amount of local school operating revenue for tax years 2009, 2010, and 2011 as a result of the exemptions of industrial personal property and commercial personal property under section 1211 of the revised school code, MCL 380.1211.~~

~~(iv) A settlement agreement has been signed to resolve the Michigan tax tribunal appeal described in subparagraph (ii) and a memorandum of understanding that stipulates terms of the settlement has been executed by the parties.~~

~~(b) A payment made under this subsection shall be in addition to renaissance zone reimbursement amounts paid in the 2009-2010 and 2010-2011 state fiscal years under section 26a to districts eligible for payment under this subsection. The 2009-2010 and 2010-2011 state fiscal year payments under section 26a to a district receiving a payment under this subsection shall not be reduced as a result of the reduction to the district's 2009 and 2010 taxable value of real property under the appeals described in subdivision (a)(ii).~~

~~(6) (7)~~ As used in this section:

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

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

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

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

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

12 (f) "Homestead", "qualified agricultural property", "qualified
13 forest property", "supportive housing property", "industrial
14 personal property", and "commercial personal property" mean those
15 terms as defined in section 1211 of the revised school code, MCL
16 380.1211.

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

20 (h) "Nonexempt property" means property that is not a
21 principal residence, qualified agricultural property, qualified
22 forest property, supportive housing property, industrial personal
23 property, or commercial personal property.

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

27 (j) "School operating taxes" means local ad valorem property

1 taxes levied under section 1211 of the revised school code, MCL
2 380.1211, and retained for school operating purposes.

3 (k) "Tax increment financing acts" means 1975 PA 197, MCL
4 125.1651 to 125.1681, the tax increment finance authority act, 1980
5 PA 450, MCL 125.1801 to 125.1830, the local development financing
6 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
7 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
8 or the corridor improvement authority act, 2005 PA 280, MCL
9 125.2871 to 125.2899.

10 (l) "Taxable value per membership pupil" means each of the
11 following divided by the district's membership:

12 (i) For the number of mills by which the exemption from the
13 levy of school operating taxes on a homestead, qualified
14 agricultural property, qualified forest property, supportive
15 housing property, industrial personal property, and commercial
16 personal property may be reduced as provided in section 1211 of the
17 revised school code, MCL 380.1211, the taxable value of homestead,
18 qualified agricultural property, qualified forest property,
19 supportive housing property, industrial personal property, and
20 commercial personal property for the calendar year ending in the
21 current state fiscal year.

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

27 Sec. 22b. (1) From the ~~state funds appropriated~~ **APPROPRIATION**

1 in section 11, ~~there is allocated for 2011-2012 an amount not to~~
 2 ~~exceed \$3,052,000,000.00 and there is allocated for 2012-2013 an~~
 3 ~~amount not to exceed \$3,152,300,000.00~~ **\$3,215,000,000.00 FOR 2012-**
 4 **2013 AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
 5 **\$3,373,700,000.00 FOR 2013-2014** for discretionary nonmandated
 6 payments to districts under this section. Funds allocated under
 7 this section that are not expended in the state fiscal year for
 8 which they were allocated, as determined by the department, may be
 9 used to supplement the allocations under sections 22a and 51c in
 10 order to fully fund those calculated allocations for the same
 11 fiscal year.

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

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

19 (a) ~~Administer in each grade level that it operates in grades~~
 20 ~~1 to 5 a standardized assessment approved by the department of~~
 21 ~~grade appropriate basic educational skills. A district may use the~~
 22 ~~Michigan literacy progress profile to satisfy this requirement for~~
 23 ~~grades 1 to 3. Also, if the revised school code is amended to~~
 24 ~~require annual assessments at additional grade levels, in order to~~
 25 ~~receive an allocation under this section each district shall comply~~
 26 ~~with that requirement.~~ **COMPLY WITH SECTION 1280B OF THE REVISED**
 27 **SCHOOL CODE, MCL 380.1280B.**

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

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

6 (d) Comply with section 1230g of the revised school code, MCL
7 380.1230g.

8 **(E) COMPLY WITH SECTION 21F.**

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

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

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

27 (7) It is the intent of the legislature that all

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

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

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

1 an expedited review of the claim by the local claims review board.
2 If the claim exceeds \$10,000,000.00, this state may remove the
3 action to the court of appeals, and the court of appeals shall have
4 and shall exercise jurisdiction over the claim.

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

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

1 "title XIX" means title XIX of the social security act, 42 USC 1396
2 to 1396v.

3 ~~—— (12) Not later than January 1, 2013, the department shall~~
4 ~~submit a report to the legislature identifying the amount of the~~
5 ~~savings that the department has calculated as having been achieved~~
6 ~~due to the revised number of instructional hours used to calculate~~
7 ~~full time equated memberships for kindergarten pupils under section~~
8 ~~6(4)(r) as amended by 2011 PA 62.~~

9 **SEC. 22C. FROM THE APPROPRIATION IN SECTION 11, THERE IS**
10 **ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$36,000,000.00 TO**
11 **MAKE EQUITY PAYMENTS TO DISTRICTS THAT HAVE A FOUNDATION ALLOWANCE**
12 **OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR 2013-2014**
13 **OF LESS THAN \$7,076.00. THE EQUITY PAYMENT FOR A DISTRICT SHALL BE**
14 **AN AMOUNT PER MEMBERSHIP PUPIL EQUAL TO THE LESSER OF \$50.00 OR THE**
15 **DIFFERENCE BETWEEN \$7,076.00 AND THE DISTRICT'S 2013-2014**
16 **FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER**
17 **SECTION 20.**

18 Sec. 22d. (1) From the appropriation in section 11, an amount
19 not to exceed ~~\$2,025,000.00~~ **\$2,584,600.00** is allocated ~~each fiscal~~
20 ~~year for 2011-2012 and for 2012-2013~~ **FOR 2013-2014** for supplemental
21 payments to rural districts under this section.

22 (2) From the allocation under subsection (1), there is
23 allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
24 **2013-2014** an amount not to exceed ~~\$750,000.00~~ **\$957,300.00** for
25 payments under this subsection to districts that meet all of the
26 following:

27 (a) Operates grades K to 12.

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

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

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

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

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

24 (4) Subject to subsection (6), from the allocation in
25 subsection (1), there is allocated ~~each fiscal year for 2011-2012~~
26 ~~and for 2012-2013~~ **FOR 2013-2014** an amount not to exceed
27 ~~\$1,275,000.00~~ **\$1,627,300.00** for payments under this subsection to

1 districts that meet all of the following:

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

4 (b) The district has a total square mileage greater than 200.0
5 or is 1 of 2 districts that have consolidated transportation
6 services and have a combined total square mileage greater than
7 200.0.

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

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

12 Sec. 22f. (1) From the appropriation in section 11, there is
13 allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
14 \$80,000,000.00 to provide incentive payments to districts that meet
15 best practices under this section. Payments received under this
16 section may be used for any purpose for which payments under
17 sections 22a and 22b may be used.

18 (2) The amount of the incentive payment under this section is
19 an amount equal to \$52.00 per pupil. A district shall receive an
20 incentive payment under this section if the district satisfies at
21 least 7 of the following requirements not later than June 1,

22 ~~2013-2014~~:

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

1 district that does not directly employ its staff OR A DISTRICT WITH
2 A VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION THAT PAYS NO MORE THAN
3 THE MAXIMUM PER EMPLOYEE CONTRIBUTION AMOUNT AND THAT CONTRIBUTES
4 NO MORE THAN THE MAXIMUM EMPLOYER CONTRIBUTION PERCENTAGE OF TOTAL
5 ANNUAL COSTS FOR THE MEDICAL BENEFIT PLANS AS DESCRIBED IN SECTIONS
6 3 AND 4 OF THE PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT,
7 2011 PA 152, MCL 15.563 AND 15.564, is considered to have satisfied
8 this requirement.

9 (b) The district has obtained competitive bids on the
10 provision of pupil transportation, food service, custodial, or 1 or
11 more other noninstructional services for ~~2012-2013-2013-2014~~. IN
12 COMPARING COMPETITIVE BIDS TO THE CURRENT COSTS OF PROVIDING 1 OR
13 MORE OF THESE SERVICES, A DISTRICT SHALL EXCLUDE THE UNFUNDED
14 ACCRUED LIABILITY COSTS FOR RETIREMENT AND OTHER BENEFITS FROM THE
15 DISTRICT'S CURRENT COSTS.

16 (c) The district accepts applications for enrollment by
17 nonresident applicants under section 105 or 105c. A public school
18 academy is considered to have met this requirement.

19 (d) The district monitors individual pupil academic growth in
20 each subject area at least twice during the school year using
21 competency-based online assessments and reports those results to
22 the pupil and his or her parent or guardian, or provides the
23 department with a plan and is able to show progress toward
24 developing the technology infrastructure necessary for the
25 implementation of pupil academic growth assessments by 2014-2015.

26 (e) The district supports opportunities for pupils to receive
27 postsecondary credit while attending secondary school, by doing at

1 least 1 of the following, and makes all eligible pupils and their
 2 parents or guardians aware of these opportunities:

3 (i) Supports attendance of district pupils under the
 4 postsecondary enrollment options act, MCL 388.511 to 388.524, or
 5 under the career and technical preparation act, MCL 388.1901 to
 6 388.1913, consistent with provisions under section 21b.

7 (ii) Offers college-level equivalent courses, as defined in
 8 section 1471 of the revised school code, MCL 380.1471.

9 (iii) Participates in a middle college. For the purposes of this
 10 subparagraph, "middle college" means a series of courses and other
 11 requirements and conditions that allow a pupil to graduate with a
 12 high school diploma and a certificate or degree from a community
 13 college or state public university.

14 (iv) Provides other opportunities to pupils that allow those
 15 pupils to graduate with a high school diploma and also complete
 16 coursework that a postsecondary institution normally applies toward
 17 satisfaction of degree requirements.

18 (v) If a district does not offer any high school grades, the
 19 district informs all pupils and parents of the opportunities that
 20 are available for postsecondary options during high school.

21 (f) The district offers online ~~instructional programs~~ **COURSES**
 22 or blended learning opportunities to all eligible pupils. In order
 23 to satisfy this requirement, ~~districts must~~ **A DISTRICT MUST** make
 24 all eligible pupils and their parents or guardians aware of these
 25 opportunities **AND MUST PUBLISH AN ONLINE COURSE SYLLABUS AS**
 26 **DESCRIBED IN SECTION 21F FOR EACH ONLINE COURSE THAT THE DISTRICT**
 27 **OFFERS.** For the purposes of this subdivision:

(i) "Blended learning" means a hybrid instructional delivery model where pupils are provided ~~face-to-face~~ **CONTENT**, instruction, **AND ASSESSMENT** in part at a supervised ~~school~~ **EDUCATIONAL** facility away from home **WHERE THE PUPIL AND A TEACHER WITH A VALID MICHIGAN TEACHING CERTIFICATE ARE IN THE SAME PHYSICAL LOCATION** and ~~partially~~ **IN PART** through ~~computer-based and internet-connected~~ learning environments with some degree of pupil control over time, location, and pace of instruction.

(ii) ~~"Online instructional program"~~ **COURSE** means a course of study that ~~generates~~ **IS CAPABLE OF GENERATING** a credit or a grade, **THAT IS** provided in an interactive ~~computer-based and internet-connected~~ learning environment, in which pupils are separated from their teachers by time or location, or both, and in which a ~~Michigan-certificated teacher~~ **WITH A VALID MICHIGAN TEACHING CERTIFICATE** is responsible for ~~providing direct instruction,~~ **DETERMINING APPROPRIATE INSTRUCTIONAL METHODS FOR EACH PUPIL,** diagnosing learning needs, assessing pupil learning, prescribing intervention strategies, reporting outcomes, and evaluating the effects of instruction and support strategies.

(g) The district provides to parents and community members a dashboard or report card demonstrating the district's efforts to manage its finances responsibly. The dashboard or report card shall include **REVENUE AND EXPENDITURE PROJECTIONS FOR THE DISTRICT FOR FISCAL YEAR 2013-2014 AND FISCAL YEAR 2014-2015, A LISTING OF ALL DEBT SERVICE OBLIGATIONS, DETAILED BY PROJECT, INCLUDING ANTICIPATED FISCAL YEAR 2013-2014 PAYMENT FOR EACH PROJECT, A LISTING OF TOTAL OUTSTANDING DEBT, AND** at least all of the

1 following for the 3 most recent school years for which the data are
2 available:

- 3 (i) Graduation and dropout rates.
- 4 (ii) Average class size in grades kindergarten to 3.
- 5 (iii) College readiness as measured by Michigan merit
6 examination test scores.
- 7 (iv) Elementary and middle school MEAP scores.
- 8 (v) Teacher, principal, and superintendent salary information
9 including at least minimum, average, and maximum pay levels.
- 10 (vi) General fund balance.
- 11 (vii) The total number of days of instruction provided.
- 12 (h) The district provides physical education ~~consistent with~~
13 ~~the state board's policy on quality physical education adopted~~
14 ~~September 25, 2003, or provides health education. consistent with~~
15 ~~the state board's policy on comprehensive school health education~~
16 ~~adopted June 8, 2004.~~

17 (3) If the department determines that a district has
18 intentionally submitted false information in order to qualify for
19 an incentive payment under this section, the district forfeits an
20 amount equal to the amount it received under this section from its
21 total state school aid for ~~2013-2014.~~**2014-2015.**

22 (4) If the department determines that funds allocated under
23 this section will remain unexpended after the initial allocation of
24 \$52.00 per pupil to eligible districts under subsection (2), the
25 remaining unexpended amount is allocated on an equal per pupil
26 basis to districts that meet the requirements of subsection (2) and
27 that have a foundation allowance, as calculated under section 20,

1 in an amount that is less than the basic foundation allowance under
2 that section.

3 Sec. 22g. (1) From the funds appropriated in section 11, there
4 is allocated for ~~2012-2013-2013-2014~~ only an amount not to exceed
5 ~~\$10,000,000.00~~ **\$5,000,000.00** for competitive assistance grants to
6 districts and intermediate districts. ~~Money allocated in this~~
7 ~~section represents a portion of the year end state school aid fund~~
8 ~~balance for 2011-2012.~~

9 (2) Funds received under this section may be used for
10 reimbursement of transition costs associated with ~~the consolidation~~
11 ~~of operations or services between 2 or more districts, intermediate~~
12 ~~districts, or other local units of government or the consolidation~~
13 of districts or intermediate districts. Grant funding shall be
14 available for consolidations that occur on or after June 1, ~~2012.~~
15 **2013.** The department shall develop an application process and
16 method of grant distribution. ~~However, a district or intermediate~~
17 ~~district is not eligible to receive funding under this section if~~
18 ~~the district or intermediate district receives a grant from the~~
19 ~~competitive grant assistance program in the department of treasury~~
20 ~~appropriations for 2012-2013 under section 951 of article VIII of~~
21 ~~Enrolled House Bill No. 5365 of the 96th Legislature.~~

22 Sec. 22i. (1) From the funds **STATE SCHOOL AID FUND MONEY**
23 appropriated in section 11, there is allocated for ~~2012-2013-2013-~~
24 **2014** an amount not to exceed ~~\$50,000,000.00~~ **\$45,000,000.00** for **THE**
25 technology infrastructure ~~grants to~~ **GRANT PROGRAM FOR** districts or
26 ~~to~~ intermediate districts on behalf of their constituent districts.
27 Funds received under this ~~section~~ **SUBSECTION** shall be used for

1 ~~access to a computer adaptive test or for the development or~~
 2 ~~improvement of a district's technology infrastructure, including,~~
 3 ~~but not limited to, hardware and software, THE SHARED SERVICES~~
 4 **CONSOLIDATION OF TECHNOLOGY AND DATA, AND HARDWARE** in preparation
 5 for the planned implementation in 2014-2015 of online growth
 6 assessments.

7 (2) The department shall develop a competitive application
 8 process and method of grant distribution **TO ELIGIBLE DISTRICTS AND**
 9 **INTERMEDIATE DISTRICTS THAT DEMONSTRATE NEED FOR GRANTS UNDER**
 10 **SUBSECTION (1).** The department may consult with the department of
 11 technology, management, and budget during the grant process and
 12 grant distribution. Grants to districts shall not exceed
 13 \$2,000,000.00 per district. A grant to an intermediate district on
 14 behalf of its constituent districts shall not exceed \$2,000,000.00
 15 per constituent district. To receive a grant under ~~this section,~~
 16 **SUBSECTION (1),** an intermediate district shall demonstrate that a
 17 grant awarded to the intermediate district on behalf of its
 18 constituent districts would provide savings compared to providing
 19 grants to individual districts.

20 (3) **FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION 11,**
 21 **THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$5,000,000.00 FOR 2013-**
 22 **2014 TO BE AWARDED THROUGH A COMPETITIVE BID PROCESS TO A SINGLE**
 23 **PROVIDER OF WHOLE-SCHOOL TECHNOLOGY AS DESCRIBED IN THIS**
 24 **SUBSECTION. THE DEPARTMENT SHALL ISSUE A SINGLE REQUEST FOR**
 25 **PROPOSAL WITH APPLICATION RULES WRITTEN AND ADMINISTERED BY THE**
 26 **DEPARTMENT, AND WITH A FOCUS ON ECONOMIC AND GEOGRAPHIC DIVERSITY.**
 27 **TO BE ELIGIBLE TO RECEIVE THE GRANT UNDER THIS SECTION, A PROVIDER**

1 SHALL MEET ALL OF THE FOLLOWING:

2 (A) AGREES TO SUBMIT EVALUATION CRITERIA IN A FORM AND MANNER
3 DETERMINED BY THE DEPARTMENT.

4 (B) PROVIDES AT LEAST ALL OF THE FOLLOWING:

5 (i) ONE-TO-ONE MOBILE DEVICES.

6 (ii) LAPTOP OR DESKTOP COMPUTERS FOR EACH CLASSROOM.

7 (iii) ON- AND OFF-CAMPUS FILTERING.

8 (iv) WIRELESS NETWORKS AND PERIPHERALS.

9 (v) WIRELESS AUDIO EQUIPMENT.

10 (vi) OPERATING SOFTWARE.

11 (vii) INSTRUCTIONAL SOFTWARE.

12 (viii) REPAIRS AND REPLACEMENTS.

13 (ix) PROFESSIONAL DEVELOPMENT.

14 (x) ONGOING SUPPORT.

15 Sec. 22j. (1) From the appropriation in section 11, there is
16 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
17 ~~\$30,000,000.00~~ **\$46,400,000.00** to provide separate incentive
18 payments to districts that meet student academic performance
19 funding goals under subsections (2) to (5). Payments received under
20 this section may be used for any purpose for which payments under
21 sections 22a and 22b may be used.

22 (2) The maximum amount of the incentive payment for student
23 academic performance is an amount equal to \$100.00 per pupil.
24 Payments calculated and awarded to qualifying districts under
25 subsections (3) to (5) shall be calculated and awarded separately,
26 and a district may receive a payment under any or all of
27 subsections (3) to (5).

(3) An amount not to exceed 30% of the maximum per pupil amount allocated under subsection (2) shall be used to make performance incentive payments to qualifying districts under this subsection based on pupil performance on state assessments in mathematics in grades 3 to 8. The amount of a payment under this subsection is an amount equal to \$30.00 per pupil for all pupils in membership in a qualifying district. The department shall determine the qualifying districts under this subsection as follows:

(a) Using a model determined by the department that incorporates the most recent cut scores adopted for the Michigan educational assessment program for each pupil in grades 3 to 8 in the ~~2010-2011~~ **2011-2012** school year, the department shall calculate a point score using a metric that assigns points to each of those pupils as follows:

(i) For each pupil who began the school year not performing proficiently in mathematics and who declines in proficiency, as determined by the department, over the school year, 0 points.

(ii) For each pupil who began the school year performing proficiently in mathematics and declines in proficiency, as determined by the department, over the school year, 0 points.

(iii) For each pupil who began the school year not performing proficiently in mathematics and who maintains his or her level of proficiency, as determined by the department, over the school year, 1 point.

(iv) For each pupil who began the school year performing proficiently in mathematics and who maintains his or her level of proficiency, as determined by the department, over the school year,

1 2 points.

2 (v) For each pupil who began the school year not performing
3 proficiently in mathematics and who improves in proficiency, as
4 determined by the department, over the school year, 3 points.

5 (vi) For each pupil who began the school year performing
6 proficiently in mathematics and who improves in proficiency, as
7 determined by the department, over the school year, 2 points.

8 (b) The department shall then calculate a district average for
9 this metric for the ~~2010-2011~~**2011-2012** school year by totaling the
10 number of points for all pupils in grades 3 to 8 under subdivision
11 (a) and dividing that total by the number of those pupils.

12 (c) A district is a qualifying district for the payment under
13 this subsection if the district average for the ~~2010-2011~~**2011-2012**
14 school year under subdivision (b) is at least equal to a factor of
15 1.5, and the district tested at least 95% of its pupils in
16 mathematics, and the district had at least 30 full academic year
17 pupils in grades 3 to 8 with a performance level change designation
18 in mathematics.

19 (4) An amount not to exceed 30% of the maximum per pupil
20 amount allocated under subsection (2) shall be used to make
21 performance incentive payments to qualifying districts under this
22 subsection based on pupil performance on state assessments in
23 reading in grades 3 to 8. The amount of a payment under this
24 subsection is an amount equal to \$30.00 per pupil for all pupils in
25 membership in the district. The department shall determine the
26 qualifying districts under this subsection as follows:

27 (a) Using a model determined by the department that

1 incorporates the most recent cut scores adopted for the Michigan
2 educational assessment program for each pupil in grades 3 to 8 in
3 the ~~2010-2011~~**2011-2012** school year, the department shall calculate
4 a point score using a metric that assigns points to each of those
5 pupils as follows:

6 (i) For each pupil who began the school year not performing
7 proficiently in reading and who declines in proficiency, as
8 determined by the department, over the school year, 0 points.

9 (ii) For each pupil who began the school year performing
10 proficiently in reading and declines in proficiency, as determined
11 by the department, over the school year, 0 points.

12 (iii) For each pupil who began the school year not performing
13 proficiently in reading and who maintains proficiency, as
14 determined by the department, over the school year, 1 point.

15 (iv) For each pupil who began the school year performing
16 proficiently in reading and who maintains proficiency, as
17 determined by the department, over the school year, 2 points.

18 (v) For each pupil who began the school year not performing
19 proficiently in reading and who improves in proficiency, as
20 determined by the department, over the school year, 3 points.

21 (vi) For each pupil who began the school year performing
22 proficiently in reading and who improves in proficiency, as
23 determined by the department, over the school year, 2 points.

24 (b) The department shall then calculate a district average for
25 this metric for the ~~2010-2011~~**2011-2012** school year by totaling the
26 number of points for all pupils in grades 3 to 8 under subdivision
27 (a) and dividing that total by the number of those pupils.

1 (c) A district is a qualifying district for the payment under
2 this subsection if the district average for the ~~2010-2011~~**2011-2012**
3 school year under subdivision (b) is at least equal to a factor of
4 1.5, and the district tested at least 95% of its pupils in reading,
5 and the district had at least 30 full academic year pupils in
6 grades 3 to 8 reading with a performance level change designation
7 in reading.

8 (5) An amount not to exceed 40% of the maximum per pupil
9 amount allocated under subsection (2) shall be used to make
10 performance incentive payments to qualifying districts under this
11 subsection for high school improvement using a metric based on the
12 positive trend over a 4-year period in the percentage of high
13 school pupils in the district testing as proficient in all tested
14 subject areas on the state assessments of high school pupils. The
15 amount of a payment under this subsection is an amount equal to
16 \$40.00 per pupil for all pupils in membership in the district. The
17 department shall determine the qualifying districts under this
18 subsection as follows:

19 (a) Calculate a linear regression of the percentage of high
20 school pupils in the district testing as proficient in all tested
21 subject areas on state assessments of high school pupils on school
22 year over the 4-year period ending with the ~~2010-2011~~**2011-2012**
23 school year as adjusted for changes in cut scores most recently
24 adopted for the Michigan merit examination.

25 (b) Calculate a statewide average for all districts operating
26 a high school of the linear regression of the percentage of high
27 school pupils testing as proficient in all tested subject areas on

1 state assessments of high school pupils on school year over the 4-
 2 year period ending with the ~~2010-2011~~ **2011-2012** school year, as
 3 adjusted for changes in cut scores most recently adopted for the
 4 Michigan merit examination as the base year for all comparisons.

5 (c) A district is a qualifying district for the payment under
 6 this subsection if the district's linear regression over the 4-year
 7 period ending with the ~~2010-2011~~ **2011-2012** school year under
 8 subdivision (a) is at least equal to the statewide average linear
 9 regression over the 4-year period ending with the base year under
 10 subdivision (b), and the district's linear regression over the 4-
 11 year period ending with the ~~2010-2011~~ **2011-2012** school year under
 12 subdivision (a) is positive, and the district tested 95% of high
 13 school pupils in each tested subject on ~~the Michigan merit~~
 14 ~~examination,~~ **STATE ASSESSMENTS**, and the district had at least 20
 15 full academic year pupils take all tested subjects on ~~the Michigan~~
 16 ~~merit examination~~ **STATE ASSESSMENTS OF HIGH SCHOOL PUPILS** over each
 17 of the most recent 4 years.

18 (6) If the allocation under subsection (1) is insufficient to
 19 fully fund payments as otherwise calculated under this section, the
 20 department shall prorate payments under this section on an equal
 21 percentage basis.

22 **SEC. 22K. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
 23 **ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$8,000,000.00 FOR**
 24 **COMPETITIVE STUDENT-CENTRIC GRANTS TO ELIGIBLE DISTRICTS.**

25 (2) IN ORDER TO BE ELIGIBLE TO RECEIVE GRANTS, A DISTRICT
 26 SHALL DEMONSTRATE TO THE SATISFACTION OF THE DEPARTMENT THAT THE
 27 DISTRICT DOES ALL OF THE FOLLOWING:

1 (A) PROVIDES A RIGOROUS CURRICULUM ALIGNED TO STATE, NATIONAL,
2 AND INTERNATIONAL STANDARDS.

3 (B) ORGANIZES INSTRUCTIONAL DELIVERY IN SUCH A WAY THAT
4 INDIVIDUAL PUPILS ADVANCE TO THE NEXT LEVEL OF LEARNING BASED ON
5 THEIR INDIVIDUAL MASTERY OF EACH SUBJECT AREA.

6 (C) ALLOWS FOR SCHOOL SITE-BASED AUTONOMY IN DECISION MAKING.

7 (D) ENSURES THAT TEACHERS HAVE ACCESS TO ALL OF THE FOLLOWING:

8 (i) TIMELY AND MEANINGFUL PUPIL ACADEMIC ACHIEVEMENT DATA.

9 (ii) BEST INSTRUCTIONAL PRACTICES.

10 (iii) TIME TO COLLABORATE WITH OTHERS.

11 (iv) MENTORS.

12 (v) PROFESSIONAL DEVELOPMENT TIED TO PUPIL NEEDS AS
13 DEMONSTRATED BY DATA.

14 (3) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL SUBMIT
15 AN APPLICATION TO THE DEPARTMENT BY OCTOBER 1, 2013 IN A FORM AND
16 MANNER PRESCRIBED BY THE DEPARTMENT. THE DEPARTMENT SHALL AWARD
17 GRANTS ON A PER PUPIL BASIS TO ELIGIBLE RECIPIENTS NO LATER THAN
18 DECEMBER 30, 2013.

19 Sec. 24. (1) From the appropriation in section 11, there is
20 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
21 \$8,000,000.00 for payments to the educating district or
22 intermediate district for educating pupils assigned by a court or
23 the department of human services to reside in or to attend a
24 juvenile detention facility or child caring institution licensed by
25 the department of human services and approved by the department to
26 provide an on-grounds education program. The amount of the payment
27 under this section to a district or intermediate district shall be

1 calculated as prescribed under subsection (2).

2 (2) The total amount allocated under this section shall be
3 allocated by paying to the educating district or intermediate
4 district an amount equal to the lesser of the district's or
5 intermediate district's added cost or the department's approved per
6 pupil allocation for the district or intermediate district. For the
7 purposes of this subsection:

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

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

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

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

12 Sec. 24a. From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$2,135,800.00 for 2012-2013~~
14 **\$2,167,500.00 FOR 2013-2014** for payments to intermediate districts
15 for pupils who are placed in juvenile justice service facilities
16 operated by the department of human services. Each intermediate
17 district shall receive an amount equal to the state share of those
18 costs that are clearly and directly attributable to the educational
19 programs for pupils placed in facilities described in this section
20 that are located within the intermediate district's boundaries. The
21 intermediate districts receiving payments under this section shall
22 cooperate with the department of human services to ensure that all
23 funding allocated under this section is utilized by the
24 intermediate district and department of human services for
25 educational programs for pupils described in this section. Pupils
26 described in this section are not eligible to be funded under
27 section 24. However, a program responsibility or other fiscal

responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed \$1,500,000.00 for ~~2012-2013-2013-~~ **2014** for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. Both of the following apply to a district receiving payments under this section:

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

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

SEC. 25E. (1) THE CENTER SHALL WORK WITH THE DEPARTMENT, DISTRICTS, AND INTERMEDIATE DISTRICTS TO DEVELOP A PUPIL TRANSFER APPLICATION MODELED ON THE GRADUATION AND DROPOUT APPLICATION AND TO DEVELOP A PUPIL TRANSFER PROCESS UNDER THIS SECTION. THE CENTER SHALL COMPLETE DEVELOPMENT OF THIS PUPIL TRANSFER APPLICATION NOT LATER THAN NOVEMBER 1, 2013.

(2) IF A PUPIL TRANSFERS FROM A DISTRICT OR INTERMEDIATE DISTRICT TO ENROLL IN ANOTHER DISTRICT OR INTERMEDIATE DISTRICT

1 AFTER THE PUPIL MEMBERSHIP COUNT DAY AND, DUE TO THE PUPIL'S
2 ENROLLMENT AND ATTENDANCE STATUS AS OF THE PUPIL MEMBERSHIP COUNT
3 DAY, THE PUPIL WAS NOT COUNTED IN MEMBERSHIP IN THE EDUCATING
4 DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT OR
5 INTERMEDIATE DISTRICT MAY REPORT THE ENROLLMENT AND ATTENDANCE
6 INFORMATION WITHIN 30 DAYS AFTER THE TRANSFER TO THE CENTER THROUGH
7 THE PUPIL TRANSFER APPLICATION UNTIL THE SUPPLEMENTAL COUNT DAY.
8 UPON RECEIPT OF THE TRANSFER INFORMATION UNDER THIS SUBSECTION
9 INDICATING THAT A PUPIL HAS ENROLLED AND IS IN ATTENDANCE IN AN
10 EDUCATING DISTRICT OR INTERMEDIATE DISTRICT AS DESCRIBED IN THIS
11 SUBSECTION, THE PUPIL TRANSFER APPLICATION SHALL DO THE FOLLOWING:

12 (A) NOTIFY THE DISTRICT IN WHICH THE PUPIL WAS PREVIOUSLY
13 ENROLLED. THE DISTRICT SHALL PROVIDE PUPIL EXIT DATES AND OTHER
14 INFORMATION AS REQUIRED BY THE CENTER AND THE DEPARTMENT.

15 (B) NOTIFY BOTH THE PUPIL AUDITING STAFF OF THE INTERMEDIATE
16 DISTRICT IN WHICH THE EDUCATING DISTRICT IS LOCATED AND THE PUPIL
17 AUDITING STAFF OF THE INTERMEDIATE DISTRICT IN WHICH THE DISTRICT
18 THAT PREVIOUSLY ENROLLED THE PUPIL IS LOCATED. THE PUPIL AUDITING
19 STAFF SHALL EDIT, IF NECESSARY, AND APPROVE THE TRANSFER.

20 (C) AGGREGATE THE DISTRICTWIDE CHANGES AND NOTIFY THE
21 DEPARTMENT FOR USE IN ADJUSTING THE STATE AID PAYMENT SYSTEM.

22 (3) THE DEPARTMENT SHALL DO ALL OF THE FOLLOWING:

23 (A) ADJUST THE MEMBERSHIP CALCULATION FOR EACH DISTRICT OR
24 INTERMEDIATE DISTRICT IN WHICH THE PUPIL WAS PREVIOUSLY COUNTED IN
25 MEMBERSHIP OR THAT PREVIOUSLY RECEIVED AN ADJUSTMENT IN ITS
26 MEMBERSHIP CALCULATION UNDER THIS SECTION DUE TO THE PUPIL'S
27 ENROLLMENT AND ATTENDANCE, IF ANY, SO THAT THE DISTRICT'S OR

1 INTERMEDIATE DISTRICT'S MEMBERSHIP IS PRORATED TO ALLOW THE
2 DISTRICT OR INTERMEDIATE DISTRICT TO RECEIVE FOR EACH SCHOOL DAY IN
3 WHICH THE PUPIL WAS ENROLLED AND IN ATTENDANCE IN THE DISTRICT AN
4 AMOUNT EQUAL TO 1/180 OF 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 FOR EACH SCHOOL DAY IN WHICH THE
11 PUPIL IS ENROLLED AND IS IN ATTENDANCE IN THE EDUCATING DISTRICT OR
12 INTERMEDIATE DISTRICT SO THAT THE DISTRICT'S OR INTERMEDIATE
13 DISTRICT'S MEMBERSHIP IS INCREASED TO ALLOW THE DISTRICT OR
14 INTERMEDIATE DISTRICT TO RECEIVE, FOR EACH SCHOOL DAY BETWEEN THE
15 DAY THE PUPIL ENROLLED IN THE EDUCATING DISTRICT AND THE
16 SUPPLEMENTAL COUNT DAY, AN AMOUNT EQUAL TO 1/180 OF THE FOUNDATION
17 ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR
18 THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT. THE FOUNDATION
19 ALLOWANCE OR PER PUPIL PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S
20 FULL-TIME EQUATED STATUS AS AFFECTED BY THE MEMBERSHIP DEFINITION
21 UNDER SECTION 6(4).

22 (4) THE CHANGES IN CALCULATION OF STATE SCHOOL AID REQUIRED
23 UNDER SUBSECTION (3) SHALL TAKE EFFECT AS OF THE DATE THAT THE
24 PUPIL BECOMES ENROLLED AND IN ATTENDANCE IN THE EDUCATING DISTRICT
25 OR INTERMEDIATE DISTRICT, AND THE DEPARTMENT SHALL BASE ALL
26 SUBSEQUENT PAYMENTS UNDER THIS ARTICLE FOR THE FISCAL YEAR TO THE
27 AFFECTED DISTRICTS OR INTERMEDIATE DISTRICTS ON THIS RECALCULATION

1 OF STATE SCHOOL AID.

2 (5) IF A PUPIL ENROLLS IN AN EDUCATING DISTRICT OR
3 INTERMEDIATE DISTRICT AS DESCRIBED IN SUBSECTION (2), THE DISTRICT
4 OR INTERMEDIATE DISTRICT IN WHICH THE PUPIL IS COUNTED IN
5 MEMBERSHIP OR ANOTHER EDUCATING DISTRICT OR INTERMEDIATE DISTRICT
6 THAT RECEIVED AN ADJUSTMENT IN ITS MEMBERSHIP CALCULATION UNDER
7 SUBSECTION (3), IF ANY, AND THE EDUCATING DISTRICT OR INTERMEDIATE
8 DISTRICT SHALL PROVIDE TO THE CENTER AND THE DEPARTMENT ALL
9 INFORMATION THEY REQUIRE TO COMPLY WITH THIS SECTION.

10 (6) AS USED IN THIS SECTION, "EDUCATING DISTRICT OR
11 INTERMEDIATE DISTRICT" MEANS THE DISTRICT OR INTERMEDIATE DISTRICT
12 IN WHICH A PUPIL ENROLLS AFTER THE PUPIL MEMBERSHIP COUNT DAY OR
13 AFTER AN ADJUSTMENT WAS MADE IN ANOTHER DISTRICT'S OR INTERMEDIATE
14 DISTRICT'S MEMBERSHIP CALCULATION UNDER THIS SECTION DUE TO THE
15 PUPIL'S ENROLLMENT AND ATTENDANCE.

16 Sec. 26a. (1) From the state school aid fund appropriation in
17 section 11, there is allocated ~~an amount not to exceed~~
18 ~~\$25,137,500.00 for 2011-2012 and~~ an amount not to exceed
19 \$26,300,000.00 for ~~2012-2013~~ **2013-2014** to reimburse districts and
20 intermediate districts pursuant to section 12 of the Michigan
21 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied
22 in ~~2012-2013~~. The allocations shall be made not later than 60 days
23 after the department of treasury certifies to the department and to
24 the state budget director that the department of treasury has
25 received all necessary information to properly determine the
26 amounts due to each eligible recipient.

27 (2) In addition to the allocation under subsection (1), from

1 the general fund money appropriated under section 11, there is
2 allocated an amount not to exceed ~~\$1,500,000.00 for 2012-2013~~
3 **\$3,200,000.00 FOR 2013-2014** to reimburse public libraries pursuant
4 to section 12 of the Michigan renaissance zone act, 1996 PA 376,
5 MCL 125.2692, for taxes levied in 2012. The allocations shall be
6 made not later than 60 days after the department of treasury
7 certifies to the department and to the state budget director that
8 the department of treasury has received all necessary information
9 to properly determine the amounts due to each eligible recipient.

10 Sec. 26b. (1) From the appropriation in section 11, there is
11 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
12 ~~\$3,328,000.00-\$4,009,500.00~~ for payments to districts, intermediate
13 districts, and community college districts for the portion of the
14 payment in lieu of taxes obligation that is attributable to
15 districts, intermediate districts, and community college districts
16 pursuant to section 2154 of the natural resources and environmental
17 protection act, 1994 PA 451, MCL 324.2154.

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

22 Sec. 26c. (1) From the appropriation in section 11, there is
23 allocated an amount not to exceed ~~\$276,800.00 for 2011-2012 and an~~
24 ~~amount not to exceed \$347,800.00-\$209,400.00~~ for 2012-2013 **AND AN**
25 **AMOUNT NOT TO EXCEED \$266,200.00 FOR 2013-2014** to the promise zone
26 fund created in subsection (3).

27 (2) Funds allocated to the promise zone fund under this

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

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

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

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

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

22 Sec. 31a. (1) From the state school aid fund money
23 appropriated in section 11, there is allocated for ~~2012-2013-2013-~~
24 **2014** an amount not to exceed \$317,695,500.00 for payments to
25 eligible districts, eligible public school academies, and the
26 education achievement system under this section. Subject to
27 subsection (14), the amount of the additional allowance under this

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

23 (2) To be eligible to receive funding under this section,
24 other than funding under subsection (6) or (7), a district or
25 public school academy that has not been previously determined to be
26 eligible or the education achievement system shall apply to the
27 department, in a form and manner prescribed by the department, and

1 a district or public school academy or the education achievement
2 system must meet all of the following:

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

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

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

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

18 (4) Except as otherwise provided in this section, a district
19 or public school academy, or the education achievement system,
20 receiving funding under this section shall use that money only to
21 provide instructional programs and direct noninstructional
22 services, including, but not limited to, medical or counseling
23 services, for at-risk pupils; for school health clinics; and for
24 the purposes of subsection (5), (6), or (7). In addition, a
25 district that is a school district of the first class or a district
26 or public school academy in which at least 50% of the pupils in
27 membership met the income eligibility criteria for free breakfast,

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

26 (5) Except as otherwise provided in subsection (12), a
27 district or public school academy that receives funds under this

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

9 (6) From the funds allocated under subsection (1), there is
10 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
11 \$3,557,300.00 to support child and adolescent health centers. These
12 grants shall be awarded for 5 consecutive years beginning with
13 2003-2004 in a form and manner approved jointly by the department
14 and the department of community health. Each grant recipient shall
15 remain in compliance with the terms of the grant award or shall
16 forfeit the grant award for the duration of the 5-year period after
17 the noncompliance. To continue to receive funding for a child and
18 adolescent health center under this section a grant recipient shall
19 ensure that the child and adolescent health center has an advisory
20 committee and that at least one-third of the members of the
21 advisory committee are parents or legal guardians of school-aged
22 children. A child and adolescent health center program shall
23 recognize the role of a child's parents or legal guardian in the
24 physical and emotional well-being of the child. Funding under this
25 subsection shall be used to support child and adolescent health
26 center services provided to children up to age 21. If any funds
27 allocated under this subsection are not used for the purposes of

1 this subsection for the fiscal year in which they are allocated,
2 those unused funds shall be used that fiscal year to avoid or
3 minimize any proration that would otherwise be required under
4 subsection (14) for that fiscal year.

5 (7) From the funds allocated under subsection (1), there is
6 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
7 \$5,150,000.00 for the state portion of the hearing and vision
8 screenings as described in section 9301 of the public health code,
9 1978 PA 368, MCL 333.9301. A local public health department shall
10 pay at least 50% of the total cost of the screenings. The frequency
11 of the screenings shall be as required under R 325.13091 to R
12 325.13096 and R 325.3271 to R 325.3276 of the Michigan
13 administrative code. Funds shall be awarded in a form and manner
14 approved jointly by the department and the department of community
15 health. Notwithstanding section 17b, payments to eligible entities
16 under this subsection shall be paid on a schedule determined by the
17 department.

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

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

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

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

1 pupils to teachers in grades K-12, or any combination of those
2 grades, in school buildings in which the percentage of pupils
3 described in subsection (1) is at least 60% of the district's
4 aggregate percentage of those pupils and at least 30% of the total
5 number of pupils enrolled in the school building. ~~To obtain a~~
6 ~~waiver, a district must apply to the department and demonstrate to~~
7 ~~the satisfaction of the department that the class size reductions~~
8 ~~would be in the best interests of the district's at-risk pupils.~~

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

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

1 system uses funds for alternative purposes allowed under the
2 flexibility provisions under this subsection, the district or
3 public school academy or the education achievement system shall
4 maintain documentation of the amounts used for those alternative
5 purposes and shall make that information available to the
6 department upon request.

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

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

23 (b) Provides early intervening strategies using school-wide
24 systems of academic and behavioral supports and is scientifically
25 research-based. The strategies to be provided shall include at
26 least pupil performance indicators based upon response to
27 intervention, instructional consultation for teachers, and ongoing

1 progress monitoring. A school-wide system of academic and
2 behavioral support should be based on a support team available to
3 the classroom teachers. The members of this team could include the
4 principal, special education staff, reading teachers, and other
5 appropriate personnel who would be available to systematically
6 study the needs of the individual child and work with the teacher
7 to match instruction to the needs of the individual child.

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

18 (15) If a district is formed by consolidation after June 1,
19 1995, and if 1 or more of the original districts was not eligible
20 before the consolidation for an additional allowance under this
21 section, the amount of the additional allowance under this section
22 for the consolidated district shall be based on the number of
23 pupils described in subsection (1) enrolled in the consolidated
24 district who reside in the territory of an original district that
25 was eligible before the consolidation for an additional allowance
26 under this section.

27 (16) As used in this section, "at-risk pupil" means a pupil

1 for whom the district has documentation that the pupil meets at
2 least 2 of the following criteria: is a victim of child abuse or
3 neglect; is below grade level in English language ~~and communication~~
4 ~~skills-ARTS~~ or mathematics; is a pregnant teenager or teenage
5 parent; is eligible for a federal free or reduced-price lunch
6 subsidy; has atypical behavior or attendance patterns; or has a
7 family history of school failure, incarceration, or substance
8 abuse. **AT-RISK PUPIL ALSO INCLUDES ALL PUPILS IN A PRIORITY SCHOOL**
9 **AS DEFINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 2001**
10 **FLEXIBILITY REQUEST APPROVED BY THE UNITED STATES DEPARTMENT OF**
11 **EDUCATION.** For pupils for whom the results of at least the
12 applicable Michigan education assessment program (MEAP) test have
13 been received, at-risk pupil also includes a pupil who does not
14 meet the other criteria under this subsection but who did not
15 achieve at least a score of level 2 on the most recent MEAP English
16 language arts, mathematics, science test, or social studies for
17 which results for the pupil have been received. For pupils for whom
18 the results of the Michigan merit examination have been received,
19 at-risk pupil also includes a pupil who does not meet the other
20 criteria under this subsection but who did not achieve proficiency
21 on the reading, ~~component~~ **WRITING, MATHEMATICS, SCIENCE, OR SOCIAL**
22 **STUDIES COMPONENTS** of the most recent Michigan merit examination
23 for which results for the pupil have been received. ~~, did not~~
24 ~~achieve proficiency on the mathematics component of the most recent~~
25 ~~Michigan merit examination for which results for the pupil have~~
26 ~~been received, or did not achieve basic competency on the science~~
27 ~~component of the most recent Michigan merit examination for which~~

1 ~~results for the pupil have been received.~~ For pupils in grades K-3,
2 at-risk pupil also includes a pupil who is at risk of not meeting
3 the district's core academic curricular objectives in English
4 language arts or mathematics.

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

9 Sec. 31d. (1) From the appropriations in section 11, there is
10 allocated an amount not to exceed \$22,495,100.00 for ~~2012-2013~~
11 **2013-2014** for the purpose of making payments to districts and other
12 eligible entities under this section.

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

22 (3) The payments made under this section include all state
23 payments made to districts so that each district receives at least
24 6.0127% of the necessary costs of operating the state mandated
25 portion of the school lunch program in a fiscal year.

26 (4) The payments made under this section to districts and
27 other eligible entities that are not required under section 1272a

1 of the revised school code, MCL 380.1272a, to provide a school
2 lunch program shall be in an amount not to exceed \$10.00 per
3 eligible pupil plus 5 cents for each free lunch and 2 cents for
4 each reduced price lunch provided, as determined by the department.

5 (5) From the federal funds appropriated in section 11, there
6 is allocated for ~~2012-2013~~ **2013-2014** all available federal funding,
7 estimated at ~~\$400,000,000.00,~~ **\$460,000,000.00** for the national
8 school lunch program and all available federal funding, estimated
9 at ~~\$2,506,000.00,~~ **\$3,200,000.00** for the emergency food assistance
10 program.

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

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

18 Sec. 31f. (1) From the appropriations in section 11, there is
19 allocated an amount not to exceed ~~\$9,625,000.00 for 2012-2013~~
20 **\$5,625,000.00 FOR 2013-2014** for the purpose of making payments to
21 districts to reimburse for the cost of providing breakfast.

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

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

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

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

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

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

17 Sec. 32d. (1) From the funds appropriated in section 11, there
18 is allocated to eligible intermediate districts and consortia of
19 intermediate districts for great start readiness programs an amount
20 not to exceed ~~\$109,275,000.00 for 2012-2013.~~ **\$149,275,000.00 FOR**
21 **2013-2014. IN ADDITION, FROM THE FUNDS APPROPRIATED IN SECTION 11,**
22 **THERE IS ALLOCATED TO THE GREAT START READINESS RESERVE FUND**
23 **CREATED UNDER SUBSECTION (14) AN AMOUNT NOT TO EXCEED**
24 **\$25,000,000.00 FOR 2013-2014.** Funds allocated under this section
25 **FOR GREAT START READINESS PROGRAMS** shall be used to provide part-
26 day, school-day, or GSRP/head start blended comprehensive free
27 compensatory classroom programs designed to ~~do 1 or both of the~~

1 following:

2 ~~—— (a) Improve~~ **IMPROVE** the readiness and subsequent achievement
 3 of educationally disadvantaged children ~~as defined by the~~
 4 ~~department who will be at least 4, but less than 5 years of age, as~~
 5 ~~of December 1 of the school year in which the programs are offered,~~
 6 ~~and who meet the participant eligibility and prioritization~~
 7 guidelines as defined by the ~~state board.~~ **DEPARTMENT. BEGINNING IN**
 8 **2013-2014, FOR A CHILD TO BE ELIGIBLE TO PARTICIPATE IN A PROGRAM**
 9 **UNDER THIS SECTION, THE CHILD SHALL BE AT LEAST 4, BUT LESS THAN 5,**
 10 **YEARS OF AGE AS OF THE DATE SPECIFIED FOR DETERMINING A CHILD'S**
 11 **ELIGIBILITY TO ATTEND SCHOOL UNDER SECTION 1147 OF THE REVISED**
 12 **SCHOOL CODE, MCL 380.1147.**

13 ~~—— (b) Provide preschool and parenting education programs similar~~
 14 ~~to those under former section 32b as in effect for 2001-2002.~~
 15 ~~Beginning in 2007-2008, funds spent for programs described in this~~
 16 ~~subdivision shall not exceed the amount spent under this~~
 17 ~~subdivision for the immediately preceding fiscal year. Funds spent~~
 18 ~~for programs described in this subdivision shall be used for~~
 19 ~~services to families with income below 300% of the federal poverty~~
 20 ~~level.~~

21 (2) Funds allocated under ~~this section~~ **SUBSECTION (1)** shall be
 22 allocated to intermediate districts or consortia of intermediate
 23 districts **BASED ON THE FORMULA IN SECTION 39.** An intermediate
 24 district or consortium of intermediate districts receiving funding
 25 under this section shall act as the fiduciary for the great start
 26 readiness programs. ~~For 2012-2013, the fiduciary intermediate~~
 27 ~~districts and consortia of intermediate districts shall allocate~~

1 ~~the funding under this section as follows:~~

2 ~~—— (a) An amount not to exceed \$100,400,000.00 allocated to~~
3 ~~intermediate districts and consortia of intermediate districts as~~
4 ~~directed by the department based on the formula in section 39. In~~
5 ~~order to be eligible to receive funds allocated under this~~
6 ~~subdivision~~ **SUBSECTION** ~~from an intermediate district or consortium~~
7 ~~of intermediate districts, a district, or~~ **A** ~~consortium of~~
8 ~~districts, or a public or private for-profit or nonprofit legal~~
9 **ENTITY OR AGENCY** ~~shall comply with this section and section 39.~~

10 ~~—— (b) An amount not to exceed \$8,875,000.00 allocated in grants~~
11 ~~to competitive great start readiness programs as directed by the~~
12 ~~department based on the grant award process in section 32/. In order~~
13 ~~to be eligible to receive funds allocated under this section from~~
14 ~~an intermediate district or consortium of intermediate districts, a~~
15 ~~competitive great start readiness program shall comply with this~~
16 ~~section and section 32/.~~

17 (3) In addition to the allocation under subsection (1), from
18 the general fund money appropriated under section 11, there is
19 allocated an amount not to exceed \$300,000.00 for ~~2012-2013~~ **2013-**
20 **2014** for a competitive grant to continue a longitudinal evaluation
21 of children who have participated in great start readiness
22 programs.

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

1 (a) Participation in a collaborative recruitment and
2 enrollment process ~~. At a minimum, the process shall include all~~
3 ~~other funded preschool programs that may serve children in the same~~
4 ~~geographic area,~~ to assure that each child is enrolled in the
5 program most appropriate to his or her needs and to maximize the
6 use of federal, state, and local funds.

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

10 (c) Nutritional services for all program participants
11 **SUPPORTED BY FEDERAL, STATE, AND LOCAL RESOURCES AS APPLICABLE.**

12 (d) Health and developmental screening services for all
13 program participants.

14 (e) Referral services for families of program participants to
15 community social service agencies, as appropriate.

16 (f) Active and continuous involvement of the parents or
17 guardians of the program participants.

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

21 (h) Participation in a multidistrict, multiagency, school
22 readiness advisory committee **CONVENED AS A WORKGROUP OF THE GREAT**
23 **START COLLABORATIVE** that provides for the involvement of classroom
24 teachers, parents or guardians of program participants, and
25 community, volunteer, and social service agencies and
26 organizations, as appropriate. The advisory committee annually
27 shall review the program components listed in this subsection and

1 make recommendations for changes to the great start readiness
2 program for which it is an advisory committee.

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

5 **(J) PARTICIPATION IN THIS STATE'S GREAT START TO QUALITY**
6 **PROCESS WITH A RATING OF AT LEAST 3 STARS.**

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

10 (a) Ensure compliance with all program components described in
11 subsection (4).

12 (b) Ensure that ~~more than 75%~~ **AT LEAST 90%** of the children
13 participating in an eligible great start readiness program **FOR WHOM**
14 **THE PROVIDER IS RECEIVING FUNDS UNDER THIS SECTION** are children who
15 live with families with a household income that is equal to or less
16 than ~~300%~~ **250%** of the federal poverty level.

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

19 (i) Teachers possessing proper training. For programs managed
20 directly by a district or intermediate district, a valid teaching
21 certificate and an early childhood (ZA or ZS) endorsement are
22 required. This provision does not apply to ~~a district, intermediate~~
23 ~~district, or competitive program that subcontracts with an eligible~~
24 child development program. In that situation, a teacher must have a
25 valid Michigan teaching certificate with an early childhood (ZA or
26 ZS) endorsement, a valid Michigan elementary teaching certificate
27 with a child development associate credential, or a bachelor's

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

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

27 (d) Include a program budget that contains only those costs

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

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

18 (7) **FOR A GRANT RECIPIENT THAT ENROLLS PUPILS IN A GSRP/HEAD**
19 **START BLENDED PROGRAM, THE GRANT RECIPIENT SHALL ENSURE THAT ALL**
20 **HEAD START AND GSRP POLICIES AND REGULATIONS ARE APPLIED TO THE**
21 **BLENDED SLOTS, WITH ADHERENCE TO THE HIGHEST STANDARD FROM EITHER**
22 **PROGRAM, TO THE EXTENT ALLOWABLE UNDER FEDERAL LAW.**

23 (8) ~~(7)~~ An intermediate district or consortium of intermediate
24 districts receiving a grant under this section may **PROVIDE SERVICES**
25 **DIRECTLY OR MAY** contract with **1 OR MORE DISTRICTS OR PUBLIC OR**
26 **PRIVATE** for-profit or nonprofit ~~preschool-center~~ providers that
27 meet all requirements of subsection (4) and retain for

1 administrative services an amount equal to not more than 5%—7% of
 2 the grant amount. ~~An~~ **IN ADDITION, AN** intermediate district ~~, OR~~
 3 consortium of intermediate districts ~~, or competitive grant program~~
 4 may expend not more than ~~10%—2%~~ of the total grant amount for
 5 ~~administration~~ **RECRUITING AND PUBLIC AWARENESS** of the program.

6 ~~—— (8) Any public or private for profit or nonprofit legal entity~~
 7 ~~or agency may apply for a competitive grant under this section.~~
 8 ~~However, a district or intermediate district may not apply for a~~
 9 ~~competitive grant under this section unless the district,~~
 10 ~~intermediate district, or consortium of districts or intermediate~~
 11 ~~districts is acting as a local grantee for the federal head start~~
 12 ~~program operating under the head start act, 42 USC 9831 to 9852.~~

13 (9) EACH GRANT RECIPIENT SHALL ENROLL CHILDREN IDENTIFIED
 14 UNDER SUBSECTION (5) (B) ACCORDING TO HOW FAR THE CHILD'S HOUSEHOLD
 15 INCOME IS BELOW 250% OF THE FEDERAL POVERTY LEVEL BY RANKING EACH
 16 APPLICANT CHILD'S HOUSEHOLD INCOME FROM LOWEST TO HIGHEST AND
 17 DIVIDING THE APPLICANT CHILDREN INTO QUINTILES BASED ON HOW FAR THE
 18 CHILD'S HOUSEHOLD INCOME IS BELOW 250% OF THE FEDERAL POVERTY
 19 LEVEL, AND THEN ENROLLING CHILDREN IN THE QUINTILE WITH THE LOWEST
 20 HOUSEHOLD INCOME BEFORE ENROLLING CHILDREN IN THE QUINTILE WITH THE
 21 NEXT LOWEST HOUSEHOLD INCOME UNTIL SLOTS ARE COMPLETELY FILLED.

22 (10) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
 23 DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL CONDUCT A
 24 LOCAL PROCESS TO CONTRACT WITH INTERESTED AND ELIGIBLE PUBLIC AND
 25 PRIVATE FOR-PROFIT AND NONPROFIT COMMUNITY-BASED PROVIDERS THAT
 26 MEET ALL REQUIREMENTS OF SUBSECTION (4) FOR AT LEAST 30% OF ITS
 27 TOTAL SLOT ALLOCATION. IF THE INTERMEDIATE DISTRICT OR CONSORTIUM

1 IS NOT ABLE TO CONTRACT FOR AT LEAST 30% OF ITS TOTAL SLOT
 2 ALLOCATION, THE GRANT RECIPIENT SHALL NOTIFY THE DEPARTMENT AND, IF
 3 THE DEPARTMENT VERIFIES THAT THE INTERMEDIATE DISTRICT OR
 4 CONSORTIUM ATTEMPTED TO CONTRACT FOR AT LEAST 30% OF ITS TOTAL SLOT
 5 ALLOCATION AND WAS NOT ABLE TO DO SO, THEN THE INTERMEDIATE
 6 DISTRICT OR CONSORTIUM MAY RETAIN AND USE ALL OF ITS ALLOCATED
 7 SLOTS AS PROVIDED UNDER THIS SECTION.

8 (11) ~~(9)~~ A recipient of funds under this section shall report
 9 to the department in a form and manner prescribed by the department
 10 the number of children participating in the program who meet the
 11 income ~~or other eligibility criteria prescribed by the department~~
 12 **ELIGIBILITY CRITERIA UNDER SUBSECTION (5) (B)** and the total number
 13 of children participating in the program. For children
 14 participating in the program who meet the income ~~or other~~
 15 eligibility criteria specified under subsection (5) (b), a recipient
 16 shall also report whether or not a parent is available to provide
 17 care based on employment status. For the purposes of this
 18 subsection, "employment status" shall be defined by the department
 19 of human services in a manner consistent with maximizing the amount
 20 of spending that may be claimed for temporary assistance for needy
 21 families maintenance of effort purposes.

22 (12) ~~(10)~~ As used in this section:

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

26 (b) "Part-day program" means a program that operates at least
 27 4 days per week, 30 weeks per year, for at least 3 hours of

1 teacher-child contact time per day but for fewer hours of teacher-
 2 child contact time per day than a school-day program.

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

8 (13) ~~(11) A grant recipient~~ **AN INTERMEDIATE DISTRICT OR**
 9 **CONSORTIUM OF INTERMEDIATE DISTRICTS** receiving funds under this
 10 section ~~is encouraged to~~ **SHALL** establish a sliding scale of tuition
 11 rates based upon ~~a child's family income for the purpose of~~
 12 ~~expanding eligible programs under this section.~~ **HOUSEHOLD INCOME**
 13 **FOR CHILDREN PARTICIPATING IN AN ELIGIBLE GREAT START READINESS**
 14 **PROGRAM WHO LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS MORE**
 15 **THAN 250% OF THE FEDERAL POVERTY LEVEL TO BE USED BY ALL OF ITS**
 16 **PROVIDERS, AS APPROVED BY THE DEPARTMENT.** A grant recipient ~~may~~
 17 **SHALL** charge tuition ~~for programs provided under this section~~
 18 according to that sliding scale of tuition rates on a uniform basis
 19 for any child who does not meet the ~~program~~ **INCOME** eligibility
 20 requirements under this section.

21 ~~—— (12) The department shall develop a plan for a multiyear~~
 22 ~~phased in approach to transfer funding for great start readiness~~
 23 ~~programs under this section into an early childhood block grant~~
 24 ~~program, along with funding for great start collaboratives under~~
 25 ~~section 32b and funding for great parents, great start programs~~
 26 ~~under section 32j. The early childhood block grant program will~~
 27 ~~allocate funds to intermediate districts and consortia of~~

~~intermediate districts to act as fiduciaries and provide
administration of regional early childhood programs in conjunction
with their regional great start collaborative to improve program
quality, evaluation, and efficiency for early childhood programs.
The department shall work with intermediate districts, districts,
great start collaboratives, and the early childhood investment
corporation to establish a revised funding formula, application
process, program criteria, and data reporting requirements.~~

(14) THE GREAT START READINESS RESERVE FUND IS CREATED AS A
SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID FUND ESTABLISHED BY
SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963. MONEY
AVAILABLE IN THE GREAT START READINESS RESERVE FUND MAY NOT BE
EXPENDED FOR 2013-2014 UNLESS TRANSFERRED BY THE LEGISLATURE NOT
LATER THAN JANUARY 31, 2014 TO THE ALLOCATION UNDER SUBSECTION (1)
FOR GREAT START READINESS PROGRAMS. MONEY IN THE GREAT START
READINESS RESERVE FUND SHALL BE EXPENDED ONLY FOR PURPOSES FOR
WHICH STATE SCHOOL AID FUND MONEY MAY BE EXPENDED. THE STATE
TREASURER SHALL DIRECT THE INVESTMENT OF THE GREAT START READINESS
RESERVE FUND. THE STATE TREASURER SHALL CREDIT TO THE GREAT START
READINESS RESERVE FUND INTEREST AND EARNINGS FROM FUND INVESTMENTS.
MONEY IN THE GREAT START READINESS RESERVE FUND AT THE CLOSE OF A
FISCAL YEAR SHALL REMAIN IN THE GREAT START READINESS RESERVE FUND
AND SHALL NOT LAPSE TO THE UNRESERVED SCHOOL AID FUND BALANCE OR
THE GENERAL FUND.

Sec. 32p. (1) From the school aid fund appropriation in
section 11, there is allocated an amount not to exceed
\$10,900,000.00 TO INTERMEDIATE DISTRICTS for ~~2012-2013-2013-2014~~

1 for the purpose of providing early childhood funding to
 2 intermediate school districts in block grants, **SUPPORTING THE**
 3 **ACTIVITIES UNDER SUBSECTION (2), AND PROVIDING EARLY CHILDHOOD**
 4 **PROGRAMS FOR CHILDREN FROM BIRTH THROUGH AGE 8.** ~~The BEGINNING IN~~
 5 ~~2013-2014, THE~~ funding provided to each intermediate district under
 6 this section shall be ~~equal to the sum of all funding allocated~~
 7 ~~under former sections 32b and 32j, as those sections were in effect~~
 8 ~~for 2011-2012.~~ **DETERMINED BY THE DISTRIBUTION FORMULA ESTABLISHED**
 9 **BY THE DEPARTMENT'S OFFICE OF GREAT START TO PROVIDE EQUITABLE**
 10 **FUNDING STATEWIDE.** In order to receive funding under this section,
 11 each intermediate district shall provide an application to the
 12 office of great start not later than ~~August 15, 2012,~~ **SEPTEMBER 15**
 13 **OF THE IMMEDIATELY PRECEDING FISCAL YEAR** indicating the activities
 14 planned to be provided. ~~and children served under the block grant.~~

15 (2) Each intermediate district or consortium of intermediate
 16 districts that receives funding under this section shall convene a
 17 local great start collaborative and a parent coalition. ~~to address~~
 18 ~~the availability of the following 6 components of a great start~~
 19 ~~system in its communities: physical health, social emotional~~
 20 ~~health, family supports, basic needs, economic stability and~~
 21 ~~safety, and parenting education and early education and care.~~ The
 22 goal of a ~~local~~ **EACH** great start collaborative is **AND PARENT**
 23 **COALITION SHALL BE** to ensure **THE COORDINATION AND EXPANSION OF**
 24 **LOCAL EARLY CHILDHOOD INFRASTRUCTURE AND PROGRAMS** that **ALLOW** every
 25 child in the community ~~is ready for kindergarten.~~ **TO ACHIEVE THE**
 26 **FOLLOWING OUTCOMES:**

27 (A) **CHILDREN BORN HEALTHY.**

1 (B) CHILDREN HEALTHY, THRIVING, AND DEVELOPMENTALLY ON TRACK
2 FROM BIRTH TO THIRD GRADE.

3 (C) CHILDREN DEVELOPMENTALLY READY TO SUCCEED IN SCHOOL AT THE
4 TIME OF SCHOOL ENTRY.

5 (D) CHILDREN PREPARED TO SUCCEED IN FOURTH GRADE AND BEYOND BY
6 READING PROFICIENTLY BY THE END OF THIRD GRADE.

7 (3) Each local great start collaborative AND PARENT COALITION
8 SHALL CONVENE A WORKGROUP TO SERVE AS A SCHOOL READINESS ADVISORY
9 COMMITTEE AS REQUIRED UNDER SECTION 32D AND shall ensure the
10 ~~coordination and expansion of infrastructure or programming to~~
11 ~~support high quality early childhood and childcare programs. An~~
12 ~~intermediate district or consortium of intermediate districts may~~
13 ~~reconstitute its local great start collaborative if that~~
14 ~~collaborative is found to be ineffective.~~ THAT ITS LOCAL GREAT START
15 SYSTEM INCLUDES THE FOLLOWING SUPPORTS FOR CHILDREN FROM BIRTH
16 THROUGH AGE 8:

17 (A) PHYSICAL HEALTH.

18 (B) SOCIAL-EMOTIONAL HEALTH.

19 (C) FAMILY SUPPORTS AND BASIC NEEDS.

20 (D) PARENT EDUCATION AND CHILD ADVOCACY.

21 (E) EARLY EDUCATION AND CARE.

22 (4) ~~(3)~~ Not later than December 1 ~~, 2013,~~ OF EACH YEAR, each
23 intermediate district shall provide a report to the department
24 detailing the activities actually provided during ~~2012-2013~~ THE
25 IMMEDIATELY PRECEDING SCHOOL YEAR and the FAMILIES AND children
26 actually served. The department shall compile and summarize these
27 reports and submit its summary to the house and senate

1 appropriations subcommittees on school aid and to the house and
2 senate fiscal agencies. The block grants allocated under this
3 section implement legislative intent language for this purpose
4 enacted in 2011 PA 62.

5 (5) ~~(4)~~ An intermediate district or consortium of intermediate
6 districts that receives funding under this section may carry over
7 any unexpended funds received under this section ~~for a fiscal year~~
8 into the next fiscal year and may expend those unused funds in the
9 next fiscal year. A recipient of a grant shall return any
10 unexpended grant funds to the department in the manner prescribed
11 by the department not later than September 30 of the next fiscal
12 year after the fiscal year in which the funds are received.

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

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

27 (b) The estimated number of children in the community who meet

1 the criteria of section 32d and are being served by other early
2 childhood development programs operating in the community, and how
3 that calculation was made.

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

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

13 (2) An applicant receiving funds under section 32d shall also
14 submit a final application for approval, in a form and manner
15 prescribed by the department, by a date specified by the
16 department, that details how the applicant complies with the
17 program components established by the department pursuant to
18 section 32d.

19 (3) The number of prekindergarten children construed to be in
20 need of special readiness assistance under section 32d shall be
21 calculated for each applicant in the following manner: 1/2 of the
22 percentage of the applicant's pupils in grades 1 to 5 in all
23 districts served by the applicant who are eligible for free lunch,
24 as determined using the district's pupil membership count as of the
25 pupil membership count day in the school year prior to the fiscal
26 year for which the calculation is made, under the Richard B.
27 Russell national school lunch act, 42 USC 1751 to 1769i, shall be

1 multiplied by the average kindergarten enrollment of the districts
2 served by the applicant on the pupil membership count day of the 2
3 immediately preceding fiscal years.

4 (4) The initial allocation for each fiscal year to each
5 eligible applicant under section 32d shall be determined by
6 multiplying the number of children determined by the formula under
7 subsection (3) or the number of children the applicant indicates it
8 will be able to serve under subsection (1)(c), whichever is less,
9 by ~~\$3,400.00~~ **\$3,625.00** and shall be distributed among applicants in
10 decreasing order of concentration of eligible children as
11 determined by the formula under subsection (3). If the number of
12 children an applicant indicates it will be able to serve under
13 subsection (1)(c) includes children able to be served in a school-
14 day program, then the number able to be served in a school-day
15 program shall be doubled for the purposes of making this
16 calculation of the lesser of the number of children determined by
17 the formula under subsection (3) and the number of children the
18 applicant indicates it will be able to serve under subsection
19 (1)(c) and determining the amount of the initial allocation to the
20 applicant under section 32d. A district may contract with a head
21 start agency to serve children enrolled in head start with a
22 school-day program by blending head start funds with a part-day
23 great start readiness program allocation. All head start and great
24 start readiness program policies and regulations apply to the
25 blended program.

26 (5) If funds allocated for eligible applicants ~~in~~ **OR TO THE**
27 **GREAT START READINESS RESERVE FUND UNDER** section 32d remain after

1 the initial allocation under subsection (4), the allocation under
 2 this subsection shall be distributed to each eligible applicant
 3 under section 32d in decreasing order of concentration of eligible
 4 children as determined by the formula under subsection (3). The
 5 allocation shall be determined by multiplying the number of
 6 children each district within the applicant's service area served
 7 in the immediately preceding fiscal year or the number of children
 8 the applicant indicates it will be able to serve under subsection
 9 (1)(c), whichever is less, minus the number of children for which
 10 the applicant received funding in subsection (4) by
 11 ~~\$3,400.00~~ **\$3,625.00**.

12 (6) If funds allocated for eligible applicants ~~in~~ **OR TO THE**
 13 **GREAT START READINESS RESERVE FUND UNDER** section 32d remain after
 14 the allocations under subsections (4) and (5), remaining funds
 15 shall be distributed to each eligible applicant under section 32d
 16 in decreasing order of concentration of eligible children as
 17 determined by the formula under subsection (3). If the number of
 18 children the applicant indicates it will be able to serve under
 19 subsection (1)(c) exceeds the number of children for which funds
 20 have been received under subsections (4) and (5), the allocation
 21 under this subsection shall be determined by multiplying the number
 22 of children the applicant indicates it will be able to serve under
 23 subsection (1)(c) less the number of children for which funds have
 24 been received under subsections (4) and (5) by ~~\$3,400.00~~ **\$3,625.00**
 25 until the funds allocated for eligible applicants in section 32d
 26 are distributed.

27 (7) An applicant that offers supplementary child care funded

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

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

15 Sec. 39a. (1) From the federal funds appropriated in section
16 11, there is allocated for ~~2012-2013~~ **2013-2014** to districts,
17 intermediate districts, and other eligible entities all available
18 federal funding, estimated at ~~\$812,328,500.00~~, **\$811,828,500.00**, for
19 the federal programs under the no child left behind act of 2001,
20 Public Law 107-110. These funds are allocated as follows:

21 (a) An amount estimated at \$10,808,600.00 to provide students
22 with drug- and violence-prevention programs and to implement
23 strategies to improve school safety, funded from DED-OESE, drug-
24 free schools and communities funds.

25 ~~— (b) An amount estimated at \$250,000.00 for the purpose of~~
26 ~~improving teaching and learning through a more effective use of~~
27 ~~technology, funded from DED-OESE, educational technology state~~

1 ~~grant funds.~~

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

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

9 **(D)** ~~(e)~~—An amount estimated at \$10,286,500.00 for the Michigan
10 charter school subgrant program, funded from DED-OESE, charter
11 school funds.

12 **(E)** ~~(f)~~—An amount estimated at \$2,393,500.00 for rural and low
13 income schools, funded from DED-OESE, rural and low income school
14 funds.

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

19 ~~———(h) An amount estimated at \$250,000.00 for the purpose of~~
20 ~~providing unified family literacy programs, funded from DED-OESE,~~
21 ~~title I, even start funds.~~

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

25 **(H)** ~~(j)~~—An amount estimated at \$40,050,000.00 for the purpose
26 of providing high-quality extended learning opportunities, after
27 school and during the summer, for children in low-performing

1 schools, funded from DED-OESE, twenty-first century community
2 learning center funds.

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

6 (2) From the federal funds appropriated in section 11, there
7 is allocated for ~~2012-2013~~ **2013-2014** to districts, intermediate
8 districts, and other eligible entities all available federal
9 funding, estimated at ~~\$33,514,100.00~~ **\$31,700,000.00** for the
10 following programs that are funded by federal grants:

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

14 (b) An amount estimated at ~~\$1,814,100.00~~ **\$2,600,000.00** to
15 provide services to homeless children and youth, funded from DED-
16 OVAE, homeless children and youth funds.

17 ~~—(c) An amount estimated at \$2,600,000.00 for serve America~~
18 ~~grants, funded from the corporation for national and community~~
19 ~~service funds.~~

20 (C) ~~(d)~~—An amount estimated at \$28,500,000.00 for providing
21 career and technical education services to pupils, funded from DED-
22 OVAE, basic grants to states.

23 (3) To the extent allowed under federal law, the funds
24 allocated under subsection ~~(1)(g), (h), and (k)~~ **(1)(F) AND (I)** may
25 be used for 1 or more reading improvement programs that meet at
26 least 1 of the following:

27 (a) A research-based, validated, structured reading program

1 that aligns learning resources to state standards and includes
2 continuous assessment of pupils and individualized education plans
3 for pupils.

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

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

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

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

22 Notwithstanding section 17b, payments of federal funds to
23 districts, intermediate districts, and other eligible entities
24 under this section shall be paid on a schedule determined by the
25 department.

26 (5) For the purposes of applying for federal grants
27 appropriated under this article, the department shall allow an

1 intermediate district to submit a consortium application on behalf
2 of 2 or more districts with the agreement of those districts as
3 appropriate according to federal rules and guidelines.

4 (6) As used in this section:

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

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

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

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

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

14 SEC. 41. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
15 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,200,000.00 FOR 2013-2014 TO
16 APPLICANT DISTRICTS AND INTERMEDIATE DISTRICTS OFFERING PROGRAMS OF
17 INSTRUCTION FOR PUPILS OF LIMITED ENGLISH-SPEAKING ABILITY UNDER
18 SECTION 1153 OF THE REVISED SCHOOL CODE, MCL 380.1153. SUBJECT TO
19 SUBSECTION (2), REIMBURSEMENT SHALL BE ON A PER-PUPIL BASIS AND
20 SHALL BE BASED ON THE NUMBER OF PUPILS OF LIMITED ENGLISH-SPEAKING
21 ABILITY IN MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY. FUNDS
22 ALLOCATED UNDER THIS SECTION SHALL BE USED SOLELY FOR INSTRUCTION
23 IN SPEAKING, READING, WRITING, OR COMPREHENSION OF ENGLISH. A PUPIL
24 SHALL NOT BE COUNTED UNDER THIS SECTION OR INSTRUCTED IN A PROGRAM
25 UNDER THIS SECTION FOR MORE THAN 3 YEARS.

26 (2) A DISTRICT OR INTERMEDIATE DISTRICT SHALL NOT RECEIVE
27 FUNDS UNDER THIS SECTION IF IT ALLOWS PUPILS TO PARTICIPATE IN THE

1 PROGRAM OF INSTRUCTION WHO ARE NOT RESIDING IN THE UNITED STATES
2 LEGALLY.

3 Sec. 51a. (1) From the appropriation in section 11, there is
4 ~~allocated for 2011-2012 an amount not to exceed \$956,769,100.00 and~~
5 ~~there is allocated an amount not to exceed \$996,269,100.00~~
6 **\$952,569,100.00** for 2012-2013 **AND THERE IS ALLOCATED AN AMOUNT NOT**
7 **TO EXCEED \$980,446,100.00 FOR 2013-2014** from state sources and all
8 available federal funding under sections 611 to 619 of part B of
9 the individuals with disabilities education act, 20 USC 1411 to
10 1419, ~~estimated at \$363,400,000.00 for 2011-2012 and estimated at~~
11 ~~\$365,000,000.00 for 2012-2013,~~ **AND ESTIMATED AT \$370,000,000.00 FOR**
12 **2013-2014,** plus any carryover federal funds from previous year
13 appropriations. The allocations under this subsection are for the
14 purpose of reimbursing districts and intermediate districts for
15 special education programs, services, and special education
16 personnel as prescribed in article 3 of the revised school code,
17 MCL 380.1701 to 380.1766; net tuition payments made by intermediate
18 districts to the Michigan schools for the deaf and blind; and
19 special education programs and services for pupils who are eligible
20 for special education programs and services according to statute or
21 rule. For meeting the costs of special education programs and
22 services not reimbursed under this article, a district or
23 intermediate district may use money in general funds or special
24 education funds, not otherwise restricted, or contributions from
25 districts to intermediate districts, tuition payments, gifts and
26 contributions from individuals or other entities, or federal funds
27 that may be available for this purpose, as determined by the

1 intermediate district plan prepared pursuant to article 3 of the
2 revised school code, MCL 380.1701 to 380.1766. All federal funds
3 allocated under this section in excess of those allocated under
4 this section for 2002-2003 may be distributed in accordance with
5 the flexible funding provisions of the individuals with
6 disabilities education act, Public Law 108-446, including, but not
7 limited to, 34 CFR 300.206 and 300.208. Notwithstanding section
8 17b, payments of federal funds to districts, intermediate
9 districts, and other eligible entities under this section shall be
10 paid on a schedule determined by the department.

11 (2) From the funds allocated under subsection (1), there is
12 allocated the amount necessary, estimated at ~~\$247,500,000.00 for~~
13 ~~2011-2012 and estimated at \$257,400,000.00~~ **\$251,000,000.00** for
14 2012-2013, **AND ESTIMATED AT \$257,800,000.00 FOR 2013-2014**, for
15 payments toward reimbursing districts and intermediate districts
16 for 28.6138% of total approved costs of special education,
17 excluding costs reimbursed under section 53a, and 70.4165% of total
18 approved costs of special education transportation. Allocations
19 under this subsection shall be made as follows:

20 (a) The initial amount allocated to a district under this
21 subsection toward fulfilling the specified percentages shall be
22 calculated by multiplying the district's special education pupil
23 membership, excluding pupils described in subsection (11), times
24 the foundation allowance under section 20 of the pupil's district
25 of residence, not to exceed the basic foundation allowance under
26 section 20 for the current fiscal year, or, for a special education
27 pupil in membership in a district that is a public school academy,

1 times an amount equal to the amount per membership pupil calculated
2 under section 20(6) or, for a pupil described in this subsection
3 who is counted in membership in the education achievement system,
4 times an amount equal to the amount per membership pupil under
5 section 20(7). For an intermediate district, the amount allocated
6 under this subdivision toward fulfilling the specified percentages
7 shall be an amount per special education membership pupil,
8 excluding pupils described in subsection (11), and shall be
9 calculated in the same manner as for a district, using the
10 foundation allowance under section 20 of the pupil's district of
11 residence, not to exceed the basic foundation allowance under
12 section 20 for the current fiscal year.

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

18 (3) From the funds allocated under subsection (1), there is
19 allocated each fiscal year ~~for 2011-2012 and for 2012-2013~~ **AND FOR**
20 **2013-2014** an amount not to exceed \$1,000,000.00 to make payments to
21 districts and intermediate districts under this subsection. If the
22 amount allocated to a district or intermediate district for a
23 fiscal year under subsection (2)(b) is less than the sum of the
24 amounts allocated to the district or intermediate district for
25 1996-97 under sections 52 and 58, there is allocated to the
26 district or intermediate district for the fiscal year an amount
27 equal to that difference, adjusted by applying the same proration

1 factor that was used in the distribution of funds under section 52
2 in 1996-97 as adjusted to the district's or intermediate district's
3 necessary costs of special education used in calculations for the
4 fiscal year. This adjustment is to reflect reductions in special
5 education program operations or services between 1996-97 and
6 subsequent fiscal years. Adjustments for reductions in special
7 education program operations or services shall be made in a manner
8 determined by the department and shall include adjustments for
9 program or service shifts.

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

1 deduction under this subsection.

2 (5) State funds shall be allocated on a total approved cost
3 basis. Federal funds shall be allocated under applicable federal
4 requirements, except that an amount not to exceed \$3,500,000.00 may
5 be allocated by the department each fiscal year ~~for 2011-2012 and~~
6 for 2012-2013 **AND FOR 2013-2014** to districts, intermediate
7 districts, or other eligible entities on a competitive grant basis
8 for programs, equipment, and services that the department
9 determines to be designed to benefit or improve special education
10 on a statewide scale.

11 (6) From the amount allocated in subsection (1), there is
12 allocated an amount not to exceed \$2,200,000.00 each fiscal year
13 ~~for 2011-2012 and for 2012-2013~~ **AND FOR 2013-2014** to reimburse 100%
14 of the net increase in necessary costs incurred by a district or
15 intermediate district in implementing the revisions in the
16 administrative rules for special education that became effective on
17 July 1, 1987. As used in this subsection, "net increase in
18 necessary costs" means the necessary additional costs incurred
19 solely because of new or revised requirements in the administrative
20 rules minus cost savings permitted in implementing the revised
21 rules. Net increase in necessary costs shall be determined in a
22 manner specified by the department.

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

25 (a) "Total approved costs of special education" shall be
26 determined in a manner specified by the department and may include
27 indirect costs, but shall not exceed 115% of approved direct costs

1 for section 52 and section 53a programs. The total approved costs
2 include salary and other compensation for all approved special
3 education personnel for the program, including payments for social
4 security and medicare and public school employee retirement system
5 contributions. The total approved costs do not include salaries or
6 other compensation paid to administrative personnel who are not
7 special education personnel as defined in section 6 of the revised
8 school code, MCL 380.6. Costs reimbursed by federal funds, other
9 than those federal funds included in the allocation made under this
10 article, are not included. Special education approved personnel not
11 utilized full time in the evaluation of students or in the delivery
12 of special education programs, ancillary, and other related
13 services shall be reimbursed under this section only for that
14 portion of time actually spent providing these programs and
15 services, with the exception of special education programs and
16 services provided to youth placed in child caring institutions or
17 juvenile detention programs approved by the department to provide
18 an on-grounds education program.

19 (b) Beginning with the 2004-2005 fiscal year, a district or
20 intermediate district that employed special education support
21 services staff to provide special education support services in
22 2003-2004 or in a subsequent fiscal year and that in a fiscal year
23 after 2003-2004 receives the same type of support services from
24 another district or intermediate district shall report the cost of
25 those support services for special education reimbursement purposes
26 under this article. This subdivision does not prohibit the transfer
27 of special education classroom teachers and special education

1 classroom aides if the pupils counted in membership associated with
2 those special education classroom teachers and special education
3 classroom aides are transferred and counted in membership in the
4 other district or intermediate district in conjunction with the
5 transfer of those teachers and aides.

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

24 (d) Reimbursement for ancillary and other related services, as
25 defined by R 340.1701c of the Michigan administrative code, shall
26 not be provided when those services are covered by and available
27 through private group health insurance carriers or federal

1 reimbursed program sources unless the department and district or
2 intermediate district agree otherwise and that agreement is
3 approved by the state budget director. Expenses, other than the
4 incidental expense of filing, shall not be borne by the parent. In
5 addition, the filing of claims shall not delay the education of a
6 pupil. A district or intermediate district shall be responsible for
7 payment of a deductible amount and for an advance payment required
8 until the time a claim is paid.

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

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

1 residence.

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

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

13 (11) From the funds allocated in subsection (1), there is
14 allocated the amount necessary, estimated at ~~\$5,300,000.00 for~~
15 ~~2011-2012 and estimated at \$5,600,000.00~~ **\$4,300,000.00** for 2012-
16 2013, **AND ESTIMATED AT \$4,300,000.00 FOR 2013-2014**, to pay the
17 foundation allowances for pupils described in this subsection. The
18 allocation to a district under this subsection shall be calculated
19 by multiplying the number of pupils described in this subsection
20 who are counted in membership in the district times the foundation
21 allowance under section 20 of the pupil's district of residence,
22 not to exceed the basic foundation allowance under section 20 for
23 the current fiscal year, or, for a pupil described in this
24 subsection who is counted in membership in a district that is a
25 public school academy, times an amount equal to the amount per
26 membership pupil under section 20(6) or, for a pupil described in
27 this subsection who is counted in membership in the education

1 achievement system, times an amount equal to the amount per
2 membership pupil under section 20(7). The allocation to an
3 intermediate district under this subsection shall be calculated in
4 the same manner as for a district, using the foundation allowance
5 under section 20 of the pupil's district of residence, not to
6 exceed the basic foundation allowance under section 20 for the
7 current fiscal year. This subsection applies to all of the
8 following pupils:

9 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

7 (14) If a public school academy enrolls pursuant to this
8 section a pupil who resides outside of the intermediate district in
9 which the public school academy is located and who is eligible for
10 special education programs and services according to statute or
11 rule, or who is a child with disabilities, as defined under the
12 individuals with disabilities education act, Public Law 108-446,
13 the provision of special education programs and services and the
14 payment of the added costs of special education programs and
15 services for the pupil are the responsibility of the district and
16 intermediate district in which the pupil resides unless the
17 enrolling district or intermediate district has a written agreement
18 with the district or intermediate district in which the pupil
19 resides or the public school academy for the purpose of providing
20 the pupil with a free appropriate public education and the written
21 agreement includes at least an agreement on the responsibility for
22 the payment of the added costs of special education programs and
23 services for the pupil.

24 Sec. 51b. A district or intermediate district shall not
25 receive funds under ~~this article~~ **SECTION 51A** unless the district or
26 intermediate district complies with rules promulgated under article
27 3 of the revised school code, being sections 380.1701 to 380.1766

1 of the Michigan Compiled Laws.

2 Sec. 51c. As required by the court in the consolidated cases
3 known as Durant v State of Michigan, Michigan supreme court docket
4 no. 104458-104492, from the allocation under section 51a(1), there
5 is allocated each fiscal year ~~for 2011-2012 and for 2012-2013~~ **AND**
6 **FOR 2013-2014** the amount necessary, estimated at ~~\$648,700,000.00~~
7 ~~for 2011-2012 and estimated at \$678,000,000.00~~ **\$642,000,000.00** for
8 2012-2013, **AND ESTIMATED AT \$662,200,000.00 FOR 2013-2014**, for
9 payments to reimburse districts for 28.6138% of total approved
10 costs of special education excluding costs reimbursed under section
11 53a, and 70.4165% of total approved costs of special education
12 transportation. Funds allocated under this section that are not
13 expended in the state fiscal year for which they were allocated, as
14 determined by the department, may be used to supplement the
15 allocations under sections 22a and 22b in order to fully fund those
16 calculated allocations for the same fiscal year.

17 Sec. 51d. (1) From the federal funds appropriated in section
18 11, there is allocated for ~~each fiscal year 2011-2012 and for 2012-~~
19 ~~2013-2013-2014~~ all available federal funding, estimated at
20 \$74,000,000.00, ~~each fiscal year,~~ for special education programs
21 that are funded by federal grants. All federal funds allocated
22 under this section shall be distributed in accordance with federal
23 law. Notwithstanding section 17b, payments of federal funds to
24 districts, intermediate districts, and other eligible entities
25 under this section shall be paid on a schedule determined by the
26 department.

27 (2) From the federal funds allocated under subsection (1), the

1 following amounts are allocated ~~each fiscal year for 2011-2012 and~~
2 ~~for 2012-2013.~~**FOR 2013-2014:**

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

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

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

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

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

27 (2) Reimbursement under subsection (1) is for the following

1 special education pupils:

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

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

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

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

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

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

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

27 (5) Not more than \$13,500,000.00 of the allocation for ~~2011-~~

1 ~~2012 and for 2012-2013-2013-2014~~ in section 51a(1) shall be
2 allocated ~~for each fiscal year~~ under this section.

3 Sec. 54. Each intermediate district shall receive an amount
4 per pupil for each pupil in attendance at the Michigan schools for
5 the deaf and blind. The amount shall be proportionate to the total
6 instructional cost at each school. Not more than \$1,688,000.00 of
7 the allocation for ~~2012-2013-2013-2014~~ in section 51a(1) shall be
8 allocated under this section.

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

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

14 (b) "Millage levied" means the millage levied for special
15 education pursuant to part 30 of the revised school code, MCL
16 380.1711 to 380.1743, including a levy for debt service
17 obligations.

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

24 (2) From the allocation under section 51a(1), there is
25 allocated an amount not to exceed ~~\$36,881,100.00 for 2012-2013~~
26 **\$37,758,100.00 FOR 2013-2014** to reimburse intermediate districts
27 levying millages for special education pursuant to part 30 of the

revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) Reimbursement for those millages levied in ~~2010-2011-2012-2013~~ shall be made in ~~2011-2012-2013-2014~~ at an amount per ~~2010-2011-2012-2013~~ membership pupil computed by subtracting from ~~\$174,700.00~~ **\$169,900.00** the ~~2010-2011-2012-2013~~ taxable value behind each membership pupil and multiplying the resulting difference by the ~~2010-2011-2012-2013~~ millage levied.

~~(4) For 2012-2013 only, reimbursement to each intermediate district shall be equal to its reimbursement under this section for 2011-2012.~~

(4) THE AMOUNT PAID TO A SINGLE INTERMEDIATE DISTRICT UNDER THIS SECTION SHALL NOT EXCEED 62.9% OF THE TOTAL AMOUNT ALLOCATED UNDER SUBSECTION (2).

(5) THE AMOUNT PAID TO A SINGLE INTERMEDIATE DISTRICT UNDER THIS SECTION SHALL NOT BE LESS THAN 75% OF THE AMOUNT ALLOCATED TO THE INTERMEDIATE DISTRICT UNDER THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$26,611,300.00 for ~~2012-2013~~

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

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

1 distributed under this subsection.

2 (3) IN ADDITION TO THE FUNDS ALLOCATED IN SUBSECTION (1), FROM
3 THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT
4 TO EXCEED \$1,000,000.00 FOR 2013-2014 TO DISTRICTS OR INTERMEDIATE
5 DISTRICTS FOR AREA CAREER AND TECHNICAL EDUCATION CENTERS FOR THE
6 PURPOSE OF INTEGRATING THE MICHIGAN MERIT CURRICULUM CONTENT
7 STANDARDS UNDER SECTIONS 1278A AND 1278B OF THE REVISED SCHOOL
8 CODE, MCL 380.1278A AND 380.1278B, INTO STATE-APPROVED CAREER AND
9 TECHNICAL EDUCATION INSTRUCTIONAL PROGRAMS FOR THE PURPOSE OF
10 AWARDING ACADEMIC CREDIT. THE DEPARTMENT SHALL DETERMINE THE
11 ALLOCATION TO EACH CAREER AND TECHNICAL EDUCATION CENTER IN A
12 MANNER THAT PROVIDES FOR MAXIMUM INTEGRATION OF MICHIGAN MERIT
13 CURRICULUM CONTENT STANDARDS STATEWIDE.

14 Sec. 62. (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 or the total membership for the immediately
19 preceding fiscal year of the area vocational-technical program.

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

26 (c) "Taxable value" means the total taxable value of the
27 districts constituent to an intermediate district or area

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

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

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

19 (2) From the appropriation in section 11, there is allocated
20 an amount not to exceed ~~\$9,000,000.00 for 2012-2013~~ **\$9,190,000.00**
21 **FOR 2013-2014** to reimburse intermediate districts and area
22 vocational-technical education programs established under section
23 690(3) of the revised school code, MCL 380.690, levying millages
24 for area vocational-technical education pursuant to sections 681 to
25 690 of the revised school code, MCL 380.681 to 380.690. The
26 purpose, use, and expenditure of the reimbursement shall be limited
27 as if the funds were generated by those millages.

1 (3) Reimbursement for the millages levied in ~~2010-2011-2012-~~
2 2013 shall be made in ~~2011-2012-2013-2014~~ at an amount per ~~2010-~~
3 ~~2011-2012-2013~~ membership pupil computed by subtracting from
4 ~~\$190,400.00~~ \$186,500.00 the ~~2010-2011-2012-2013~~ taxable value
5 behind each membership pupil and multiplying the resulting
6 difference by the ~~2010-2011-2012-2013~~ millage levied.

7 ~~—— (4) For 2012-2013 only, reimbursements to each intermediate~~
8 ~~district shall be equal to its reimbursement under this section for~~
9 ~~2011-2012.~~

10 (4) THE AMOUNT PAID TO A SINGLE INTERMEDIATE DISTRICT UNDER
11 THIS SECTION SHALL NOT EXCEED 38.4% OF THE TOTAL AMOUNT ALLOCATED
12 UNDER SUBSECTION (2).

13 (5) THE AMOUNT PAID TO A SINGLE INTERMEDIATE DISTRICT UNDER
14 THIS SECTION SHALL NOT BE LESS THAN 75% OF THE AMOUNT ALLOCATED TO
15 THE INTERMEDIATE DISTRICT UNDER THIS SECTION FOR THE IMMEDIATELY
16 PRECEDING FISCAL YEAR.

17 SEC. 64A. FROM THE APPROPRIATION IN SECTION 11, THERE IS
18 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,000,000.00 FOR 2013-2014 TO
19 DISTRICTS OR INTERMEDIATE DISTRICTS FOR THE PURPOSE OF ESTABLISHING
20 PARTNERSHIPS BETWEEN HIGH SCHOOLS, EARLY OR MIDDLE COLLEGES, AND
21 PUBLIC COLLEGES AND UNIVERSITIES THAT DEVELOP STATEWIDE TRANSFER OR
22 ARTICULATION AGREEMENTS TO ENSURE POSTSECONDARY CREDIT EARNED
23 DURING HIGH SCHOOL IS INCLUDED IN TRANSCRIPTS AND IS TRANSFERABLE
24 TO POSTSECONDARY INSTITUTIONS. THE DEPARTMENT SHALL DISTRIBUTE
25 FUNDS UNDER THIS SECTION TO DISTRICTS OR INTERMEDIATE DISTRICTS IN
26 A MANNER AND FORM DETERMINED BY THE DEPARTMENT.

27 Sec. 74. (1) From the amount appropriated in section 11, there

1 is allocated an amount not to exceed ~~\$3,259,900.00 for 2012-2013~~
2 **\$3,299,000.00 FOR 2013-2014** for the purposes of this section.

3 (2) From the allocation in subsection (1), there is allocated
4 for each fiscal year the amount necessary for payments to state
5 supported colleges or universities and intermediate districts
6 providing school bus driver safety instruction pursuant to section
7 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
8 payments shall be in an amount determined by the department not to
9 exceed 75% of the actual cost of instruction and driver
10 compensation for each public or nonpublic school bus driver
11 attending a course of instruction. For the purpose of computing
12 compensation, the hourly rate allowed each school bus driver shall
13 not exceed the hourly rate received for driving a school bus.
14 Reimbursement compensating the driver during the course of
15 instruction shall be made by the department to the college or
16 university or intermediate district providing the course of
17 instruction.

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

25 (4) From the funds allocated in subsection (1), there is
26 allocated an amount not to exceed ~~\$1,634,900.00 for 2012-2013~~
27 **\$1,674,000.00 FOR 2013-2014** 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. 81. (1) Except as otherwise provided in this section,
23 from the appropriation in section 11, there is allocated **EACH**
24 **FISCAL YEAR** for 2012-2013 **AND FOR 2013-2014** to the intermediate
25 districts the sum necessary, but not to exceed ~~\$64,108,000.00,~~
26 **\$64,115,100.00 EACH FISCAL YEAR,** to provide state aid to
27 intermediate districts under this section.

1 (2) From the allocation in subsection (1), there is allocated
2 an amount not to exceed \$62,108,000.00 for allocations to each
3 intermediate district for 2012-2013 in an amount equal to 100% of
4 the amount allocated to the intermediate district under this
5 subsection for 2011-2012. **FROM THE ALLOCATION IN SUBSECTION (1),**
6 **THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$62,108,000.00 FOR**
7 **ALLOCATIONS TO EACH INTERMEDIATE DISTRICT FOR 2013-2014 IN AN**
8 **AMOUNT EQUAL TO 100.0% OF THE AMOUNT ALLOCATED TO THE INTERMEDIATE**
9 **DISTRICT UNDER THIS SUBSECTION FOR 2012-2013.** Funding provided
10 under this section shall be used to comply with requirements of
11 this article and the revised school code that are applicable to
12 intermediate districts, and for which funding is not provided
13 elsewhere in this article, and to provide technical assistance to
14 districts as authorized by the intermediate school board.

15 (3) Intermediate districts receiving funds under subsection
16 (2) shall collaborate with the department to develop expanded
17 professional development opportunities for teachers to update and
18 expand their knowledge and skills needed to support the Michigan
19 merit curriculum.

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

1 district for 3 years following consolidation, annexation, or
2 attachment. **FROM THE ALLOCATION IN SUBSECTION (1), THERE IS**
3 **ALLOCATED \$7,000.00 FOR PURPOSES OF THIS SUBSECTION FOR 2012-2013,**
4 **FOR 2013-2014, AND FOR 2014-2015, AFTER WHICH THE PAYMENT UNDER**
5 **THIS SUBSECTION WILL CEASE.**

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

15 (5) ~~(6)~~—In order to receive funding under subsection (2), an
16 intermediate district shall do all of the following:

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

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

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

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

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

6 (f) Comply with section 761 of the revised school code, MCL
7 380.761.

8 (6) ~~(7)~~—From the allocation in subsection (1), there is
9 allocated an amount not to exceed \$2,000,000.00 for 2012-2013 for
10 an incentive payment to each intermediate district that meets best
11 practices as determined by the department under this subsection.
12 The amount of the incentive payment is an amount equal to 3.2% of
13 the amount allocated to the intermediate district under subsection
14 (2). An intermediate district is eligible for an incentive payment
15 under this subsection if the intermediate district satisfies at
16 least 4 of the following requirements not later than June 1, 2013:

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

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

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

27 (b) The intermediate district has obtained competitive bids on

1 the provision of 1 or more noninstructional services for the
2 intermediate district or its constituent districts with a value of
3 at least \$50,000.00.

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

10 (d) The intermediate district provides to parents and
11 community members a dashboard or report card demonstrating the
12 intermediate district's efforts to manage its finances responsibly.
13 The dashboard or report card shall include at least all of the
14 following for the 3 most recent school years for which the data are
15 available:

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

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

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

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

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

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

10 (7) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
11 AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2013-2014 FOR AN
12 INCENTIVE PAYMENT TO EACH INTERMEDIATE DISTRICT THAT MEETS BEST
13 PRACTICES AS DETERMINED BY THE DEPARTMENT UNDER THIS SUBSECTION.
14 THE AMOUNT OF THE INCENTIVE PAYMENT IS AN AMOUNT EQUAL TO 3.2% OF
15 THE AMOUNT ALLOCATED TO THE INTERMEDIATE DISTRICT UNDER SUBSECTION
16 (2). AN INTERMEDIATE DISTRICT IS ELIGIBLE FOR AN INCENTIVE PAYMENT
17 UNDER THIS SUBSECTION IF THE INTERMEDIATE DISTRICT SATISFIES AT
18 LEAST 5 OF THE FOLLOWING REQUIREMENTS NOT LATER THAN JUNE 1, 2014:

19 (A) THE INTERMEDIATE DISTRICT ENTERS INTO AN AGREEMENT WITH
20 THE DEPARTMENT TO COMPLY WITH ALL OF THE FOLLOWING:

21 (i) IF THE INTERMEDIATE DISTRICT DEVELOPED A SERVICE
22 CONSOLIDATION PLAN IN 2012-2013, IMPLEMENT THE SERVICE
23 CONSOLIDATION PLAN IN 2013-2014 AND REPORT TO THE DEPARTMENT NOT
24 LATER THAN FEBRUARY 1, 2014 ON THE INTERMEDIATE DISTRICT'S PROGRESS
25 IN IMPLEMENTING THE SERVICE CONSOLIDATION PLAN.

26 (ii) IF THE INTERMEDIATE DISTRICT DID NOT DEVELOP A SERVICE
27 CONSOLIDATION PLAN IN 2012-2013, DEVELOP A SERVICE CONSOLIDATION

1 PLAN IN 2013-2014 TO REDUCE OPERATING COSTS THAT IS IN COMPLIANCE
2 WITH GUIDELINES THAT WERE DEVELOPED BY THE DEPARTMENT FOR FORMER
3 SECTION 11D AS THAT SECTION WAS IN EFFECT FOR 2010-2011.

4 (iii) IF THE INTERMEDIATE DISTRICT DEVELOPED A SERVICE
5 CONSOLIDATION PLAN IN 2013-2014, IMPLEMENT THE SERVICE
6 CONSOLIDATION PLAN IN 2014-2015 AND REPORT TO THE DEPARTMENT NOT
7 LATER THAN FEBRUARY 1, 2015 ON THE INTERMEDIATE DISTRICT'S PROGRESS
8 IN IMPLEMENTING THE SERVICE CONSOLIDATION PLAN.

9 (iv) MAKE THE INTERMEDIATE DISTRICT'S SERVICE CONSOLIDATION
10 PLAN PUBLICLY AVAILABLE ON THE INTERMEDIATE DISTRICT'S WEBSITE.

11 (B) THE INTERMEDIATE DISTRICT HAS OBTAINED COMPETITIVE BIDS ON
12 THE PROVISION OF 1 OR MORE NONINSTRUCTIONAL SERVICES FOR THE
13 INTERMEDIATE DISTRICT OR ITS CONSTITUENT DISTRICTS WITH A VALUE OF
14 AT LEAST \$50,000.00. THE UNFUNDED ACCRUED LIABILITY COSTS FOR
15 RETIREMENT AND OTHER BENEFITS SHALL BE EXCLUDED FROM THE
16 INTERMEDIATE DISTRICT'S CURRENT COSTS FOR THE PURPOSE OF COMPARING
17 COMPETITIVE BIDS TO THE CURRENT COSTS OF PROVIDING SERVICES.

18 (C) THE INTERMEDIATE DISTRICT DEVELOPS A TECHNOLOGY PLAN IN
19 ACCORDANCE WITH DEPARTMENT POLICY ON BEHALF OF ALL CONSTITUENT
20 DISTRICTS WITHIN THE INTERMEDIATE DISTRICT THAT INTEGRATES
21 TECHNOLOGY INTO THE CLASSROOM AND PREPARES TEACHERS TO USE DIGITAL
22 TECHNOLOGIES AS PART OF THE INSTRUCTIONAL PROGRAM OF EACH OF ITS
23 CONSTITUENT DISTRICTS. AN INTERMEDIATE DISTRICT THAT DEVELOPED A
24 TECHNOLOGY PLAN IN 2012-2013 SHALL BEGIN IMPLEMENTING THAT
25 TECHNOLOGY PLAN IN 2013-2014.

26 (D) THE INTERMEDIATE DISTRICT PROVIDES TO PARENTS AND
27 COMMUNITY MEMBERS A DASHBOARD OR REPORT CARD DEMONSTRATING THE

1 INTERMEDIATE DISTRICT'S EFFORTS TO MANAGE ITS FINANCES RESPONSIBLY.
2 THE DASHBOARD OR REPORT CARD SHALL INCLUDE REVENUE AND EXPENDITURE
3 PROJECTIONS FOR THE INTERMEDIATE DISTRICT FOR 2013-2014 AND 2014-
4 2015, A LISTING OF ALL DEBT SERVICE OBLIGATIONS, DETAILED BY
5 PROJECT, INCLUDING ANTICIPATED 2013-2014 PAYMENT FOR EACH PROJECT,
6 A LISTING OF TOTAL OUTSTANDING DEBT, AND AT LEAST ALL OF THE
7 FOLLOWING FOR THE 3 MOST RECENT SCHOOL YEARS FOR WHICH THE DATA ARE
8 AVAILABLE:

9 (i) A LIST OF SERVICES OFFERED BY THE INTERMEDIATE DISTRICT
10 THAT ARE SHARED BY OTHER LOCAL OR INTERMEDIATE DISTRICTS AND A LIST
11 OF THE DISTRICTS OR INTERMEDIATE DISTRICTS THAT PARTICIPATE.

12 (ii) THE TOTAL COST SAVINGS TO LOCAL OR OTHER INTERMEDIATE
13 DISTRICTS THAT SHARE SERVICES WITH THE INTERMEDIATE DISTRICT.

14 (iii) THE NUMBER AND PERCENTAGE OF TEACHERS IN THE INTERMEDIATE
15 DISTRICT SERVICE AREA THAT ARE TRAINED TO INTEGRATE TECHNOLOGY INTO
16 THE CLASSROOM.

17 (iv) THE TOTAL FUNDS RECEIVED FROM LEVYING SPECIAL EDUCATION
18 AND VOCATIONAL EDUCATION MILLAGES, AND THE NUMBER OF SPECIAL
19 EDUCATION AND VOCATIONAL EDUCATION PUPILS SERVED WITH THOSE
20 DOLLARS.

21 (v) THE NUMBER AND PERCENTAGE OF INDIVIDUALIZED EDUCATION
22 PROGRAMS DEVELOPED FOR SPECIAL EDUCATION PUPILS THAT CONTAIN
23 ACADEMIC GOALS.

24 (E) THE INTERMEDIATE DISTRICT WORKS IN A CONSORTIUM WITH 1 OR
25 MORE OTHER INTERMEDIATE DISTRICTS AND THE CENTER TO DEVELOP LOCAL
26 INFORMATION MANAGEMENT SYSTEM REQUIREMENTS AND BID SPECIFICATIONS
27 THAT RESULT IN A RECOMMENDED MODEL INFORMATION SYSTEM THAT SUPPORTS

1 INTEROPERABILITY TO ENSURE LINKAGE AND CONNECTIVITY IN A MANNER
2 THAT FACILITATES THE EFFICIENT EXCHANGE OF DATA AMONG DISTRICTS,
3 INTERMEDIATE DISTRICTS, AND THE CENTER. AT A MINIMUM, THESE
4 SPECIFICATIONS SHALL INCLUDE PUPIL MANAGEMENT SYSTEMS FOR BOTH
5 GENERAL AND SPECIAL EDUCATION, LEARNING MANAGEMENT TOOLS, AND
6 BUSINESS SERVICES.

7 (F) IF AN INTERMEDIATE DISTRICT PROVIDES MEDICAL, PHARMACY,
8 DENTAL, VISION, DISABILITY, LONG-TERM CARE, OR ANY OTHER TYPE OF
9 BENEFIT THAT WOULD CONSTITUTE A HEALTH CARE SERVICES BENEFIT, TO
10 EMPLOYEES AND THEIR DEPENDENTS, THE INTERMEDIATE DISTRICT IS THE
11 POLICYHOLDER FOR EACH OF ITS INSURANCE POLICIES THAT COVERS 1 OR
12 MORE OF THESE BENEFITS. AN INTERMEDIATE DISTRICT THAT DOES NOT
13 DIRECTLY EMPLOY ITS STAFF OR AN INTERMEDIATE DISTRICT WITH A
14 VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION THAT PAYS NO MORE THAN
15 THE MAXIMUM PER EMPLOYEE CONTRIBUTION AMOUNT AND THAT CONTRIBUTES
16 NO MORE THAN THE MAXIMUM EMPLOYER CONTRIBUTION PERCENTAGE OF TOTAL
17 ANNUAL COSTS FOR THE MEDICAL BENEFIT PLANS AS DESCRIBED IN SECTIONS
18 3 AND 4 OF THE PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT,
19 2011 PA 152, MCL 15.563 AND 15.564, IS CONSIDERED TO HAVE SATISFIED
20 THIS REQUIREMENT.

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

25 (a) Coordinate the collection of all data required by state
26 and federal law from districts, intermediate districts, and
27 postsecondary institutions.

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

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

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

12 (i) Data sets that link teachers to student information,
13 allowing districts to assess individual teacher impact on student
14 performance and consider student growth factors in teacher and
15 principal evaluation systems.

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

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

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

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

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

27 (2) Each state department, officer, or agency that collects

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

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

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

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

18 (b) Supports interoperability by using standard data
19 structures, data formats, and data definitions to ensure linkage
20 and connectivity in a manner that facilitates the exchange of data
21 among agencies and institutions within the state and between
22 states.

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

26 (d) Enables the matching of individual teachers with
27 information about their certification and the institutions that

1 prepared and recommended those teachers for state certification.

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

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

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

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

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

14 (ii) Contains student-level enrollment, demographic, and
15 program participation information.

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

19 (iv) Has the capacity to communicate with higher education data
20 systems.

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

23 (i) Contains yearly test records of individual students for
24 assessments approved by DED-OESE for accountability purposes under
25 section 1111(b) of the elementary and secondary education act of
26 1965, 20 USC 6311, including information on individual students not
27 tested, by grade and subject.

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

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

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

5 (i) Contains data that provide information regarding the extent
6 to which individual students transition successfully from secondary
7 school to postsecondary education, including, but not limited to,
8 all of the following:

9 (A) Enrollment in remedial coursework.

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

12 (ii) Contains data that provide other information determined
13 necessary to address alignment and adequate preparation for success
14 in postsecondary education.

15 (5) From the general fund appropriation in section 11, there
16 is allocated an amount not to exceed ~~\$9,218,400.00 for 2012-2013~~
17 **\$9,535,100.00 FOR 2013-2014** to the department of technology,
18 management, and budget to support the operations of the center. In
19 addition, from the federal funds appropriated in section 11 there
20 is allocated for ~~2012-2013-2013-2014~~ the amount necessary,
21 estimated at \$193,500.00, ~~for 2012-2013,~~ to support the operations
22 of the center and to establish a P-20 longitudinal data system as
23 provided under this section in compliance with the assurance
24 provided to the United States department of education in order to
25 receive state fiscal stabilization funds. The center shall
26 cooperate with the department to ensure that this state is in
27 compliance with federal law and is maximizing opportunities for

1 increased federal funding to improve education in this state.

2 (6) From the funds allocated in subsection (5), there is
3 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
4 \$850,000.00 for competitive grants to support collaborative efforts
5 on the P-20 longitudinal data system. All of the following apply to
6 grants awarded under this subsection:

7 (a) The center shall award competitive grants to eligible
8 intermediate districts or a consortium of intermediate districts
9 based on criteria established by the center.

10 (b) Activities funded under the grant shall support the P-20
11 longitudinal data system portal and may include portal hosting,
12 hardware and software acquisition, maintenance, enhancements, user
13 support and related materials, and professional learning tools and
14 activities aimed at improving the utility of the P-20 longitudinal
15 data system.

16 (c) An applicant that received a grant under this subsection
17 for the immediately preceding fiscal year shall receive priority
18 for funding under this section. However, after 3 fiscal years of
19 continuous funding, an applicant is required to compete openly with
20 new applicants.

21 **(7) FROM THE FUNDS ALLOCATED IN SUBSECTION (5), THERE IS**
22 **ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$100,000.00 FOR THE**
23 **CENTER TO DEVELOP THE PUPIL TRANSFER APPLICATION AS REQUIRED UNDER**
24 **SECTION 25E.**

25 (8) ~~(7)~~Funds allocated under this section that are not
26 expended in the fiscal year in which they were allocated may be
27 carried forward to a subsequent fiscal year and are appropriated

1 for the purposes for which the funds were originally allocated.

2 (9) IT IS THE INTENT OF THE LEGISLATURE THAT, BEGINNING IN
3 2014-2015, A DISTRICT SHALL REPORT TO THE CENTER BY JUNE 30, IN A
4 MANNER PRESCRIBED BY THE CENTER, THE NUMBER OF PUPILS IN THE
5 DISTRICT WHO HAVE HAD 10 OR MORE UNEXCUSED ABSENCES EACH SCHOOL
6 YEAR. FOR PUPILS IN GRADES 9 TO 12, THE REPORT SHALL INCLUDE BOTH
7 THE TOTAL NUMBER OF UNEXCUSED ABSENCES IN ANY SINGLE COURSE AND THE
8 TOTAL NUMBER OF UNEXCUSED ABSENCES IN ALL COURSES. EACH DISTRICT
9 SHALL DEFINE UNEXCUSED ABSENCE. IT IS THE INTENT OF THE LEGISLATURE
10 THAT A DISTRICT THAT REPORTS FALSE INFORMATION UNDER THIS
11 SUBSECTION SHALL FORFEIT AN AMOUNT EQUAL TO 5% OF ITS TOTAL STATE
12 AID ALLOCATION UNDER THIS ACT.

13 (10) ~~(8)~~—The center may bill departments as necessary in order
14 to fulfill reporting requirements of state and federal law. The
15 center may also enter into agreements to supply custom data,
16 analysis, and reporting to other principal executive departments,
17 state agencies, local units of government, and other individuals
18 and organizations. The center may receive and expend funds in
19 addition to those authorized in subsection (5) to cover the costs
20 associated with salaries, benefits, supplies, materials, and
21 equipment necessary to provide such data, analysis, and reporting
22 services.

23 (11) ~~(9)~~—As used in this section:

24 (a) "DED-OESE" means the United States department of education
25 office of elementary and secondary education.

26 (b) "State education agency" means the department.

27 Sec. 95. (1) From the funds appropriated in section 11, there

1 is allocated an amount not to exceed \$1,750,000.00 for 2012-2013
2 **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$500,000.00 FOR**
3 **2013-2014** for grants to districts to support professional
4 development for principals and assistant principals in a
5 department-approved training program for implementing educator
6 evaluations as required under section 1249 of the revised school
7 code, MCL 380.1249.

8 (2) **THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT**
9 **APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2012-2013 ARE CARRIED**
10 **FORWARD INTO 2013-2014. THE PURPOSE OF THE WORK PROJECT IS TO**
11 **CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION (1).**
12 **THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30,**
13 **2014.**

14 (3) ~~(2)~~ For 2012-2013, all districts may apply for funding
15 under this section by a date determined by the department.
16 Beginning in 2013-2014, in a form and manner determined by the
17 department, priority will be given to districts that have new
18 building administrators who have not previously received training
19 in programs funded under this section.

20 (4) ~~(3)~~ The department shall approve training programs for the
21 purpose of this section. The department shall approve all training
22 programs recommended by the ~~governor's~~ council on educator
23 effectiveness and may approve other training programs that meet
24 department criteria. At a minimum, these other programs shall meet
25 all of the following criteria:

26 (a) Contain instructional content on methods of evaluating
27 teachers consistently across multiple grades and subjects.

1 (b) Include training on evaluation observation that is focused
2 on reliability and bias awareness and that instills skills needed
3 for consistent, evidence-based observations.

4 (c) Incorporate the use of videos of actual lessons for
5 applying rubrics and consistent scoring.

6 (d) Align with recommendations of the ~~governor's~~ council on
7 educator effectiveness.

8 (e) Provide ongoing support to maintain inter-rater
9 reliability. As used in this subdivision, "inter-rater reliability"
10 means a consistency of measurement from different evaluators
11 independently applying the same evaluation criteria to the same
12 classroom observation.

13 (5) ~~(4)~~ The department shall award grants to eligible
14 districts in an amount determined by the department, but not to
15 exceed \$350.00 per participant.

16 (6) ~~(5)~~ A district receiving funds under this section shall
17 use the funds only for department-approved training programs under
18 this section.

19 Sec. 98. (1) From the general fund money appropriated in
20 section 11, there is allocated an amount not to exceed
21 ~~\$4,387,500.00 for 2012-2013~~ **\$9,387,500.00 FOR 2013-2014** for the
22 purposes described in this section.

23 (2) The Michigan virtual university shall ~~establish the center~~
24 ~~for online learning research and innovation. The center for online~~
25 ~~learning research and innovation~~ **OPERATE THE MICHIGAN VIRTUAL**
26 **LEARNING RESEARCH INSTITUTE. THE MICHIGAN VIRTUAL LEARNING RESEARCH**
27 **INSTITUTE** shall do all of the following:

1 (a) Support and accelerate innovation in education through the
2 following activities:

3 (i) Test, evaluate, and recommend as appropriate new
4 technology-based instructional tools and resources.

5 (ii) Research, design, and recommend ~~online and blended~~ **DIGITAL**
6 education delivery models for use by pupils and teachers that
7 include age-appropriate multimedia instructional content.

8 (iii) Research, design, and recommend competency-based online
9 assessments.

10 (iv) Research, develop, and recommend annually to the
11 department criteria by which cyber schools and online course
12 providers should be monitored and evaluated to ensure a quality
13 education for their pupils.

14 (v) Based on pupil completion and performance data reported to
15 the department or the center for educational performance and
16 information from cyber schools and other online course providers
17 operating in this state, analyze the effectiveness of online
18 learning delivery models in preparing pupils to be college- and
19 career-ready and publish a report that highlights enrollment
20 totals, completion rates, and the overall impact on pupils. The
21 report shall be submitted to the house and senate appropriations
22 subcommittees on state school aid, the state budget director, the
23 house and senate fiscal agencies, and the department not later than
24 December ~~31, 2013.~~ **1, 2014.**

25 (vi) ~~Design professional development services for~~ **BEFORE AUGUST**
26 **31, 2014, PROVIDE AN EXTENSIVE PROFESSIONAL DEVELOPMENT PROGRAM TO**
27 **AT LEAST 500 EDUCATIONAL PERSONNEL, INCLUDING** teachers, school

1 administrators, and school board members, ~~to learn how to~~
2 ~~effectively integrate new technologies and online learning into~~
3 ~~curricula and instruction.~~ **THAT FOCUSES ON THE EFFECTIVE INTEGRATION**
4 **OF DIGITAL LEARNING INTO CURRICULA AND INSTRUCTION. NOT LATER THAN**
5 **DECEMBER 1, 2014, THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE**
6 **SHALL SUBMIT A REPORT TO THE HOUSE AND SENATE APPROPRIATIONS**
7 **SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE**
8 **HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT ON THE NUMBER**
9 **AND PERCENTAGE OF TEACHERS, SCHOOL ADMINISTRATORS, AND SCHOOL BOARD**
10 **MEMBERS WHO HAVE RECEIVED PROFESSIONAL DEVELOPMENT SERVICES FROM**
11 **THE MICHIGAN VIRTUAL UNIVERSITY. THE REPORT SHALL ALSO IDENTIFY**
12 **BARRIERS AND OTHER OPPORTUNITIES TO ENCOURAGE THE ADOPTION OF**
13 **DIGITAL LEARNING IN THE PUBLIC EDUCATION SYSTEM.**

14 (vii) Identify and share best practices for **PLANNING,**
15 implementing, **AND EVALUATING** online and blended education delivery
16 models with intermediate districts, districts, and public school
17 academies to accelerate the adoption of innovative education
18 delivery models statewide.

19 (b) Provide leadership for this state's system of ~~online and~~
20 ~~blended~~ **DIGITAL** learning education by doing the following
21 activities:

22 (i) Develop and report policy recommendations to the governor
23 and the legislature that accelerate the expansion of effective
24 online learning in this state's schools.

25 (ii) Provide a clearinghouse for research reports, academic
26 studies, evaluations, and other information related to online
27 learning.

1 (iii) Promote and distribute the most current instructional
2 design standards and guidelines for online teaching.

3 (iv) In collaboration with the department and interested
4 colleges and universities in this state, recommend to the
5 superintendent guidelines and standards for a new teacher
6 endorsement credential related to effective ~~online and blended~~
7 **DIGITAL LEARNING** instruction.

8 (v) Pursue public/private partnerships that include districts
9 to study and implement competency-based technology-rich online
10 learning models.

11 (vi) Convene focus groups and conduct annual surveys of
12 teachers, administrators, pupils, parents, and others to identify
13 barriers and opportunities related to online learning.

14 (vii) Produce an annual consumer awareness report for schools
15 and parents about effective online education providers and
16 education delivery models, performance data, cost structures, and
17 research trends.

18 ~~—— (3) Subject to the provisions of this subsection, from the~~
19 ~~funds allocated in subsection (1), there is allocated an amount not~~
20 ~~to exceed \$500,000.00 for 2012-2013 to the Michigan virtual school~~
21 ~~operated by the Michigan virtual university to conduct and report~~
22 ~~on a year long pilot study of a new performance based funding model~~
23 ~~for the Michigan virtual school. The purpose of the pilot study is~~
24 ~~to determine the merits of a payment system for online~~
25 ~~instructional programs based on pupil performance rather than~~
26 ~~solely on enrollment and attendance factors. All of the following~~
27 ~~apply to the pilot study and the funding under this subsection:~~

~~1 (a) The Michigan virtual school shall randomly select a
2 minimum of 1,000 of its qualifying online course enrollments for
3 inclusion in the pilot study. The Michigan virtual school shall
4 issue a refund or credit to districts for all online course
5 enrollments included in the pilot study.~~

~~6 (b) The Michigan virtual school shall report to the department
7 the number of online course enrollments in the pilot study that
8 meet the following conditions:~~

~~9 (i) The pupil successfully completed the online course as
10 measured by assessments aligned to the course content and earned a
11 grade or credit from the district or public school academy in which
12 the pupil is enrolled.~~

~~13 (ii) The online course is taught by a Michigan certificated
14 teacher certified in the subject area in which the course is being
15 offered.~~

~~16 (iii) Where applicable, the online course is aligned with
17 Michigan curriculum standards.~~

~~18 (iv) The online course curriculum contains periodic online
19 pupil assessments.~~

~~20 (v) Pupils have access to the appropriate technology hardware
21 and software necessary to take the online course.~~

~~22 (vi) Parents or guardians and pupils have secure online access
23 to review periodic pupil progress and performance data.~~

~~24 (vii) The online instructor is available to interact with
25 parents or guardians and pupils using electronic communications.~~

~~26 (c) The department shall pay to Michigan virtual school from
27 the funding under this subsection an amount not to exceed the~~

~~equivalent of 1/12 of the state's minimum per pupil foundation allowance for each online course enrollment included in the pilot study that meets the conditions of subdivision (b) in the next school aid payment after the report is received by the department.~~

(viii) RESEARCH AND ESTABLISH AN INTERNET-BASED PLATFORM THAT EDUCATORS CAN USE TO CREATE STUDENT-CENTRIC LEARNING TOOLS AND RESOURCES AND FACILITATE A USER NETWORK THAT ASSISTS EDUCATORS IN USING THE PLATFORM. AS PART OF THIS INITIATIVE, THE MICHIGAN VIRTUAL UNIVERSITY SHALL WORK COLLABORATIVELY WITH DISTRICTS AND INTERMEDIATE DISTRICTS TO ESTABLISH A PLAN TO MAKE AVAILABLE ONLINE RESOURCES THAT ALIGN TO MICHIGAN'S K-12 CURRICULUM STANDARDS FOR USE BY STUDENTS, EDUCATORS, AND PARENTS.

(ix) CREATE AND MAINTAIN A PUBLIC STATEWIDE CATALOG OF ONLINE LEARNING COURSES BEING OFFERED BY ALL PUBLIC SCHOOLS IN THIS STATE. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL IDENTIFY AND DEVELOP A LIST OF NATIONALLY RECOGNIZED BEST PRACTICES FOR ONLINE LEARNING AND USE THIS LIST TO PROVIDE REVIEWS OF ONLINE COURSE VENDORS, COURSES, AND INSTRUCTIONAL PRACTICES. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL ALSO PROVIDE A MECHANISM FOR INTERMEDIATE DISTRICTS TO USE THE IDENTIFIED BEST PRACTICES TO REVIEW CONTENT OFFERED BY CONSTITUENT DISTRICTS. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL REVIEW THE ONLINE COURSE OFFERINGS OF THE MICHIGAN VIRTUAL UNIVERSITY, AND MAKE THE RESULTS FROM THESE REVIEWS AVAILABLE TO THE PUBLIC AS PART OF THE STATEWIDE CATALOG. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL ENSURE THAT THE STATEWIDE CATALOG IS MADE AVAILABLE TO THE PUBLIC ON THE MICHIGAN VIRTUAL UNIVERSITY WEBSITE AND LINKED TO EACH

1 DISTRICT'S WEBSITE AS PROVIDED FOR IN SECTION 21F. BEGINNING IN
2 2014-2015, THE STATEWIDE CATALOG SHALL ALSO CONTAIN ALL OF THE
3 FOLLOWING:

4 (A) THE NUMBER OF PUPILS ENROLLED IN EACH ONLINE COURSE IN THE
5 2012-2013 SCHOOL YEAR.

6 (B) THE NUMBER OF PUPILS WHO SUCCESSFULLY COMPLETED EACH
7 ONLINE COURSE IN THE 2012-2013 SCHOOL YEAR.

8 (C) THE COMPLETION RATE FOR EACH ONLINE COURSE.

9 (3) ~~(4)~~—In order for the Michigan virtual university to
10 receive any funds allocated under this section, the Michigan
11 virtual school must maintain its accreditation status from
12 recognized national and international accrediting entities.

13 (4) ~~(5) The~~ IF THE COURSE OFFERINGS ARE INCLUDED IN THE
14 STATEWIDE CATALOG OF ONLINE COURSES UNDER SUBSECTION (2) (B) (ix), THE
15 Michigan virtual school OPERATED BY THE MICHIGAN VIRTUAL UNIVERSITY
16 may offer online course offerings, ~~in addition to those offered in~~
17 ~~the pilot study described in subsection (3),~~ including, but not
18 limited to, all of the following:

19 (a) Information technology courses.

20 (b) College level equivalent courses, as defined in section
21 1471 of the revised school code, MCL 380.1471.

22 (c) Courses and dual enrollment opportunities.

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

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

26 (f) Special interest courses.

27 (g) Professional development programs for teachers, school

1 administrators, other school employees, and school board members.

2 (5) ~~(6)~~—If a home-schooled or nonpublic school student is a
3 resident of a district that subscribes to services provided by the
4 Michigan virtual school, the student may use the services provided
5 by the Michigan virtual school to the district without charge to
6 the student beyond what is charged to a district pupil using the
7 same services.

8 (6) ~~(7)~~—Not later than December 1 of each fiscal year, the
9 Michigan virtual university shall provide a report to the house and
10 senate appropriations subcommittees on state school aid, the state
11 budget director, the house and senate fiscal agencies, and the
12 department that includes at least all of the following information
13 related to the Michigan virtual school for the preceding state
14 fiscal year:

15 (a) A list of the districts served by the Michigan virtual
16 school.

17 (b) A list of online course titles available to districts.

18 (c) The total number of online course enrollments and
19 information on registrations and completions by course.

20 (d) The overall course completion rate percentage.

21 ~~—— (e) An analysis of the results of the pilot study described in~~
22 ~~subsection (3), including, but not limited to:~~

23 ~~—— (i) A list of the districts that were selected to be part of~~
24 ~~the pilot study.~~

25 ~~—— (ii) The number of successful online course completions.~~

26 ~~—— (iii) A list of the courses offered in the pilot study and the~~
27 ~~completion rates for each course.~~

~~1 (iv) Identification of opportunities and barriers that must be~~
~~2 addressed in order to apply online learning performance funding~~
~~3 based on successful completions rather than enrollment and~~
~~4 attendance for online learning offerings statewide.~~

5 (7) ~~(8)~~ The governor may appoint an advisory group for the
6 ~~center for online learning research and innovation~~ **MICHIGAN VIRTUAL**
7 **LEARNING RESEARCH INSTITUTE** established under subsection (2). The
8 members of the advisory group shall serve at the pleasure of the
9 governor and shall serve without compensation. The purpose of the
10 advisory group is to make recommendations to the governor, the
11 legislature, and the president and board of the Michigan virtual
12 university that will accelerate innovation in this state's
13 education system in a manner that will prepare elementary and
14 secondary students to be career and college ready and that will
15 promote the goal of increasing the percentage of citizens of this
16 state with high-quality degrees and credentials to at least 60% by
17 2025.

18 (8) NOT LATER THAN NOVEMBER 1, 2013, THE MICHIGAN VIRTUAL
19 UNIVERSITY SHALL SUBMIT TO THE HOUSE AND SENATE APPROPRIATIONS
20 SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, AND
21 THE HOUSE AND SENATE FISCAL AGENCIES A DETAILED BUDGET FOR THE
22 2013-2014 FISCAL YEAR THAT INCLUDES A BREAKDOWN ON ITS PROJECTED
23 COSTS TO DELIVER ONLINE EDUCATIONAL SERVICES TO DISTRICTS AND A
24 SUMMARY OF THE ANTICIPATED FEES TO BE PAID BY DISTRICTS FOR THOSE
25 SERVICES. BEGINNING IN 2013-2014, NOT LATER THAN FEBRUARY 1, THE
26 MICHIGAN VIRTUAL UNIVERSITY SHALL SUBMIT TO THE HOUSE AND SENATE
27 APPROPRIATIONS SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET

1 DIRECTOR, AND THE HOUSE AND SENATE FISCAL AGENCIES A BREAKDOWN ON
 2 ITS ACTUAL COSTS TO DELIVER ONLINE EDUCATIONAL SERVICES TO
 3 DISTRICTS AND A SUMMARY OF THE ACTUAL FEES PAID BY DISTRICTS FOR
 4 THOSE SERVICES BASED ON AUDITED FINANCIAL STATEMENTS FOR THE
 5 IMMEDIATELY PRECEDING FISCAL YEAR.

6 (9) As used in this section:

7 (a) "Blended learning" means a hybrid instructional delivery
 8 model where pupils are provided ~~face-to-face~~ **CONTENT**, instruction,
 9 **AND ASSESSMENT**, in part at a supervised ~~school~~ **EDUCATIONAL** facility
 10 away from home **WHERE THE PUPIL AND A TEACHER WITH A VALID MICHIGAN**
 11 **TEACHING CERTIFICATE ARE IN THE SAME PHYSICAL LOCATION** and in part
 12 through ~~computer-based and internet-connected~~ learning environments
 13 with some degree of pupil control over time, location, and pace of
 14 instruction.

15 (b) "Cyber school" means a full-time ~~online~~ instructional
 16 program **OF ONLINE COURSES** for pupils that may or may not require
 17 attendance at a physical school location.

18 (c) "DIGITAL LEARNING" MEANS INSTRUCTION DELIVERED VIA A WEB-
 19 BASED EDUCATIONAL DELIVERY SYSTEM THAT USES VARIOUS INFORMATION
 20 TECHNOLOGIES TO PROVIDE A STRUCTURED LEARNING ENVIRONMENT,
 21 INCLUDING ONLINE AND BLENDED LEARNING INSTRUCTIONAL METHODS.

22 (D) ~~(c) "Online instructional program"~~ **COURSE** means a course
 23 of study that ~~generates~~ **IS CAPABLE OF GENERATING** a credit or a
 24 grade, **THAT IS** provided in an interactive ~~computer-based and~~
 25 internet-connected learning environment, in which pupils are
 26 separated from their teachers by time or location, or both, and in
 27 which a ~~Michigan-certificated teacher~~ **TEACHER WHO HOLDS A VALID**

1 **MICHIGAN TEACHING CERTIFICATE** is responsible for ~~providing direct~~
2 ~~instruction,~~ **DETERMINING APPROPRIATE INSTRUCTIONAL METHODS FOR EACH**
3 **PUPIL**, diagnosing learning needs, assessing pupil learning,
4 prescribing intervention strategies, reporting outcomes, and
5 evaluating the effects of instruction and support strategies.

6 Sec. 99. (1) From the funds appropriated in section 11, there
7 is allocated **FOR 2013-2014** an amount not to exceed ~~\$2,725,000.00~~
8 ~~for 2012-2013~~ **\$2,850,000.00 FROM THE STATE SCHOOL AID FUND AND AN**
9 **AMOUNT NOT TO EXCEED \$375,000.00 FROM THE GENERAL FUND** to support
10 the activities and programs of mathematics and science centers and
11 for other purposes as described in this section. In addition, from
12 the federal funds appropriated in section 11, there is allocated
13 for ~~2012-2013~~ **2013-2014** an amount estimated at \$5,249,300.00 from
14 DED-OESE, title II, mathematics and science partnership grants.

15 (2) Within a service area designated locally, approved by the
16 department, and consistent with the comprehensive master plan for
17 mathematics and science centers developed by the department and
18 approved by the state board, an established mathematics and science
19 center shall provide 2 or more of the following 6 basic services,
20 as described in the master plan, to constituent districts and
21 communities: leadership, pupil services, curriculum support,
22 community involvement, professional development, and resource
23 clearinghouse services.

24 (3) The department shall not award a state grant under this
25 section to more than 1 mathematics and science center located in a
26 designated region as prescribed in the 2007 master plan unless each
27 of the grants serves a distinct target population or provides a

1 service that does not duplicate another program in the designated
2 region.

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

8 (5) Allocations under this section to support the activities
9 and programs of mathematics and science centers shall be continuing
10 support grants to all 33 established mathematics and science
11 centers. Each established mathematics and science center that was
12 funded in the immediately preceding fiscal year shall receive state
13 funding in an amount equal to 100% of the amount it was allocated
14 under this subsection for the immediately preceding fiscal year. If
15 a center declines state funding or a center closes, the remaining
16 money available under this section shall be distributed to the
17 remaining centers, as determined by the department.

18 (6) From the funds allocated in subsection (1), there is
19 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
20 \$750,000.00 in a form and manner determined by the department to
21 those centers able to provide curriculum and professional
22 development support to assist districts in implementing the
23 Michigan merit curriculum components for mathematics and science.
24 Funding under this subsection is in addition to funding allocated
25 under subsection (5).

26 (7) From the ~~funds~~ **STATE SCHOOL AID FUND MONEY** allocated in
27 subsection (1), there is allocated for ~~2012-2013-2013-2014~~ an

1 amount not to exceed \$100,000.00 in a form and manner determined by
2 the department to a single mathematics and science center that is a
3 participant in the Michigan STEM partnership, **TO BE USED TO**
4 **ADMINISTER THE GRANT PROCESS UNDER THIS SUBSECTION. FROM THE**
5 **GENERAL FUND MONEY ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED**
6 **FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$375,000.00 TO THE MICHIGAN**
7 **STEM PARTNERSHIP TO BE USED FOR A COMPETITIVE GRANT PROCESS TO**
8 **AWARD COMPETITIVE GRANTS TO ORGANIZATIONS CONDUCTING STUDENT-**
9 **FOCUSED, PROJECT-BASED PROGRAMS AND COMPETITIONS, EITHER IN THE**
10 **CLASSROOM OR EXTRACURRICULAR, IN SCIENCE, TECHNOLOGY, ENGINEERING,**
11 **AND MATHEMATICS SUBJECTS SUCH AS, BUT NOT LIMITED TO, ROBOTICS,**
12 **CODING, AND DESIGN-BUILD-TEST PROJECTS, FROM PRE-KINDERGARTEN**
13 **THROUGH COLLEGE LEVEL.** Funding under this subsection is in addition
14 to funding allocated under subsection (5) and shall be used for
15 connecting mathematics and science centers for science, technology,
16 engineering, and mathematics purposes. **A PROGRAM RECEIVING FUNDS**
17 **UNDER SECTION 99H MAY NOT RECEIVE FUNDS UNDER THIS SUBSECTION.**

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

23 (9) Not later than September 30, 2013, the department shall
24 reevaluate and update the comprehensive master plan described in
25 subsection (1).

26 (10) The department shall give preference in awarding the
27 federal grants allocated in subsection (1) to eligible existing

1 mathematics and science centers.

2 (11) In order to receive state funds under this section, a
3 grant recipient shall provide at least a 10% local match from local
4 public or private resources for the funds received under this
5 section.

6 (12) Not later than July 1 of each year, a mathematics and
7 science center that receives funds under this section shall report
8 to the department in a form and manner prescribed by the department
9 on the following performance measures:

10 (a) Statistical change in pre- and post-assessment scores for
11 students who enrolled in mathematics and science activities
12 provided to districts by the mathematics and science center.

13 (b) Statistical change in pre- and post-assessment scores for
14 teachers who enrolled in professional development activities
15 provided by the mathematics and science center.

16 (13) 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 **SEC. 99H. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
21 **ALLOCATED AN AMOUNT NOT TO EXCEED \$3,000.000.00 FOR 2013-2014 FOR**
22 **COMPETITIVE GRANTS TO DISTRICTS THAT PROVIDE PUPILS IN GRADES 7 TO**
23 **12 WITH EXPANDED OPPORTUNITIES TO IMPROVE MATHEMATICS, SCIENCE, AND**
24 **TECHNOLOGY SKILLS BY PARTICIPATING IN EVENTS HOSTED BY A SCIENCE**
25 **AND TECHNOLOGY DEVELOPMENT PROGRAM KNOWN AS FIRST (FOR INSPIRATION**
26 **AND RECOGNITION OF SCIENCE AND TECHNOLOGY) ROBOTICS.**

27 (2) A DISTRICT APPLYING FOR A FIRST TECH CHALLENGE OR FIRST

1 ROBOTICS COMPETITION PROGRAM GRANT SHALL SUBMIT AN APPLICATION IN A
2 FORM AND MANNER DETERMINED BY THE DEPARTMENT. TO BE ELIGIBLE FOR A
3 GRANT, A DISTRICT SHALL DEMONSTRATE IN ITS APPLICATION THAT THE
4 DISTRICT HAS ESTABLISHED A PARTNERSHIP FOR THE PURPOSES OF THE
5 FIRST PROGRAM WITH AT LEAST 1 SPONSOR, BUSINESS ENTITY, HIGHER
6 EDUCATION INSTITUTION, OR TECHNICAL SCHOOL.

7 (3) THE DEPARTMENT SHALL DISTRIBUTE THE GRANT FUNDING UNDER
8 THIS SECTION FOR THE FOLLOWING PURPOSES:

9 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (iii), NOT MORE
10 THAN \$1,000,000.00 FOR GRANTS TO DISTRICTS TO PAY FOR STIPENDS OF
11 \$1,500.00 FOR 1 COACH PER TEAM, DISTRIBUTED AS FOLLOWS:

12 (i) NOT MORE THAN 500 STIPENDS FOR COACHES OF HIGH SCHOOL
13 TEAMS, INCLUDING EXISTING TEAMS.

14 (ii) NOT MORE THAN 100 STIPENDS FOR COACHES OF MIDDLE SCHOOL OR
15 JUNIOR HIGH TEAMS, INCLUDING EXISTING TEAMS.

16 (iii) IF THE REQUESTS FOR STIPENDS EXCEED THE NUMBERS OF
17 STIPENDS ALLOWED UNDER SUBPARAGRAPHS (i) AND (ii), AND IF THERE IS
18 FUNDING REMAINING UNSPENT UNDER SUBDIVISIONS (B) AND (C), THE
19 DEPARTMENT SHALL USE THAT REMAINING UNSPENT FUNDING FOR GRANTS TO
20 DISTRICTS TO PAY FOR ADDITIONAL STIPENDS IN A MANNER THAT EXPANDS
21 THE GEOGRAPHICAL DISTRIBUTION OF TEAMS.

22 (B) NOT MORE THAN \$1,000,000.00 FOR GRANTS TO DISTRICTS FOR
23 EVENT REGISTRATIONS, MATERIALS, TRAVEL COSTS, AND OTHER EXPENSES
24 ASSOCIATED WITH THE PREPARATION FOR AND ATTENDANCE AT FIRST TECH
25 CHALLENGE AND FIRST ROBOTICS COMPETITIONS. EACH GRANT RECIPIENT
26 SHALL PROVIDE A LOCAL MATCH FROM OTHER PRIVATE OR LOCAL FUNDS FOR
27 THE FUNDS RECEIVED UNDER THIS SUBDIVISION EQUAL TO AT LEAST 50% OF

1 THE COSTS OF PARTICIPATING IN AN EVENT. THE DEPARTMENT SHALL SET
2 MAXIMUM GRANT AMOUNTS UNDER THIS SUBDIVISION IN A MANNER THAT
3 MAXIMIZES THE NUMBER OF TEAMS THAT WILL BE ABLE TO RECEIVE FUNDING.

4 (C) NOT MORE THAN \$1,000,000.00 FOR GRANTS TO DISTRICTS FOR
5 AWARDS TO TEAMS THAT ADVANCE TO THE STATE AND WORLD CHAMPIONSHIP
6 COMPETITIONS. THE DEPARTMENT SHALL DETERMINE AN EQUAL AMOUNT PER
7 TEAM FOR THOSE TEAMS THAT ADVANCE TO THE STATE CHAMPIONSHIP AND A
8 SECOND EQUAL AWARD AMOUNT TO THOSE TEAMS THAT ADVANCE TO THE WORLD
9 CHAMPIONSHIP.

10 Sec. 101. (1) To be eligible to receive state aid under this
11 ~~act, ARTICLE~~, not later than the fifth Wednesday after the pupil
12 membership count day and not later than the fifth Wednesday after
13 the supplemental count day, each district superintendent shall
14 submit to the center and the intermediate superintendent, in the
15 form and manner prescribed by the center, the number of pupils
16 enrolled and in regular daily attendance in the district as of the
17 pupil membership count day and as of the supplemental count day, as
18 applicable, for the current school year. In addition, a district
19 maintaining school during the entire year, as provided under
20 section 1561 of the revised school code, MCL 380.1561, shall submit
21 to the center and the intermediate superintendent, in the form and
22 manner prescribed by the center, the number of pupils enrolled and
23 in regular daily attendance in the district for the current school
24 year pursuant to rules promulgated by the superintendent. Not later
25 than the ~~seventh~~ **SIXTH** Wednesday after the pupil membership count
26 day and not later than the sixth Wednesday after the supplemental
27 count day, the district shall certify the data in a form and manner

1 prescribed by the center and file the certified data with the
2 intermediate superintendent. If a district fails to submit and
3 certify the attendance data, as required under this subsection, the
4 center shall notify the department and state aid due to be
5 distributed under this article shall be withheld from the
6 defaulting district immediately, beginning with the next payment
7 after the failure and continuing with each payment until the
8 district complies with this subsection. If a district does not
9 comply with this subsection by the end of the fiscal year, the
10 district forfeits the amount withheld. A person who willfully
11 falsifies a figure or statement in the certified and sworn copy of
12 enrollment shall be punished in the manner prescribed by section
13 161.

14 (2) To be eligible to receive state aid under this article,
15 not later than the twenty-fourth Wednesday after the pupil
16 membership count day and not later than the twenty-fourth Wednesday
17 after the supplemental count day, an intermediate district shall
18 submit to the center, in a form and manner prescribed by the
19 center, the audited enrollment and attendance data for the pupils
20 of its constituent districts and of the intermediate district. If
21 an intermediate district fails to submit the audited data as
22 required under this subsection, state aid due to be distributed
23 under this article shall be withheld from the defaulting
24 intermediate district immediately, beginning with the next payment
25 after the failure and continuing with each payment until the
26 intermediate district complies with this subsection. If an
27 intermediate district does not comply with this subsection by the

1 end of the fiscal year, the intermediate district forfeits the
2 amount withheld.

3 (3) Except as otherwise provided in subsections (11) and (12),
4 all of the following apply to the provision of pupil instruction:

5 (a) Except as otherwise provided in this section, each
6 district shall provide at least 1,098 hours and, beginning in 2010-
7 2011, the required minimum number of days of pupil instruction.

8 Beginning in 2012-2013, the required minimum number of days of
9 pupil instruction is 170. **BEGINNING IN 2013-2014, THE REQUIRED**

10 **MINIMUM NUMBER OF DAYS OF PUPIL INSTRUCTION IS 175.** However,

11 ~~beginning in 2010-2011,~~ a district shall not provide fewer days of
12 pupil instruction than the district provided for 2009-2010. A

13 district may apply for a waiver under subsection (9) from the

14 requirements of this subdivision. For 2012-2013 only, if a district

15 is unable to provide the required minimum number of days of pupil
16 instruction because of school closures occurring before April 20,

17 2013 due to conditions not within the control of school

18 authorities, such as severe storms, fires, epidemics, utility power
19 unavailability, water or sewer failure, or health conditions as

20 defined by the city, county, or state health authorities, but the

21 district does provide at least the required minimum number of hours

22 of pupil instruction, the district is not subject to the minimum

23 number of days of pupil instruction requirement of this subsection.

24 A district that uses the 2012-2013 exception from the minimum

25 number of days of pupil instruction requirement shall submit to the

26 department not later than July 1, 2013, in the form and manner

27 prescribed by the department, a report that details the amount of

1 instructional time that was lost due to school closures and the
2 amount of additional instructional time that was added to
3 compensate; when the additional instructional time was provided;
4 the activities that were carried out and subject areas addressed
5 during the additional instructional time; and other information
6 specified by the department to assess whether appropriate
7 instruction occurred during the additional instructional time. The
8 department shall aggregate and provide these reports to the senate
9 and house standing committees on education.

10 (b) Except as otherwise provided in this article, a district
11 failing to comply with the required minimum hours and days of pupil
12 instruction under this subsection shall forfeit from its total
13 state aid allocation an amount determined by applying a ratio of
14 the number of hours or days the district was in noncompliance in
15 relation to the required minimum number of hours and days under
16 this subsection. Not later than August 1, the board of each
17 district shall certify to the department the number of hours and
18 days of pupil instruction in the previous school year. If the
19 district did not provide at least the required minimum number of
20 hours and days of pupil instruction under this subsection, the
21 deduction of state aid shall be made in the following fiscal year
22 from the first payment of state school aid. A district is not
23 subject to forfeiture of funds under this subsection for a fiscal
24 year in which a forfeiture was already imposed under subsection
25 (6).

26 (c) Hours or days lost because of strikes or teachers'
27 conferences shall not be counted as hours or days of pupil

1 instruction.

2 (d) If a collective bargaining agreement that provides a
3 complete school calendar is in effect for employees of a district
4 as of October 19, 2009, and if that school calendar is not in
5 compliance with this subsection, then this subsection does not
6 apply to that district until after the expiration of that
7 collective bargaining agreement.

8 (e) Except as otherwise provided in subdivision (f), a
9 district not having at least 75% of the district's membership in
10 attendance on any day of pupil instruction shall receive state aid
11 in that proportion of 1/180 that the actual percent of attendance
12 bears to the specified percentage.

13 (f) At the request of a district that operates a department-
14 approved alternative education program and that does not provide
15 instruction for pupils in all of grades K to 12, the superintendent
16 may grant a waiver from the requirements of subdivision (e). The
17 waiver shall indicate that an eligible district is subject to the
18 proration provisions of subdivision (e) only if the district does
19 not have at least 50% of the district's membership in attendance on
20 any day of pupil instruction. In order to be eligible for this
21 waiver, a district must maintain records to substantiate its
22 compliance with the following requirements:

23 (i) The district offers the minimum hours of pupil instruction
24 as required under this section.

25 (ii) For each enrolled pupil, the district uses appropriate
26 academic assessments to develop an individual education plan that
27 leads to a high school diploma.

1 (iii) The district tests each pupil to determine academic
2 progress at regular intervals and records the results of those
3 tests in that pupil's individual education plan.

4 (g) All of the following apply to a waiver granted under
5 subdivision (f):

6 (i) If the waiver is for a blended model of delivery, a waiver
7 that is granted for the 2011-2012 fiscal year or a subsequent
8 fiscal year remains in effect unless it is revoked by the
9 superintendent.

10 (ii) If the waiver is for a 100% online model of delivery and
11 the educational program for which the waiver is granted makes
12 educational services available to pupils for a minimum of at least
13 1,098 hours during a school year and ensures that each pupil
14 participates in the educational program for at least 1,098 hours
15 during a school year, a waiver that is granted for the 2011-2012
16 fiscal year or a subsequent fiscal year remains in effect unless it
17 is revoked by the superintendent.

18 (iii) A waiver that is not a waiver described in subparagraph
19 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
20 to remain in effect.

21 (h) The superintendent shall promulgate rules for the
22 implementation of this subsection.

23 (4) Except as otherwise provided in this subsection, the first
24 6 days or the equivalent number of hours for which pupil
25 instruction is not provided because of conditions not within the
26 control of school authorities, such as severe storms, fires,
27 epidemics, utility power unavailability, water or sewer failure, or

1 health conditions as defined by the city, county, or state health
2 authorities, shall be counted as hours and days of pupil
3 instruction. With the approval of the superintendent of public
4 instruction, the department shall count as hours and days of pupil
5 instruction for a fiscal year not more than 6 additional days or
6 the equivalent number of additional hours for which pupil
7 instruction is not provided in a district after April 1 of the
8 applicable school year due to unusual and extenuating occurrences
9 resulting from conditions not within the control of school
10 authorities such as those conditions described in this subsection.
11 Subsequent such hours or days shall not be counted as hours or days
12 of pupil instruction.

13 (5) A district shall not forfeit part of its state aid
14 appropriation because it adopts or has in existence an alternative
15 scheduling program for pupils in kindergarten if the program
16 provides at least the number of hours required under subsection (3)
17 for a full-time equated membership for a pupil in kindergarten as
18 provided under section 6(4).

19 (6) In addition to any other penalty or forfeiture under this
20 section, if at any time the department determines that 1 or more of
21 the following ~~has~~**HAVE** occurred in a district, the district shall
22 forfeit in the current fiscal year beginning in the next payment to
23 be calculated by the department a proportion of the funds due to
24 the district under this article that is equal to the proportion
25 below the required minimum number of hours and days of pupil
26 instruction under subsection (3), as specified in the following:

27 (a) The district fails to operate its schools for at least the

1 required minimum number of hours and days of pupil instruction
2 under subsection (3) in a school year, including hours and days
3 counted under subsection (4).

4 (b) The board of the district takes formal action not to
5 operate its schools for at least the required minimum number of
6 hours and days of pupil instruction under subsection (3) in a
7 school year, including hours and days counted under subsection (4).

8 (7) In providing the minimum number of hours and days of pupil
9 instruction required under subsection (3), a district shall use the
10 following guidelines, and a district shall maintain records to
11 substantiate its compliance with the following guidelines:

12 (a) Except as otherwise provided in this subsection, a pupil
13 must be scheduled for at least the required minimum number of hours
14 of instruction, excluding study halls, or at least the sum of 90
15 hours plus the required minimum number of hours of instruction,
16 including up to 2 study halls.

17 (b) The time a pupil is assigned to any tutorial activity in a
18 block schedule may be considered instructional time, unless that
19 time is determined in an audit to be a study hall period.

20 (c) Except as otherwise provided in this subdivision, a pupil
21 in grades 9 to 12 for whom a reduced schedule is determined to be
22 in the individual pupil's best educational interest must be
23 scheduled for a number of hours equal to at least 80% of the
24 required minimum number of hours of pupil instruction to be
25 considered a full-time equivalent pupil. A pupil in grades 9 to 12
26 who is scheduled in a 4-block schedule may receive a reduced
27 schedule under this subsection if the pupil is scheduled for a

1 number of hours equal to at least 75% of the required minimum
2 number of hours of pupil instruction to be considered a full-time
3 equivalent pupil.

4 (d) If a pupil in grades 9 to 12 who is enrolled in a
5 cooperative education program or a special education pupil cannot
6 receive the required minimum number of hours of pupil instruction
7 solely because of travel time between instructional sites during
8 the school day, that travel time, up to a maximum of 3 hours per
9 school week, shall be considered to be pupil instruction time for
10 the purpose of determining whether the pupil is receiving the
11 required minimum number of hours of pupil instruction. However, if
12 a district demonstrates to the satisfaction of the department that
13 the travel time limitation under this subdivision would create
14 undue costs or hardship to the district, the department may
15 consider more travel time to be pupil instruction time for this
16 purpose.

17 (e) In grades 7 through 12, instructional time that is part of
18 a junior reserve officer training corps (JROTC) program shall be
19 considered to be pupil instruction time regardless of whether the
20 instructor is a certificated teacher if all of the following are
21 met:

22 (i) The instructor has met all of the requirements established
23 by the United States department of defense and the applicable
24 branch of the armed services for serving as an instructor in the
25 junior reserve officer training corps program.

26 (ii) The board of the district or intermediate district
27 employing or assigning the instructor complies with the

1 requirements of sections 1230 and 1230a of the revised school code,
2 MCL 380.1230 and 380.1230a, with respect to the instructor to the
3 same extent as if employing the instructor as a regular classroom
4 teacher.

5 (8) Except as otherwise provided in subsections (11) and (12),
6 the department shall apply the guidelines under subsection (7) in
7 calculating the full-time equivalency of pupils.

8 (9) Upon application by the district for a particular fiscal
9 year, the superintendent may waive for a district the minimum
10 number of hours and days of pupil instruction requirement of
11 subsection (3) for a department-approved alternative education
12 program or another innovative program approved by the department,
13 including a 4-day school week. If a district applies for and
14 receives a waiver under this subsection and complies with the terms
15 of the waiver, the district is not subject to forfeiture under this
16 section for the specific program covered by the waiver. If the
17 district does not comply with the terms of the waiver, the amount
18 of the forfeiture shall be calculated based upon a comparison of
19 the number of hours and days of pupil instruction actually provided
20 to the minimum number of hours and days of pupil instruction
21 required under subsection (3). Pupils enrolled in a department-
22 approved alternative education program under this subsection shall
23 be reported to the center in a form and manner determined by the
24 center. All of the following apply to a waiver granted under this
25 subsection:

26 (a) If the waiver is for a blended model of delivery, a waiver
27 that is granted for the 2011-2012 fiscal year or a subsequent

1 fiscal year remains in effect unless it is revoked by the
2 superintendent.

3 (b) If the waiver is for a 100% online model of delivery and
4 the educational program for which the waiver is granted makes
5 educational services available to pupils for a minimum of at least
6 1,098 hours during a school year and ensures that each pupil
7 participates in the educational program for at least 1,098 hours
8 during a school year, a waiver that is granted for the 2011-2012
9 fiscal year or a subsequent fiscal year remains in effect unless it
10 is revoked by the superintendent.

11 (c) A waiver that is not a waiver described in subdivision (a)
12 or (b) is valid for 1 fiscal year and must be renewed annually to
13 remain in effect.

14 (10) ~~A-UNTIL 2014-2015, A~~ district may count up to 38 hours of
15 qualifying professional development for teachers as hours of pupil
16 instruction. Professional development provided online is allowable
17 and encouraged, as long as the instruction has been approved by the
18 district. The department shall issue a list of approved online
19 professional development providers, which shall include the
20 Michigan virtual school. As used in this subsection, "qualifying
21 professional development" means professional development that is
22 focused on 1 or more of the following:

23 (a) Achieving or improving adequate yearly progress as defined
24 under the no child left behind act of 2001, Public Law 107-110.

25 (b) Achieving accreditation or improving a school's
26 accreditation status under section 1280 of the revised school code,
27 MCL 380.1280.

1 (c) Achieving highly qualified teacher status as defined under
2 the no child left behind act of 2001, Public Law 107-110.

3 (d) Integrating technology into classroom instruction.

4 (e) Maintaining teacher certification.

5 (11) Subsections (3) and (8) do not apply to a school of
6 excellence that is a cyber school, as defined in section 551 of the
7 revised school code, MCL 380.551, and is in compliance with section
8 553a of the revised school code, MCL 380.553a.

9 (12) Subsections (3) and (8) do not apply to eligible pupils
10 enrolled in a dropout recovery program that meets the requirements
11 of section 23a. As used in this subsection, "eligible pupil" means
12 that term as defined in section 23a.

13 (13) Beginning in 2013, at least every 2 years the
14 superintendent shall review the waiver standards set forth in the
15 pupil accounting and auditing manuals to ensure that the waiver
16 standards and waiver process continue to be appropriate and
17 responsive to changing trends in online learning. The
18 superintendent shall solicit and consider input from stakeholders
19 as part of this review.

20 Sec. 102. (1) A district or intermediate district receiving
21 money under this ~~act~~**ARTICLE** shall not adopt or operate under a
22 deficit budget, and a district or intermediate district shall not
23 incur an operating deficit in a fund during a school fiscal year. A
24 district or intermediate district that has an existing deficit fund
25 balance, that incurs a deficit fund balance in the most recently
26 completed school fiscal year, or that adopts a current year budget
27 that projects a deficit fund balance shall not be allotted or paid

1 a further sum under this ~~act~~**ARTICLE** until the district or
2 intermediate district submits to the department for approval a
3 budget for the current school fiscal year and a plan to eliminate
4 the district's or intermediate district's deficit not later than
5 the end of the second school fiscal year after the deficit was
6 incurred or the budget projecting a deficit was adopted. Withheld
7 state aid payments shall be released after the department approves
8 the deficit ~~reduction~~**ELIMINATION** plan and ensures that the budget
9 for the current school fiscal year is balanced. After the
10 department approves a district's or intermediate district's deficit
11 ~~reduction~~**ELIMINATION** plan, the district or intermediate district
12 shall post the deficit elimination plan on the district's or
13 intermediate district's website.

14 (2) Not later than March 1 of each year, the department shall
15 prepare a report of deficits incurred or projected by districts and
16 intermediate districts in the immediately preceding fiscal year and
17 the progress made in reducing those deficits and submit the report
18 to the standing committees of the legislature responsible for K-12
19 education legislation, the appropriations subcommittees of the
20 legislature responsible for K-12 education appropriations, the
21 house and senate fiscal agencies, the state treasurer, and the
22 state budget director. The department also shall submit quarterly
23 interim reports concerning the progress made by districts and
24 intermediate districts in reducing those deficits. On a quarterly
25 basis, the superintendent of public instruction shall publicly
26 present those reports to the appropriations subcommittees of the
27 legislature responsible for K-12 education appropriations.

1 (3) The amount of the permissible deficit for each school
2 fiscal year shall not exceed the amount of state aid reduced by an
3 executive order during that school fiscal year.

4 (4) A district or intermediate district that has an existing
5 deficit fund balance, that incurs a deficit fund balance in the
6 most recently completed school fiscal year, or that adopts a
7 current year budget that projects a deficit fund balance shall
8 submit to the department a monthly monitoring report on revenue and
9 expenditures in a form and manner prescribed by the department and
10 shall post these reports on its website.

11 (5) If a district or intermediate district is not able to
12 comply with the provisions of this section, the district or
13 intermediate district shall submit to the department a plan to
14 eliminate its deficit. Upon approval of the plan submitted, the
15 superintendent of public instruction may continue allotment and
16 payment of funds under this ~~act~~, **ARTICLE**, extend the period of time
17 in which a district or intermediate district has to eliminate its
18 deficit, and set special conditions that the district or
19 intermediate district must meet during the period of the extension.
20 After the department approves a district's or intermediate
21 district's deficit ~~reduction~~ **ELIMINATION** plan under this
22 subsection, the district or intermediate district shall post the
23 deficit elimination plan on the district's or intermediate
24 district's website.

25 (6) For the purposes of this section, "deficit fund balance"
26 means that term as defined in the Michigan public school accounting
27 manual published by the department.

1 Sec. 104. (1) In order to receive state aid under this
2 article, a district shall comply with sections 1249, 1278a, 1278b,
3 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
4 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
5 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
6 the state school aid fund money appropriated in section 11, there
7 is allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
8 \$26,694,400.00 for payments on behalf of districts for costs
9 associated with complying with those provisions of law. In
10 addition, from the federal funds appropriated in section 11, there
11 is allocated for ~~2012-2013~~**2013-2014** an amount estimated at
12 \$8,250,000.00, funded from DED-OESE, title VI, state assessment
13 funds, and from DED-OSERS, section 504 of part B of the individuals
14 with disabilities education act, Public Law 94-142, plus any
15 carryover federal funds from previous year appropriations, for the
16 purposes of complying with the federal no child left behind act of
17 2001, Public Law 107-110.

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

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

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

5 (5) As used in this section:

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

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

9 (c) "DED-OSERS" means the DED office of special education and
10 rehabilitative services.

11 Sec. 107. (1) From the appropriation in section 11, there is
12 allocated an amount not to exceed \$22,000,000.00 for ~~2012-2013~~
13 **2013-2014** for adult education programs authorized under this
14 section. Funds allocated under this section are restricted for
15 adult education programs as authorized under this section only. A
16 recipient of funds under this section shall not use those funds for
17 any other purpose.

18 (2) To be eligible for funding under this section, a program
19 shall employ certificated teachers and qualified administrative
20 staff and shall offer continuing education opportunities for
21 teachers to allow them to maintain certification.

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

1 of the following, as applicable:

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

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

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

12 (iii) Is enrolled in an English as a second language program.

13 (iv) Is enrolled in a high school completion program.

14 (b) If the individual has not obtained a high school diploma
15 or G.E.D. certificate, the individual meets 1 of the following:

16 (i) Is at least 20 years of age on September 1 of the school
17 year.

18 (ii) Is at least 16 years of age on September 1 of the school
19 year, has been permanently expelled from school under section
20 1311(2) or 1311a of the revised school code, MCL 380.1311 and
21 380.1311a, and has no appropriate alternative education program
22 available through his or her district of residence.

23 (4) Except as otherwise provided in subsection (5), the money
24 allocated under this section shall be distributed as follows:

25 (a) For districts and consortia that received payments for
26 ~~2011-2012-2012-2013~~ under this section, the amount allocated to
27 each for ~~2012-2013-2013-2014~~ shall be based on the number of

1 participants served by the district or consortium for 2012-2013,
2 using the amount allocated per full-time equated participant under
3 subsection (7), up to a maximum total allocation under this
4 subsection in an amount equal to the amount the district or
5 consortium received for ~~2011-2012-2012-2013~~ under this section
6 before any reallocations made for ~~2011-2012-2012-2013~~ under
7 subsection (5).

8 (b) A district or consortium that received funding in ~~2011-~~
9 ~~2012-2012-2013~~ under this section may operate independently of a
10 consortium or join or form a consortium for ~~2012-2013-2013-2014~~.
11 The allocation for ~~2012-2013-2013-2014~~ to the district or the newly
12 formed consortium under this subsection shall be determined by the
13 department and shall be based on the proportion of the amounts that
14 are attributable to the district or consortium that received
15 funding in ~~2011-2012-2012-2013~~. A district or consortium described
16 in this subdivision shall notify the department of its intention
17 with regard to ~~2012-2013-2013-2014~~ by October 1, ~~2012-2013~~.

18 (5) A district that operated an adult education program in
19 ~~2011-2012-2012-2013~~ and does not intend to operate a program in
20 ~~2012-2013-2013-2014~~ shall notify the department by October 1, ~~2012~~
21 ~~2013~~ of its intention. The money intended to be allocated under
22 this section to a district that does not operate a program in ~~2012-~~
23 ~~2013-2013-2014~~ and the unspent money originally allocated under
24 this section to a district or consortium that subsequently operates
25 a program at less than the level of funding allocated under
26 subsection (4) and any other unallocated money under this section
27 shall instead be proportionately reallocated to the other districts

1 described in subsection (4)(a) that are operating an adult
2 education program in ~~2012-2013~~ **2013-2014** under this section.

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

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

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

15 (b) The program tests individuals for eligibility under
16 subdivision (a) before enrollment and upon completion of the
17 program in compliance with the state-approved assessment policy.

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

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

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

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

1 (i) The participant is assessed as having attained basic
2 English proficiency as determined by a department-approved
3 assessment.

4 (ii) The participant fails to show progress on 2 successive
5 department-approved assessments after having completed at least 450
6 hours of instruction. The department shall provide information to a
7 funding recipient regarding appropriate assessment instruments for
8 this program.

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

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

14 (b) The program shall administer a G.E.D. pre-test approved by
15 the department before enrolling an individual to determine the
16 individual's potential for success on the G.E.D. test, and shall
17 administer a post-test upon completion of the program in compliance
18 with the state-approved assessment policy.

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

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

23 (ii) The participant fails to show progress on 2 successive
24 department-approved assessments used to determine readiness to take
25 the G.E.D. test after having completed at least 450 hours of
26 instruction.

27 (9) A high school completion program operated on a year-round

1 or school year basis may be funded under this section, subject to
2 all of the following:

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

5 (b) The program tests participants described in subdivision
6 (a) before enrollment and upon completion of the program in
7 compliance with the state-approved assessment policy.

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

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

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

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

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

24 (b) The program tests participants described in subdivision
25 (a) before enrollment and upon completion of the program in
26 compliance with the department-approved assessment policy.

27 (c) An individual may be enrolled in this program and the

1 grant recipient shall receive funding according to subsection (11)
2 until 1 of the following occurs:

3 (i) The individual achieves the requisite skills as determined
4 by department-approved assessment instruments.

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

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

10 (a) Ninety percent for enrollment of eligible participants.

11 (b) Ten percent for completion of the adult basic education
12 objectives by achieving an increase of at least 1 grade level of
13 proficiency in reading or mathematics; for achieving basic English
14 proficiency, as defined by the department in the adult education
15 guidebook; for obtaining a G.E.D. or passage of 1 or more
16 individual G.E.D. tests; for attainment of a high school diploma or
17 passage of a course required for a participant to attain a high
18 school diploma; or for completion of the course and demonstrated
19 proficiency in the academic skills to be learned in the course, as
20 applicable.

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

26 (13) A person who is not eligible to be a participant funded
27 under this section may receive adult education services upon the

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

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

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

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

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

(18) All intermediate district participant audits of adult education programs shall be performed pursuant to the adult education participant auditing and accounting manuals published by the department.

(19) IT IS THE INTENT OF THE LEGISLATURE TO STUDY ALLOCATING FUNDS UNDER THIS SECTION ON A COMPETITIVE BASIS BEGINNING FOR 2014-2015.

(20) ~~(19)~~ As used in this section, "department" means the Michigan strategic fund.

Sec. 147. **(1)** The allocation **EACH FISCAL YEAR** for ~~2012-2013~~ **2013-2014 AND FOR 2014-2015** for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the **INDIVIDUAL PROJECTED BENEFIT** entry age normal cost ~~actuarial~~ **method OF VALUATION** and risk assumptions adopted by the public school employees retirement board and the department of technology, management, and budget.

(2) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES FOR THE 2013-2014 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT

1 **SYSTEM, ARE ESTIMATED AS FOLLOWS:**

2 **(A)** For public school employees who first worked for a public
3 school reporting unit before July 1, 2010 **AND WHO ARE ENROLLED IN**
4 **THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of payroll
5 contribution rate is estimated at ~~18.62% for pension and at 8.75%~~
6 ~~for retiree health care for the 2012-2013 fiscal year, unless a~~
7 ~~different contribution rate is calculated and applied by the office~~
8 ~~of retirement services pursuant to provisions enacted under Senate~~
9 ~~Bill No. 1040 of the 96th Legislature.~~ **29.35%, WITH 24.79% PAID**
10 **DIRECTLY BY THE EMPLOYER.**

11 **(B)** For public school employees who first worked for a public
12 school reporting unit on or after July 1, 2010 **AND WHO ARE ENROLLED**
13 **IN THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of
14 payroll contribution rate is estimated at **29.12%, WITH 24.56% PAID**
15 **DIRECTLY BY THE EMPLOYER.** ~~17.39% for pension and 8.75% for retiree~~
16 ~~health care for the 2012-2013 fiscal year, unless a different~~
17 ~~contribution rate is calculated and applied by the office of~~
18 ~~retirement services pursuant to provisions enacted under Senate~~
19 ~~Bill No. 1040 of the 96th Legislature. For public school employees~~
20 ~~who first worked for a public school reporting unit before July 1,~~
21 ~~2010, the annual level percentage of payroll contribution rate is~~
22 ~~estimated at 22.46% for pension and 8.75% for retiree health care~~
23 ~~for the 2013-2014 fiscal year, unless a different contribution rate~~
24 ~~is calculated and applied by the office of retirement services~~
25 ~~pursuant to provisions enacted under Senate Bill No. 1040 of the~~
26 ~~96th Legislature. For public school employees who first worked for~~
27 ~~a public school reporting unit on or after July 1, 2010, the annual~~

~~level percentage of payroll contribution rate is estimated at 21.19% for pension and 8.75% for retiree health care for the 2013-2014 fiscal year, unless a different contribution rate is calculated and applied by the office of retirement services pursuant to provisions enacted under Senate Bill No. 1040 of the 96th Legislature. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This~~

(C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE IN THE PENSION PLUS PLAN AND IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.19%, WITH 23.63% PAID DIRECTLY BY THE EMPLOYER.

(D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

(E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 26.45%, WITH 21.89% PAID DIRECTLY BY THE EMPLOYER.

(F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND,

1 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
2 ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

3 (G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
4 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN
5 THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
6 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.42%, WITH 23.86% PAID
7 DIRECTLY BY THE EMPLOYER.

8 (3) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES
9 FOR THE 2014-2015 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT
10 SYSTEM, ARE ESTIMATED AS FOLLOWS:

11 (A) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
12 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO ARE ENROLLED IN
13 THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
14 CONTRIBUTION RATE IS ESTIMATED AT 33.10%, WITH 25.78% PAID DIRECTLY
15 BY THE EMPLOYER.

16 (B) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
17 SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO ARE ENROLLED
18 IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF
19 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.02%, WITH 24.70% PAID
20 DIRECTLY BY THE EMPLOYER.

21 (C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
22 SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE
23 IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
24 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 31.51%, WITH 24.19% PAID
25 DIRECTLY BY THE EMPLOYER.

26 (D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
27 SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT

1 DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL
2 HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
3 CONTRIBUTION RATE IS ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY
4 BY THE EMPLOYER.

5 (E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
6 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
7 CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY,
8 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
9 ESTIMATED AT 28.79%, WITH 21.47% PAID DIRECTLY BY THE EMPLOYER.

10 (F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
11 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
12 CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND,
13 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
14 ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

15 (G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
16 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN
17 THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
18 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.59%, WITH 25.27% PAID
19 DIRECTLY BY THE EMPLOYER.

20 (4) IN ADDITION TO THE EMPLOYER PAYMENTS DESCRIBED IN
21 SUBSECTIONS (2) AND (3), THE EMPLOYER SHALL PAY THE APPLICABLE
22 CONTRIBUTIONS TO THE TIER 2 PLAN, AS DETERMINED BY THE PUBLIC
23 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300 MCL 38.1301 TO
24 38.1408.

25 (5) ~~THE contribution rate reflects~~ RATES IN SUBSECTION (2)
26 REFLECT an amortization period of ~~26-25~~ years for ~~2012-2013-2013-~~
27 2014. The public school employees' retirement system board shall

1 notify each district and intermediate district by February 28 of
2 each fiscal year of the estimated contribution rate for the next
3 fiscal year.

4 Sec. 147a. From the appropriation in section 11, there is
5 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
6 ~~\$155,000,000.00-\$100,000,000.00~~ for payments to participating
7 districts. A district that receives money under this section shall
8 use that money solely for the purpose of offsetting a portion of
9 the retirement contributions owed by the district for the fiscal
10 year ~~ending September 30, 2013.~~ **IN WHICH IT IS RECEIVED.** The amount
11 allocated to each participating district under this section shall
12 be based on each participating district's percentage of the total
13 statewide payroll for all participating districts for the
14 immediately preceding **SCHOOL** fiscal year. As used in this section,
15 "participating district" means a district that is a reporting unit
16 of the Michigan public school employees' retirement system under
17 the public school employees retirement act of 1979, 1980 PA 300,
18 MCL 38.1301 to 38.1408, and that reports employees to the Michigan
19 public school employees' retirement system for the applicable
20 fiscal year.

21 Sec. 147b. ~~(1) From the appropriation in section 11, there is~~
22 ~~allocated an amount not to exceed \$133,000,000.00 for 2011-2012 and~~
23 ~~an amount not to exceed \$41,000,000.00 for 2012-2013 for the~~
24 ~~purposes of this section. The money allocated in this section~~
25 ~~represents a portion of the year end school aid fund balance. Money~~
26 ~~allocated under this section shall be deposited in the MPSERS~~
27 ~~retirement obligation reform reserve fund.~~

1 (1) ~~(2)~~—The MPSERS retirement obligation reform reserve fund
2 is created as a separate account within the state school aid fund.

3 (2) The state treasurer may receive money or other assets from
4 any source for deposit into the MPSERS retirement obligation reform
5 reserve fund. The state treasurer shall direct the investment of
6 the MPSERS retirement obligation reform reserve fund. The state
7 treasurer shall credit to the MPSERS retirement obligation reform
8 reserve fund interest and earnings from the MPSERS retirement
9 obligation reform reserve fund.

10 (3) **MONEY AVAILABLE IN THE MPSERS RETIREMENT OBLIGATION REFORM**
11 **RESERVE FUND SHALL NOT BE EXPENDED WITHOUT A SPECIFIC**
12 **APPROPRIATION.**

13 (4) Money in the MPSERS retirement obligation reform reserve
14 fund at the close of the fiscal year shall remain in the MPSERS
15 retirement obligation reform reserve fund and shall not lapse to
16 the state school aid fund or to the general fund. The department of
17 treasury shall be the administrator of the MPSERS retirement
18 obligation reform reserve fund for auditing purposes.

19 ~~—— (3) It is the intent of the legislature that the speaker of~~
20 ~~the house of representatives or the senate majority leader, or~~
21 ~~both, shall convene a workgroup to examine retirement obligations~~
22 ~~and potential reforms to the Michigan public school employees'~~
23 ~~retirement system established under the public school employees~~
24 ~~retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. The~~
25 ~~chair of the senate appropriations committee and chair of the house~~
26 ~~appropriations committee, or his or her designee, each shall be a~~
27 ~~member of the workgroup, and the workgroup shall report to the~~

~~speaker of the house of representatives or the senate majority leader, as applicable, by February 1, 2012, on reforms identified, timelines for implementing reforms, and estimated costs and savings of the identified reforms.~~

(5) IF THE CONTRIBUTIONS DESCRIBED IN SECTION 43E OF THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1343E, AS THAT SECTION WAS ADDED BY 2010 PA 75, ARE DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION FOR WHICH ALL RIGHTS OF APPEAL HAVE BEEN EXHAUSTED TO BE CONSTITUTIONAL AND IF THE ORDER FOR PRELIMINARY INJUNCTION IN CASE NO. 10-45-MM ISSUED ON JULY 13, 2010 IS LIFTED, THE MONEY PLACED IN A SEPARATE INTEREST BEARING ACCOUNT AS A RESULT OF IMPLEMENTING THE PRELIMINARY INJUNCTION SHALL BE DEPOSITED INTO THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND CREATED IN THIS SECTION TO BE USED SOLELY FOR HEALTH CARE UNFUNDED ACCRUED LIABILITIES.

Sec. 147c. (1) ~~Except as otherwise provided in subsection (2), from~~ FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$160,000,000.00 FOR PAYMENTS TO DISTRICTS AND INTERMEDIATE DISTRICTS THAT ARE PARTICIPATING ENTITIES OF THE RETIREMENT SYSTEM. FROM the appropriation in section 11, there is allocated for 2012-2013-2014 an amount not to exceed ~~\$130,000,000.00 to~~ \$247,300,000.00 FROM THE STATE SCHOOL AID FUND, AND THERE IS APPROPRIATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$156,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND, FOR PAYMENTS TO DISTRICTS AND INTERMEDIATE DISTRICTS THAT ARE PARTICIPATING ENTITIES OF the Michigan public school employees'

1 retirement system.

2 (2) IN ADDITION TO THE ALLOCATION UNDER SUBSECTION (1), FROM
3 THE GENERAL FUND MONEY APPROPRIATED UNDER SECTION 11, THERE IS
4 ALLOCATED FOR PAYMENTS TO DISTRICT LIBRARIES THAT ARE PARTICIPATING
5 ENTITIES OF THE RETIREMENT SYSTEM AN AMOUNT NOT TO EXCEED
6 \$500,000.00 FOR 2012-2013 AND AN AMOUNT NOT TO EXCEED \$1,300,000.00
7 FOR 2013-2014.

8 (3) PAYMENTS MADE UNDER THIS SECTION FOR 2012-2013 SHALL BE
9 EQUAL TO THE DIFFERENCE BETWEEN THE UNFUNDED ACTUARIAL ACCRUED
10 LIABILITY CONTRIBUTION RATE AS CALCULATED PURSUANT TO SECTION 41 OF
11 THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300,
12 MCL 38.1341, AND THE MAXIMUM EMPLOYER RATE OF 20.96% INCLUDED IN
13 SECTION 41 OF THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979,
14 1980 PA 300, MCL 38.1341. PAYMENTS MADE UNDER THIS SECTION FOR
15 2013-2014 SHALL BE EQUAL TO THE DIFFERENCE BETWEEN THE UNFUNDED
16 ACTUARIAL ACCRUED LIABILITY CONTRIBUTION RATE AS CALCULATED
17 pursuant to section 41 of the public school employees' EMPLOYEES
18 retirement act of 1979, 1980 PA 300, MCL 38.1341, AS CALCULATED
19 WITHOUT TAKING INTO ACCOUNT THE MAXIMUM EMPLOYER RATE OF 20.96%
20 INCLUDED IN SECTION 41 OF THE PUBLIC SCHOOL EMPLOYEES RETIREMENT
21 ACT OF 1979, 1980 PA 300, MCL 38.1341, AND THE MAXIMUM EMPLOYER
22 RATE OF 20.96% INCLUDED IN SECTION 41 OF THE PUBLIC SCHOOL
23 EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341.

24 ~~—— (2) If section 41 of the public school employees' retirement~~
25 ~~act of 1979, 1980 PA 300, MCL 38.1341, is not amended by Senate~~
26 ~~Bill No. 1040 of the 96th Legislature, then the allocation under~~
27 ~~subsection (1) shall lapse to the state school aid fund unless the~~

1 ~~legislature takes action to allocate the funding in another manner.~~

2 (4) THE AMOUNT ALLOCATED TO EACH PARTICIPATING ENTITY UNDER
3 THIS SECTION SHALL BE BASED ON EACH PARTICIPATING ENTITY'S
4 PROPORTION OF THE TOTAL COVERED PAYROLL FOR THE IMMEDIATELY
5 PRECEDING FISCAL YEAR FOR THE SAME TYPE OF PARTICIPATING ENTITIES.
6 A PARTICIPATING ENTITY THAT RECEIVES FUNDS UNDER THIS SECTION SHALL
7 USE THE FUNDS SOLELY FOR THE PURPOSE OF RETIREMENT CONTRIBUTIONS AS
8 SPECIFIED IN SUBSECTION (5).

9 (5) EACH PARTICIPATING ENTITY RECEIVING FUNDS UNDER THIS
10 SECTION SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT ALLOCATED UNDER
11 SUBSECTION (4) TO THE RETIREMENT SYSTEM IN A FORM, MANNER, AND TIME
12 FRAME DETERMINED BY THE RETIREMENT SYSTEM.

13 (6) FUNDS ALLOCATED UNDER THIS SECTION SHOULD BE CONSIDERED
14 WHEN COMPARING A DISTRICT'S GROWTH IN TOTAL STATE AID FUNDING FROM
15 1 FISCAL YEAR TO THE NEXT.

16 (7) AS USED IN THIS SECTION:

17 (A) "PARTICIPATING ENTITY" MEANS A DISTRICT, INTERMEDIATE
18 DISTRICT, OR DISTRICT LIBRARY THAT IS A REPORTING UNIT OF THE
19 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM UNDER THE
20 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
21 38.1301 TO 38.1437, AND THAT REPORTS EMPLOYEES TO THE MICHIGAN
22 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE APPLICABLE
23 FISCAL YEAR.

24 (B) "RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE
25 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT
26 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

27 (C) "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL

1 **EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES**
2 **RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.**

3 Sec. 152a. (1) As required by the court in the consolidated
4 cases known as Adair v State of Michigan, Michigan supreme court
5 docket nos. 137424 and 137453, from the state school aid fund money
6 appropriated in section 11 there is allocated for ~~2012-2013~~**2013-**
7 **2014** an amount not to exceed \$38,000,500.00 to be used solely for
8 the purpose of paying necessary costs related to the state-mandated
9 collection, maintenance, and reporting of data to this state.

10 (2) From the allocation in subsection (1), the department
11 shall make payments to districts and intermediate districts in an
12 equal amount per pupil based on the total number of pupils in
13 membership in each district and intermediate district. The
14 department shall not make any adjustment to these payments after
15 the final installment payment under section 17b is made.

16 Enacting section 1. (1) In accordance with section 30 of
17 article I of the state constitution of 1963, total state spending
18 on school aid under article I of the state school aid act of 1979,
19 1979 PA 94, MCL 388.1601 to 388.1772, as amended by 2012 PA 201,
20 2012 PA 465, and this amendatory act from state sources for fiscal
21 year 2012-2013 is estimated at \$11,211,014,200.00 and the amount of
22 that state spending from state sources to be paid to local units of
23 government for fiscal year 2012-2013 is estimated at
24 \$11,032,518,300.00.

25 (2) In accordance with section 30 of article I of the state
26 constitution of 1963, total state spending on school aid under
27 article I of the state school aid act of 1979, 1979 PA 94, MCL

1 388.1601 to 388.1772, as amended by this amendatory act, from state
2 sources for fiscal year 2013-2014 is estimated at
3 \$11,597,382,300.00 and state appropriations for school aid to be
4 paid to local units of government for fiscal year 2013-2014 are
5 estimated at \$11,437,124,700.00.

6 Enacting section 2. Sections 11q, 11t, 11u, 22h, 25, 25d, 32g,
7 32l, 93, and 101a of the state school aid act of 1979, 1979 PA 94,
8 MCL 388.1611q, 388.1611t, 388.1611u, 388.1622h, 388.1625,
9 388.1625d, 388.1632g, 388.1632l, 388.1693, and 388.1701a, are
10 repealed effective October 1, 2013.

11 Enacting section 3. (1) Except as otherwise provided in
12 subsection (2), this amendatory act takes effect October 1, 2013.

13 (2) Sections 11, 22a, 22b, 26c, 51a, 51c, 81, 95, and 147c of
14 the state school aid act of 1979, 1979 PA 94, MCL 388.1611,
15 388.1622a, 388.1622b, 388.1626c, 388.1651a, 388.1651c, 388.1681,
16 388.1695, and 388.1747c, as amended by this amendatory act, take
17 effect upon enactment of this amendatory act.