

FIRST CONFERENCE REPORT

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

Senate Bill No. 775, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 6, 8b, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 17a, 18, 19, 20, 20d, 20f, 21b, 21f, 22a, 22b, 22d, 22i, 24, 24a, 24c, 25e, 25f, 26a, 26b, 26c, 31a, 31b, 31d, 31f, 32d, 32p, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94, 94a, 95, 99, 99h, 101, 102, 104, 104b, 107, 147, 147c, 152a, 161, 163, and 168 (MCL 388.1606, 388.1608b, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615, 388.1617a, 388.1618, 388.1619, 388.1620, 388.1620d, 388.1620f, 388.1620g, 388.1621b, 388.1621f, 388.1622a, 388.1622b, 388.1622d, 388.1622i, 388.1624, 388.1624a, 388.1624c, 388.1625e, 388.1625f, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631b, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1694a, 388.1695, 388.1699, 388.1699h, 388.1701, 388.1702, 388.1704, 388.1704b, 388.1707, 388.1747, 388.1747c, 388.1752a, 388.1761, 388.1763, and 388.1768), sections 6, 20, 24c, 25e, 26a, 74, 104b, and 107 as amended by 2013 PA 130, section 8b as amended by 2007 PA 92, sections 11, 11m, 20g, 21f, 22a, 22b, 51a, 51c, 99h, 101, and 147c as amended and sections 25f, 31b, and 94 as added by 2014 PA 116, sections 11a, 11j, 11k, 12, 15, 18, 19, 20d, 22d, 22i, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51d, 53a, 54, 56, 61a, 62, 81, 94a, 95, 99, 102, 104, 147, and 152a as amended and section 20f as added by 2013 PA 60, sections 11g and 17a as amended by 2013 PA 97, section 21b as amended by 2004 PA 351, section 161 as amended by 1990 PA 207, section 163 as amended by 2007 PA 137, and section 168 as added by 1993 PA 175, and by adding sections 11s, 64b, 74a, 99b, 102a, 104c, and 164f; 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, 8b, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 17a, 18, 19, 20, 20d, 20f, 20g, 21b, 21f, 22a, 22b, 22c, 22d, 22f, 22g, 22i, 22j, 24, 24a, 24c, 25e, 25f, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94, 94a, 98, 99, 99h, 101, 104, 104b, 107, 147, 147a, 147c, 152a, 161, 163, and 168 (MCL 388.1606, 388.1608b, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615, 388.1617a, 388.1618, 388.1619, 388.1620, 388.1620d, 388.1620f, 388.1620g, 388.1621b, 388.1621f, 388.1622a, 388.1622b, 388.1622c, 388.1622d, 388.1622f, 388.1622g, 388.1622i, 388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1625e, 388.1625f, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1694a, 388.1698, 388.1699, 388.1699h, 388.1701, 388.1704, 388.1704b, 388.1707, 388.1747, 388.1747a, 388.1747c, 388.1752a, 388.1761, 388.1763, and 388.1768), sections 6, 20, 24c, 25e, 26a, 74, 104b, 107, and 147a as amended by 2013 PA 130, section 8b as amended by 2007 PA 92, sections 11, 11m, 20g, 21f, 22a, 22b, 22g, 51a, 51c, 99h, 101, and 147c as amended and sections 25f and 94 as added by 2014 PA 116, sections 11a, 11j, 11k, 12, 15, 18, 19, 20d, 22d, 22f, 22i, 22j, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51d, 53a, 54, 56, 61a, 62, 81, 94a, 98, 99, 104, 147, and 152a as amended and sections 20f and 22c as added by 2013 PA 60, sections 11g and 17a as amended by 2013 PA 97, section 21b as amended by 2004 PA 351, section 161 as amended by 1990 PA 207, section 163 as amended by 2007 PA 137, and section 168 as added by 1993 PA 175, and by adding sections 11r, 31g, 43, 64b, 64c, 74a, 95a, 99b, 104c, 147d, and 164f; 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. 775**

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

388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1694a, 388.1698, 388.1699, 388.1699h, 388.1701, 388.1704, 388.1704b, 388.1707, 388.1747, 388.1747a, 388.1747c, 388.1752a, 388.1761, 388.1763, and 388.1768), sections 6, 20, 24c, 25e, 26a, 74, 104b, 107, and 147a as amended by 2013 PA 130, section 8b as amended by 2007 PA 92, sections 11, 11m, 20g, 21f, 22a, 22b, 22g, 51a, 51c, 99h, 101, and 147c as amended and sections 25f and 94 as added by 2014 PA 116, sections 11a, 11j, 11k, 12, 15, 18, 19, 20d, 22d, 22f, 22i, 22j, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51d, 53a, 54, 56, 61a, 62, 81, 94a, 98, 99, 104, 147, and 152a as amended and sections 20f and 22c as added by 2013 PA 60, sections 11g and 17a as amended by 2013 PA 97, section 21b as amended by 2004 PA 351, section 161 as amended by 1990 PA 207, section 163 as amended by 2007 PA 137, and section 168 as added by 1993 PA 175, and by adding sections 11r, 31g, 43, 64b, 64c, 74a, 95a, 99b, 104c, 147d, and 164f; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

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

27 (a) Except as otherwise provided in this subsection, and

1 pursuant to subsection (6), a pupil shall be counted in membership
2 in the pupil's educating district or districts. An individual pupil
3 shall not be counted for more than a total of 1.0 full-time equated
4 membership.

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

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

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

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

27 (f) A pupil enrolled in a career and technical education

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

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

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

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

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

26 (ii) If operations begin after the pupil membership count day
27 for the fiscal year and not later than the supplemental count day

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

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

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

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

25 (i) A special education pupil who is enrolled and receiving
26 instruction in a special education program or service approved by
27 the department, who does not have a high school diploma, and who is

1 less than 26 years of age as of September 1 of the current school
2 year shall be counted in membership.

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

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

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

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

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

21 (m) An individual who has obtained a high school diploma shall
22 not be counted in membership. An individual who has obtained a
23 general educational development (G.E.D.) certificate shall not be
24 counted in membership unless the individual is a pupil with a
25 disability as defined in R 340.1702 of the Michigan administrative
26 code. An individual participating in a job training program funded
27 under former section 107a or a jobs program funded under former

1 section 107b, administered by the Michigan strategic fund, or
2 participating in any successor of either of those 2 programs, shall
3 not be counted in membership.

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

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

1 district providing the remainder of the hours of instruction.

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

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

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

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

1 (r) Beginning in 2012-2013, full-time equated memberships for
2 pupils in kindergarten shall be determined by dividing the number
3 of instructional hours scheduled and provided per year per
4 kindergarten pupil by the same number used for determining full-
5 time equated memberships for pupils in grades 1 to 12. However, to
6 the extent allowable under federal law, for a district or public
7 school academy that provides evidence satisfactory to the
8 department that it used federal title I money in the 2 immediately
9 preceding school fiscal years to fund full-time kindergarten, full-
10 time equated memberships for pupils in kindergarten shall be
11 determined by dividing the number of class hours scheduled and
12 provided per year per kindergarten pupil by a number equal to 1/2
13 the number used for determining full-time equated memberships for
14 pupils in grades 1 to 12. The change in the counting of full-time
15 equated memberships for pupils in kindergarten that took effect for
16 2012-2013 is not a mandate.

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

1 received by transfer and minus pupils lost as defined by rules
2 promulgated by the superintendent, and as corrected by subsequent
3 department audit, plus the final audited count from the
4 supplemental count day for the current school year, and dividing
5 that sum by 2.

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

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

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

1 certificated teacher.

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

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

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

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

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

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

1 product of .10 times the final audited count from the most recent
2 pupil membership count day or supplemental count day that occurred
3 before suspending operations, as determined by the superintendent.

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

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

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

26 ~~——(z) If a public school academy that is not in its first or~~
27 ~~second year of operation closes at the end of a school year and~~

~~1 does not reopen for the next school year, the department shall~~
~~2 adjust the membership count of the district or the education~~
~~3 achievement system in which a former pupil of the public school~~
~~4 academy enrolls and is in regular daily attendance for the next~~
~~5 school year to ensure that the district or the education~~
~~6 achievement system receives the same amount of membership aid for~~
~~7 the pupil as if the pupil were counted in the district or the~~
~~8 education achievement system on the supplemental count day of the~~
~~9 preceding school year.~~

10 **(Y)** ~~(aa)~~ Full-time equated memberships for special education
11 pupils who are not enrolled in kindergarten but are enrolled in a
12 classroom program under R 340.1754 of the Michigan administrative
13 code shall be determined by dividing the number of class hours
14 scheduled and provided per year by 450. Full-time equated
15 memberships for special education pupils who are not enrolled in
16 kindergarten but are receiving early childhood special education
17 services under R 340.1755 or 340.1862 of the Michigan
18 administrative code shall be determined by dividing the number of
19 hours of service scheduled and provided per year per pupil by 180.

20 **(Z)** ~~(bb)~~ A pupil of a district that begins its school year
21 after Labor day who is enrolled in an intermediate district program
22 that begins before Labor day shall not be considered to be less
23 than a full-time pupil solely due to instructional time scheduled
24 but not attended by the pupil before Labor day.

25 **(AA)** ~~(ee)~~ For the first year in which a pupil is counted in
26 membership on the pupil membership count day in a middle college
27 program, the membership is the average of the full-time equated

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

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

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

17 (DD) ~~(ff)~~ For a pupil enrolled in a dropout recovery program
 18 that meets the requirements of section 23a, the pupil shall be
 19 counted as 1/12 of a full-time equated membership for each month
 20 that the district operating the program reports that the pupil was
 21 enrolled in the program and was in full attendance. However, a
 22 ~~pupil counted under this subdivision shall not be counted as more~~
 23 ~~than 1.0 FTE in a fiscal year. IF THE SPECIAL MEMBERSHIP COUNTING~~
 24 ~~PROVISIONS UNDER THIS SUBDIVISION AND THE OPERATION OF THE OTHER~~
 25 ~~MEMBERSHIP COUNTING PROVISIONS UNDER THIS SUBSECTION RESULT IN A~~
 26 ~~PUPIL BEING COUNTED AS MORE THAN 1.0 FTE IN A FISCAL YEAR, THE~~
 27 ~~PAYMENT MADE FOR THE PUPIL UNDER SECTIONS 22A AND 22B SHALL NOT BE~~

1 **BASED ON MORE THAN 1.0 FTE FOR THAT PUPIL, AND ANY PORTION OF AN**
2 **FTE FOR THAT PUPIL THAT EXCEEDS 1.0 SHALL INSTEAD BE PAID UNDER**
3 **SECTION 25F.** The district operating the program shall report to the
4 center the number of pupils who were enrolled in the program and
5 were in full attendance for a month not later than the tenth day of
6 the next month. A district shall not report a pupil as being in
7 full attendance for a month unless both of the following are met:

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

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

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

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

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

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

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

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

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

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

27 (i) "At school" means in a classroom, elsewhere on school

1 premises, on a school bus or other school-related vehicle, or at a
2 school-sponsored activity or event whether or not it is held on
3 school premises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (i) Fourth Wednesday in July.

18 (ii) First Wednesday in October.

19 (iii) Second Wednesday in February.

20 (iv) Fourth Wednesday in April.

21 (8) "Pupils in grades K to 12 actually enrolled and in regular
22 daily attendance" means pupils in grades K to 12 in attendance and
23 receiving instruction in all classes for which they are enrolled on
24 the pupil membership count day or the supplemental count day, as
25 applicable. Except as otherwise provided in this subsection, a
26 pupil who is absent from any of the classes in which the pupil is
27 enrolled on the pupil membership count day or supplemental count

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

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

1 24.328.

2 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
3 380.1852.

4 (11) "School district of the first class", "first class school
5 district", and "district of the first class" mean, **FOR THE PURPOSES**
6 **OF THIS ARTICLE ONLY**, a district that had at least ~~60,000~~ **40,000**
7 pupils in membership for the immediately preceding fiscal year.

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

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

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

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

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

20 Tuition pupil does not include a pupil who is a special education
21 pupil, a pupil described in subsection (6)(c) to (p), or a pupil
22 whose parent or guardian voluntarily enrolls the pupil in a
23 district that is not the pupil's district of residence. A pupil's
24 district of residence shall not require a high school tuition
25 pupil, as provided under section 111, to attend another school
26 district after the pupil has been assigned to a school district.

27 (17) "State school aid fund" means the state school aid fund

1 established in section 11 of article IX of the state constitution
2 of 1963.

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

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

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

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

23 (2) If the department does not assign a district code to a
24 public school academy within the 30-day period described in
25 subsection (1), the district code the department shall use to make
26 payments under this ~~act~~**ARTICLE** to the newly authorized public
27 school academy shall be a number that is equivalent to the sum of

1 the last district code assigned to a public school academy located
 2 in the same county as the newly authorized public school academy
 3 plus 1. However, if there is not an existing public school academy
 4 located in the same county as the newly authorized public school
 5 academy, then the district code the department shall use to make
 6 payments under this ~~act~~ **ARTICLE** to the newly authorized public
 7 school academy shall be a 5-digit number that has the county code
 8 in which the public school academy is located as its first 2
 9 digits, 9 as its third digit, 0 as its fourth digit, and 1 as its
 10 fifth digit. If the number of public school academies in a county
 11 grows to exceed 100, the third digit in this 5-digit number shall
 12 then be ~~8~~ **7** for the public school academies in excess of 100.

13 Sec. 11. (1) For the fiscal year ending September 30, 2014,
 14 there is appropriated for the public schools of this state and
 15 certain other state purposes relating to education the sum of
 16 ~~\$11,115,232,300.00~~ **\$11,200,232,300.00** from the state school aid
 17 fund, the sum of \$156,000,000.00 from the MPSERS retirement
 18 obligation reform reserve fund created under section 147b, and the
 19 sum of ~~\$234,900,000.00~~ **\$149,900,000.00** from the general fund. **FOR**
 20 **THE FISCAL YEAR ENDING SEPTEMBER 30, 2015, THERE IS APPROPRIATED**
 21 **FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE**
 22 **PURPOSES RELATING TO EDUCATION THE SUM OF \$11,929,262,900.00 FROM**
 23 **THE STATE SCHOOL AID FUND, THE SUM OF \$18,000,000.00 FROM THE**
 24 **MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND CREATED UNDER**
 25 **SECTION 147B, AND THE SUM OF \$114,900,000.00 FROM THE GENERAL FUND.**
 26 In addition, all other available federal funds are appropriated
 27 **EACH FISCAL YEAR** for the fiscal year ending September 30, 2014 **AND**

1 **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015.**

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

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

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

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

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

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

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

23 (3) Money available in the school aid stabilization fund may
24 not be expended without a specific appropriation from the school
25 aid stabilization fund. Money in the school aid stabilization fund
26 shall be expended only for purposes for which state school aid fund
27 money may be expended.

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

5 (5) Money in the school aid stabilization fund at the close of
6 a fiscal year shall remain in the school aid stabilization fund and
7 shall not lapse to the unreserved school aid fund balance or the
8 general fund.

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

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

26 Sec. 11g. (1) From the appropriation in section 11, there is
27 allocated for this section an amount not to exceed \$39,500,000.00

1 for the fiscal year ending ~~September 30, 2014 and for the fiscal~~
2 ~~year ending~~ September 30, 2015, after which these payments will
3 cease. These allocations are for paying the amounts described in
4 subsection (3) to districts and intermediate districts, other than
5 those receiving a lump-sum payment under section 11f(2), that were
6 not plaintiffs in the consolidated cases known as Durant v State of
7 Michigan, Michigan supreme court docket no. 104458-104492 and that,
8 on or before March 2, 1998, submitted to the state treasurer a
9 waiver resolution described in section 11f. The amounts paid under
10 this section represent offers of settlement and compromise of any
11 claim or claims that were or could have been asserted by these
12 districts and intermediate districts, as described in this section.

13 (2) This section does not create any obligation or liability
14 of this state to any district or intermediate district that does
15 not submit a waiver resolution described in section 11f. This
16 section and any other provision of this article are not intended to
17 admit liability or waive any defense that is or would be available
18 to this state or its agencies, employees, or agents in any
19 litigation or future litigation with a district or intermediate
20 district regarding these claims or potential claims.

21 (3) The amount paid each fiscal year to each district or
22 intermediate district under this section shall be 1 of the
23 following:

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

1 (b) If the district or intermediate district borrows money and
2 issues bonds under section 11i, an amount in each fiscal year
3 calculated by the department of treasury that is equal to the debt
4 service amount in that fiscal year on the bonds issued by that
5 district or intermediate district under section 11i and that will
6 result in the total payments made to all districts and intermediate
7 districts in each fiscal year under this section being no more than
8 the amount appropriated under this section in each fiscal year.

9 (4) The entire amount of each payment under this section each
10 fiscal year shall be paid on May 15 of the applicable fiscal year
11 or on the next business day following that date. If a district or
12 intermediate district borrows money and issues bonds under section
13 11i, the district or intermediate district shall use funds received
14 under this section to pay debt service on bonds issued under
15 section 11i. If a district or intermediate district does not borrow
16 money and issue bonds under section 11i, the district or
17 intermediate district shall use funds received under this section
18 only for the following purposes, in the following order of
19 priority:

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

23 (b) Second, to pay debt service on other limited tax
24 obligations.

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

27 (5) To the extent payments under this section are used by a

1 district or intermediate district to pay debt service on debt
2 payable from millage revenues, and to the extent permitted by law,
3 the district or intermediate district may make a corresponding
4 reduction in the number of mills levied for debt service.

5 (6) A district or intermediate district may pledge or assign
6 payments under this section as security for bonds issued under
7 section 11i, but shall not otherwise pledge or assign payments
8 under this section.

9 (7) If a district eligible for payments under this section is
10 dissolved under section 12 of the revised school code, MCL 380.12,
11 the payment otherwise due to the dissolved district under this
12 section shall be paid instead to the intermediate district of the
13 dissolved district. The intermediate district of the dissolved
14 district shall perform any functions and responsibilities of the
15 board and other officers of the dissolved district necessary under
16 this section on behalf of the dissolved district. As used in this
17 subsection, "dissolved district" and "receiving district" mean
18 those terms as defined in section 20.

19 Sec. 11j. From the appropriation in section 11, there is
20 allocated an amount not to exceed ~~\$131,660,000.00 for 2013-2014~~
21 **\$126,000,000.00 FOR 2014-2015** for payments to the school loan bond
22 redemption fund in the department of treasury on behalf of
23 districts and intermediate districts. Notwithstanding section 296
24 or any other provision of this act, funds allocated under this
25 section are not subject to proration and shall be paid in full.

26 Sec. 11k. For ~~2013-2014~~, **2014-2015**, there is appropriated from
27 the general fund to the school loan revolving fund an amount equal

1 to the amount of school bond loans assigned to the Michigan finance
2 authority, not to exceed the total amount of school bond loans held
3 in reserve as long-term assets. As used in this section, "school
4 loan revolving fund" means that fund created in section 16c of the
5 shared credit rating act, 1985 PA 227, MCL 141.1066c.

6 Sec. 11m. From the appropriations in section 11, there is
7 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
8 ~~\$2,500,000.00~~ **\$4,000,000.00** for fiscal year cash-flow borrowing
9 costs solely related to the state school aid fund established by
10 section 11 of article IX of the state constitution of 1963.

11 **SEC. 11R. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
12 **ALLOCATED AN AMOUNT NOT TO EXCEED \$4,000,000.00 TO BE DEPOSITED**
13 **INTO THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND CREATED UNDER**
14 **THIS SECTION FOR THE PURPOSE OF FUNDING GRANTS UNDER THIS SECTION.**

15 **(2) THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND IS CREATED**
16 **AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID FUND. THE STATE**
17 **TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR**
18 **DEPOSIT INTO THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND. THE**
19 **STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE DISTRESSED**
20 **DISTRICTS EMERGENCY GRANT FUND AND SHALL CREDIT TO THE DISTRESSED**
21 **DISTRICTS EMERGENCY GRANT FUND INTEREST AND EARNINGS FROM THE FUND.**

22 **(3) SUBJECT TO SUBSECTION (4), A DISTRICT IS ELIGIBLE TO**
23 **RECEIVE A GRANT FROM THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND**
24 **IF EITHER OF THE FOLLOWING APPLIES:**

25 **(A) THE DISTRICT HAS ADOPTED A RESOLUTION AUTHORIZING THE**
26 **VOLUNTARY DISSOLUTION OF THE DISTRICT APPROVED BY THE STATE**
27 **TREASURER UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,**

1 BUT THE DISSOLUTION HAS NOT YET TAKEN EFFECT UNDER THAT SECTION.

2 (B) THE DISTRICT IS A RECEIVING DISTRICT UNDER SECTION 12 OF
3 THE REVISED SCHOOL CODE, MCL 380.12, AND THE DISTRICT ENROLLS
4 PUPILS WHO WERE PREVIOUSLY ENROLLED IN A DISTRICT THAT WAS
5 DISSOLVED UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,
6 IN THE IMMEDIATELY PRECEDING SCHOOL YEAR.

7 (4) A DISTRICT RECEIVING FUNDS UNDER SECTION 20G IS NOT
8 ELIGIBLE TO RECEIVE FUNDS UNDER THIS SECTION.

9 (5) THE AMOUNT OF A GRANT UNDER THIS SECTION SHALL BE
10 DETERMINED BY THE STATE TREASURER AFTER CONSULTATION WITH THE
11 SUPERINTENDENT OF PUBLIC INSTRUCTION, BUT SHALL NOT EXCEED THE
12 ESTIMATED AMOUNT OF REMAINING DISTRICT COSTS IN EXCESS OF AVAILABLE
13 REVENUES, INCLUDING, BUT NOT LIMITED TO, PAYROLL, BENEFITS,
14 RETIREMENT SYSTEM CONTRIBUTIONS, PUPIL TRANSPORTATION, FOOD
15 SERVICES, SPECIAL EDUCATION, BUILDING SECURITY, AND OTHER COSTS
16 NECESSARY TO ALLOW THE DISTRICT TO OPERATE SCHOOLS DIRECTLY AND
17 PROVIDE PUBLIC EDUCATION SERVICES UNTIL THE END OF THE CURRENT
18 SCHOOL FISCAL YEAR. FOR A DISTRICT THAT MEETS THE ELIGIBILITY
19 CRITERIA UNDER SUBSECTION (3)(B), THE AMOUNT OF THE GRANT SHALL BE
20 DETERMINED IN THE SAME MANNER AS TRANSITION COSTS UNDER SECTION
21 20G.

22 (6) BEFORE DISBURSING FUNDS UNDER THIS SECTION, THE STATE
23 TREASURER SHALL NOTIFY THE HOUSE AND SENATE APPROPRIATIONS
24 SUBCOMMITTEES ON SCHOOL AID AND THE HOUSE AND SENATE FISCAL
25 AGENCIES. THE NOTIFICATION SHALL INCLUDE, BUT NOT BE LIMITED TO,
26 THE DISTRICT RECEIVING FUNDS UNDER THIS SECTION, THE AMOUNT OF THE
27 FUNDS AWARDED UNDER THIS SECTION, AN EXPLANATION OF THE DISTRICT

1 CONDITIONS THAT NECESSITATE FUNDING UNDER THIS SECTION, AND THE
2 INTENDED USE OF FUNDS DISBURSED UNDER THIS SECTION.

3 (7) MONEY IN THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND AT
4 THE CLOSE OF A FISCAL YEAR SHALL REMAIN IN THE DISTRESSED DISTRICTS
5 EMERGENCY GRANT FUND AND SHALL NOT LAPSE TO THE STATE SCHOOL AID
6 FUND OR TO THE GENERAL FUND.

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

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

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

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

27 (3) If, **BASED ON AN AUDIT BY THE DEPARTMENT OR THE**

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

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

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

1 (6) ~~(5)~~—In addition to funds appropriated in section 11 for
 2 all programs and services, there is appropriated for ~~2013-2014~~
 3 **2014-2015** for obligations in excess of applicable appropriations an
 4 amount equal to the collection of overpayments, but not to exceed
 5 amounts available from overpayments.

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

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

1 **OTHER STATUTORY AUTHORITY.**

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

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

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

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

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

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

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

1 established for the purpose of offering for sale, as part of a
2 pooled arrangement, certificates representing undivided interests
3 in notes issued by districts or intermediate districts under
4 section 1225 of the revised school code, MCL 380.1225.

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

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

25 (2) Within ~~30~~ **15** days after a board adopts its annual
26 operating budget for the following school fiscal year, or after a
27 board adopts a subsequent revision to that budget, the district

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

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

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

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

13 (A) Salaries and wages.

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

17 (C) Retirement benefit costs.

18 (D) All other personnel costs.

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

21 (A) Instruction.

22 (B) Support services.

23 (C) Business and administration.

24 (D) Operations and maintenance.

25 (c) Links to all of the following:

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

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

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

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

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

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

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

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

21 **(H) IDENTIFICATION OF ALL CREDIT CARDS MAINTAINED BY THE**
22 **DISTRICT AS DISTRICT CREDIT CARDS, THE IDENTITY OF ALL INDIVIDUALS**
23 **AUTHORIZED TO USE EACH OF THOSE CREDIT CARDS, THE CREDIT LIMIT ON**
24 **EACH CREDIT CARD, AND THE DOLLAR LIMIT, IF ANY, FOR EACH**
25 **INDIVIDUAL'S AUTHORIZED USE OF THE CREDIT CARD.**

26 **(I) COSTS INCURRED FOR EACH INSTANCE OF OUT-OF-STATE TRAVEL BY**
27 **THE SCHOOL ADMINISTRATOR OF THE DISTRICT THAT IS FULLY OR PARTIALLY**

1 PAID FOR BY THE DISTRICT AND THE DETAILS OF EACH OF THOSE INSTANCES
2 OF OUT-OF-STATE TRAVEL, INCLUDING AT LEAST IDENTIFICATION OF EACH
3 INDIVIDUAL ON THE TRIP, DESTINATION, AND PURPOSE.

4 (3) For the information required under subsection (2) (a),
5 (2) (b) (i), and (2) (c), an intermediate district shall provide the
6 same information in the same manner as required for a district
7 under subsection (2).

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

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

26 (b) If a district operates in a single building with fewer
27 than 700 full-time equated pupils, if the district has stable

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

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

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

18 (e) All of the following shall be done not later than November
19 15, ~~each year-2014~~ **FOR REPORTING 2013-2014 DATA DURING 2014-2015,**
20 **AND NOT LATER THAN OCTOBER 15 FOR REPORTING THE PRIOR FISCAL YEAR**
21 **DATA FOR ALL SUBSEQUENT FISCAL YEARS:**

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

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

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

1 intermediate district, for the pupil membership count day and
2 supplemental count day, in the Michigan student data system.

3 (f) The annual financial audit reports and pupil accounting
4 procedures reports shall be available to the public in compliance
5 with the freedom of information act, 1976 PA 442, MCL 15.231 to
6 15.246.

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

14 (5) By November 15, ~~of each year,~~ **2014 FOR 2014-2015 AND BY**
15 **OCTOBER 15 FOR ALL SUBSEQUENT FISCAL YEARS,** each district and
16 intermediate district shall submit to the center, in a manner
17 prescribed by the center, annual comprehensive financial data
18 consistent with accounting manuals and charts of accounts approved
19 and published by the department. For an intermediate district, the
20 report shall also contain the website address where the department
21 can access the report required under section 620 of the revised
22 school code, MCL 380.620. The department shall ensure that the
23 prescribed Michigan public school accounting manual chart of
24 accounts includes standard conventions to distinguish expenditures
25 by allowable fund function and object. The functions shall include
26 at minimum categories for instruction, pupil support, instructional
27 staff support, general administration, school administration,

1 business administration, transportation, facilities operation and
2 maintenance, facilities acquisition, and debt service; and shall
3 include object classifications of salary, benefits, including
4 categories for active employee health expenditures, purchased
5 services, supplies, capital outlay, and other. Districts shall
6 report the required level of detail consistent with the manual as
7 part of the comprehensive annual financial report.

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

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

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

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

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

1 intermediate district complies with subsections (4), (5), (6), and
2 (7). **HOWEVER, THE DEPARTMENT SHALL NOT WITHHOLD THE PAYMENT DUE ON**
3 **OCTOBER 20 DUE TO THE OPERATION OF THIS SUBSECTION.** If the district
4 or intermediate district does not comply with subsections (4), (5),
5 (6), and (7) by the end of the fiscal year, the district or
6 intermediate district forfeits the amount withheld.

7 (11) Not later than ~~September~~ **NOVEMBER** 1, 2014, if a district
8 or intermediate district offers online learning **UNDER SECTION 21F**,
9 the district or intermediate district shall submit to the
10 department a report that details the per-pupil costs of operating
11 the online learning **BY VENDOR TYPE**. The report shall include at
12 least all of the following information concerning the operation of
13 online learning for the school fiscal year ending June 30, 2014:

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

16 (b) The total number of students enrolled in the online
17 learning and the total number of membership pupils enrolled in the
18 online learning.

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

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

23 (e) The number of participating students who had previously
24 dropped out of school.

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

27 (g) The total cost to enroll a student in the program. This

1 cost shall be reported on a per-pupil, per-course, per-semester or
2 trimester basis **BY VENDOR TYPE**. The total shall include costs
3 broken down by cost for **CONTENT DEVELOPMENT, CONTENT LICENSING,**
4 training, **ONLINE INSTRUCTION AND INSTRUCTIONAL SUPPORT**, personnel,
5 hardware and software, payment to each online learning provider,
6 and other costs associated with operating online learning.

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

10 (12) NOT LATER THAN MARCH 31, 2015, THE DEPARTMENT SHALL
11 SUBMIT TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON
12 STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, AND THE HOUSE AND
13 SENATE FISCAL AGENCIES A REPORT SUMMARIZING THE PER PUPIL COSTS BY
14 VENDOR TYPE OF ONLINE COURSES AVAILABLE UNDER SECTION 21F.

15 (13) AS USED IN SUBSECTIONS (11) AND (12), "VENDOR TYPE" MEANS
16 THE FOLLOWING:

17 (A) ONLINE COURSES PROVIDED BY THE MICHIGAN VIRTUAL
18 UNIVERSITY.

19 (B) ONLINE COURSES PROVIDED BY A SCHOOL OF EXCELLENCE THAT IS
20 A CYBER SCHOOL, AS DEFINED IN SECTION 551 OF THE REVISED SCHOOL
21 CODE, MCL 380.551.

22 (C) ONLINE COURSES PROVIDED BY THIRD PARTY VENDORS NOT
23 AFFILIATED WITH A MICHIGAN PUBLIC SCHOOL.

24 (D) ONLINE COURSES CREATED AND OFFERED BY A DISTRICT OR
25 INTERMEDIATE DISTRICT.

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

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

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

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

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

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

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

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

19 (7) It is the intent of the legislature to implement not later
20 than ~~2014-2015~~, **2016-2017**, statewide standard reporting
21 requirements for education data approved by the department in
22 conjunction with the center. The department shall work with the
23 center, intermediate districts, districts, and other interested
24 stakeholders to develop recommendations on the implementation of
25 this policy change. A district or intermediate district shall
26 implement the statewide standard reporting requirements not later
27 than 2014-2015 or when a district or intermediate district updates

1 its education data reporting system, whichever is later.

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

4 (A) THE basic foundation allowance is ~~\$8,049.00-~~\$8,099.00.

5 (B) THE MINIMUM FOUNDATION ALLOWANCE IS \$7,126.00.

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

1 ~~adjustment from~~ **DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE**
 2 **FOR THE CURRENT STATE FISCAL YEAR AND BASIC FOUNDATION ALLOWANCE**
 3 **FOR** the immediately preceding state fiscal year ~~to the current~~
 4 ~~state fiscal year made in the basic foundation allowance minus~~
 5 \$10.00) times (the difference between the district's foundation
 6 allowance for the immediately preceding state fiscal year and the
 7 ~~sum of \$7,108.00 plus the total dollar amount of all adjustments~~
 8 ~~made from 2006-2007 to the immediately preceding state fiscal year~~
 9 ~~in the lowest foundation allowance among all districts)~~ **MINIMUM**
 10 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**
 11 **YEAR)** divided by the difference between the basic foundation
 12 allowance for the current state fiscal year and the ~~sum of~~
 13 ~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
 14 ~~2006-2007 to the immediately preceding state fiscal year in the~~
 15 ~~lowest foundation allowance among all districts]~~. For 2011-2012,
 16 ~~for a district that had a foundation allowance for the immediately~~
 17 ~~preceding state fiscal year that was at least equal to the sum of~~
 18 ~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
 19 ~~2006-2007 to the immediately preceding state fiscal year in the~~
 20 ~~lowest foundation allowance among all districts, but less than the~~
 21 ~~basic foundation allowance for the immediately preceding state~~
 22 ~~fiscal year, the district shall receive a foundation allowance in~~
 23 ~~an amount equal to the district's foundation allowance for 2010-~~
 24 ~~2011, minus \$470.00.~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE**
 25 **IMMEDIATELY PRECEDING STATE FISCAL YEAR]**. However, the foundation
 26 allowance for a district that had less than the basic foundation
 27 allowance for the immediately preceding state fiscal year shall not

1 exceed the basic foundation allowance for the current state fiscal
2 year. **FOR THE PURPOSES OF THIS SUBDIVISION, FOR 2014-2015, THE**
3 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**
4 **FISCAL YEAR SHALL BE CONSIDERED TO BE \$7,076.00. FOR 2014-2015, FOR**
5 **A DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**
6 **PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO THE MINIMUM**
7 **FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**
8 **YEAR BUT LESS THAN THE BASIC FOUNDATION ALLOWANCE FOR THE**
9 **IMMEDIATELY PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE**
10 **A FOUNDATION ALLOWANCE IN AN AMOUNT EQUAL TO THE DISTRICT'S**
11 **FOUNDATION ALLOWANCE FOR 2013-2014 PLUS \$50.00.**

12 (b) Except as otherwise provided in this subsection, for a
13 district that in the immediately preceding state fiscal year had a
14 foundation allowance in an amount ~~at least equal~~ to the amount of
15 the basic foundation allowance for the immediately preceding state
16 fiscal year, the district shall receive a foundation allowance for
17 ~~2011-2012-2014-2015~~ in an amount equal to the ~~district's BASIC~~
18 ~~foundation allowance for 2010-2011, minus \$470.00-2014-2015.~~

19 (c) ~~Except as otherwise provided in subdivision (d), for~~ **FOR** a
20 district that ~~in the 1994-95 state fiscal year~~ had a foundation
21 allowance **FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR THAT WAS**
22 ~~greater than \$6,500.00,~~ **THE BASIC FOUNDATION ALLOWANCE FOR THE**
23 **IMMEDIATELY PRECEDING STATE FISCAL YEAR,** the district's foundation
24 allowance is an amount equal to the sum of the district's
25 foundation allowance for the immediately preceding state fiscal
26 year plus the lesser of the increase in the basic foundation
27 allowance for the current state fiscal year, as compared to the

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

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

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

23 ~~—— (f) For a district that received a payment under section 22e~~
24 ~~as that section was in effect for 2001-2002, the district's 2001-~~
25 ~~2002 foundation allowance shall be considered to have been an~~
26 ~~amount equal to the sum of the district's actual 2001-2002~~
27 ~~foundation allowance as otherwise calculated under this section~~

1 ~~plus the per pupil amount of the district's equity payment for~~
 2 ~~2001-2002 under section 22c as that section was in effect for 2001-~~
 3 ~~2002.~~

4 (E) ~~(g)~~ For a district that received a payment under section
 5 22c as that section was in effect for ~~2006-2007,~~ **2013-2014**, the
 6 district's ~~2006-2007-~~ **2013-2014** foundation allowance shall be
 7 considered to have been an amount equal to the sum of the
 8 district's actual ~~2006-2007-~~ **2013-2014** foundation allowance as
 9 otherwise calculated under this section plus the per pupil amount
 10 of the district's equity payment for ~~2006-2007-~~ **2013-2014** under
 11 section 22c as that section was in effect for ~~2006-2007.~~ **2013-2014**.

12 ~~—— (h) For 2012-2013, for a district that had a foundation~~
 13 ~~allowance for the 2011-2012 state fiscal year of less than~~
 14 ~~\$6,966.00, the district's foundation allowance is an amount equal~~
 15 ~~to \$6,966.00.~~

16 (4) Except as otherwise provided in this subsection, the state
 17 portion of a district's foundation allowance is an amount equal to
 18 the district's foundation allowance or the basic foundation
 19 allowance for the current state fiscal year, whichever is less,
 20 minus the ~~difference between the sum of the product of the taxable~~
 21 ~~value per membership pupil of all property in the district that is~~
 22 ~~nonexempt property times the district's certified mills and, for a~~
 23 ~~district with certified mills exceeding 12, the product of the~~
 24 ~~taxable value per membership pupil of property in the district that~~
 25 ~~is commercial personal property times the certified mills minus 12~~
 26 ~~mills and the quotient of the ad valorem property tax revenue of~~
 27 ~~the district captured under tax increment financing acts LOCAL~~

1 **PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE** divided by the
2 district's membership excluding special education pupils. For a
3 district described in subsection (3)(c), the state portion of the
4 district's foundation allowance is an amount equal to \$6,962.00
5 plus the difference between the district's foundation allowance for
6 the current state fiscal year and the district's foundation
7 allowance for 1998-99, ~~minus the difference between the sum of the~~
8 ~~product of the taxable value per membership pupil of all property~~
9 ~~in the district that is nonexempt property times the district's~~
10 ~~certified mills and, for a district with certified mills exceeding~~
11 ~~12, the product of the taxable value per membership pupil of~~
12 ~~property in the district that is commercial personal property times~~
13 ~~the certified mills minus 12 mills and the quotient of the ad~~
14 ~~valorem property tax revenue of the district captured under tax~~
15 ~~increment financing acts~~ **LOCAL PORTION OF THE DISTRICT'S FOUNDATION**
16 **ALLOWANCE** divided by the district's membership excluding special
17 education pupils. For a district that has a millage reduction
18 required under section 31 of article IX of the state constitution
19 of 1963, the state portion of the district's foundation allowance
20 shall be calculated as if that reduction did not occur. For a
21 receiving district, if school operating taxes continue to be levied
22 on behalf of a dissolved district that has been attached in whole
23 or in part to the receiving district to satisfy debt obligations of
24 the dissolved district under section 12 of the revised school code,
25 MCL 380.12, the taxable value per membership pupil of property in
26 the receiving district used for the purposes of this subsection ~~7~~
27 does not include the taxable value of property within the

1 geographic area of the dissolved district.

2 (5) The allocation calculated under this section for a pupil
3 shall be based on the foundation allowance of the pupil's district
4 of residence. For a pupil enrolled pursuant to section 105 or 105c
5 in a district other than the pupil's district of residence, the
6 allocation calculated under this section shall be based on the
7 lesser of the foundation allowance of the pupil's district of
8 residence or the foundation allowance of the educating district.
9 For a pupil in membership in a K-5, K-6, or K-8 district who is
10 enrolled in another district in a grade not offered by the pupil's
11 district of residence, the allocation calculated under this section
12 shall be based on the foundation allowance of the educating
13 district if the educating district's foundation allowance is
14 greater than the foundation allowance of the pupil's district of
15 residence.

16 (6) Except as otherwise provided in this subsection, for
17 pupils in membership, other than special education pupils, in a
18 public school academy, the allocation calculated under this section
19 is an amount per membership pupil other than special education
20 pupils in the public school academy equal to the foundation
21 allowance of the district in which the public school academy is
22 located or the state maximum public school academy allocation,
23 whichever is less. However, a public school academy that had an
24 allocation under this subsection before 2009-2010 that was equal to
25 the sum of the local school operating revenue per membership pupil
26 other than special education pupils for the district in which the
27 public school academy is located and the state portion of that

1 district's foundation allowance shall not have that allocation
2 reduced as a result of the 2010 amendment to this subsection.
3 Notwithstanding section 101, for a public school academy that
4 begins operations after the pupil membership count day, the amount
5 per membership pupil calculated under this subsection shall be
6 adjusted by multiplying that amount per membership pupil by the
7 number of hours of pupil instruction provided by the public school
8 academy after it begins operations, as determined by the
9 department, divided by the minimum number of hours of pupil
10 instruction required under section 101(3). The result of this
11 calculation shall not exceed the amount per membership pupil
12 otherwise calculated under this subsection.

13 (7) Except as otherwise provided in this subsection, for
14 pupils attending an achievement school and in membership in the
15 education achievement system, other than special education pupils,
16 the allocation calculated under this section is an amount per
17 membership pupil other than special education pupils equal to the
18 foundation allowance of the district in which the achievement
19 school is located, not to exceed the basic foundation allowance.
20 Notwithstanding section 101, for an achievement school that begins
21 operation after the pupil membership count day, the amount per
22 membership pupil calculated under this subsection shall be adjusted
23 by multiplying that amount per membership pupil by the number of
24 hours of pupil instruction provided by the achievement school after
25 it begins operations, as determined by the department, divided by
26 the minimum number of hours of pupil instruction required under
27 section 101(3). The result of this calculation shall not exceed the

1 amount per membership pupil otherwise calculated under this
2 subsection. For the purposes of this subsection, if a public school
3 is transferred from a district to the state school reform/redesign
4 district or the achievement authority under section 1280c of the
5 revised school code, MCL 380.1280c, that public school is
6 considered to be an achievement school within the education
7 achievement system and not a school that is part of a district, and
8 a pupil attending that public school is considered to be in
9 membership in the education achievement system and not in
10 membership in the district that operated the school before the
11 transfer.

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

25 (9) Each fraction used in making calculations under this
26 section shall be rounded to the fourth decimal place and the dollar
27 amount of an increase in the basic foundation allowance shall be

1 rounded to the nearest whole dollar.

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

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

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

21 (b) The revenue adjustment factor shall be computed by
22 dividing the sum of the estimated total state school aid fund
23 revenue for the subsequent state fiscal year plus the estimated
24 total state school aid fund revenue for the current state fiscal
25 year, adjusted for any change in the rate or base of a tax the
26 proceeds of which are deposited in that fund and excluding money
27 transferred into that fund from the countercyclical budget and

1 economic stabilization fund under the management and budget act,
2 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
3 total school aid fund revenue for the current state fiscal year
4 plus the estimated total state school aid fund revenue for the
5 immediately preceding state fiscal year, adjusted for any change in
6 the rate or base of a tax the proceeds of which are deposited in
7 that fund. If a consensus revenue factor 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 (c) The index shall be calculated by multiplying the pupil
13 membership factor by the revenue adjustment factor. If a consensus
14 index is not determined at the revenue estimating conference, the
15 principals of the revenue estimating conference shall report their
16 estimates to the house and senate subcommittees responsible for
17 school aid appropriations not later than 7 days after the
18 conclusion of the revenue conference.

19 ~~—— (12) For a district that received a grant under former section~~
20 ~~32e for 2001-2002, the district's foundation allowance for 2002-~~
21 ~~2003 and each succeeding fiscal year shall be adjusted to be an~~
22 ~~amount equal to the sum of the district's foundation allowance, as~~
23 ~~otherwise calculated under this section, plus the quotient of 100%~~
24 ~~of the amount of the grant award to the district for 2001-2002~~
25 ~~under former section 32e divided by the number of pupils in the~~
26 ~~district's membership for 2001-2002 who were residents of and~~
27 ~~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 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 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~~

1 ~~purpose identified in the plan.~~

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

6 ~~—— (c) Notwithstanding subsection (8), for a district that is~~
 7 ~~formed or reconfigured by consolidation of 2 or more districts, 1~~
 8 ~~of which received an adjustment under this subsection for 2012-~~
 9 ~~2013, the resulting district's foundation allowance for 2013-2014~~
 10 ~~and each succeeding fiscal year shall be adjusted to be an amount~~
 11 ~~equal to the sum of the resulting district's foundation allowance~~
 12 ~~as calculated under subsection (8) excluding any adjustment~~
 13 ~~calculated under this subsection plus [(the original district's~~
 14 ~~adjustment under this subsection in 2012-2013 times the number of~~
 15 ~~pupils in the original district's membership for 2012-2013) divided~~
 16 ~~by the number of pupils in the resulting district's membership for~~
 17 ~~2013-2014].~~

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

24 (12) ~~(13)~~ Payments to districts, public school academies, or
 25 the education achievement system shall not be made under this
 26 section. Rather, the calculations under this section shall be used
 27 to determine the amount of state payments under section 22b.

1 (13) ~~(14)~~—If an amendment to section 2 of article VIII of the
 2 state constitution of 1963 allowing state aid to some or all
 3 nonpublic schools is approved by the voters of this state, each
 4 foundation allowance or per pupil payment calculation under this
 5 section may be reduced.

6 (14) ~~(15)~~—As used in this section:

7 (a) "Certified mills" means the lesser of 18 mills or the
 8 number of mills of school operating taxes levied by the district in
 9 1993-94.

10 (b) "Combined state and local revenue" means the aggregate of
 11 the district's state school aid received by or paid on behalf of
 12 the district under this section and the district's local school
 13 operating revenue.

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

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

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

23 (f) "Immediately preceding state fiscal year" means the state
 24 fiscal year immediately preceding the current state fiscal year.

25 **(G) "LOCAL PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE"**
 26 **MEANS AN AMOUNT THAT IS EQUAL TO THE DIFFERENCE BETWEEN (THE SUM OF**
 27 **THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF ALL**

1 PROPERTY IN THE DISTRICT THAT IS NONEXEMPT PROPERTY TIMES THE
 2 DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS
 3 EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL
 4 OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY
 5 TIMES THE CERTIFIED MILLS MINUS 12 MILLS) AND (THE QUOTIENT OF THE
 6 PRODUCT OF THE CAPTURED ASSESSED VALUATION UNDER TAX INCREMENT
 7 FINANCING ACTS TIMES THE DISTRICT'S CERTIFIED MILLS DIVIDED BY THE
 8 DISTRICT'S MEMBERSHIP EXCLUDING SPECIAL EDUCATION PUPILS).

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

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

21 (J) ~~(i)~~—"Maximum public school academy allocation", except as
 22 otherwise provided in this subdivision, means the maximum per-pupil
 23 allocation as calculated by adding the highest per-pupil allocation
 24 among all public school academies for the immediately preceding
 25 state fiscal year plus the difference between twice the ~~dollar~~
 26 ~~amount of the adjustment from~~ AMOUNT OF THE DIFFERENCE BETWEEN THE
 27 BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND

1 **THE BASIC FOUNDATION FOR** the immediately preceding state fiscal
 2 year ~~to the current state fiscal year made in the basic foundation~~
 3 ~~allowance and [(the dollar amount of the adjustment from~~ **AMOUNT OF**
 4 **THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE**
 5 **CURRENT STATE FISCAL YEAR AND THE BASIC FOUNDATION FOR** the
 6 immediately preceding state fiscal year ~~to the current state fiscal~~
 7 ~~year made in the basic foundation allowance minus \$10.00) times~~
 8 (the difference between the highest per-pupil allocation among all
 9 public school academies for the immediately preceding state fiscal
 10 year and the ~~sum of \$7,108.00 plus the total dollar amount of all~~
 11 ~~adjustments made from 2006-2007 to the immediately preceding state~~
 12 ~~fiscal year in the lowest per pupil allocation among all public~~
 13 ~~school academies)~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**
 14 **PRECEDING STATE FISCAL YEAR)** divided by the difference between the
 15 basic foundation allowance for the current state fiscal year and
 16 the ~~sum of \$7,108.00 plus the total dollar amount of all~~
 17 ~~adjustments made from 2006-2007 to the immediately preceding state~~
 18 ~~fiscal year in the lowest per pupil allocation among all public~~
 19 ~~school academies]~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**
 20 **PRECEDING STATE FISCAL YEAR]**. FOR THE PURPOSES OF THIS SUBDIVISION,
 21 FOR 2014-2015, THE MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY
 22 PRECEDING STATE FISCAL YEAR SHALL BE CONSIDERED TO BE \$7,076.00.
 23 FOR 2014-2015, THE MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION IS
 24 \$7,218.00.

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

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

5 **(M)** ~~(l)~~—"Principal residence", "qualified agricultural
 6 property", "qualified forest property", "supportive housing
 7 property", "industrial personal property", and "commercial personal
 8 property" mean those terms as defined in section 1211 of the
 9 revised school code, MCL 380.1211.

10 **(N)** ~~(m)~~—"Receiving district" means a district to which all or
 11 part of the territory of a dissolved district is attached under
 12 section 12 of the revised school code, MCL 380.12.

13 **(O)** ~~(n)~~—"School operating purposes" means the purposes
 14 included in the operation costs of the district as prescribed in
 15 sections 7 and 18 and purposes authorized under section 1211 of the
 16 revised school code, MCL 380.1211.

17 **(P)** ~~(o)~~—"School operating taxes" means local ad valorem
 18 property taxes levied under section 1211 of the revised school
 19 code, MCL 380.1211, and retained for school operating purposes.

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

27 **(R)** ~~(q)~~—"Taxable value per membership pupil" means taxable

1 value, as certified by the ~~department of treasury,~~ **COUNTY TREASURER**
2 **AND REPORTED TO THE DEPARTMENT,** for the calendar year ending in the
3 current state fiscal year divided by the district's membership
4 excluding special education pupils for the school year ending in
5 the current state fiscal year.

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

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

27 (b) If a district had an adjustment made to its 1993-94 total

1 state school aid that excluded payments made under former section
2 146 and under section 147 on behalf of the district's employees who
3 provided direct services for intermediate district center programs
4 operated by the district under article 5, if nonresident pupils
5 attending the center programs were included in the district's
6 membership for purposes of calculating the combined state and local
7 revenue per membership pupil for 1993-94, and if there is a signed
8 agreement by all constituent districts of the intermediate district
9 that an adjustment under this subdivision shall be made, the
10 foundation allowances for 1995-96 and 1996-97 of all districts that
11 had pupils attending the intermediate district center program
12 operated by the district that had the adjustment shall be
13 calculated as if their combined state and local revenue per
14 membership pupil for 1993-94 included resident pupils attending the
15 center program and excluded nonresident pupils attending the center
16 program.

17 Sec. 20f. (1) From the funds appropriated in section 11, there
18 is allocated an amount not to exceed \$6,000,000.00 for ~~2013-2014~~
19 **2014-2015** for payments to eligible districts under this section. A
20 district is eligible for funding under this section **IF THE DISTRICT**
21 **RECEIVED A PAYMENT UNDER THIS SECTION AS IT WAS IN EFFECT FOR 2013-**
22 **2014. A DISTRICT WAS ELIGIBLE FOR FUNDING IN 2013-2014** if the sum
23 of the following ~~is~~ **WAS** less than \$5.00:

24 (a) The increase in the district's foundation allowance or per
25 pupil payment as calculated under section 20 from 2012-2013 to
26 2013-2014.

27 (b) The district's equity payment per membership pupil under

1 section 22c **FOR 2013-2014.**

2 (c) The quotient of the district's allocation under section
3 147a for 2012-2013 divided by the district's membership pupils for
4 2012-2013 minus the quotient of the district's allocation under
5 section 147a for 2013-2014 divided by the district's membership
6 pupils for 2013-2014.

7 (2) The amount allocated to each eligible district under this
8 section is an amount per membership pupil equal to ~~\$5.00 minus the~~
9 ~~sum of the following:~~ **THE AMOUNT PER MEMBERSHIP PUPIL THE DISTRICT**
10 **RECEIVED IN 2013-2014.**

11 ~~—— (a) The increase in the district's foundation allowance or per~~
12 ~~pupil payment as calculated under section 20 from 2012-2013 to~~
13 ~~2013-2014.~~

14 ~~—— (b) The district's equity payment per membership pupil under~~
15 ~~section 22c.~~

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

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

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

27 ~~—— (a) From the general fund money, THERE IS ALLOCATED~~ an amount

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

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

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

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

27 ~~—— (4) To allocate funds under subsection (1)(b), the department~~

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

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

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

Sec. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under section 22a or 22b to support the attendance of a district pupil **WHO IS AN ELIGIBLE STUDENT** at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, **BY PAYING ELIGIBLE CHARGES ON BEHALF OF THE**

1 **DISTRICT PUPIL AS REQUIRED UNDER THOSE ACTS.**

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

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

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

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

15 Sec. 21f. (1) A pupil enrolled in a district in any of grades
16 ~~5–6~~ to 12 is eligible to enroll in an online course as provided for
17 in this section. ~~However, this section does not apply to a pupil~~
18 ~~enrolled in a school of excellence that is a cyber school, as~~
19 ~~defined in section 551 of the revised school code, MCL 380.551.~~

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

1 ENROLLMENT MUST BE MADE IN THE ACADEMIC TERM, SEMESTER, TRIMESTER,
2 OR SUMMER PRECEDING THE ENROLLMENT. A DISTRICT MAY NOT ESTABLISH
3 ADDITIONAL REQUIREMENTS THAT WOULD PROHIBIT A PUPIL FROM TAKING AN
4 ONLINE COURSE. IF A PUPIL HAS DEMONSTRATED PREVIOUS SUCCESS WITH
5 ONLINE COURSES AND THE SCHOOL LEADERSHIP AND THE PUPIL'S PARENT OR
6 LEGAL GUARDIAN DETERMINE THAT IT IS IN THE BEST INTEREST OF THE
7 PUPIL, A PUPIL MAY BE ENROLLED IN MORE THAN 2 ONLINE COURSES IN A
8 SPECIFIC ACADEMIC TERM, SEMESTER, OR TRIMESTER. Consent of the
9 pupil's parent or legal guardian is not required if the pupil is at
10 least age 18 or is an emancipated minor.

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

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

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

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

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

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

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

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

17 **(F) THE COST OF THE ONLINE COURSE EXCEEDS THE AMOUNT**
18 **IDENTIFIED IN SUBSECTION (8), UNLESS THE PUPIL'S PARENT OR LEGAL**
19 **GUARDIAN AGREES TO PAY THE COST THAT EXCEEDS THIS AMOUNT.**

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

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

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

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

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

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

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

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

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

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

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

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

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

2 (12) THE PORTION OF THE FULL-TIME EQUATED PUPIL MEMBERSHIP FOR
3 WHICH A PUPIL IS ENROLLED IN 1 OR MORE ONLINE COURSES UNDER THIS
4 SECTION SHALL NOT BE TRANSFERRED UNDER THE PUPIL TRANSFER PROCESS
5 UNDER SECTION 25E.

6 (13) ~~(12)~~As used in this section:

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

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

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

20 (ii) The online course content outline.

21 (iii) The online course required assessments.

22 (iv) The online course prerequisites.

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

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

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

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

1 the online content.

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

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

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

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

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

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

19 Sec. 22a. (1) From the appropriation in section 11, there is
20 allocated an amount not to exceed ~~\$5,526,000,000.00~~
21 **\$5,393,000,000.00** for ~~2013-2014-2014-2015~~ for payments to districts
22 and qualifying public school academies to guarantee each district
23 and qualifying public school academy an amount equal to its 1994-95
24 total state and local per pupil revenue for school operating
25 purposes under section 11 of article IX of the state constitution
26 of 1963. Pursuant to section 11 of article IX of the state
27 constitution of 1963, this guarantee does not apply to a district

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

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

14 (a) Except as otherwise provided in this subsection, the state
15 portion of a district's 1994-95 foundation allowance is an amount
16 equal to the district's 1994-95 foundation allowance or \$6,500.00,
17 whichever is less, minus the difference between the sum of the
18 product of the taxable value per membership pupil of all property
19 in the district that is nonexempt property times the district's
20 certified mills and, for a district with certified mills exceeding
21 12, the product of the taxable value per membership pupil of
22 property in the district that is commercial personal property times
23 the certified mills minus 12 mills and the quotient of the ad
24 valorem property tax revenue of the district captured under tax
25 increment financing acts divided by the district's membership. For
26 a district that has a millage reduction required under section 31
27 of article IX of the state constitution of 1963, the state portion

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

17 (b) For a district that had a 1994-95 foundation allowance
18 greater than \$6,500.00, the state payment under this subsection
19 shall be the sum of the amount calculated under subdivision (a)
20 plus the amount calculated under this subdivision. The amount
21 calculated under this subdivision shall be equal to the difference
22 between the district's 1994-95 foundation allowance minus \$6,500.00
23 and the current year hold harmless school operating taxes per
24 pupil. If the result of the calculation under subdivision (a) is
25 negative, the negative amount shall be an offset against any state
26 payment calculated under this subdivision. If the result of a
27 calculation under this subdivision is negative, there shall not be

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

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

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

24 (5) Except as otherwise provided in this subsection, for a
25 district that is formed or reconfigured after June 1, 2000 by
26 consolidation of 2 or more districts or by annexation, the
27 resulting district's 1994-95 foundation allowance under this

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

15 (6) **PAYMENTS UNDER THIS SECTION ARE SUBJECT TO SECTION 25F.**

16 (7) ~~(6)~~ As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 Sec. 22b. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed ~~\$3,335,000,000.00~~
10 **\$3,492,000,000.00** for ~~2013-2014-2014-2015~~ for discretionary
11 nonmandated payments to districts under this section. Funds
12 allocated under this section that are not expended in the state
13 fiscal year for which they were allocated, as determined by the
14 department, may be used to supplement the allocations under
15 sections 22a and 51c in order to fully fund those calculated
16 allocations for the same fiscal year.

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

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

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

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

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

6 (e) Comply with section 21f.

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

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

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

25 (7) It is the intent of the legislature that all
26 constitutional obligations of this state have been fully funded
27 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by

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

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

22 (9) If a claim is made in court that challenges the
23 legislative determination of the adequacy of funding for this
24 state's constitutional obligations or alleges that there exists an
25 unfunded constitutional requirement, any interested party may seek
26 an expedited review of the claim by the local claims review board.
27 If the claim exceeds \$10,000,000.00, this state may remove the

1 action to the court of appeals, and the court of appeals shall have
2 and shall exercise jurisdiction over the claim.

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

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

(12) PAYMENTS UNDER THIS SECTION ARE SUBJECT TO SECTION 25F.

Sec. 22c. From the appropriation in section 11, there is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed ~~\$36,000,000.00-\$103,000,000.00~~ to make equity payments to districts that have a foundation allowance or per pupil payment as calculated under section 20 for ~~2013-2014-2014-2015~~ of less than ~~\$7,076.00-~~ **\$7,251.00**. The equity payment for a district shall be an amount per membership pupil equal to the lesser of ~~\$50.00-\$125.00~~ or the difference between ~~\$7,076.00-\$7,251.00~~ and the district's ~~2013-2014~~ **2014-2015** foundation allowance or per pupil payment as calculated under section 20.

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

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

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

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

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

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

(3) The amount of the additional funding to each eligible district under subsection (2) shall be determined under a spending

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

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

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

22 (b) The district has a total square mileage greater than 200.0
23 or is 1 of 2 districts that have consolidated transportation
24 services and have a combined total square mileage greater than
25 200.0.

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

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

3 Sec. 22f. (1) From the appropriation in section 11, there is
4 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
5 ~~\$80,000,000.00~~ **\$75,000,000.00** to provide incentive payments to
6 districts that meet best practices under this section. Payments
7 received under this section may be used for any purpose for which
8 payments under sections 22a and 22b may be used.

9 (2) The amount of the incentive payment under this section is
10 an amount equal to ~~\$52.00~~ **\$50.00** per pupil. A district shall
11 receive an incentive payment under this section if the district
12 satisfies at least 7 of the following requirements not later than
13 June 1, ~~2014~~ **2015**:

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

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

1 provision of pupil transportation, food service, custodial, or 1 or
2 more other noninstructional services for 2013-2014. ~~2014-2015~~. In
3 comparing competitive bids to the current costs of providing 1 or
4 more of these services, a district shall exclude the unfunded
5 accrued liability costs for retirement and other benefits from the
6 district's current costs.

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

10 ~~—— (d) The district monitors individual pupil academic growth in~~
11 ~~each subject area at least twice during the school year using~~
12 ~~competency based online assessments and reports those results to~~
13 ~~the pupil and his or her parent or guardian, or provides the~~
14 ~~department with a plan and is able to show progress toward~~
15 ~~developing the technology infrastructure necessary for the~~
16 ~~implementation of pupil academic growth assessments by 2014-2015.~~

17 ~~—— (e) The district supports opportunities for pupils to receive~~
18 ~~postsecondary credit while attending secondary school, by doing at~~
19 ~~least 1 of the following, and makes all eligible pupils and their~~
20 ~~parents or guardians aware of these opportunities.~~

21 ~~—— (i) Supports attendance of district pupils under the~~
22 ~~postsecondary enrollment options act, MCL 388.511 to 388.524, or~~
23 ~~under the career and technical preparation act, MCL 388.1901 to~~
24 ~~388.1913, consistent with provisions under section 21b.~~

25 ~~—— (ii) Offers college level equivalent courses, as defined in~~
26 ~~section 1471 of the revised school code, MCL 380.1471.~~

27 ~~—— (iii) Participates in a middle college. For the purposes of~~

~~this subparagraph, "middle college" means a series of courses and other requirements and conditions that allow a pupil to graduate with a high school diploma and a certificate or degree from a community college or state public university.~~

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

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

(D) ~~(f)~~ The district offers online courses or blended learning opportunities to all eligible pupils. In order to satisfy this requirement, a district must make all eligible pupils and their parents or guardians aware of these opportunities and must publish an online course syllabus as described in section 21f for each online course that the district offers. For the purposes of this subdivision:

(i) "Blended learning" means a hybrid instructional delivery model where pupils are provided content, instruction, and assessment in part at a supervised educational facility away from home where the pupil and a teacher with a valid Michigan teaching certificate are in the same physical location and in part through internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.

(ii) "Online course" means a course of study that is capable of generating a credit or a grade, that is provided in an

1 interactive internet-connected learning environment, in which
 2 pupils are separated from their teachers by time or location, or
 3 both, and in which a teacher with a valid Michigan teaching
 4 certificate is responsible for determining appropriate
 5 instructional methods for each pupil, diagnosing learning needs,
 6 assessing pupil learning, prescribing intervention strategies,
 7 reporting outcomes, and evaluating the effects of instruction and
 8 support strategies.

9 (E) ~~(g)~~—The district provides to parents and community members
 10 a dashboard or report card demonstrating the district's efforts to
 11 manage its finances responsibly. The dashboard or report card shall
 12 include revenue and expenditure projections for the district for
 13 ~~fiscal year 2013-2014 and fiscal year 2014-2015~~ **AND FISCAL YEAR**
 14 **2015-2016**, a listing of all debt service obligations, detailed by
 15 project, including anticipated fiscal year ~~2013-2014-2014-2015~~
 16 payment for each project, a listing of total outstanding debt, and
 17 at least all of the following for the 3 most recent school years
 18 for which the data are available:

19 (i) Graduation and dropout rates.

20 (ii) Average class size in grades kindergarten to 3.

21 (iii) College readiness as measured by Michigan merit
 22 examination test scores.

23 (iv) Elementary and middle school MEAP scores.

24 (v) Teacher, principal, and superintendent salary information
 25 including at least minimum, average, and maximum pay levels.

26 (vi) General fund balance.

27 (vii) The total number of days of instruction provided.

1 ~~_____ (h) The district provides physical education or provides~~
2 ~~health education.~~

3 (F) THE DISTRICT COMPLIES WITH A METHOD OF COMPENSATION FOR
4 TEACHERS AND SCHOOL ADMINISTRATORS THAT INCLUDES JOB PERFORMANCE
5 AND ACCOMPLISHMENTS AS A SIGNIFICANT FACTOR IN DETERMINING
6 COMPENSATION, AS REQUIRED UNDER SECTION 1250 OF THE REVISED SCHOOL
7 CODE, MCL 380.1250.

8 (G) THE DISTRICT'S COLLECTIVE BARGAINING AGREEMENTS,
9 INCLUDING, BUT NOT LIMITED TO, APPENDICES, ADDENDA, LETTERS OF
10 AGREEMENT, OR ANY OTHER DOCUMENTS REFLECTING AGREEMENTS WITH
11 COLLECTIVE BARGAINING REPRESENTATIVES, DO NOT CONTAIN ANY
12 PROVISIONS PERTAINING TO, RELATING TO, OR THAT ARE OTHERWISE
13 CONTRARY TO THE PROHIBITED SUBJECTS OF BARGAINING ENUMERATED IN
14 SECTION 15(3) OF 1947 PA 336, MCL 423.215.

15 (H) THE DISTRICT IMPLEMENTS A COMPREHENSIVE GUIDANCE AND
16 COUNSELING PROGRAM.

17 (I) THE DISTRICT OFFERS PUPILS IN GRADES K TO 8 THE
18 OPPORTUNITY TO COMPLETE COURSEWORK OR OTHER LEARNING EXPERIENCES
19 THAT ARE SUBSTANTIALLY EQUIVALENT TO 1 CREDIT IN A LANGUAGE OTHER
20 THAN ENGLISH.

21 (3) If the department determines that a district has
22 intentionally submitted false information in order to qualify for
23 an incentive payment under this section, the district forfeits an
24 amount equal to the amount it received under this section from its
25 total state school aid for ~~2014-2015-2015-2016~~.

26 (4) If the department determines that funds allocated under
27 this section will remain unexpended after the initial allocation of

1 ~~\$52.00~~ **\$50.00** per pupil to eligible districts under subsection (2),
 2 the remaining unexpended amount is allocated on an equal per pupil
 3 basis to districts that meet the requirements of subsection (2) and
 4 that have a foundation allowance, as calculated under section 20,
 5 in an amount that is less than the basic foundation allowance under
 6 that section.

7 Sec. 22g. (1) From the funds appropriated in section 11, there
 8 is allocated for ~~2013-2014~~ **2014-2015** only an amount not to exceed
 9 ~~\$5,000,000.00~~ **\$2,000,000.00** for competitive assistance grants to
 10 districts and intermediate districts.

11 (2) Funds received under this section may be used for
 12 reimbursement of transition costs associated with the consolidation
 13 of operations or services between 2 or more districts, intermediate
 14 districts, or other local units of government, **THE CONSOLIDATION OR**
 15 **SHARING OF TECHNOLOGY AND DATA OPERATIONS OR SERVICES BETWEEN 50 OR**
 16 **MORE DISTRICTS OR 5 OR MORE INTERMEDIATE DISTRICTS**, or the
 17 consolidation of districts or intermediate districts. Grant funding
 18 shall be available for consolidations that occur on or after June
 19 1, ~~2013~~ **2014**. The department shall develop an application process
 20 and method of grant distribution. **THE DEPARTMENT SHALL GIVE**
 21 **PRIORITY TO APPLICANTS THAT PROPOSE INCLUDING AT LEAST 1 OF THE**
 22 **FOLLOWING STATEWIDE ACTIVITIES:**

23 (A) A COMPREHENSIVE, RESEARCH-BASED ACADEMIC EARLY WARNING
 24 INDICATOR AND DROPOUT PREVENTION SOLUTION.

25 (B) A DATA-DRIVEN SYSTEM FOR IDENTIFYING EARLY READING
 26 CHALLENGES AND ESTABLISHING INDIVIDUAL READING DEVELOPMENT PLANS
 27 FOR EVERY STUDENT BY THE END OF GRADE 3.

1 Sec. 22i. (1) From the ~~state school aid fund money~~ **FUNDS**
2 appropriated in section 11, there is allocated for 2013-2014 an
3 amount not to exceed \$45,000,000.00 **AND THERE IS ALLOCATED FOR**
4 **2014-2015 AN AMOUNT NOT TO EXCEED \$41,500,000.00** for the technology
5 infrastructure grant program for districts or intermediate
6 districts on behalf of their constituent districts. Funds received
7 under this subsection shall be used for the development or
8 improvement of a district's technology infrastructure, the shared
9 services consolidation of technology and data, and hardware in
10 preparation for the planned implementation in 2014-2015 of online
11 ~~growth~~-assessments.

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

25 (3) From the general fund money appropriated in section 11,
26 there is allocated an amount not to exceed \$5,000,000.00 for 2013-
27 2014 to be awarded through a competitive bid process to a single

1 provider of whole-school technology as described in this
2 subsection. The department shall issue a single request for
3 proposal with application rules written and administered by the
4 department, and with a focus on economic and geographic diversity.
5 To be eligible to receive the grant under this section, a provider
6 shall meet all of the following:

7 (a) Agrees to submit evaluation criteria in a form and manner
8 determined by the department.

9 (b) Provides at least all of the following:

10 (i) One-to-one mobile devices.

11 (ii) Laptop or desktop computers for each classroom.

12 (iii) On- and off-campus filtering.

13 (iv) Wireless networks and peripherals.

14 (v) Wireless audio equipment.

15 (vi) Operating software.

16 (vii) Instructional software.

17 (viii) Repairs and replacements.

18 (ix) Professional development.

19 (x) Ongoing support.

20 **(4) THE FUNDS ALLOCATED UNDER SUBSECTION (1) ARE A WORK**
21 **PROJECT APPROPRIATION. ANY UNEXPENDED FUNDS FOR 2013-2014 ARE**
22 **CARRIED FORWARD INTO 2014-2015 AND ANY UNEXPECTED FUNDS FOR 2014-**
23 **2015 ARE CARRIED FORWARD INTO 2015-2016. THE PURPOSE OF THE WORK**
24 **PROJECT IS TO CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER**
25 **THIS SECTION. THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS**
26 **SEPTEMBER 30, 2016.**

27 Sec. 22j. (1) From the appropriation in section 11, there is

1 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
2 ~~\$46,400,000.00~~ **\$51,100,000.00** to provide separate incentive
3 payments to districts that meet student academic performance
4 funding goals under subsections (2) to (5). Payments received under
5 this section may be used for any purpose for which payments under
6 sections 22a and 22b may be used.

7 (2) The maximum amount of the incentive payment for student
8 academic performance is an amount equal to \$100.00 per pupil.
9 Payments calculated and awarded to qualifying districts under
10 subsections (3) to (5) shall be calculated and awarded separately,
11 and a district may receive a payment under any or all of
12 subsections (3) to (5).

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

21 (a) Using a model determined by the department that
22 incorporates the most recent cut scores adopted for the Michigan
23 educational assessment program for each pupil in grades 3 to 8 in
24 the ~~2011-2012-2012-2013~~ school year, the department shall calculate
25 a point score using a metric that assigns points to each of those
26 pupils as follows:

27 (i) For each pupil who began the school year not performing

1 proficiently in mathematics and who declines in proficiency, as
2 determined by the department, over the school year, 0 points.

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

6 (iii) For each pupil who began the school year not performing
7 proficiently in mathematics and who maintains his or her level of
8 proficiency, as determined by the department, over the school year,
9 1 point.

10 (iv) For each pupil who began the school year performing
11 proficiently in mathematics and who maintains his or her level of
12 proficiency, as determined by the department, over the school year,
13 2 points.

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

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

20 (b) The department shall then calculate a district average for
21 this metric for the ~~2011-2012~~ **2012-2013** school year by totaling the
22 number of points for all pupils in grades 3 to 8 under subdivision
23 (a) and dividing that total by the number of those pupils.

24 (c) A district is a qualifying district for the payment under
25 this subsection if the district average for the ~~2011-2012~~ **2012-2013**
26 school year under subdivision (b) is at least equal to a factor of
27 1.5, and the district tested at least 95% of its pupils in

1 mathematics, and the district had at least 30 full academic year
2 pupils in grades 3 to 8 with a performance level change designation
3 in mathematics.

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

12 (a) Using a model determined by the department that
13 incorporates the most recent cut scores adopted for the Michigan
14 educational assessment program for each pupil in grades 3 to 8 in
15 the ~~2011-2012~~ **2012-2013** school year, the department shall calculate
16 a point score using a metric that assigns points to each of those
17 pupils as follows:

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

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

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

27 (iv) For each pupil who began the school year performing

1 proficiently in reading and who maintains proficiency, as
2 determined by the department, over the school year, 2 points.

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

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

9 (b) The department shall then calculate a district average for
10 this metric for the ~~2011-2012~~**2012-2013** school year by totaling the
11 number of points for all pupils in grades 3 to 8 under subdivision
12 (a) and dividing that total by the number of those pupils.

13 (c) A district is a qualifying district for the payment under
14 this subsection if the district average for the ~~2011-2012~~**2012-2013**
15 school year under subdivision (b) is at least equal to a factor of
16 1.5, and the district tested at least 95% of its pupils in reading,
17 and the district had at least 30 full academic year pupils in
18 grades 3 to 8 reading with a performance level change designation
19 in reading.

20 (5) An amount not to exceed 40% of the maximum per pupil
21 amount allocated under subsection (2) shall be used to make
22 performance incentive payments to qualifying districts under this
23 subsection for high school improvement using a metric based on the
24 positive trend over a 4-year period in the percentage of high
25 school pupils in the district testing as proficient in all tested
26 subject areas on the state assessments of high school pupils. The
27 amount of a payment under this subsection is an amount equal to

1 \$40.00 per pupil for all pupils in membership in the district. The
2 department shall determine the qualifying districts under this
3 subsection as follows:

4 (a) Calculate a linear regression of the percentage of high
5 school pupils in the district testing as proficient in all tested
6 subject areas on state assessments of high school pupils on school
7 year over the 4-year period ending with the ~~2011-2012-2012-2013~~
8 school year as adjusted for changes in cut scores most recently
9 adopted for the Michigan merit examination.

10 (b) Calculate a statewide average for all districts operating
11 a high school of the linear regression of the percentage of high
12 school pupils testing as proficient in all tested subject areas on
13 state assessments of high school pupils on school year over the 4-
14 year period ending with the ~~2011-2012-2012-2013~~ school year, as
15 adjusted for changes in cut scores most recently adopted for the
16 Michigan merit examination as the base year for all comparisons.

17 (c) A district is a qualifying district for the payment under
18 this subsection if the district's linear regression over the 4-year
19 period ending with the ~~2011-2012-2012-2013~~ school year under
20 subdivision (a) is at least equal to the statewide average linear
21 regression over the 4-year period ending with the base year under
22 subdivision (b), and the district's linear regression over the 4-
23 year period ending with the ~~2011-2012-2012-2013~~ school year under
24 subdivision (a) is positive, and the district tested 95% of high
25 school pupils in each tested subject on state assessments, and the
26 district had at least 20 full academic year pupils take all tested
27 subjects on state assessments of high school pupils over each of

1 the most recent 4 years.

2 (6) If the allocation under subsection (1) is insufficient to
3 fully fund payments as otherwise calculated under this section, the
4 department shall prorate payments under this section on an equal
5 percentage basis.

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

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

22 (a) "Added cost" means 100% of the added cost each fiscal year
23 for educating all pupils assigned by a court or the department of
24 human services to reside in or to attend a juvenile detention
25 facility or child caring institution licensed by the department of
26 human services or the department of licensing and regulatory
27 affairs and approved by the department to provide an on-grounds

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

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

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

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

26 Sec. 24a. From the appropriation in section 11, there is
27 allocated an amount not to exceed ~~\$2,167,500.00~~ **\$2,195,500.00** for

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

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

27 (a) The district shall contract with the department of

1 military and veterans affairs to ensure that all funding allocated
2 under this section is utilized by the district and the department
3 of military and veterans affairs for the youth challenge program.

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

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

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

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

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

8 (b) Notify both the pupil auditing staff of the intermediate
9 district in which the educating district is located and the pupil
10 auditing staff of the intermediate district in which the district
11 that previously enrolled the pupil is located. The pupil auditing
12 staff shall ~~approve or~~ **INVESTIGATE A REPRESENTATIVE SAMPLE BASED ON**
13 **REQUIRED AUDIT SAMPLE SIZES IN THE PUPIL AUDITING MANUAL AND MAY**
14 deny the pupil membership transfer.

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

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

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

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

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

27 (4) The changes in calculation of state school aid required

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

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

15 (6) NOT LATER THAN DECEMBER 1, 2014, THE CENTER IN CONJUNCTION
 16 WITH THE DEPARTMENT SHALL REPORT TO THE LEGISLATURE DATA RELATED TO
 17 THE IMPLEMENTATION OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
 18 THE NUMBER OF TRANSFER TRANSACTIONS AND THE NET CHANGE IN PUPIL
 19 MEMBERSHIPS IN 2013-2014 BY DISTRICT AND INTERMEDIATE DISTRICT.

20 (7) THE PORTION OF THE FULL-TIME EQUATED PUPIL MEMBERSHIP FOR
 21 WHICH A PUPIL IS ENROLLED IN 1 OR MORE ONLINE COURSES UNDER SECTION
 22 21F SHALL NOT BE COUNTED OR TRANSFERRED UNDER THE PUPIL TRANSFER
 23 PROCESS UNDER THIS SECTION.

24 (8) ~~(6)~~ As used in this section: ~~,"educating~~

25 (A) **EDUCATING** district or intermediate district" means the
 26 district or intermediate district in which a pupil enrolls after
 27 the pupil membership count day or after an adjustment was made in

1 another district's or intermediate district's membership
2 calculation under this section due to the pupil's enrollment and
3 attendance.

4 **(B) "PUPIL" MEANS THAT TERM AS DEFINED UNDER SECTION 6 AND**
5 **ALSO CHILDREN RECEIVING EARLY CHILDHOOD SPECIAL EDUCATION PROGRAMS**
6 **AND SERVICES.**

7 Sec. 25f. (1) From the state school aid fund money
8 appropriated in section 11, there is allocated an amount not to
9 exceed \$2,000,000.00 for ~~2013-2014~~**2014-2015** for payments to strict
10 discipline academies established under sections 1311b to 1311m of
11 the revised school code, MCL 380.1311b to 380.1311m, as provided
12 under this section **AND FOR THE PURPOSES DESCRIBED IN SUBSECTION**
13 **(5) .**

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

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

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

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

26 (4) The amount of the payment to a strict discipline academy
27 under this section shall be an amount equal to the difference

1 between the product of 1/180 of the per-pupil payment as calculated
2 under section 20 for the strict discipline academy multiplied by
3 the number of days of pupil attendance reported under subsection
4 (3)(b) minus the product of the per-pupil payment as calculated
5 under section 20 for the strict discipline academy multiplied by
6 the pupils in membership at the strict discipline academy as
7 calculated under section 6 and as adjusted by section 25e.

8 **(5) IF THE OPERATION OF THE SPECIAL MEMBERSHIP COUNTING**
9 **PROVISIONS UNDER SECTION 6(4)(DD) AND THE OTHER MEMBERSHIP COUNTING**
10 **PROVISIONS UNDER SECTION 6(4) RESULT IN A PUPIL BEING COUNTED AS**
11 **MORE THAN 1.0 FTE IN A FISCAL YEAR, THEN THE PAYMENT MADE FOR THE**
12 **PUPIL UNDER SECTIONS 22A AND 22B SHALL NOT BE BASED ON MORE THAN**
13 **1.0 FTE FOR THAT PUPIL, AND THAT PORTION OF THE FTE THAT EXCEEDS**
14 **1.0 SHALL BE PAID UNDER THIS SECTION IN AN AMOUNT EQUAL TO THAT**
15 **PORTION MULTIPLIED BY THE EDUCATING DISTRICT'S FOUNDATION ALLOWANCE**
16 **OR PER PUPIL PAYMENT CALCULATED UNDER SECTION 20.**

17 **(6) ~~(5)~~**—If the funds allocated under this section are
18 insufficient to fully fund the adjustments under ~~subsection~~
19 **SUBSECTIONS (4) AND (5),** payments ~~to eligible strict discipline~~
20 ~~academies~~ **UNDER THIS SECTION** shall be prorated on an equal per-
21 pupil basis.

22 **(7) PAYMENTS TO DISTRICTS UNDER THIS SECTION SHALL BE MADE**
23 **ACCORDING TO THE PAYMENT SCHEDULE UNDER SECTION 17B.**

24 Sec. 26a. ~~(1) From the state school aid fund appropriation~~
25 **FUNDS APPROPRIATED** in section 11, there is allocated an amount not
26 to exceed \$26,300,000.00 for ~~2013-2014~~ **2014-2015** to reimburse
27 districts and intermediate districts pursuant to section 12 of the

1 Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes
2 levied in 2013.—2014. The allocations shall be made not later than
3 60 days after the department of treasury certifies to the
4 department and to the state budget director that the department of
5 treasury has received all necessary information to properly
6 determine the amounts due to each eligible recipient.

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

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

25 (2) If the amount appropriated under this section is not
26 sufficient to fully pay obligations under this section, payments
27 shall be prorated on an equal basis among all eligible districts,

1 intermediate districts, and community college districts.

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

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

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

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

19 (b) Money in the promise zone fund at the close of a fiscal
20 year shall remain in the promise zone fund and shall not lapse to
21 the general fund.

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

1 Sec. 31a. (1) From the state school aid fund money
2 appropriated in section 11, there is allocated for 2013-2014-2014-
3 2015 an amount not to exceed \$317,695,500.00 for payments to
4 eligible districts, eligible public school academies, and the
5 education achievement system ~~under this section. Subject to~~
6 ~~subsection (14), the amount of the additional allowance under this~~
7 ~~section, other than funding under subsection (6) or (7), shall be~~
8 ~~based on the number of actual pupils in membership in the district~~
9 ~~or public school academy or the education achievement system who~~
10 ~~met the income eligibility criteria for free breakfast, lunch, or~~
11 ~~milk in the immediately preceding state fiscal year, as determined~~
12 ~~under the Richard B. Russell national school lunch act, 42 USC 1751~~
13 ~~to 1769i, and reported to the department not later than the fifth~~
14 ~~Wednesday after the pupil membership count day of the immediately~~
15 ~~preceding fiscal year and adjusted not later than December 31 of~~
16 ~~the immediately preceding fiscal year in the form and manner~~
17 ~~prescribed by the center. However, for a public school academy that~~
18 ~~began operations as a public school academy, or for an achievement~~
19 ~~school that began operations as an achievement school, after the~~
20 ~~pupil membership count day of the immediately preceding school~~
21 ~~year, the basis for the additional allowance under this section~~
22 ~~shall be the number of actual pupils in membership in the public~~
23 ~~school academy or the education achievement system who met the~~
24 ~~income eligibility criteria for free breakfast, lunch, or milk in~~
25 ~~the current state fiscal year, as determined under the Richard B.~~
26 ~~Russell national school lunch act and reported to the department~~
27 ~~not later than the fifth Wednesday after the pupil membership count~~

~~day.~~ FOR THE PURPOSES OF ENSURING THAT PUPILS ARE PROFICIENT IN
 READING BY THE END OF GRADE 3 AND THAT HIGH SCHOOL GRADUATES ARE
 CAREER AND COLLEGE READY AND FOR THE PURPOSES UNDER SUBSECTIONS (6)
 AND (7) .

(2) ~~To~~ FOR A DISTRICT OR PUBLIC SCHOOL ACADEMY, OR THE
 EDUCATION ACHIEVEMENT SYSTEM, TO be eligible to receive funding
 under this section, other than funding under subsection (6) or (7),
~~a district or public school academy that has not been previously~~
~~determined to be eligible or the education achievement system shall~~
~~apply to the department, in a form and manner prescribed by the~~
~~department, and a district or public school academy or the~~
~~education achievement system must meet all of the following:~~

—— (a) ~~The~~ **THE** sum of the district's or public school academy's
 or the education achievement system's combined state and local
 revenue per membership pupil in the current state fiscal year, as
 calculated under section 20, ~~is~~ **MUST BE** less than or equal to the
 basic foundation allowance under section 20 for the current state
 fiscal year.

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

(3) Except as otherwise provided in this subsection, an
 eligible district or eligible public school academy or the
 education achievement system shall receive under this section for
 each membership pupil in the district or public school academy or
 the education achievement system who met the income eligibility

1 criteria for free breakfast, lunch, or milk, as determined under
2 the Richard B. Russell national school lunch act, **42 USC 1751 TO**
3 **1769**, and as reported to the department **IN THE FORM AND MANNER**
4 **PRESCRIBED BY THE DEPARTMENT** not later than the fifth Wednesday
5 after the pupil membership count day of the immediately preceding
6 fiscal year and adjusted not later than December 31 of the
7 immediately preceding fiscal year, an amount per pupil equal to
8 11.5% of the sum of the district's foundation allowance or the
9 public school academy's or the education achievement system's per
10 pupil amount calculated under section 20, not to exceed the basic
11 foundation allowance under section 20 for the current state fiscal
12 year, or of the public school academy's or the education
13 achievement system's per membership pupil amount calculated under
14 section 20 for the current state fiscal year. ~~A-HOWEVER, A~~ public
15 school academy that began operations as a public school academy, or
16 an achievement school that began operations as an achievement
17 school, after the pupil membership count day of the immediately
18 preceding school year shall receive under this section for each
19 membership pupil in the public school academy or in the education
20 achievement system who met the income eligibility criteria for free
21 breakfast, lunch, or milk, as determined under the Richard B.
22 Russell national school lunch act and as reported to the department
23 not later than the fifth Wednesday after the pupil membership count
24 day of the current fiscal year and adjusted not later than December
25 31 of the current fiscal year, an amount per pupil equal to 11.5%
26 of the public school academy's or the education achievement
27 system's per membership pupil amount calculated under section 20

1 for the current state fiscal year.

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

~~children age 0 to 5, and reading programs as described in former section 32f as in effect for 2001-2002. A tutorial method may be conducted with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.~~

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

(6) From the funds allocated under subsection (1), there is allocated for ~~2013-2014-2014-2015~~ **2014-2015** an amount not to exceed \$3,557,300.00 to support child and adolescent health centers. These grants shall be awarded for 5 consecutive years beginning with 2003-2004 in a form and manner approved jointly by the department and the department of community health. Each grant recipient shall remain in compliance with the terms of the grant award or shall

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

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

1 under this subsection shall be paid on a schedule determined by the
2 department.

3 (8) Each district or public school academy receiving funds
4 under this section and the education achievement system shall
5 submit to the department by July 15 of each fiscal year a report,
6 not to exceed 10 pages, on the usage by the district or public
7 school academy or the education achievement system of funds under
8 this section, which report shall include ~~at least a~~ brief
9 description of each program conducted **OR SERVICES PERFORMED** by the
10 district or public school academy or the education achievement
11 system using funds under this section, the amount of funds under
12 this section allocated to each of those programs ~~, the number of~~
13 ~~at-risk pupils eligible for free or reduced price school lunch who~~
14 ~~were served by each of those programs, and~~ **OR SERVICES**, the total
15 number of at-risk pupils served by each of those programs **OR**
16 **SERVICES, AND THE DATA NECESSARY FOR THE DEPARTMENT AND THE**
17 **DEPARTMENT OF HUMAN SERVICES TO VERIFY MATCHING FUNDS FOR THE**
18 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM.** If a district or
19 public school academy or the education achievement system does not
20 comply with this subsection, the department shall withhold an
21 amount equal to the August payment due under this section until the
22 district or public school academy or the education achievement
23 system complies with this subsection. If the district or public
24 school academy or the education achievement system does not comply
25 with this subsection by the end of the state fiscal year, the
26 withheld funds shall be forfeited to the school aid fund.

27 (9) In order to receive funds under this section, a district

1 or public school academy or the education achievement system shall
2 allow access for the department or the department's designee to
3 audit all records related to the program for which it receives
4 those funds. The district or public school academy or the education
5 achievement system shall reimburse the state for all disallowances
6 found in the audit.

7 (10) Subject to subsections (5), (6), **AND** (7), ~~(12), and (13),~~
8 a district may use up to 100% of the funds it receives under this
9 ~~section to reduce the ratio of pupils to teachers in grades K-12,~~
10 ~~or any combination of those grades, in school buildings in which~~
11 ~~the percentage of pupils described in subsection (1) exceeds the~~
12 ~~district's aggregate percentage of those pupils. Subject to~~
13 ~~subsections (5), (6), (7), (12), and (13), a district may use up to~~
14 ~~100% of the funds it receives under this section to reduce the~~
15 ~~ratio of pupils to teachers in grades K-12, or any combination of~~
16 ~~those grades, in school buildings in which the percentage of pupils~~
17 ~~described in subsection (1) is at least 60% of the district's~~
18 ~~aggregate percentage of those pupils and at least 30% of the total~~
19 ~~number of pupils enrolled in the school building.~~ **TO IMPLEMENT**
20 **SCHOOLWIDE REFORM IN SCHOOLS WITH 40% OR MORE OF THEIR PUPILS**
21 **IDENTIFIED AS AT-RISK PUPILS BY PROVIDING SUPPLEMENTAL**
22 **INSTRUCTIONAL OR NONINSTRUCTIONAL SERVICES CONSISTENT WITH THE**
23 **SCHOOL IMPROVEMENT PLAN.**

24 ~~—— (11) A district or public school academy or the education~~
25 ~~achievement system may use funds received under this section for~~
26 ~~adult high school completion, general educational development~~
27 ~~(G.E.D.) test preparation, adult English as a second language, or~~

~~adult basic education programs described in section 107.~~

~~———— (12) For an individual school or schools operated by a district or public school academy receiving funds under this section or the education achievement system that have been determined by the department to meet the adequate yearly progress standards of the 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 or public school academy or the education achievement system may use not more than 20% of the funds it receives under this section for specific alternative purposes identified by the district or public school academy or the education achievement system that are designed to benefit at risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. If a district or public school academy or the education achievement system uses funds for alternative purposes allowed under the flexibility provisions under this subsection, the district or public school academy or the education achievement system shall maintain documentation of the amounts used for those alternative purposes and shall make that information available to the department upon request.~~

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

~~———— (a) Monitors individual pupil learning and provides specific~~

~~support or learning strategies to pupils as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.~~

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

~~(11) (14)~~ If necessary, and before any proration required under section 296, the department shall prorate payments under this section by reducing the amount of the per pupil payment under this section by a dollar amount calculated by determining the amount by which the amount necessary to fully fund the requirements of this

1 section exceeds the maximum amount allocated under this section and
 2 then dividing that amount by the total statewide number of pupils
 3 who met the income eligibility criteria for free breakfast, lunch,
 4 or milk in the immediately preceding fiscal year, as described in
 5 subsection ~~(1)~~-(3) .

6 (12) ~~(15)~~—If a district is formed by consolidation after June
 7 1, 1995, and if 1 or more of the original districts was not
 8 eligible before the consolidation for an additional allowance under
 9 this section, the amount of the additional allowance under this
 10 section for the consolidated district shall be based on the number
 11 of pupils described in subsection (1) enrolled in the consolidated
 12 district who reside in the territory of an original district that
 13 was eligible before the consolidation for an additional allowance
 14 under this section. **IN ADDITION, IF A DISTRICT IS DISSOLVED**
 15 **PURSUANT TO SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, THE**
 16 **INTERMEDIATE DISTRICT TO WHICH THE DISSOLVED SCHOOL DISTRICT WAS**
 17 **CONSTITUENT SHALL DETERMINE THE ESTIMATED NUMBER OF PUPILS THAT**
 18 **MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR**
 19 **MILK, AS DESCRIBED UNDER SUBSECTION (3), ENROLLED IN EACH OF THE**
 20 **OTHER DISTRICTS WITHIN THE INTERMEDIATE DISTRICT AND PROVIDE THAT**
 21 **ESTIMATE TO THE DEPARTMENT FOR THE PURPOSES OF DISTRIBUTING FUNDS**
 22 **UNDER THIS SECTION WITHIN 60 DAYS AFTER THE SCHOOL DISTRICT IS**
 23 **DECLARED DISSOLVED.**

24 (13) ~~(16)~~—As used in this section, "at-risk pupil" means a
 25 pupil for whom the district has documentation that the pupil meets
 26 ~~at least 2~~ **ANY** of the following criteria: ~~is~~

27 (A) **IS** a victim of child abuse or neglect. ~~is below grade~~

1 ~~level in English language arts or mathematics, is~~

2 (B) **IS** a pregnant teenager or teenage parent. ~~7 is eligible~~
3 ~~for a federal free or reduced price lunch subsidy, has atypical~~
4 ~~behavior or attendance patterns, or has~~

5 (C) **HAS** a family history of school failure, incarceration, or
6 substance abuse. ~~At risk pupil also includes all pupils in a~~
7 ~~priority school as defined in the elementary and secondary~~
8 ~~education act of 2001 flexibility request approved by the United~~
9 ~~States department of education. For pupils for whom the results of~~
10 ~~at least the applicable Michigan education assessment program~~
11 ~~(MEAP) test have been received, at risk pupil also includes a pupil~~
12 ~~who does not meet the other criteria under this subsection but who~~
13 ~~did not achieve at least a score of level 2 on the most recent MEAP~~
14 ~~English language arts, mathematics, science test, or social studies~~
15 ~~for which results for the pupil have been received.~~

16 (D) For pupils for whom the results of the Michigan merit
17 examination have been received, ~~at risk pupil also includes~~ **IS** a
18 pupil who does not meet the other criteria under this subsection
19 but who did not achieve proficiency on the reading, writing,
20 mathematics, science, or social studies components of the most
21 recent Michigan merit examination for which results for the pupil
22 have been received.

23 (E) For pupils in grades K-3, ~~at risk pupil also includes~~ **IS** a
24 pupil who is at risk of not meeting the district's core academic
25 curricular objectives in English language arts or mathematics.

26 (F) **THE PUPIL IS ENROLLED IN A PRIORITY OR PRIORITY-SUCCESSOR**
27 **SCHOOL, AS DEFINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF**

1 2001 FLEXIBILITY WAIVER APPROVED BY THE UNITED STATES DEPARTMENT OF
2 EDUCATION.

3 (G) THE PUPIL DID NOT ACHIEVE A SCORE OF AT LEAST PROFICIENT
4 ON 2 OR MORE STATE-ADMINISTERED ASSESSMENTS FOR ENGLISH LANGUAGE
5 ARTS, MATHEMATICS, SCIENCE, OR SOCIAL STUDIES.

6 (H) FOR HIGH SCHOOL PUPILS IN GRADES NOT ASSESSED BY THE
7 STATE, THE PUPIL DID NOT RECEIVE A SATISFACTORY SCORE ON 2 OR MORE
8 END-OF-COURSE EXAMINATIONS THAT ARE ALIGNED WITH STATE STANDARDS IN
9 ENGLISH LANGUAGE ARTS, MATHEMATICS, SCIENCE, OR SOCIAL STUDIES. FOR
10 MIDDLE SCHOOL PUPILS IN GRADES NOT ASSESSED BY THE STATE, THE PUPIL
11 DID NOT RECEIVE A SATISFACTORY SCORE ON 2 OR MORE END-OF-SEMESTER
12 OR END-OF-TRIMESTER EXAMINATIONS THAT ARE ALIGNED WITH STATE
13 STANDARDS IN SCIENCE OR SOCIAL STUDIES. FOR PUPILS IN THE
14 ELEMENTARY GRADES IN GRADES AND SUBJECTS NOT ASSESSED BY THE STATE,
15 THE PUPIL DID NOT RECEIVE A SATISFACTORY SCORE OR DID NOT HAVE A
16 SATISFACTORY OUTCOME ON 2 OR MORE INTERIM ASSESSMENTS IN ENGLISH
17 LANGUAGE ARTS, MATHEMATICS, SCIENCE, OR SOCIAL STUDIES.

18 (I) IN THE ABSENCE OF STATE OR LOCAL ASSESSMENT DATA, THE
19 PUPIL MEETS AT LEAST 2 OF THE FOLLOWING CRITERIA, AS DOCUMENTED IN
20 A FORM AND MANNER APPROVED BY THE DEPARTMENT:

21 (i) THE PUPIL IS ELIGIBLE FOR FREE BREAKFAST, LUNCH, OR MILK.

22 (ii) THE PUPIL IS ABSENT MORE THAN 10% OF ENROLLED DAYS OR 10
23 SCHOOL DAYS DURING THE SCHOOL YEAR.

24 (iii) THE PUPIL IS HOMELESS.

25 (iv) THE PUPIL IS A MIGRANT.

26 (v) THE PUPIL IS AN ENGLISH LANGUAGE LEARNER.

27 (vi) THE PUPIL IS AN IMMIGRANT WHO HAS IMMIGRATED WITHIN THE

1 IMMEDIATELY PRECEDING 3 YEARS.

2 (vii) THE PUPIL DID NOT COMPLETE HIGH SCHOOL IN 4 YEARS AND IS
3 STILL CONTINUING IN SCHOOL AS IDENTIFIED IN THE MICHIGAN COHORT
4 GRADUATION AND DROPOUT REPORT.

5 (14) BEGINNING IN 2014-2015, IF A DISTRICT, PUBLIC SCHOOL
6 ACADEMY, OR THE EDUCATION ACHIEVEMENT SYSTEM DOES NOT DEMONSTRATE
7 TO THE SATISFACTION OF THE DEPARTMENT THAT AT LEAST 50% OF AT-RISK
8 PUPILS ARE READING AT GRADE LEVEL BY THE END OF GRADE 3 AS MEASURED
9 BY THE STATE ASSESSMENT AND DEMONSTRATE TO THE SATISFACTION OF THE
10 DEPARTMENT IMPROVEMENT OVER 3 CONSECUTIVE YEARS IN THE PERCENTAGE
11 OF AT-RISK PUPILS THAT ARE CAREER- AND COLLEGE-READY AS MEASURED BY
12 THE PUPIL'S SCORE ON EACH OF THE INDIVIDUAL SUBJECT AREAS ON THE
13 COLLEGE ENTRANCE EXAMINATION PORTION OF THE MICHIGAN MERIT
14 EXAMINATION UNDER SECTION 1279G(2)(A) OF THE REVISED SCHOOL CODE,
15 MCL 380.1279G, THE DISTRICT, PUBLIC SCHOOL ACADEMY, OR EDUCATION
16 ACHIEVEMENT SYSTEM SHALL ENSURE ALL OF THE FOLLOWING:

17 (A) THE DISTRICT, PUBLIC SCHOOL ACADEMY, OR THE EDUCATION
18 ACHIEVEMENT SYSTEM SHALL DETERMINE THE PROPORTION OF TOTAL AT RISK
19 PUPILS THAT REPRESENTS THE NUMBER OF PUPILS IN GRADE 3 THAT ARE NOT
20 READING AT GRADE LEVEL BY THE END OF GRADE 3, AND THE DISTRICT,
21 PUBLIC SCHOOL ACADEMY, OR THE EDUCATION ACHIEVEMENT SYSTEM SHALL
22 EXPEND THAT SAME PROPORTION MULTIPLIED BY 1/2 OF ITS TOTAL AT RISK
23 FUNDS UNDER THIS SECTION ON TUTORING AND OTHER METHODS OF IMPROVING
24 GRADE 3 READING LEVELS.

25 (B) THE DISTRICT, PUBLIC SCHOOL ACADEMY, OR THE EDUCATION
26 ACHIEVEMENT SYSTEM SHALL DETERMINE THE PROPORTION OF TOTAL AT RISK
27 PUPILS THAT REPRESENT THE NUMBER OF PUPILS IN GRADE 11 THAT ARE NOT

1 CAREER- AND COLLEGE-READY AS MEASURED BY THE STUDENT'S SCORE ON
2 EACH OF THE INDIVIDUAL SUBJECT AREAS ON THE COLLEGE ENTRANCE
3 EXAMINATION PORTION OF THE MICHIGAN MERIT EXAMINATION UNDER SECTION
4 1279G(2) (A) OF THE REVISED SCHOOL CODE, MCL 380.1279G, AND THE
5 DISTRICT, PUBLIC SCHOOL ACADEMY, OR THE EDUCATION ACHIEVEMENT
6 SYSTEM SHALL EXPEND THAT SAME PROPORTION MULTIPLIED BY 1/2 OF ITS
7 TOTAL AT RISK FUNDS UNDER THIS SECTION ON TUTORING AND OTHER
8 ACTIVITIES TO IMPROVE SCORES ON THE COLLEGE ENTRANCE EXAMINATION
9 PORTION OF THE MICHIGAN MERIT EXAMINATION.

10 (15) AS USED IN SUBSECTION (14), "TOTAL AT RISK PUPILS" MEANS
11 THE SUM OF THE NUMBER OF PUPILS IN GRADE 3 THAT ARE NOT READING AT
12 GRADE LEVEL BY THE END OF THIRD GRADE AND THE NUMBER OF PUPILS IN
13 GRADE 11 THAT ARE NOT CAREER- AND COLLEGE-READY AS MEASURED BY THE
14 STUDENT'S SCORE ON EACH OF THE INDIVIDUAL SUBJECT AREAS ON THE
15 COLLEGE ENTRANCE EXAMINATION PORTION OF THE MICHIGAN MERIT
16 EXAMINATION UNDER SECTION 1279G(2) (A) OF THE REVISED SCHOOL CODE,
17 MCL 380.1279G.

18 (16) ~~(17)~~—A district or public school academy that receives
19 funds under this section or the education achievement system may
20 use funds received under this section to provide an anti-bullying
21 or crisis intervention program.

22 Sec. 31d. (1) From the appropriations in section 11, there is
23 allocated an amount not to exceed \$22,495,100.00 for ~~2013-2014~~
24 2014-2015 for the purpose of making payments to districts and other
25 eligible entities under this section.

26 (2) The amounts allocated from state sources under this
27 section shall be used to pay the amount necessary to reimburse

1 districts for 6.0127% of the necessary costs of the state mandated
2 portion of the school lunch programs provided by those districts.
3 The amount due to each district under this section shall be
4 computed by the department using the methods of calculation adopted
5 by the Michigan supreme court in the consolidated cases known as
6 Durant v State of Michigan, Michigan supreme court docket no.
7 104458-104492.

8 (3) The payments made under this section include all state
9 payments made to districts so that each district receives at least
10 6.0127% of the necessary costs of operating the state mandated
11 portion of the school lunch program in a fiscal year.

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

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

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

26 (7) In purchasing food for a school lunch program funded under
27 this section, preference shall be given to food that is grown or

1 produced by Michigan businesses if it is competitively priced and
2 of comparable quality.

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

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

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

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

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

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

25 (5) In purchasing food for a school breakfast program funded
26 under this section, preference shall be given to food that is grown
27 or produced by Michigan businesses if it is competitively priced

1 and of comparable quality.

2 SEC. 31G. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN
3 SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2014-2015 THE
4 AMOUNT OF \$1,200,000.00 FOR A CONTRACT WITH A SINGLE PROVIDER TO
5 PROVIDE AN ONLINE, RESEARCH-BASED, SECURE, PERSONAL USER HEALTH AND
6 NUTRITION EDUCATION SOFTWARE PLATFORM IN A REPRESENTATIVE SAMPLE OF
7 PILOT SCHOOLS IN THIS STATE, TO INCLUDE SCHOOLS OPERATED BY
8 DISTRICTS, PUBLIC SCHOOL ACADEMIES, AND INTERMEDIATE DISTRICTS, FOR
9 2 SCHOOL YEARS. THE CONTRACT SHALL INCLUDE PLATFORM AND CONTENT
10 DEVELOPMENT AND EVALUATION. THE DEPARTMENT SHALL OVERSEE A
11 COMPETITIVE REQUEST FOR PROPOSALS PROCESS FOR THE CONTRACT, AND THE
12 REQUEST FOR PROPOSALS SHALL INCLUDE, BUT NOT BE LIMITED TO, ALL OF
13 THE FOLLOWING REQUIREMENTS:

14 (A) A MICHIGAN-BASED, PLATFORM-NEUTRAL, TECHNOLOGY-DRIVEN
15 ONLINE PLATFORM THAT DOES NOT REQUIRE ADDITIONAL INFORMATION
16 TECHNOLOGY RESOURCES BEYOND INTERNET ACCESS.

17 (B) A SUSTAINABLE, INTERACTIVE HEALTH AND NUTRITION EDUCATION
18 PLATFORM AND PERSONAL RESPONSIBILITY HEALTH BEHAVIOR RECORD THAT IS
19 COST-NEUTRAL TO ALL PARTICIPANTS, INCLUDING PUPILS, PARENTS,
20 GUARDIANS, AND SCHOOLS, AND THAT REQUIRES AN OPT-IN FROM THE PARENT
21 OR LEGAL GUARDIAN OF EACH PUPIL PARTICIPANT.

22 (C) PERSONAL USE HEALTH BEHAVIOR DATA THAT ARE CUMULATIVE AND
23 ACCESSIBLE IN REAL TIME ONLY TO THE USER AND THOSE AUTHORIZED BY
24 THE USER THROUGH A SECURE ONLINE DASHBOARD THAT MEETS ALL FEDERAL,
25 STATE, AND LOCAL HEALTH INFORMATION AND CHILD ONLINE PRIVACY
26 REQUIREMENTS, INCLUDING, BUT NOT LIMITED TO, BEING IN COMPLIANCE
27 WITH THE CHILDREN'S ONLINE PRIVACY PROTECTION ACT OF 1998, 5 USC

1 6501 TO 6505, AND THE KIDSAFE SEAL PROGRAM.

2 (D) A PROGRAM THAT PROVIDES FOR AGE- AND DEVELOPMENTALLY
3 APPROPRIATE SELF-MONITORING THROUGH THE RECORDING OF HEALTH HABITS,
4 INCLUDING, BUT NOT LIMITED TO, DIETARY INTAKE AND PHYSICAL
5 ACTIVITY, THAT IS CONSISTENT WITH CURRENT, ESTABLISHED STANDARDS
6 FOR WELL-CHILD PREVENTIVE HEALTH CARE, AND THAT PROVIDES A PERSONAL
7 RESPONSIBILITY HEALTH RECORD.

8 (E) A PROGRAM THAT PROMOTES A HEALTHY LIFESTYLE AND REINFORCES
9 POSITIVE HEALTH OUTCOMES WHILE ALIGNING WITH CURRENTLY ESTABLISHED
10 SCHOOL HEALTH CURRICULA, PHYSICAL EDUCATION AND PHYSICAL ACTIVITY
11 CURRICULA, FEDERAL SCHOOL MEAL PROGRAMS, SCHOOL-BASED HEALTH
12 PROGRAMS, CURRENT UNITED STATES DIETARY GUIDELINES FOR AMERICANS,
13 AND ESTABLISHED STATE-FUNDED AND FEDERALLY FUNDED FOOD, NUTRITION,
14 AND HEALTH PROMOTION PROGRAMS. THE OVERALL GOAL OF THE PROGRAM
15 SHALL BE IMPROVED DIETARY INTAKE AND INCREASED PHYSICAL ACTIVITY.

16 (2) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT
17 OVER 2 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION.
18 ANY UNEXPENDED FUNDS FOR 2014-2015 ARE CARRIED FORWARD INTO 2015-
19 2016. THE PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER
20 SUBSECTION (1). THE TOTAL ESTIMATED COST OF THESE PROJECTS IS
21 \$1,200,000.00. THE TENTATIVE ESTIMATED COMPLETION DATE OF THE WORK
22 PROJECT IS SEPTEMBER 30, 2017.

23 (3) THE CONTRACT UNDER SUBSECTION (1) SHALL REQUIRE THE
24 PROVIDER TO SUBMIT A PROGRESS REPORT TO THE LEGISLATURE BY
25 SEPTEMBER 30, 2017. THE REPORT SHALL PROVIDE DETAILS ON THE
26 PROGRAM'S PROGRESS AND IMPACT, INCLUDING, BUT NOT LIMITED TO, ALL
27 OF THE FOLLOWING:

1 (A) INCREASE IN THE NUMBER OF ACTIVE REGISTRANTS IN THE
2 PROGRAM AND IN THE LENGTH OF PARTICIPATION BY REGISTRANTS IN THE
3 PROGRAM.

4 (B) IMPROVEMENT AND INCREASE IN THE NUMBER OF HEALTHY OPTIONS
5 SERVED TO PUPILS BY SCHOOL LUNCH PROGRAMS.

6 (C) INCREASE IN PARTICIPATION BY PUPILS IN SCHOOL ATHLETIC AND
7 PHYSICAL ACTIVITIES.

8 (D) CONTINUED ALIGNMENT WITH THE DEPARTMENT OF COMMUNITY
9 HEALTH'S MICHIGAN HEALTH AND WELLNESS 4X4 PLAN.

10 (4) NOT LATER THAN 1 YEAR AFTER THE COMPLETION OF THE WORK
11 PROJECT UNDER THIS SECTION, THE AUDITOR GENERAL SHALL PERFORM A
12 PERFORMANCE POST-AUDIT OF THE PILOT PROJECT AND SUBMIT A REPORT TO
13 THE LEGISLATURE ON THE EFFECTIVENESS OF THE PROGRAM IN ACHIEVING
14 IMPROVEMENTS IN CHILD HEALTH.

15 Sec. 32d. (1) From the funds appropriated in section 11, there
16 is allocated to eligible intermediate districts and consortia of
17 intermediate districts for great start readiness programs an amount
18 not to exceed ~~\$149,275,000.00~~ **\$214,275,000.00** for ~~2013-2014.~~ **2014-**
19 **2015.** In addition, from the funds appropriated in section 11, there
20 is allocated to the great start readiness reserve fund created
21 under subsection ~~(14)~~ **(19)** an amount not to exceed \$25,000,000.00
22 for ~~2013-2014.~~ **2014-2015.** Funds allocated under this section for
23 great start readiness programs shall be used to provide part-day,
24 school-day, or GSRP/head start blended comprehensive free
25 compensatory classroom programs designed to improve the readiness
26 and subsequent achievement of educationally disadvantaged children
27 who meet the participant eligibility and prioritization guidelines

1 as defined by the department. ~~Beginning in 2013-2014, for~~ **FOR** a
2 child to be eligible to participate in a program under this
3 section, the child shall be at least 4, but less than 5, years of
4 age as of the date specified for determining a child's eligibility
5 to attend school under section 1147 of the revised school code, MCL
6 380.1147.

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

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 ~~2013-2014-2014-~~
20 **2015** 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 to assure that each child is enrolled in the
3 program most appropriate to his or her needs and to maximize the
4 use of federal, state, and local funds.

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

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

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

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

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

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

20 (h) Participation in a ~~multidistrict, multiagency, school~~
21 readiness advisory committee convened as a workgroup of the great
22 start collaborative that provides for the involvement of classroom
23 teachers, parents or guardians of program participants, and
24 community, volunteer, and social service agencies and
25 organizations, as appropriate. The advisory committee annually
26 shall review **AND MAKE RECOMMENDATIONS REGARDING** the program
27 components listed in this subsection. ~~and make recommendations for~~

1 ~~changes to the great start readiness program for which it is an~~
2 ~~advisory committee.~~ **THE ADVISORY COMMITTEE ALSO SHALL MAKE**
3 **RECOMMENDATIONS TO THE GREAT START COLLABORATIVE REGARDING OTHER**
4 **COMMUNITY SERVICES DESIGNED TO IMPROVE ALL CHILDREN'S SCHOOL**
5 **READINESS.**

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

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

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

13 (a) Ensure compliance with all program components described in
14 subsection (4).

15 (b) ~~Ensure~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,**
16 **ENSURE** that at least 90% of the children participating in an
17 eligible great start readiness program for whom the ~~provider~~
18 **INTERMEDIATE DISTRICT** is receiving funds under this section are
19 children who live with families with a household income that is
20 equal to or less than 250% of the federal poverty level. **IF THE**
21 **INTERMEDIATE DISTRICT DETERMINES THAT ALL ELIGIBLE CHILDREN ARE**
22 **BEING SERVED AND THAT THERE ARE NO CHILDREN ON THE WAITING LIST**
23 **UNDER SECTION 39(1)(D) WHO LIVE WITH FAMILIES WITH A HOUSEHOLD**
24 **INCOME THAT IS EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY**
25 **LEVEL, THE INTERMEDIATE DISTRICT MAY THEN ENROLL CHILDREN WHO LIVE**
26 **WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN**
27 **300% OF THE FEDERAL POVERTY LEVEL. THE ENROLLMENT PROCESS SHALL**

1 CONSIDER INCOME AND RISK FACTORS, SUCH THAT CHILDREN DETERMINED
2 WITH HIGHER NEED ARE ENROLLED BEFORE CHILDREN WITH LESSER NEED. FOR
3 PURPOSES OF THIS SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN
4 FOSTER CARE OR WHO ARE EXPERIENCING HOMELESSNESS OR WHO HAVE
5 INDIVIDUALIZED EDUCATION PLANS RECOMMENDING PLACEMENT IN AN
6 INCLUSIVE PRESCHOOL SETTING SHALL BE CONSIDERED TO LIVE WITH
7 FAMILIES WITH HOUSEHOLD INCOME EQUAL TO OR LESS THAN 250% OF THE
8 FEDERAL POVERTY LEVEL REGARDLESS OF ACTUAL FAMILY INCOME.

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

11 (i) Teachers possessing proper training. ~~For programs managed~~
12 ~~directly by a district or intermediate district, A LEAD TEACHER~~
13 **MUST HAVE** a valid teaching certificate ~~and WITH~~ an early childhood
14 (ZA or ZS) endorsement ~~are required. This provision does not apply~~
15 ~~to an eligible child development program. In that situation, a~~
16 ~~teacher must have a valid Michigan teaching certificate with an~~
17 ~~early childhood (ZA or ZS) endorsement, a valid Michigan elementary~~
18 ~~teaching certificate with a child development associate credential,~~
19 or a bachelor's degree in child development **OR EARLY CHILD**
20 **DEVELOPMENT** with specialization in preschool teaching. However, if
21 an applicant demonstrates to the department that it is unable to
22 fully comply with this subparagraph after making reasonable efforts
23 to comply, teachers who have significant but incomplete training in
24 early childhood education or child development may be used if the
25 applicant provides to the department, and the department approves,
26 a plan for each teacher to come into compliance with the standards
27 in this subparagraph. A teacher's compliance plan must be completed

1 within 2 years of the date of employment. Progress toward
2 completion of the compliance plan shall consist of at least 2
3 courses per calendar year.

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

19 (d) Include a program budget that contains only those costs
20 that are not reimbursed or reimbursable by federal funding, that
21 are clearly and directly attributable to the great start readiness
22 program, and that would not be incurred if the program were not
23 being offered. Eligible costs include transportation costs. The
24 program budget shall indicate the extent to which these funds will
25 supplement other federal, state, local, or private funds. Funds
26 received under this section shall not be used to supplant any
27 federal funds received by the applicant to serve children eligible

1 for a federally funded preschool program that has the capacity to
2 serve those children.

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

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

15 (8) An intermediate district or consortium of intermediate
16 districts receiving a grant under this section **SHALL DESIGNATE AN**
17 **EARLY CHILDHOOD COORDINATOR, AND** may provide services directly or
18 may contract with 1 or more districts or public or private for-
19 profit or nonprofit providers that meet all requirements of
20 subsection (4). ~~and retain for administrative services an amount~~
21 ~~equal to not more than 7% of the grant amount. In addition, an~~

22 (9) **FUNDS RECEIVED UNDER THIS SECTION MAY BE RETAINED FOR**
23 **ADMINISTRATIVE SERVICES AS FOLLOWS:**

24 (A) **FOR THE PORTION OF THE TOTAL GRANT AMOUNT FOR WHICH**
25 **SERVICES ARE PROVIDED DIRECTLY BY AN INTERMEDIATE DISTRICT OR**
26 **CONSORTIUM OF INTERMEDIATE DISTRICTS, THE INTERMEDIATE DISTRICT OR**
27 **CONSORTIUM OF INTERMEDIATE DISTRICTS MAY RETAIN AN AMOUNT EQUAL TO**

1 NOT MORE THAN 7% OF THAT PORTION OF THE GRANT AMOUNT.

2 (B) FOR THE PORTION OF THE TOTAL GRANT AMOUNT FOR WHICH
3 SERVICES ARE CONTRACTED, THE INTERMEDIATE DISTRICT OR CONSORTIUM OF
4 INTERMEDIATE DISTRICTS RECEIVING THE GRANT MAY RETAIN AN AMOUNT
5 EQUAL TO NOT MORE THAN 2% OF THAT PORTION OF THE GRANT AMOUNT AND
6 THE SUBRECIPIENTS ENGAGED BY THE INTERMEDIATE DISTRICT TO PROVIDE
7 PROGRAM SERVICES MAY RETAIN FOR ADMINISTRATIVE SERVICES AN AMOUNT
8 EQUAL TO NOT MORE THAN 5% OF THAT PORTION OF THE GRANT AMOUNT.

9 (10) AN intermediate district or consortium of intermediate
10 districts may expend not more than 2% of the total grant amount for
11 OUTREACH, recruiting, and public awareness of the program.

12 (11) ~~(9)~~—Each grant recipient shall enroll children identified
13 under subsection (5) (b) according to how far the child's household
14 income is below 250% of the federal poverty level by ranking each
15 applicant child's household income from lowest to highest and
16 dividing the applicant children into quintiles based on how far the
17 child's household income is below 250% of the federal poverty
18 level, and then enrolling children in the quintile with the lowest
19 household income before enrolling children in the quintile with the
20 next lowest household income until slots are completely filled. IF
21 THE GRANT RECIPIENT DETERMINES THAT ALL ELIGIBLE CHILDREN ARE BEING
22 SERVED AND THAT THERE ARE NO CHILDREN ON THE WAITING LIST UNDER
23 SECTION 39(1) (D) WHO LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME
24 THAT IS EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY LEVEL,
25 THE GRANT RECIPIENT MAY THEN ENROLL CHILDREN WHO LIVE WITH FAMILIES
26 WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN 300% OF THE
27 FEDERAL POVERTY LEVEL. THE ENROLLMENT PROCESS SHALL CONSIDER INCOME

1 AND RISK FACTORS, SUCH THAT CHILDREN DETERMINED WITH HIGHER NEED
2 ARE ENROLLED BEFORE CHILDREN WITH LESSER NEED. FOR PURPOSES OF THIS
3 SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN FOSTER CARE OR WHO
4 ARE EXPERIENCING HOMELESSNESS OR WHO HAVE INDIVIDUALIZED EDUCATION
5 PLANS RECOMMENDING PLACEMENT IN AN INCLUSIVE PRESCHOOL SETTING
6 SHALL BE CONSIDERED TO LIVE WITH FAMILIES WITH HOUSEHOLD INCOME
7 EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY LEVEL REGARDLESS
8 OF ACTUAL FAMILY INCOME.

9 (12) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
10 DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL ALLOW PARENTS
11 OF ELIGIBLE CHILDREN WHO ARE RESIDENTS OF THE INTERMEDIATE DISTRICT
12 OR WITHIN THE CONSORTIUM TO CHOOSE A PROGRAM OPERATED BY OR
13 CONTRACTED WITH ANOTHER INTERMEDIATE DISTRICT OR CONSORTIUM OF
14 INTERMEDIATE DISTRICTS AND SHALL PAY TO THE EDUCATING INTERMEDIATE
15 DISTRICT OR CONSORTIUM THE PER-CHILD AMOUNT ATTRIBUTABLE TO EACH
16 CHILD ENROLLED PURSUANT TO THIS SENTENCE, AS DETERMINED UNDER
17 SECTION 39.

18 (13) ~~(10)~~—An intermediate district or consortium of
19 intermediate districts receiving a grant under this section shall
20 conduct a local process to contract with interested and eligible
21 public and private for-profit and nonprofit community-based
22 providers that meet all requirements of subsection (4) for at least
23 30% of its total slot allocation. THE INTERMEDIATE DISTRICT OR
24 CONSORTIUM SHALL REPORT TO THE DEPARTMENT, IN A MANNER PRESCRIBED
25 BY THE DEPARTMENT, A DETAILED LIST OF COMMUNITY-BASED PROVIDERS BY
26 PROVIDER TYPE, INCLUDING PRIVATE FOR-PROFIT, PRIVATE NONPROFIT,
27 COMMUNITY COLLEGE OR UNIVERSITY, HEAD START GRANTEE OR DELEGATE,

1 AND DISTRICT OR INTERMEDIATE DISTRICT, AND THE NUMBER AND
2 PROPORTION OF ITS TOTAL SLOT ALLOCATION ALLOCATED TO EACH PROVIDER
3 AS SUBRECIPIENT. If the intermediate district or consortium is not
4 able to contract for at least 30% of its total slot allocation, the
5 grant recipient shall notify the department and, if the department
6 verifies that the intermediate district or consortium attempted to
7 contract for at least 30% of its total slot allocation and was not
8 able to do so, then the intermediate district or consortium may
9 retain and use all of its allocated slots as provided under this
10 section. TO BE ABLE TO USE THIS EXEMPTION, THE INTERMEDIATE
11 DISTRICT OR CONSORTIUM SHALL DEMONSTRATE TO THE DEPARTMENT THAT THE
12 INTERMEDIATE DISTRICT OR CONSORTIUM INCREASED THE PERCENTAGE OF ITS
13 TOTAL SLOT ALLOCATION FOR WHICH IT CONTRACTS WITH A COMMUNITY-BASED
14 PROVIDER AND THE INTERMEDIATE DISTRICT OR CONSORTIUM SHALL SUBMIT
15 EVIDENCE SATISFACTORY TO THE DEPARTMENT, AND THE DEPARTMENT MUST BE
16 ABLE TO VERIFY THIS EVIDENCE, DEMONSTRATING THAT THE INTERMEDIATE
17 DISTRICT OR CONSORTIUM TOOK MEASURES TO CONTRACT FOR AT LEAST 30%
18 OF ITS TOTAL SLOT ALLOCATION AS REQUIRED UNDER THIS SUBSECTION,
19 INCLUDING, BUT NOT LIMITED TO, AT LEAST ALL OF THE FOLLOWING
20 MEASURES:

21 (A) THE INTERMEDIATE DISTRICT OR CONSORTIUM NOTIFIED EACH
22 LICENSED CHILD CARE CENTER LOCATED IN THE SERVICE AREA OF THE
23 INTERMEDIATE DISTRICT OR CONSORTIUM AT LEAST TWICE REGARDING THE
24 CENTER'S ELIGIBILITY TO PARTICIPATE. ONE OF THESE NOTIFICATIONS MAY
25 BE MADE ELECTRONICALLY, BUT AT LEAST 1 OF THESE NOTIFICATIONS SHALL
26 BE MADE VIA HARD COPY THROUGH THE UNITED STATES MAIL. AT LEAST 1 OF
27 THESE NOTIFICATIONS SHALL BE MADE WITHIN 7 DAYS AFTER THE

1 INTERMEDIATE DISTRICT OR CONSORTIUM RECEIVES NOTICE FROM THE
2 DEPARTMENT OF ITS SLOT ALLOCATIONS.

3 (B) THE INTERMEDIATE DISTRICT OR CONSORTIUM PROVIDED TO EACH
4 LICENSED CHILD CARE CENTER LOCATED IN THE SERVICE AREA OF THE
5 INTERMEDIATE DISTRICT OR CONSORTIUM INFORMATION REGARDING GREAT
6 START READINESS PROGRAM REQUIREMENTS AND A DESCRIPTION OF THE
7 APPLICATION AND SELECTION PROCESS FOR COMMUNITY-BASED PROVIDERS.

8 (C) THE INTERMEDIATE DISTRICT OR CONSORTIUM PROVIDED TO THE
9 PUBLIC AND TO PARTICIPATING FAMILIES A LIST OF COMMUNITY-BASED
10 GREAT START READINESS PROGRAM SUBRECIPIENTS WITH A GREAT START TO
11 QUALITY RATING OF AT LEAST 3 STARS.

12 (14) IF AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
13 DISTRICTS RECEIVING A GRANT UNDER THIS SECTION FAILS TO SUBMIT
14 SATISFACTORY EVIDENCE TO DEMONSTRATE ITS EFFORT TO CONTRACT FOR AT
15 LEAST 30% OF ITS TOTAL SLOT ALLOCATION, AS REQUIRED UNDER
16 SUBSECTION (1), THE DEPARTMENT SHALL REDUCE THE SLOTS ALLOCATED TO
17 THE INTERMEDIATE DISTRICT OR CONSORTIUM BY A PERCENTAGE EQUAL TO
18 THE DIFFERENCE BETWEEN THE PERCENTAGE OF AN INTERMEDIATE DISTRICT'S
19 OR CONSORTIUM'S TOTAL SLOT ALLOCATION AWARDED TO COMMUNITY-BASED
20 PROVIDERS AND 30% OF ITS TOTAL SLOT ALLOCATION.

21 (15) IN ORDER TO ASSIST INTERMEDIATE DISTRICTS AND CONSORTIA
22 IN COMPLYING WITH THE REQUIREMENT TO CONTRACT WITH COMMUNITY-BASED
23 PROVIDERS FOR AT LEAST 30% OF THEIR TOTAL SLOT ALLOCATION, THE
24 DEPARTMENT SHALL DO ALL OF THE FOLLOWING:

25 (A) ENSURE THAT A GREAT START RESOURCE CENTER OR THE
26 DEPARTMENT PROVIDES EACH INTERMEDIATE DISTRICT OR CONSORTIUM
27 RECEIVING A GRANT UNDER THIS SECTION WITH THE CONTACT INFORMATION

1 FOR EACH LICENSED CHILD CARE CENTER LOCATED IN THE SERVICE AREA OF
2 THE INTERMEDIATE DISTRICT OR CONSORTIUM BY MARCH 1 OF EACH YEAR.

3 (B) PROVIDE, OR ENSURE THAT AN ORGANIZATION WITH WHICH THE
4 DEPARTMENT CONTRACTS PROVIDES, A COMMUNITY-BASED PROVIDER WITH A
5 VALIDATED GREAT START TO QUALITY RATING WITHIN 90 DAYS OF THE
6 PROVIDER'S HAVING SUBMITTED A REQUEST AND SELF-ASSESSMENT.

7 (C) ENSURE THAT ALL INTERMEDIATE DISTRICT, DISTRICT, COMMUNITY
8 COLLEGE OR UNIVERSITY, HEAD START GRANTEE OR DELEGATE, PRIVATE FOR-
9 PROFIT, AND PRIVATE NONPROFIT PROVIDERS ARE SUBJECT TO A SINGLE
10 GREAT START TO QUALITY RATING SYSTEM. THE RATING SYSTEM SHALL
11 ENSURE THAT REGULATORS PROCESS ALL PROSPECTIVE PROVIDERS AT THE
12 SAME PACE ON A FIRST-COME, FIRST-SERVED BASIS AND SHALL NOT ALLOW 1
13 TYPE OF PROVIDER TO RECEIVE A GREAT START TO QUALITY RATING AHEAD
14 OF ANY OTHER TYPE OF PROVIDER.

15 (D) NOT LATER THAN NOVEMBER 1 OF EACH YEAR, COMPILE THE
16 RESULTS OF THE INFORMATION REPORTED BY EACH INTERMEDIATE DISTRICT
17 OR CONSORTIUM UNDER SUBSECTION (10) AND REPORT TO THE LEGISLATURE A
18 LIST BY INTERMEDIATE DISTRICT OR CONSORTIUM WITH THE NUMBER AND
19 PERCENTAGE OF EACH INTERMEDIATE DISTRICT'S OR CONSORTIUM'S TOTAL
20 SLOT ALLOCATION ALLOCATED TO COMMUNITY-BASED PROVIDERS BY PROVIDER
21 TYPE, INCLUDING PRIVATE FOR-PROFIT, PRIVATE NONPROFIT, COMMUNITY
22 COLLEGE OR UNIVERSITY, HEAD START GRANTEE OR DELEGATE, AND DISTRICT
23 OR INTERMEDIATE DISTRICT.

24 (16) ~~(11)~~—A recipient of funds under this section shall report
25 to the department in a form and manner prescribed by the department
26 the number of children participating in the program who meet the
27 income eligibility criteria under subsection (5)(b) and the total

1 number of children participating in the program. For children
2 participating in the program who meet the income eligibility
3 criteria specified under subsection (5)(b), a recipient shall also
4 report whether or not a parent is available to provide care based
5 on employment status. For the purposes of this subsection,
6 "employment status" shall be defined by the department of human
7 services in a manner consistent with maximizing the amount of
8 spending that may be claimed for temporary assistance for needy
9 families maintenance of effort purposes.

10 (17) ~~(12)~~—As used in this section:

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

14 (b) "Part-day program" means a program that operates at least
15 4 days per week, 30 weeks per year, for at least 3 hours of
16 teacher-child contact time per day but for fewer hours of teacher-
17 child contact time per day than a school-day program.

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

23 (18) ~~(13)~~—An intermediate district or consortium of
24 intermediate districts receiving funds under this section shall
25 establish a sliding scale of tuition rates based upon household
26 income for children participating in an eligible great start
27 readiness program who live with families with a household income

1 that is more than 250% of the federal poverty level to be used by
2 all of its providers, as approved by the department. A grant
3 recipient shall charge tuition according to that sliding scale of
4 tuition rates on a uniform basis for any child who does not meet
5 the income eligibility requirements under this section.

6 (19) ~~(14)~~—The great start readiness reserve fund is created as
7 a separate account within the state school aid fund established by
8 section 11 of article IX of the state constitution of 1963. Money
9 available in the great start readiness reserve fund may not be
10 expended for ~~2013-2014-2014-2015~~ unless transferred by the
11 legislature not later than ~~January 31,~~ **DECEMBER 15,** 2014 to the
12 allocation under subsection (1) for great start readiness programs.
13 Money in the great start readiness reserve fund shall be expended
14 only for purposes for which state school aid fund money may be
15 expended. The state treasurer shall direct the investment of the
16 great start readiness reserve fund. The state treasurer shall
17 credit to the great start readiness reserve fund interest and
18 earnings from fund investments. Money in the great start readiness
19 reserve fund at the close of a fiscal year shall remain in the
20 great start readiness reserve fund and shall not lapse to the
21 unreserved school aid fund balance or the general fund.

22 (20) **FROM THE AMOUNT APPROPRIATED IN SUBSECTION (1), THERE IS**
23 **ALLOCATED AN AMOUNT NOT TO EXCEED \$10,000,000.00 FOR REIMBURSEMENT**
24 **OF TRANSPORTATION COSTS FOR CHILDREN ATTENDING GREAT START**
25 **READINESS PROGRAMS FUNDED UNDER THIS SECTION. TO RECEIVE**
26 **REIMBURSEMENT UNDER THIS SUBSECTION, NOT LATER THAN NOVEMBER 1,**
27 **2014, A PROGRAM FUNDED UNDER THIS SECTION THAT PROVIDES**

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

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

1 immediately preceding fiscal year indicating the activities planned
2 to be provided.

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

10 (a) Children born healthy.

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

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

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

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

24 (a) Physical health.

25 (b) Social-emotional health.

26 (c) Family supports and basic needs.

27 (d) Parent education and child advocacy.

1 (e) Early education and care.

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

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

20 Sec. 39. (1) An eligible applicant receiving funds under
21 section 32d shall submit ~~a preapplication,~~ **AN APPLICATION,** in a
22 form and manner prescribed by the department, by a date specified
23 by the department in the immediately preceding state fiscal year.
24 ~~The preapplication~~ **APPLICATION** shall include a comprehensive needs
25 assessment using aggregated data from the applicant's entire
26 service area and a community collaboration plan that is endorsed by
27 the local great start collaborative and is part of the community's

1 great start strategic plan that includes, but is not limited to,
2 great start readiness program and head start providers, and shall
3 identify all of the following:

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

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

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

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

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

27 (3) The number of prekindergarten children construed to be in

1 need of special readiness assistance under section 32d shall be
2 calculated for each applicant in the following manner: 1/2 of the
3 percentage of the applicant's pupils in grades 1 to 5 in all
4 districts served by the applicant who are eligible for free lunch,
5 as determined using the district's pupil membership count as of the
6 pupil membership count day in the school year prior to the fiscal
7 year for which the calculation is made, under the Richard B.
8 Russell national school lunch act, 42 USC 1751 to 1769i, shall be
9 multiplied by the average kindergarten enrollment of the districts
10 served by the applicant on the pupil membership count day of the 2
11 immediately preceding fiscal years.

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

1 applicant under section 32d. A district may contract with a head
2 start agency to serve children enrolled in head start with a
3 school-day program by blending head start funds with a part-day
4 great start readiness program allocation. All head start and great
5 start readiness program policies and regulations apply to the
6 blended program.

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

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

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

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

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

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

1 (a) An amount estimated at ~~\$10,808,600.00~~ **\$8,000,000.00** to
2 provide students with drug- and violence-prevention programs and to
3 implement strategies to improve school safety, funded from DED-
4 OESE, drug-free schools and communities funds.

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

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

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

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

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

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

25 (h) An amount estimated at ~~\$40,050,000.00~~ **\$39,000,000.00** for
26 the purpose of providing high-quality extended learning
27 opportunities, after school and during the summer, for children in

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

3 (i) 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 ~~2013-2014~~ **2014-2015** to districts, intermediate
8 districts, and other eligible entities all available federal
9 funding, estimated at ~~\$31,700,000.00~~ **\$31,300,000.00** for the
10 following programs that are funded by federal grants:

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

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

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

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

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

27 ~~—— (b) A mentoring program that is a research based, validated~~

~~program or a statewide 1 to 1 mentoring program and is designed to enhance the independence and life quality of pupils who are mentally impaired by providing opportunities for mentoring and integrated employment.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

27 **SEC. 43. FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION**

1 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2014-2015 AN AMOUNT
2 NOT TO EXCEED \$1,800,000.00 FOR UPDATING TEACHER CERTIFICATION
3 TESTS. THE DEPARTMENT SHALL USE THESE FUNDS TO UPDATE THE SET OF
4 TEACHER CERTIFICATION TESTS, INCLUDING CONTENT-SPECIFIC AND
5 SUBJECT-RELEVANT TESTS, TO REFLECT CURRENT EDUCATION STANDARDS BY
6 NOT LATER THAN SEPTEMBER 30, 2016.

7 Sec. 51a. (1) From the appropriation in section 11, there is
8 allocated an amount not to exceed ~~\$919,846,100.00~~ **\$938,946,100.00**
9 for ~~2013-2014~~ **2014-2015** from state sources and all available
10 federal funding under sections 611 to 619 of part B of the
11 individuals with disabilities education act, 20 USC 1411 to 1419,
12 estimated at \$370,000,000.00 for ~~2013-2014~~ **2014-2015**, plus any
13 carryover federal funds from previous year appropriations. The
14 allocations under this subsection are for the purpose of
15 reimbursing districts and intermediate districts for special
16 education programs, services, and special education personnel as
17 prescribed in article 3 of the revised school code, MCL 380.1701 to
18 380.1766; net tuition payments made by intermediate districts to
19 the Michigan schools for the deaf and blind; and special education
20 programs and services for pupils who are eligible for special
21 education programs and services according to statute or rule. For
22 meeting the costs of special education programs and services not
23 reimbursed under this article, a district or intermediate district
24 may use money in general funds or special education funds, not
25 otherwise restricted, or contributions from districts to
26 intermediate districts, tuition payments, gifts and contributions
27 from individuals or other entities, or federal funds that may be

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

12 (2) From the funds allocated under subsection (1), there is
13 allocated the amount necessary, estimated at ~~\$247,000,000.00~~
14 **\$252,000,000.00** for ~~2013-2014, 2014-2015~~, for payments toward
15 reimbursing districts and intermediate districts for 28.6138% of
16 total approved costs of special education, excluding costs
17 reimbursed under section 53a, and 70.4165% of total approved costs
18 of special education transportation. Allocations under this
19 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 for ~~2013-2014-2014-2015~~ an amount not to exceed
20 \$1,000,000.00 to make payments to districts and intermediate
21 districts under this subsection. If the amount allocated to a
22 district or intermediate district for a fiscal year under
23 subsection (2)(b) is less than the sum of the amounts allocated to
24 the district or intermediate district for 1996-97 under sections 52
25 and 58, there is allocated to the district or intermediate district
26 for the fiscal year an amount equal to that difference, adjusted by
27 applying the same proration factor that was used in the

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

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

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

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

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

22 (a) "Total approved costs of special education" shall be
23 determined in a manner specified by the department and may include
24 indirect costs, but shall not exceed 115% of approved direct costs
25 for section 52 and section 53a programs. The total approved costs
26 include salary and other compensation for all approved special
27 education personnel for the program, including payments for social

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

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

1 other district or intermediate district in conjunction with the
2 transfer of those teachers and aides.

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

21 (d) Reimbursement for ancillary and other related services, as
22 defined by R 340.1701c of the Michigan administrative code, shall
23 not be provided when those services are covered by and available
24 through private group health insurance carriers or federal
25 reimbursed program sources unless the department and district or
26 intermediate district agree otherwise and that agreement is
27 approved by the state budget director. Expenses, other than the

1 incidental expense of filing, shall not be borne by the parent. In
2 addition, the filing of claims shall not delay the education of a
3 pupil. A district or intermediate district shall be responsible for
4 payment of a deductible amount and for an advance payment required
5 until the time a claim is paid.

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

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

26 (9) Special education personnel transferred from 1 district to
27 another to implement the revised school code shall be entitled to

1 the rights, benefits, and tenure to which the person would
2 otherwise be entitled had that person been employed by the
3 receiving district originally.

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

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

1 under section 20 of the pupil's district of residence, not to
2 exceed the basic foundation allowance under section 20 for the
3 current fiscal year. This subsection applies to all of the
4 following pupils:

5 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

26 (13) The allocations under subsections (2), (3), and (11)
27 shall be allocations to intermediate districts only and shall not

1 be allocations to districts, but instead shall be calculations used
2 only to determine the state payments under section 22b.

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

20 Sec. 51c. As required by the court in the consolidated cases
21 known as Durant v State of Michigan, Michigan supreme court docket
22 no. 104458-104492, from the allocation under section 51a(1), there
23 is allocated for ~~2013-2014~~**2014-2015** the amount necessary,
24 estimated at ~~\$613,200,000.00,~~**\$630,500,000.00**, for payments to
25 reimburse districts for 28.6138% of total approved costs of special
26 education excluding costs reimbursed under section 53a, and
27 70.4165% of total approved costs of special education

1 transportation. Funds allocated under this section that are not
2 expended in the state fiscal year for which they were allocated, as
3 determined by the department, may be used to supplement the
4 allocations under sections 22a and 22b in order to fully fund those
5 calculated allocations for the same fiscal year.

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

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

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

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

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

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

1 rehabilitative services.

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

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

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

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

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

26 (d) Pupils enrolled in a department-approved on-grounds
27 educational program longer than 180 days, but not longer than 233

1 days, at a residential child care institution, if the child care
2 institution offered in 1991-92 an on-grounds educational program
3 longer than 180 days but not longer than 233 days.

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

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

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

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

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

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

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

1 (b) "Millage levied" means the millage levied for special
2 education pursuant to part 30 of the revised school code, MCL
3 380.1711 to 380.1743, including a levy for debt service
4 obligations.

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

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

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

1 difference by the ~~2012-2013~~**2013-2014** millage levied.

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

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

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

1 promulgated by the superintendent.

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

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

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

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

1 intermediate district or the total membership for the immediately
2 preceding fiscal year of the area vocational-technical program.

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

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

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

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

1 the revised school code, MCL 380.681 to 380.690.

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

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

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

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

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

1 ENROLLMENT OPTIONS ACT, 1996 PA 160, MCL 388.511 TO 388.524, OR
2 UNDER THE CAREER AND TECHNICAL PREPARATION ACT, 2000 PA 258, MCL
3 388.1901 TO 388.1913, CONSISTENT WITH SECTION 21B, OR THAT SUPPORT
4 THE ATTENDANCE OF DISTRICT PUPILS IN A CONCURRENT ENROLLMENT
5 PROGRAM IF THE DISTRICT MEETS THE REQUIREMENTS UNDER SUBSECTION
6 (3).

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

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

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

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

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

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

27 (A) PROVIDE INFORMATION TO ALL HIGH SCHOOL PUPILS ON

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

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

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

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

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

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

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

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

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

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

10 SEC. 64C. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN
11 SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2014-2015 AN
12 AMOUNT NOT TO EXCEED \$250,000.00 FOR A STUDY UNDER THIS SECTION.
13 THE DEPARTMENT SHALL COMMISSION AN INDEPENDENT THIRD PARTY TO
14 CONDUCT A STUDY AND PREPARE A REPORT ANALYZING THE STATE'S CURRENT
15 CAREER READINESS EDUCATION SYSTEM.

16 (2) THE PURPOSE OF THE STUDY UNDER THIS SECTION SHALL BE TO
17 RESEARCH CURRENT HIGH SCHOOL AND POSTSECONDARY CURRICULA AND
18 FACILITIES AND DEVELOP RECOMMENDATIONS FOR THE IMPLEMENTATION OF A
19 STATEWIDE SYSTEM TO SUPPORT CAREER PATHWAYS THAT LEAD TO EDUCATION
20 AND TRAINING OPPORTUNITIES TO LESSEN THE EXISTING TALENT GAP IN THE
21 STATE.

22 (3) THE STUDY UNDER THIS SECTION SHALL, AT A MINIMUM, INCLUDE
23 RECOMMENDATIONS THAT ADDRESS AT LEAST ALL OF THE FOLLOWING:

24 (A) IDENTIFICATION OF REDUNDANCY OF ROLES, PROGRAMS, AND
25 CAPITAL INFRASTRUCTURE AMONG PUBLIC SCHOOLS, INTERMEDIATE
26 DISTRICTS, COMMUNITY COLLEGES, AND UNIVERSITIES IN PROVIDING HIGH-
27 SKILLED DEGREES AND CREDENTIALS AND MAKE RECOMMENDATIONS TO BETTER

1 COORDINATE THOSE ROLES, PROGRAMS, AND FACILITIES.

2 (B) DEVELOPMENT OF A STATEWIDE STRATEGY AND RELATED POLICIES
3 THAT WILL RESULT IN MORE COORDINATED AND EXPEDITED PATHWAYS FOR
4 STUDENTS TO OBTAIN HIGH-SKILLED COLLEGE DEGREES AND CREDENTIALS,
5 REGARDLESS OF POINT OF ENTRY.

6 (C) PROPOSED METRICS THAT CAN BE USED TO MEASURE THIS STATE'S
7 SUCCESS TOWARDS ACHIEVING THE DESIRED OUTCOMES.

8 (D) IDENTIFICATION OF SPECIFIC BARRIERS FOR STUDENTS AND
9 POTENTIAL WAYS TO ADDRESS THOSE BARRIERS.

10 (4) THE DEPARTMENT SHALL ENSURE THAT EDUCATORS AND THE
11 BUSINESS COMMUNITY ARE SOLICITED FOR THEIR INPUT AS PART OF THE
12 STUDY.

13 (5) THE REPORT SUMMARIZING THE RESULTS OF THE STUDY UNDER THIS
14 SECTION SHALL BE PRESENTED TO THE DEPARTMENT NO LATER THAN
15 SEPTEMBER 30, 2015.

16 Sec. 74. (1) From the amount appropriated in section 11, there
17 is allocated an amount not to exceed ~~\$3,299,000.00 for 2013-2014~~
18 **\$3,316,500.00 FOR 2014-2015** for the purposes of this section.

19 (2) From the allocation in subsection (1), there is allocated
20 for each fiscal year the amount necessary for payments to state
21 supported colleges or universities and intermediate districts
22 providing school bus driver safety instruction pursuant to section
23 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
24 payments shall be in an amount determined by the department not to
25 exceed the actual cost of instruction and driver compensation for
26 each public or nonpublic school bus driver attending a course of
27 instruction. For the purpose of computing compensation, the hourly

1 rate allowed each school bus driver shall not exceed the hourly
2 rate received for driving a school bus. Reimbursement compensating
3 the driver during the course of instruction shall be made by the
4 department to the college or university or intermediate district
5 providing the course of instruction.

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

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

1 reimbursement on behalf of each district and intermediate district
2 for costs detailed on the statement within 45 days after receipt of
3 the statement. The designated intermediate district shall make
4 payment in the amount specified on the statement to the department
5 of state police within 45 days after receipt of the statement. The
6 total reimbursement of costs under this subsection shall not exceed
7 the amount allocated under this subsection. Notwithstanding section
8 17b, payments to eligible entities under this subsection shall be
9 paid on a schedule prescribed by the department.

10 **SEC. 74A. FROM THE SCHOOL AID FUND MONEY APPROPRIATED IN**
11 **SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
12 **\$3,000,000.00 FOR 2014-2015 FOR A PILOT PROJECT PROVIDING GRANTS TO**
13 **DISTRICTS TO CONVERT BUSES FROM DIESEL FUEL TO NATURAL GAS. IN**
14 **ORDER TO BE ELIGIBLE FOR A GRANT, A DISTRICT SHALL PROVIDE THE**
15 **DEPARTMENT WITH INFORMATION ON THE COST OF FUEL FOR THE CONVERTED**
16 **BUSES, EXPRESSED IN DOLLARS PER MILE DRIVEN. GRANTS TO ELIGIBLE**
17 **DISTRICTS SHALL NOT EXCEED \$8,000.00 PER BUS CONVERTED, WITH A**
18 **MAXIMUM GRANT PER DISTRICT NOT TO EXCEED \$30,000.00. DISTRICTS**
19 **SEEKING GRANTS UNDER THIS SECTION SHALL APPLY TO THE DEPARTMENT NOT**
20 **LATER THAN NOVEMBER 1, 2014. THE DEPARTMENT SHALL RANK ORDER ALL**
21 **DISTRICTS THAT APPLY FOR GRANTS BASED ON MILES DRIVEN IN THE**
22 **PREVIOUS SCHOOL YEAR, AND SHALL AWARD GRANTS TO DISTRICTS WITH THE**
23 **HIGHEST NUMBER OF MILES DRIVEN, UNTIL ALL FUNDING IS AWARDED.**

24 Sec. 81. (1) Except as otherwise provided in this section,
25 from the appropriation in section 11, there is allocated each
26 ~~fiscal year for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** to the
27 intermediate districts the sum necessary, but not to exceed

1 ~~\$64,115,100.00 each fiscal year, \$67,115,000.00~~ to provide state
2 aid to intermediate districts under this section.

3 (2) From the allocation in subsection (1), there is allocated
4 **FOR 2014-2015** an amount not to exceed ~~\$62,108,000.00~~ **\$65,108,000.00**
5 for allocations to each intermediate district ~~for 2012-2013 in an~~
6 ~~amount equal to 100% of the amount allocated to the intermediate~~
7 ~~district under this subsection for 2011-2012. From the allocation~~
8 ~~in subsection (1), there is allocated an amount not to exceed~~
9 ~~\$62,108,000.00 for allocations to each intermediate district for~~
10 ~~2013-2014 in an amount equal to 100.0%~~ **104.8%** of the amount
11 allocated to the intermediate district under this subsection for
12 ~~2012-2013.~~ **2013-2014.** Funding provided under this section shall be
13 used to comply with requirements of this article and the revised
14 school code that are applicable to intermediate districts, and for
15 which funding is not provided elsewhere in this article, and to
16 provide technical assistance to districts as authorized by the
17 intermediate school board.

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

23 (4) From the allocation in subsection (1), there is allocated
24 to an intermediate district, formed by the consolidation or
25 annexation of 2 or more intermediate districts or the attachment of
26 a total intermediate district to another intermediate school
27 district or the annexation of all of the constituent K-12 districts

1 of a previously existing intermediate school district which has
2 disorganized, an additional allotment of \$3,500.00 each fiscal year
3 for each intermediate district included in the new intermediate
4 district for 3 years following consolidation, annexation, or
5 attachment. From the allocation in subsection (1), there is
6 allocated \$7,000.00 for purposes of this subsection for 2012-2013,
7 for 2013-2014, and for 2014-2015, after which the payment under
8 this subsection will cease.

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

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

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

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

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

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

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

1 380.761.

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

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

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

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

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

25 ~~—— (c) The intermediate district develops a technology plan in~~
26 ~~accordance with department policy on behalf of all constituent~~
27 ~~districts within the intermediate district that integrates~~

~~technology into the classroom and prepares teachers to use digital technologies as part of the instructional program of each of its constituent districts.~~

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

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

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

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

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

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

~~—— (e) The intermediate district works in a consortium with 1 or more other intermediate districts to develop information management system requirements and bid specifications that can be used as~~

~~statewide models. At a minimum, these specifications shall include pupil management systems for both general and special education, learning management tools, and business services.~~

(6) ~~(7)~~ From the allocation in subsection (1), there is allocated an amount not to exceed \$2,000,000.00 for ~~2013-2014-2014-~~ 2015 for an incentive payment to each intermediate district that meets best practices as determined by the department under this subsection. The amount of the incentive payment is an amount equal to ~~3.2%~~ 3.1% of the amount allocated to the intermediate district under subsection (2). An intermediate district is eligible for an incentive payment under this subsection if the intermediate district satisfies at least 5 of the following requirements not later than June 1, ~~2014-2015~~:

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

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

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

~~(iii) If the intermediate district developed a service~~

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

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

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

(c) The intermediate district develops a technology plan in
accordance with department policy on behalf of all constituent
districts within the intermediate district that integrates
technology into the classroom and prepares teachers to use digital
technologies as part of the instructional program of each of its
constituent districts. An intermediate district that developed a
technology plan in 2012-2013 **OR 2013-2014** shall ~~begin implementing~~
CONTINUE TO IMPLEMENT that technology plan in ~~2013-2014-2014-2015~~.

(d) The intermediate district provides to parents and
community members a dashboard or report card demonstrating the
intermediate district's efforts to manage its finances responsibly.
The dashboard or report card shall include revenue and expenditure
projections for the intermediate district for ~~2013-2014 and 2014-~~

1 2015 **AND 2015-2016**, a listing of all debt service obligations,
2 detailed by project, including anticipated ~~2013-2014~~**2014-2015**
3 payment for each project, a listing of total outstanding debt, and
4 at least all of the following for the 3 most recent school years
5 for which the data are available:

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

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

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

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

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

21 (e) The intermediate district works in a consortium with 1 or
22 more other intermediate districts and the center to develop local
23 information management system requirements and bid specifications
24 that result in a recommended model information system that supports
25 interoperability to ensure linkage and connectivity in a manner
26 that facilitates the efficient exchange of data among districts,
27 intermediate districts, and the center. At a minimum, these

1 specifications shall include pupil management systems for both
2 general and special education, learning management tools, and
3 business services.

4 (f) If an intermediate district provides medical, pharmacy,
5 dental, vision, disability, long-term care, or any other type of
6 benefit that would constitute a health care services benefit, to
7 employees and their dependents, the intermediate district is the
8 policyholder for each of its insurance policies that covers 1 or
9 more of these benefits. An intermediate district that does not
10 directly employ its staff or an intermediate district with a
11 voluntary employee beneficiary association that pays no more than
12 the maximum per employee contribution amount and that contributes
13 no more than the maximum employer contribution percentage of total
14 annual costs for the medical benefit plans as described in sections
15 3 and 4 of the publicly funded health insurance contribution act,
16 2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied
17 this requirement.

18 Sec. 94. (1) From the general fund appropriation in section
19 11, there is allocated to the department for ~~2013-2014~~**2014-2015** an
20 amount not to exceed \$250,000.00 for efforts to increase the number
21 of pupils who participate and succeed in advanced placement and
22 international baccalaureate programs.

23 (2) From the funds allocated under this section, the
24 department shall award funds to cover all or part of the costs of
25 advanced placement test fees or international baccalaureate test
26 fees for low-income pupils who take an advanced placement or an
27 international baccalaureate test. Payments shall not exceed \$20.00

1 per test completed.

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

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

9 (b) The tests are administered by the college board, the
10 international baccalaureate organization, or another test provider
11 approved by the department.

12 (c) The pupil for whom payment is made pays at least \$5.00
13 toward the cost of each test for which payment is made.

14 (4) The department shall establish procedures for awarding
15 funds under this section.

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

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

22 (a) Coordinate the collection of all data required by state
23 and federal law from districts, intermediate districts, and
24 postsecondary institutions.

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

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

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

9 (i) Data sets that link teachers to student information,
10 allowing districts to assess individual teacher impact on student
11 performance and consider student growth factors in teacher and
12 principal evaluation systems.

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

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

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

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

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

24 (2) Each state department, officer, or agency that collects
25 information from districts, intermediate districts, or
26 postsecondary institutions as required under state or federal law
27 shall make arrangements with the center to ensure that the state

1 department, officer, or agency is in compliance with subsection
2 (1). This subsection does not apply to information collected by the
3 department of treasury under the uniform budgeting and accounting
4 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
5 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
6 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
7 388.1939; or section 1351a of the revised school code, MCL
8 380.1351a.

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

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

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

15 (b) Supports interoperability by using standard data
16 structures, data formats, and data definitions to ensure linkage
17 and connectivity in a manner that facilitates the exchange of data
18 among agencies and institutions within the state and between
19 states.

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

23 (d) Enables the matching of individual teachers with
24 information about their certification and the institutions that
25 prepared and recommended those teachers for state certification.

26 (e) Enables data to be easily generated for continuous
27 improvement and decision-making, including timely reporting to

1 parents, teachers, and school leaders on student achievement.

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

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

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

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

11 (ii) Contains student-level enrollment, demographic, and
12 program participation information.

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

16 (iv) Has the capacity to communicate with higher education
17 data systems.

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

20 (i) Contains yearly test records of individual students for
21 assessments approved by DED-OESE for accountability purposes under
22 section 1111(b) of the elementary and secondary education act of
23 1965, 20 USC 6311, including information on individual students not
24 tested, by grade and subject.

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

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

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

2 (i) Contains data that provide information regarding the
3 extent to which individual students transition successfully from
4 secondary school to postsecondary education, including, but not
5 limited to, all of the following:

6 (A) Enrollment in remedial coursework.

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

9 (ii) Contains data that provide other information determined
10 necessary to address alignment and adequate preparation for success
11 in postsecondary education.

12 (5) From the general fund appropriation in section 11, there
13 is allocated an amount not to exceed ~~\$9,535,100.00 for 2013-2014~~
14 **\$12,022,800.00 FOR 2014-2015** to the department of technology,
15 management, and budget to support the operations of the center. In
16 addition, from the federal funds appropriated in section 11 there
17 is allocated for ~~2013-2014-2014-2015~~ the amount necessary,
18 estimated at \$193,500.00, to support the operations of the center
19 and to establish a P-20 longitudinal data system as provided under
20 this section in compliance with the assurance provided to the
21 United States department of education in order to receive state
22 fiscal stabilization funds. The center shall cooperate with the
23 department to ensure that this state is in compliance with federal
24 law and is maximizing opportunities for increased federal funding
25 to improve education in this state.

26 (6) From the funds allocated in subsection (5), there is
27 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed

1 \$850,000.00 for competitive grants to support collaborative efforts
2 on the P-20 longitudinal data system. All of the following apply to
3 grants awarded under this subsection:

4 (a) The center shall award competitive grants to eligible
5 intermediate districts or a consortium of intermediate districts
6 based on criteria established by the center.

7 (b) Activities funded under the grant shall support the P-20
8 longitudinal data system portal and may include portal hosting,
9 hardware and software acquisition, maintenance, enhancements, user
10 support and related materials, and professional learning tools and
11 activities aimed at improving the utility of the P-20 longitudinal
12 data system.

13 (c) An applicant that received a grant under this subsection
14 for the immediately preceding fiscal year shall receive priority
15 for funding under this section. However, after 3 fiscal years of
16 continuous funding, an applicant is required to compete openly with
17 new applicants.

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

22 (7) ~~(8)~~ Funds allocated under this section that are not
23 expended in the fiscal year in which they were allocated may be
24 carried forward to a subsequent fiscal year and are appropriated
25 for the purposes for which the funds were originally allocated.

26 ~~—— (9) It is the intent of the legislature that, beginning in~~
27 ~~2014-2015, a district shall report to the center by June 30, in a~~

~~manner prescribed by the center, the number of pupils in the district who have had 10 or more unexcused absences each school year. For pupils in grades 9 to 12, the report shall include both the total number of unexcused absences in any single course and the total number of unexcused absences in all courses. Each district shall define unexcused absence. It is the intent of the legislature that a district that reports false information under this subsection shall forfeit an amount equal to 5% of its total state aid allocation under this act.~~

(8) ~~(10)~~ The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law. The center may also enter into agreements to supply custom data, analysis, and reporting to other principal executive departments, state agencies, local units of government, and other individuals and organizations. The center may receive and expend funds in addition to those authorized in subsection (5) to cover the costs associated with salaries, benefits, supplies, materials, and equipment necessary to provide such data, analysis, and reporting services.

(9) ~~(11)~~ As used in this section:

(a) "DED-OESE" means the United States department of education office of elementary and secondary education.

(b) "State education agency" means the department.

SEC. 95A. (1) THE EDUCATOR EVALUATION RESERVE FUND IS CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID FUND.

(2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR DEPOSIT INTO THE EDUCATOR EVALUATION RESERVE FUND.

1 THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE EDUCATOR
2 EVALUATION RESERVE FUND. THE STATE TREASURER SHALL CREDIT TO THE
3 EDUCATOR EVALUATION RESERVE FUND INTEREST AND EARNINGS FROM THE
4 EDUCATOR EVALUATION RESERVE FUND.

5 (3) MONEY IN THE EDUCATOR EVALUATION RESERVE FUND AT THE CLOSE
6 OF THE FISCAL YEAR SHALL REMAIN IN THE EDUCATOR EVALUATION RESERVE
7 FUND AND SHALL NOT LAPSE TO THE STATE SCHOOL AID FUND OR TO THE
8 GENERAL FUND. THE DEPARTMENT OF TREASURY SHALL BE THE ADMINISTRATOR
9 OF THE EDUCATOR EVALUATION RESERVE FUND FOR AUDITING PURPOSES.

10 (4) FROM THE APPROPRIATIONS IN SECTION 11, THERE IS ALLOCATED
11 TO THE EDUCATOR EVALUATION RESERVE FUND FOR 2014-2015 AN AMOUNT NOT
12 TO EXCEED \$12,100,000.00 FROM THE STATE SCHOOL AID FUND AND AN
13 AMOUNT NOT TO EXCEED \$2,700,000.00 FROM THE GENERAL FUND. SUBJECT
14 TO SUBSECTIONS (5) AND (6), THE DEPARTMENT SHALL EXPEND THE MONEY
15 IN THE EDUCATOR EVALUATION RESERVE FUND FOR IMPLEMENTING EVALUATION
16 SYSTEMS FOR PUBLIC SCHOOL TEACHERS AND SCHOOL ADMINISTRATORS.

17 (5) FUNDS IN THE EDUCATOR EVALUATION RESERVE FUND SHALL NOT BE
18 EXPENDED UNLESS HOUSE BILL NOS. 5223 AND 5224 OF THE 97TH
19 LEGISLATURE ARE ENACTED INTO LAW.

20 (6) FUNDS IN THE EDUCATOR EVALUATION RESERVE FUND SHALL NOT BE
21 EXPENDED UNLESS THE STATE BUDGET OFFICE HAS APPROVED THE
22 DEPARTMENT'S SPENDING PLAN.

23 Sec. 98. (1) From the general fund money appropriated in
24 section 11, there is allocated an amount not to exceed
25 ~~\$9,387,500.00 for 2013-2014~~ \$7,387,500.00 FOR 2014-2015 for the
26 purposes described in this section.

27 (2) The Michigan virtual university shall operate the Michigan

1 virtual learning research institute. The Michigan virtual learning
2 research institute shall do all of the following:

3 (a) Support and accelerate innovation in education through the
4 following activities:

5 (i) Test, evaluate, and recommend as appropriate new
6 technology-based instructional tools and resources.

7 (ii) Research, design, and recommend digital education
8 delivery models for use by pupils and teachers that include age-
9 appropriate multimedia instructional content.

10 ~~—— (iii) Research, design, and recommend competency-based online~~
11 ~~assessments.~~

12 (iii) ~~(iv)~~ Research, develop, and recommend annually to the
13 department criteria by which cyber schools and online course
14 providers should be monitored and evaluated to ensure a quality
15 education for their pupils.

16 (iv) ~~(v)~~ Based on pupil completion and performance data
17 reported to the department or the center for educational
18 performance and information from cyber schools and other online
19 course providers operating in this state, analyze the effectiveness
20 of online learning delivery models in preparing pupils to be
21 college- and career-ready and publish a report that highlights
22 enrollment totals, completion rates, and the overall impact on
23 pupils. The report shall be submitted to the house and senate
24 appropriations subcommittees on state school aid, the state budget
25 director, the house and senate fiscal agencies, and the department
26 not later than December 1, ~~2014~~.2015.

27 (v) ~~(vi)~~ Before August 31, ~~2014~~,2015, provide an extensive

1 professional development program to at least 500 educational
2 personnel, including teachers, school administrators, and school
3 board members, that focuses on the effective integration of digital
4 learning into curricula and instruction. Not later than December 1,
5 ~~2014~~, **2015**, the Michigan virtual learning research institute shall
6 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 (vi) ~~(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 digital
20 learning education by doing the following activities:

21 (i) Develop and report policy recommendations to the governor
22 and the legislature that accelerate the expansion of effective
23 online learning in this state's schools.

24 (ii) Provide a clearinghouse for research reports, academic
25 studies, evaluations, and other information related to online
26 learning.

27 (iii) Promote and distribute the most current instructional

1 design standards and guidelines for online teaching.

2 (iv) In collaboration with the department and interested
3 colleges and universities in this state, ~~recommend to the~~
4 ~~superintendent guidelines and standards for a new teacher~~
5 ~~endorsement credential~~ **SUPPORT IMPLEMENTATION AND IMPROVEMENTS**

6 related to effective digital learning instruction.

7 (v) Pursue public/private partnerships that include districts
8 to study and implement competency-based technology-rich online
9 learning models.

10 (vi) Convene focus groups and conduct annual surveys of
11 teachers, administrators, pupils, parents, and others to identify
12 barriers and opportunities related to online learning.

13 (vii) Produce an annual consumer awareness report for schools
14 and parents about effective online education providers and
15 education delivery models, performance data, cost structures, and
16 research trends.

17 (viii) Research and establish an internet-based platform that
18 educators can use to create student-centric learning tools and
19 resources and facilitate a user network that assists educators in
20 using the platform. As part of this initiative, the Michigan
21 virtual university shall work collaboratively with districts and
22 intermediate districts to establish a plan to make available online
23 resources that align to Michigan's K-12 curriculum standards for
24 use by students, educators, and parents.

25 (ix) Create and maintain a public statewide catalog of online
26 learning courses being offered by all public schools in this state.
27 The Michigan virtual learning research institute shall identify and

1 develop a list of nationally recognized best practices for online
2 learning and use this list to ~~provide~~**SUPPORT** reviews of online
3 course vendors, courses, and instructional practices. The Michigan
4 virtual learning research institute shall also provide a mechanism
5 for intermediate districts to use the identified best practices to
6 review content offered by constituent districts. The Michigan
7 virtual learning research institute shall review the online course
8 offerings of the Michigan virtual university, and make the results
9 from these reviews available to the public as part of the statewide
10 catalog. The Michigan virtual learning research institute shall
11 ensure that the statewide catalog is made available to the public
12 on the Michigan virtual university website and ~~linked~~**SHALL ALLOW**
13 **THE ABILITY TO LINK IT** to each district's website as provided for
14 in section 21f. Beginning in 2014-2015, the statewide catalog shall
15 also contain all of the following:

16 (A) The number of ~~pupils enrolled~~**ENROLLMENTS** in each online
17 course in the ~~2012-2013~~**IMMEDIATELY PRECEDING** school year.

18 (B) The number of ~~pupils who successfully completed~~
19 **ENROLLMENTS THAT EARNED 60% OR MORE OF THE TOTAL COURSE POINTS FOR**
20 each online course in the ~~2012-2013~~**IMMEDIATELY PRECEDING** school
21 year.

22 (C) The completion rate for each online course.

23 (x) **COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE THE NEED AND**
24 **PROCESS FOR INCORPORATING REGISTRATION, PAYMENT SERVICES, AND**
25 **TRANSCRIPT FUNCTIONALITY TO THE STATEWIDE CATALOG.**

26 (xi) **COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE DISTRICT**
27 **LEVEL ACCOUNTABILITY AND TEACHER EFFECTIVENESS ISSUES RELATED TO**

1 ONLINE LEARNING UNDER SECTION 21F AND MAKE FINDINGS AND
2 RECOMMENDATIONS PUBLICLY AVAILABLE.

3 (3) In order for the Michigan virtual university to receive
4 any funds allocated under this section, the Michigan virtual school
5 must maintain its accreditation status from recognized national and
6 international accrediting entities.

7 (4) If the course offerings are included in the statewide
8 catalog of online courses under subsection (2)(b)(ix), the Michigan
9 virtual school operated by the Michigan virtual university may
10 offer online course offerings, including, but not limited to, all
11 of the following:

12 (a) Information technology courses.

13 (b) College level equivalent courses, as defined in section
14 1471 of the revised school code, MCL 380.1471.

15 (c) Courses and dual enrollment opportunities.

16 (d) Programs and services for at-risk pupils.

17 (e) General education development test preparation courses for
18 adjudicated youth.

19 (f) Special interest courses.

20 (g) Professional development programs for teachers, school
21 administrators, other school employees, and school board members.

22 (5) If a home-schooled or nonpublic school student is a
23 resident of a district that subscribes to services provided by the
24 Michigan virtual school, the student may use the services provided
25 by the Michigan virtual school to the district without charge to
26 the student beyond what is charged to a district pupil using the
27 same services.

1 (6) Not later than December 1 of each fiscal year, the
2 Michigan virtual university shall provide a report to the house and
3 senate appropriations subcommittees on state school aid, the state
4 budget director, the house and senate fiscal agencies, and the
5 department that includes at least all of the following information
6 related to the Michigan virtual school for the preceding state
7 fiscal year:

8 (a) A list of the districts served by the Michigan virtual
9 school.

10 (b) A list of online course titles available to districts.

11 (c) The total number of online course enrollments and
12 information on registrations and completions by course.

13 (d) The overall course completion rate percentage.

14 (7) The governor may appoint an advisory group for the
15 Michigan virtual learning research institute established under
16 subsection (2). The members of the advisory group shall serve at
17 the pleasure of the governor and shall serve without compensation.
18 The purpose of the advisory group is to make recommendations to the
19 governor, the legislature, and the president and board of the
20 Michigan virtual university that will accelerate innovation in this
21 state's education system in a manner that will prepare elementary
22 and secondary students to be career and college ready and that will
23 promote the goal of increasing the percentage of citizens of this
24 state with high-quality degrees and credentials to at least 60% by
25 2025.

26 (8) Not later than November 1, ~~2013~~, **2014**, the Michigan
27 virtual university shall submit to the house and senate

1 appropriations subcommittees on state school aid, the state budget
2 director, and the house and senate fiscal agencies a detailed
3 budget for the ~~2013-2014~~ **2014-2015** fiscal year that includes a
4 breakdown on its projected costs to deliver online educational
5 services to districts and a summary of the anticipated fees to be
6 paid by districts for those services. Beginning in 2013-2014, not
7 later than February 1, the Michigan virtual university shall submit
8 to the house and senate appropriations subcommittees on state
9 school aid, the state budget director, and the house and senate
10 fiscal agencies a breakdown on its actual costs to deliver online
11 educational services to districts and a summary of the actual fees
12 paid by districts for those services based on audited financial
13 statements for the immediately preceding fiscal year.

14 (9) As used in this section:

15 (a) "Blended learning" means a hybrid instructional delivery
16 model where pupils are provided content, instruction, and
17 assessment, in part at a supervised educational facility away from
18 home where the pupil and a teacher with a valid Michigan teaching
19 certificate are in the same physical location and in part through
20 internet-connected learning environments with some degree of pupil
21 control over time, location, and pace of instruction.

22 (b) "Cyber school" means a full-time instructional program of
23 online courses for pupils that may or may not require attendance at
24 a physical school location.

25 (c) "Digital learning" means instruction delivered via a web-
26 based educational delivery system that uses various information
27 technologies to provide a structured learning environment,

1 including online and blended learning instructional methods.

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

11 Sec. 99. (1) From the funds appropriated in section 11, there
12 is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
13 ~~\$2,850,000.00~~ **\$2,750,000.00** from the state school aid fund and an
14 amount not to exceed ~~\$375,000.00~~ **\$475,000.00** from the general fund
15 to support the activities and programs of mathematics and science
16 centers and for other purposes as described in this section. In
17 addition, from the federal funds appropriated in section 11, there
18 is allocated for ~~2013-2014-2014-2015~~ an amount estimated at
19 \$5,249,300.00 from DED-OESE, title II, mathematics and science
20 partnership grants.

21 (2) Within a service area designated locally, approved by the
22 department, and consistent with the comprehensive master plan for
23 mathematics and science centers developed by the department and
24 approved by the state board, an established mathematics and science
25 center shall provide 2 or more of the following 6 basic services,
26 as described in the master plan, to constituent districts and
27 communities: leadership, pupil services, curriculum support,

1 community involvement, professional development, and resource
2 clearinghouse services.

3 (3) The department shall not award a state grant under this
4 section to more than 1 mathematics and science center located in a
5 designated region as prescribed in the 2007 master plan unless each
6 of the grants serves a distinct target population or provides a
7 service that does not duplicate another program in the designated
8 region.

9 (4) As part of the technical assistance process, the
10 department shall provide minimum standard guidelines that may be
11 used by the mathematics and science center for providing fair
12 access for qualified pupils and professional staff as prescribed in
13 this section.

14 (5) Allocations under this section to support the activities
15 and programs of mathematics and science centers shall be continuing
16 support grants to all 33 established mathematics and science
17 centers. Each established mathematics and science center that was
18 funded in the immediately preceding fiscal year shall receive state
19 funding in an amount equal to 100% of the amount it was allocated
20 under this subsection for the immediately preceding fiscal year. If
21 a center declines state funding or a center closes, the remaining
22 money available under this section shall be distributed to the
23 remaining centers, as determined by the department.

24 (6) From the funds allocated in subsection (1), there is
25 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
26 \$750,000.00 in a form and manner determined by the department to
27 those centers able to provide curriculum and professional

1 development support to assist districts in implementing the
2 Michigan merit curriculum components for mathematics and science.
3 Funding under this subsection is in addition to funding allocated
4 under subsection (5).

5 (7) From the ~~state school aid~~ **GENERAL** fund money allocated in
6 subsection (1), there is allocated for ~~2013-2014-2014-2015~~ an
7 amount not to exceed \$100,000.00 ~~in a form and manner determined by~~
8 ~~the department to a single mathematics and science center that is a~~
9 ~~participant in~~ **TO** the Michigan STEM partnership, to be used to
10 administer the grant process under this subsection. From the
11 general fund money allocated in subsection (1), there is allocated
12 for ~~2013-2014-2014-2015~~ an amount not to exceed \$375,000.00 to the
13 Michigan STEM partnership to be used for a competitive grant
14 process to award competitive grants to organizations conducting
15 student-focused, project-based programs and competitions, either in
16 the classroom or extracurricular, in science, technology,
17 engineering, and mathematics subjects such as, but not limited to,
18 robotics, coding, and design-build-test projects, from pre-
19 kindergarten through college level. Funding under this subsection
20 is in addition to funding allocated under subsection (5) and shall
21 be used for connecting mathematics and science centers for science,
22 technology, engineering, and mathematics purposes **AND TO SUPPORT**
23 **THE GOALS OF THE MICHIGAN STEM PARTNERSHIP**. A program receiving
24 funds under section 99h may not receive funds under this
25 subsection.

26 (8) In order to receive state or federal funds under this
27 section, a grant recipient shall allow access for the department or

1 the department's designee to audit all records related to the
2 program for which it receives such funds. The grant recipient shall
3 reimburse the state for all disallowances found in the audit.

4 (9) Not later than September 30, ~~2013~~, **2018**, the department
5 shall reevaluate and update the comprehensive master plan described
6 in subsection (1).

7 (10) The department shall give preference in awarding the
8 federal grants allocated in subsection (1) to eligible existing
9 mathematics and science centers.

10 (11) In order to receive state funds under this section, a
11 grant recipient shall provide at least a 10% local match from local
12 public or private resources for the funds received under this
13 section.

14 (12) Not later than July 1 of each year, a mathematics and
15 science center that receives funds under this section shall report
16 to the department in a form and manner prescribed by the department
17 on the following performance measures:

18 (a) Statistical change in pre- and post-assessment scores for
19 students who enrolled in mathematics and science activities
20 provided to districts by the mathematics and science center.

21 (b) Statistical change in pre- and post-assessment scores for
22 teachers who enrolled in professional development activities
23 provided by the mathematics and science center.

24 (13) As used in this section:

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

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

1 SEC. 99B. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE
2 IS ALLOCATED AN AMOUNT NOT TO EXCEED \$330,000.00 FOR 2014-2015 FOR
3 GRANTS TO DISTRICTS TO SUPPORT PROFESSIONAL DEVELOPMENT FOR
4 TEACHERS IN A DEPARTMENT-APPROVED TRAINING PROGRAM FOR SCIENCE,
5 TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) INSTRUCTION.

6 (2) ANY DISTRICT MAY APPLY FOR FUNDING UNDER THIS SECTION FOR
7 2014-2015 BY A DATE DETERMINED BY THE DEPARTMENT. BEGINNING IN
8 2014-2015, IN AWARDING GRANTS, THE DEPARTMENT SHALL GIVE PRIORITY,
9 IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT, TO APPLICANT
10 DISTRICTS WITH TEACHERS WHO HAVE NOT PREVIOUSLY RECEIVED TRAINING
11 IN PROGRAMS FUNDED UNDER THIS SECTION.

12 (3) FOR A TRAINING PROGRAM TO BE APPROVED BY THE DEPARTMENT
13 FOR THE PURPOSES OF THIS SECTION, THE PROGRAM SHALL MEET ALL OF THE
14 FOLLOWING CRITERIA:

15 (A) UTILIZES AN INTEGRATIVE STEM APPROACH TO CONTENT
16 ORGANIZATION AND DELIVERY. THE INTEGRATIVE STEM APPROACH SHALL
17 INCLUDE CONTENT DERIVED FROM SCIENCE, TECHNOLOGY, ENGINEERING, AND
18 MATHEMATICS.

19 (B) OFFERS EVIDENCE THAT THE PROGRAM OUTCOMES ADDRESS
20 MATHEMATICS, SCIENCE, AND TECHNOLOGICAL LITERACY STANDARDS IN AN
21 EXPLORATORY MIDDLE SCHOOL OR HIGH SCHOOL OFFERING.

22 (C) OFFERS EVIDENCE THAT THE PROGRAM POSITIVELY INFLUENCES
23 STUDENT CAREER CHOICES ALONG STEM CAREER PATHS AND INCREASES
24 STUDENT ENGAGEMENT THROUGH PEER-REVIEWED RESEARCH.

25 (D) PRESENTS EVIDENCE OF THE PERIODIC IMPROVEMENT OF THE
26 CURRICULUM.

27 (E) UTILIZES OUTCOME MEASURES FOR TEACHER PROFESSIONAL

1 DEVELOPMENT.

2 (F) PROVIDES PEER-REVIEWED EVIDENCE THAT THE PROGRAM IS
3 EFFECTIVE WITH DISADVANTAGED STUDENTS AND THOSE WITH LANGUAGE
4 BARRIERS.

5 (4) THE DEPARTMENT SHALL AWARD GRANTS TO DISTRICTS IN AN
6 AMOUNT DETERMINED BY THE DEPARTMENT, BUT NOT TO EXCEED \$3,200.00
7 PER PARTICIPANT.

8 (5) A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE
9 THE FUNDS ONLY FOR DEPARTMENT-APPROVED TRAINING PROGRAMS UNDER THIS
10 SECTION.

11 Sec. 99h. (1) From the appropriation in section 11, there is
12 allocated an amount not to exceed ~~\$3,000,000.00~~ \$2,000,000.00 for
13 ~~2013-2014-2014-2015~~ for competitive grants to districts that
14 provide pupils in grades 7 to 12 with expanded opportunities to
15 improve mathematics, science, and technology skills by
16 participating in events hosted by a science and technology
17 development program known as FIRST (for inspiration and recognition
18 of science and technology) robotics.

19 (2) A district applying for a FIRST tech challenge or FIRST
20 robotics competition program grant shall submit an application in a
21 form and manner determined by the department. To be eligible for a
22 grant, a district shall demonstrate in its application that the
23 district has established a partnership for the purposes of the
24 FIRST program with at least 1 sponsor, business entity, higher
25 education institution, or technical school, **SHALL SUBMIT A SPENDING**
26 **PLAN, AND SHALL PAY AT LEAST 25% OF THE COST OF THE FIRST ROBOTICS**
27 **PROGRAM.**

1 (3) The department shall distribute the grant funding under
2 this section for the following purposes:

3 (a) ~~Except as otherwise provided in subparagraph (iii), an~~
4 ~~amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to districts to
5 pay for stipends of \$1,500.00 for 1 coach per team, distributed as
6 follows:

7 (i) Not more than 500 stipends for coaches of high school
8 teams, including existing teams.

9 (ii) Not more than 100 stipends for coaches of middle school
10 or junior high teams, including existing teams.

11 (iii) If the requests for stipends exceed the numbers of
12 stipends allowed under subparagraphs (i) and (ii), and if there is
13 funding remaining unspent under subdivisions (b) and (c), the
14 department shall use that remaining unspent funding for grants to
15 districts to pay for additional stipends in a manner that expands
16 the geographical distribution of teams.

17 (b) ~~An amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to
18 districts for event registrations, materials, travel costs, and
19 other expenses associated with the preparation for and attendance
20 at FIRST tech challenge and FIRST robotics competitions. Each grant
21 recipient shall provide a local match from other private or local
22 funds for the funds received under this subdivision equal to at
23 least 50% of the costs of participating in an event. The department
24 shall set maximum grant amounts under this subdivision in a manner
25 that maximizes the number of teams that will be able to receive
26 funding.

27 (c) ~~An amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to

1 districts for awards to teams that advance to the state and world
2 championship competitions. The department shall determine an equal
3 amount per team for those teams that advance to the state
4 championship and a second equal award amount to those teams that
5 advance to the world championship.

6 (4) The funds allocated under this section are a work project
7 appropriation, and any unexpended funds for ~~2013-2014-2014-2015~~ are
8 carried forward into ~~2014-2015-~~**2015-2016**. The purpose of the work
9 project is to continue to implement the projects described under
10 subsection (1). The estimated completion date of the work project
11 is September 30, ~~2016-~~**2017**.

12 Sec. 101. (1) To be eligible to receive state aid under this
13 article, not later than the fifth Wednesday after the pupil
14 membership count day and not later than the fifth Wednesday after
15 the supplemental count day, each district superintendent shall
16 submit to the center and the intermediate superintendent, in the
17 form and manner prescribed by the center, the number of pupils
18 enrolled and in regular daily attendance in the district as of the
19 pupil membership count day and as of the supplemental count day, as
20 applicable, for the current school year. In addition, a district
21 maintaining school during the entire year, as provided under
22 section 1561 of the revised school code, MCL 380.1561, shall submit
23 to the center and the intermediate superintendent, in the form and
24 manner prescribed by the center, the number of pupils enrolled and
25 in regular daily attendance in the district for the current school
26 year pursuant to rules promulgated by the superintendent. Not later
27 than the sixth Wednesday after the pupil membership count day and

1 not later than the sixth Wednesday after the supplemental count
2 day, the district shall certify the data in a form and manner
3 prescribed by the center and file the certified data with the
4 intermediate superintendent. If a district fails to submit and
5 certify the attendance data, as required under this subsection, the
6 center shall notify the department and state aid due to be
7 distributed under this article shall be withheld from the
8 defaulting district immediately, beginning with the next payment
9 after the failure and continuing with each payment until the
10 district complies with this subsection. If a district does not
11 comply with this subsection by the end of the fiscal year, the
12 district forfeits the amount withheld. A person who willfully
13 falsifies a figure or statement in the certified and sworn copy of
14 enrollment shall be punished in the manner prescribed by section
15 161.

16 (2) To be eligible to receive state aid under this article,
17 not later than the twenty-fourth Wednesday after the pupil
18 membership count day and not later than the twenty-fourth Wednesday
19 after the supplemental count day, an intermediate district shall
20 submit to the center, in a form and manner prescribed by the
21 center, the audited enrollment and attendance data for the pupils
22 of its constituent districts and of the intermediate district. If
23 an intermediate district fails to submit the audited data as
24 required under this subsection, state aid due to be distributed
25 under this article shall be withheld from the defaulting
26 intermediate district immediately, beginning with the next payment
27 after the failure and continuing with each payment until the

1 intermediate district complies with this subsection. If an
2 intermediate district does not comply with this subsection by the
3 end of the fiscal year, the intermediate district forfeits the
4 amount withheld.

5 (3) Except as otherwise provided in subsections (11) and (12),
6 all of the following apply to the provision of pupil instruction:

7 (a) Except as otherwise provided in this section, each
8 district shall provide at least 1,098 hours and, beginning in 2010-
9 2011, the required minimum number of days of pupil instruction.

10 ~~Beginning in 2012-2013, the required minimum number of days of~~
11 ~~pupil instruction is 170.~~ Beginning in 2014-2015, the required
12 minimum number of days of pupil instruction is 175. However, all of
13 the following apply to these requirements:

14 ~~—— (i) Except as otherwise provided in subparagraph (ii), a~~
15 ~~district shall not provide fewer days of pupil instruction than the~~
16 ~~district provided for 2009-2010.~~

17 ~~—— (ii) For 2013-2014 only, if a district is scheduled to provide~~
18 ~~more than 174 days of instruction, the district shall provide at~~
19 ~~least 174 days of instruction and 1,098 hours of pupil instruction.~~

20 ~~—— (iii) If a collective bargaining agreement that provides for~~
21 ~~at least 170 days but less than 175 days, and at least 1,098 hours,~~
22 ~~of pupil instruction is in effect for employees of a district as of~~
23 ~~June 13, 2013, then until the school year that begins after the~~
24 ~~expiration of that collective bargaining agreement the district~~
25 ~~shall provide at least the number of days of pupil instruction~~
26 ~~identified in the collective bargaining agreement, and at least~~
27 ~~1,098 hours of pupil instruction.~~

1 (i) IF A COLLECTIVE BARGAINING AGREEMENT THAT PROVIDES A
2 COMPLETE SCHOOL CALENDAR WAS IN EFFECT FOR EMPLOYEES OF A DISTRICT
3 AS OF JULY 1, 2013, AND IF THAT SCHOOL CALENDAR IS NOT IN
4 COMPLIANCE WITH THIS SUBSECTION, THEN THIS SUBSECTION DOES NOT
5 APPLY TO THAT DISTRICT UNTIL AFTER THE EXPIRATION OF THAT
6 COLLECTIVE BARGAINING AGREEMENT. IF A DISTRICT ENTERED INTO A
7 COLLECTIVE BARGAINING AGREEMENT ON OR AFTER JULY 1, 2013 AND IF
8 THAT COLLECTIVE BARGAINING AGREEMENT DID NOT PROVIDE FOR AT LEAST
9 175 DAYS OF PUPIL INSTRUCTION BEGINNING IN 2014-2015, THEN THE
10 DEPARTMENT SHALL WITHHOLD FROM THE DISTRICT'S TOTAL STATE SCHOOL
11 AID AN AMOUNT EQUAL TO 5% OF THE FUNDING THE DISTRICT RECEIVES IN
12 2014-2015 UNDER SECTIONS 22A AND 22B.

13 (ii) ~~(iv)~~ A district may apply for a waiver under subsection
14 (9) from the requirements of this subdivision.

15 (B) BEGINNING IN 2016-2017, THE REQUIRED MINIMUM NUMBER OF
16 DAYS OF PUPIL INSTRUCTION IS 180. IF A COLLECTIVE BARGAINING
17 AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR WAS IN EFFECT
18 FOR EMPLOYEES OF A DISTRICT AS OF THE EFFECTIVE DATE OF THE
19 AMENDATORY ACT THAT ADDED THIS SUBDIVISION, AND IF THAT SCHOOL
20 CALENDAR IS NOT IN COMPLIANCE WITH THIS SUBDIVISION, THEN THIS
21 SUBDIVISION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE
22 EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT. A DISTRICT MAY
23 APPLY FOR A WAIVER UNDER SUBSECTION (9) FROM THE REQUIREMENTS OF
24 THIS SUBDIVISION.

25 (C) ~~(b)~~ Except as otherwise provided in this article, a
26 district failing to comply with the required minimum hours and days
27 of pupil instruction under this subsection shall forfeit from its

1 total state aid allocation an amount determined by applying a ratio
2 of the number of hours or days the district was in noncompliance in
3 relation to the required minimum number of hours and days under
4 this subsection. Not later than August 1, the board of each
5 district shall certify to the department the number of hours and
6 days of pupil instruction in the previous school year. If the
7 district did not provide at least the required minimum number of
8 hours and days of pupil instruction under this subsection, the
9 deduction of state aid shall be made in the following fiscal year
10 from the first payment of state school aid. A district is not
11 subject to forfeiture of funds under this subsection for a fiscal
12 year in which a forfeiture was already imposed under subsection
13 (6).

14 (D) ~~(e)~~—Hours or days lost because of strikes or teachers'
15 conferences shall not be counted as hours or days of pupil
16 instruction.

17 (E) ~~(d)~~—If a collective bargaining agreement that provides a
18 complete school calendar is in effect for employees of a district
19 as of October 19, 2009, and if that school calendar is not in
20 compliance with this subsection, then this subsection does not
21 apply to that district until after the expiration of that
22 collective bargaining agreement.

23 (F) ~~(e)~~—Except as otherwise provided in subdivisions ~~(f)~~—(G)
24 and ~~(g)~~,—(H), a district not having at least 75% of the district's
25 membership in attendance on any day of pupil instruction shall
26 receive state aid in that proportion of 1/180 that the actual
27 percent of attendance bears to the specified percentage.

1 **(G)** ~~(f)~~—If a district adds 1 or more days of pupil instruction
2 to the end of its instructional calendar for a school year to
3 comply with subdivision (a) because the district otherwise would
4 fail to provide the required minimum number of days of pupil
5 instruction even after the operation of subsection (4) due to
6 conditions not within the control of school authorities, then
7 subdivision ~~(e)~~—**(F)** does not apply for any day of pupil instruction
8 that is added to the end of the instructional calendar. Instead,
9 for any of those days, if the district does not have at least 60%
10 of the district's membership in attendance on that day, the
11 district shall receive state aid in that proportion of 1/180 that
12 the actual percentage of attendance bears to the specified
13 percentage. For any day of pupil instruction added to the
14 instructional calendar as described in this subdivision, the
15 district shall report to the department the percentage of the
16 district's membership that is in attendance, in the form and manner
17 prescribed by the department.

18 **(H)** ~~(g)~~—At the request of a district that operates a
19 department-approved alternative education program and that does not
20 provide instruction for pupils in all of grades K to 12, the
21 superintendent may grant a waiver from the requirements of
22 subdivision ~~(e)~~—**(F)**. The waiver shall indicate that an eligible
23 district is subject to the proration provisions of subdivision ~~(e)~~—
24 **(F)** only if the district does not have at least 50% of the
25 district's membership in attendance on any day of pupil
26 instruction. In order to be eligible for this waiver, a district
27 must maintain records to substantiate its compliance with the

1 following requirements:

2 (i) The district offers the minimum hours of pupil instruction
3 as required under this section.

4 (ii) For each enrolled pupil, the district uses appropriate
5 academic assessments to develop an individual education plan that
6 leads to a high school diploma.

7 (iii) The district tests each pupil to determine academic
8 progress at regular intervals and records the results of those
9 tests in that pupil's individual education plan.

10 (I) ~~(h)~~ All of the following apply to a waiver granted under
11 subdivision ~~(g)~~ **(H)** :

12 (i) If the waiver is for a blended model of delivery, a waiver
13 that is granted for the 2011-2012 fiscal year or a subsequent
14 fiscal year remains in effect unless it is revoked by the
15 superintendent.

16 (ii) If the waiver is for a 100% online model of delivery and
17 the educational program for which the waiver is granted makes
18 educational services available to pupils for a minimum of at least
19 1,098 hours during a school year and ensures that each pupil
20 participates in the educational program for at least 1,098 hours
21 during a school year, a waiver that is granted for the 2011-2012
22 fiscal year or a subsequent fiscal year remains in effect unless it
23 is revoked by the superintendent.

24 (iii) A waiver that is not a waiver described in subparagraph
25 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
26 to remain in effect.

27 **(J)** ~~(i)~~ The superintendent shall promulgate rules for the

1 implementation of this subsection.

2 (4) Except as otherwise provided in this subsection, the first
3 6 days or the equivalent number of hours for which pupil
4 instruction is not provided because of conditions not within the
5 control of school authorities, such as severe storms, fires,
6 epidemics, utility power unavailability, water or sewer failure, or
7 health conditions as defined by the city, county, or state health
8 authorities, shall be counted as hours and days of pupil
9 instruction. With the approval of the superintendent of public
10 instruction, the department shall count as hours and days of pupil
11 instruction for a fiscal year not more than 6 additional days or
12 the equivalent number of additional hours for which pupil
13 instruction is not provided in a district after April 1 of the
14 applicable school year due to unusual and extenuating occurrences
15 resulting from conditions not within the control of school
16 authorities such as those conditions described in this subsection.
17 Subsequent such hours or days shall not be counted as hours or days
18 of pupil instruction.

19 (5) A district shall not forfeit part of its state aid
20 appropriation because it adopts or has in existence an alternative
21 scheduling program for pupils in kindergarten if the program
22 provides at least the number of hours required under subsection (3)
23 for a full-time equated membership for a pupil in kindergarten as
24 provided under section 6(4).

25 (6) In addition to any other penalty or forfeiture under this
26 section, if at any time the department determines that 1 or more of
27 the following have occurred in a district, the district shall

1 forfeit in the current fiscal year beginning in the next payment to
2 be calculated by the department a proportion of the funds due to
3 the district under this article that is equal to the proportion
4 below the required minimum number of hours and days of pupil
5 instruction under subsection (3), as specified in the following:

6 (a) The district fails to operate its schools for at least the
7 required minimum number of hours and days of pupil instruction
8 under subsection (3) in a school year, including hours and days
9 counted under subsection (4).

10 (b) The board of the district takes formal action not to
11 operate its schools for at least the required minimum number of
12 hours and days of pupil instruction under subsection (3) in a
13 school year, including hours and days counted under subsection (4).

14 (7) In providing the minimum number of hours and days of pupil
15 instruction required under subsection (3), a district shall use the
16 following guidelines, and a district shall maintain records to
17 substantiate its compliance with the following guidelines:

18 (a) Except as otherwise provided in this subsection, a pupil
19 must be scheduled for at least the required minimum number of hours
20 of instruction, excluding study halls, or at least the sum of 90
21 hours plus the required minimum number of hours of instruction,
22 including up to 2 study halls.

23 (b) The time a pupil is assigned to any tutorial activity in a
24 block schedule may be considered instructional time, unless that
25 time is determined in an audit to be a study hall period.

26 (c) Except as otherwise provided in this subdivision, a pupil
27 in grades 9 to 12 for whom a reduced schedule is determined to be

1 in the individual pupil's best educational interest must be
2 scheduled for a number of hours equal to at least 80% of the
3 required minimum number of hours of pupil instruction to be
4 considered a full-time equivalent pupil. A pupil in grades 9 to 12
5 who is scheduled in a 4-block schedule may receive a reduced
6 schedule under this subsection if the pupil is scheduled for a
7 number of hours equal to at least 75% of the required minimum
8 number of hours of pupil instruction to be considered a full-time
9 equivalent pupil.

10 (d) If a pupil in grades 9 to 12 who is enrolled in a
11 cooperative education program or a special education pupil cannot
12 receive the required minimum number of hours of pupil instruction
13 solely because of travel time between instructional sites during
14 the school day, that travel time, up to a maximum of 3 hours per
15 school week, shall be considered to be pupil instruction time for
16 the purpose of determining whether the pupil is receiving the
17 required minimum number of hours of pupil instruction. However, if
18 a district demonstrates to the satisfaction of the department that
19 the travel time limitation under this subdivision would create
20 undue costs or hardship to the district, the department may
21 consider more travel time to be pupil instruction time for this
22 purpose.

23 (e) In grades 7 through 12, instructional time that is part of
24 a junior reserve officer training corps (JROTC) program shall be
25 considered to be pupil instruction time regardless of whether the
26 instructor is a certificated teacher if all of the following are
27 met:

1 (i) The instructor has met all of the requirements established
2 by the United States department of defense and the applicable
3 branch of the armed services for serving as an instructor in the
4 junior reserve officer training corps program.

5 (ii) The board of the district or intermediate district
6 employing or assigning the instructor complies with the
7 requirements of sections 1230 and 1230a of the revised school code,
8 MCL 380.1230 and 380.1230a, with respect to the instructor to the
9 same extent as if employing the instructor as a regular classroom
10 teacher.

11 (8) Except as otherwise provided in subsections (11) and (12),
12 the department shall apply the guidelines under subsection (7) in
13 calculating the full-time equivalency of pupils.

14 (9) Upon application by the district for a particular fiscal
15 year, the superintendent may waive for a district the minimum
16 number of hours and days of pupil instruction requirement of
17 subsection (3) for a department-approved alternative education
18 program or another innovative program approved by the department,
19 including a 4-day school week. If a district applies for and
20 receives a waiver under this subsection and complies with the terms
21 of the waiver, the district is not subject to forfeiture under this
22 section for the specific program covered by the waiver. If the
23 district does not comply with the terms of the waiver, the amount
24 of the forfeiture shall be calculated based upon a comparison of
25 the number of hours and days of pupil instruction actually provided
26 to the minimum number of hours and days of pupil instruction
27 required under subsection (3). Pupils enrolled in a department-

1 approved alternative education program under this subsection shall
2 be reported to the center in a form and manner determined by the
3 center. All of the following apply to a waiver granted under this
4 subsection:

5 (a) If the waiver is for a blended model of delivery, a waiver
6 that is granted for the 2011-2012 fiscal year or a subsequent
7 fiscal year remains in effect unless it is revoked by the
8 superintendent.

9 (b) If the waiver is for a 100% online model of delivery and
10 the educational program for which the waiver is granted makes
11 educational services available to pupils for a minimum of at least
12 1,098 hours during a school year and ensures that each pupil
13 participates in the educational program for at least 1,098 hours
14 during a school year, a waiver that is granted for the 2011-2012
15 fiscal year or a subsequent fiscal year remains in effect unless it
16 is revoked by the superintendent.

17 (c) A waiver that is not a waiver described in subdivision (a)
18 or (b) is valid for 1 fiscal year and must be renewed annually to
19 remain in effect.

20 (10) Until 2014-2015, a district may count up to 38 hours of
21 qualifying professional development for teachers as hours of pupil
22 instruction. However, if a collective bargaining agreement that
23 provides for the counting of up to 38 hours of qualifying
24 professional development for teachers as pupil instruction is in
25 effect for employees of a district as of ~~June 13,~~ **JULY 1,** 2013,
26 then until the school year that begins after the expiration of that
27 collective bargaining agreement a district may count up to the

1 contractually specified number of hours of qualifying professional
2 development for teachers as hours of pupil instruction.

3 Professional development provided online is allowable and
4 encouraged, as long as the instruction has been approved by the
5 district. The department shall issue a list of approved online
6 professional development providers, which shall include the
7 Michigan virtual school. As used in this subsection, "qualifying
8 professional development" means professional development that is
9 focused on 1 or more of the following:

10 (a) Achieving or improving adequate yearly progress as defined
11 under the no child left behind act of 2001, Public Law 107-110.

12 (b) Achieving accreditation or improving a school's
13 accreditation status under section 1280 of the revised school code,
14 MCL 380.1280.

15 (c) Achieving highly qualified teacher status as defined under
16 the no child left behind act of 2001, Public Law 107-110.

17 (d) Integrating technology into classroom instruction.

18 (e) Maintaining teacher certification.

19 (11) Subsections (3) and (8) do not apply to a school of
20 excellence that is a cyber school, as defined in section 551 of the
21 revised school code, MCL 380.551, and is in compliance with section
22 553a of the revised school code, MCL 380.553a.

23 (12) Subsections (3) and (8) do not apply to eligible pupils
24 enrolled in a dropout recovery program that meets the requirements
25 of section 23a. As used in this subsection, "eligible pupil" means
26 that term as defined in section 23a.

27 (13) Beginning in 2013, at least every 2 years the

1 superintendent shall review the waiver standards set forth in the
2 pupil accounting and auditing manuals to ensure that the waiver
3 standards and waiver process continue to be appropriate and
4 responsive to changing trends in online learning. The
5 superintendent shall solicit and consider input from stakeholders
6 as part of this review.

7 Sec. 104. (1) In order to receive state aid under this
8 article, a district shall comply with sections 1249, 1278a, 1278b,
9 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
10 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
11 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
12 the state school aid fund money appropriated in section 11, there
13 is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
14 ~~\$26,694,400.00~~ **\$41,394,400.00** for payments on behalf of districts
15 for costs associated with complying with those provisions of law.
16 In addition, from the federal funds appropriated in section 11,
17 there is allocated for ~~2013-2014-2014-2015~~ an amount estimated at
18 ~~\$8,250,000.00~~ **\$6,250,000.00**, funded from DED-OESE, title VI, state
19 assessment funds, and from DED-OSERS, section 504 of part B of the
20 individuals with disabilities education act, Public Law 94-142,
21 plus any carryover federal funds from previous year appropriations,
22 for the purposes of complying with the federal no child left behind
23 act of 2001, Public Law 107-110.

24 (2) The results of each test administered as part of the
25 Michigan educational assessment program, including tests
26 administered to high school students, shall include an item
27 analysis that lists all items that are counted for individual pupil

1 scores and the percentage of pupils choosing each possible
2 response.

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

7 (4) Notwithstanding section 17b, payments on behalf of
8 districts, intermediate districts, and other eligible entities
9 under this section shall be paid on a schedule determined by the
10 department.

11 (5) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
12 AN AMOUNT NOT TO EXCEED \$8,500,000.00 FOR THE FOLLOWING PURPOSES:

13 (A) CONVERTING EXISTING STUDENT ASSESSMENTS TO ONLINE
14 ASSESSMENTS.

15 (B) PROVIDING PAPER AND PENCIL TEST VERSIONS TO DISTRICTS NOT
16 PREPARED TO IMPLEMENT ONLINE ASSESSMENTS.

17 (C) EXPANDING WRITING ASSESSMENTS TO ADDITIONAL GRADE LEVELS.

18 (D) PROVIDING AN INCREASED NUMBER OF CONSTRUCTED RESPONSE TEST
19 QUESTIONS SO THAT PUPILS CAN DEMONSTRATE HIGHER-ORDER SKILLS SUCH
20 AS PROBLEM SOLVING AND COMMUNICATING REASONING.

21 (6) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
22 AN AMOUNT NOT TO EXCEED \$3,200,000.00 FOR THE DEVELOPMENT OR
23 SELECTION OF AN ONLINE REPORTING TOOL TO PROVIDE STUDENT-LEVEL
24 ASSESSMENT DATA IN A SECURE ENVIRONMENT TO EDUCATORS, PARENTS, AND
25 PUPILS IMMEDIATELY AFTER ASSESSMENTS ARE SCORED. THE DEPARTMENT AND
26 THE CENTER SHALL ENSURE THAT ANY DATA COLLECTED BY THE ONLINE
27 REPORTING TOOL DO NOT PROVIDE INDIVIDUALLY IDENTIFIABLE STUDENT

1 DATA TO THE FEDERAL GOVERNMENT.

2 (7) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
3 AN AMOUNT NOT TO EXCEED \$3,000,000.00 FOR THE PURPOSE OF
4 IMPLEMENTING A SUMMATIVE ASSESSMENT SYSTEM PURSUANT TO SECTION
5 104C.

6 (8) ~~(5)~~As used in this section:

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

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

10 (c) "DED-OSERS" means the DED office of special education and
11 rehabilitative services.

12 Sec. 104b. (1) In order to receive state aid under this ~~act,~~
13 **ARTICLE**, a district shall comply with this section and shall
14 administer the Michigan merit examination to pupils in grade 11,
15 and to pupils in grade 12 who did not take the complete Michigan
16 merit examination in grade 11, as provided in this section.

17 (2) For the purposes of this section, the department of
18 **TECHNOLOGY**, management, and budget shall contract with 1 or more
19 providers to develop, supply, and score the Michigan merit
20 examination. The Michigan merit examination shall consist of all of
21 the following:

22 (a) Assessment instruments that measure English language arts,
23 mathematics, reading, and science and are used by colleges and
24 universities in this state for entrance or placement purposes. This
25 shall include ~~a writing component in which the pupil produces an~~
26 ~~extended writing sample. The Michigan merit examination shall not~~
27 ~~require any other extended writing sample.~~ **1 OR MORE WRITING**

1 **COMPONENTS.**

2 (b) One or more tests from 1 or more test developers that
3 assess a pupil's ability to apply at least reading and mathematics
4 skills in a manner that is intended to allow employers to use the
5 results in making employment decisions. The department of
6 **TECHNOLOGY**, management, and budget and the superintendent shall
7 ensure that any test or tests selected under this subdivision have
8 all the components necessary to allow a pupil to be eligible to
9 receive the results of a nationally recognized evaluation of
10 workforce readiness if the pupil's test performance is adequate.

11 (c) A social studies component.

12 (d) Any other component that is necessary to obtain the
13 approval of the United States department of education to use the
14 Michigan merit examination for the purposes of the no child left
15 behind act of 2001, Public Law 107-110.

16 (3) In addition to all other requirements of this section, all
17 of the following apply to the Michigan merit examination:

18 (a) The department of **TECHNOLOGY**, management, and budget and
19 the superintendent shall ensure that any contractor used for
20 scoring the Michigan merit examination supplies an individual
21 report for each pupil that will identify for the pupil's parents
22 and teachers whether the pupil met expectations or failed to meet
23 expectations for each standard, to allow the pupil's parents and
24 teachers to assess and remedy problems before the pupil moves to
25 the next grade.

26 (b) The department of **TECHNOLOGY**, management, and budget and
27 the superintendent shall ensure that any contractor used for

1 scoring, developing, or processing the Michigan merit examination
2 meets quality management standards commonly used in the assessment
3 industry, including at least meeting level 2 of the capability
4 maturity model developed by the software engineering institute of
5 Carnegie Mellon university for the first year the Michigan merit
6 examination is offered to all grade 11 pupils and at least meeting
7 level 3 of the capability maturity model for subsequent years.

8 (c) The department of **TECHNOLOGY**, management, and budget and
9 the superintendent shall ensure that any contract for scoring,
10 administering, or developing the Michigan merit examination
11 includes specific deadlines for all steps of the assessment
12 process, including, but not limited to, deadlines for the correct
13 testing materials to be supplied to schools and for the correct
14 results to be returned to schools, and includes penalties for
15 noncompliance with these deadlines.

16 (d) The superintendent shall ensure that the Michigan merit
17 examination meets all of the following:

18 (i) Is designed to test pupils on grade level content
19 expectations or course content expectations, as appropriate, in all
20 subjects tested.

21 (ii) Complies with requirements of the no child left behind
22 act of 2001, Public Law 107-110.

23 (iii) Is consistent with the code of fair testing practices in
24 education prepared by the joint committee on testing practices of
25 the American psychological association.

26 (iv) Is factually accurate. If the superintendent determines
27 that a question is not factually accurate and should be excluded

1 from scoring, the state board and the superintendent shall ensure
2 that the question is excluded from scoring.

3 (4) A district shall include on each pupil's high school
4 transcript all of the following:

5 (a) For each high school graduate who has completed the
6 Michigan merit examination under this section, the pupil's scaled
7 score on each subject area component of the Michigan merit
8 examination.

9 (b) The number of school days the pupil was in attendance at
10 school each school year during high school and the total number of
11 school days in session for each of those school years.

12 (5) The superintendent shall work with the provider or
13 providers of the Michigan merit examination to produce Michigan
14 merit examination subject area scores for each pupil participating
15 in the Michigan merit examination, including scaling and merging of
16 test items for the different subject area components. The
17 superintendent shall design and distribute to districts,
18 intermediate districts, and nonpublic schools a simple and concise
19 document that describes the scoring for each subject area and
20 indicates the scaled score ranges for each subject area.

21 (6) The Michigan merit examination shall be administered ~~each~~
22 ~~year after March 1 and before June 1 to pupils in grade 11.~~ **IN EACH**
23 **DISTRICT DURING THE LAST 12 WEEKS OF THE DISTRICT'S SCHOOL YEAR.**

24 The superintendent shall ensure that the Michigan merit examination
25 is scored and the scores are returned to pupils, their parents or
26 legal guardians, and districts not later than the beginning of the
27 pupil's first semester of grade 12. The returned scores shall

1 indicate at least the pupil's scaled score for each subject area
2 component and the range of scaled scores for each subject area. In
3 reporting the scores to pupils, parents, and schools, the
4 superintendent shall provide standards-specific, meaningful, and
5 timely feedback on the pupil's performance on the Michigan merit
6 examination.

7 (7) A district shall administer the complete Michigan merit
8 examination to a pupil only once and shall not administer the
9 complete Michigan merit examination to the same pupil more than
10 once. If a pupil does not take the complete Michigan merit
11 examination in grade 11, the district shall administer the complete
12 Michigan merit examination to the pupil in grade 12. If a pupil
13 chooses to retake the college entrance examination component of the
14 Michigan merit examination, as described in subsection (2)(a), the
15 pupil may do so through the provider of the college entrance
16 examination component and the cost of the retake is the
17 responsibility of the pupil unless all of the following are met:

18 (a) The pupil has taken the complete Michigan merit
19 examination.

20 (b) The pupil did not qualify for a Michigan promise grant
21 under section 6 of the Michigan promise grant act, 2006 PA 479, MCL
22 390.1626, based on the pupil's performance on the complete Michigan
23 merit examination.

24 (c) The pupil meets the income eligibility criteria for free
25 breakfast, lunch, or milk, as determined under the Richard B.
26 Russell national school lunch act, 42 USC 1751 to 1769i.

27 (d) The pupil has applied to the provider of the college

1 entrance examination component for a scholarship or fee waiver to
2 cover the cost of the retake and that application has been denied.

3 (e) After taking the complete Michigan merit examination, the
4 pupil has not already received a free retake of the college
5 entrance examination component paid for either by this state or
6 through a scholarship or fee waiver by the provider.

7 (8) The superintendent shall ensure that the length of the
8 Michigan merit examination and the combined total time necessary to
9 administer all of the components of the Michigan merit examination
10 are the shortest possible that will still maintain the degree of
11 reliability and validity of the Michigan merit examination results
12 determined necessary by the superintendent. The superintendent
13 shall ensure that the maximum total combined length of time that
14 schools are required to set aside for pupils to answer all test
15 questions on the Michigan merit examination does not exceed 8 hours
16 if the superintendent determines that sufficient alignment to
17 applicable Michigan merit curriculum content standards can be
18 achieved within that time limit.

19 (9) A district shall provide accommodations to a pupil with
20 disabilities for the Michigan merit examination, as provided under
21 section 504 of title V of the rehabilitation act of 1973, 29 USC
22 794; subtitle A of title II of the Americans with disabilities act
23 of 1990, 42 USC 12131 to 12134; the individuals with disabilities
24 education act amendments of 1997, Public Law 105-17; and the
25 implementing regulations for those statutes. The provider or
26 providers of the Michigan merit examination and the superintendent
27 shall mutually agree upon the accommodations to be provided under

1 this subsection.

2 (10) To the greatest extent possible, the Michigan merit
3 examination shall be based on grade level content expectations or
4 course content expectations, as appropriate. Not later than July 1,
5 2008, the department shall identify specific grade level content
6 expectations to be taught before and after the middle of grade 11,
7 so that teachers will know what content will be covered within the
8 Michigan merit examination.

9 (11) A child who is a student in a nonpublic school or home
10 school may take the Michigan merit examination under this section.
11 To take the Michigan merit examination, a child who is a student in
12 a home school shall contact the district in which the child
13 resides, and that district shall administer the Michigan merit
14 examination, or the child may take the Michigan merit examination
15 at a nonpublic school if allowed by the nonpublic school. Upon
16 request from a nonpublic school, the superintendent shall direct
17 the provider or providers to supply the Michigan merit examination
18 to the nonpublic school and the nonpublic school may administer the
19 Michigan merit examination. If a district administers the Michigan
20 merit examination under this subsection to a child who is not
21 enrolled in the district, the scores for that child are not
22 considered for any purpose to be scores of a pupil of the district.

23 (12) In contracting under subsection (2), the department of
24 management and budget shall consider a contractor that provides
25 electronically-scored essays with the ability to score constructed
26 response feedback in multiple languages and provide ongoing
27 instruction and feedback.

1 (13) The purpose of the Michigan merit examination is to
2 assess pupil performance in mathematics, science, social studies,
3 and English language arts for the purpose of improving academic
4 achievement and establishing a statewide standard of competency.
5 The assessment under this section provides a common measure of data
6 that will contribute to the improvement of Michigan schools'
7 curriculum and instruction by encouraging alignment with Michigan's
8 curriculum framework standards and promotes pupil participation in
9 higher level mathematics, science, social studies, and English
10 language arts courses. These standards are based upon the
11 expectations of what pupils should learn through high school and
12 are aligned with national standards.

13 (14) For a pupil enrolled in a middle college program, other
14 than a middle college operated as a shared educational entity or a
15 specialized shared educational entity, if the pupil receives at
16 least 50% of his or her instruction at the high school while in
17 grade 11, the Michigan merit examination shall be administered to
18 the pupil at the high school at which the pupil receives high
19 school instruction, and the department shall include the pupil's
20 scores on the Michigan merit examination in the scores for that
21 high school for all purposes for which a school's or district's
22 results are reported. The department shall allow the middle college
23 program to use a 5-year graduation rate for determining adequate
24 yearly progress. As used in this subsection, "middle college" means
25 a program consisting of a series of courses and other requirements
26 and conditions, including an early college or other program created
27 under a memorandum of understanding, that allows a pupil to

1 graduate from high school with both a high school diploma and a
2 certificate or degree from a community college or state public
3 university.

4 (15) As used in this section:

5 (a) "English language arts" means reading and writing.

6 (b) "Social studies" means United States history, world
7 history, world geography, economics, and American government.

8 SEC. 104C. (1) IN ORDER TO RECEIVE STATE AID UNDER THIS
9 ARTICLE, A DISTRICT SHALL ADMINISTER THE STATE ASSESSMENTS
10 DESCRIBED IN THIS SECTION.

11 (2) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL
12 DEVELOP FOR USE IN THE SPRING OF 2014-2015 NEW MICHIGAN EDUCATION
13 ASSESSMENT PROGRAM (MEAP) ASSESSMENTS IN ENGLISH LANGUAGE ARTS AND
14 MATHEMATICS. THESE ASSESSMENTS SHALL BE ALIGNED TO STATE STANDARDS.

15 (3) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL
16 IMPLEMENT BEGINNING IN THE 2015-2016 SCHOOL YEAR A SUMMATIVE
17 ASSESSMENT SYSTEM THAT IS PROVEN TO BE VALID AND RELIABLE FOR
18 ADMINISTRATION TO PUPILS AS PROVIDED UNDER THIS SUBSECTION. THE
19 SUMMATIVE ASSESSMENT SYSTEM SHALL MEET ALL OF THE FOLLOWING
20 REQUIREMENTS:

21 (A) THE SUMMATIVE ASSESSMENT SYSTEM SHALL MEASURE STUDENT
22 PROFICIENCY ON THE CURRENT STATE STANDARDS, SHALL MEASURE STUDENT
23 GROWTH FOR CONSECUTIVE GRADE LEVELS IN WHICH STUDENTS ARE ASSESSED
24 IN THE SAME SUBJECT AREA IN BOTH GRADE LEVELS, AND SHALL BE CAPABLE
25 OF MEASURING INDIVIDUAL STUDENT PERFORMANCE.

26 (B) THE SUMMATIVE ASSESSMENTS FOR ENGLISH LANGUAGE ARTS AND
27 MATHEMATICS SHALL BE ADMINISTERED TO ALL PUBLIC SCHOOL PUPILS IN

1 GRADES 3 TO 10, INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL
2 INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446,
3 AND BY TITLE I OF THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION
4 ACT.

5 (C) THE SUMMATIVE ASSESSMENTS FOR SCIENCE SHALL BE
6 ADMINISTERED TO ALL PUBLIC SCHOOL PUPILS IN AT LEAST GRADES 4 AND
7 7, INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS
8 WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I
9 OF THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

10 (D) THE SUMMATIVE ASSESSMENTS FOR SOCIAL STUDIES SHALL BE
11 ADMINISTERED TO ALL PUBLIC SCHOOL PUPILS IN AT LEAST GRADES 5 AND
12 8, INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS
13 WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I
14 OF THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

15 (E) THE CONTENT OF THE SUMMATIVE ASSESSMENTS SHALL BE ALIGNED
16 TO STATE STANDARDS.

17 (F) THE POOL OF QUESTIONS FOR THE SUMMATIVE ASSESSMENTS SHALL
18 BE SUBJECT TO A TRANSPARENT REVIEW PROCESS FOR QUALITY, BIAS, AND
19 SENSITIVE ISSUES INVOLVING EDUCATOR REVIEW AND COMMENT. THE
20 DEPARTMENT SHALL POST SAMPLES FROM TESTS OR RETIRED TESTS FEATURING
21 QUESTIONS FROM THIS POOL FOR REVIEW BY THE PUBLIC.

22 (G) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT
23 STUDENTS, PARENTS, AND TEACHERS ARE PROVIDED WITH REPORTS THAT
24 CONVEY INDIVIDUAL STUDENT PROFICIENCY AND GROWTH ON THE ASSESSMENT
25 AND THAT CONVEY INDIVIDUAL STUDENT DOMAIN-LEVEL PERFORMANCE IN EACH
26 SUBJECT AREA, INCLUDING REPRESENTATIVE QUESTIONS, AND INDIVIDUAL
27 STUDENT PERFORMANCE IN MEETING STATE STANDARDS.

1 (H) THE SUMMATIVE ASSESSMENT SYSTEM SHALL BE CAPABLE OF
2 PROVIDING, AND THE DEPARTMENT SHALL ENSURE THAT STUDENTS, PARENTS,
3 TEACHERS, ADMINISTRATORS, AND COMMUNITY MEMBERS ARE PROVIDED WITH,
4 REPORTS THAT CONVEY AGGREGATE STUDENT PROFICIENCY AND GROWTH DATA
5 BY TEACHER, GRADE, SCHOOL, AND DISTRICT.

6 (I) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THE
7 CAPABILITY OF REPORTING THE AVAILABLE DATA TO SUPPORT EDUCATOR
8 EVALUATIONS.

9 (J) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE
10 REPORTS PROVIDED TO DISTRICTS CONTAINING INDIVIDUAL STUDENT DATA
11 ARE AVAILABLE WITHIN 60 DAYS AFTER COMPLETION OF THE ASSESSMENTS.

12 (K) THE ASSESSMENTS SHALL BE CAPABLE OF BEING IMPLEMENTED
13 STATEWIDE IN A FULLY OPERATIONAL MANNER NO LATER THAN THE 2015-2016
14 SCHOOL YEAR.

15 (L) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT ACCESS
16 TO INDIVIDUALLY IDENTIFIABLE STUDENT DATA MEETS ALL OF THE
17 FOLLOWING:

18 (i) IS IN COMPLIANCE WITH 20 USC 1232G, COMMONLY REFERRED TO
19 AS THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974.

20 (ii) EXCEPT AS MAY BE PROVIDED FOR IN AN AGREEMENT WITH A
21 VENDOR TO PROVIDE ASSESSMENT SERVICES, AS NECESSARY TO SUPPORT
22 EDUCATOR EVALUATIONS PURSUANT TO SUBDIVISION (I), OR FOR RESEARCH
23 OR PROGRAM EVALUATION PURPOSES, IS AVAILABLE ONLY TO THE STUDENT;
24 TO THE STUDENT'S PARENT OR LEGAL GUARDIAN; AND TO A SCHOOL
25 ADMINISTRATOR OR TEACHER, TO THE EXTENT THAT HE OR SHE HAS A
26 LEGITIMATE EDUCATIONAL INTEREST.

27 (M) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE

1 ASSESSMENTS ARE PILOT TESTED BEFORE STATEWIDE IMPLEMENTATION.

2 (N) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT
3 ASSESSMENTS ARE DESIGNED SO THAT THE MAXIMUM TOTAL COMBINED LENGTH
4 OF TIME THAT SCHOOLS ARE REQUIRED TO SET ASIDE FOR A PUPIL TO
5 ANSWER ALL TEST QUESTIONS ON ALL ASSESSMENTS THAT ARE PART OF THE
6 SYSTEM FOR THE PUPIL'S GRADE LEVEL DOES NOT EXCEED THAT MAXIMUM
7 TOTAL COMBINED LENGTH OF TIME FOR THE PREVIOUS STATEWIDE ASSESSMENT
8 SYSTEM OR 9 HOURS, WHICHEVER IS LESS. THIS SUBDIVISION DOES NOT
9 LIMIT THE AMOUNT OF TIME A DISTRICT MAY ALLOW A PUPIL TO COMPLETE A
10 TEST.

11 (O) THE TOTAL COST OF EXECUTING THE SUMMATIVE ASSESSMENT
12 SYSTEM STATEWIDE EACH YEAR, INCLUDING, BUT NOT LIMITED TO, THE COST
13 OF CONTRACTS FOR ADMINISTRATION, SCORING, AND REPORTING, SHALL NOT
14 EXCEED AN AMOUNT EQUAL TO 2 TIMES THE COST OF EXECUTING THE
15 PREVIOUS STATEWIDE ASSESSMENT AFTER ADJUSTMENT FOR INFLATION.

16 (4) TO BEGIN THE PROCESS REQUIRED UNDER SUBSECTION (3), NOT
17 LATER THAN SEPTEMBER 1, 2014, THE DEPARTMENT SHALL ISSUE A REQUEST
18 FOR PROPOSALS FOR THE SUMMATIVE ASSESSMENT SYSTEM DESCRIBED IN THAT
19 SUBSECTION.

20 (5) THIS SECTION DOES NOT PROHIBIT DISTRICTS FROM ADOPTING
21 INTERIM ASSESSMENTS.

22 (6) THE DEPARTMENT SHALL SEEK A WAIVER OR AMENDMENT TO AN
23 EXISTING WAIVER FOR FEDERAL APPROVAL OF THE ASSESSMENT FRAMEWORK
24 UNDER THIS SECTION AND SHALL NOTIFY THE UNITED STATES DEPARTMENT OF
25 EDUCATION ABOUT THE PROVISIONS OF THIS SECTION AND TAKE NECESSARY
26 STEPS TO ASSURE THE UNITED STATES DEPARTMENT OF EDUCATION THAT THIS
27 STATE IS ON TRACK TO DEVELOP AND IMPLEMENT A SUMMATIVE ASSESSMENT

1 **SYSTEM AS REQUIRED BY FEDERAL LAW.**

2 (7) **AS USED IN THIS SECTION, "ENGLISH LANGUAGE ARTS" MEANS**
3 **THAT TERM AS DEFINED IN SECTION 104B.**

4 Sec. 107. (1) From the appropriation in section 11, there is
5 allocated an amount not to exceed \$22,000,000.00 for ~~2013-2014~~
6 **2014-2015** for adult education programs authorized under this
7 section. Funds allocated under this section are restricted for
8 adult education programs as authorized under this section only. A
9 recipient of funds under this section shall not use those funds for
10 any other purpose.

11 (2) To be eligible for funding under this section, a program
12 shall employ certificated teachers and qualified administrative
13 staff and shall offer continuing education opportunities for
14 teachers to allow them to maintain certification.

15 (3) To be eligible to be a participant funded under this
16 section, a person shall be enrolled in an adult basic education
17 program, an adult English as a second language program, a general
18 educational development (G.E.D.) test preparation program, a job-
19 or employment-related program, or a high school completion program,
20 that meets the requirements of this section, **AND FOR WHICH**
21 **INSTRUCTION IS PROVIDED**, and shall meet either of the following, as
22 applicable:

23 (a) If the individual has obtained a high school diploma or a
24 general educational development (G.E.D.) certificate, the
25 individual meets 1 of the following:

26 (i) Is less than 20 years of age on September 1 of the school
27 year and is enrolled in the Michigan career and technical

1 institute.

2 (ii) Is less than 20 years of age on September 1 of the school
3 year, is not attending an institution of higher education, and is
4 enrolled in a job- or employment-related program through a referral
5 by an employer **OR BY A MICHIGAN WORKFORCE AGENCY**.

6 (iii) Is enrolled in an English as a second language program.

7 (iv) Is enrolled in a high school completion program.

8 (b) If the individual has not obtained a high school diploma
9 or G.E.D. certificate, the individual meets 1 of the following:

10 (i) Is at least 20 years of age on September 1 of the school
11 year.

12 (ii) Is at least 16 years of age on September 1 of the school
13 year, has been permanently expelled from school under section
14 1311(2) or 1311a of the revised school code, MCL 380.1311 and
15 380.1311a, and has no appropriate alternative education program
16 available through his or her district of residence.

17 ~~—— (4) Except as otherwise provided in subsection (5), the money~~
18 ~~allocated under this section shall be distributed as follows:~~

19 ~~—— (a) For districts and consortia that received payments for~~
20 ~~2012-2013 under this section, the amount allocated to each for~~
21 ~~2013-2014 shall be based on the number of participants served by~~
22 ~~the district or consortium for 2013-2014, using the amount~~
23 ~~allocated per full-time equated participant under subsection (7),~~
24 ~~up to a maximum total allocation under this subsection in an amount~~
25 ~~equal to the amount the district or consortium received for 2012-~~
26 ~~2013 under this section before any reallocations made for 2012-2013~~
27 ~~under subsection (5).~~

~~1 (b) A district or consortium that received funding in 2012-
2 2013 under this section may operate independently of a consortium
3 or join or form a consortium for 2013-2014. The allocation for
4 2013-2014 to the district or the newly formed consortium under this
5 subsection shall be determined by the department and shall be based
6 on the proportion of the amounts that are attributable to the
7 district or consortium that received funding in 2012-2013. A
8 district or consortium described in this subdivision shall notify
9 the department of its intention with regard to 2013-2014 by October
10 1, 2013.~~

~~11 (5) A district that operated an adult education program in
12 2012-2013 and does not intend to operate a program in 2013-2014
13 shall notify the department by October 1, 2013 of its intention.
14 The money intended to be allocated under this section to a district
15 that does not operate a program in 2013-2014 and the unspent money
16 originally allocated under this section to a district or consortium
17 that subsequently operates a program at less than the level of
18 funding allocated under subsection (4) and any other unallocated
19 money under this section shall instead be proportionately
20 reallocated to the other districts described in subsection (4)(a)
21 that are operating an adult education program in 2013-2014 under
22 this section.~~

23 (4) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), AN AMOUNT
24 AS DETERMINED UNDER THIS SUBSECTION SHALL BE ALLOCATED TO EACH
25 INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT FOR ADULT EDUCATION
26 PROGRAMS IN EACH OF THE 10 PROSPERITY REGIONS IDENTIFIED BY THE
27 DEPARTMENT. AN INTERMEDIATE DISTRICT SHALL NOT USE MORE THAN 5% OF

1 THE FUNDS ALLOCATED UNDER THIS SUBSECTION FOR ADMINISTRATION COSTS
2 FOR SERVING AS THE FISCAL AGENT. THE DEPARTMENT SHALL ENSURE THAT
3 THE FUNDS ALLOCATED UNDER THIS SUBSECTION FOR 2014-2015 WILL
4 PROVIDE SERVICES IN 2014-2015 TO AT LEAST THE SAME NUMBER OF
5 INDIVIDUALS AS THE NUMBER OF INDIVIDUALS WHO WERE ENROLLED IN
6 PROGRAMS FUNDED UNDER THIS SECTION IN 2013-2014. FOR 2014-2015, 67%
7 OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS
8 A FISCAL AGENT SHALL BE BASED ON THE PROPORTION OF TOTAL FUNDING
9 FORMERLY RECEIVED BY THE ADULT EDUCATION PROVIDERS IN THAT
10 PROSPERITY REGION IN 2013-2014, AND 33% SHALL BE ALLOCATED BASED ON
11 THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). FOR 2015-2016, 33%
12 OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS
13 A FISCAL AGENT SHALL BE BASED UPON THE PROPORTION OF TOTAL FUNDING
14 FORMERLY RECEIVED BY THE ADULT EDUCATION PROVIDERS IN THAT
15 PROSPERITY REGION IN 2013-2014 AND 67% OF THE ALLOCATION SHALL BE
16 BASED UPON THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). FOR 2016-
17 2017, 100% OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT
18 SERVING AS A FISCAL AGENT SHALL BE BASED ON THE FACTORS IN
19 SUBDIVISIONS (A), (B), AND (C). THE FUNDING FACTORS FOR THIS
20 SECTION ARE AS FOLLOWS:

21 (A) SIXTY PERCENT OF THIS PORTION OF THE FUNDING SHALL BE
22 DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
23 INDIVIDUALS BETWEEN THE AGES OF 18 AND 24 THAT ARE NOT HIGH SCHOOL
24 GRADUATES THAT RESIDES IN EACH OF THE PROSPERITY REGIONS, AS
25 REPORTED BY THE MOST RECENT 5-YEAR ESTIMATES FROM THE AMERICAN
26 COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS BUREAU.

27 (B) THIRTY-FIVE PERCENT OF THIS PORTION OF THE FUNDING SHALL

1 BE DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
2 INDIVIDUALS AGE 25 OR OLDER WHO ARE NOT HIGH SCHOOL GRADUATES THAT
3 RESIDES IN EACH OF THE PROSPERITY REGIONS, AS REPORTED BY THE MOST
4 RECENT 5-YEAR ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (ACS)
5 FROM THE UNITED STATES CENSUS BUREAU.

6 (C) FIVE PERCENT OF THIS PORTION OF THE FUNDING SHALL BE
7 DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
8 INDIVIDUALS AGE 18 OR OLDER WHO LACK BASIC ENGLISH LANGUAGE
9 PROFICIENCY THAT RESIDES IN EACH OF THE PROSPERITY REGIONS, AS
10 REPORTED BY THE MOST RECENT 5-YEAR ESTIMATES FROM THE AMERICAN
11 COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS BUREAU.

12 (5) TO BE AN ELIGIBLE FISCAL AGENT, AN INTERMEDIATE DISTRICT
13 MUST AGREE TO DO THE FOLLOWING IN A FORM AND MANNER DETERMINED BY
14 THE DEPARTMENT:

15 (A) DISTRIBUTE FUNDS TO ADULT EDUCATION PROGRAMS IN A
16 PROSPERITY REGION AS DESCRIBED IN THIS SECTION.

17 (B) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE
18 WORKFORCE DEVELOPMENT BOARDS LOCATED IN THE PROSPERITY REGION TO
19 DEVELOP A REGIONAL STRATEGY THAT ALIGNS ADULT EDUCATION PROGRAMS
20 AND SERVICES INTO AN EFFICIENT AND EFFECTIVE DELIVERY SYSTEM FOR
21 ADULT EDUCATION LEARNERS.

22 (C) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE
23 WORKFORCE DEVELOPMENT BOARDS LOCATED IN THE PROSPERITY REGION TO
24 CREATE A LOCAL PROCESS AND CRITERIA THAT WILL IDENTIFY ELIGIBLE
25 ADULT EDUCATION PROVIDERS TO RECEIVE FUNDS ALLOCATED UNDER THIS
26 SECTION BASED ON LOCATION, DEMAND FOR SERVICES, AND COST TO PROVIDE
27 INSTRUCTIONAL SERVICES. ALL LOCAL PROCESSES, CRITERIA, AND PROVIDER

1 DETERMINATIONS MUST BE APPROVED BY THE DEPARTMENT BEFORE FUNDS MAY
2 BE DISTRIBUTED TO THE FISCAL AGENT.

3 (D) REPORT ADULT EDUCATION PROGRAM AND PARTICIPANT DATA AND
4 INFORMATION AS PRESCRIBED BY THE DEPARTMENT.

5 (6) The amount allocated under this section per full-time
6 equated participant ~~is~~ **SHALL NOT EXCEED** \$2,850.00 for a 450-hour
7 program. The amount shall be proportionately reduced for a program
8 offering less than 450 hours of instruction.

9 (7) An adult basic education program or an adult English as a
10 second language program operated on a year-round or school year
11 basis may be funded under this section, subject to all of the
12 following:

13 (a) The program enrolls adults who are determined by a
14 department-approved assessment, in a form and manner prescribed by
15 the department, to be below ninth grade level in reading or
16 mathematics, or both, or to lack basic English proficiency.

17 (b) The program tests individuals for eligibility under
18 subdivision (a) before enrollment and upon completion of the
19 program in compliance with the state-approved assessment policy.

20 (c) A participant in an adult basic education program is
21 eligible for reimbursement until 1 of the following occurs:

22 (i) The participant's reading and mathematics proficiency are
23 assessed at or above the ninth grade level.

24 (ii) The participant fails to show progress on 2 successive
25 assessments after having completed at least 450 hours of
26 instruction.

27 (d) A funding recipient enrolling a participant in an English

1 as a second language program is eligible for funding according to
2 subsection (11) until the participant meets 1 of the following:

3 (i) The participant is assessed as having attained basic
4 English proficiency as determined by a department-approved
5 assessment.

6 (ii) The participant fails to show progress on 2 successive
7 department-approved assessments after having completed at least 450
8 hours of instruction. The department shall provide information to a
9 funding recipient regarding appropriate assessment instruments for
10 this program.

11 (8) A general educational development (G.E.D.) test
12 preparation program operated on a year-round or school year basis
13 may be funded under this section, subject to all of the following:

14 (a) The program enrolls adults who do not have a high school
15 diploma.

16 (b) The program shall administer a ~~G.E.D.~~ pre-test approved by
17 the department before enrolling an individual to determine the
18 individual's **LITERACY LEVELS, SHALL ADMINISTER A G.E.D. PRACTICE**
19 **TEST TO DETERMINE THE INDIVIDUAL'S** potential for success on the
20 G.E.D. test, and shall administer a post-test upon completion of
21 the program in compliance with the state-approved assessment
22 policy.

23 (c) A funding recipient shall receive funding according to
24 subsection (11) for a participant, and a participant may be
25 enrolled in the program until 1 of the following occurs:

26 (i) The participant ~~passes~~ **OBTAINS** the G.E.D. ~~test~~.

27 (ii) The participant fails to show progress on 2 successive

1 department-approved assessments used to determine readiness to take
2 the G.E.D. test after having completed at least 450 hours of
3 instruction.

4 (9) A high school completion program operated on a year-round
5 or school year basis may be funded under this section, subject to
6 all of the following:

7 (a) The program enrolls adults who do not have a high school
8 diploma.

9 (b) The program tests participants described in subdivision
10 (a) before enrollment and upon completion of the program in
11 compliance with the state-approved assessment policy.

12 (c) A funding recipient shall receive funding according to
13 subsection (11) for a participant in a course offered under this
14 subsection until 1 of the following occurs:

15 (i) The participant passes the course and earns a high school
16 diploma.

17 (ii) The participant fails to earn credit in 2 successive
18 semesters or terms in which the participant is enrolled after
19 having completed at least 900 hours of instruction.

20 (10) A job- or employment-related adult education program
21 operated on a year-round or school year basis may be funded under
22 this section, subject to all of the following:

23 (a) The program enrolls adults referred by their employer who
24 are less than 20 years of age, have a high school diploma, are
25 determined to be in need of remedial mathematics or communication
26 arts skills and are not attending an institution of higher
27 education.

1 (b) The program tests participants described in subdivision
2 (a) before enrollment and upon completion of the program in
3 compliance with the department-approved assessment policy.

4 (c) An individual may be enrolled in this program and the
5 grant recipient shall receive funding according to subsection (11)
6 until 1 of the following occurs:

7 (i) The individual achieves the requisite skills as determined
8 by department-approved assessment instruments.

9 (ii) The individual fails to show progress on 2 successive
10 assessments after having completed at least 450 hours of
11 instruction.

12 (11) A funding recipient shall receive payments under this
13 section in accordance with the following:

14 (a) ~~Ninety~~ **SEVENTY-FIVE** percent for enrollment of eligible
15 participants.

16 (b) ~~Ten~~ **TWENTY-FIVE** percent for **PARTICIPANT** completion of the
17 adult basic education objectives by achieving an ~~increase of at~~
18 ~~least 1 grade level of proficiency in reading or mathematics;~~
19 **EDUCATIONAL GAIN AS DETERMINED BY THE NATIONAL REPORTING SYSTEM**
20 **LEVELS;** for achieving basic English proficiency; ~~, as defined by~~
21 ~~the department in the adult education guidebook;~~ for obtaining a
22 G.E.D. or passage of 1 or more individual G.E.D. tests; for
23 attainment of a high school diploma or passage of a course required
24 for a participant to attain a high school diploma; ~~or for~~
25 ~~completion of the course and demonstrated proficiency in the~~
26 ~~academic skills to be learned in the course,~~ **FOR ENROLLMENT IN A**
27 **POSTSECONDARY INSTITUTION, OR FOR ENTRY INTO OR RETENTION OF**

1 **EMPLOYMENT**, as applicable.

2 ~~—— (12) As used in this section, "participant" means the sum of~~
 3 ~~the number of full-time equated individuals enrolled in and~~
 4 ~~attending a department approved adult education program under this~~
 5 ~~section, using quarterly participant count days on the schedule~~
 6 ~~described in section 6(7)(b).~~

7 (12) ~~(13)~~ A person who is not eligible to be a participant
 8 funded under this section may receive adult education services upon
 9 the payment of tuition. In addition, a person who is not eligible
 10 to be served in a program under this section due to the program
 11 limitations specified in subsection (7), (8), (9), or (10) may
 12 continue to receive adult education services in that program upon
 13 the payment of tuition. The tuition level shall be determined by
 14 the local or intermediate district conducting the program.

15 (13) ~~(14)~~ An individual who is an inmate in a state
 16 correctional facility shall not be counted as a participant under
 17 this section.

18 (14) ~~(15)~~ A district **FUNDING RECIPIENT** shall not commingle
 19 money received under this section or from another source for adult
 20 education purposes with any other funds ~~of the district. A district~~
 21 ~~receiving adult education funds AND~~ shall establish a separate
 22 ledger account for ~~these funds~~ **RECEIVED UNDER THIS SECTION**. This
 23 subsection does not prohibit a district from using general funds of
 24 the district to support an adult education or community education
 25 program.

26 (15) ~~(16)~~ A district ~~or intermediate district~~ **FUNDING**
 27 **RECIPIENT** receiving funds under this section may establish a

1 sliding scale of tuition rates based upon a participant's family
 2 income. A ~~district or intermediate district~~ **FUNDING RECIPIENT** may
 3 charge a participant tuition to receive adult education services
 4 under this section from that sliding scale of tuition rates on a
 5 uniform basis. The amount of tuition charged per participant shall
 6 not exceed the actual operating cost per participant minus any
 7 funds received under this section per participant. A ~~district or~~
 8 ~~intermediate district~~ **FUNDING RECIPIENT** may not charge a
 9 participant tuition under this section if the participant's income
 10 is at or below 200% of the federal poverty guidelines published by
 11 the United States department of health and human services.

12 (16) ~~(17)~~ In order to receive funds under this section, a
 13 ~~district~~ **FUNDING RECIPIENT** shall furnish to the department, in a
 14 form and manner determined by the department, all information
 15 needed to administer this program and meet federal reporting
 16 requirements; shall allow the department or the department's
 17 designee to review all records related to the program for which it
 18 receives funds; and shall reimburse the state for all disallowances
 19 found in the review, as determined by the department.

20 (17) ~~(18)~~ All intermediate district participant audits of
 21 adult education programs shall be performed pursuant to the adult
 22 education participant auditing and accounting manuals published by
 23 the department.

24 ~~— (19) It is the intent of the legislature to study allocating~~
 25 ~~funds under this section on a competitive basis beginning for 2014-~~
 26 ~~2015-~~

27 (18) ~~(20)~~ As used in this section: ~~— "department"~~

1 (A) "DEPARTMENT" means the Michigan strategic fund.

2 (B) "ELIGIBLE ADULT EDUCATION PROVIDER" MEANS A DISTRICT,
3 INTERMEDIATE DISTRICT, A CONSORTIUM OF DISTRICTS, A CONSORTIUM OF
4 INTERMEDIATE DISTRICTS, OR A CONSORTIUM OF DISTRICTS AND
5 INTERMEDIATE DISTRICTS THAT IS IDENTIFIED AS PART OF THE LOCAL
6 PROCESS DESCRIBED IN SUBSECTION (5) (C) AND APPROVED BY THE
7 DEPARTMENT.

8 (C) "PARTICIPANT" MEANS THE SUM OF THE NUMBER OF FULL-TIME
9 EQUATED INDIVIDUALS ENROLLED IN AND ATTENDING A DEPARTMENT-APPROVED
10 ADULT EDUCATION PROGRAM UNDER THIS SECTION, USING QUARTERLY
11 PARTICIPANT COUNT DAYS ON THE SCHEDULE DESCRIBED IN SECTION
12 6(7) (B) .

13 Sec. 147. (1) The allocation ~~each fiscal year for 2013-2014~~
14 ~~and for 2014-2015~~ for the public school employees' retirement
15 system pursuant to the public school employees retirement act of
16 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the
17 individual projected benefit entry age normal cost method of
18 valuation and risk assumptions adopted by the public school
19 employees retirement board and the department of technology,
20 management, and budget.

21 ~~— (2) The annual level percentage of payroll contribution rates~~
22 ~~for the 2013-2014 fiscal year, as determined by the retirement~~
23 ~~system, are estimated as follows:~~

24 ~~— (a) For public school employees who first worked for a public~~
25 ~~school reporting unit before July 1, 2010 and who are enrolled in~~
26 ~~the health premium subsidy, the annual level percentage of payroll~~
27 ~~contribution rate is estimated at 29.35%, with 24.79% paid directly~~

1 ~~by the employer.~~

2 ~~—— (b) For public school employees who first worked for a public~~
3 ~~school reporting unit on or after July 1, 2010 and who are enrolled~~
4 ~~in the health premium subsidy, the annual level percentage of~~
5 ~~payroll contribution rate is estimated at 29.12%, with 24.56% paid~~
6 ~~directly by the employer.~~

7 ~~—— (c) For public school employees who first worked for a public~~
8 ~~school reporting unit on or after July 1, 2010 and who participate~~
9 ~~in the pension plus plan and in the personal healthcare fund, the~~
10 ~~annual level percentage of payroll contribution rate is estimated~~
11 ~~at 28.19%, with 23.63% paid directly by the employer.~~

12 ~~—— (d) For public school employees who first worked for a public~~
13 ~~school reporting unit on or after September 4, 2012, who elect~~
14 ~~defined contribution, and who participate in the personal~~
15 ~~healthcare fund, the annual level percentage of payroll~~
16 ~~contribution rate is estimated at 25.52%, with 20.96% paid directly~~
17 ~~by the employer.~~

18 ~~—— (e) For public school employees who first worked for a public~~
19 ~~school reporting unit before July 1, 2010, who elect defined~~
20 ~~contribution, and who are enrolled in the health premium subsidy,~~
21 ~~the annual level percentage of payroll contribution rate is~~
22 ~~estimated at 26.45%, with 21.89% paid directly by the employer.~~

23 ~~—— (f) For public school employees who first worked for a public~~
24 ~~school reporting unit before July 1, 2010, who elect defined~~
25 ~~contribution, and who participate in the personal healthcare fund,~~
26 ~~the annual level percentage of payroll contribution rate is~~
27 ~~estimated at 25.52%, with 20.96% paid directly by the employer.~~

1 ~~—— (g) For public school employees who first worked for a public~~
2 ~~school reporting unit before July 1, 2010 and who participate in~~
3 ~~the personal healthcare fund, the annual level percentage of~~
4 ~~payroll contribution rate is estimated at 28.42%, with 23.86% paid~~
5 ~~directly by the employer.~~

6 (2) ~~(3)~~ The annual level percentage of payroll contribution
7 rates for the 2014-2015 fiscal year, as determined by the
8 retirement system, are estimated as follows:

9 (a) For public school employees who first worked for a public
10 school reporting unit before July 1, 2010 and who are enrolled in
11 the health premium subsidy, the annual level percentage of payroll
12 contribution rate is estimated at ~~33.10%,~~ **33.41%**, with 25.78% paid
13 directly by the employer.

14 (b) For public school employees who first worked for a public
15 school reporting unit on or after July 1, 2010 and who are enrolled
16 in the health premium subsidy, the annual level percentage of
17 payroll contribution rate is estimated at ~~32.02%,~~ **32.33%**, with
18 24.70% paid directly by the employer.

19 (c) For public school employees who first worked for a public
20 school reporting unit on or after July 1, 2010 and who participate
21 in the personal healthcare fund, the annual level percentage of
22 payroll contribution rate is estimated at ~~31.51%,~~ **31.82%**, with
23 24.19% paid directly by the employer.

24 (d) For public school employees who first worked for a public
25 school reporting unit on or after September 4, 2012, who elect
26 defined contribution, and who participate in the personal
27 healthcare fund, the annual level percentage of payroll

1 contribution rate is estimated at ~~28.28%,~~ **28.59%**, with 20.96% paid
2 directly by the employer.

3 (e) For public school employees who first worked for a public
4 school reporting unit before July 1, 2010, who elect defined
5 contribution, and who are enrolled in the health premium subsidy,
6 the annual level percentage of payroll contribution rate is
7 estimated at ~~28.79%,~~ **29.10%**, with 21.47% paid directly by the
8 employer.

9 (f) For public school employees who first worked for a public
10 school reporting unit before July 1, 2010, who elect defined
11 contribution, and who participate in the personal healthcare fund,
12 the annual level percentage of payroll contribution rate is
13 estimated at ~~28.28%,~~ **28.59%**, with 20.96% paid directly by the
14 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%,~~ **32.90%**, with
19 25.27% paid directly by the employer.

20 (3) ~~(4)~~—In addition to the employer payments described in
21 ~~subsections (2) and (3),~~ **SUBSECTION (2)**, the employer shall pay the
22 applicable contributions to the Tier 2 plan, as determined by the
23 public school employees retirement act of 1979, 1980 PA 300 MCL
24 38.1301 to 38.1408.

25 (4) ~~(5)~~—The contribution rates in subsection (2) reflect an
26 amortization period of ~~25–24~~ years for ~~2013–2014.~~ **2014–2015**. The
27 public school employees' retirement system board shall notify each

1 district and intermediate district by February 28 of each fiscal
2 year of the estimated contribution rate for the next fiscal year.

3 Sec. 147a. From the appropriation in section 11, there is
4 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
5 \$100,000,000.00 for payments to participating districts. A district
6 that receives money under this section shall use that money solely
7 for the purpose of offsetting a portion of the retirement
8 contributions owed by the district for the fiscal year in which it
9 is received. The amount allocated to each participating district
10 under this section shall be based on each participating district's
11 percentage of the total statewide payroll for all participating
12 districts for the immediately preceding fiscal year. As used in
13 this section, "participating district" means a district that is a
14 reporting unit of the Michigan public school employees' retirement
15 system under the public school employees retirement act of 1979,
16 1980 PA 300, MCL 38.1301 to 38.1408, and that reports employees to
17 the Michigan public school employees' retirement system for the
18 applicable fiscal year.

19 Sec. 147c. (1) From the appropriation in section 11, there is
20 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
21 ~~\$249,500,000.00-\$656,700,000.00~~ from the state school aid fund, and
22 there is appropriated for ~~2013-2014-2014-2015~~ an amount not to
23 exceed ~~\$156,000,000.00-\$18,000,000.00~~ from the MPSERS retirement
24 obligation reform reserve fund, for payments to districts and
25 intermediate districts that are participating entities of the
26 Michigan public school employees' retirement system.

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

1 ~~the general fund money appropriated under section 11, there is~~
2 ~~allocated for payments to district libraries that are participating~~
3 ~~entities of the retirement system an amount not to exceed~~
4 ~~\$1,300,000.00 for 2013-2014.~~

5 (2) FOR 2014-2015, THE AMOUNTS ALLOCATED UNDER SUBSECTION (1)
6 ARE ESTIMATED TO PROVIDE AN AVERAGE MPSERS RATE CAP PER PUPIL
7 AMOUNT OF \$441.00 AND ARE ESTIMATED TO PROVIDE A RATE CAP PER PUPIL
8 FOR DISTRICTS RANGING BETWEEN \$4.00 AND \$1,400.00.

9 (3) Payments made under this section for ~~2013-2014-2014-2015~~
10 shall be equal to the difference between the unfunded actuarial
11 accrued liability contribution rate as calculated pursuant to
12 section 41 of the public school employees retirement act of 1979,
13 1980 PA 300, MCL 38.1341, as calculated without taking into account
14 the maximum employer rate of 20.96% included in section 41 of the
15 public school employees retirement act of 1979, 1980 PA 300, MCL
16 38.1341, and the maximum employer rate of 20.96% included in
17 section 41 of the public school employees retirement act of 1979,
18 1980 PA 300, MCL 38.1341.

19 (4) The amount allocated to each participating entity under
20 this section shall be based on each participating entity's
21 proportion of the total covered payroll for the immediately
22 preceding fiscal year for the same type of participating entities.
23 A participating entity that receives funds under this section shall
24 use the funds solely for the purpose of retirement contributions as
25 specified in subsection (5).

26 (5) Each participating entity receiving funds under this
27 section shall forward an amount equal to the amount allocated under

1 subsection (4) to the retirement system in a form, manner, and time
2 frame determined by the retirement system.

3 (6) Funds allocated under this section should be considered
4 when comparing a district's growth in total state aid funding from
5 1 fiscal year to the next.

6 (7) NOT LATER THAN OCTOBER 20, 2014, THE DEPARTMENT SHALL
7 PUBLISH AND POST ON ITS WEBSITE AN ESTIMATED MPSERS RATE CAP PER
8 PUPIL FOR EACH DISTRICT.

9 (8) ~~(7)~~As used in this section:

10 (A) "MPSERS RATE CAP PER PUPIL" MEANS AN AMOUNT EQUAL TO THE
11 QUOTIENT OF THE DISTRICT'S PAYMENT UNDER THIS SECTION DIVIDED BY
12 THE DISTRICT'S PUPILS IN MEMBERSHIP.

13 (B) ~~(a)~~"Participating entity" means a district, intermediate
14 district, or district library that is a reporting unit of the
15 Michigan public school employees' retirement system under the
16 public school employees retirement act of 1979, 1980 PA 300, MCL
17 38.1301 to 38.1437, and that reports employees to the Michigan
18 public school employees' retirement system for the applicable
19 fiscal year.

20 (C) ~~(b)~~"Retirement board" means the board that administers
21 the retirement system under the public school employees retirement
22 act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

23 (D) ~~(c)~~"Retirement system" means the Michigan public school
24 employees' retirement system under the public school employees
25 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

26 SEC. 147D. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
27 ALLOCATED FOR 2014-2015 ONLY AN AMOUNT NOT TO EXCEED

1 \$108,000,000.00 FOR PAYMENTS TO PARTICIPATING ENTITIES.

2 (2) 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. A PARTICIPATING ENTITY THAT RECEIVES FUNDS
6 UNDER THIS SECTION SHALL USE THE FUNDS SOLELY FOR PURPOSES OF THIS
7 SECTION.

8 (3) EACH PARTICIPATING ENTITY RECEIVING FUNDS UNDER THIS
9 SECTION SHALL FORWARD AN AMOUNT EQUAL TO THE SUM OF THE AMOUNT
10 ALLOCATED UNDER THIS SECTION AND THE AMOUNT ALLOCATED UNDER SECTION
11 147C TO THE RETIREMENT SYSTEM IN A FORM, MANNER, AND TIME FRAME
12 PRESCRIBED BY THE RETIREMENT SYSTEM.

13 (4) PAYMENTS UNDER THIS SECTION SHALL BE USED BY THE
14 RETIREMENT SYSTEM SPECIFICALLY FOR THE PAYMENT OR PREPAYMENT OF THE
15 FINAL YEARS OR PARTIAL YEARS OF ANY ADDITIONAL COSTS TO THE
16 RETIREMENT SYSTEM DUE TO THE OPERATION OF SECTION 81B OF THE PUBLIC
17 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1381B,
18 WITHOUT REGARD TO THE AMORTIZATION OF THOSE COSTS UNDER SECTION
19 81B(5) OF THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980
20 PA 300, MCL 38.1381B, AND IN A MANNER AND FORM AS DETERMINED BY THE
21 OFFICE OF RETIREMENT SERVICES.

22 (5) AS USED IN THIS SECTION:

23 (A) "PARTICIPATING ENTITY" MEANS A DISTRICT, INTERMEDIATE
24 DISTRICT, COMMUNITY COLLEGE, OR DISTRICT LIBRARY THAT IS A
25 REPORTING UNIT OF THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT
26 SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979,
27 1980 PA 300, MCL 38.1301 TO 38.1437, AND THAT REPORTS EMPLOYEES TO

1 THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE
2 APPLICABLE FISCAL YEAR.

3 (B) "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL
4 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
5 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

6 Sec. 152a. (1) As required by the court in the consolidated
7 cases known as Adair v State of Michigan, Michigan supreme court
8 docket nos. 137424 and 137453, from the state school aid fund money
9 appropriated in section 11 there is allocated for ~~2013-2014-2014-~~
10 ~~2015~~ an amount not to exceed \$38,000,500.00 to be used solely for
11 the purpose of paying necessary costs related to the state-mandated
12 collection, maintenance, and reporting of data to this state.

13 (2) From the allocation in subsection (1), the department
14 shall make payments to districts and intermediate districts in an
15 equal amount per pupil based on the total number of pupils in
16 membership in each district and intermediate district. The
17 department shall not make any adjustment to these payments after
18 the final installment payment under section 17b is made.

19 Sec. 161. A school official or member of a board or other
20 person who neglects or refuses to do or perform an act required by
21 this act or who violates or knowingly permits or consents to the
22 violation of this act is guilty of a misdemeanor, punishable by
23 imprisonment for not more than 90 days, or a fine of not more than
24 \$1,500.00, or both. **THIS PENALTY IS IN ADDITION TO ALL OTHER**
25 **FINANCIAL PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

26 Sec. 163. (1) Except as provided in the revised school code,
27 the board of a district or intermediate district shall not permit

1 any of the following:

2 (a) A noncertificated teacher to teach in an elementary or
3 secondary school or in an adult basic education or high school
4 completion program.

5 (b) A noncertificated counselor to provide counseling services
6 to pupils in an elementary or secondary school or in an adult basic
7 education or high school completion program.

8 (2) Except as provided in the revised school code, a district
9 or intermediate district employing teachers or counselors not
10 legally certificated shall have deducted the sum equal to the
11 amount paid the teachers or counselors for the period of
12 noncertificated or illegal employment. Each intermediate
13 superintendent shall notify the department of the name of the
14 noncertificated teacher or counselor, and the district employing
15 that individual and the amount of salary the noncertificated
16 teacher or counselor was paid within a constituent district.

17 (3) If a school official is notified by the department that he
18 or she is employing a nonapproved noncertificated teacher or
19 counselor in violation of this section and knowingly continues to
20 employ that teacher or counselor, the school official is guilty of
21 a misdemeanor, punishable by a fine of \$1,500.00 for each
22 incidence. **THIS PENALTY IS IN ADDITION TO ALL OTHER FINANCIAL**
23 **PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

24 **SEC. 164F. THE INTERMEDIATE BOARD OF AN INTERMEDIATE DISTRICT,**
25 **THE BOARD OF A DISTRICT, OR THE BOARD OF DIRECTORS OF A PUBLIC**
26 **SCHOOL ACADEMY MAY USE FUNDS APPROPRIATED UNDER THIS ACT TO ENTER**
27 **INTO A SWAP, HEDGE, DERIVATIVE, OR SIMILAR AGREEMENT IN CONNECTION**

1 WITH THE PROCUREMENT OF DIESEL FUEL. HOWEVER, NOT MORE THAN 25% OF
2 A DISTRICT'S, PUBLIC SCHOOL ACADEMY'S, OR INTERMEDIATE DISTRICT'S
3 ANNUAL DIESEL FUEL BUDGET MAY BE PROCURED IN THE MANNER ALLOWED
4 UNDER THIS SECTION.

5 Sec. 168. In order to receive funds under this act, a
6 district, intermediate district, grant recipient, contractor, or
7 other entity that directly or indirectly receives funds under this
8 act shall allow access for the department or the department's
9 designee to audit all records related to a program for which it
10 receives ~~such funds~~ **UNDER THIS ACT OR HAS RECEIVED FUNDS UNDER THIS**
11 **ACT FOR ANY OF THE 3 IMMEDIATELY PRECEDING FISCAL YEARS.** The
12 district, intermediate district, grant recipient, contractor, or
13 other entity shall reimburse the state for all disallowances found
14 in ~~the audit.~~ **ANY AUDIT CONDUCTED UNDER THIS ACT.**

15 Enacting section 1. (1) In accordance with section 30 of
16 article IX of the state constitution of 1963, total state spending
17 on school aid under 2013 PA 60, 2013 PA 130, 2014 PA 116, and this
18 amendatory act from state sources for fiscal year 2013-2014 is
19 estimated at \$11,506,132,300.00 and state appropriations for school
20 aid to be paid to local units of government for fiscal year 2013-
21 2014 are estimated at \$11,343,224,700.00.

22 (2) In accordance with section 30 of article I of the state
23 constitution of 1963, total state spending on school aid under
24 article I as amended by this amendatory act from state sources for
25 fiscal year 2014-2015 is estimated at \$12,062,162,900.00 and state
26 appropriations for school aid to be paid to local units of
27 government for fiscal year 2014-2015 are estimated at

1 \$11,905,777,600.00.

2 Enacting section 2. Sections 22k, 64a, 82, and 95 of the state
3 school aid act of 1979, 1979 PA 94, MCL 388.1622k, 388.1664a,
4 388.1682, and 388.1695, are repealed.

5 Enacting section 3. (1) Except as otherwise provided in
6 subsection (2), this amendatory act takes effect October 1, 2014.

7 (2) Sections 11, 22i, 41, and 101 of the state school aid act
8 of 1979, 1979 PA 94, MCL 388.1611, 388.1622i, 388.1641, and
9 388.1701, as amended by this amendatory act, and section 104c of
10 the state school aid act of 1979, 1979 PA 94, MCL 388.1704c, as
11 added by this amendatory act, take effect upon enactment of this
12 amendatory act.