

DRAFT 2
SUBSTITUTE FOR
HOUSE BILL NO. 4227

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 18,
18b, 19, 20, 20d, 22a, 22b, 22d, 22f, 22i, 22j, 24, 24a, 24c, 26a,
26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 51a, 51b, 51c, 51d,
53a, 54, 56, 61a, 62, 74, 81, 94a, 95, 98, 99, 101, 102, 104, 107,
147, 147a, 147b, 147c, and 152a (MCL 388.1606, 388.1611, 388.1611a,
388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615,
388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1622a,
388.1622b, 388.1622d, 388.1622f, 388.1622i, 388.1622j, 388.1624,
388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1626c, 388.1631a,
388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a,



388.1651a, 388.1651b, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1695, 388.1698, 388.1699, 388.1701, 388.1702, 388.1704, 388.1707, 388.1747, 388.1747a, 388.1747b, 388.1747c, and 388.1752a), sections 6, 11, and 26b as amended by 2012 PA 465, sections 11a, 11g, 11j, 11k, 11m, 12, 18, 19, 20, 20d, 22a, 22b, 22d, 22f, 24, 24a, 24c, 26a, 31a, 31d, 31f, 32d, 39, 39a, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99, 102, 104, 107, 147, 147a, 147b, and 152a as amended and sections 22i, 22j, 26c, 32p, 95, and 147c as added by 2012 PA 201, section 15 as amended by 2012 PA 286, section 18b as amended by 2008 PA 268, section 51b as added by 1996 PA 300, and section 101 as amended by 2012 PA 516, and by adding sections 21f, 22c, 22k, and 25e; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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



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

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

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

17 (4) "Membership", except as otherwise provided in this
18 article, means for a district, a public school academy, the
19 education achievement system, or an intermediate district the sum
20 of the product of ~~.90~~.80 times the number of full-time equated
21 pupils in grades K to 12 actually enrolled and in regular daily
22 attendance on the pupil membership count day for the current school
23 year, plus the product of ~~.10~~.20 times the final audited count
24 from the supplemental count day for the ~~immediately preceding~~
25 **CURRENT** school year. A district's, public school academy's, or
26 intermediate district's membership shall be adjusted as provided
27 under section 25 for pupils who enroll in the district, public



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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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

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



1 the following may be counted in membership:

2 (A) Is enrolled in a public school academy or an alternative
3 education high school diploma program, that is primarily focused on
4 educating homeless pupils and that is located in a city with a
5 population of more than ~~500,000~~-175,000.

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

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

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

20 (n) If a pupil counted in membership in a public school
21 academy or the education achievement system is also educated by a
22 district or intermediate district as part of a cooperative
23 education program, the pupil shall be counted in membership only in
24 the public school academy or the education achievement system
25 unless a written agreement signed by all parties designates the
26 party or parties in which the pupil shall be counted in membership,
27 and the instructional time scheduled for the pupil in the district



1 or intermediate district shall be included in the full-time equated
2 membership determination under subdivision (q). However, for pupils
3 receiving instruction in both a public school academy or the
4 education achievement system and in a district or intermediate
5 district but not as a part of a cooperative education program, the
6 following apply:

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

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



1 public school academy or the education achievement system.

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

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

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

17 (r) Beginning in 2012-2013, full-time equated memberships for
18 pupils in kindergarten shall be determined by dividing the number
19 of instructional hours scheduled and provided per year per
20 kindergarten pupil by the same number used for determining full-
21 time equated memberships for pupils in grades 1 to 12. However, to
22 the extent allowable under federal law, for a district or public
23 school academy that provides evidence satisfactory to the
24 department that it used federal title I money in the 2 immediately
25 preceding school fiscal years to fund full-time kindergarten, full-
26 time equated memberships for pupils in kindergarten shall be
27 determined by dividing the number of class hours scheduled and



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

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



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

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

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

26 (i) The district provides at least 2 nonconsecutive hours of
27 instruction per week to the pupil at the pupil's home or otherwise



1 apart from the general school population under the supervision of a
2 certificated teacher.

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

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

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

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

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

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



1 ~~whichever is first, occurring after operations resume, plus the~~
2 ~~product of .10 times the final audited count from the most recent~~
3 ~~pupil membership count day or supplemental count day that occurred~~
4 ~~before suspending operations, as determined by the superintendent.~~

5 **(X)** ~~(y)~~—If a district's membership for a particular fiscal
6 year, as otherwise calculated under this subsection, would be less
7 than 1,550 pupils and the district has 4.5 or fewer pupils per
8 square mile, as determined by the department, and ~~, beginning in~~
9 ~~2007–2008,~~ if the district does not receive funding under section
10 22d(2), the district's membership shall be considered to be the
11 membership figure calculated under this subdivision. If a district
12 educates and counts in its membership pupils in grades 9 to 12 who
13 reside in a contiguous district that does not operate grades 9 to
14 12 and if 1 or both of the affected districts request the
15 department to use the determination allowed under this sentence,
16 the department shall include the square mileage of both districts
17 in determining the number of pupils per square mile for each of the
18 districts for the purposes of this subdivision. The membership
19 figure calculated under this subdivision is the greater of the
20 following:

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

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



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

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

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

27 **(BB)** ~~(cc)~~—For the first year in which a pupil is counted in



1 membership on the pupil membership count day in a middle college
2 program, the membership is the average of the full-time equated
3 membership on the pupil membership count day and on the
4 supplemental count day for the current school year, as determined
5 by the department. If a pupil was counted by the operating district
6 on the immediately preceding supplemental count day, the pupil
7 shall be excluded from the district's immediately preceding
8 supplemental count for purposes of determining the district's
9 membership.

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

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

19 **(EE)** ~~(ff)~~—For a pupil enrolled in a dropout recovery program
20 that meets the requirements of section 23a, the pupil shall be
21 counted as 1/12 of a full-time equated membership for each month
22 that the district operating the program reports that the pupil was
23 enrolled in the program and was in full attendance. The district
24 operating the program shall report to the center the number of
25 pupils who were enrolled in the program and were in full attendance
26 for a month not later than the tenth day of the next month. A
27 district shall not report a pupil as being in full attendance for a



1 month unless both of the following are met:

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

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

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

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

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

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

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

26 (d) A pupil enrolled in a district other than the pupil's
27 district of residence under an intermediate district schools of



1 choice pilot program as described in section 91a or former section
2 91 if the intermediate district and its constituent districts have
3 been exempted from section 105.

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

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

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

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



1 infliction of serious or aggravated injury under section 81a of the
2 Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

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

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

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



1 (k) An expelled pupil who has been denied reinstatement by the
 2 expelling district and is reinstated by another school board under
 3 section 1311 or 1311a of the revised school code, MCL 380.1311 and
 4 380.1311a.

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

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

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

15 (o) A pupil who enrolls in a district other than the pupil's
 16 district of residence as a result of the pupil's school not making
 17 adequate yearly progress under the no child left behind act of
 18 2001, Public Law 107-110.

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

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

24 However, if a district educates pupils who reside in another
 25 district and if the primary instructional site for those pupils is
 26 established by the educating district after 2009-2010 and is
 27 located within the boundaries of that other district, the educating



1 district must have the approval of that other district to count
2 those pupils in membership.

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

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

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

13 (i) Fourth Wednesday in July.

14 (ii) First Wednesday in October.

15 (iii) Second Wednesday in February.

16 (iv) Fourth Wednesday in April.

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

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

22 (9) "Rule" means a rule promulgated pursuant to the
23 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
24 24.328.

25 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
26 380.1852.

27 (11) "School district of the first class", "first class school



1 district", and "district of the first class" mean a district that
 2 had at least 60,000 pupils in membership for the immediately
 3 preceding fiscal year.

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

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

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

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

13 (16) "Tuition pupil" means a pupil of school age attending
 14 school in a district other than the pupil's district of residence
 15 for whom tuition may be charged **TO THE DISTRICT OF RESIDENCE.**
 16 Tuition pupil does not include a pupil who is a special education
 17 pupil, ~~or~~ a pupil described in subsection (6) (c) to ~~(e)~~. **(P), OR A**
 18 **PUPIL WHOSE PARENT OR GUARDIAN VOLUNTARILY ENROLLS THE PUPIL IN A**
 19 **DISTRICT THAT IS NOT THE PUPIL'S DISTRICT OF RESIDENCE.** A pupil's
 20 district of residence shall not require a high school tuition
 21 pupil, as provided under section 111, to attend another school
 22 district after the pupil has been assigned to a school district.

23 (17) "State school aid fund" means the state school aid fund
 24 established in section 11 of article IX of the state constitution
 25 of 1963.

26 (18) "Taxable value" means the taxable value of property as
 27 determined under section 27a of the general property tax act, 1893



1 PA 206, MCL 211.27a.

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

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

14 Sec. 11. (1) ~~Subject to subsection (3), for~~ **FOR** the fiscal
 15 year ending September 30, ~~2013,~~ **2014**, there is appropriated for the
 16 public schools of this state and certain other state purposes
 17 relating to education the sum of ~~\$10,961,245,600.00~~
 18 **\$11,090,813,500.00** from the state school aid fund, **THE SUM OF**
 19 **\$150,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM**
 20 **RESERVE FUND CREATED UNDER SECTION 147B**, and the sum of
 21 ~~\$282,400,000.00~~ **\$230,000,000.00** from the general fund. In addition,
 22 all other available federal funds ~~, except those otherwise~~
 23 ~~appropriated under section 11p,~~ are appropriated for the fiscal
 24 year ending September 30, ~~2013.~~ **2014**.

25 (2) The appropriations under this section shall be allocated
 26 as provided in this article. Money appropriated under this section
 27 from the general fund shall be expended to fund the purposes of



1 this article before the expenditure of money appropriated under
2 this section from the state school aid fund.

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

6 Sec. 11a. (1) The school aid stabilization 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.

9 (2) The state treasurer may receive money or other assets from
10 any source for deposit into the school aid stabilization fund. The
11 state treasurer shall deposit into the school aid stabilization
12 fund all of the following:

13 (a) Unexpended and unencumbered state school aid fund revenue
14 for a fiscal year that remains in the state school aid fund as of
15 the bookclosing for that fiscal year.

16 (b) Money statutorily dedicated to the school aid
17 stabilization fund.

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

19 (3) Money available in the school aid stabilization fund may
20 not be expended without a specific appropriation from the school
21 aid stabilization fund. Money in the school aid stabilization fund
22 shall be expended only for purposes for which state school aid fund
23 money may be expended.

24 (4) The state treasurer shall direct the investment of the
25 school aid stabilization fund. The state treasurer shall credit to
26 the school aid stabilization fund interest and earnings from fund
27 investments.



1 (5) Money in the school aid stabilization fund at the close of
 2 a fiscal year shall remain in the school aid stabilization fund and
 3 shall not lapse to the unreserved school aid fund balance or the
 4 general fund.

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

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

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

26 Sec. 11g. (1) From the appropriation in section 11, there is
 27 allocated for this section an amount not to exceed ~~\$39,000,000.00~~



1 **\$39,500,000.00** for the fiscal year ending September 30, ~~2013,~~**2014**
2 and for ~~each succeeding fiscal year through~~ the fiscal year ending
3 September 30, 2015, after which these payments will cease. These
4 allocations are for paying the amounts described in subsection (3)
5 to districts and intermediate districts, other than those receiving
6 a lump-sum payment under section 11f(2), that were not plaintiffs
7 in the consolidated cases known as Durant v State of Michigan,
8 Michigan supreme court docket no. 104458-104492 and that, on or
9 before March 2, 1998, submitted to the state treasurer a waiver
10 resolution described in section 11f. The amounts paid under this
11 section represent offers of settlement and compromise of any claim
12 or claims that were or could have been asserted by these districts
13 and intermediate districts, as described in this section.

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

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

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



1 through the fiscal year ending September 30, ~~2013~~-2015.

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

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

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

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

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



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

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

10 Sec. 11j. From the appropriation in section 11, there is
 11 allocated an amount not to exceed ~~\$120,390,000.00 for 2012-2013~~
 12 **\$131,660,000.00 FOR 2013-2014** for payments to the school loan bond
 13 redemption fund in the department of treasury on behalf of
 14 districts and intermediate districts. Notwithstanding section ~~11~~
 15 **296** or any other provision of this act, funds allocated under this
 16 section are not subject to proration and shall be paid in full.

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

24 Sec. 11m. From the appropriations in section 11, ~~there is~~
 25 ~~allocated for 2011-2012 an amount not to exceed \$2,100,000.00 and~~
 26 there is allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
 27 ~~\$3,200,000.00~~ **\$6,000,000.00** for fiscal year cash-flow borrowing



1 costs solely related to the state school aid fund established by
2 section 11 of article IX of the state constitution of 1963.

3 Sec. 12. It is the intent of the legislature to appropriate
4 and allocate for the fiscal year ending September 30, ~~2014~~**2015** the
5 same amounts of money from the same sources for the same purposes
6 as are appropriated and allocated under this article for the fiscal
7 year ending September 30, ~~2013~~**2014**, as adjusted for changes in
8 pupil membership, taxable values, special education costs, interest
9 costs, and available revenue. These adjustments will be determined
10 after the January ~~2013~~**2014** consensus revenue estimating
11 conference.

12 Sec. 15. (1) If a district or intermediate district fails to
13 receive its proper apportionment, the department, upon satisfactory
14 proof that the district or intermediate district was entitled
15 justly, shall apportion the deficiency in the next apportionment.
16 Subject to subsections (2) and (3), if a district or intermediate
17 district has received more than its proper apportionment, the
18 department, upon satisfactory proof, shall deduct the excess in the
19 next apportionment. Notwithstanding any other provision in this
20 article, state aid overpayments to a district, other than
21 overpayments in payments for special education or special education
22 transportation, may be recovered from any payment made under this
23 article other than a special education or special education
24 transportation payment, from the proceeds of a loan to the district
25 under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to
26 141.942, or from the proceeds of millage levied or pledged under
27 section 1211 of the revised school code, MCL 380.1211. State aid

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

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

23 (3) If, because of the receipt of new or updated data, the
24 department determines during a fiscal year that the amount paid to
25 a district or intermediate district under this article for a prior
26 fiscal year was incorrect under the law in effect for that year,
27 the department may make the appropriate deduction or payment in the



1 district's or intermediate district's allocation for the fiscal
2 year in which the determination is made. The deduction or payment
3 shall be calculated according to the law in effect in the fiscal
4 year in which the improper amount was paid. If the district does
5 not receive an allocation for the fiscal year or if the allocation
6 is not sufficient to pay the amount of any deduction, the amount of
7 any deduction otherwise applicable shall be satisfied 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, as determined by the department.

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

15 (5) In addition to funds appropriated in section 11 for all
16 programs and services, there is appropriated for ~~2012-2013-2013-~~
17 **2014** for obligations in excess of applicable appropriations an
18 amount equal to the collection of overpayments, but not to exceed
19 amounts available from overpayments.

20 Sec. 18. (1) Except as provided in another section of this
21 article, each district or other entity shall apply the money
22 received by the district or entity under this article to salaries
23 and other compensation of teachers and other employees, tuition,
24 transportation, lighting, heating, ventilation, water service, the
25 purchase of textbooks, other supplies, and any other school
26 operating expenditures defined in section 7. However, not more than
27 20% of the total amount received by a district or intermediate



1 district under this article may be transferred by the board to
2 either the capital projects fund or to the debt retirement fund for
3 debt service. The money shall not be applied or taken for a purpose
4 other than as provided in this section. The department shall
5 determine the reasonableness of expenditures and may withhold from
6 a recipient of funds under this article the apportionment otherwise
7 due upon a violation by the recipient.

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

15 (a) The annual operating budget and subsequent budget
16 revisions.

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

21 (i) A chart of personnel expenditures, broken into the
22 following subcategories:

23 (A) Salaries and wages.

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

27 (C) Retirement benefit costs.



1 (D) All other personnel costs.

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

4 (A) Instruction.

5 (B) Support services.

6 (C) Business and administration.

7 (D) Operations and maintenance.

8 (c) Links to all of the following:

9 (i) The current collective bargaining agreement for each
10 bargaining unit.

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

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

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

19 (d) The total salary and a description and cost of each fringe
20 benefit included in the compensation package for the superintendent
21 of the district and for each employee of the district whose salary
22 exceeds \$100,000.00.

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

24 (f) The annual amount spent on lobbying or lobbying services.

25 As used in this subdivision, "lobbying" means that term as defined
26 in section 5 of 1978 PA 472, MCL 4.415.

27 (3) For the information required under subsection (2) (a),



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

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

7 (a) The department shall require that each district and
8 intermediate district have an audit of the district's or
9 intermediate district's financial and pupil accounting records
10 conducted at least annually at the expense of the district or
11 intermediate district, as applicable, by a certified public
12 accountant or by the intermediate district superintendent, as may
13 be required by the department, or in the case of a district of the
14 first class by a certified public accountant, the intermediate
15 superintendent, or the auditor general of the city.

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

27 (c) A district's or intermediate district's annual financial



1 audit shall include an analysis of the financial and pupil
2 accounting data used as the basis for distribution of state school
3 aid.

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

8 (e) All of the following shall be done not later than November
9 15 each year:

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

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

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

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

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



1 the immediately preceding fiscal year.

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

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

26 (7) By October 7 of each year, each district and intermediate
27 district shall file with the center the transportation expenditure



1 report, known as "SE-4094", on a form and in the manner prescribed
2 by the center.

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

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

10 (10) If a district or intermediate district does not comply
11 with subsections (4), (5), (6), and (7), the department shall
12 withhold all state school aid due to the district or intermediate
13 district under this article, beginning with the next payment due to
14 the district or intermediate district, until the district or
15 intermediate district complies with subsections (4), (5), (6), and
16 (7). If the district or intermediate district does not comply with
17 subsections (4), (5), (6), and (7) by the end of the fiscal year,
18 the district or intermediate district forfeits the amount withheld.

19 ~~—— (11) Not later than October 1, 2012, if a district or~~
20 ~~intermediate district offers online learning, the district or~~
21 ~~intermediate district shall submit to the department a report that~~
22 ~~details the per-pupil costs of operating the online learning. The~~
23 ~~report shall include, on a per-pupil basis, at least all of the~~
24 ~~following costs:~~

25 ~~—— (a) Textbooks, instructional materials, and supplies,~~
26 ~~including electronic instructional material.~~

27 ~~—— (b) Computer and other electronic equipment, including~~



1 ~~internet and telephone access.~~

2 ~~—— (c) Salaries and benefits for the online learning employees.~~

3 ~~—— (d) Purchased courses and curricula.~~

4 ~~—— (e) Fees associated with oversight and regulation.~~

5 ~~—— (f) Travel costs associated with school activities and~~
6 ~~testing.~~

7 ~~—— (g) Facilities costs.~~

8 ~~—— (h) Costs associated with special education.~~

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

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

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

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

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

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

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

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



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

5 (3) ~~(2)~~—Property required to be transferred to this state
6 under this section includes title to all real and personal
7 property, interests in real or personal property, and other assets
8 owned by the public school academy corporation that were
9 substantially acquired with funds appropriated under this
10 ~~act.~~ **ARTICLE.**

11 (4) ~~(3)~~—The state treasurer, or his or her designee, is
12 authorized to dispose of property transferred to this state under
13 this section. Except as otherwise provided in this section, the
14 state treasurer shall deposit in the state school aid fund any
15 money included in that property and the net proceeds from the sale
16 of the property or interests in property, after payment by the
17 state treasurer of any public school academy debt secured by the
18 property or interest in property.

19 (5) ~~(4)~~—This section does not impose any liability on this
20 state, any agency of this state, or an authorizing body for any
21 debt incurred by a public school academy.

22 (6) ~~(5)~~—As used in this section and section 18c, "authorizing
23 body" means an authorizing body defined under section 501 or 1311b
24 of the revised school code, MCL 380.501 and 380.1311b.

25 Sec. 19. (1) A district or intermediate district shall comply
26 with all applicable reporting requirements specified in state and
27 federal law. Data provided to the center, in a form and manner



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

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

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

25 (4) By June 30 of each year, a district shall furnish to the
26 center, in a manner prescribed by the center, information related
27 to safety practices and criminal incidents as necessary for



1 reporting required by state and federal law.

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

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

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



1 reporting system, whichever is later.

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

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

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

11 (a) For a district that had a foundation allowance for the
12 immediately preceding state fiscal year that was at least equal to
13 the sum of \$7,108.00 plus the total dollar amount of all
14 adjustments made from 2006-2007 to the immediately preceding state
15 fiscal year in the lowest foundation allowance among all districts,
16 but less than the basic foundation allowance for the immediately
17 preceding state fiscal year, the district shall receive a
18 foundation allowance in an amount equal to the sum of the
19 district's foundation allowance for the immediately preceding state
20 fiscal year plus the difference between twice the dollar amount of
21 the adjustment from the immediately preceding state fiscal year to
22 the current state fiscal year made in the basic foundation
23 allowance and [(the dollar amount of the adjustment from the
24 immediately preceding state fiscal year to the current state fiscal
25 year made in the basic foundation allowance minus \$20.00) times
26 (the difference between the district's foundation allowance for the
27 immediately preceding state fiscal year and the sum of \$7,108.00



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



1 allowance for the immediately preceding state fiscal year shall not
2 exceed the basic foundation allowance for the current state fiscal
3 year.

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

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



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

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

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

25 (f) For a district that received a payment under section 22c
26 as that section was in effect for 2001-2002, the district's 2001-
27 2002 foundation allowance shall be considered to have been an



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

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

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

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



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

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



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

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



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

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



1 public school is considered to be in membership in the education
2 achievement system and not in membership in the district that
3 operated the school before the transfer.

4 (8) BEGINNING IN 2014-2015, FOR PUPILS ATTENDING A SCHOOL OF
5 EXCELLENCE THAT IS A CYBER SCHOOL UNDER MCL 380.552, THE ALLOCATION
6 CALCULATED UNDER THIS SECTION IS AN AMOUNT PER MEMBERSHIP PUPIL
7 OTHER THAN SPECIAL EDUCATION PUPILS EQUAL TO 80% OF THE FOUNDATION
8 ALLOWANCE OF THE DISTRICT IN WHICH IT IS LOCATED, NOT TO EXCEED THE
9 MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION.

10 (9) BEGINNING IN 2014-2015, FOR PUPILS ATTENDING A DISTRICT IN
11 A DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM THAT RECEIVES A
12 WAIVER UNDER MCL 388.1701, IF THE WAIVER IS FOR A 100% ONLINE
13 MODEL, THE ALLOCATION CALCULATED UNDER THIS SECTION IS AN AMOUNT
14 PER MEMBERSHIP PUPIL OTHER THAN SPECIAL EDUCATION PUPILS EQUAL TO
15 80% OF THE FOUNDATION ALLOWANCE OF THE DISTRICT IN WHICH IT IS
16 LOCATED, NOT TO EXCEED THE BASIC FOUNDATION ALLOWANCE.

17 (10) ~~(8)~~—Subject to subsection (4), for a district that is
18 formed or reconfigured after June 1, 2002 by consolidation of 2 or
19 more districts or by annexation, the resulting district's
20 foundation allowance under this section beginning after the
21 effective date of the consolidation or annexation shall be **LESSER**
22 **OF THE SUM OF** the average of the foundation allowances of each of
23 the original or affected districts, calculated as provided in this
24 section, weighted as to the percentage of pupils in total
25 membership in the resulting district who reside in the geographic
26 area of each of the original or affected districts **PLUS \$100.00 OR**
27 **THE HIGHEST FOUNDATION ALLOWANCE AMONG THE ORIGINAL OR AFFECTED**



1 **DISTRICTS.**

2 (11) ~~(9)~~—Each fraction used in making calculations under this
3 section shall be rounded to the fourth decimal place and the dollar
4 amount of an increase in the basic foundation allowance shall be
5 rounded to the nearest whole dollar.

6 (12) ~~(10)~~—State payments related to payment of the foundation
7 allowance for a special education pupil are not calculated under
8 this section but are instead calculated under section 51a.

9 (13) ~~(11)~~—To assist the legislature in determining the basic
10 foundation allowance for the subsequent state fiscal year, each
11 revenue estimating conference conducted under section 367b of the
12 management and budget act, 1984 PA 431, MCL 18.1367b, shall
13 calculate a pupil membership factor, a revenue adjustment factor,
14 and an index as follows:

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

25 (b) The revenue adjustment factor shall be computed by
26 dividing the sum of the estimated total state school aid fund
27 revenue for the subsequent state fiscal year plus the estimated



1 total state school aid fund revenue for the current state fiscal
2 year, adjusted for any change in the rate or base of a tax the
3 proceeds of which are deposited in that fund and excluding money
4 transferred into that fund from the countercyclical budget and
5 economic stabilization fund under the management and budget act,
6 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
7 total school aid fund revenue for the current state fiscal year
8 plus the estimated total state school aid fund revenue for the
9 immediately preceding state fiscal year, adjusted for any change in
10 the rate or base of a tax the proceeds of which are deposited in
11 that fund. If a consensus revenue factor is not determined at the
12 revenue estimating conference, the principals of the revenue
13 estimating conference shall report their estimates to the house and
14 senate subcommittees responsible for school aid appropriations not
15 later than 7 days after the conclusion of the revenue conference.

16 (c) The index shall be calculated by multiplying the pupil
17 membership factor by the revenue adjustment factor. However, for
18 ~~2011-2012, the index shall be 0.93575 and for 2012-2013,~~ **2013-2014**,
19 the index shall be 1.00. If a consensus index is not determined at
20 the revenue estimating conference, the principals of the revenue
21 estimating conference shall report their estimates to the house and
22 senate subcommittees responsible for school aid appropriations not
23 later than 7 days after the conclusion of the revenue conference.

24 ~~(12) For a district in which 7.75 mills levied in 1992 for~~
25 ~~school operating purposes in the 1992-93 school year were not~~
26 ~~renewed in 1993 for school operating purposes in the 1993-94 school~~
27 ~~year, the district's combined state and local revenue per~~



1 membership pupil shall be recalculated as if that millage reduction
2 did not occur and the district's foundation allowance shall be
3 calculated as if its 1994-95 foundation allowance had been
4 calculated using that recalculated 1993-94 combined state and local
5 revenue per membership pupil as a base. A district is not entitled
6 to any retroactive payments for fiscal years before 2000-2001 due
7 to this subsection. A district receiving an adjustment under this
8 subsection shall not receive as a result of this adjustment an
9 amount that exceeds 50% of the amount the district received as a
10 result of this adjustment for 2010-2011. This adjustment shall not
11 be made after 2011-2012.

12 ——— (13) For a district in which an industrial facilities
13 exemption certificate that abated taxes on property with a state
14 equalized valuation greater than the total state equalized
15 valuation of the district at the time the certificate was issued or
16 \$700,000,000.00, whichever is greater, was issued under 1974 PA
17 198, MCL 207.551 to 207.572, before the calculation of the
18 district's 1994-95 foundation allowance, the district's foundation
19 allowance for 2002-2003 is an amount equal to the sum of the
20 district's foundation allowance for 2002-2003, as otherwise
21 calculated under this section, plus \$250.00. A district receiving
22 an adjustment under this subsection shall not receive as a result
23 of this adjustment an amount that exceeds 50% of the amount the
24 district received as a result of this adjustment for 2010-2011.
25 This adjustment shall not be made after 2011-2012.

26 (14) For a district that received a grant under former section
27 32e for 2001-2002, the district's foundation allowance for 2002-



1 2003 and each succeeding fiscal year shall be adjusted to be an
2 amount equal to the sum of the district's foundation allowance, as
3 otherwise calculated under this section, plus the quotient of 100%
4 of the amount of the grant award to the district for 2001-2002
5 under former section 32e divided by the number of pupils in the
6 district's membership for 2001-2002 who were residents of and
7 enrolled in the district. Except as otherwise provided in this
8 subsection, a district qualifying for a foundation allowance
9 adjustment under this subsection shall use the funds resulting from
10 this adjustment for at least 1 of grades K to 3 for purposes
11 allowable under former section 32e as in effect for 2001-2002. For
12 an individual school or schools operated by a district qualifying
13 for a foundation allowance under this subsection that have been
14 determined by the department to meet the adequate yearly progress
15 standards of the federal no child left behind act of 2001, Public
16 Law 107-110, in both mathematics and English language arts at all
17 applicable grade levels for all applicable subgroups, the district
18 may submit to the department an application for flexibility in
19 using the funds resulting from this adjustment that are
20 attributable to the pupils in the school or schools. The
21 application shall identify the affected school or schools and the
22 affected funds and shall contain a plan for using the funds for
23 specific purposes identified by the district that are designed to
24 reduce class size, but that may be different from the purposes
25 otherwise allowable under this subsection. The department shall
26 approve the application if the department determines that the
27 purposes identified in the plan are reasonably designed to reduce



1 class size. If the department does not act to approve or disapprove
2 an application within 30 days after it is submitted to the
3 department, the application is considered to be approved. If an
4 application for flexibility in using the funds is approved, the
5 district may use the funds identified in the application for any
6 purpose identified in the plan. A district receiving an adjustment
7 under this subsection shall not receive as a result of this
8 adjustment an amount that exceeds ~~68.5%~~ **70%** of the amount the
9 district received as a result of this adjustment for ~~2010-~~
10 ~~2011-2012-2013~~. **HOWEVER, IF A DISTRICT'S FOUNDATION ALLOWANCE WOULD**
11 **BE LESS THAN \$6,966.00 DUE TO THE CHANGES MADE IN THIS ADJUSTMENT,**
12 **THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$6,966.00.**

13 ~~—— (15) For a district that levied 1.9 mills in 1993 to finance~~
14 ~~an operating deficit, the district's foundation allowance shall be~~
15 ~~calculated as if those mills were included as operating mills in~~
16 ~~the calculation of the district's 1994-1995 foundation allowance. A~~
17 ~~district is not entitled to any retroactive payments for fiscal~~
18 ~~years before 2006-2007 due to this subsection. A district receiving~~
19 ~~an adjustment under this subsection shall not receive more than~~
20 ~~\$800,000.00 for a fiscal year as a result of this adjustment. A~~
21 ~~district receiving an adjustment under this subsection shall not~~
22 ~~receive as a result of this adjustment an amount that exceeds 50%~~
23 ~~of the amount the district received as a result of this adjustment~~
24 ~~for 2010-2011. This adjustment shall not be made after 2011-2012.~~

25 ~~—— (16) For a district that levied 2.23 mills in 1993 to finance~~
26 ~~an operating deficit, the district's foundation allowance shall be~~
27 ~~calculated as if those mills were included as operating mills in~~



1 ~~the calculation of the district's 1994-1995 foundation allowance. A~~
2 ~~district is not entitled to any retroactive payments for fiscal~~
3 ~~years before 2006-2007 due to this subsection. A district receiving~~
4 ~~an adjustment under this subsection shall not receive more than~~
5 ~~\$500,000.00 for a fiscal year as a result of this adjustment. A~~
6 ~~district receiving an adjustment under this subsection shall not~~
7 ~~receive as a result of this adjustment an amount that exceeds 50%~~
8 ~~of the amount the district received as a result of this adjustment~~
9 ~~for 2010-2011. This adjustment shall not be made after 2011-2012.~~

10 **(15)** ~~(17)~~ Payments to districts, public school academies, or
11 the education achievement system shall not be made under this
12 section. Rather, the calculations under this section shall be used
13 to determine the amount of state payments under section 22b.

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

19 **(17)** ~~(19)~~ As used in this section:

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

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

27 (c) "Combined state and local revenue per membership pupil"



1 means the district's combined state and local revenue divided by
2 the district's membership excluding special education pupils.

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

5 (e) "Immediately preceding state fiscal year" means the state
6 fiscal year immediately preceding the current state fiscal year.

7 (f) "Local school operating revenue" means school operating
8 taxes levied under section 1211 of the revised school code, MCL
9 380.1211.

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

13 (h) "Maximum public school academy allocation", except as
14 otherwise provided in this subdivision, means the maximum per-pupil
15 allocation as calculated by adding the highest per-pupil allocation
16 among all public school academies for the immediately preceding
17 state fiscal year plus the difference between twice the dollar
18 amount of the adjustment from the immediately preceding state
19 fiscal year to the current state fiscal year made in the basic
20 foundation allowance and [(the dollar amount of the adjustment from
21 the immediately preceding state fiscal year to the current state
22 fiscal year made in the basic foundation allowance minus \$20.00)
23 times (the difference between the highest per-pupil allocation
24 among all public school academies for the immediately preceding
25 state fiscal year and the sum of \$7,108.00 plus the total dollar
26 amount of all adjustments made from 2006-2007 to the immediately
27 preceding state fiscal year in the lowest per-pupil allocation



1 among all public school academies) divided by the difference
2 between the basic foundation allowance for the current state fiscal
3 year and the sum of \$7,108.00 plus the total dollar amount of all
4 adjustments made from 2006-2007 to the immediately preceding state
5 fiscal year in the lowest per-pupil allocation among all public
6 school academies]. For ~~2011-2012 and 2012-2013~~, **2013-2014**, maximum
7 public school academy allocation means \$7,110.00.

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

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

15 (k) "Principal residence", "qualified agricultural property",
16 "qualified forest property", "supportive housing property",
17 "industrial personal property", and "commercial personal property"
18 mean those terms as defined in section 1211 of the revised school
19 code, MCL 380.1211.

20 (l) "School operating purposes" means the purposes included in
21 the operation costs of the district as prescribed in sections 7 and
22 18.

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

26 (n) "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 (o) "Taxable value per membership pupil" means taxable value,
7 as certified by the department of treasury, for the calendar year
8 ending in the current state fiscal year divided by the district's
9 membership excluding special education pupils for the school year
10 ending in the current state fiscal year.

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

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



1 make a final certification of the number of mills that may be
2 levied by the district under section 1211 of the revised school
3 code, MCL 380.1211, as a result of the adjustment under this
4 subdivision.

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

22 **SEC. 21F. (1) A PUPIL ENROLLED IN A DISTRICT IN ANY OF GRADES**
23 **7 TO 12 IS ELIGIBLE TO ENROLL IN AN ONLINE COURSE AS PROVIDED FOR**
24 **IN THIS SECTION. HOWEVER, THIS SECTION DOES NOT APPLY TO A PUPIL**
25 **ENROLLED IN A SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL, AS**
26 **DEFINED IN SECTION 551 OF THE REVISED SCHOOL CODE, MCL 380.551.**

27 **(2) WITH THE CONSENT OF THE PUPIL'S PARENT OR LEGAL GUARDIAN,**



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

9 (3) AN ELIGIBLE PUPIL MAY ENROLL IN AN ONLINE COURSE PUBLISHED
10 IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES
11 DESCRIBED IN SUBSECTION (7) (A) .

12 (4) A DISTRICT SHALL DETERMINE WHETHER OR NOT IT HAS CAPACITY
13 TO ACCEPT APPLICATIONS FOR ENROLLMENT FROM NONRESIDENT APPLICANTS
14 IN ONLINE COURSES AND MAY USE THAT LIMIT AS THE REASON FOR REFUSAL
15 TO ENROLL AN APPLICANT. IF THE NUMBER OF NONRESIDENT APPLICANTS
16 ELIGIBLE FOR ACCEPTANCE IN AN ONLINE COURSE DOES NOT EXCEED THE
17 CAPACITY OF THE DISTRICT TO PROVIDE THE ONLINE COURSE, THE DISTRICT
18 SHALL ACCEPT FOR ENROLLMENT ALL OF THE NONRESIDENT APPLICANTS
19 ELIGIBLE FOR ACCEPTANCE. IF THE NUMBER OF NONRESIDENT APPLICANTS
20 EXCEEDS THE DISTRICT'S CAPACITY TO PROVIDE THE ONLINE COURSE, THE
21 DISTRICT SHALL USE A RANDOM DRAW SYSTEM, SUBJECT TO THE NEED TO
22 ABIDE BY STATE AND FEDERAL ANTIDISCRIMINATION LAWS AND COURT
23 ORDERS.

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

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



1 (B) THE ONLINE COURSE IS NOT CAPABLE OF GENERATING ACADEMIC
2 CREDIT.

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

5 (D) THE PUPIL DOES NOT POSSESS THE PREREQUISITE KNOWLEDGE AND
6 SKILLS TO BE SUCCESSFUL IN THE ONLINE COURSE.

7 (6) IF A PUPIL IS DENIED ENROLLMENT IN AN ONLINE COURSE BY A
8 DISTRICT, THE PUPIL MAY APPEAL THE DENIAL BY SUBMITTING A LETTER TO
9 THE SUPERINTENDENT OF THE INTERMEDIATE DISTRICT IN WHICH THE
10 PUPIL'S EDUCATING DISTRICT IS LOCATED. THE LETTER OF APPEAL SHALL
11 INCLUDE THE REASON PROVIDED BY THE DISTRICT FOR NOT ENROLLING THE
12 PUPIL AND THE REASON WHY THE PUPIL IS CLAIMING THAT THE ENROLLMENT
13 SHOULD BE APPROVED. THE INTERMEDIATE DISTRICT SUPERINTENDENT OR
14 DESIGNEE SHALL RESPOND TO THE APPEAL WITHIN 5 DAYS AFTER IT IS
15 RECEIVED. IF THE INTERMEDIATE DISTRICT SUPERINTENDENT OR DESIGNEE
16 DETERMINES THAT THE DENIAL OF ENROLLMENT DOES NOT MEET 1 OR MORE OF
17 THE REASONS SPECIFIED IN SUBSECTION (5), THE DISTRICT SHALL ALLOW
18 THE PUPIL TO ENROLL IN THE ONLINE COURSE.

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

21 (A) POST THE COURSE SYLLABUS ON ITS PUBLICLY ACCESSIBLE
22 WEBSITE WITH A LINK FROM THE HOMEPAGE.

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

26 (8) FOR A PUPIL ENROLLED IN 1 OR MORE ONLINE COURSES PUBLISHED
27 IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES UNDER



1 SUBSECTION (7), THE DISTRICT SHALL USE FOUNDATION ALLOWANCE OR PER
2 PUPIL FUNDS CALCULATED UNDER SECTION 20 TO PAY FOR THE EXPENSES
3 ASSOCIATED WITH THE ONLINE COURSE OR COURSES. THE COST OF AN ONLINE
4 COURSE SHALL NOT EXCEED 1/12 OF THE DISTRICT'S FOUNDATION ALLOWANCE
5 PER SEMESTER OR 1/18 OF THE DISTRICT'S FOUNDATION ALLOWANCE PER
6 TRIMESTER.

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

10 (10) IF A PUPIL SUCCESSFULLY COMPLETES AN ONLINE COURSE, THE
11 PUPIL'S EDUCATING DISTRICT SHALL GRANT APPROPRIATE ACADEMIC CREDIT
12 FOR COMPLETION OF THE COURSE AND SHALL COUNT THAT CREDIT TOWARD
13 COMPLETION OF GRADUATION AND SUBJECT AREA REQUIREMENTS. A PUPIL'S
14 SCHOOL RECORD AND TRANSCRIPT SHALL IDENTIFY THE ONLINE COURSE TITLE
15 AS IT APPEARS IN THE ONLINE COURSE SYLLABUS DEFINED IN SUBSECTION
16 (11).

17 (11) AS USED IN THIS SECTION:

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

27 (B) "ONLINE COURSE SYLLABUS" MEANS A DOCUMENT THAT INCLUDES



1 ALL OF THE FOLLOWING:

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

3 (ii) THE ONLINE COURSE CONTENT OUTLINE.

4 (iii) THE ONLINE COURSE REQUIRED ASSESSMENTS.

5 (iv) THE ONLINE COURSE PREREQUISITES.

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

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

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

10 (viii) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
11 ONLINE CONTENT.

12 (ix) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
13 ONLINE INSTRUCTOR.

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

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

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

21 Sec. 22a. (1) From the appropriation in section 11, ~~there is~~
22 ~~allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012~~
23 ~~and there is allocated an amount not to exceed \$5,712,000,000.00~~
24 ~~for 2012-2013~~ **\$5,558,000,000.00 FOR 2013-2014** for payments to
25 districts and qualifying public school academies to guarantee each
26 district and qualifying public school academy an amount equal to
27 its 1994-95 total state and local per pupil revenue for school



1 operating purposes under section 11 of article IX of the state
2 constitution of 1963. Pursuant to section 11 of article IX of the
3 state constitution of 1963, this guarantee does not apply to a
4 district in a year in which the district levies a millage rate for
5 school district operating purposes less than it levied in 1994.
6 However, subsection (2) applies to calculating the payments under
7 this section. Funds allocated under this section that are not
8 expended in the state fiscal year for which they were allocated, as
9 determined by the department, may be used to supplement the
10 allocations under sections 22b and 51c in order to fully fund those
11 calculated allocations for the same fiscal year.

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

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



1 increment financing acts divided by the district's membership. For
2 a district that has a millage reduction required under section 31
3 of article IX of the state constitution of 1963, the state portion
4 of the district's foundation allowance shall be calculated as if
5 that reduction did not occur.

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

22 (3) Beginning in 2003-2004, for pupils in membership in a
23 qualifying public school academy, there is allocated under this
24 section to the authorizing body that is the fiscal agent for the
25 qualifying public school academy for forwarding to the qualifying
26 public school academy an amount equal to the 1994-95 per pupil
27 payment to the qualifying public school academy under section 20.



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

5 (5) For a district that is formed or reconfigured after June
6 1, 2000 by consolidation of 2 or more districts or by annexation,
7 the resulting district's 1994-95 foundation allowance under this
8 section beginning after the effective date of the consolidation or
9 annexation shall be the average of the 1994-95 foundation
10 allowances of each of the original or affected districts,
11 calculated as provided in this section, weighted as to the
12 percentage of pupils in total membership in the resulting district
13 in the state fiscal year in which the consolidation takes place who
14 reside in the geographic area of each of the original districts. If
15 an affected district's 1994-95 foundation allowance is less than
16 the 1994-95 basic foundation allowance, the amount of that
17 district's 1994-95 foundation allowance shall be considered for the
18 purpose of calculations under this subsection to be equal to the
19 amount of the 1994-95 basic foundation allowance.

20 ~~—— (6) Subject to conditions set forth in this subsection, from~~
21 ~~the allocation in subsection (1), there is allocated for 2011-2012~~
22 ~~only an amount not to exceed \$6,000,000.00 for payments to~~
23 ~~districts that meet the eligibility requirements under this~~
24 ~~subsection, for the reduction in school operating revenues~~
25 ~~resulting from a settlement or other disposition of appeals~~
26 ~~described in subdivision (a). A payment may only be made under this~~
27 ~~subsection if a settlement agreement is signed by all applicable~~



1 ~~parties. Payments made under this subsection shall be in accordance~~
2 ~~with the settlement agreement. All of the following apply to~~
3 ~~payments under this subsection:~~

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

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

9 ~~—— (ii) Before January 1, 2011, the owner of a natural-gas-powered~~
10 ~~power plant located in a renaissance zone within the district's~~
11 ~~geographic boundaries for 2009 and 2010 appealed to the Michigan~~
12 ~~tax tribunal an order of the state tax commission for tax years~~
13 ~~2009 and 2010 pursuant to section 154 of the general property tax~~
14 ~~act, 1893 PA 206, MCL 211.154, and appealed to the state tax~~
15 ~~commission the 2011 classification and valuation of the power~~
16 ~~plant.~~

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

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

26 ~~—— (b) A payment made under this subsection shall be in addition~~
27 ~~to renaissance zone reimbursement amounts paid in the 2009-2010 and~~



1 ~~2010-2011 state fiscal years under section 26a to districts~~
2 ~~eligible for payment under this subsection. The 2009-2010 and 2010-~~
3 ~~2011 state fiscal year payments under section 26a to a district~~
4 ~~receiving a payment under this subsection shall not be reduced as a~~
5 ~~result of the reduction to the district's 2009 and 2010 taxable~~
6 ~~value of real property under the appeals described in subdivision~~
7 ~~(a)(ii).~~

8 (6) ~~(7)~~ As used in this section:

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

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

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

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

22 (e) "Hold harmless millage" means, for a district with a 1994-
23 95 foundation allowance greater than \$6,500.00, the number of mills
24 by which the exemption from the levy of school operating taxes on a
25 homestead, qualified agricultural property, qualified forest
26 property, supportive housing property, industrial personal
27 property, and commercial personal property could be reduced as



1 provided in section 1211 of the revised school code, MCL 380.1211,
2 and the number of mills of school operating taxes that could be
3 levied on all property as provided in section 1211(2) of the
4 revised school code, MCL 380.1211, as certified by the department
5 of treasury for the 1994 tax year.

6 (f) "Homestead", "qualified agricultural property", "qualified
7 forest property", "supportive housing property", "industrial
8 personal property", and "commercial personal property" mean those
9 terms as defined in section 1211 of the revised school code, MCL
10 380.1211.

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

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

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

21 (j) "School operating taxes" means local ad valorem property
22 taxes levied under section 1211 of the revised school code, MCL
23 380.1211, and retained for school operating purposes.

24 (k) "Tax increment financing acts" means 1975 PA 197, MCL
25 125.1651 to 125.1681, the tax increment finance authority act, 1980
26 PA 450, MCL 125.1801 to 125.1830, the local development financing
27 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield



1 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
 2 or the corridor improvement authority act, 2005 PA 280, MCL
 3 125.2871 to 125.2899.

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

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

16 (ii) For the number of mills of school operating taxes that may
 17 be levied on all property as provided in section 1211(2) of the
 18 revised school code, MCL 380.1211, the taxable value of all
 19 property for the calendar year ending in the current state fiscal
 20 year.

21 Sec. 22b. (1) From the ~~state funds appropriated~~ **APPROPRIATION**
 22 in section 11, ~~there is allocated for 2011-2012 an amount not to~~
 23 ~~exceed \$3,052,000,000.00 and there is allocated for 2012-2013~~ **2013-**
 24 **2014** an amount not to exceed ~~\$3,152,300,000.00~~ **\$3,304,000,000.00**
 25 for discretionary nonmandated payments to districts under this
 26 section. Funds allocated under this section that are not expended
 27 in the state fiscal year for which they were allocated, as



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

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

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

11 (a) ~~Administer in each grade level that it operates in grades~~
12 ~~1 to 5 a standardized assessment approved by the department of~~
13 ~~grade-appropriate basic educational skills. A district may use the~~
14 ~~Michigan literacy progress profile to satisfy this requirement for~~
15 ~~grades 1 to 3. Also, if the revised school code is amended to~~
16 ~~require annual assessments at additional grade levels, in order to~~
17 ~~receive an allocation under this section each district shall comply~~
18 ~~with that requirement.~~**COMPLY WITH SECTION 1280B OF THE REVISED**
19 **SCHOOL CODE, MCL 380.1280B.**

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

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

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

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



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

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

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

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



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

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

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

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



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

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

22 ~~— (12) Not later than January 1, 2013, the department shall~~
23 ~~submit a report to the legislature identifying the amount of the~~
24 ~~savings that the department has calculated as having been achieved~~
25 ~~due to the revised number of instructional hours used to calculate~~
26 ~~full-time equated memberships for kindergarten pupils under section~~
27 ~~6(4)(r) as amended by 2011 PA 62.~~



1 SEC. 22C. FROM THE APPROPRIATION IN SECTION 11, THERE IS
 2 ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$24,000,000.00 TO
 3 MAKE EQUITY PAYMENTS TO DISTRICTS THAT HAVE A FOUNDATION ALLOWANCE
 4 OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR 2013-2014
 5 OF LESS THAN \$7,000.00. THE EQUITY PAYMENT FOR A DISTRICT SHALL BE
 6 AN AMOUNT PER MEMBERSHIP PUPIL EQUAL TO THE LESSER OF \$34.00 OR THE
 7 DIFFERENCE BETWEEN \$7,000.00 AND THE DISTRICT'S 2013-2014
 8 FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER
 9 SECTION 20.

10 Sec. 22d. (1) From the appropriation in section 11, an amount
 11 not to exceed \$2,025,000.00 is allocated ~~each fiscal year for 2011-~~
 12 ~~2012 and for 2012-2013~~ **FOR 2013-2014** for supplemental payments to
 13 rural districts under this section.

14 (2) From the allocation under subsection (1), there is
 15 allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
 16 **2013-2014** an amount not to exceed \$750,000.00 for payments under
 17 this subsection to districts that meet all of the following:

18 (a) Operates grades K to 12.

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

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

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

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

25 (3) The amount of the additional funding to each eligible
 26 district under subsection (2) shall be determined under a spending
 27 plan developed as provided in this subsection and approved by the



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

15 (4) Subject to subsection (6), from the allocation in
16 subsection (1), there is allocated ~~each fiscal year for 2011-2012~~
17 ~~and for 2012-2013~~ **FOR 2013-2014** an amount not to exceed
18 \$1,275,000.00 for payments under this subsection to districts that
19 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 ~~2012-2013-2013-2014~~ an amount not to exceed
5 ~~\$80,000,000.00~~ **\$100.00** to provide incentive payments to districts
6 that meet best practices under this section. Payments received
7 under this section may be used for any purpose for which payments
8 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~~ **\$0.00** per pupil. A district shall receive
11 an incentive payment under this section if the district satisfies
12 at least 7 of the following requirements not later than June 1,
13 ~~2013-2014~~:

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 ~~2012-2013~~**2013-2014**. **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



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

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

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

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

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

27 (ii) "Online ~~instructional program~~" **COURSE**" means a course of



1 study that ~~generates~~ **IS CAPABLE OF GENERATING** a credit or a grade,
2 **THAT IS** provided in an interactive ~~computer-based and internet-~~
3 connected learning environment, in which pupils are separated from
4 their teachers by time or location, or both, and in which a
5 ~~Michigan-certificated-teacher~~ **WITH A VALID MICHIGAN TEACHING**
6 **CERTIFICATE** is responsible for ~~providing direct instruction,~~
7 **DETERMINING APPROPRIATE INSTRUCTIONAL METHODS FOR EACH PUPIL,**
8 diagnosing learning needs, assessing pupil learning, prescribing
9 intervention strategies, reporting outcomes, and evaluating the
10 effects of instruction and support strategies.

11 (g) The district provides to parents and community members a
12 dashboard or report card demonstrating the district's efforts to
13 manage its finances responsibly. The dashboard or report card shall
14 include **REVENUE AND EXPENDITURE PROJECTIONS FOR THE DISTRICT FOR**
15 **FISCAL YEAR 2013-2014 AND FISCAL YEAR 2014-2015, A LISTING OF ALL**
16 **DEBT SERVICE OBLIGATIONS, DETAILED BY PROJECT, INCLUDING**
17 **ANTICIPATED FISCAL YEAR 2013-2014 PAYMENT FOR EACH PROJECT, A**
18 **LISTING OF TOTAL OUTSTANDING DEBT, AND** at least all of the
19 following for the 3 most recent school years for which the data are
20 available:

- 21 (i) Graduation and dropout rates.
22 (ii) Average class size in grades kindergarten to 3.
23 (iii) College readiness as measured by Michigan merit
24 examination test scores.
25 (iv) Elementary and middle school MEAP scores.
26 (v) Teacher, principal, and superintendent salary information
27 including at least minimum, average, and maximum pay levels.



1 (vi) General fund balance.

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

3 (h) The district provides physical education consistent with
4 the state board's policy on quality physical education adopted
5 September 25, 2003, or provides health education consistent with
6 the state board's policy on comprehensive school health education
7 adopted June 8, 2004.

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

13 (4) If the department determines that funds allocated under
14 this section will remain unexpended after the initial allocation of
15 ~~\$52.00~~**-\$0.00** per pupil to eligible districts under subsection (2),
16 the remaining unexpended amount is allocated on an equal per pupil
17 basis to districts that meet the requirements of subsection (2) and
18 that have a foundation allowance, as calculated under section 20,
19 in an amount that is less than the basic foundation allowance under
20 that section.

21 Sec. 22i. (1) From the funds appropriated in section 11, there
22 is allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
23 \$50,000,000.00 for **THE** technology infrastructure ~~grants to~~**GRANT**
24 **PROGRAM FOR** districts or ~~to~~ intermediate districts on behalf of
25 their constituent districts. Funds received under this section
26 shall be used for ~~access to a computer adaptive test or for the~~
27 development or improvement of a district's technology



1 infrastructure, including, but not limited to, hardware and
 2 software, **THE SHARED SERVICES CONSOLIDATION OF TECHNOLOGY AND DATA,**
 3 **AND HARDWARE** in preparation for the planned implementation in 2014-
 4 2015 of online growth assessments.

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

18 (3) **A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT RECEIVE ANY**
 19 **FUNDING UNDER THIS SECTION UNLESS THE DISTRICT OR INTERMEDIATE**
 20 **DISTRICT SATISFIES BOTH OF THE FOLLOWING:**

21 (A) **HAS NOT DONE EITHER OF THE FOLLOWING:**

22 (i) **EXTENDED OR RENEWED A CONTRACT AFTER DECEMBER 10, 2012 AND**
 23 **BEFORE MARCH 28, 2013 THAT WOULD NOT HAVE EXPIRED, BUT FOR THE**
 24 **EXTENSION OR RENEWAL OF THE CONTRACT, UNTIL AFTER SEPTEMBER 30,**
 25 **2013, UNLESS DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER**
 26 **OF THE FOLLOWING:**

27 (A) **ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING**



1 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
2 PUBLIC ACCOUNTING FIRM.

3 (B) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT
4 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
5 PUBLIC ACCOUNTING FIRM.

6 (ii) EXTENDED, RENEWED, OR ENTERED INTO A CONTRACT AFTER
7 DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013 FOR WHICH THE TERM OF
8 THE EXTENSION, RENEWAL, OR NEW CONTRACT EXCEEDS THE LENGTH OF THE
9 EXTENDED, RENEWED, OR PREVIOUS CONTRACT THAT IT REPLACES, UNLESS
10 THE DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER OF THE
11 FOLLOWING:

12 (A) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING OR
13 PREVIOUS CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT
14 CERTIFIED PUBLIC ACCOUNTING FIRM.

15 (B) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT
16 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
17 PUBLIC ACCOUNTING FIRM.

18 (B) HAS NOT, AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28,
19 2013, ENTERED INTO A CONTRACT THAT CONTAINS ONLY TERMS THAT
20 CONSTITUTE A UNION SECURITY AGREEMENT, CLOSED-SHOP PROVISION, OR AN
21 AGREEMENT THAT OTHERWISE REQUIRES AN INDIVIDUAL, AS A CONDITION OF
22 OBTAINING OR CONTINUING EMPLOYMENT, TO DO ANY OF THE FOLLOWING:

23 (i) REFRAIN OR RESIGN FROM MEMBERSHIP IN, VOLUNTARY AFFILIATION
24 WITH, OR VOLUNTARY FINANCIAL SUPPORT OF, A LABOR ORGANIZATION OR
25 BARGAINING REPRESENTATIVE.

26 (ii) BECOME OR REMAIN A MEMBER OF A LABOR ORGANIZATION OR
27 BARGAINING REPRESENTATIVE.



1 (iii) PAY ANY DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR
2 EXPENSES OF ANY KIND OR AMOUNT, OR PROVIDE ANYTHING OF VALUE, TO A
3 LABOR ORGANIZATION OR BARGAINING REPRESENTATIVE.

4 (iv) PAY TO ANY CHARITABLE ORGANIZATION OR THIRD PARTY ANY
5 AMOUNT THAT IS IN LIEU OF, IS EQUIVALENT TO, OR CONSTITUTES ANY
6 PORTION OF DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR EXPENSES
7 REQUIRED OF MEMBERS OF OR PUBLIC EMPLOYEES REPRESENTED BY A LABOR
8 ORGANIZATION OR BARGAINING REPRESENTATIVE.

9 (4) AS USED IN THIS SECTION:

10 (A) "CONTRACT" MEANS A COLLECTIVE BARGAINING AGREEMENT OR ANY
11 AGREEMENT DESCRIBED IN SUBSECTION (3) (B) .

12 (B) "SAVINGS" INCLUDES EMPLOYEE OR UNION CONCESSIONS IN WAGES,
13 HEALTH CARE BENEFITS, PENSION CONTRIBUTIONS, OR OTHER EMPLOYMENT
14 ISSUES IF THOSE OTHER ISSUES HAVE QUANTIFIABLE COST SAVINGS.

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

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



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

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

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

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

21 (iii) For each pupil who began the school year not performing
22 proficiently in mathematics and who maintains his or her level of
23 proficiency, as determined by the department, over the school year,
24 1 point.

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



1 2 points.

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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



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

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

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

22 **(7) A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT RECEIVE ANY**
 23 **FUNDING UNDER THIS SECTION UNLESS THE DISTRICT OR INTERMEDIATE**
 24 **DISTRICT SATISFIES BOTH OF THE FOLLOWING:**

25 **(A) HAS NOT DONE EITHER OF THE FOLLOWING:**

26 **(i) EXTENDED OR RENEWED A CONTRACT AFTER DECEMBER 10, 2012 AND**
 27 **BEFORE MARCH 28, 2013 THAT WOULD NOT HAVE EXPIRED, BUT FOR THE**



1 EXTENSION OR RENEWAL OF THE CONTRACT, UNTIL AFTER SEPTEMBER 30,
2 2013, UNLESS DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER
3 OF THE FOLLOWING:

4 (A) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING
5 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
6 PUBLIC ACCOUNTING FIRM.

7 (B) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT
8 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
9 PUBLIC ACCOUNTING FIRM.

10 (ii) EXTENDED, RENEWED, OR ENTERED INTO A CONTRACT AFTER
11 DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013 FOR WHICH THE TERM OF
12 THE EXTENSION, RENEWAL, OR NEW CONTRACT EXCEEDS THE LENGTH OF THE
13 EXTENDED, RENEWED, OR PREVIOUS CONTRACT THAT IT REPLACES, UNLESS
14 THE DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER OF THE
15 FOLLOWING:

16 (A) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING OR
17 PREVIOUS CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT
18 CERTIFIED PUBLIC ACCOUNTING FIRM.

19 (B) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT
20 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
21 PUBLIC ACCOUNTING FIRM.

22 (B) HAS NOT, AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28,
23 2013, ENTERED INTO A CONTRACT THAT CONTAINS ONLY TERMS THAT
24 CONSTITUTE A UNION SECURITY AGREEMENT, CLOSED-SHOP PROVISION, OR AN
25 AGREEMENT THAT OTHERWISE REQUIRES AN INDIVIDUAL, AS A CONDITION OF
26 OBTAINING OR CONTINUING EMPLOYMENT, TO DO ANY OF THE FOLLOWING:

27 (i) REFRAIN OR RESIGN FROM MEMBERSHIP IN, VOLUNTARY AFFILIATION



1 WITH, OR VOLUNTARY FINANCIAL SUPPORT OF, A LABOR ORGANIZATION OR
2 BARGAINING REPRESENTATIVE.

3 (ii) BECOME OR REMAIN A MEMBER OF A LABOR ORGANIZATION OR
4 BARGAINING REPRESENTATIVE.

5 (iii) PAY ANY DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR
6 EXPENSES OF ANY KIND OR AMOUNT, OR PROVIDE ANYTHING OF VALUE, TO A
7 LABOR ORGANIZATION OR BARGAINING REPRESENTATIVE.

8 (iv) PAY TO ANY CHARITABLE ORGANIZATION OR THIRD PARTY ANY
9 AMOUNT THAT IS IN LIEU OF, IS EQUIVALENT TO, OR CONSTITUTES ANY
10 PORTION OF DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR EXPENSES
11 REQUIRED OF MEMBERS OF OR PUBLIC EMPLOYEES REPRESENTED BY A LABOR
12 ORGANIZATION OR BARGAINING REPRESENTATIVE.

13 (8) AS USED IN THIS SECTION:

14 (A) "CONTRACT" MEANS A COLLECTIVE BARGAINING AGREEMENT OR ANY
15 AGREEMENT DESCRIBED IN SUBSECTION (3) (B) .

16 (B) "SAVINGS" INCLUDES EMPLOYEE OR UNION CONCESSIONS IN WAGES,
17 HEALTH CARE BENEFITS, PENSION CONTRIBUTIONS, OR OTHER EMPLOYMENT
18 ISSUES IF THOSE OTHER ISSUES HAVE QUANTIFIABLE COST SAVINGS.

19 SEC. 22K. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
20 ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$7,000,000.00 FOR
21 COMPETITIVE STUDENT-CENTRIC GRANTS TO ELIGIBLE DISTRICTS.

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

25 (A) PROVIDES A RIGOROUS CURRICULUM ALIGNED TO STATE, NATIONAL,
26 AND INTERNATIONAL STANDARDS.

27 (B) ORGANIZES INSTRUCTIONAL DELIVERY IN SUCH A WAY THAT



1 INDIVIDUAL PUPILS ADVANCE TO THE NEXT LEVEL OF LEARNING BASED ON
2 THEIR INDIVIDUAL MASTERY OF EACH SUBJECT AREA.

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

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

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

6 (ii) BEST INSTRUCTIONAL PRACTICES.

7 (iii) TIME TO COLLABORATE WITH OTHERS.

8 (iv) MENTORS.

9 (v) PROFESSIONAL DEVELOPMENT TIED TO PUPIL NEEDS AS
10 DEMONSTRATED BY DATA.

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

16 Sec. 24. (1) From the appropriation in section 11, there is
17 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
18 \$8,000,000.00 for payments to the educating district or
19 intermediate district for educating pupils assigned by a court or
20 the department of human services to reside in or to attend a
21 juvenile detention facility or child caring institution licensed by
22 the department of human services and approved by the department to
23 provide an on-grounds education program. The amount of the payment
24 under this section to a district or intermediate district shall be
25 calculated as prescribed under subsection (2).

26 (2) The total amount allocated under this section shall be
27 allocated by paying to the educating district or intermediate



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

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

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

25 (3) A district or intermediate district educating pupils
26 described in this section at a residential child caring institution
27 may operate, and receive funding under this section for, a



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

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

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



1 consents to the transfer.

2 Sec. 24c. From the appropriation in section 11, there is
3 allocated an amount not to exceed \$1,500,000.00 for ~~2012-2013-2013-~~
4 **2014** for payments to districts for pupils who are enrolled in a
5 nationally administered community-based education and youth
6 mentoring program, known as the youth challenge program, that is
7 located within the district and is administered by the department
8 of military and veterans affairs. Both of the following apply to a
9 district receiving payments under this section:

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

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

17 **SEC. 25E. (1) THE CENTER SHALL WORK WITH THE DEPARTMENT,**
18 **DISTRICTS, AND INTERMEDIATE DISTRICTS TO DEVELOP A PUPIL TRANSFER**
19 **APPLICATION MODELED ON THE GRADUATION AND DROPOUT APPLICATION AND**
20 **TO DEVELOP A PUPIL TRANSFER PROCESS UNDER THIS SECTION.**

21 **(2) IF A PUPIL ENROLLS IN A DISTRICT OR INTERMEDIATE DISTRICT**
22 **AFTER THE PUPIL MEMBERSHIP COUNT DAY AND, DUE TO THE PUPIL'S**
23 **ENROLLMENT AND ATTENDANCE STATUS AS OF THE PUPIL MEMBERSHIP COUNT**
24 **DAY, THE PUPIL WAS NOT COUNTED IN MEMBERSHIP IN THE EDUCATING**
25 **DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT OR**
26 **INTERMEDIATE DISTRICT MAY REPORT THE ENROLLMENT AND ATTENDANCE**
27 **INFORMATION TO THE CENTER THROUGH THE PUPIL TRANSFER APPLICATION**



1 UNTIL THE SUPPLEMENTAL COUNT DAY. IF THE PUPIL TRANSFERS FROM
2 ANOTHER DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT
3 OR INTERMEDIATE DISTRICT ALSO MAY REPORT THE ENROLLMENT AND
4 ATTENDANCE INFORMATION TO THE CENTER THROUGH THE PUPIL TRANSFER
5 APPLICATION UNTIL THE SUPPLEMENTAL COUNT DAY. UPON RECEIPT OF THE
6 TRANSFER INFORMATION UNDER THIS SUBSECTION INDICATING THAT A PUPIL
7 HAS ENROLLED AND IS IN ATTENDANCE IN AN EDUCATING DISTRICT OR
8 INTERMEDIATE DISTRICT AS DESCRIBED IN THIS SUBSECTION, THE PUPIL
9 TRANSFER APPLICATION SHALL DO THE FOLLOWING:

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

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

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

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

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



1 WHICH THE PUPIL WAS ENROLLED AND IN ATTENDANCE IN THE DISTRICT AN
2 AMOUNT EQUAL TO 1/180 OF THE FOUNDATION ALLOWANCE OR PER PUPIL
3 PAYMENT AS CALCULATED UNDER SECTION 20 FOR THE DISTRICT OR
4 INTERMEDIATE DISTRICT. THE FOUNDATION ALLOWANCE OR PER PUPIL
5 PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S FULL-TIME EQUATED STATUS
6 AS AFFECTED BY THE MEMBERSHIP DEFINITION UNDER SECTION 6(4).

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

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

27 (5) IF A PUPIL ENROLLS IN AN EDUCATING DISTRICT OR



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

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

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

25 ~~(2) In addition to the allocation under subsection (1), from~~
 26 ~~the general fund money appropriated under section 11, there is~~
 27 ~~allocated an amount not to exceed \$1,500,000.00 for 2012-2013 to~~



1 ~~reimburse public libraries pursuant to section 12 of the Michigan~~
 2 ~~renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied~~
 3 ~~in 2012. The allocations shall be made not later than 60 days after~~
 4 ~~the department of treasury certifies to the department and to the~~
 5 ~~state budget director that the department of treasury has received~~
 6 ~~all necessary information to properly determine the amounts due to~~
 7 ~~each eligible recipient.~~

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

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

20 Sec. 26c. (1) From the appropriation in section 11, there is
 21 allocated an amount not to exceed ~~\$276,800.00 for 2011-2012 and an~~
 22 ~~amount not to exceed \$347,800.00 for 2012-2013~~ **\$224,000.00 FOR**
 23 **2013-2014** to the promise zone fund created in subsection (3).

24 (2) Funds allocated to the promise zone fund under this
 25 section shall be used solely for payments to eligible districts and
 26 intermediate districts that have a promise zone development plan
 27 approved by the department of treasury under section 7 of the



1 Michigan promise zone authority act, 2008 PA 549, MCL 390.1667.

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

7 (a) The state treasurer shall direct the investment of the
8 promise zone fund. The state treasurer shall credit to the promise
9 zone fund interest and earnings from fund investments.

10 (b) Money in the promise zone fund at the close of a fiscal
11 year shall remain in the promise zone fund and shall not lapse to
12 the general fund.

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

19 Sec. 31a. (1) From the state school aid fund money
20 appropriated in section 11, there is allocated for ~~2012-2013-2013-~~
21 **2014** an amount not to exceed \$317,695,500.00 for payments to
22 eligible districts, eligible public school academies, and the
23 education achievement system under this section. Subject to
24 subsection (14), the amount of the additional allowance under this
25 section, other than funding under subsection (6) or (7), shall be
26 based on the number of actual pupils in membership in the district
27 or public school academy or the education achievement system who



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

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

27 (a) The sum of the district's or public school academy's or



1 the education achievement system's combined state and local revenue
2 per membership pupil in the current state fiscal year, as
3 calculated under section 20, is less than or equal to the basic
4 foundation allowance under section 20 for the current state fiscal
5 year.

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

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



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

15 (4) Except as otherwise provided in this section, a district
16 or public school academy, or the education achievement system,
17 receiving funding under this section shall use that money only to
18 provide instructional programs and direct noninstructional
19 services, including, but not limited to, medical or counseling
20 services, for at-risk pupils; for school health clinics; and for
21 the purposes of subsection (5), (6), or (7). In addition, a
22 district that is a school district of the first class or a district
23 or public school academy in which at least 50% of the pupils in
24 membership met the income eligibility criteria for free breakfast,
25 lunch, or milk in the immediately preceding state fiscal year, as
26 determined and reported as described in subsection (1), or the
27 education achievement system if it meets this requirement, may use



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

23 (5) Except as otherwise provided in subsection (12), a
24 district or public school academy that receives funds under this
25 section and that operates a school breakfast program under section
26 1272a of the revised school code, MCL 380.1272a, or the education
27 achievement system if it operates a school breakfast program, shall



1 use from the funds received under this section an amount, not to
2 exceed \$10.00 per pupil for whom the district or public school
3 academy or the education achievement system receives funds under
4 this section, necessary to pay for costs associated with the
5 operation of the school breakfast program.

6 (6) From the funds allocated under subsection (1), there is
7 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
8 \$3,557,300.00 to support child and adolescent health centers. These
9 grants shall be awarded for 5 consecutive years beginning with
10 2003-2004 in a form and manner approved jointly by the department
11 and the department of community health. Each grant recipient shall
12 remain in compliance with the terms of the grant award or shall
13 forfeit the grant award for the duration of the 5-year period after
14 the noncompliance. To continue to receive funding for a child and
15 adolescent health center under this section a grant recipient shall
16 ensure that the child and adolescent health center has an advisory
17 committee and that at least one-third of the members of the
18 advisory committee are parents or legal guardians of school-aged
19 children. A child and adolescent health center program shall
20 recognize the role of a child's parents or legal guardian in the
21 physical and emotional well-being of the child. Funding under this
22 subsection shall be used to support child and adolescent health
23 center services provided to children up to age 21. If any funds
24 allocated under this subsection are not used for the purposes of
25 this subsection for the fiscal year in which they are allocated,
26 those unused funds shall be used that fiscal year to avoid or
27 minimize any proration that would otherwise be required under



1 subsection (14) for that fiscal year.

2 (7) From the funds allocated under subsection (1), there is
3 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
4 \$5,150,000.00 for the state portion of the hearing and vision
5 screenings as described in section 9301 of the public health code,
6 1978 PA 368, MCL 333.9301. A local public health department shall
7 pay at least 50% of the total cost of the screenings. The frequency
8 of the screenings shall be as required under R 325.13091 to R
9 325.13096 and R 325.3271 to R 325.3276 of the Michigan
10 administrative code. Funds shall be awarded in a form and manner
11 approved jointly by the department and the department of community
12 health. Notwithstanding section 17b, payments to eligible entities
13 under this subsection shall be paid on a schedule determined by the
14 department.

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



1 academy or the education achievement system does not comply with
2 this subsection, the department shall withhold an amount equal to
3 the August payment due under this section until the district or
4 public school academy or the education achievement system complies
5 with this subsection. If the district or public school academy or
6 the education achievement system does not comply with this
7 subsection by the end of the state fiscal year, the withheld funds
8 shall be forfeited to the school aid fund.

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

16 (10) Subject to subsections (5), (6), (7), (12), and (13), ~~any~~
17 **A** district may use up to 100% of the funds it receives under this
18 section to reduce the ratio of pupils to teachers in grades K-12,
19 or any combination of those grades, in school buildings in which
20 the percentage of pupils described in subsection (1) exceeds the
21 district's aggregate percentage of those pupils. Subject to
22 subsections (5), (6), (7), (12), and (13), ~~if a district obtains a~~
23 ~~waiver from the department, the~~ **A** district may use up to 100% of
24 the funds it receives under this section to reduce the ratio of
25 pupils to teachers in grades K-12, or any combination of those
26 grades, in school buildings in which the percentage of pupils
27 described in subsection (1) is at least 60% of the district's



1 aggregate percentage of those pupils and at least 30% of the total
2 number of pupils enrolled in the school building. ~~To obtain a~~
3 ~~waiver, a district must apply to the department and demonstrate to~~
4 ~~the satisfaction of the department that the class size reductions~~
5 ~~would be in the best interests of the district's at-risk pupils.~~

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

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



1 maintain documentation of the amounts used for those alternative
2 purposes and shall make that information available to the
3 department upon request.

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

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

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



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

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

15 (15) If a district is formed by consolidation after June 1,
16 1995, and if 1 or more of the original districts was not eligible
17 before the consolidation for an additional allowance under this
18 section, the amount of the additional allowance under this section
19 for the consolidated district shall be based on the number of
20 pupils described in subsection (1) enrolled in the consolidated
21 district who reside in the territory of an original district that
22 was eligible before the consolidation for an additional allowance
23 under this section.

24 (16) As used in this section, "at-risk pupil" means a pupil
25 for whom the district has documentation that the pupil meets at
26 least 2 of the following criteria: is a victim of child abuse or
27 neglect; is below grade level in English language ~~and communication~~



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



1 language arts or mathematics.

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

6 Sec. 31d. (1) From the appropriations in section 11, there is
7 allocated an amount not to exceed \$22,495,100.00 for ~~2012-2013~~
8 **2013-2014** for the purpose of making payments to districts and other
9 eligible entities under this section.

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

19 (3) The payments made under this section include all state
20 payments made to districts so that each district receives at least
21 6.0127% of the necessary costs of operating the state mandated
22 portion of the school lunch program in a fiscal year.

23 (4) The payments made under this section to districts and
24 other eligible entities that are not required under section 1272a
25 of the revised school code, MCL 380.1272a, to provide a school
26 lunch program shall be in an amount not to exceed \$10.00 per
27 eligible pupil plus 5 cents for each free lunch and 2 cents for



1 each reduced price lunch provided, as determined by the department.

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

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

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

15 Sec. 31f. (1) From the appropriations in section 11, there is
16 allocated an amount not to exceed ~~\$9,625,000.00 for 2012-2013~~
17 **\$5,625,000.00 FOR 2013-2014** for the purpose of making payments to
18 districts to reimburse for the cost of providing breakfast.

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

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

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

27 (3) The payment for a district under this section is at a per



1 meal rate equal to the lesser of the district's actual cost or 100%
 2 of the statewide average cost of a breakfast served, as determined
 3 and approved by the department, less federal reimbursement,
 4 participant payments, and other state reimbursement. The statewide
 5 average cost shall be determined by the department using costs as
 6 reported in a manner approved by the department for the preceding
 7 school year.

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

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

14 Sec. 32d. (1) From the funds appropriated in section 11, there
 15 is allocated to eligible intermediate districts and consortia of
 16 intermediate districts for great start readiness programs an amount
 17 not to exceed ~~\$109,275,000.00 for 2012-2013.~~ **\$159,275,000.00 FOR**
 18 **2013-2014.** Funds allocated under this section shall be used to
 19 provide part-day, school-day, or GSRP/head start blended
 20 comprehensive free compensatory classroom programs designed to do 1
 21 or both of the following:

22 (a) Improve the readiness and subsequent achievement of
 23 educationally disadvantaged children ~~as defined by the department~~
 24 ~~who will be at least 4, but less than 5 years of age, as of~~
 25 ~~December 1 of the school year in which the programs are offered,~~
 26 ~~and~~ who meet the participant eligibility and prioritization
 27 guidelines as defined by the ~~state board.~~ **DEPARTMENT. BEGINNING IN**



1 2013-2014, FOR A CHILD TO BE ELIGIBLE TO PARTICIPATE IN A PROGRAM
 2 UNDER THIS SECTION, THE CHILD SHALL BE AT LEAST 4, BUT LESS THAN 5,
 3 YEARS OF AGE AS OF THE DATE SPECIFIED FOR DETERMINING A CHILD'S
 4 ELIGIBILITY TO ATTEND SCHOOL UNDER SECTION 1147 OF THE REVISED
 5 SCHOOL CODE, MCL 380.1147.

6 (b) Provide preschool and parenting education programs similar
 7 to those under former section 32b as in effect for 2001-2002.
 8 Beginning in 2007-2008, funds spent for programs described in this
 9 subdivision shall not exceed the amount spent under this
 10 subdivision for the immediately preceding fiscal year. Funds spent
 11 for programs described in this subdivision shall be used for
 12 services to families with income below ~~300%~~250% of the federal
 13 poverty level.

14 (2) Funds allocated under ~~this section~~ **SUBSECTION (1)** shall be
 15 allocated to intermediate districts or consortia of intermediate
 16 districts **BASED ON THE FORMULA IN SECTION 39**. An intermediate
 17 district or consortium of intermediate districts receiving funding
 18 under this section shall act as the fiduciary for the great start
 19 readiness programs. ~~For 2012-2013, the fiduciary intermediate~~
 20 ~~districts and consortia of intermediate districts shall allocate~~
 21 ~~the funding under this section as follows:~~

22 ~~— (a) An amount not to exceed \$100,400,000.00 allocated to~~
 23 ~~intermediate districts and consortia of intermediate districts as~~
 24 ~~directed by the department based on the formula in section 39. In~~
 25 ~~order to be eligible to receive funds allocated under this~~
 26 ~~subdivision~~ **SUBSECTION** from an intermediate district or consortium
 27 of intermediate districts, a district, ~~or~~ **A** consortium of



1 districts, **OR A PUBLIC OR PRIVATE FOR-PROFIT OR NONPROFIT LEGAL**
 2 **ENTITY OR AGENCY** shall comply with this section and section 39.

3 ~~— (b) An amount not to exceed \$8,875,000.00 allocated in grants~~
 4 ~~to competitive great start readiness programs as directed by the~~
 5 ~~department based on the grant award process in section 32I. In order~~
 6 ~~to be eligible to receive funds allocated under this section from~~
 7 ~~an intermediate district or consortium of intermediate districts, a~~
 8 ~~competitive great start readiness program shall comply with this~~
 9 ~~section and section 32I.~~

10 (3) In addition to the allocation under subsection (1), from
 11 the general fund money appropriated under section 11, there is
 12 allocated an amount not to exceed \$300,000.00 for ~~2012-2013~~**2013-**
 13 **2014** for a competitive grant to continue a longitudinal evaluation
 14 of children who have participated in great start readiness
 15 programs.

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

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

27 (b) An age-appropriate educational curriculum that is in



1 compliance with the early childhood standards of quality for
2 prekindergarten children adopted by the state board.

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

5 (d) Health and developmental screening services for all
6 program participants.

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

9 (f) Active and continuous involvement of the parents or
10 guardians of the program participants.

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

14 (h) Participation in a multidistrict, multiagency, school
15 readiness advisory committee **CONVENED AS A WORKGROUP OF THE GREAT**
16 **START COLLABORATIVE** that provides for the involvement of classroom
17 teachers, parents or guardians of program participants, and
18 community, volunteer, and social service agencies and
19 organizations, as appropriate. The advisory committee annually
20 shall review the program components listed in this subsection and
21 make recommendations for changes to the great start readiness
22 program for which it is an advisory committee.

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

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

27 (5) An application for funding under this section shall



1 provide for the following, in a form and manner determined by the
2 department:

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

5 (b) Ensure that ~~more than 75%~~ **AT LEAST 80%** of the children
6 participating in an eligible great start readiness program **FOR WHOM**
7 **THE PROVIDER IS RECEIVING FUNDS UNDER THIS SECTION** are children who
8 live with families with a household income that is equal to or less
9 than ~~300%~~ **250%** of the federal poverty level.

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

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



1 come into compliance with the standards in this subparagraph. A
2 teacher's compliance plan must be completed within 2 years of the
3 date of employment. Progress toward completion of the compliance
4 plan shall consist of at least 2 courses per calendar year.

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

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



1 federal funds **RECEIVED** by the applicant to serve children eligible
 2 for a federally funded ~~existing~~ preschool program that has the
 3 capacity to serve those children.

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

11 (7) An intermediate district or consortium of intermediate
 12 districts receiving a grant under this section may **PROVIDE SERVICES**
 13 **DIRECTLY OR MAY** contract with **1 OR MORE DISTRICTS OR PUBLIC OR**
 14 **PRIVATE** for-profit or nonprofit ~~preschool-center~~ providers that
 15 meet all requirements of subsection (4) and retain for
 16 administrative services an amount equal to not more than ~~5%~~**7%** of
 17 the grant amount. ~~An~~**IN ADDITION, AN** intermediate district ~~,~~**OR**
 18 consortium of intermediate districts ~~,~~~~or competitive grant program~~
 19 may expend not more than ~~10%~~**2%** of the total grant amount for
 20 ~~administration~~**RECRUITING AND PUBLIC AWARENESS** of the program.

21 ~~— (8) Any public or private for-profit or nonprofit legal entity~~
 22 ~~or agency may apply for a competitive grant under this section.~~
 23 ~~However, a district or intermediate district may not apply for a~~
 24 ~~competitive grant under this section unless the district,~~
 25 ~~intermediate district, or consortium of districts or intermediate~~
 26 ~~districts is acting as a local grantee for the federal head start~~
 27 ~~program operating under the head start act, 42 USC 9831 to 9852.~~



1 (8) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
2 DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL CONDUCT A
3 LOCAL PROCESS TO CONTRACT WITH INTERESTED AND ELIGIBLE PUBLIC AND
4 PRIVATE FOR-PROFIT AND NONPROFIT COMMUNITY-BASED PROVIDERS THAT
5 MEET ALL REQUIREMENTS OF SUBSECTION (4) FOR AT LEAST 20% OF ITS
6 TOTAL SLOT ALLOCATION. IF THE INTERMEDIATE DISTRICT OR CONSORTIUM
7 IS NOT ABLE TO CONTRACT FOR AT LEAST 20% OF ITS TOTAL SLOT
8 ALLOCATION, THE GRANT RECIPIENT SHALL NOTIFY THE DEPARTMENT AND, IF
9 THE DEPARTMENT VERIFIES THAT THE INTERMEDIATE DISTRICT OR
10 CONSORTIUM ATTEMPTED TO CONTRACT FOR AT LEAST 20% OF ITS TOTAL SLOT
11 ALLOCATION, THEN THE INTERMEDIATE DISTRICT OR CONSORTIUM MAY RETAIN
12 ALL OF ITS ALLOCATED SLOTS.

13 (9) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
14 DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL ALLOW PARENTS
15 OF PARTICIPATING CHILDREN TO CHOOSE ANY OF THE PROGRAMS OPERATED BY
16 OR CONTRACTED WITH IN THAT INTERMEDIATE DISTRICT OR CONSORTIUM AS
17 LONG AS THE PROGRAM HAS AVAILABLE CAPACITY AS DETERMINED BY THE
18 INTERMEDIATE DISTRICT OR CONSORTIUM. FURTHER, AN INTERMEDIATE
19 DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS RECEIVING A GRANT
20 UNDER THIS SECTION SHALL ALLOW PARENTS OF ELIGIBLE CHILDREN WHO ARE
21 RESIDENTS OF THE INTERMEDIATE DISTRICT OR WITHIN THE CONSORTIUM TO
22 CHOOSE A PROGRAM OPERATED BY OR CONTRACTED WITH ANOTHER
23 INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS AND
24 SHALL PAY TO THE EDUCATING INTERMEDIATE DISTRICT OR CONSORTIUM THE
25 PER-CHILD AMOUNT ATTRIBUTABLE TO EACH CHILD ENROLLED PURSUANT TO
26 THIS SENTENCE, AS DETERMINED UNDER SECTION 39.

27 (10) ~~(9)~~—A recipient of funds under this section shall report



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

14 **(11)** ~~(10)~~ As used in this section:

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

18 (b) "Part-day program" means a program that operates at least
 19 4 days per week, 30 weeks per year, for at least 3 hours of
 20 teacher-child contact time per day but for fewer hours of teacher-
 21 child contact time per day than a school-day program.

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

27 **(12)** ~~(11) A grant recipient~~ **AN INTERMEDIATE DISTRICT OR**



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

13 ~~—— (12) The department shall develop a plan for a multiyear~~
 14 ~~phased-in approach to transfer funding for great start readiness~~
 15 ~~programs under this section into an early childhood block grant~~
 16 ~~program, along with funding for great start collaboratives under~~
 17 ~~section 32b and funding for great parents, great start programs~~
 18 ~~under section 32j. The early childhood block grant program will~~
 19 ~~allocate funds to intermediate districts and consortia of~~
 20 ~~intermediate districts to act as fiduciaries and provide~~
 21 ~~administration of regional early childhood programs in conjunction~~
 22 ~~with their regional great start collaborative to improve program~~
 23 ~~quality, evaluation, and efficiency for early childhood programs.~~
 24 ~~The department shall work with intermediate districts, districts,~~
 25 ~~great start collaboratives, and the early childhood investment~~
 26 ~~corporation to establish a revised funding formula, application~~
 27 ~~process, program criteria, and data reporting requirements.~~



1 Sec. 32p. (1) From the school aid fund appropriation in
 2 section 11, there is allocated an amount not to exceed
 3 \$10,900,000.00 **TO INTERMEDIATE DISTRICTS** for ~~2012-2013-2013-2014~~
 4 for the purpose of providing early childhood funding to
 5 intermediate school districts in block grants, **SUPPORTING THE**
 6 **ACTIVITIES UNDER SUBSECTION (2), AND PROVIDING EARLY CHILDHOOD**
 7 **PROGRAMS FOR CHILDREN FROM BIRTH THROUGH AGE 8.** ~~The BEGINNING IN~~
 8 ~~2013-2014, THE~~ funding provided to each intermediate district under
 9 this section shall be ~~equal to the sum of all funding allocated~~
 10 ~~under former sections 32b and 32j, as those sections were in effect~~
 11 ~~for 2011-2012.~~ **DETERMINED BY A DISTRIBUTION FORMULA ESTABLISHED BY**
 12 **THE DEPARTMENT'S OFFICE OF GREAT START TO PROVIDE EQUITABLE FUNDING**
 13 **STATEWIDE.** In order to receive funding under this section, each
 14 intermediate district shall provide an application to the office of
 15 great start not later than ~~August 15, 2012,~~ **SEPTEMBER 15 OF THE**
 16 **IMMEDIATELY PRECEDING FISCAL YEAR** indicating the activities planned
 17 to be provided. ~~and children served under the block grant.~~

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



1 child in the community ~~is ready for kindergarten.~~ **TO ACHIEVE THE**
 2 **FOLLOWING OUTCOMES:**

3 (A) CHILDREN BORN HEALTHY.

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

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

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

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

20 (A) PHYSICAL HEALTH.

21 (B) SOCIAL-EMOTIONAL HEALTH.

22 (C) FAMILY SUPPORTS AND BASIC NEEDS.

23 (D) PARENT EDUCATION AND CHILD ADVOCACY.

24 (E) EARLY EDUCATION AND CARE.

25 (4) ~~(3)~~ Not later than December 1 ~~, 2013,~~ **OF EACH YEAR,** each
 26 intermediate district shall provide a report to the department
 27 detailing the activities actually provided during ~~2012-2013~~ **THE**



1 **IMMEDIATELY PRECEDING SCHOOL YEAR** and the **FAMILIES AND** children
2 actually served. The department shall compile and summarize these
3 reports and submit its summary to the house and senate
4 appropriations subcommittees on school aid and to the house and
5 senate fiscal agencies. The block grants allocated under this
6 section implement legislative intent language for this purpose
7 enacted in 2011 PA 62.

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

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

27 (a) The estimated total number of children in the community



1 who meet the criteria of section 32d and how that calculation was
2 made.

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

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

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

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

22 (3) The number of prekindergarten children construed to be in
23 need of special readiness assistance under section 32d shall be
24 calculated for each applicant in the following manner: 1/2 of the
25 percentage of the applicant's pupils in grades 1 to 5 in all
26 districts served by the applicant who are eligible for free lunch,
27 as determined using the district's pupil membership count as of the



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

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



1 blended program.

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

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



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

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

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

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

26 ~~———— (b) An amount estimated at \$250,000.00 for the purpose of~~
 27 ~~improving teaching and learning through a more effective use of~~



1 ~~technology, funded from DED-OESE, educational technology state~~
2 ~~grant funds.~~

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

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

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

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

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

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

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

26 **(H)** ~~(j)~~—An amount estimated at \$40,050,000.00 for the purpose
27 of providing high-quality extended learning opportunities, after



1 school and during the summer, for children in low-performing
 2 schools, funded from DED-OESE, twenty-first century community
 3 learning center funds.

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

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

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

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

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

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

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



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

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

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

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

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

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

27 (5) For the purposes of applying for federal grants



1 appropriated under this article, the department shall allow an
 2 intermediate district to submit a consortium application on behalf
 3 of 2 or more districts with the agreement of those districts as
 4 appropriate according to federal rules and guidelines.

5 (6) As used in this section:

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

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

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

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

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

15 Sec. 51a. (1) From the appropriation in section 11, there is
 16 allocated for ~~2011-2012-2013-2014~~ an amount not to exceed
 17 ~~\$956,769,100.00~~ and there is allocated an amount not to exceed
 18 ~~\$996,269,100.00~~ for ~~2012-2013~~ **\$980,569,100.00** from state sources
 19 and all available federal funding under sections 611 to 619 of part
 20 B of the individuals with disabilities education act, 20 USC 1411
 21 to 1419, estimated at ~~\$363,400,000.00~~ for ~~2011-2012~~ and estimated
 22 at ~~\$365,000,000.00~~ for ~~2012-2013~~, **\$370,000,000.00 FOR 2013-2014**,
 23 plus any carryover federal funds from previous year appropriations.
 24 The allocations under this subsection are for the purpose of
 25 reimbursing districts and intermediate districts for special
 26 education programs, services, and special education personnel as
 27 prescribed in article 3 of the revised school code, MCL 380.1701 to



1 380.1766; net tuition payments made by intermediate districts to
2 the Michigan schools for the deaf and blind; and special education
3 programs and services for pupils who are eligible for special
4 education programs and services according to statute or rule. For
5 meeting the costs of special education programs and services not
6 reimbursed under this article, a district or intermediate district
7 may use money in general funds or special education funds, not
8 otherwise restricted, or contributions from districts to
9 intermediate districts, tuition payments, gifts and contributions
10 from individuals or other entities, or federal funds that may be
11 available for this purpose, as determined by the intermediate
12 district plan prepared pursuant to article 3 of the revised school
13 code, MCL 380.1701 to 380.1766. All federal funds allocated under
14 this section in excess of those allocated under this section for
15 2002-2003 may be distributed in accordance with the flexible
16 funding provisions of the individuals with disabilities education
17 act, Public Law 108-446, including, but not limited to, 34 CFR
18 300.206 and 300.208. Notwithstanding section 17b, payments of
19 federal funds to districts, intermediate districts, and other
20 eligible entities under this section shall be paid on a schedule
21 determined by the department.

22 (2) From the funds allocated under subsection (1), there is
23 allocated the amount necessary, estimated at ~~\$247,500,000.00 for~~
24 ~~2011-2012 and estimated at \$257,400,000.00 for 2012-2013,~~
25 **\$258,300,000.00 FOR 2013-2014**, for payments toward reimbursing
26 districts and intermediate districts for 28.6138% of total approved
27 costs of special education, excluding costs reimbursed under



1 section 53a, and 70.4165% of total approved costs of special
2 education transportation. Allocations under this subsection shall
3 be made as follows:

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

24 (b) After the allocations under subdivision (a), districts and
25 intermediate districts for which the payments calculated under
26 subdivision (a) do not fulfill the specified percentages shall be
27 paid the amount necessary to achieve the specified percentages for

1 the district or intermediate district.

2 (3) From the funds allocated under subsection (1), there is
3 allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
4 **2013-2014** an amount not to exceed \$1,000,000.00 to make payments to
5 districts and intermediate districts under this subsection. If the
6 amount allocated to a district or intermediate district for a
7 fiscal year under subsection (2) (b) is less than the sum of the
8 amounts allocated to the district or intermediate district for
9 1996-97 under sections 52 and 58, there is allocated to the
10 district or intermediate district for the fiscal year an amount
11 equal to that difference, adjusted by applying the same proration
12 factor that was used in the distribution of funds under section 52
13 in 1996-97 as adjusted to the district's or intermediate district's
14 necessary costs of special education used in calculations for the
15 fiscal year. This adjustment is to reflect reductions in special
16 education program operations or services between 1996-97 and
17 subsequent fiscal years. Adjustments for reductions in special
18 education program operations or services shall be made in a manner
19 determined by the department and shall include adjustments for
20 program or service shifts.

21 (4) If the department determines that the sum of the amounts
22 allocated for a fiscal year to a district or intermediate district
23 under subsection (2) (a) and (b) is not sufficient to fulfill the
24 specified percentages in subsection (2), then the shortfall shall
25 be paid to the district or intermediate district during the fiscal
26 year beginning on the October 1 following the determination and
27 payments under subsection (3) shall be adjusted as necessary. If



1 the department determines that the sum of the amounts allocated for
2 a fiscal year to a district or intermediate district under
3 subsection (2) (a) and (b) exceeds the sum of the amount necessary
4 to fulfill the specified percentages in subsection (2), then the
5 department shall deduct the amount of the excess from the
6 district's or intermediate district's payments under this article
7 for the fiscal year beginning on the October 1 following the
8 determination and payments under subsection (3) shall be adjusted
9 as necessary. However, if the amount allocated under subsection
10 (2) (a) in itself exceeds the amount necessary to fulfill the
11 specified percentages in subsection (2), there shall be no
12 deduction under this subsection.

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

22 (6) From the amount allocated in subsection (1), there is
23 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~
24 ~~for 2011-2012 and for 2012-2013~~ **FOR 2013-2014** to reimburse 100% of
25 the net increase in necessary costs incurred by a district or
26 intermediate district in implementing the revisions in the
27 administrative rules for special education that became effective on



1 July 1, 1987. As used in this subsection, "net increase in
2 necessary costs" means the necessary additional costs incurred
3 solely because of new or revised requirements in the administrative
4 rules minus cost savings permitted in implementing the revised
5 rules. Net increase in necessary costs shall be determined in a
6 manner specified by the department.

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

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



1 juvenile detention programs approved by the department to provide
2 an on-grounds education program.

3 (b) Beginning with the 2004-2005 fiscal year, a district or
4 intermediate district that employed special education support
5 services staff to provide special education support services in
6 2003-2004 or in a subsequent fiscal year and that in a fiscal year
7 after 2003-2004 receives the same type of support services from
8 another district or intermediate district shall report the cost of
9 those support services for special education reimbursement purposes
10 under this article. This subdivision does not prohibit the transfer
11 of special education classroom teachers and special education
12 classroom aides if the pupils counted in membership associated with
13 those special education classroom teachers and special education
14 classroom aides are transferred and counted in membership in the
15 other district or intermediate district in conjunction with the
16 transfer of those teachers and aides.

17 ~~—— (c) If the department determines before bookclosing for a~~
18 ~~fiscal year that the amounts allocated for that fiscal year under~~
19 ~~subsections (2), (3), (6), and (11) and sections 53a, 54, and 56~~
20 ~~will exceed expenditures for that fiscal year under subsections~~
21 ~~(2), (3), (6), and (11) and sections 53a, 54, and 56, then for a~~
22 ~~district or intermediate district whose reimbursement for that~~
23 ~~fiscal year would otherwise be affected by subdivision (b),~~
24 ~~subdivision (b) does not apply to the calculation of the~~
25 ~~reimbursement for that district or intermediate district and~~
26 ~~reimbursement for that district or intermediate district shall be~~
27 ~~calculated in the same manner as it was for 2003-2004. If the~~



1 ~~amount of the excess allocations under subsections (2), (3), (6),~~
2 ~~and (11) and sections 53a, 54, and 56 is not sufficient to fully~~
3 ~~fund the calculation of reimbursement to those districts and~~
4 ~~intermediate districts under this subdivision, then the~~
5 ~~calculations and resulting reimbursement under this subdivision~~
6 ~~shall be prorated on an equal percentage basis. This reimbursement~~
7 ~~shall not be made after 2014-2015.~~

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

20 (D) ~~(e)~~ Beginning with calculations for 2004-2005, if an
21 intermediate district purchases a special education pupil
22 transportation service from a constituent district that was
23 previously purchased from a private entity; if the purchase from
24 the constituent district is at a lower cost, adjusted for changes
25 in fuel costs; and if the cost shift from the intermediate district
26 to the constituent does not result in any net change in the revenue
27 the constituent district receives from payments under sections 22b



1 and 51c, then upon application by the intermediate district, the
2 department shall direct the intermediate district to continue to
3 report the cost associated with the specific identified special
4 education pupil transportation service and shall adjust the costs
5 reported by the constituent district to remove the cost associated
6 with that specific service.

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

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

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

24 (11) From the funds allocated in subsection (1), there is
25 allocated the amount necessary, estimated at ~~\$5,300,000.00 for~~
26 ~~2011-2012 and estimated at \$5,600,000.00 for 2012-2013,~~
27 **\$4,500,000.00 FOR 2013-2014**, to pay the foundation allowances for



1 pupils described in this subsection. The allocation to a district
2 under this subsection shall be calculated by multiplying the number
3 of pupils described in this subsection who are counted in
4 membership in the district times the foundation allowance under
5 section 20 of the pupil's district of residence, not to exceed the
6 basic foundation allowance under section 20 for the current fiscal
7 year, or, for a pupil described in this subsection who is counted
8 in membership in a district that is a public school academy, times
9 an amount equal to the amount per membership pupil under section
10 20(6) or, for a pupil described in this subsection who is counted
11 in membership in the education achievement system, times an amount
12 equal to the amount per membership pupil under section 20(7). The
13 allocation to an intermediate district under this subsection shall
14 be calculated in the same manner as for a district, using the
15 foundation allowance under section 20 of the pupil's district of
16 residence, not to exceed the basic foundation allowance under
17 section 20 for the current fiscal year. This subsection applies to
18 all of the following pupils:

19 (a) Pupils described in section 53a.

20 (b) Pupils counted in membership in an intermediate district
21 who are not special education pupils and are served by the
22 intermediate district in a juvenile detention or child caring
23 facility.

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

27 (12) If it is determined that funds allocated under subsection



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

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

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

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

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

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

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

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

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

7 Sec. 51b. A district or intermediate district shall not
8 receive funds under ~~this article~~ **SECTION 51A** unless the district or
9 intermediate district complies with rules promulgated under article
10 3 of the revised school code, being sections 380.1701 to 380.1766
11 of the Michigan Compiled Laws.

12 Sec. 51c. As required by the court in the consolidated cases
13 known as Durant v State of Michigan, Michigan supreme court docket
14 no. 104458-104492, from the allocation under section 51a(1), there
15 is allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
16 **2013-2014** the amount necessary, estimated at ~~\$648,700,000.00 for~~
17 ~~2011-2012 and estimated at \$678,000,000.00 for 2012-2013,~~
18 **\$662,500,000.00**, for payments to reimburse districts for 28.6138%
19 of total approved costs of special education excluding costs
20 reimbursed under section 53a, and 70.4165% of total approved costs
21 of special education transportation. Funds allocated under this
22 section that are not expended in the state fiscal year for which
23 they were allocated, as determined by the department, may be used
24 to supplement the allocations under sections 22a and 22b in order
25 to fully fund those calculated allocations for the same fiscal
26 year.

27 Sec. 51d. (1) From the federal funds appropriated in section



1 11, there is allocated for ~~each fiscal year 2011-2012 and for 2012-~~
 2 ~~2013-2013-2014~~ all available federal funding, estimated at
 3 \$74,000,000.00, ~~each fiscal year,~~ for special education programs
 4 that are funded by federal grants. All federal funds allocated
 5 under this section shall be distributed in accordance with federal
 6 law. Notwithstanding section 17b, payments of federal funds to
 7 districts, intermediate districts, and other eligible entities
 8 under this section shall be paid on a schedule determined by the
 9 department.

10 (2) From the federal funds allocated under subsection (1), the
 11 following amounts are allocated ~~each fiscal year for 2011-2012 and~~
 12 ~~for 2012-2013:~~ **FOR 2013-2014:**

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

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

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

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

25 Sec. 53a. (1) For districts, reimbursement for pupils
 26 described in subsection (2) shall be 100% of the total approved
 27 costs of operating special education programs and services approved



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

10 (2) Reimbursement under subsection (1) is for the following
11 special education pupils:

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

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

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

22 (d) Pupils enrolled in a department-approved on-grounds
23 educational program longer than 180 days, but not longer than 233
24 days, at a residential child care institution, if the child care
25 institution offered in 1991-92 an on-grounds educational program
26 longer than 180 days but not longer than 233 days.

27 (e) Pupils placed in a district by a parent for the purpose of



1 seeking a suitable home, if the parent does not reside in the same
2 intermediate district as the district in which the pupil is placed.

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

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

10 (5) Not more than \$13,500,000.00 of the allocation for ~~2011-~~
11 ~~2012 and for 2012-2013~~ **2013-2014** in section 51a(1) shall be
12 allocated ~~for each fiscal year~~ under this section.

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

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

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

24 (b) "Millage levied" means the millage levied for special
25 education pursuant to part 30 of the revised school code, MCL
26 380.1711 to 380.1743, including a levy for debt service
27 obligations.



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

7 (2) From the allocation under section 51a(1), there is
 8 allocated an amount not to exceed \$36,881,100.00 for ~~2012-2013~~
 9 **2013-2014** to reimburse intermediate districts levying millages for
 10 special education pursuant to part 30 of the revised school code,
 11 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
 12 reimbursement shall be limited as if the funds were generated by
 13 these millages and governed by the intermediate district plan
 14 adopted pursuant to article 3 of the revised school code, MCL
 15 380.1701 to 380.1766. As a condition of receiving funds under this
 16 section, an intermediate district distributing any portion of
 17 special education millage funds to its constituent districts shall
 18 submit for departmental approval and implement a distribution plan.

19 (3) Reimbursement for those millages levied in ~~2010-2011-2012-~~
 20 **2013** shall be made in ~~2011-2012-~~**2013-2014** at an amount per ~~2010-~~
 21 ~~2011-2012-2013~~ membership pupil computed by subtracting from
 22 ~~\$174,700.00~~**\$169,900.00** the ~~2010-2011-~~**2012-2013** taxable value
 23 behind each membership pupil and multiplying the resulting
 24 difference by the ~~2010-2011-~~**2012-2013** millage levied.

25 ~~———— (4) For 2012-2013 only, reimbursement to each intermediate~~
 26 ~~district shall be equal to its reimbursement under this section for~~
 27 ~~2011-2012.~~



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

4 Sec. 61a. (1) From the appropriation in section 11, there is
5 allocated an amount not to exceed \$26,611,300.00 for ~~2012-2013~~
6 **2013-2014** to reimburse on an added cost basis districts, except for
7 a district that served as the fiscal agent for a vocational
8 education consortium in the 1993-94 school year, and secondary area
9 vocational-technical education centers for secondary-level career
10 and technical education programs according to rules approved by the
11 superintendent. Applications for participation in the programs
12 shall be submitted in the form prescribed by the department. The
13 department shall determine the added cost for each career and
14 technical education program area. The allocation of added cost
15 funds shall be based on the type of career and technical education
16 programs provided, the number of pupils enrolled, and the length of
17 the training period provided, and shall not exceed 75% of the added
18 cost of any program. With the approval of the department, the board
19 of a district maintaining a secondary career and technical
20 education program may offer the program for the period from the
21 close of the school year until September 1. The program shall use
22 existing facilities and shall be operated as prescribed by rules
23 promulgated by the superintendent.

24 (2) Except for a district that served as the fiscal agent for
25 a vocational education consortium in the 1993-94 school year,
26 districts and intermediate districts shall be reimbursed for local
27 career and technical education administration, shared time career



1 and technical education administration, and career education
2 planning district career and technical education administration.
3 The definition of what constitutes administration and reimbursement
4 shall be pursuant to guidelines adopted by the superintendent. Not
5 more than \$800,000.00 of the allocation in subsection (1) shall be
6 distributed under this subsection.

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

8 (a) "Membership" means for a particular fiscal year the total
9 membership for the immediately preceding fiscal year of the
10 intermediate district and the districts constituent to the
11 intermediate district or the total membership for the immediately
12 preceding fiscal year of the area vocational-technical program.

13 (b) "Millage levied" means the millage levied for area
14 vocational-technical education pursuant to sections 681 to 690 of
15 the revised school code, MCL 380.681 to 380.690, including a levy
16 for debt service obligations incurred as the result of borrowing
17 for capital outlay projects and in meeting capital projects fund
18 requirements of area vocational-technical education.

19 (c) "Taxable value" means the total taxable value of the
20 districts constituent to an intermediate district or area
21 vocational-technical education program, except that if a district
22 has elected not to come under sections 681 to 690 of the revised
23 school code, MCL 380.681 to 380.690, the membership and taxable
24 value of that district shall not be included in the membership and
25 taxable value of the intermediate district. However, the membership
26 and taxable value of a district that has elected not to come under
27 sections 681 to 690 of the revised school code, MCL 380.681 to



1 380.690, shall be included in the membership and taxable value of
 2 the intermediate district if the district meets both of the
 3 following:

4 (i) The district operates the area vocational-technical
 5 education program pursuant to a contract with the intermediate
 6 district.

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

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

21 (3) Reimbursement for the millages levied in ~~2010-2011-2012-~~
 22 ~~2013~~ shall be made in ~~2011-2012-2013-2014~~ at an amount per ~~2010-~~
 23 ~~2011-2012-2013~~ membership pupil computed by subtracting from
 24 \$~~190,400.00~~ ~~\$186,500.00~~ the ~~2010-2011-2012-2013~~ taxable value
 25 behind each membership pupil and multiplying the resulting
 26 difference by the ~~2010-2011-2012-2013~~ millage levied.

27 ~~———— (4) For 2012-2013 only, reimbursements to each intermediate~~



1 ~~district shall be equal to its reimbursement under this section for~~
2 ~~2011-2012.~~

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

6 Sec. 74. (1) From the amount appropriated in section 11, there
7 is allocated an amount not to exceed ~~\$3,259,900.00 for 2012-2013~~
8 **\$3,299,000.00 FOR 2013-2014** for the purposes of this section.

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

24 (3) From the allocation in subsection (1), there is allocated
25 each fiscal year the amount necessary to pay the reasonable costs
26 of nonspecial education auxiliary services transportation provided
27 pursuant to section 1323 of the revised school code, MCL 380.1323.



1 Districts funded under this subsection shall not receive funding
2 under any other section of this article for nonspecial education
3 auxiliary services transportation.

4 (4) From the funds allocated in subsection (1), there is
5 allocated an amount not to exceed ~~\$1,634,900.00 for 2012-2013~~
6 **\$1,674,000.00 FOR 2013-2014** for reimbursement to districts and
7 intermediate districts for costs associated with the inspection of
8 school buses and pupil transportation vehicles by the department of
9 state police as required under section 715a of the Michigan vehicle
10 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
11 transportation act, 1990 PA 187, MCL 257.1839. The department of
12 state police shall prepare a statement of costs attributable to
13 each district for which bus inspections are provided and submit it
14 to the department and to an intermediate district serving as
15 fiduciary in a time and manner determined jointly by the department
16 and the department of state police. Upon review and approval of the
17 statement of cost, the department shall forward to the designated
18 intermediate district serving as fiduciary the amount of the
19 reimbursement on behalf of each district and intermediate district
20 for costs detailed on the statement within 45 days after receipt of
21 the statement. The designated intermediate district shall make
22 payment in the amount specified on the statement to the department
23 of state police within 45 days after receipt of the statement. The
24 total reimbursement of costs under this subsection shall not exceed
25 the amount allocated under this subsection. Notwithstanding section
26 17b, payments to eligible entities under this subsection shall be
27 paid on a schedule prescribed by the department.



1 Sec. 81. (1) Except as otherwise provided in this section,
2 from the appropriation in section 11, there is allocated for ~~2012-~~
3 ~~2013-2013-2014~~ to the intermediate districts the sum necessary, but
4 not to exceed ~~\$64,108,000.00,~~ **\$62,115,100.00**, to provide state aid
5 to intermediate districts under this section.

6 (2) From the allocation in subsection (1), there is allocated
7 an amount not to exceed \$62,108,000.00 for allocations to each
8 intermediate district for ~~2012-2013-~~**2013-2014** in an amount equal to
9 100% of the amount allocated to the intermediate district under
10 this subsection for ~~2011-2012.~~ **THE IMMEDIATELY PRECEDING FISCAL**
11 **YEAR.** Funding provided under this section shall be used to comply
12 with requirements of this article and the revised school code that
13 are applicable to intermediate districts, and for which funding is
14 not provided elsewhere in this article, and to provide technical
15 assistance to districts as authorized by the intermediate school
16 board.

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

22 (4) From the allocation in subsection (1), there is allocated
23 to an intermediate district, formed by the consolidation or
24 annexation of 2 or more intermediate districts or the attachment of
25 a total intermediate district to another intermediate school
26 district or the annexation of all of the constituent K-12 districts
27 of a previously existing intermediate school district which has



1 disorganized, an additional allotment of \$3,500.00 each fiscal year
 2 for each intermediate district included in the new intermediate
 3 district for 3 years following consolidation, annexation, or
 4 attachment. **FROM THE ALLOCATION IN SUBSECTION (1), THERE IS**
 5 **ALLOCATED \$7,000.00 FOR PURPOSES OF THIS SUBSECTION FOR 2013-2014**
 6 **AND 2014-2015, AFTER WHICH THE PAYMENT UNDER THIS SUBSECTION WILL**
 7 **CEASE.**

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

17 (5) ~~(6)~~—In order to receive funding under subsection (2), an
 18 intermediate district shall do all of the following:

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

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



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

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

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

8 (f) Comply with section 761 of the revised school code, MCL
9 380.761.

10 **(6)** ~~(7)~~ From the allocation in subsection (1), there is
11 allocated an amount not to exceed ~~\$2,000,000.00 for 2012-2013~~
12 **\$100.00 FOR 2013-2014** for an incentive payment to each intermediate
13 district that meets best practices as determined by the department
14 under this subsection. The amount of the incentive payment is an
15 amount equal to ~~3.2%~~**0.00%** of the amount allocated to the
16 intermediate district under subsection (2). An intermediate
17 district is eligible for an incentive payment under this subsection
18 if the intermediate district satisfies at least ~~4~~**5** of the
19 following requirements not later than June 1, ~~2013~~**2014**:

20 (a) The intermediate district enters into an agreement with
21 the department to ~~do~~**COMPLY WITH** all of the following:

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

27 **(ii)** ~~(i) Develop~~ **IF THE INTERMEDIATE DISTRICT DID NOT DEVELOP A**



1 **SERVICE CONSOLIDATION PLAN IN 2012-2013, DEVELOP** a service
 2 consolidation plan in ~~2012-2013~~ **2013-2014** to reduce operating costs
 3 that is in compliance with guidelines that were developed by the
 4 department for former section 11d as that section was in effect for
 5 2010-2011.

6 **(iii) ~~(ii) Implement~~ IF THE INTERMEDIATE DISTRICT DEVELOPED A**
 7 **SERVICE CONSOLIDATION PLAN IN 2013-2014, IMPLEMENT** the service
 8 consolidation plan in ~~2013-2014~~ **2014-2015** and report to the
 9 department not later than February 1, ~~2014-2015~~ on the intermediate
 10 district's progress in implementing the service consolidation plan.

11 **(iv) MAKE THE INTERMEDIATE DISTRICT'S SERVICE CONSOLIDATION**
 12 **PLAN PUBLICLY AVAILABLE ON THE INTERMEDIATE DISTRICT'S WEBSITE.**

13 (b) The intermediate district has obtained competitive bids on
 14 the provision of 1 or more noninstructional services for the
 15 intermediate district or its constituent districts with a value of
 16 at least \$50,000.00. **THE UNFUNDED ACCRUED LIABILITY COSTS FOR**
 17 **RETIREMENT AND OTHER BENEFITS SHALL BE EXCLUDED FROM THE**
 18 **INTERMEDIATE DISTRICT'S CURRENT COSTS FOR THE PURPOSE OF COMPARING**
 19 **COMPETITIVE BIDS TO THE CURRENT COSTS OF PROVIDING SERVICES.**

20 (c) The intermediate district develops a technology plan in
 21 accordance with department policy on behalf of all constituent
 22 districts within the intermediate district that integrates
 23 technology into the classroom and prepares teachers to use digital
 24 technologies as part of the instructional program of each of its
 25 constituent districts. **AN INTERMEDIATE DISTRICT THAT DEVELOPED A**
 26 **TECHNOLOGY PLAN IN 2012-2013 SHALL BEGIN IMPLEMENTING THAT**
 27 **TECHNOLOGY PLAN IN 2013-2014.**



1 (d) The intermediate district provides to parents and
2 community members a dashboard or report card demonstrating the
3 intermediate district's efforts to manage its finances responsibly.
4 The dashboard or report card shall include **REVENUE AND EXPENDITURE**
5 **PROJECTIONS FOR THE INTERMEDIATE DISTRICT FOR 2013-2014 AND 2014-**
6 **2015, A LISTING OF ALL DEBT SERVICE OBLIGATIONS, DETAILED BY**
7 **PROJECT, INCLUDING ANTICIPATED 2013-2014 PAYMENT FOR EACH PROJECT,**
8 **A LISTING OF TOTAL OUTSTANDING DEBT, AND** at least all of the
9 following for the 3 most recent school years for which the data are
10 available:

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

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

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

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

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

26 (e) The intermediate district works in a consortium with 1 or
27 more other intermediate districts **AND THE CENTER** to develop **LOCAL**



1 information management system requirements and bid specifications
 2 that ~~can be used as statewide models.~~ **RESULT IN A RECOMMENDED MODEL**
 3 **INFORMATION SYSTEM THAT SUPPORTS INTEROPERABILITY TO ENSURE LINKAGE**
 4 **AND CONNECTIVITY IN A MANNER THAT FACILITATES THE EFFICIENT**
 5 **EXCHANGE OF DATA BETWEEN DISTRICTS, INTERMEDIATE DISTRICTS, AND THE**
 6 **CENTER.** At a minimum, these specifications shall ~~address~~ **INCLUDE**
 7 pupil management systems for both general and special education,
 8 learning management tools, and business services.

9 (F) IF AN INTERMEDIATE DISTRICT PROVIDES MEDICAL, PHARMACY,
 10 DENTAL, VISION, DISABILITY, LONG-TERM CARE, OR ANY OTHER TYPE OF
 11 BENEFIT THAT WOULD CONSTITUTE A HEALTH CARE SERVICES BENEFIT, TO
 12 EMPLOYEES AND THEIR DEPENDENTS, THE INTERMEDIATE DISTRICT IS THE
 13 POLICYHOLDER FOR EACH OF ITS INSURANCE POLICIES THAT COVERS 1 OR
 14 MORE OF THESE BENEFITS. AN INTERMEDIATE DISTRICT THAT DOES NOT
 15 DIRECTLY EMPLOY ITS STAFF OR AN INTERMEDIATE DISTRICT WITH A
 16 VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION THAT PAYS NO MORE THAN
 17 THE MAXIMUM PER EMPLOYEE CONTRIBUTION AMOUNT AND THAT CONTRIBUTES
 18 NO MORE THAN THE MAXIMUM EMPLOYER CONTRIBUTION PERCENTAGE OF TOTAL
 19 ANNUAL COSTS FOR THE MEDICAL BENEFIT PLANS AS DESCRIBED IN SECTIONS
 20 3 AND 4 OF THE PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT,
 21 2011 PA 152, MCL 15.563 AND 15.564, IS CONSIDERED TO HAVE SATISFIED
 22 THIS REQUIREMENT.

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

27 (a) Coordinate the collection of all data required by state



1 and federal law from districts, intermediate districts, and
2 postsecondary institutions.

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

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

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

14 (i) Data sets that link teachers to student information,
15 allowing districts to assess individual teacher impact on student
16 performance and consider student growth factors in teacher and
17 principal evaluation systems.

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

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

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

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



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

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

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

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

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

20 (b) Supports interoperability by using standard data
21 structures, data formats, and data definitions to ensure linkage
22 and connectivity in a manner that facilitates the exchange of data
23 among agencies and institutions within the state and between
24 states.

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



1 (d) Enables the matching of individual teachers with
2 information about their certification and the institutions that
3 prepared and recommended those teachers for state certification.

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

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

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

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

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

16 (ii) Contains student-level enrollment, demographic, and
17 program participation information.

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

21 (iv) Has the capacity to communicate with higher education data
22 systems.

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

25 (i) Contains yearly test records of individual students for
26 assessments approved by DED-OESE for accountability purposes under
27 section 1111(b) of the elementary and secondary education act of



1 1965, 20 USC 6311, including information on individual students not
2 tested, by grade and subject.

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

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

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

7 (i) Contains data that provide information regarding the extent
8 to which individual students transition successfully from secondary
9 school to postsecondary education, including, but not limited to,
10 all of the following:

11 (A) Enrollment in remedial coursework.

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

14 (ii) Contains data that provide other information determined
15 necessary to address alignment and adequate preparation for success
16 in postsecondary education.

17 (5) From the general fund appropriation in section 11, there
18 is allocated an amount not to exceed ~~\$9,218,400.00 for 2012-2013~~
19 **\$9,534,900.00 FOR 2013-2014** to the department of technology,
20 management, and budget to support the operations of the center. In
21 addition, from the federal funds appropriated in section 11 there
22 is allocated for ~~2012-2013~~**2013-2014** the amount necessary,
23 estimated at \$193,500.00, ~~for 2012-2013,~~ to support the operations
24 of the center and to establish a P-20 longitudinal data system as
25 provided under this section in compliance with the assurance
26 provided to the United States department of education in order to
27 receive state fiscal stabilization funds. The center shall



1 cooperate with the department to ensure that this state is in
2 compliance with federal law and is maximizing opportunities for
3 increased federal funding to improve education in this state.

4 (6) From the funds allocated in subsection (5), there is
5 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
6 \$850,000.00 for competitive grants to support collaborative efforts
7 on the P-20 longitudinal data system. All of the following apply to
8 grants awarded under this subsection:

9 (a) The center shall award competitive grants to eligible
10 intermediate districts or a consortium of intermediate districts
11 based on criteria established by the center.

12 (b) Activities funded under the grant shall support the P-20
13 longitudinal data system portal and may include portal hosting,
14 hardware and software acquisition, maintenance, enhancements, user
15 support and related materials, and professional learning tools and
16 activities aimed at improving the utility of the P-20 longitudinal
17 data system.

18 (c) An applicant that received a grant under this subsection
19 for the immediately preceding fiscal year shall receive priority
20 for funding under this section. However, after 3 fiscal years of
21 continuous funding, an applicant is required to compete openly with
22 new applicants.

23 **(7) FROM THE FUNDS ALLOCATED IN SUBSECTION (5), THERE IS**
24 **ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$99,800.00 FOR THE**
25 **CENTER TO DEVELOP THE PUPIL TRANSFER APPLICATION AS REQUIRED UNDER**
26 **SECTION 25E.**

27 **(8) ~~(7)~~—Funds allocated under this section that are not**



1 expended in the fiscal year in which they were allocated may be
 2 carried forward to a subsequent fiscal year and are appropriated
 3 for the purposes for which the funds were originally allocated.

4 (9) ~~(8)~~—The center may bill departments as necessary in order
 5 to fulfill reporting requirements of state and federal law. The
 6 center may also enter into agreements to supply custom data,
 7 analysis, and reporting to other principal executive departments,
 8 state agencies, local units of government, and other individuals
 9 and organizations. The center may receive and expend funds in
 10 addition to those authorized in subsection (5) to cover the costs
 11 associated with salaries, benefits, supplies, materials, and
 12 equipment necessary to provide such data, analysis, and reporting
 13 services.

14 (10) ~~(9)~~—As used in this section:

15 (a) "DED-OESE" means the United States department of education
 16 office of elementary and secondary education.

17 (b) "State education agency" means the department.

18 Sec. 95. (1) From the funds appropriated in section 11, there
 19 is allocated an amount not to exceed ~~\$1,750,000.00 for 2012-2013~~
 20 **\$500,000.00 FOR 2013-2014** for grants to districts to support
 21 professional development for principals and assistant principals in
 22 a department-approved training program for implementing educator
 23 evaluations as required under section 1249 of the revised school
 24 code, MCL 380.1249.

25 (2) **IT IS THE INTENT OF THE LEGISLATURE TO APPROPRIATE FOR**
 26 **2013-2014 ANY UNEXPENDED FUNDS ALLOCATED UNDER THIS SECTION FOR**
 27 **2012-2013.**



1 **(3)** ~~(2) For 2012-2013, all districts may apply for funding~~
2 ~~under this section by a date determined by the department.~~
3 ~~Beginning in 2013-2014, in~~ **IN** a form and manner determined by the
4 department, priority will be given to districts that have new
5 building administrators who have not previously received training
6 in programs funded under this section.

7 **(4)** ~~(3)~~ The department shall approve training programs for the
8 purpose of this section. The department shall approve all training
9 programs recommended by the ~~governor's~~ council on educator
10 effectiveness and may approve other training programs that meet
11 department criteria. At a minimum, these other programs shall meet
12 all of the following criteria:

13 (a) Contain instructional content on methods of evaluating
14 teachers consistently across multiple grades and subjects.

15 (b) Include training on evaluation observation that is focused
16 on reliability and bias awareness and that instills skills needed
17 for consistent, evidence-based observations.

18 (c) Incorporate the use of videos of actual lessons for
19 applying rubrics and consistent scoring.

20 (d) Align with recommendations of the ~~governor's~~ council on
21 educator effectiveness.

22 (e) Provide ongoing support to maintain inter-rater
23 reliability. As used in this subdivision, "inter-rater reliability"
24 means a consistency of measurement from different evaluators
25 independently applying the same evaluation criteria to the same
26 classroom observation.

27 (4) The department shall award grants to eligible districts in



1 an amount determined by the department, but not to exceed \$350.00
2 per participant.

3 (5) A district receiving funds under this section shall use
4 the funds only for department-approved training programs under this
5 section.

6 Sec. 98. (1) From the general fund money appropriated in
7 section 11, there is allocated an amount not to exceed
8 \$4,387,500.00 for ~~2012-2013~~**2013-2014** for the purposes described in
9 this section.

10 (2) The Michigan virtual university shall ~~establish the center~~
11 ~~for online learning research and innovation. The center for online~~
12 ~~learning research and innovation~~**OPERATE THE MICHIGAN VIRTUAL**
13 **LEARNING RESEARCH INSTITUTE. THE MICHIGAN VIRTUAL LEARNING RESEARCH**
14 **INSTITUTE** shall do all of the following:

15 (a) Support and accelerate innovation in education through the
16 following activities:

17 (i) Test, evaluate, and recommend as appropriate new
18 technology-based instructional tools and resources.

19 (ii) Research, design, and recommend ~~online and blended~~**DIGITAL**
20 education delivery models for use by pupils and teachers that
21 include age-appropriate multimedia instructional content.

22 (iii) Research, design, and recommend competency-based online
23 assessments.

24 (iv) Research, develop, and recommend annually to the
25 department criteria by which cyber schools and online course
26 providers should be monitored and evaluated to ensure a quality
27 education for their pupils.



1 (v) Based on pupil completion and performance data reported to
2 the department or the center for educational performance and
3 information from cyber schools and other online course providers
4 operating in this state, analyze the effectiveness of online
5 learning delivery models in preparing pupils to be college- and
6 career-ready and publish a report that highlights enrollment
7 totals, completion rates, and the overall impact on pupils. The
8 report shall be submitted to the house and senate appropriations
9 subcommittees on state school aid, the state budget director, the
10 house and senate fiscal agencies, and the department not later than
11 December ~~31, 2013.~~ **1, 2014.**

12 (vi) Design professional development services for teachers,
13 school administrators, and school board members to learn how to
14 effectively integrate new technologies and online learning into
15 curricula and instruction.

16 (vii) Identify and share best practices for **PLANNING,**
17 implementing, **AND EVALUATING** online and blended education delivery
18 models with intermediate districts, districts, and public school
19 academies to accelerate the adoption of innovative education
20 delivery models statewide.

21 (b) Provide leadership for this state's system of ~~online and~~
22 ~~blended~~-**DIGITAL** learning education by doing the following
23 activities:

24 (i) Develop and report policy recommendations to the governor
25 and the legislature that accelerate the expansion of effective
26 online learning in this state's schools.

27 (ii) Provide a clearinghouse for research reports, academic



1 studies, evaluations, and other information related to online
2 learning.

3 (iii) Promote and distribute the most current instructional
4 design standards and guidelines for online teaching.

5 (iv) In collaboration with the department and interested
6 colleges and universities in this state, recommend to the
7 superintendent guidelines and standards for a new teacher
8 endorsement credential related to effective ~~online and blended~~
9 **DIGITAL LEARNING** instruction. **THE INSTITUTE SHALL REPORT ITS**
10 **RECOMMENDATIONS FOR A NEW DIGITAL LEARNING TEACHER ENDORSEMENT**
11 **CREDENTIAL NOT LATER THAN SEPTEMBER 30, 2013.**

12 (v) Pursue public/private partnerships that include districts
13 to study and implement competency-based technology-rich online
14 learning models.

15 (vi) Convene focus groups and conduct annual surveys of
16 teachers, administrators, pupils, parents, and others to identify
17 barriers and opportunities related to online learning.

18 (vii) Produce an annual consumer awareness report for schools
19 and parents about effective online education providers and
20 education delivery models, performance data, cost structures, and
21 research trends.

22 ~~— (3) Subject to the provisions of this subsection, from the~~
23 ~~funds allocated in subsection (1), there is allocated an amount not~~
24 ~~to exceed \$500,000.00 for 2012-2013 to the Michigan virtual school~~
25 ~~operated by the Michigan virtual university to conduct and report~~
26 ~~on a year-long pilot study of a new performance-based funding model~~
27 ~~for the Michigan virtual school. The purpose of the pilot study is~~



1 ~~to determine the merits of a payment system for online~~
2 ~~instructional programs based on pupil performance rather than~~
3 ~~solely on enrollment and attendance factors. All of the following~~
4 ~~apply to the pilot study and the funding under this subsection:~~

5 ~~—— (a) The Michigan virtual school shall randomly select a~~
6 ~~minimum of 1,000 of its qualifying online course enrollments for~~
7 ~~inclusion in the pilot study. The Michigan virtual school shall~~
8 ~~issue a refund or credit to districts for all online course~~
9 ~~enrollments included in the pilot study.~~

10 ~~—— (b) The Michigan virtual school shall report to the department~~
11 ~~the number of online course enrollments in the pilot study that~~
12 ~~meet the following conditions:~~

13 ~~—— (i) The pupil successfully completed the online course as~~
14 ~~measured by assessments aligned to the course content and earned a~~
15 ~~grade or credit from the district or public school academy in which~~
16 ~~the pupil is enrolled.~~

17 ~~—— (ii) The online course is taught by a Michigan certificated~~
18 ~~teacher certified in the subject area in which the course is being~~
19 ~~offered.~~

20 ~~—— (iii) Where applicable, the online course is aligned with~~
21 ~~Michigan curriculum standards.~~

22 ~~—— (iv) The online course curriculum contains periodic online~~
23 ~~pupil assessments.~~

24 ~~—— (v) Pupils have access to the appropriate technology hardware~~
25 ~~and software necessary to take the online course.~~

26 ~~—— (vi) Parents or guardians and pupils have secure online access~~
27 ~~to review periodic pupil progress and performance data.~~



1 ~~(vii) The online instructor is available to interact with~~
 2 ~~parents or guardians and pupils using electronic communications.~~

3 ~~(c) The department shall pay to Michigan virtual school from~~
 4 ~~the funding under this subsection an amount not to exceed the~~
 5 ~~equivalent of 1/12 of the state's minimum per pupil foundation~~
 6 ~~allowance for each online course enrollment included in the pilot~~
 7 ~~study that meets the conditions of subdivision (b) in the next~~
 8 ~~school aid payment after the report is received by the department.~~

9 (3) ~~(4)~~—In order for the Michigan virtual university to
 10 receive any funds allocated under this section, the Michigan
 11 virtual school must maintain its accreditation status from
 12 recognized national and international accrediting entities.

13 (4) ~~(5)~~—The Michigan virtual school **OPERATED BY THE MICHIGAN**
 14 **VIRTUAL UNIVERSITY** may offer online course offerings, ~~in addition~~
 15 ~~to those offered in the pilot study described in subsection (3),~~
 16 including, but not limited to, all of the following:

17 (a) Information technology courses.

18 (b) College level equivalent courses, as defined in section
 19 1471 of the revised school code, MCL 380.1471.

20 (c) Courses and dual enrollment opportunities.

21 (d) Programs and services for at-risk pupils.

22 (e) General education development test preparation courses for
 23 adjudicated youth.

24 (f) Special interest courses.

25 (g) Professional development programs for teachers, school
 26 administrators, other school employees, and school board members.

27 (5) ~~(6)~~—If a home-schooled or nonpublic school student is a



1 resident of a district that subscribes to services provided by the
 2 Michigan virtual school, the student may use the services provided
 3 by the Michigan virtual school to the district without charge to
 4 the student beyond what is charged to a district pupil using the
 5 same services.

6 **(6)** ~~(7)~~—Not later than December 1 of each fiscal year, the
 7 Michigan virtual university shall provide a report to the house and
 8 senate appropriations subcommittees on state school aid, the state
 9 budget director, the house and senate fiscal agencies, and the
 10 department that includes at least all of the following information
 11 related to the Michigan virtual school for the preceding state
 12 fiscal year:

13 (a) A list of the districts served by the Michigan virtual
 14 school.

15 (b) A list of online course titles available to districts.

16 (c) The total number of online course enrollments and
 17 information on registrations and completions by course.

18 (d) The overall course completion rate percentage.

19 ~~— (e) An analysis of the results of the pilot study described in~~
 20 ~~subsection (3), including, but not limited to:~~

21 ~~— (i) A list of the districts that were selected to be part of~~
 22 ~~the pilot study.~~

23 ~~— (ii) The number of successful online course completions.~~

24 ~~— (iii) A list of the courses offered in the pilot study and the~~
 25 ~~completion rates for each course.~~

26 ~~— (iv) Identification of opportunities and barriers that must be~~
 27 ~~addressed in order to apply online learning performance funding~~



1 ~~based on successful completions rather than enrollment and~~
 2 ~~attendance for online learning offerings statewide.~~

3 (7) ~~(8)~~—The governor may appoint an advisory group for the
 4 ~~center for online learning research and innovation~~ **MICHIGAN VIRTUAL**
 5 **LEARNING RESEARCH INSTITUTE** established under subsection (2). The
 6 members of the advisory group shall serve at the pleasure of the
 7 governor and shall serve without compensation. The purpose of the
 8 advisory group is to make recommendations to the governor, the
 9 legislature, and the president and board of the Michigan virtual
 10 university that will accelerate innovation in this state's
 11 education system in a manner that will prepare elementary and
 12 secondary students to be career and college ready and that will
 13 promote the goal of increasing the percentage of citizens of this
 14 state with high-quality degrees and credentials to at least 60% by
 15 2025.

16 (8) ~~(9)~~—As used in this section:

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

25 (b) "Cyber school" means a full-time ~~online~~ instructional
 26 program **OF ONLINE COURSES** for pupils that may or may not require
 27 attendance at a physical school location.



1 (C) "DIGITAL LEARNING" MEANS INSTRUCTION DELIVERED VIA A WEB-
 2 BASED EDUCATIONAL DELIVERY SYSTEM THAT USES VARIOUS INFORMATION
 3 TECHNOLOGIES TO PROVIDE A STRUCTURED LEARNING ENVIRONMENT,
 4 INCLUDING ONLINE AND BLENDED LEARNING INSTRUCTIONAL METHODS.

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

16 Sec. 99. (1) From the funds appropriated in section 11, there
 17 is allocated an amount not to exceed \$2,725,000.00 for ~~2012-2013~~
 18 **2013-2014** to support the activities and programs of mathematics and
 19 science centers and for other purposes as described in this
 20 section. In addition, from the federal funds appropriated in
 21 section 11, there is allocated for ~~2012-2013~~ **2013-2014** an amount
 22 estimated at \$5,249,300.00 from DED-OESE, title II, mathematics and
 23 science partnership grants.

24 (2) Within a service area designated locally, approved by the
 25 department, and consistent with the comprehensive master plan for
 26 mathematics and science centers developed by the department and
 27 approved by the state board, an established mathematics and science



1 center shall provide 2 or more of the following 6 basic services,
2 as described in the master plan, to constituent districts and
3 communities: leadership, pupil services, curriculum support,
4 community involvement, professional development, and resource
5 clearinghouse services.

6 (3) The department shall not award a state grant under this
7 section to more than 1 mathematics and science center located in a
8 designated region as prescribed in the 2007 master plan unless each
9 of the grants serves a distinct target population or provides a
10 service that does not duplicate another program in the designated
11 region.

12 (4) As part of the technical assistance process, the
13 department shall provide minimum standard guidelines that may be
14 used by the mathematics and science center for providing fair
15 access for qualified pupils and professional staff as prescribed in
16 this section.

17 (5) Allocations under this section to support the activities
18 and programs of mathematics and science centers shall be continuing
19 support grants to all 33 established mathematics and science
20 centers. Each established mathematics and science center that was
21 funded in the immediately preceding fiscal year shall receive state
22 funding in an amount equal to 100% of the amount it was allocated
23 under this subsection for the immediately preceding fiscal year. If
24 a center declines state funding or a center closes, the remaining
25 money available under this section shall be distributed to the
26 remaining centers, as determined by the department.

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



1 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
2 \$750,000.00 in a form and manner determined by the department to
3 those centers able to provide curriculum and professional
4 development support to assist districts in implementing the
5 Michigan merit curriculum components for mathematics and science.
6 Funding under this subsection is in addition to funding allocated
7 under subsection (5).

8 (7) From the funds allocated in subsection (1), there is
9 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
10 \$100,000.00 in a form and manner determined by the department to a
11 single mathematics and science center that is a participant in the
12 Michigan STEM partnership. Funding under this subsection is in
13 addition to funding allocated under subsection (5) and shall be
14 used for connecting mathematics and science centers for science,
15 technology, engineering, and mathematics purposes.

16 (8) In order to receive state or federal funds under this
17 section, a grant recipient shall allow access for the department or
18 the department's designee to audit all records related to the
19 program for which it receives such funds. The grant recipient shall
20 reimburse the state for all disallowances found in the audit.

21 (9) Not later than September 30, 2013, the department shall
22 reevaluate and update the comprehensive master plan described in
23 subsection (1).

24 (10) The department shall give preference in awarding the
25 federal grants allocated in subsection (1) to eligible existing
26 mathematics and science centers.

27 (11) In order to receive state funds under this section, a



1 grant recipient shall provide at least a 10% local match from local
2 public or private resources for the funds received under this
3 section.

4 (12) Not later than July 1 of each year, a mathematics and
5 science center that receives funds under this section shall report
6 to the department in a form and manner prescribed by the department
7 on the following performance measures:

8 (a) Statistical change in pre- and post-assessment scores for
9 students who enrolled in mathematics and science activities
10 provided to districts by the mathematics and science center.

11 (b) Statistical change in pre- and post-assessment scores for
12 teachers who enrolled in professional development activities
13 provided by the mathematics and science center.

14 (13) As used in this section:

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

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

18 Sec. 101. (1) To be eligible to receive state aid under this
19 ~~act, **ARTICLE**~~, not later than the fifth Wednesday after the pupil
20 membership count day and not later than the fifth Wednesday after
21 the supplemental count day, each district superintendent shall
22 submit to the center and the intermediate superintendent, in the
23 form and manner prescribed by the center, the number of pupils
24 enrolled and in regular daily attendance in the district as of the
25 pupil membership count day and as of the supplemental count day, as
26 applicable, for the current school year. In addition, a district
27 maintaining school during the entire year, as provided under



1 section 1561 of the revised school code, MCL 380.1561, shall submit
2 to the center and the intermediate superintendent, in the form and
3 manner prescribed by the center, the number of pupils enrolled and
4 in regular daily attendance in the district for the current school
5 year pursuant to rules promulgated by the superintendent. Not later
6 than the ~~seventh~~**SIXTH** Wednesday after the pupil membership count
7 day and not later than the sixth Wednesday after the supplemental
8 count day, the district shall certify the data in a form and manner
9 prescribed by the center and file the certified data with the
10 intermediate superintendent. If a district fails to submit and
11 certify the attendance data, as required under this subsection, the
12 center shall notify the department and state aid due to be
13 distributed under this article shall be withheld from the
14 defaulting district immediately, beginning with the next payment
15 after the failure and continuing with each payment until the
16 district complies with this subsection. If a district does not
17 comply with this subsection by the end of the fiscal year, the
18 district forfeits the amount withheld. A person who willfully
19 falsifies a figure or statement in the certified and sworn copy of
20 enrollment shall be punished in the manner prescribed by section
21 161.

22 (2) To be eligible to receive state aid under this article,
23 not later than the twenty-fourth Wednesday after the pupil
24 membership count day and not later than the twenty-fourth Wednesday
25 after the supplemental count day, an intermediate district shall
26 submit to the center, in a form and manner prescribed by the
27 center, the audited enrollment and attendance data for the pupils



1 of its constituent districts and of the intermediate district. If
 2 an intermediate district fails to submit the audited data as
 3 required under this subsection, state aid due to be distributed
 4 under this article shall be withheld from the defaulting
 5 intermediate district immediately, beginning with the next payment
 6 after the failure and continuing with each payment until the
 7 intermediate district complies with this subsection. If an
 8 intermediate district does not comply with this subsection by the
 9 end of the fiscal year, the intermediate district forfeits the
 10 amount withheld.

11 (3) Except as otherwise provided in subsections (11) and (12),
 12 all of the following apply to the provision of pupil instruction:

13 (a) Except as otherwise provided in this section, each
 14 district shall provide at least 1,098 hours and, beginning in 2010-
 15 2011, the required minimum number of days of pupil instruction. For
 16 2010-2011 and for 2011-2012, the required minimum number of days of
 17 pupil instruction is 165. Beginning in 2012-2013, the required
 18 minimum number of days of pupil instruction is 170. **BEGINNING IN**
 19 **2014-2015, THE REQUIRED MINIMUM NUMBER OF DAYS OF PUPIL INSTRUCTION**
 20 **IS 175.** However, ~~beginning in 2010-2011,~~ a district shall not
 21 provide fewer days of pupil instruction than the district provided
 22 for 2009-2010. A district may apply for a waiver under subsection
 23 (9) from the requirements of this subdivision.

24 (b) Except as otherwise provided in this article, a district
 25 failing to comply with the required minimum hours and days of pupil
 26 instruction under this subsection shall forfeit from its total
 27 state aid allocation an amount determined by applying a ratio of

1 the number of hours or days the district was in noncompliance in
2 relation to the required minimum number of hours and days under
3 this subsection. Not later than August 1, the board of each
4 district shall certify to the department the number of hours and,
5 beginning in 2010-2011, days of pupil instruction in the previous
6 school year. If the district did not provide at least the required
7 minimum number of hours and days of pupil instruction under this
8 subsection, the deduction of state aid shall be made in the
9 following fiscal year from the first payment of state school aid. A
10 district is not subject to forfeiture of funds under this
11 subsection for a fiscal year in which a forfeiture was already
12 imposed under subsection (6).

13 (c) Hours or days lost because of strikes or teachers'
14 conferences shall not be counted as hours or days of pupil
15 instruction.

16 (d) If a collective bargaining agreement that provides a
17 complete school calendar is in effect for employees of a district
18 as of October 19, 2009, and if that school calendar is not in
19 compliance with this subsection, then this subsection does not
20 apply to that district until after the expiration of that
21 collective bargaining agreement.

22 (e) Except as otherwise provided in subdivision (f), a
23 district not having at least 75% of the district's membership in
24 attendance on any day of pupil instruction shall receive state aid
25 in that proportion of 1/180 that the actual percent of attendance
26 bears to the specified percentage.

27 (f) At the request of a district that operates a department-



1 approved alternative education program and that does not provide
2 instruction for pupils in all of grades K to 12, the superintendent
3 may grant a waiver from the requirements of subdivision (e). The
4 waiver shall indicate that an eligible district is subject to the
5 proration provisions of subdivision (e) only if the district does
6 not have at least 50% of the district's membership in attendance on
7 any day of pupil instruction. In order to be eligible for this
8 waiver, a district must maintain records to substantiate its
9 compliance with the following requirements:

10 (i) The district offers the minimum hours of pupil instruction
11 as required under this section.

12 (ii) For each enrolled pupil, the district uses appropriate
13 academic assessments to develop an individual education plan that
14 leads to a high school diploma.

15 (iii) The district tests each pupil to determine academic
16 progress at regular intervals and records the results of those
17 tests in that pupil's individual education plan.

18 (g) All of the following apply to a waiver granted under
19 subdivision (f):

20 (i) If the waiver is for a blended model of delivery, a waiver
21 that is granted for the 2011-2012 fiscal year or a subsequent
22 fiscal year remains in effect unless it is revoked by the
23 superintendent.

24 (ii) If the waiver is for a 100% online model of delivery and
25 the educational program for which the waiver is granted makes
26 educational services available to pupils for a minimum of at least
27 1,098 hours during a school year and ensures that each pupil



1 participates in the educational program for at least 1,098 hours
2 during a school year, a waiver that is granted for the 2011-2012
3 fiscal year or a subsequent fiscal year remains in effect unless it
4 is revoked by the superintendent.

5 (iii) A waiver that is not a waiver described in subparagraph
6 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
7 to remain in effect.

8 (h) The superintendent shall promulgate rules for the
9 implementation of this subsection.

10 (4) Except as otherwise provided in this subsection, the first
11 6 days or the equivalent number of hours for which pupil
12 instruction is not provided because of conditions not within the
13 control of school authorities, such as severe storms, fires,
14 epidemics, utility power unavailability, water or sewer failure, or
15 health conditions as defined by the city, county, or state health
16 authorities, shall be counted as hours and days of pupil
17 instruction. With the approval of the superintendent of public
18 instruction, the department shall count as hours and days of pupil
19 instruction for a fiscal year not more than 6 additional days or
20 the equivalent number of additional hours for which pupil
21 instruction is not provided in a district after April 1 of the
22 applicable school year due to unusual and extenuating occurrences
23 resulting from conditions not within the control of school
24 authorities such as those conditions described in this subsection.
25 Subsequent such hours or days shall not be counted as hours or days
26 of pupil instruction.

27 (5) A district shall not forfeit part of its state aid



1 appropriation because it adopts or has in existence an alternative
2 scheduling program for pupils in kindergarten if the program
3 provides at least the number of hours required under subsection (3)
4 for a full-time equated membership for a pupil in kindergarten as
5 provided under section 6(4).

6 (6) In addition to any other penalty or forfeiture under this
7 section, if at any time the department determines that 1 or more of
8 the following has occurred in a district, the district shall
9 forfeit in the current fiscal year beginning in the next payment to
10 be calculated by the department a proportion of the funds due to
11 the district under this article that is equal to the proportion
12 below the required minimum number of hours and days of pupil
13 instruction under subsection (3), as specified in the following:

14 (a) The district fails to operate its schools for at least the
15 required minimum number of hours and days of pupil instruction
16 under subsection (3) in a school year, including hours and days
17 counted under subsection (4).

18 (b) The board of the district takes formal action not to
19 operate its schools for at least the required minimum number of
20 hours and days of pupil instruction under subsection (3) in a
21 school year, including hours and days counted under subsection (4).

22 (7) In providing the minimum number of hours and days of pupil
23 instruction required under subsection (3), a district shall use the
24 following guidelines, and a district shall maintain records to
25 substantiate its compliance with the following guidelines:

26 (a) Except as otherwise provided in this subsection, a pupil
27 must be scheduled for at least the required minimum number of hours



1 of instruction, excluding study halls, or at least the sum of 90
2 hours plus the required minimum number of hours of instruction,
3 including up to 2 study halls.

4 (b) The time a pupil is assigned to any tutorial activity in a
5 block schedule may be considered instructional time, unless that
6 time is determined in an audit to be a study hall period.

7 (c) Except as otherwise provided in this subdivision, a pupil
8 in grades 9 to 12 for whom a reduced schedule is determined to be
9 in the individual pupil's best educational interest must be
10 scheduled for a number of hours equal to at least 80% of the
11 required minimum number of hours of pupil instruction to be
12 considered a full-time equivalent pupil. A pupil in grades 9 to 12
13 who is scheduled in a 4-block schedule may receive a reduced
14 schedule under this subsection if the pupil is scheduled for a
15 number of hours equal to at least 75% of the required minimum
16 number of hours of pupil instruction to be considered a full-time
17 equivalent pupil.

18 (d) If a pupil in grades 9 to 12 who is enrolled in a
19 cooperative education program or a special education pupil cannot
20 receive the required minimum number of hours of pupil instruction
21 solely because of travel time between instructional sites during
22 the school day, that travel time, up to a maximum of 3 hours per
23 school week, shall be considered to be pupil instruction time for
24 the purpose of determining whether the pupil is receiving the
25 required minimum number of hours of pupil instruction. However, if
26 a district demonstrates to the satisfaction of the department that
27 the travel time limitation under this subdivision would create



1 undue costs or hardship to the district, the department may
2 consider more travel time to be pupil instruction time for this
3 purpose.

4 (e) In grades 7 through 12, instructional time that is part of
5 a junior reserve officer training corps (JROTC) program shall be
6 considered to be pupil instruction time regardless of whether the
7 instructor is a certificated teacher if all of the following are
8 met:

9 (i) The instructor has met all of the requirements established
10 by the United States department of defense and the applicable
11 branch of the armed services for serving as an instructor in the
12 junior reserve officer training corps program.

13 (ii) The board of the district or intermediate district
14 employing or assigning the instructor complies with the
15 requirements of sections 1230 and 1230a of the revised school code,
16 MCL 380.1230 and 380.1230a, with respect to the instructor to the
17 same extent as if employing the instructor as a regular classroom
18 teacher.

19 (8) Except as otherwise provided in subsections (11) and (12),
20 the department shall apply the guidelines under subsection (7) in
21 calculating the full-time equivalency of pupils.

22 (9) Upon application by the district for a particular fiscal
23 year, the superintendent may waive for a district the minimum
24 number of hours and days of pupil instruction requirement of
25 subsection (3) for a department-approved alternative education
26 program or another innovative program approved by the department,
27 including a 4-day school week. If a district applies for and

1 receives a waiver under this subsection and complies with the terms
2 of the waiver, the district is not subject to forfeiture under this
3 section for the specific program covered by the waiver. If the
4 district does not comply with the terms of the waiver, the amount
5 of the forfeiture shall be calculated based upon a comparison of
6 the number of hours and days of pupil instruction actually provided
7 to the minimum number of hours and days of pupil instruction
8 required under subsection (3). Pupils enrolled in a department-
9 approved alternative education program under this subsection shall
10 be reported to the center in a form and manner determined by the
11 center. All of the following apply to a waiver granted under this
12 subsection:

13 (a) If the waiver is for a blended model of delivery, a waiver
14 that is granted for the 2011-2012 fiscal year or a subsequent
15 fiscal year remains in effect unless it is revoked by the
16 superintendent.

17 (b) If the waiver is for a 100% online model of delivery and
18 the educational program for which the waiver is granted makes
19 educational services available to pupils for a minimum of at least
20 1,098 hours during a school year and ensures that each pupil
21 participates in the educational program for at least 1,098 hours
22 during a school year, a waiver that is granted for the 2011-2012
23 fiscal year or a subsequent fiscal year remains in effect unless it
24 is revoked by the superintendent.

25 (c) A waiver that is not a waiver described in subdivision (a)
26 or (b) is valid for 1 fiscal year and must be renewed annually to
27 remain in effect.



1 ~~———— (10) A district may count up to 38 hours of qualifying~~
 2 ~~professional development for teachers as hours of pupil~~
 3 ~~instruction. Professional development provided online is allowable~~
 4 ~~and 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 **(10)** ~~(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 **(11)** ~~(12)~~ Subsections (3) and (8) do not apply to eligible
 24 pupils enrolled in a dropout recovery program that meets the
 25 requirements of section 23a. As used in this subsection, "eligible
 26 pupil" means that term as defined in section 23a.

27 **(12)** ~~(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. 102. (1) A district or intermediate district receiving
8 money under this ~~act~~**ARTICLE** shall not adopt or operate under a
9 deficit budget, and a district or intermediate district shall not
10 incur an operating deficit in a fund during a school fiscal year. A
11 district or intermediate district that has an existing deficit fund
12 balance, that incurs a deficit fund balance in the most recently
13 completed school fiscal year, or that adopts a current year budget
14 that projects a deficit fund balance shall not be allotted or paid
15 a further sum under this ~~act~~**ARTICLE** until the district or
16 intermediate district submits to the department for approval a
17 budget for the current school fiscal year and a plan to eliminate
18 the district's or intermediate district's deficit not later than
19 the end of the second school fiscal year after the deficit was
20 incurred or the budget projecting a deficit was adopted. Withheld
21 state aid payments shall be released after the department approves
22 the deficit ~~reduction~~**ELIMINATION** plan and ensures that the budget
23 for the current school fiscal year is balanced. After the
24 department approves a district's or intermediate district's deficit
25 ~~reduction~~**ELIMINATION** plan, the district or intermediate district
26 shall post the deficit elimination plan on the district's or
27 intermediate district's website.



1 (2) Not later than March 1 of each year, the department shall
2 prepare a report of deficits incurred or projected by districts and
3 intermediate districts in the immediately preceding fiscal year and
4 the progress made in reducing those deficits and submit the report
5 to the standing committees of the legislature responsible for K-12
6 education legislation, the appropriations subcommittees of the
7 legislature responsible for K-12 education appropriations, the
8 house and senate fiscal agencies, the state treasurer, and the
9 state budget director. The department also shall submit quarterly
10 interim reports concerning the progress made by districts and
11 intermediate districts in reducing those deficits. On a quarterly
12 basis, the superintendent of public instruction shall publicly
13 present those reports to the appropriations subcommittees of the
14 legislature responsible for K-12 education appropriations.

15 (3) The amount of the permissible deficit for each school
16 fiscal year shall not exceed the amount of state aid reduced by an
17 executive order during that school fiscal year.

18 (4) A district or intermediate district that has an existing
19 deficit fund balance, that incurs a deficit fund balance in the
20 most recently completed school fiscal year, or that adopts a
21 current year budget that projects a deficit fund balance shall
22 submit to the department a monthly monitoring report on revenue and
23 expenditures in a form and manner prescribed by the department and
24 shall post these reports on its website.

25 (5) If a district or intermediate district is not able to
26 comply with the provisions of this section, the district or
27 intermediate district shall submit to the department a plan to



1 eliminate its deficit. Upon approval of the plan submitted, the
 2 superintendent of public instruction may continue allotment and
 3 payment of funds under this ~~act~~, **ARTICLE**, extend the period of time
 4 in which a district or intermediate district has to eliminate its
 5 deficit, and set special conditions that the district or
 6 intermediate district must meet during the period of the extension.
 7 After the department approves a district's or intermediate
 8 district's deficit ~~reduction~~ **ELIMINATION** plan under this
 9 subsection, the district or intermediate district shall post the
 10 deficit elimination plan on the district's or intermediate
 11 district's website.

12 (6) For the purposes of this section, "deficit fund balance"
 13 means that term as defined in the Michigan public school accounting
 14 manual published by the department.

15 Sec. 104. (1) In order to receive state aid under this
 16 article, a district shall comply with sections 1249, 1278a, 1278b,
 17 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
 18 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
 19 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
 20 the state school aid fund money appropriated in section 11, there
 21 is allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
 22 \$26,694,400.00 for payments on behalf of districts for costs
 23 associated with complying with those provisions of law. In
 24 addition, from the federal funds appropriated in section 11, there
 25 is allocated for ~~2012-2013~~ **2013-2014** an amount estimated at
 26 \$8,250,000.00, funded from DED-OESE, title VI, state assessment
 27 funds, and from DED-OSERS, section 504 of part B of the individuals



1 with disabilities education act, Public Law 94-142, plus any
2 carryover federal funds from previous year appropriations, for the
3 purposes of complying with the federal no child left behind act of
4 2001, Public Law 107-110.

5 (2) The results of each test administered as part of the
6 Michigan educational assessment program, including tests
7 administered to high school students, shall include an item
8 analysis that lists all items that are counted for individual pupil
9 scores and the percentage of pupils choosing each possible
10 response.

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

15 (4) Notwithstanding section 17b, payments on behalf of
16 districts, intermediate districts, and other eligible entities
17 under this section shall be paid on a schedule determined by the
18 department.

19 (5) As used in this section:

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

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

23 (c) "DED-OSERS" means the DED office of special education and
24 rehabilitative services.

25 Sec. 107. (1) From the appropriation in section 11, there is
26 allocated an amount not to exceed \$22,000,000.00 for ~~2012-2013~~
27 **2013-2014** for adult education programs authorized under this



1 section. Funds allocated under this section are restricted for
2 adult education programs as authorized under this section only. A
3 recipient of funds under this section shall not use those funds for
4 any other purpose.

5 (2) To be eligible for funding under this section, a program
6 shall employ certificated teachers and qualified administrative
7 staff and shall offer continuing education opportunities for
8 teachers to allow them to maintain certification.

9 (3) To be eligible to be a participant funded under this
10 section, a person shall be enrolled in an adult basic education
11 program, an adult English as a second language program, a general
12 educational development (G.E.D.) test preparation program, a job-
13 or employment-related program, or a high school completion program,
14 that meets the requirements of this section, and shall meet either
15 of the following, as applicable:

16 (a) If the individual has obtained a high school diploma or a
17 general educational development (G.E.D.) certificate, the
18 individual meets 1 of the following:

19 (i) Is less than 20 years of age on September 1 of the school
20 year and is enrolled in the Michigan career and technical
21 institute.

22 (ii) Is less than 20 years of age on September 1 of the school
23 year, is not attending an institution of higher education, and is
24 enrolled in a job- or employment-related program through a referral
25 by an employer.

26 (iii) Is enrolled in an English as a second language program.

27 (iv) Is enrolled in a high school completion program.



1 (b) If the individual has not obtained a high school diploma
2 or G.E.D. certificate, the individual meets 1 of the following:

3 (i) Is at least 20 years of age on September 1 of the school
4 year.

5 (ii) Is at least 16 years of age on September 1 of the school
6 year, has been permanently expelled from school under section
7 1311(2) or 1311a of the revised school code, MCL 380.1311 and
8 380.1311a, and has no appropriate alternative education program
9 available through his or her district of residence.

10 (4) Except as otherwise provided in subsection (5), the money
11 allocated under this section shall be distributed as follows:

12 (a) For districts and consortia that received payments for
13 ~~2011-2012-2012-2013~~ under this section, the amount allocated to
14 each for ~~2012-2013-2013-2014~~ shall be based on the number of
15 participants served by the district or consortium for 2012-2013,
16 using the amount allocated per full-time equated participant under
17 subsection (7), up to a maximum total allocation under this
18 subsection in an amount equal to the amount the district or
19 consortium received for ~~2011-2012-2012-2013~~ under this section
20 before any reallocations made for ~~2011-2012-2012-2013~~ under
21 subsection (5).

22 (b) A district or consortium that received funding in ~~2011-~~
23 ~~2012-2012-2013~~ under this section may operate independently of a
24 consortium or join or form a consortium for ~~2012-2013-~~**2013-2014**.
25 The allocation for ~~2012-2013-2013-2014~~ to the district or the newly
26 formed consortium under this subsection shall be determined by the
27 department and shall be based on the proportion of the amounts that



1 are attributable to the district or consortium that received
2 funding in ~~2011-2012.~~ **2012-2013**. A district or consortium described
3 in this subdivision shall notify the department of its intention
4 with regard to ~~2012-2013~~ **2013-2014** by October 1, ~~2012.~~ **2013**.

5 (5) A district that operated an adult education program in
6 ~~2011-2012~~ **2012-2013** and does not intend to operate a program in
7 ~~2012-2013~~ **2013-2014** shall notify the department by October 1, ~~2012~~
8 **2013** of its intention. The money intended to be allocated under
9 this section to a district that does not operate a program in ~~2012-~~
10 ~~2013~~ **2013-2014** and the unspent money originally allocated under
11 this section to a district or consortium that subsequently operates
12 a program at less than the level of funding allocated under
13 subsection (4) and any other unallocated money under this section
14 shall instead be proportionately reallocated to the other districts
15 described in subsection (4) (a) that are operating an adult
16 education program in ~~2012-2013~~ **2013-2014** under this section.

17 (6) The amount allocated under this section per full-time
18 equated participant is \$2,850.00 for a 450-hour program. The amount
19 shall be proportionately reduced for a program offering less than
20 450 hours of instruction.

21 (7) An adult basic education program or an adult English as a
22 second language program operated on a year-round or school year
23 basis may be funded under this section, subject to all of the
24 following:

25 (a) The program enrolls adults who are determined by a
26 department-approved assessment, in a form and manner prescribed by
27 the department, to be below ninth grade level in reading or



1 mathematics, or both, or to lack basic English proficiency.

2 (b) The program tests individuals for eligibility under
3 subdivision (a) before enrollment and upon completion of the
4 program in compliance with the state-approved assessment policy.

5 (c) A participant in an adult basic education program is
6 eligible for reimbursement until 1 of the following occurs:

7 (i) The participant's reading and mathematics proficiency are
8 assessed at or above the ninth grade level.

9 (ii) The participant fails to show progress on 2 successive
10 assessments after having completed at least 450 hours of
11 instruction.

12 (d) A funding recipient enrolling a participant in an English
13 as a second language program is eligible for funding according to
14 subsection (11) until the participant meets 1 of the following:

15 (i) The participant is assessed as having attained basic
16 English proficiency as determined by a department-approved
17 assessment.

18 (ii) The participant fails to show progress on 2 successive
19 department-approved assessments after having completed at least 450
20 hours of instruction. The department shall provide information to a
21 funding recipient regarding appropriate assessment instruments for
22 this program.

23 (8) A general educational development (G.E.D.) test
24 preparation program operated on a year-round or school year basis
25 may be funded under this section, subject to all of the following:

26 (a) The program enrolls adults who do not have a high school
27 diploma.



1 (b) The program shall administer a G.E.D. pre-test approved by
2 the department before enrolling an individual to determine the
3 individual's potential for success on the G.E.D. test, and shall
4 administer a post-test upon completion of the program in compliance
5 with the state-approved assessment policy.

6 (c) A funding recipient shall receive funding according to
7 subsection (11) for a participant, and a participant may be
8 enrolled in the program until 1 of the following occurs:

9 (i) The participant passes the G.E.D. test.

10 (ii) The participant fails to show progress on 2 successive
11 department-approved assessments used to determine readiness to take
12 the G.E.D. test after having completed at least 450 hours of
13 instruction.

14 (9) A high school completion program operated on a year-round
15 or school year basis may be funded under this section, subject to
16 all of the following:

17 (a) The program enrolls adults who do not have a high school
18 diploma.

19 (b) The program tests participants described in subdivision
20 (a) before enrollment and upon completion of the program in
21 compliance with the state-approved assessment policy.

22 (c) A funding recipient shall receive funding according to
23 subsection (11) for a participant in a course offered under this
24 subsection until 1 of the following occurs:

25 (i) The participant passes the course and earns a high school
26 diploma.

27 (ii) The participant fails to earn credit in 2 successive



1 semesters or terms in which the participant is enrolled after
2 having completed at least 900 hours of instruction.

3 (10) A job- or employment-related adult education program
4 operated on a year-round or school year basis may be funded under
5 this section, subject to all of the following:

6 (a) The program enrolls adults referred by their employer who
7 are less than 20 years of age, have a high school diploma, are
8 determined to be in need of remedial mathematics or communication
9 arts skills and are not attending an institution of higher
10 education.

11 (b) The program tests participants described in subdivision
12 (a) before enrollment and upon completion of the program in
13 compliance with the department-approved assessment policy.

14 (c) An individual may be enrolled in this program and the
15 grant recipient shall receive funding according to subsection (11)
16 until 1 of the following occurs:

17 (i) The individual achieves the requisite skills as determined
18 by department-approved assessment instruments.

19 (ii) The individual fails to show progress on 2 successive
20 assessments after having completed at least 450 hours of
21 instruction.

22 (11) A funding recipient shall receive payments under this
23 section in accordance with the following:

24 (a) Ninety percent for enrollment of eligible participants.

25 (b) Ten percent for completion of the adult basic education
26 objectives by achieving an increase of at least 1 grade level of
27 proficiency in reading or mathematics; for achieving basic English



1 proficiency, as defined by the department in the adult education
2 guidebook; for obtaining a G.E.D. or passage of 1 or more
3 individual G.E.D. tests; for attainment of a high school diploma or
4 passage of a course required for a participant to attain a high
5 school diploma; or for completion of the course and demonstrated
6 proficiency in the academic skills to be learned in the course, as
7 applicable.

8 (12) As used in this section, "participant" means the sum of
9 the number of full-time equated individuals enrolled in and
10 attending a department-approved adult education program under this
11 section, using quarterly participant count days on the schedule
12 described in section 6(7)(b).

13 (13) A person who is not eligible to be a participant funded
14 under this section may receive adult education services upon the
15 payment of tuition. In addition, a person who is not eligible to be
16 served in a program under this section due to the program
17 limitations specified in subsection (7), (8), (9), or (10) may
18 continue to receive adult education services in that program upon
19 the payment of tuition. The tuition level shall be determined by
20 the local or intermediate district conducting the program.

21 (14) An individual who is an inmate in a state correctional
22 facility shall not be counted as a participant under this section.

23 (15) A district shall not commingle money received under this
24 section or from another source for adult education purposes with
25 any other funds of the district. A district receiving adult
26 education funds shall establish a separate ledger account for those
27 funds. This subsection does not prohibit a district from using



1 general funds of the district to support an adult education or
2 community education program.

3 (16) A district or intermediate district receiving funds under
4 this section may establish a sliding scale of tuition rates based
5 upon a participant's family income. A district or intermediate
6 district may charge a participant tuition to receive adult
7 education services under this section from that sliding scale of
8 tuition rates on a uniform basis. The amount of tuition charged per
9 participant shall not exceed the actual operating cost per
10 participant minus any funds received under this section per
11 participant. A district or intermediate district may not charge a
12 participant tuition under this section if the participant's income
13 is at or below 200% of the federal poverty guidelines published by
14 the United States department of health and human services.

15 (17) In order to receive funds under this section, a district
16 shall furnish to the department, in a form and manner determined by
17 the department, all information needed to administer this program
18 and meet federal reporting requirements; shall allow the department
19 or the department's designee to review all records related to the
20 program for which it receives funds; and shall reimburse the state
21 for all disallowances found in the review, as determined by the
22 department.

23 (18) All intermediate district participant audits of adult
24 education programs shall be performed pursuant to the adult
25 education participant auditing and accounting manuals published by
26 the department.

27 (19) As used in this section, "department" means the Michigan



1 strategic fund.

2 (20) IT IS THE INTENT OF THE LEGISLATURE TO BEGIN ALLOCATING
3 FUNDS UNDER THIS SECTION ON A COMPETITIVE GRANT BASIS IN 2014-2015.

4 Sec. 147. (1) The allocation **EACH FISCAL YEAR** for ~~2012-2013~~
5 **2013-2014 AND FOR 2014-2015** for the public school employees'
6 retirement system pursuant to the public school employees
7 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall
8 be made using the **INDIVIDUAL PROJECTED BENEFIT** entry age normal
9 cost ~~actuarial~~-method **OF VALUATION** and risk assumptions adopted by
10 the public school employees retirement board and the department of
11 technology, management, and budget.

12 (2) **THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES**
13 **FOR THE 2013-2014 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT**
14 **SYSTEM, ARE ESTIMATED AS FOLLOWS:**

15 (A) For public school employees who first worked for a public
16 school reporting unit before July 1, 2010 **AND WHO ARE ENROLLED IN**
17 **THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of payroll
18 contribution rate is estimated at ~~18.62% for pension and at 8.75%~~
19 ~~for retiree health care for the 2012-2013 fiscal year, unless a~~
20 ~~different contribution rate is calculated and applied by the office~~
21 ~~of retirement services pursuant to provisions enacted under Senate~~
22 ~~Bill No. 1040 of the 96th Legislature.~~ **29.35%, WITH 24.79% PAID**
23 **DIRECTLY BY THE EMPLOYER.**

24 (B) For public school employees who first worked for a public
25 school reporting unit on or after July 1, 2010 **AND WHO ARE ENROLLED**
26 **IN THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of
27 payroll contribution rate is estimated at **29.12%, WITH 24.56% PAID**



1 ~~DIRECTLY BY THE EMPLOYER. 17.39% for pension and 8.75% for retiree~~
 2 ~~health care for the 2012-2013 fiscal year, unless a different~~
 3 ~~contribution rate is calculated and applied by the office of~~
 4 ~~retirement services pursuant to provisions enacted under Senate~~
 5 ~~Bill No. 1040 of the 96th Legislature. For public school employees~~
 6 ~~who first worked for a public school reporting unit before July 1,~~
 7 ~~2010, the annual level percentage of payroll contribution rate is~~
 8 ~~estimated at 22.46% for pension and 8.75% for retiree health care~~
 9 ~~for the 2013-2014 fiscal year, unless a different contribution rate~~
 10 ~~is calculated and applied by the office of retirement services~~
 11 ~~pursuant to provisions enacted under Senate Bill No. 1040 of the~~
 12 ~~96th Legislature. For public school employees who first worked for~~
 13 ~~a public school reporting unit on or after July 1, 2010, the annual~~
 14 ~~level percentage of payroll contribution rate is estimated at~~
 15 ~~21.19% for pension and 8.75% for retiree health care for the 2013-~~
 16 ~~2014 fiscal year, unless a different contribution rate is~~
 17 ~~calculated and applied by the office of retirement services~~
 18 ~~pursuant to provisions enacted under Senate Bill No. 1040 of the~~
 19 ~~96th Legislature. The portion of the contribution rate assigned to~~
 20 ~~districts and intermediate districts for each fiscal year is all of~~
 21 ~~the total percentage points. This~~

22 **(C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC**
 23 **SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE**
 24 **IN THE PENSION PLUS PLAN AND IN THE PERSONAL HEALTHCARE FUND, THE**
 25 **ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED**
 26 **AT 28.19%, WITH 23.63% PAID DIRECTLY BY THE EMPLOYER.**

27 **(D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC**



1 SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT
2 DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL
3 HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
4 CONTRIBUTION RATE IS ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY
5 BY THE EMPLOYER.

6 (E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
7 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
8 CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY,
9 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
10 ESTIMATED AT 26.45%, WITH 21.89% PAID DIRECTLY BY THE EMPLOYER.

11 (F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
12 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
13 CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND,
14 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
15 ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

16 (G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
17 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN
18 THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
19 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.42%, WITH 23.86% PAID
20 DIRECTLY BY THE EMPLOYER.

21 (3) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES
22 FOR THE 2014-2015 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 33.10%, WITH 25.78% 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 32.02%, WITH 24.70% 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 PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
10 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 31.51%, WITH 24.19% PAID
11 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 28.28%, 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 28.79%, WITH 21.47% 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 28.28%, 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 32.59%, WITH 25.27% PAID
 5 DIRECTLY BY THE EMPLOYER.

6 (4) IN ADDITION TO THE EMPLOYER PAYMENTS DESCRIBED IN
 7 SUBSECTIONS (2) AND (3), THE EMPLOYER SHALL PAY THE APPLICABLE
 8 CONTRIBUTIONS TO THE TIER 2 PLAN, AS DETERMINED BY THE PUBLIC
 9 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300 MCL 38.1301 TO
 10 38.1408.

11 (5) THE contribution ~~rate reflects~~ **RATES IN SUBSECTION (2)**
 12 **REFLECT** an amortization period of ~~26-25~~ years for ~~2012-2013-2013-~~
 13 **2014**. The public school employees' retirement system board shall
 14 notify each district and intermediate district by February 28 of
 15 each fiscal year of the estimated contribution rate for the next
 16 fiscal year.

17 Sec. 147a. From the appropriation in section 11, there is
 18 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
 19 \$155,000,000.00 for payments to participating districts. A district
 20 that receives money under this section shall use that money solely
 21 for the purpose of offsetting a portion of the retirement
 22 contributions owed by the district for the fiscal year ~~ending~~
 23 ~~September 30, 2013.~~ **IN WHICH IT IS RECEIVED.** The amount allocated
 24 to each participating district under this section shall be based on
 25 each participating district's percentage of the total statewide
 26 payroll for all participating districts for the immediately
 27 preceding fiscal year. As used in this section, "participating



1 district" means a district that is a reporting unit of the Michigan
 2 public school employees' retirement system under the public school
 3 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
 4 38.1408, and that reports employees to the Michigan public school
 5 employees' retirement system for the applicable fiscal year.

6 Sec. 147b. ~~(1) From the appropriation in section 11, there is~~
 7 ~~allocated an amount not to exceed \$133,000,000.00 for 2011-2012 and~~
 8 ~~an amount not to exceed \$41,000,000.00 for 2012-2013 for the~~
 9 ~~purposes of this section. The money allocated in this section~~
 10 ~~represents a portion of the year-end school aid fund balance. Money~~
 11 ~~allocated under this section shall be deposited in the MPSERS~~
 12 ~~retirement obligation reform reserve fund.~~

13 (1) ~~(2)~~The MPSERS retirement obligation reform reserve fund
 14 is created as a separate account within the state school aid fund.

15 (2) The state treasurer may receive money or other assets from
 16 any source for deposit into the MPSERS retirement obligation reform
 17 reserve fund. The state treasurer shall direct the investment of
 18 the MPSERS retirement obligation reform reserve fund. The state
 19 treasurer shall credit to the MPSERS retirement obligation reform
 20 reserve fund interest and earnings from the MPSERS retirement
 21 obligation reform reserve fund.

22 (3) **MONEY AVAILABLE IN THE MPSERS RETIREMENT OBLIGATION REFORM**
 23 **RESERVE FUND SHALL NOT BE EXPENDED WITHOUT A SPECIFIC**
 24 **APPROPRIATION.**

25 (4) Money in the MPSERS retirement obligation reform reserve
 26 fund at the close of the fiscal year shall remain in the MPSERS
 27 retirement obligation reform reserve fund and shall not lapse to



1 the state school aid fund or to the general fund. The department of
 2 treasury shall be the administrator of the MPERS retirement
 3 obligation reform reserve fund for auditing purposes.

4 ~~—— (3) It is the intent of the legislature that the speaker of~~
 5 ~~the house of representatives or the senate majority leader, or~~
 6 ~~both, shall convene a workgroup to examine retirement obligations~~
 7 ~~and potential reforms to the Michigan public school employees'~~
 8 ~~retirement system established under the public school employees~~
 9 ~~retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. The~~
 10 ~~chair of the senate appropriations committee and chair of the house~~
 11 ~~appropriations committee, or his or her designee, each shall be a~~
 12 ~~member of the workgroup, and the workgroup shall report to the~~
 13 ~~speaker of the house of representatives or the senate majority~~
 14 ~~leader, as applicable, by February 1, 2012, on reforms identified,~~
 15 ~~timelines for implementing reforms, and estimated costs and savings~~
 16 ~~of the identified reforms.~~

17 **(5) IF THE CONTRIBUTIONS DESCRIBED IN SECTION 43E OF THE**
 18 **PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL**
 19 **38.1343E, AS THAT SECTION WAS ADDED BY 2010 PA 75, ARE DETERMINED**
 20 **BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION FOR WHICH ALL**
 21 **RIGHTS OF APPEAL HAVE BEEN EXHAUSTED TO BE CONSTITUTIONAL AND IF**
 22 **THE ORDER FOR PRELIMINARY INJUNCTION IN CASE NO. 10-45-MM ISSUED ON**
 23 **JULY 13, 2010 IS LIFTED, THE MONEY PLACED IN A SEPARATE INTEREST**
 24 **BEARING ACCOUNT AS A RESULT OF IMPLEMENTING THE PRELIMINARY**
 25 **INJUNCTION SHALL BE DEPOSITED INTO THE MPERS RETIREMENT OBLIGATION**
 26 **REFORM RESERVE FUND CREATED IN THIS SECTION TO BE USED SOLELY FOR**
 27 **HEALTH CARE UNFUNDED ACCRUED LIABILITIES.**



1 Sec. 147c. (1) ~~Except as otherwise provided in subsection (2),~~
 2 ~~from~~ **FROM** the appropriation in section 11, there is allocated for
 3 ~~2012-2013-2013-2014~~ an amount not to exceed ~~\$130,000,000.00 to~~
 4 **\$253,300,000.00 FROM THE STATE SCHOOL AID FUND, AND THERE IS**
 5 **APPROPRIATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$150,000,000.00**
 6 **FROM THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND, FOR**
 7 **PAYMENTS TO DISTRICTS AND INTERMEDIATE DISTRICTS THAT ARE**
 8 **PARTICIPATING ENTITIES OF** the Michigan public school employees'
 9 retirement system.

10 **(2) PAYMENTS MADE UNDER THIS SECTION SHALL BE EQUAL TO THE**
 11 **DIFFERENCE BETWEEN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY**
 12 **CONTRIBUTION RATE AS CALCULATED** pursuant to section 41 of the
 13 public school employees' retirement act of 1979, 1980 PA 300, MCL
 14 38.1341, **AS CALCULATED WITHOUT TAKING INTO ACCOUNT THE MAXIMUM**
 15 **EMPLOYER RATE OF 20.96% INCLUDED IN SECTION 41 OF THE PUBLIC SCHOOL**
 16 **EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341, AND THE**
 17 **MAXIMUM EMPLOYER RATE OF 20.96% INCLUDED IN SECTION 41 OF THE**
 18 **PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL**
 19 **38.1341.**

20 ~~—— (2) If section 41 of the public school employees' retirement~~
 21 ~~act of 1979, 1980 PA 300, MCL 38.1341, is not amended by Senate~~
 22 ~~Bill No. 1040 of the 96th Legislature, then the allocation under~~
 23 ~~subsection (1) shall lapse to the state school aid fund unless the~~
 24 ~~legislature takes action to allocate the funding in another manner.~~

25 **(3) THE AMOUNT ALLOCATED TO EACH PARTICIPATING ENTITY UNDER**
 26 **THIS SECTION SHALL BE BASED ON EACH PARTICIPATING ENTITY'S**
 27 **PROPORTION OF THE TOTAL COVERED PAYROLL FOR THE IMMEDIATELY**



1 PRECEDING FISCAL YEAR FOR ALL DISTRICTS AND INTERMEDIATE DISTRICTS
 2 THAT ARE PARTICIPATING ENTITIES. PARTICIPATING ENTITIES THAT
 3 RECEIVE FUNDS UNDER THIS SECTION SHALL USE THE FUNDS SOLELY FOR THE
 4 PURPOSE OF RETIREMENT CONTRIBUTIONS AS SPECIFIED IN SUBSECTION (4).

5 (4) EACH PARTICIPATING ENTITY RECEIVING FUNDS UNDER THIS
 6 SECTION SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT ALLOCATED UNDER
 7 SUBSECTION (3) TO THE RETIREMENT SYSTEM IN A FORM, MANNER, AND TIME
 8 FRAME DETERMINED BY THE RETIREMENT SYSTEM.

9 (5) AS USED IN THIS SECTION:

10 (A) "PARTICIPATING ENTITY" MEANS A DISTRICT OR INTERMEDIATE
 11 DISTRICT THAT IS A REPORTING UNIT OF THE MICHIGAN PUBLIC SCHOOL
 12 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
 13 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437, AND
 14 THAT REPORTS EMPLOYEES TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES'
 15 RETIREMENT SYSTEM FOR THE APPLICABLE FISCAL YEAR.

16 (B) "RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE
 17 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT
 18 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

19 (C) "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL
 20 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
 21 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

22 Sec. 152a. (1) As required by the court in the consolidated
 23 cases known as Adair v State of Michigan, Michigan supreme court
 24 docket nos. 137424 and 137453, from the state school aid fund money
 25 appropriated in section 11 there is allocated for ~~2012-2013-2013-~~
 26 ~~2014~~ 2014 an amount not to exceed \$38,000,500.00 to be used solely for
 27 the purpose of paying necessary costs related to the state-mandated



1 collection, maintenance, and reporting of data to this state.

2 (2) From the allocation in subsection (1), the department
3 shall make payments to districts and intermediate districts in an
4 equal amount per pupil based on the total number of pupils in
5 membership in each district and intermediate district. The
6 department shall not make any adjustment to these payments after
7 the final installment payment under section 17b is made.

8 Enacting section 1. In accordance with section 30 of article I
9 of the state constitution of 1963, total state spending on school
10 aid under article I as amended by this amendatory act from state
11 sources for fiscal year 2013-2014 is estimated at
12 \$11,470,813,500.00 and state appropriations for school aid to be
13 paid to local units of government for fiscal year 2013-2014 are
14 estimated at \$11,318,931,100.00.

15 Enacting section 2. Sections 11q, 11t, 11u, 22g, 22h, 25, 25d,
16 32g, 32l, 93, and 101a of the state school aid act of 1979, 1979 PA
17 94, MCL 388.1611q, 388.1611t, 388.1611u, 388.1622g, 388.1622h,
18 388.1625, 388.1625d, 388.1632g, 388.1632l, 388.1693, and 388.1701a,
19 are repealed effective October 1, 2013.

