

DRAFT 1
SUBSTITUTE FOR
HOUSE BILL NO. 4089

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 8b, 11, 11a, 11j, 11k, 11m, 15, 18, 18a,
20, 20d, 20f, 21f, 22a, 22b, 22c, 22d, 22g, 23a, 24, 24a, 24c, 25f,
26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 43, 51a, 51c, 51d,
53a, 54, 56, 61a, 62, 74, 81, 94, 94a, 95a, 98, 99, 99b, 99h, 101,
104, 104b, 104c, 147, 147a, 147c, 152a, and 163 (MCL 388.1606,
388.1608b, 388.1611, 388.1611a, 388.1611j, 388.1611k, 388.1611m,
388.1615, 388.1618, 388.1618a, 388.1620, 388.1620d, 388.1620f,
388.1621f, 388.1622a, 388.1622b, 388.1622c, 388.1622d, 388.1622g,
388.1623a, 388.1624, 388.1624a, 388.1624c, 388.1625f, 388.1626a,
388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d,
388.1632p, 388.1639, 388.1639a, 388.1643, 388.1651a, 388.1651c,
388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662,



388.1674, 388.1681, 388.1694, 388.1694a, 388.1695a, 388.1698, 388.1699, 388.1699b, 388.1699h, 388.1701, 388.1704, 388.1704b, 388.1704c, 388.1747, 388.1747a, 388.1747c, 388.1752a, and 388.1763), sections 6, 8b, 11a, 11j, 11k, 15, 20, 20d, 20f, 21f, 22c, 22d, 22g, 24, 24a, 24c, 25f, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94, 94a, 98, 99, 99h, 101, 104, 104b, 147, 147a, 152a, and 163 as amended and sections 43, 95a, 99b, and 104c as added by 2014 PA 196, sections 11, 11m, 18, 22a, 22b, 51a, 51c, and 147c as amended by 2015 PA 5, section 18a as amended by 2004 PA 351, and section 23a as added by 2012 PA 465, and by adding sections 55, 99q, 152b, and 99r; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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



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

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

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

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



1 calculated by adding the number of pupils registered for attendance
2 plus pupils received by transfer and minus pupils lost as defined
3 by rules promulgated by the superintendent, and as corrected by a
4 subsequent department audit. For the purposes of this section and
5 section 6a, for a school of excellence that is a cyber school, as
6 defined in section 551 of the revised school code, MCL 380.551, and
7 is in compliance with section 553a of the revised school code, MCL
8 380.553a, a pupil's participation, **AS DETERMINED BY THE DEPARTMENT**
9 **IN ACCORDANCE WITH THE PUPIL ACCOUNTING MANUAL**, in the cyber
10 school's educational program is considered regular daily
11 attendance; for the education achievement system, a pupil's
12 participation, **AS DETERMINED BY THE DEPARTMENT IN ACCORDANCE WITH**
13 **THE PUPIL ACCOUNTING MANUAL**, in an online educational program of
14 the education achievement system or of an achievement school is
15 considered regular daily attendance; and for a district a pupil's
16 participation in an online course as defined in section 21f is
17 considered regular daily attendance. The amount of the foundation
18 allowance for a pupil in membership is determined under section 20.
19 In making the calculation of membership, all of the following, as
20 applicable, apply to determining the membership of a district, a
21 public school academy, the education achievement system, or an
22 intermediate district:

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



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

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

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

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

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



1 residence.

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

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

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

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

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



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

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

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

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

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

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



1 education high school diploma program, that is primarily focused on
2 educating homeless pupils.

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

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

7 **(D) IS CONSIDERED TO BE HOMELESS UNDER 42 USC 11302.**

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

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

25 (n) If a pupil counted in membership in a public school
26 academy or the education achievement system is also educated by a
27 district or intermediate district as part of a cooperative



1 education program, the pupil shall be counted in membership only in
2 the public school academy or the education achievement system
3 unless a written agreement signed by all parties designates the
4 party or parties in which the pupil shall be counted in membership,
5 and the instructional time scheduled for the pupil in the district
6 or intermediate district shall be included in the full-time equated
7 membership determination under subdivision (q) **AND SECTION 101**.
8 However, for pupils receiving instruction in both a public school
9 academy or the education achievement system and in a district or
10 intermediate district but not as a part of a cooperative education
11 program, the following apply:

12 (i) If the public school academy or the education achievement
13 system provides instruction for at least 1/2 of the class hours
14 ~~specified in subdivision (q),~~ **REQUIRED UNDER SECTION 101**, the
15 public school academy or the education achievement system shall
16 receive as its prorated share of the full-time equated membership
17 for each of those pupils an amount equal to 1 times the product of
18 the hours of instruction the public school academy or the education
19 achievement system provides divided by the number of hours
20 ~~specified in subdivision (q)~~ **REQUIRED UNDER SECTION 101** for full-
21 time equivalency, and the remainder of the full-time membership for
22 each of those pupils shall be allocated to the district or
23 intermediate district providing the remainder of the hours of
24 instruction.

25 (ii) If the public school academy or the education achievement
26 system provides instruction for less than 1/2 of the class hours
27 ~~specified in subdivision (q),~~ **REQUIRED UNDER SECTION 101**, the



1 district or intermediate district providing the remainder of the
2 hours of instruction shall receive as its prorated share of the
3 full-time equated membership for each of those pupils an amount
4 equal to 1 times the product of the hours of instruction the
5 district or intermediate district provides divided by the number of
6 hours ~~specified in subdivision (q)~~ **REQUIRED UNDER SECTION 101** for
7 full-time equivalency, and the remainder of the full-time
8 membership for each of those pupils shall be allocated to the
9 public school academy or the education achievement system.

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

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

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

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



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

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



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

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

6 (u) If, as a result of a disciplinary action, a district
7 determines through the district's alternative or disciplinary
8 education program that the best instructional placement for a pupil
9 is in the pupil's home or otherwise apart from the general school
10 population, if that placement is authorized in writing by the
11 district superintendent and district alternative or disciplinary
12 education supervisor, and if the district provides appropriate
13 instruction as described in this subdivision to the pupil at the
14 pupil's home or otherwise apart from the general school population,
15 the district may count the pupil in membership on a pro rata basis,
16 with the proration based on the number of hours of instruction the
17 district actually provides to the pupil divided by the number of
18 hours ~~specified in subdivision (q)~~ **REQUIRED UNDER SECTION 101** for
19 full-time equivalency. For the purposes of this subdivision, a
20 district shall be considered to be providing appropriate
21 instruction if all of the following are met:

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

26 (ii) The district provides instructional materials, resources,
27 and supplies that are comparable to those otherwise provided in the



1 district's alternative education program.

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

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

6 (v) If a pupil was enrolled in a public school academy on the
7 pupil membership count day, if the public school academy's contract
8 with its authorizing body is revoked or the public school academy
9 otherwise ceases to operate, and if the pupil enrolls in a district
10 or the education achievement system within 45 days after the pupil
11 membership count day, the department shall adjust the district's or
12 the education achievement system's pupil count for the pupil
13 membership count day to include the pupil in the count.

14 (w) For a public school academy that has been in operation for
15 at least 2 years and that suspended operations for at least 1
16 semester and is resuming operations, membership is the sum of the
17 product of .90 times the number of full-time equated pupils in
18 grades K to 12 actually enrolled and in regular daily attendance on
19 the first pupil membership count day or supplemental count day,
20 whichever is first, occurring after operations resume, plus the
21 product of .10 times the final audited count from the most recent
22 pupil membership count day or supplemental count day that occurred
23 before suspending operations, as determined by the superintendent.

24 (x) If a district's membership for a particular fiscal year,
25 as otherwise calculated under this subsection, would be less than
26 1,550 pupils and the district has 4.5 or fewer pupils per square
27 mile, as determined by the department, and if the district does not



1 receive funding under section 22d(2), the district's membership
2 shall be considered to be the membership figure calculated under
3 this subdivision. If a district educates and counts in its
4 membership pupils in grades 9 to 12 who reside in a contiguous
5 district that does not operate grades 9 to 12 and if 1 or both of
6 the affected districts request the department to use the
7 determination allowed under this sentence, the department shall
8 include the square mileage of both districts in determining the
9 number of pupils per square mile for each of the districts for the
10 purposes of this subdivision. The membership figure calculated
11 under this subdivision is the greater of the following:

12 (i) The average of the district's membership for the 3-fiscal-
13 year period ending with that fiscal year, calculated by adding the
14 district's actual membership for each of those 3 fiscal years, as
15 otherwise calculated under this subsection, and dividing the sum of
16 those 3 membership figures by 3.

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

19 (y) Full-time equated memberships for special education pupils
20 who are not enrolled in kindergarten but are enrolled in a
21 classroom program under R 340.1754 of the Michigan administrative
22 code shall be determined by dividing the number of class hours
23 scheduled and provided per year by 450. Full-time equated
24 memberships for special education pupils who are not enrolled in
25 kindergarten but are receiving early childhood special education
26 services under R 340.1755 or R 340.1862 of the Michigan
27 administrative code shall be determined by dividing the number of



1 hours of service scheduled and provided per year per-pupil by 180.

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

7 (aa) For the first year in which a pupil is counted in
8 membership on the pupil membership count day in a middle college
9 program, the membership is the average of the full-time equated
10 membership on the pupil membership count day and on the
11 supplemental count day for the current school year, as determined
12 by the department.

13 (bb) A district, a public school academy, or the education
14 achievement system that educates a pupil who attends a United
15 States Olympic ~~education center~~-**EDUCATION CENTER** may count the
16 pupil in membership regardless of whether or not the pupil is a
17 resident of this state.

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

22 (dd) For a pupil enrolled in a dropout recovery program that
23 meets the requirements of section 23a, the pupil shall be counted
24 as 1/12 of a full-time equated membership for each month that the
25 district operating the program reports that the pupil was enrolled
26 in the program and was in full attendance. However, if the special
27 membership counting provisions under this subdivision and the



1 operation of the other membership counting provisions under this
2 subsection result in a pupil being counted as more than 1.0 FTE in
3 a fiscal year, the payment made for the pupil under sections 22a
4 and 22b shall not be based on more than 1.0 FTE for that pupil, and
5 any portion of an FTE for that pupil that exceeds 1.0 shall instead
6 be paid under section 25f. The district operating the program shall
7 report to the center the number of pupils who were enrolled in the
8 program and were in full attendance for a month not later than the
9 tenth day of the next month. A district shall not report a pupil as
10 being in full attendance for a month unless both of the following
11 are met:

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

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

23 **(EE) A PUPIL PARTICIPATING IN AN ONLINE COURSE UNDER SECTION**
24 **21F SHALL BE COUNTED IN MEMBERSHIP IN THE PUPIL'S PRIMARY DISTRICT,**
25 **AS DEFINED UNDER SECTION 21F.**

26 (5) "Public school academy" means that term as defined in
27 section 5 of the revised school code, MCL 380.5.



1 (6) "Pupil" means a person in membership in a public school. A
2 district must have the approval of the pupil's district of
3 residence to count the pupil in membership, except approval by the
4 pupil's district of residence is not required for any of the
5 following:

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

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

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

12 (d) A pupil enrolled in a district other than the pupil's
13 district of residence under an intermediate district schools of
14 choice pilot program as described in section 91a or former section
15 91 if the intermediate district and its constituent districts have
16 been exempted from section 105.

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

20 (f) A pupil who has made an official written complaint or
21 whose parent or legal guardian has made an official written
22 complaint to law enforcement officials and to school officials of
23 the pupil's district of residence that the pupil has been the
24 victim of a criminal sexual assault or other serious assault, if
25 the official complaint either indicates that the assault occurred
26 at school or that the assault was committed by 1 or more other
27 pupils enrolled in the school the pupil would otherwise attend in



1 the district of residence or by an employee of the district of
2 residence. A person who intentionally makes a false report of a
3 crime to law enforcement officials for the purposes of this
4 subdivision is subject to section 411a of the Michigan penal code,
5 1931 PA 328, MCL 750.411a, which provides criminal penalties for
6 that conduct. As used in this subdivision:

7 (i) "At school" means in a classroom, elsewhere on school
8 premises, on a school bus or other school-related vehicle, or at a
9 school-sponsored activity or event whether or not it is held on
10 school premises.

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

16 (g) A pupil whose district of residence changed after the
17 pupil membership count day and before the supplemental count day
18 and who continues to be enrolled on the supplemental count day as a
19 nonresident in the district in which he or she was enrolled as a
20 resident on the pupil membership count day of the same school year.

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

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



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

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

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

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

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

12 (k) An expelled pupil who has been denied reinstatement by the
13 expelling district and is reinstated by another school board under
14 section 1311 or 1311a of the revised school code, MCL 380.1311 and
15 380.1311a.

16 (l) A pupil enrolled in a district other than the pupil's
17 district of residence in a middle college program if the pupil's
18 district of residence and the enrolling district are both
19 constituent districts of the same intermediate district.

20 (m) A pupil enrolled in a district other than the pupil's
21 district of residence who attends a United States Olympic education
22 center. **EDUCATION CENTER.**

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

26 (o) A pupil who enrolls in a district other than the pupil's
27 district of residence as a result of the pupil's school not making



1 adequate yearly progress under the no child left behind act of
2 2001, Public Law 107-110.

3 ~~— (p) An online learning pupil enrolled in a district other than~~
4 ~~the pupil's district of residence as an eligible pupil under~~
5 ~~section 21f.~~

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

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

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

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

- 22 (i) Fourth Wednesday in July.
23 (ii) First Wednesday in October.
24 (iii) Second Wednesday in February.
25 (iv) Fourth Wednesday in April.

26 (8) "Pupils in grades K to 12 actually enrolled and in regular
27 daily attendance" means pupils in grades K to 12 in attendance and



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



1 a period of time in 1 day when pupils and a certificated teacher or
2 legally qualified substitute teacher are together and instruction
3 is taking place.

4 (9) "Rule" means a rule promulgated pursuant to the
5 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
6 24.328.

7 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
8 380.1852.

9 (11) "School district of the first class", "first class school
10 district", and "district of the first class" mean, for the purposes
11 of this article only, a district that had at least 40,000 pupils in
12 membership for the immediately preceding fiscal year.

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

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

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

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

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

25 Tuition pupil does not include a pupil who is a special education
26 pupil, a pupil described in subsection (6)(c) to (p), or a pupil
27 whose parent or guardian voluntarily enrolls the pupil in a



1 district that is not the pupil's district of residence. A pupil's
2 district of residence shall not require a high school tuition
3 pupil, as provided under section 111, to attend another school
4 district after the pupil has been assigned to a school district.

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

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

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

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

23 Sec. 8b. (1) The department shall assign a district code to
24 each public school academy that is authorized under the revised
25 school code and is eligible to receive funding under this article
26 within 30 days after a contract is submitted to the department by
27 the authorizing body of a public school academy.



1 (2) If the department does not assign a district code to a
2 public school academy within the 30-day period described in
3 subsection (1), the district code the department shall use to make
4 payments under this article to the newly authorized public school
5 academy shall be a number that is equivalent to the sum of the last
6 district code assigned to a public school academy located in the
7 same county as the newly authorized public school academy plus 1.
8 However, if there is not an existing public school academy located
9 in the same county as the newly authorized public school academy,
10 then the district code the department shall use to make payments
11 under this article to the newly authorized public school academy
12 shall be a 5-digit number that has the county code in which the
13 public school academy is located as its first 2 digits, 9 as its
14 third digit, 0 as its fourth digit, and 1 as its fifth digit. If
15 the number of public school academies in a county grows to exceed
16 100, the third digit in this 5-digit number shall then be 7 for the
17 public school academies in excess of 100.

18 **(3) FOR EACH SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL AND**
19 **IS AUTHORIZED UNDER PART 6E OF THE REVISED SCHOOL CODE, MCL 380.551**
20 **TO 380.561, BY A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT,**
21 **COMMUNITY COLLEGE OTHER THAN A FEDERAL TRIBALLY CONTROLLED**
22 **COMMUNITY COLLEGE, OR OTHER AUTHORIZING BODY THAT IS NOT EMPOWERED**
23 **TO AUTHORIZE A SCHOOL OF EXCELLENCE TO OPERATE STATEWIDE AND IS**
24 **ELIGIBLE TO RECEIVE FUNDING UNDER THIS ARTICLE, THE DEPARTMENT**
25 **SHALL ASSIGN A DISTRICT CODE THAT INCLUDES AS THE FIRST 2 DIGITS**
26 **THE COUNTY CODE IN WHICH THE AUTHORIZING BODY IS LOCATED.**

27 Sec. 11. (1) ~~For the fiscal year ending September 30, 2015,~~



1 ~~there is appropriated for the public schools of this state and~~
 2 ~~certain other state purposes relating to education the sum of~~
 3 ~~\$11,827,097,400.00 from the state school aid fund, the sum of~~
 4 ~~\$18,000,000.00 from the MPERS retirement obligation reform reserve~~
 5 ~~fund created under section 147b, and the sum of \$33,700,000.00 from~~
 6 ~~the general fund. FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016,~~
 7 **THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND**
 8 **CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF**
 9 **\$12,087,799,700.00 FROM THE STATE SCHOOL AID FUND AND THE SUM OF**
 10 **\$45,900.00.00 FROM THE GENERAL FUND.** In addition, all other
 11 available federal funds are appropriated for the fiscal year ending
 12 September 30, ~~2015-2016~~.

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

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

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

24 (2) The state treasurer may receive money or other assets from
 25 any source for deposit into the school aid stabilization fund. The
 26 state treasurer shall deposit into the school aid stabilization
 27 fund all of the following:



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

4 (b) Money statutorily dedicated to the school aid
5 stabilization fund.

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

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

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

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

20 (6) If the maximum amount appropriated under section 11 from
21 the state school aid fund for a fiscal year exceeds the amount
22 available for expenditure from the state school aid fund for that
23 fiscal year, there is appropriated from the school aid
24 stabilization fund to the state school aid fund an amount equal to
25 the projected shortfall as determined by the department of
26 treasury, but not to exceed available money in the school aid
27 stabilization fund. If the money in the school aid stabilization



1 fund is insufficient to fully fund an amount equal to the projected
 2 shortfall, the state budget director shall notify the legislature
 3 as required under section 296(2) and state payments in an amount
 4 equal to the remainder of the projected shortfall shall be prorated
 5 in the manner provided under section 296(3).

6 (7) For ~~2014-2015~~, **2015-2016**, in addition to the
 7 appropriations in section 11, there is appropriated from the school
 8 aid stabilization fund to the state school aid fund the amount
 9 necessary to fully fund the allocations under this article.

10 Sec. 11j. From the appropriation in section 11, there is
 11 allocated an amount not to exceed ~~\$126,000,000.00 for 2014-2015~~
 12 **\$143,000,000.00 FOR 2015-2016** for payments to the school loan bond
 13 redemption fund in the department of treasury on behalf of
 14 districts and intermediate districts. Notwithstanding section 296
 15 or any other provision of this act, funds allocated under this
 16 section are not subject to proration and shall be paid in full.

17 Sec. 11k. For ~~2014-2015~~, **2015-2016**, 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 appropriation in section 11, there is
 25 allocated for ~~2014-2015~~ **2015-2016** an amount not to exceed
 26 ~~\$3,000,000.00~~ **\$4,000,000.00** for fiscal year cash-flow borrowing
 27 costs solely related to the state school aid fund established by



1 section 11 of article IX of the state constitution of 1963.

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

25 (2) If the result of an audit conducted by or for the
26 department affects the current fiscal year membership, affected
27 payments shall be adjusted in the current fiscal year. A deduction



1 due to an adjustment made as a result of an audit conducted by or
2 for the department, or as a result of information obtained by the
3 department from the district, an intermediate district, the
4 department of treasury, or the office of auditor general, shall be
5 deducted from the district's apportionments when the adjustment is
6 finalized. At the request of the district and upon the district
7 presenting evidence satisfactory to the department of the hardship,
8 the department may grant up to an additional 4 years for the
9 adjustment and may advance payments to the district otherwise
10 authorized under this article if the district would otherwise
11 experience a significant hardship in satisfying its financial
12 obligations.

13 (3) If, based on an audit by the department or the
14 department's designee or because of new or updated information
15 received by the department, the department determines that the
16 amount paid to a district or intermediate district under this
17 article for the current fiscal year or a prior fiscal year was
18 incorrect, the department shall make the appropriate deduction or
19 payment in the district's or intermediate district's allocation in
20 the next apportionment after the adjustment is finalized. The
21 deduction or payment shall be calculated according to the law in
22 effect in the fiscal year in which the incorrect amount was paid.
23 If the district does not receive an allocation for the fiscal year
24 or if the allocation is not sufficient to pay the amount of any
25 deduction, the amount of any deduction otherwise applicable shall
26 be satisfied from the proceeds of a loan to the district under the
27 emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942,



1 or from the proceeds of millage levied or pledged under section
2 1211 of the revised school code, MCL 380.1211, as determined by the
3 department.

4 (4) The department may conduct audits, or may direct audits by
5 designee of the department, for the current fiscal year and the
6 immediately preceding 3 fiscal years of all records related to a
7 program for which a district or intermediate district has received
8 funds under this article.

9 (5) Expenditures made by the department under this article
10 that are caused by the write-off of prior year accruals may be
11 funded by revenue from the write-off of prior year accruals.

12 (6) In addition to funds appropriated in section 11 for all
13 programs and services, there is appropriated for ~~2014-2015-2015-~~
14 **2016** for obligations in excess of applicable appropriations an
15 amount equal to the collection of overpayments, but not to exceed
16 amounts available from overpayments.

17 Sec. 18. (1) Except as provided in another section of this
18 article, each district or other entity shall apply the money
19 received by the district or entity under this article to salaries
20 and other compensation of teachers and other employees, tuition,
21 transportation, lighting, heating, ventilation, water service, the
22 purchase of textbooks, other supplies, and any other school
23 operating expenditures defined in section 7. However, not more than
24 20% of the total amount received by a district under sections 22a
25 and 22b or received by an intermediate district under section 81
26 may be transferred by the board to either the capital projects fund
27 or to the debt retirement fund for debt service. The money shall



1 not be applied or taken for a purpose other than as provided in
2 this section. The department shall determine the reasonableness of
3 expenditures and may withhold from a recipient of funds under this
4 article the apportionment otherwise due upon a violation by the
5 recipient.

6 (2) **A DISTRICT OR INTERMEDIATE DISTRICT SHALL ADOPT AN ANNUAL**
7 **BUDGET IN A MANNER THAT COMPLIES WITH THE UNIFORM BUDGETING AND**
8 **ACCOUNTING ACT, 1968 PA 2, MCL 141.421 TO 141.440A.** Within 15 days
9 after a board adopts its annual operating budget for the following
10 school fiscal year, or after a board adopts a subsequent revision
11 to that budget, the district shall make all of the following
12 available through a link on its website ~~home page,~~ **HOME PAGE**, or may
13 make the information available through a link on its intermediate
14 district's website ~~home page,~~ **HOME PAGE**, in a form and manner
15 prescribed by the department:

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

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

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

24 (A) Salaries and wages.

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



1 (C) Retirement benefit costs.

2 (D) All other personnel costs.

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

5 (A) Instruction.

6 (B) Support services.

7 (C) Business and administration.

8 (D) Operations and maintenance.

9 (c) Links to all of the following:

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

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

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

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

20 (v) The district's written policy governing procurement of
21 supplies, materials, and equipment.

22 (vi) The district's written policy establishing specific
23 categories of reimbursable expenses, as described in section
24 1254(2) of the revised school code, MCL 380.1254.

25 (vii) Either the district's accounts payable check register for
26 the most recent school fiscal year or a statement of the total
27 amount of expenses incurred by board members or employees of the



1 district that were reimbursed by the district for the most recent
2 school fiscal year.

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

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

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

11 (g) Any deficit elimination plan or enhanced deficit
12 elimination plan the district was required to submit under this
13 article.

14 (h) Identification of all credit cards maintained by the
15 district as district credit cards, the identity of all individuals
16 authorized to use each of those credit cards, the credit limit on
17 each credit card, and the dollar limit, if any, for each
18 individual's authorized use of the credit card.

19 (i) Costs incurred for each instance of out-of-state travel by
20 the school administrator of the district that is fully or partially
21 paid for by the district and the details of each of those instances
22 of out-of-state travel, including at least identification of each
23 individual on the trip, destination, and purpose.

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



1 (4) For the purposes of determining the reasonableness of
2 expenditures, whether a district or intermediate district has
3 received the proper amount of funds under this article, and whether
4 a violation of this article has occurred, all of the following
5 apply:

6 (a) The department shall require that each district and
7 intermediate district have an audit of the district's or
8 intermediate district's financial and pupil accounting records
9 conducted at least annually, and at such other times as determined
10 by the department, at the expense of the district or intermediate
11 district, as applicable. The audits must be performed by a
12 certified public accountant or by the intermediate district
13 superintendent, as may be required by the department, or in the
14 case of a district of the first class by a certified public
15 accountant, the intermediate superintendent, or the auditor general
16 of the city. A district or intermediate district shall retain these
17 records for the current fiscal year and from at least the 3
18 immediately preceding fiscal years.

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



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

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

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

11 (e) All of the following shall be done not later than ~~November~~
12 ~~15, 2014 for reporting 2013-2014 data during 2014-2015, and not~~
13 ~~later than November 1~~ **EACH YEAR** for reporting the prior fiscal year
14 data: ~~for all subsequent fiscal years.~~

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

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

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

23 (f) The annual financial audit reports and pupil accounting
24 procedures reports shall be available to the public in compliance
25 with the freedom of information act, 1976 PA 442, MCL 15.231 to
26 15.246.

27 (g) Not later than January 31 of each year, the department



1 shall notify the state budget director and the legislative
2 appropriations subcommittees responsible for review of the school
3 aid budget of districts and intermediate districts that have not
4 filed an annual financial audit and pupil accounting procedures
5 report required under this section for the school year ending in
6 the immediately preceding fiscal year.

7 (5) By ~~November 15, 2014 for 2014-2015 and by November 1 for~~
8 ~~all subsequent fiscal years, **EACH YEAR,**~~ each district and
9 intermediate district shall submit to the center, in a manner
10 prescribed by the center, annual comprehensive financial data
11 consistent with accounting manuals and charts of accounts approved
12 and published by the department. For an intermediate district, the
13 report shall also contain the website address where the department
14 can access the report required under section 620 of the revised
15 school code, MCL 380.620. The department shall ensure that the
16 prescribed Michigan public school accounting manual chart of
17 accounts includes standard conventions to distinguish expenditures
18 by allowable fund function and object. The functions shall include
19 at minimum categories for instruction, pupil support, instructional
20 staff support, general administration, school administration,
21 business administration, transportation, facilities operation and
22 maintenance, facilities acquisition, and debt service; and shall
23 include object classifications of salary, benefits, including
24 categories for active employee health expenditures, purchased
25 services, supplies, capital outlay, and other. Districts shall
26 report the required level of detail consistent with the manual as
27 part of the comprehensive annual financial report.



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

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

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

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

16 (10) If a district or intermediate district does not comply
17 with subsections (4), (5), (6), and (7), the department shall
18 withhold all state school aid due to the district or intermediate
19 district under this article, beginning with the next payment due to
20 the district or intermediate district, until the district or
21 intermediate district complies with subsections (4), (5), (6), and
22 (7). ~~However, the department shall not withhold the payment due on~~
23 ~~October 20 due to the operation of this subsection.~~ If the district
24 or intermediate district does not comply with subsections (4), (5),
25 (6), and (7) by the end of the fiscal year, the district or
26 intermediate district forfeits the amount withheld.

27 **(11) IF A DISTRICT OR INTERMEDIATE DISTRICT DOES NOT COMPLY**



1 WITH SUBSECTION (2), THE DEPARTMENT MAY WITHHOLD UP TO 10% OF THE
 2 STATE SCHOOL AID OTHERWISE PAYABLE TO THE DISTRICT OR INTERMEDIATE
 3 DISTRICT UNDER THIS ARTICLE, BEGINNING WITH THE NEXT PAYMENT DUE TO
 4 THE DISTRICT OR INTERMEDIATE DISTRICT, UNTIL THE DISTRICT OR
 5 INTERMEDIATE DISTRICT COMPLIES WITH SUBSECTION (2). IF THE DISTRICT
 6 OR INTERMEDIATE DISTRICT DOES NOT COMPLY WITH SUBSECTION (2) BY THE
 7 END OF THE FISCAL YEAR, THE DISTRICT OR INTERMEDIATE DISTRICT
 8 FORFEITS THE AMOUNT WITHHELD.

9 (12) ~~(11)~~ Not later than November 1, ~~2014,~~ 2015, if a district
 10 or intermediate district offers online learning under section 21f,
 11 the district or intermediate district shall submit to the
 12 department a report that details the per-pupil costs of operating
 13 the online learning by vendor type. The report shall include at
 14 least all of the following information concerning the operation of
 15 online learning for the school fiscal year ending June 30,
 16 ~~2014:~~ 2015:

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

19 (b) The total number of students enrolled in the online
 20 learning and the total number of membership pupils enrolled in the
 21 online learning.

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

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

26 (e) The number of participating students who had previously
 27 dropped out of school.



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

3 (g) The total cost to enroll a student in the program. This
4 cost shall be reported on a per-pupil, per-course, per-semester or
5 trimester basis by vendor type. The total shall include costs
6 broken down by cost for content development, content licensing,
7 training, online instruction and instructional support, personnel,
8 hardware and software, payment to each online learning provider,
9 and other costs associated with operating online learning.

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

13 **(13)** ~~(12)~~ Not later than March 31, ~~2015,~~ **2016**, the department
14 shall submit to the house and senate appropriations subcommittees
15 on state school aid, the state budget director, and the house and
16 senate fiscal agencies a report summarizing the per pupil costs by
17 vendor type of online courses available under section 21f.

18 **(14)** ~~(13)~~ As used in subsections ~~(11) and (12),~~ **(12) AND (13)**,
19 "vendor type" means the following:

20 (a) Online courses provided by the Michigan virtual
21 university.

22 (b) Online courses provided by a school of excellence that is
23 a cyber school, as defined in section 551 of the revised school
24 code, MCL 380.551.

25 (c) Online courses provided by third party vendors not
26 affiliated with a Michigan public school.

27 (d) Online courses created and offered by a district or



1 intermediate district.

2 Sec. 18a. Grant funds awarded and allotted to a district,
3 intermediate district, or other entity, unless otherwise specified
4 in this ~~act~~, **ARTICLE**, shall be expended by the grant recipient
5 before the end of the ~~school~~-fiscal year immediately following the
6 fiscal year in which the funds are received. If a grant recipient
7 does not expend the funds received under this ~~act~~ **ARTICLE** before
8 the end of the fiscal year in which the funds are received, the
9 grant recipient shall submit a report to the department not later
10 than November 1 after the fiscal year in which the funds are
11 received indicating whether it expects to expend those funds during
12 the fiscal year in which the report is submitted. A recipient of a
13 grant shall return any unexpended grant funds to the department in
14 the manner prescribed by the department not later than September 30
15 after the fiscal year in which the funds are received.

16 Sec. 20. (1) For ~~2014-2015~~, **2015-2016**, both of the following
17 apply:

18 (a) The basic foundation allowance is ~~\$8,099.00~~. **\$8,236.00**.

19 (b) The minimum foundation allowance is ~~\$7,126.00~~. **\$7,525.00**.

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

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

27 (a) Except as otherwise provided in this subdivision, for a



1 district that had a foundation allowance for the immediately
2 preceding state fiscal year that was equal to the minimum
3 foundation allowance for the immediately preceding state fiscal
4 year, but less than the basic foundation allowance for the
5 immediately preceding state fiscal year, the district shall receive
6 a foundation allowance in an amount equal to the sum of the
7 district's foundation allowance for the immediately preceding state
8 fiscal year plus the difference between twice the dollar amount of
9 the adjustment from the immediately preceding state fiscal year to
10 the current state fiscal year made in the basic foundation
11 allowance and [(the difference between the basic foundation
12 allowance for the current state fiscal year and basic foundation
13 allowance for the immediately preceding state fiscal year minus
14 \$10.00) times (the difference between the district's foundation
15 allowance for the immediately preceding state fiscal year and the
16 minimum foundation allowance for the immediately preceding state
17 fiscal year) divided by the difference between the basic foundation
18 allowance for the current state fiscal year and the minimum
19 foundation allowance for the immediately preceding state fiscal
20 year]. However, the foundation allowance for a district that had
21 less than the basic foundation allowance for the immediately
22 preceding state fiscal year shall not exceed the basic foundation
23 allowance for the current state fiscal year. For the purposes of
24 this subdivision, for ~~2014-2015,~~ **2015-2016**, the minimum foundation
25 allowance for the immediately preceding state fiscal year shall be
26 considered to be \$7,076.00. ~~For 2014-2015, for a district that had~~
27 ~~a foundation allowance for the immediately preceding state fiscal~~



1 ~~year that was at least equal to the minimum foundation allowance~~
2 ~~for the immediately preceding state fiscal year but less than the~~
3 ~~basic foundation allowance for the immediately preceding state~~
4 ~~fiscal year, the district shall receive a foundation allowance in~~
5 ~~an amount equal to the district's foundation allowance for 2013-~~
6 ~~2014 plus \$50.00.~~ **\$7,251.00.**

7 (b) Except as otherwise provided in this subsection, for a
8 district that in the immediately preceding state fiscal year had a
9 foundation allowance in an amount equal to the amount of the basic
10 foundation allowance for the immediately preceding state fiscal
11 year, the district shall receive a foundation allowance for ~~2014-~~
12 ~~2015-~~ **2015-2016** in an amount equal to the basic foundation allowance
13 for ~~2014-2015-~~ **2015-2016**.

14 (c) For a district that had a foundation allowance for the
15 immediately preceding state fiscal year that was greater than the
16 basic foundation allowance for the immediately preceding state
17 fiscal year, the district's foundation allowance is an amount equal
18 to the sum of the district's foundation allowance for the
19 immediately preceding state fiscal year plus the lesser of the
20 increase in the basic foundation allowance for the current state
21 fiscal year, as compared to the immediately preceding state fiscal
22 year, or the product of the district's foundation allowance for the
23 immediately preceding state fiscal year times the percentage
24 increase in the United States consumer price index in the calendar
25 year ending in the immediately preceding fiscal year as reported by
26 the May revenue estimating conference conducted under section 367b
27 of the management and budget act, 1984 PA 431, MCL 18.1367b.



1 (d) For a district that has a foundation allowance that is not
2 a whole dollar amount, the district's foundation allowance shall be
3 rounded up to the nearest whole dollar.

4 (e) For a district that received a payment under section 22c
5 as that section was in effect for ~~2013-2014~~, ~~2014-2015~~, the
6 district's ~~2013-2014~~-~~2014-2015~~ foundation allowance shall be
7 considered to have been an amount equal to the sum of the
8 district's actual ~~2013-2014~~-~~2014-2015~~ foundation allowance as
9 otherwise calculated under this section plus the per-pupil amount
10 of the district's equity payment for ~~2013-2014~~-~~2014-2015~~ under
11 section 22c as that section was in effect for ~~2013-2014~~-~~2014-2015~~.

12 (4) Except as otherwise provided in this subsection, the state
13 portion of a district's foundation allowance is an amount equal to
14 the district's foundation allowance or the basic foundation
15 allowance for the current state fiscal year, whichever is less,
16 minus the local portion of the district's foundation allowance
17 divided by the district's membership excluding special education
18 pupils. For a district described in subsection (3)(c), the state
19 portion of the district's foundation allowance is an amount equal
20 to \$6,962.00 plus the difference between the district's foundation
21 allowance for the current state fiscal year and the district's
22 foundation allowance for 1998-99, minus the local portion of the
23 district's foundation allowance divided by the district's
24 membership excluding special education pupils. For a district that
25 has a millage reduction required under section 31 of article IX of
26 the state constitution of 1963, the state portion of the district's
27 foundation allowance shall be calculated as if that reduction did



1 not occur. For a receiving district, if school operating taxes
2 continue to be levied on behalf of a dissolved district that has
3 been attached in whole or in part to the receiving district to
4 satisfy debt obligations of the dissolved district under section 12
5 of the revised school code, MCL 380.12, the taxable value per
6 membership pupil of property in the receiving district used for the
7 purposes of this subsection does not include the taxable value of
8 property within the geographic area of the dissolved district.

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

23 (6) Except as otherwise provided in this subsection, for
24 pupils in membership, other than special education pupils, in a
25 public school academy, the allocation calculated under this section
26 is an amount per membership pupil other than special education
27 pupils in the public school academy equal to the foundation



1 allowance of the district in which the public school academy is
2 located or the state maximum public school academy allocation,
3 whichever is less. **FOR PUPILS IN MEMBERSHIP, OTHER THAN SPECIAL**
4 **EDUCATION PUPILS, IN A PUBLIC SCHOOL ACADEMY THAT IS A CYBER SCHOOL**
5 **AND IS AUTHORIZED BY A SCHOOL DISTRICT, THE ALLOCATION CALCULATED**
6 **UNDER THIS SECTION IS AN AMOUNT PER MEMBERSHIP PUPIL OTHER THAN**
7 **SPECIAL EDUCATION PUPILS IN THE PUBLIC SCHOOL ACADEMY EQUAL TO THE**
8 **FOUNDATION ALLOWANCE OF THE DISTRICT THAT AUTHORIZED THE PUBLIC**
9 **SCHOOL ACADEMY OR THE STATE MAXIMUM PUBLIC SCHOOL ACADEMY**
10 **ALLOCATION, WHICHEVER IS LESS.** However, a public school academy
11 that had an allocation under this subsection before 2009-2010 that
12 was equal to the sum of the local school operating revenue per
13 membership pupil other than special education pupils for the
14 district in which the public school academy is located and the
15 state portion of that district's foundation allowance shall not
16 have that allocation reduced as a result of the 2010 amendment to
17 this subsection. Notwithstanding section 101, for a public school
18 academy that begins operations after the pupil membership count
19 day, the amount per membership pupil calculated under this
20 subsection shall be adjusted by multiplying that amount per
21 membership pupil by the number of hours of pupil instruction
22 provided by the public school academy after it begins operations,
23 as determined by the department, divided by the minimum number of
24 hours of pupil instruction required under section 101(3). The
25 result of this calculation shall not exceed the amount per
26 membership pupil otherwise calculated under this subsection.

27 (7) Except as otherwise provided in this subsection, for



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

26 (8) Subject to subsection (4), for a district that is formed
27 or reconfigured after June 1, 2002 by consolidation of 2 or more



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

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

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

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

25 (a) The pupil membership factor shall be computed by dividing
26 the estimated membership in the school year ending in the current
27 state fiscal year, excluding intermediate district membership, by



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

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

26 (c) The index shall be calculated by multiplying the pupil
27 membership factor by the revenue adjustment factor. If a consensus



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

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

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

15 (14) As used in this section:

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

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

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

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



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

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

7 (g) "Local portion of the district's foundation allowance"
8 means an amount that is equal to the difference between (the sum of
9 the product of the taxable value per membership pupil of all
10 property in the district that is nonexempt property times the
11 district's certified mills and, for a district with certified mills
12 exceeding 12, the product of the taxable value per membership pupil
13 of property in the district that is commercial personal property
14 times the certified mills minus 12 mills) and (the quotient of the
15 product of the captured assessed valuation under tax increment
16 financing acts times the district's certified mills divided by the
17 district's membership excluding special education pupils).

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

27 (i) "Local school operating revenue per membership pupil"



1 means a district's local school operating revenue divided by the
2 district's membership excluding special education pupils.

3 (j) "Maximum public school academy allocation", ~~except as~~
4 ~~otherwise provided in this subdivision, means the maximum per-pupil~~
5 ~~allocation as calculated by adding the highest per-pupil allocation~~
6 ~~among all public school academies for the immediately preceding~~
7 ~~state fiscal year plus the difference between twice the amount of~~
8 ~~the difference between the basic foundation allowance for the~~
9 ~~current state fiscal year and the basic foundation for the~~
10 ~~immediately preceding state fiscal year and [(the amount of the~~
11 ~~difference between the basic foundation allowance for the current~~
12 ~~state fiscal year and the basic foundation for the immediately~~
13 ~~preceding state fiscal year minus \$10.00) times (the difference~~
14 ~~between the highest per-pupil allocation among all public school~~
15 ~~academies for the immediately preceding state fiscal year and the~~
16 ~~minimum foundation allowance for the immediately preceding state~~
17 ~~fiscal year) divided by the difference between the basic foundation~~
18 ~~allowance for the current state fiscal year and the minimum~~
19 ~~foundation allowance for the immediately preceding state fiscal~~
20 ~~year]. For the purposes of this subdivision, for 2014-2015, the~~
21 ~~minimum foundation allowance for the immediately preceding state~~
22 ~~fiscal year shall be considered to be \$7,076.00. For 2014-2015, the~~
23 ~~maximum public school academy allocation is \$7,218.00.~~ **MEANS THE**
24 **MINIMUM FOUNDATION ALLOWANCE UNDER SUBSECTION (1) .**

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



1 (l) "Nonexempt property" means property that is not a principal
2 residence, qualified agricultural property, qualified forest
3 property, supportive housing property, industrial personal
4 property, ~~or~~ commercial personal property, **OR PROPERTY OCCUPIED BY**
5 **A PUBLIC SCHOOL ACADEMY.**

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

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

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

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

21 (q) "Tax increment financing acts" means 1975 PA 197, MCL
22 125.1651 to 125.1681, the tax increment finance authority act, 1980
23 PA 450, MCL 125.1801 to 125.1830, the local development financing
24 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
25 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
26 or the corridor improvement authority act, 2005 PA 280, MCL
27 125.2871 to 125.2899.



1 (r) "Taxable value per membership pupil" means taxable value,
2 as certified by the county treasurer and reported to the
3 department, for the calendar year ending in the current state
4 fiscal year divided by the district's membership excluding special
5 education pupils for the school year ending in the current state
6 fiscal year.

7 Sec. 20d. In making the final determination required under
8 former section 20a of a district's combined state and local revenue
9 per membership pupil in 1993-94 and in making calculations under
10 section 20 for ~~2014-2015~~, **2015-2016**, the department and the
11 department of treasury shall comply with all of the following:

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



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

18 Sec. 20f. (1) **FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE**
 19 **IS ALLOCATED AN AMOUNT NOT TO EXCEED \$14,000,000.00 FOR 2015-2016**
 20 **FOR SUPPLEMENTAL PAYMENTS TO DISTRICTS UNDER THIS SECTION.**

21 (2) From the ~~funds appropriated in section 11, AMOUNT~~
 22 **ALLOCATED UNDER SUBSECTION (1)**, there is allocated an amount not to
 23 exceed \$6,000,000.00 for ~~2014-2015~~**2015-2016** for payments to
 24 eligible districts under this ~~section~~**SUBSECTION**. A district is
 25 eligible for funding under this ~~section~~**SUBSECTION** if the district
 26 received a payment under this section as it was in effect for 2013-
 27 2014. A district was eligible for funding in 2013-2014 if the sum



1 of the following was less than \$5.00:

2 (a) The increase in the district's foundation allowance or
3 per-pupil payment as calculated under section 20 from 2012-2013 to
4 2013-2014.

5 (b) The district's equity payment per membership pupil under
6 section 22c for 2013-2014.

7 (c) The quotient of the district's allocation under section
8 147a for 2012-2013 divided by the district's membership pupils for
9 2012-2013 minus the quotient of the district's allocation under
10 section 147a for 2013-2014 divided by the district's membership
11 pupils for 2013-2014.

12 **(3)** ~~(2)~~—The amount allocated to each eligible district under
13 ~~this section~~ **SUBSECTION (2)** is an amount per membership pupil equal
14 to the amount per membership pupil the district received in 2013-
15 2014.

16 **(4)** ~~(3)~~—If the allocation under subsection ~~(1)~~ **(2)** is
17 insufficient to fully fund payments as otherwise calculated under
18 ~~this section~~, **SUBSECTION (3)**, the department shall prorate payments
19 under ~~this section~~ **SUBSECTION (2)** on an equal per-pupil basis.

20 **(5) FROM THE AMOUNT ALLOCATED UNDER SUBSECTION (1), THERE IS**
21 **ALLOCATED AN AMOUNT NOT TO EXCEED \$8,000,000.00 FOR 2015-2016 FOR**
22 **PAYMENTS TO ELIGIBLE DISTRICTS UNDER THIS SUBSECTION. A DISTRICT IS**
23 **ELIGIBLE FOR FUNDING UNDER THIS SUBSECTION IF THE SUM OF THE**
24 **FOLLOWING IS LESS THAN \$25.00:**

25 **(A) THE INCREASE IN THE DISTRICT'S FOUNDATION ALLOWANCE OR**
26 **PER-PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FROM 2014-2015 TO**
27 **2015-2016.**



1 (B) THE DISTRICT'S PER-PUPIL ALLOCATION UNDER SECTION 20G FOR
2 2015-2016, WHICH IS \$0.00, MINUS THE DISTRICT'S PER-PUPIL
3 ALLOCATION UNDER SECTION 20G FOR 2014-2015.

4 (C) THE DISTRICT'S PER-PUPIL ALLOCATION UNDER SECTION 22F FOR
5 2015-2016, WHICH IS \$0.00, MINUS THE DISTRICT'S PER-PUPIL
6 ALLOCATION UNDER SECTION 22F FOR 2014-2015.

7 (D) THE DISTRICT'S PER-PUPIL ALLOCATION UNDER SECTION 22J FOR
8 2015-2016, WHICH IS \$0.00, MINUS THE DISTRICT'S PER-PUPIL
9 ALLOCATION UNDER SECTION 22J FOR 2014-2015.

10 (E) THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER SECTION
11 147A FOR 2015-2016 DIVIDED BY THE DISTRICT'S MEMBERSHIP PUPILS FOR
12 2015-2016 MINUS THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER
13 SECTION 147A FOR 2014-2015 DIVIDED BY THE DISTRICT'S MEMBERSHIP
14 PUPILS FOR 2014-2015.

15 (6) THE AMOUNT ALLOCATED TO EACH ELIGIBLE DISTRICT UNDER
16 SUBSECTION (5) IS AN AMOUNT PER MEMBERSHIP PUPIL EQUAL TO \$25.00
17 MINUS THE SUM OF THE FOLLOWING:

18 (A) THE INCREASE IN THE DISTRICT'S FOUNDATION ALLOWANCE OR
19 PER-PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FROM 2014-2015 TO
20 2015-2016.

21 (B) THE DISTRICT'S PER-PUPIL ALLOCATION UNDER SECTION 20G FOR
22 2015-2016, WHICH IS \$0.00, MINUS THE DISTRICT'S PER-PUPIL
23 ALLOCATION UNDER SECTION 20G FOR 2014-2015.

24 (C) THE DISTRICT'S PER-PUPIL ALLOCATION UNDER SECTION 22F FOR
25 2015-2016, WHICH IS \$0.00, MINUS THE DISTRICT'S PER-PUPIL
26 ALLOCATION UNDER SECTION 22F FOR 2014-2015.

27 (D) THE DISTRICT'S PER-PUPIL ALLOCATION UNDER SECTION 22J FOR



1 2015-2016, WHICH IS \$0.00, MINUS THE DISTRICT'S PER-PUPIL
2 ALLOCATION UNDER SECTION 22J FOR 2014-2015.

3 (E) THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER SECTION
4 147A FOR 2015-2016 DIVIDED BY THE DISTRICT'S MEMBERSHIP PUPILS FOR
5 2015-2016 MINUS THE QUOTIENT OF THE DISTRICT'S ALLOCATION UNDER
6 SECTION 147A FOR 2014-2015 DIVIDED BY THE DISTRICT'S MEMBERSHIP
7 PUPILS FOR 2014-2015.

8 (7) IF THE ALLOCATION UNDER SUBSECTION (5) IS INSUFFICIENT TO
9 FULLY FUND PAYMENTS AS OTHERWISE CALCULATED UNDER SUBSECTION (6),
10 THE DEPARTMENT SHALL PRORATE PAYMENTS UNDER SUBSECTION (5) ON AN
11 EQUAL PER-PUPIL BASIS.

12 Sec. 21f. (1) A pupil enrolled in a district in any of grades
13 6 to 12 is eligible to enroll in an online course as provided for
14 in this section.

15 (2) With the consent of the pupil's parent or legal guardian,
16 a district shall enroll an eligible pupil in up to 2 online courses
17 as requested by the pupil during an academic term, semester, or
18 trimester. Unless the pupil is newly enrolled in the **PUPIL'S**
19 **PRIMARY** district, the request for online course enrollment must be
20 made in the academic term, semester, trimester, or summer preceding
21 the enrollment. A district may not establish additional
22 requirements that would prohibit a pupil from taking an online
23 course. If a pupil has demonstrated previous success with online
24 courses and the school leadership and the pupil's parent or legal
25 guardian determine that it is in the best interest of the pupil, a
26 pupil may be enrolled in more than 2 online courses in a specific
27 academic term, semester, or trimester. Consent of the pupil's



1 parent or legal guardian is not required if the pupil is at least
2 age 18 or is an emancipated minor.

3 (3) An eligible pupil may enroll in an online course published
4 in the pupil's ~~educating~~ **PRIMARY** district's catalog of online
5 courses described in subsection (7) (a) or the statewide catalog of
6 online courses maintained by the Michigan ~~virtual university~~
7 **VIRTUAL UNIVERSITY** pursuant to section 98.

8 (4) A **PROVIDING** district **OR COMMUNITY COLLEGE** shall determine
9 whether or not it has capacity to accept applications for
10 enrollment from nonresident applicants in online courses and may
11 use that limit as the reason for refusal to enroll an applicant. If
12 the number of nonresident applicants eligible for acceptance in an
13 online course does not exceed the capacity of the **PROVIDING**
14 district **OR COMMUNITY COLLEGE** to provide the online course, the
15 **PROVIDING** district **OR COMMUNITY COLLEGE** shall accept for enrollment
16 all of the nonresident applicants eligible for acceptance. If the
17 number of nonresident applicants exceeds the **PROVIDING** district's
18 **OR COMMUNITY COLLEGE'S** capacity to provide the online course, the
19 **PROVIDING** district **OR COMMUNITY COLLEGE** shall use a random draw
20 system, subject to the need to abide by state and federal
21 antidiscrimination laws and court orders.

22 (5) A **PUPIL'S PRIMARY** district may deny a ~~THE~~ pupil enrollment
23 in an online course if any of the following apply, as determined by
24 the district:

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

27 (b) The online course is not capable of generating academic



1 credit.

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

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

7 (e) The online course is of insufficient quality or rigor. A
8 district that denies a pupil enrollment for this reason shall make
9 a reasonable effort to assist the pupil to find an alternative
10 course in the same or a similar subject that is of acceptable rigor
11 and quality.

12 (f) The cost of the online course exceeds the amount
13 identified in subsection ~~(8)~~, **(10)**, unless the pupil's parent or
14 legal guardian agrees to pay the cost that exceeds this amount.

15 (g) The online course enrollment request does not occur within
16 the same timelines established by the **PUPIL'S PRIMARY** district for
17 enrollment and schedule changes for regular courses.

18 (6) If a pupil is denied enrollment in an online course by a
19 **THE PUPIL'S PRIMARY** district, the pupil may appeal the denial by
20 submitting a letter to the superintendent of the intermediate
21 district in which the pupil's ~~educating~~-**PRIMARY** district is
22 located. The letter of appeal shall include the reason provided by
23 the **PUPIL'S PRIMARY** district for not enrolling the pupil and the
24 reason why the pupil is claiming that the enrollment should be
25 approved. The intermediate district superintendent or designee
26 shall respond to the appeal within 5 days after it is received. If
27 the intermediate district superintendent or designee determines



1 that the denial of enrollment does not meet 1 or more of the
 2 reasons specified in subsection (5), the **PUPIL'S PRIMARY** district
 3 shall allow the pupil to enroll in the online course.

4 (7) To ~~offer or~~ provide an online course under this section, a
 5 **THE PROVIDING** district or intermediate district shall do all of the
 6 following:

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

16 **(B) ASSIGN TO EACH PUPIL A TEACHER OF RECORD AND PROVIDE THE**
 17 **PUPIL'S PRIMARY DISTRICT WITH THE PERSONAL IDENTIFICATION CODE FOR**
 18 **THE TEACHER OF RECORD.**

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

22 **(D)** ~~(e)~~ Not later than October 1, ~~2014,~~ **2015**, provide the
 23 Michigan virtual university with the number of enrollments in each
 24 online course the district or intermediate district ~~offered~~
 25 **PROVIDED** to pupils pursuant to this section in the immediately
 26 preceding school year, and the number of enrollments in which the
 27 pupil earned 60% or more of the total course points for each online



1 course.

2 (8) TO PROVIDE AN ONLINE COURSE UNDER THIS SECTION, A
3 COMMUNITY COLLEGE SHALL DO ALL OF THE FOLLOWING:

4 (A) PROVIDE THE MICHIGAN VIRTUAL UNIVERSITY WITH THE COURSE
5 SYLLABUS IN A FORM AND METHOD PRESCRIBED BY THE MICHIGAN VIRTUAL
6 UNIVERSITY FOR INCLUSION IN A STATEWIDE ONLINE COURSE CATALOG.

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

10 (C) ENSURE THAT EACH ONLINE COURSE IT PROVIDES UNDER THIS
11 SECTION GENERATES POSTSECONDARY CREDIT.

12 (D) BEGINNING WITH OCTOBER 1, 2016, AND BY OCTOBER 1 OF EACH
13 YEAR THEREAFTER, PROVIDE THE MICHIGAN VIRTUAL UNIVERSITY WITH THE
14 NUMBER OF ENROLLMENTS IN EACH ONLINE COURSE THE COMMUNITY COLLEGE
15 PROVIDED TO PUPILS PURSUANT TO THIS SECTION IN THE IMMEDIATELY
16 PRECEDING SCHOOL YEAR, AND THE NUMBER OF ENROLLMENTS IN WHICH THE
17 PUPIL EARNED 60% OR MORE OF THE TOTAL COURSE POINTS FOR EACH ONLINE
18 COURSE.

19 (E) BE TAUGHT BY AN INSTRUCTOR EMPLOYED BY OR CONTRACTED
20 THROUGH THE COMMUNITY COLLEGE.

21 (9) FOR ANY ONLINE COURSE A PUPIL ENROLLS IN UNDER THIS
22 SECTION, THE PUPIL'S PRIMARY DISTRICT MUST ASSIGN TO THE PUPIL A
23 MENTOR TO MONITOR THE PUPIL'S PROGRESS DURING THE ONLINE COURSE AND
24 SHALL SUPPLY THE PROVIDING DISTRICT WITH THE MENTOR'S CONTACT
25 INFORMATION.

26 (10) ~~(8)~~ For a pupil enrolled in 1 or more online courses
27 published in the pupil's educating ~~PRIMARY~~ district's catalog of



1 online courses under subsection (7) or in the statewide catalog of
2 online courses maintained by the Michigan ~~virtual university,~~
3 **VIRTUAL UNIVERSITY**, the **PUPIL'S PRIMARY** district shall use
4 foundation allowance or per-pupil funds calculated under section 20
5 to pay for the expenses associated with the online course or
6 courses. The district shall pay 80% of the cost of the online
7 course upon enrollment and 20% upon completion as determined by the
8 district. A district is not required to pay toward the cost of an
9 online course an amount that exceeds 8.33% of the minimum
10 foundation allowance for the current fiscal year as calculated
11 under section 20.

12 (11) ~~(9)~~—An online learning pupil shall have the same rights
13 and access to technology in his or her primary district's school
14 facilities as all other pupils enrolled in the pupil's primary
15 district.

16 (12) ~~(10)~~—If a pupil successfully completes an online course,
17 as determined by the pupil's primary district, the pupil's primary
18 district shall grant appropriate academic credit for completion of
19 the course and shall count that credit toward completion of
20 graduation and subject area requirements. A pupil's school record
21 and transcript shall identify the online course title as it appears
22 in the online course syllabus.

23 (13) ~~(11)~~—The enrollment of a pupil in 1 or more online
24 courses shall not result in a pupil being counted as more than 1.0
25 full-time equivalent pupils under this article.

26 (14) ~~(12)~~—The portion of the full-time equated pupil
27 membership for which a pupil is enrolled in 1 or more online



1 courses under this section shall not be transferred under the pupil
2 transfer process under section 25e.

3 (15) ~~(13)~~—As used in this section:

4 (A) "MENTOR" MEANS A PROFESSIONAL EMPLOYEE OF THE PRIMARY
5 DISTRICT WHO MONITORS THE PUPIL'S PROGRESS, ENSURES THE PUPIL HAS
6 ACCESS TO NEEDED TECHNOLOGY, IS AVAILABLE FOR ASSISTANCE, AND
7 ENSURES ACCESS TO THE TEACHER OF RECORD. A MENTOR MAY ALSO SERVE AS
8 THE TEACHER OF RECORD IF THE MENTOR MEETS THE REQUIREMENTS UNDER
9 SUBDIVISION (G).

10 (B) ~~(a)~~—"Online course" means a course of study that is
11 capable of generating a credit or a grade, that is provided in an
12 interactive ~~internet-connected~~ **INTERNET-CONNECTED** learning
13 environment, in which pupils are separated from their teachers by
14 time or location, or both, and, **FOR A COURSE PROVIDED BY A DISTRICT**
15 **OR INTERMEDIATE DISTRICT**, in which a teacher who holds a valid
16 Michigan teaching certificate **THAT QUALIFIES THE TEACHER TO TEACH**
17 **THE COURSE** is responsible for **PROVIDING INSTRUCTION**, determining
18 appropriate instructional methods for each pupil, diagnosing
19 learning needs, assessing pupil learning, prescribing intervention
20 strategies, reporting outcomes, and evaluating the effects of
21 instruction and support strategies.

22 (C) ~~(b)~~—"Online course syllabus" means a document that
23 includes all of the following:

- 24 (i) The state academic standards addressed in an online course.
25 (ii) The online course content outline.
26 (iii) The online course required assessments.
27 (iv) The online course prerequisites.



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

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

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

5 (viii) The name of the institution or organization providing the
6 online content.

7 (ix) The name of the institution or organization providing the
8 online instructor.

9 (x) The course titles assigned by the district or intermediate
10 district and the course titles and course codes from the ~~national~~
11 ~~center for education statistics~~ **NATIONAL CENTER FOR EDUCATION**
12 **STATISTICS** (NCES) school codes for the exchange of data (SCED).

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

16 (xii) The results of the online course quality review using the
17 guidelines and model review process published by the Michigan
18 ~~virtual university~~ **VIRTUAL UNIVERSITY**.

19 (D) ~~(e)~~ "Online learning pupil" means a pupil enrolled in 1 or
20 more online courses.

21 (E) ~~(d)~~ "Primary district" means the district that enrolls the
22 pupil and reports the pupil as a full-time equated pupil for pupil
23 membership purposes.

24 (F) "PROVIDING DISTRICT" MEANS THE DISTRICT, INTERMEDIATE
25 DISTRICT, OR COMMUNITY COLLEGE THAT THE PRIMARY DISTRICT PAYS TO
26 PROVIDE THE ONLINE COURSE.

27 (G) "TEACHER OF RECORD" MEANS A TEACHER WHO HOLDS A VALID



1 MICHIGAN TEACHING CERTIFICATE; WHO, WHERE APPLICABLE, IS ENDORSED
2 IN THE SUBJECT AREA AND GRADE OF THE ONLINE COURSE; AND IS
3 RESPONSIBLE FOR PROVIDING INSTRUCTION, DETERMINING INSTRUCTIONAL
4 METHODS FOR EACH PUPIL, DIAGNOSING LEARNING NEEDS, ASSESSING PUPIL
5 LEARNING, PRESCRIBING INTERVENTION STRATEGIES, REPORTING OUTCOMES,
6 AND EVALUATING THE EFFECTS OF INSTRUCTION AND SUPPORT STRATEGIES.

7 Sec. 22a. (1) From the appropriation in section 11, there is
8 allocated an amount not to exceed ~~\$5,380,000,000.00 for 2014-2015~~
9 **\$5,277,000,000.00 FOR 2015-2016** for payments to districts and
10 qualifying public school academies to guarantee each district and
11 qualifying public school academy an amount equal to its 1994-95
12 total state and local per pupil revenue for school operating
13 purposes under section 11 of article IX of the state constitution
14 of 1963. Pursuant to section 11 of article IX of the state
15 constitution of 1963, this guarantee does not apply to a district
16 in a year in which the district levies a millage rate for school
17 district operating purposes less than it levied in 1994. However,
18 subsection (2) applies to calculating the payments under this
19 section. Funds allocated under this section that are not expended
20 in the state fiscal year for which they were allocated, as
21 determined by the department, may be used to supplement the
22 allocations under sections 22b and 51c in order to fully fund those
23 calculated allocations for the same fiscal year.

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



1 amount calculated as follows:

2 (a) Except as otherwise provided in this subsection, the state
3 portion of a district's 1994-95 foundation allowance is an amount
4 equal to the district's 1994-95 foundation allowance or \$6,500.00,
5 whichever is less, minus the difference between the sum of the
6 product of the taxable value per membership pupil of all property
7 in the district that is nonexempt property times the district's
8 certified mills and, for a district with certified mills exceeding
9 12, the product of the taxable value per membership pupil of
10 property in the district that is commercial personal property times
11 the certified mills minus 12 mills and the quotient of the ad
12 valorem property tax revenue of the district captured under tax
13 increment financing acts divided by the district's membership. For
14 a district that has a millage reduction required under section 31
15 of article IX of the state constitution of 1963, the state portion
16 of the district's foundation allowance shall be calculated as if
17 that reduction did not occur. For a receiving district, if school
18 operating taxes are to be levied on behalf of a dissolved district
19 that has been attached in whole or in part to the receiving
20 district to satisfy debt obligations of the dissolved district
21 under section 12 of the revised school code, MCL 380.12, taxable
22 value per membership pupil of all property in the receiving
23 district that is nonexempt property and taxable value per
24 membership pupil of property in the receiving district that is
25 commercial personal property do not include property within the
26 geographic area of the dissolved district; ad valorem property tax
27 revenue of the receiving district captured under tax increment



1 financing acts does not include ad valorem property tax revenue
2 captured within the geographic boundaries of the dissolved district
3 under tax increment financing acts; and certified mills do not
4 include the certified mills of the dissolved district.

5 (b) For a district that had a 1994-95 foundation allowance
6 greater than \$6,500.00, the state payment under this subsection
7 shall be the sum of the amount calculated under subdivision (a)
8 plus the amount calculated under this subdivision. The amount
9 calculated under this subdivision shall be equal to the difference
10 between the district's 1994-95 foundation allowance minus \$6,500.00
11 and the current year hold harmless school operating taxes per
12 pupil. If the result of the calculation under subdivision (a) is
13 negative, the negative amount shall be an offset against any state
14 payment calculated under this subdivision. If the result of a
15 calculation under this subdivision is negative, there shall not be
16 a state payment or a deduction under this subdivision. The taxable
17 values per membership pupil used in the calculations under this
18 subdivision are as adjusted by ad valorem property tax revenue
19 captured under tax increment financing acts divided by the
20 district's membership. For a receiving district, if school
21 operating taxes are to be levied on behalf of a dissolved district
22 that has been attached in whole or in part to the receiving
23 district to satisfy debt obligations of the dissolved district
24 under section 12 of the revised school code, MCL 380.12, ad valorem
25 property tax revenue captured under tax increment financing acts do
26 not include ad valorem property tax revenue captured within the
27 geographic boundaries of the dissolved district under tax increment



1 financing acts.

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

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

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



1 does not apply to a receiving district unless there is a subsequent
2 consolidation or annexation that affects the district.

3 (6) Payments under this section are subject to section 25f.

4 (7) As used in this section:

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

9 (b) "Certified mills" means the lesser of 18 mills or the
10 number of mills of school operating taxes levied by the district in
11 1993-94.

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

14 (d) "Current year hold harmless school operating taxes per
15 pupil" means the per pupil revenue generated by multiplying a
16 district's 1994-95 hold harmless millage by the district's current
17 year taxable value per membership pupil. For a receiving district,
18 if school operating taxes are to be levied on behalf of a dissolved
19 district that has been attached in whole or in part to the
20 receiving district to satisfy debt obligations of the dissolved
21 district under section 12 of the revised school code, MCL 380.12,
22 taxable value per membership pupil does not include the taxable
23 value of property within the geographic area of the dissolved
24 district.

25 (e) "Dissolved district" means a district that loses its
26 organization, has its territory attached to 1 or more other
27 districts, and is dissolved as provided under section 12 of the



1 revised school code, MCL 380.12.

2 (f) "Hold harmless millage" means, for a district with a 1994-
3 95 foundation allowance greater than \$6,500.00, the number of mills
4 by which the exemption from the levy of school operating taxes on a
5 homestead, qualified agricultural property, qualified forest
6 property, supportive housing property, industrial personal
7 property, ~~and~~ commercial personal property, **AND PROPERTY OCCUPIED**
8 **BY A PUBLIC SCHOOL ACADEMY** could be reduced as provided in section
9 1211 of the revised school code, MCL 380.1211, and the number of
10 mills of school operating taxes that could be levied on all
11 property as provided in section 1211(2) of the revised school code,
12 MCL 380.1211, as certified by the department of treasury for the
13 1994 tax year. For a receiving district, if school operating taxes
14 are to be levied on behalf of a dissolved district that has been
15 attached in whole or in part to the receiving district to satisfy
16 debt obligations of the dissolved district under section 12 of the
17 revised school code, MCL 380.12, school operating taxes do not
18 include school operating taxes levied within the geographic area of
19 the dissolved district.

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

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



1 (i) "Nonexempt property" means property that is not a
2 principal residence, qualified agricultural property, qualified
3 forest property, supportive housing property, industrial personal
4 property, ~~or~~ commercial personal property, **OR PROPERTY OCCUPIED BY**
5 **A PUBLIC SCHOOL ACADEMY.**

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

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

12 (l) "School operating taxes" means local ad valorem property
13 taxes levied under section 1211 of the revised school code, MCL
14 380.1211, and retained for school operating purposes as defined in
15 section 20.

16 (m) "Tax increment financing acts" means 1975 PA 197, MCL
17 125.1651 to 125.1681, the tax increment finance authority act, 1980
18 PA 450, MCL 125.1801 to 125.1830, the local development financing
19 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
20 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
21 or the corridor improvement authority act, 2005 PA 280, MCL
22 125.2871 to 125.2899.

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

25 (i) For the number of mills by which the exemption from the
26 levy of school operating taxes on a homestead, qualified
27 agricultural property, qualified forest property, supportive



1 housing property, industrial personal property, ~~and commercial~~
 2 personal property, **AND PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**
 3 may be reduced as provided in section 1211 of the revised school
 4 code, MCL 380.1211, the taxable value of homestead, qualified
 5 agricultural property, qualified forest property, supportive
 6 housing property, industrial personal property, ~~and commercial~~
 7 personal property, **AND PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**
 8 for the calendar year ending in the current state fiscal year. For
 9 a receiving district, if school operating taxes are to be levied on
 10 behalf of a dissolved district that has been attached in whole or
 11 in part to the receiving district to satisfy debt obligations of
 12 the dissolved district under section 12 of the revised school code,
 13 MCL 380.12, mills do not include mills within the geographic area
 14 of the dissolved district.

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

26 Sec. 22b. (1) From the appropriation in section 11, there is
 27 allocated an amount not to exceed ~~\$3,434,000,000.00 for 2014-2015~~



1 **\$3,912,400,000.00 FOR 2015-2016** for discretionary nonmandated
2 payments to districts under this section. Funds allocated under
3 this section that are not expended in the state fiscal year for
4 which they were allocated, as determined by the department, may be
5 used to supplement the allocations under sections 22a and 51c in
6 order to fully fund those calculated allocations for the same
7 fiscal year.

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

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

15 (a) Comply with section 1280b of the revised school code, MCL
16 380.1280b.

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

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

22 (d) Comply with section 1230g of the revised school code, MCL
23 380.1230g.

24 (e) Comply with section 21f.

25 (4) Districts are encouraged to use funds allocated under this
26 section for the purchase and support of payroll, human resources,
27 and other business function software that is compatible with that



1 of the intermediate district in which the district is located and
2 with other districts located within that intermediate district.

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

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

16 (7) It is the intent of the legislature that all
17 constitutional obligations of this state have been fully funded
18 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by
19 an entity receiving funds under this article that challenges the
20 legislative determination of the adequacy of this funding or
21 alleges that there exists an unfunded constitutional requirement,
22 the state budget director may escrow or allocate from the
23 discretionary funds for nonmandated payments under this section the
24 amount as may be necessary to satisfy the claim before making any
25 payments to districts under subsection (2). If funds are escrowed,
26 the escrowed funds are a work project appropriation and the funds
27 are carried forward into the following fiscal year. The purpose of



1 the work project is to provide for any payments that may be awarded
2 to districts as a result of litigation. The work project shall be
3 completed upon resolution of the litigation.

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

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

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



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

19 (12) Payments under this section are subject to section 25f.
 20 Sec. 22c. From the appropriation in section 11, there is
 21 allocated for ~~2014-2015-2015-2016~~ an amount not to exceed
 22 ~~\$103,000,000.00~~ **\$24,000,000.00** to make equity payments to districts
 23 that have a foundation allowance or per-pupil payment as calculated
 24 under section 20 for ~~2014-2015-2015-2016~~ of less than ~~\$7,251.00~~.
 25 **\$7,550.00**. The equity payment for a district shall be an amount per
 26 membership pupil equal to the lesser of ~~\$125.00~~ **\$25.00** or the
 27 difference between ~~\$7,251.00~~ **\$7,550.00** and the district's ~~2014-2015~~



1 **2015-2016** foundation allowance or per-pupil payment as calculated
2 under section 20.

3 Sec. 22d. (1) From the appropriation in section 11, an amount
4 not to exceed \$2,584,600.00 is allocated for ~~2014-2015~~**2015-2016**
5 for supplemental payments to rural districts under this section.

6 (2) From the allocation under subsection (1), there is
7 allocated for ~~2014-2015~~**2015-2016** an amount not to exceed
8 \$957,300.00 for payments under this subsection to districts that
9 meet all of the following:

10 (a) Operates grades K to 12.

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

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

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

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

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



1 needs. The intermediate superintendents shall submit the spending
 2 plan to the superintendent of public instruction for approval. Upon
 3 approval by the superintendent of public instruction, the amounts
 4 specified for each eligible district under the spending plan are
 5 allocated under subsection (2) and shall be paid to the eligible
 6 districts in the same manner as payments under section 22b.

7 (4) Subject to subsection (6), from the allocation in
 8 subsection (1), there is allocated for ~~2014-2015~~**2015-2016** an
 9 amount not to exceed \$1,627,300.00 for payments under this
 10 subsection to districts that meet all of the following:

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

13 (b) The district has a total square mileage greater than 200.0
 14 or is 1 of 2 districts that have consolidated transportation
 15 services and have a combined total square mileage greater than
 16 200.0.

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

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

21 Sec. 22g. (1) From the funds appropriated in section 11, there
 22 is allocated for ~~2014-2015~~**2015-2016** only an amount not to exceed
 23 ~~\$2,000,000.00~~**\$5,000,000.00** for competitive assistance grants to
 24 districts and intermediate districts.

25 (2) Funds received under this section may be used for
 26 reimbursement of transition costs associated with the consolidation
 27 **OR ANNEXATION** of ~~operations or services between 2 or more~~ districts



1 ~~OR~~ intermediate districts. ~~or other local units of government,~~
 2 ~~the consolidation or sharing of technology and data operations or~~
 3 ~~services between 50 or more districts or 5 or more intermediate~~
 4 ~~districts, or the consolidation of districts or intermediate~~
 5 ~~districts.~~ Grant funding shall be available for consolidations **OR**
 6 **ANNEXATIONS** that occur on or after June 1, 2014. The department
 7 shall develop an application process and method of grant
 8 distribution. The department shall give priority to applicants that
 9 propose including at least 1 of the following statewide activities:
 10 **2015. DISTRICTS MAY SPEND FUNDS ALLOCATED UNDER THIS SECTION OVER 3**
 11 **FISCAL YEARS.**

12 ~~—— (a) A comprehensive, research-based academic early warning~~
 13 ~~indicator and dropout prevention solution.~~

14 ~~—— (b) A data-driven system for identifying early reading~~
 15 ~~challenges and establishing individual reading development plans~~
 16 ~~for every student by the end of grade 3.~~

17 Sec. 23a. (1) A dropout recovery program operated by a
 18 district qualifies for the special membership counting provisions
 19 of section ~~6(4)(ff)~~ **6(4)(DD)** and the hours and day of pupil
 20 instruction exemption under section 101(12) if the dropout recovery
 21 program meets all of the following:

22 (a) Enrolls only eligible pupils.

23 (b) Provides an advocate. An advocate may serve in that role
 24 for more than 1 pupil but no more than 50 pupils. An advocate may
 25 be employed by the district or may be provided by an education
 26 management organization that is partnering with the district.

27 Before an individual is assigned to be an advocate for a pupil in



1 the dropout recovery program, the district shall comply with
2 sections 1230 and 1230a of the revised school code, MCL 380.1230
3 and 380.1230a, with respect to that individual.

4 (c) Develops a written learning plan.

5 (d) Monitors the pupil's progress against the written learning
6 plan.

7 (e) Requires each pupil to make satisfactory monthly progress,
8 as defined by the district under subsection (2).

9 (f) Reports the pupil's progress results to the partner
10 district at least monthly.

11 (g) The program may be operated on or off a district school
12 campus, but may be operated using distance learning online only if
13 the program provides a computer and internet access for each
14 eligible pupil participating in the program.

15 (h) Is operated throughout the entire calendar year.

16 (i) If the district partners with an education management
17 organization for the program, the education management organization
18 has a dropout recovery program partnership relationship with at
19 least 1 other district.

20 (2) A district operating a dropout recovery program under this
21 section shall adopt a definition of satisfactory monthly progress
22 that is consistent with the definition of that term under
23 subsection (3).

24 (3) As used in this section:

25 (a) "Advocate" means an adult available to meet in person with
26 assigned pupils, as needed, to conduct social interventions, to
27 proctor final examinations, and to provide academic and social



1 support to pupils enrolled in the district's dropout recovery
2 program.

3 (b) "Education management organization" means a private
4 provider that operates 1 or more other dropout recovery programs
5 that meet the requirements of this section in partnership with 1 or
6 more districts.

7 (c) "Eligible pupil" means a pupil who has been expelled from
8 school under the mandatory expulsion provisions in section 1311 or
9 1311a of the revised school code, MCL 380.1311 and 380.1311a, a
10 pupil who has been suspended or expelled from school under a local
11 policy, a pupil who is referred by a court, a pupil who is pregnant
12 or is a parent, a pupil who was previously a dropout, or a pupil
13 who is determined by the district to be at risk of dropping out.

14 (d) "Satisfactory monthly progress" means an amount of
15 progress that is measurable on a monthly basis and that, if
16 continued for a full 12 months, would result in the same amount of
17 academic credit being awarded to the pupil as would be awarded to a
18 general education pupil completing a full school year. Satisfactory
19 monthly progress may include a lesser required amount of progress
20 for the first 2 months a pupil participates in the program.

21 (e) "Written learning plan" means a written plan developed in
22 conjunction with the advocate that includes the plan start and end
23 dates, courses to be taken, credit to be earned for each course,
24 teacher of record for each course, and advocate name and contact
25 information.

26 Sec. 24. (1) From the appropriation in section 11, there is
27 allocated for ~~2014-2015~~**2015-2016** an amount not to exceed



1 \$8,000,000.00 for payments to the educating district or
2 intermediate district for educating pupils assigned by a court or
3 the department of human services to reside in or to attend a
4 juvenile detention facility or child caring institution licensed by
5 the department of human services and approved by the department to
6 provide an on-grounds education program. The amount of the payment
7 under this section to a district or intermediate district shall be
8 calculated as prescribed under subsection (2).

9 (2) The total amount allocated under this section shall be
10 allocated by paying to the educating district or intermediate
11 district an amount equal to the lesser of the district's or
12 intermediate district's added cost or the department's approved
13 per-pupil allocation for the district or intermediate district. For
14 the purposes of this subsection:

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



1 included.

2 (b) "Department's approved per-pupil allocation" for a
3 district or intermediate district shall be determined by dividing
4 the total amount allocated under this section for a fiscal year by
5 the full-time equated membership total for all pupils approved by
6 the department to be funded under this section for that fiscal year
7 for the district or intermediate district.

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

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

19 Sec. 24a. From the appropriation in section 11, there is
20 allocated an amount not to exceed ~~\$2,195,500.00 for 2014-2015~~
21 **\$2,189,800.00 FOR 2015-2016** for payments to intermediate districts
22 for pupils who are placed in juvenile justice service facilities
23 operated by the department of human services. Each intermediate
24 district shall receive an amount equal to the state share of those
25 costs that are clearly and directly attributable to the educational
26 programs for pupils placed in facilities described in this section
27 that are located within the intermediate district's boundaries. The



1 intermediate districts receiving payments under this section shall
2 cooperate with the department of human services to ensure that all
3 funding allocated under this section is utilized by the
4 intermediate district and department of human services for
5 educational programs for pupils described in this section. Pupils
6 described in this section are not eligible to be funded under
7 section 24. However, a program responsibility or other fiscal
8 responsibility associated with these pupils shall not be
9 transferred from the department of human services to a district or
10 intermediate district unless the district or intermediate district
11 consents to the transfer.

12 Sec. 24c. From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$1,500,000.00 for 2014-2015~~
14 **\$1,497,400.00 FOR 2015-2016** for payments to districts for pupils
15 who are enrolled in a nationally administered community-based
16 education and youth mentoring program, known as the youth challenge
17 program, that is administered by the department of military and
18 veterans affairs. Both of the following apply to a district
19 receiving payments under this section:

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

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

27 Sec. 25f. (1) From the state school aid fund money



1 appropriated in section 11, there is allocated an amount not to
 2 exceed ~~\$2,000,000.00 for 2014-2015~~ **\$1,000,000.00 FOR 2015-2016** for
 3 ~~payments to strict discipline academies established under sections~~
 4 ~~1311b to 1311m of the revised school code, MCL 380.1311b to~~
 5 ~~380.1311m, as provided under this section and for the purposes~~
 6 described in subsection ~~(5)~~. **(2)** .

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

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

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

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

19 ~~—— (4) The amount of the payment to a strict discipline academy~~
 20 ~~under this section shall be an amount equal to the difference~~
 21 ~~between the product of 1/180 of the per-pupil payment as calculated~~
 22 ~~under section 20 for the strict discipline academy multiplied by~~
 23 ~~the number of days of pupil attendance reported under subsection~~
 24 ~~(3) (b) minus the product of the per-pupil payment as calculated~~
 25 ~~under section 20 for the strict discipline academy multiplied by~~
 26 ~~the pupils in membership at the strict discipline academy as~~
 27 ~~calculated under section 6 and as adjusted by section 25e.~~



1 (2) ~~(5)~~—If the operation of the special membership counting
2 provisions under section 6(4) (dd) and the other membership counting
3 provisions under section 6(4) result in a pupil being counted as
4 more than 1.0 FTE in a fiscal year, then the payment made for the
5 pupil under sections 22a and 22b shall not be based on more than
6 1.0 FTE for that pupil, and that portion of the FTE that exceeds
7 1.0 shall be paid under this section in an amount equal to that
8 portion multiplied by the educating district's foundation allowance
9 or per-pupil payment calculated under section 20.

10 (3) ~~(6)~~—If the funds allocated under this section are
11 insufficient to fully fund the adjustments under ~~subsections (4)~~
12 ~~and (5)~~, **SUBSECTION (2)**, payments under this section shall be
13 prorated on an equal per-pupil basis.

14 (4) ~~(7)~~—Payments to districts under this section shall be made
15 according to the payment schedule under section 17b.

16 Sec. 26a. From the funds appropriated in section 11, there is
17 allocated an amount not to exceed \$26,300,000.00 for ~~2014-2015~~
18 **2015-2016** to reimburse districts and intermediate districts
19 pursuant to section 12 of the Michigan renaissance zone act, 1996
20 PA 376, MCL 125.2692, for taxes levied in ~~2014-~~**2015**. The
21 allocations shall be made not later than 60 days after the
22 department of treasury certifies to the department and to the state
23 budget director that the department of treasury has received all
24 necessary information to properly determine the amounts due to each
25 eligible recipient.

26 Sec. 26b. (1) From the appropriation in section 11, there is
27 allocated for ~~2014-2015-~~**2015-2016** an amount not to exceed



1 ~~\$4,210,000.00~~ **\$4,276,800.00** for payments to districts, intermediate
2 districts, and community college districts for the portion of the
3 payment in lieu of taxes obligation that is attributable to
4 districts, intermediate districts, and community college districts
5 pursuant to section 2154 of the natural resources and environmental
6 protection act, 1994 PA 451, MCL 324.2154.

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

11 Sec. 26c. (1) From the appropriation in section 11, there is
12 allocated an amount not to exceed ~~\$293,100.00 for 2014-2015~~
13 **\$610,000.00 FOR 2015-2016** to the promise zone fund created in
14 subsection (3).

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

20 (3) The promise zone fund is created as a separate account
21 within the state school aid fund to be used solely for the purposes
22 of the Michigan promise zone authority act, 2008 PA 549, MCL
23 390.1661 to 390.1679. All of the following apply to the promise
24 zone fund:

25 (a) The state treasurer shall direct the investment of the
26 promise zone fund. The state treasurer shall credit to the promise
27 zone fund interest and earnings from fund investments.



1 (b) Money in the promise zone fund at the close of a fiscal
2 year shall remain in the promise zone fund and shall not lapse to
3 the general fund.

4 (4) Subject to subsection (2), the state treasurer may make
5 payments from the promise zone fund to eligible districts and
6 intermediate districts pursuant to the Michigan promise zone
7 authority act, 2008 PA 549, MCL 390.1661 to 390.1679, to be used
8 for the purposes of a promise zone authority created under that
9 act.

10 Sec. 31a. (1) From the state school aid fund money
11 appropriated in section 11, there is allocated for ~~2014-2015-2015-~~
12 **2016** an amount not to exceed \$317,695,500.00 for payments to
13 eligible districts, eligible public school academies, and the
14 education achievement system for the purposes of ensuring that
15 pupils are proficient in reading by the end of grade 3 and that
16 high school graduates are career and college ready and for the
17 purposes under subsections ~~(6) and (7)~~. **(5) AND (6)**.

18 (2) For a district or public school academy, or the education
19 achievement system, to be eligible to receive funding under this
20 section, other than funding under subsection ~~(6) or (7)~~, **(5) OR**
21 **(6)**, the sum of the district's or public school academy's or the
22 education achievement system's combined state and local revenue per
23 membership pupil in the current state fiscal year, as calculated
24 under section 20, must be less than or equal to the basic
25 foundation allowance under section 20 for the current state fiscal
26 year.

27 **(3) FOR A DISTRICT OR PUBLIC SCHOOL ACADEMY, OR THE EDUCATION**



1 ACHIEVEMENT SYSTEM, TO BE ELIGIBLE TO RECEIVE FUNDING UNDER THIS
2 SECTION, OTHER THAN FUNDING UNDER SUBSECTION (5) OR (6), THE
3 DISTRICT OR PUBLIC SCHOOL ACADEMY, OR THE EDUCATION ACHIEVEMENT
4 SYSTEM, MUST IMPLEMENT A MULTI-TIERED SYSTEM OF SUPPORTS THAT IS AN
5 EVIDENCE-BASED MODEL THAT USES DATA-DRIVEN PROBLEM SOLVING TO
6 INTEGRATE ACADEMIC AND BEHAVIORAL INSTRUCTION AND THAT USES
7 INTERVENTION DELIVERED TO ALL PUPILS IN VARYING INTENSITIES BASED
8 ON PUPIL NEEDS. TO QUALIFY A DISTRICT OR PUBLIC SCHOOL ACADEMY, OR
9 THE EDUCATION ACHIEVEMENT SYSTEM, FOR FUNDING UNDER THIS SECTION, A
10 MULTI-TIERED SYSTEM OF SUPPORTS MUST PROVIDE AT LEAST ALL OF THE
11 FOLLOWING ESSENTIAL ELEMENTS:

12 (A) IMPLEMENTS EFFECTIVE INSTRUCTION FOR ALL LEARNERS.

13 (B) INTERVENES EARLY.

14 (C) PROVIDES A MULTI-TIERED MODEL OF INSTRUCTION AND
15 INTERVENTION THAT PROVIDES THE FOLLOWING:

16 (i) A CORE CURRICULUM AND CLASSROOM INTERVENTIONS AVAILABLE TO
17 ALL PUPILS THAT MEET THE NEEDS OF AT LEAST 80% OF PUPILS.

18 (ii) TARGETED GROUP INTERVENTIONS SERVING APPROXIMATELY 15% OF
19 PUPILS.

20 (iii) INTENSE INDIVIDUAL INTERVENTIONS SERVING APPROXIMATELY 5%
21 OF PUPILS.

22 (D) MONITORS PUPIL PROGRESS TO INFORM INSTRUCTION.

23 (E) USES DATA TO MAKE INSTRUCTIONAL DECISIONS.

24 (F) USES ASSESSMENTS INCLUDING UNIVERSAL SCREENING,
25 DIAGNOSTICS, AND PROGRESS MONITORING.

26 (G) ENGAGES FAMILIES AND THE COMMUNITY.

27 (H) IMPLEMENTS EVIDENCE-BASED, SCIENTIFICALLY VALIDATED,



1 **INSTRUCTION AND INTERVENTION.**

2 **(I) IMPLEMENTS INSTRUCTION AND INTERVENTION PRACTICES WITH**
 3 **FIDELITY.**

4 **(J) USES A COLLABORATIVE PROBLEM-SOLVING MODEL.**

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



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

11 ~~—— (4) Except as otherwise provided in this section, a district~~
 12 ~~or public school academy, or the education achievement system,~~
 13 ~~receiving funding under this section shall use that money only to~~
 14 ~~provide instructional programs and direct noninstructional~~
 15 ~~services, including, but not limited to, medical, mental health, or~~
 16 ~~counseling services, for at-risk pupils; for school health clinics;~~
 17 ~~and for the purposes of subsection (5), (6), (7), or (10). In~~
 18 ~~addition, a district that is a school district of the first class~~
 19 ~~or a district or public school academy in which at least 50% of the~~
 20 ~~pupils in membership met the income eligibility criteria for free~~
 21 ~~breakfast, lunch, or milk in the immediately preceding state fiscal~~
 22 ~~year, as determined and reported as described in subsection (3), or~~
 23 ~~the education achievement system if it meets this requirement, may~~
 24 ~~use not more than 20% of the funds it receives under this section~~
 25 ~~for school security. A district, the public school academy, or the~~
 26 ~~education achievement system shall not use any of that money for~~
 27 ~~administrative costs. The instruction or direct noninstructional~~



1 ~~services provided under this section may be conducted before or~~
 2 ~~after regular school hours or by adding extra school days to the~~
 3 ~~school year.~~

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

13 (5) ~~(6)~~ From the funds allocated under subsection (1), there
 14 is allocated for ~~2014-2015~~ **2015-2016** an amount not to exceed
 15 \$3,557,300.00 to support child and adolescent health centers. These
 16 grants shall be awarded for 5 consecutive years beginning with
 17 2003-2004 in a form and manner approved jointly by the department
 18 and the department of community health. Each grant recipient shall
 19 remain in compliance with the terms of the grant award or shall
 20 forfeit the grant award for the duration of the 5-year period after
 21 the noncompliance. To continue to receive funding for a child and
 22 adolescent health center under this section a grant recipient shall
 23 ensure that the child and adolescent health center has an advisory
 24 committee and that at least one-third of the members of the
 25 advisory committee are parents or legal guardians of school-aged
 26 children. A child and adolescent health center program shall
 27 recognize the role of a child's parents or legal guardian in the



1 physical and emotional well-being of the child. Funding under this
 2 subsection shall be used to support child and adolescent health
 3 center services provided to children up to age 21. ~~If any funds~~
 4 ~~allocated under this subsection are not used for the purposes of~~
 5 ~~this subsection for the fiscal year in which they are allocated,~~
 6 ~~those unused funds shall be used that fiscal year to avoid or~~
 7 ~~minimize any proration that would otherwise be required under~~
 8 ~~subsection (14) for that fiscal year.~~

9 **(6)** ~~(7)~~—From the funds allocated under subsection (1), there
 10 is allocated for ~~2014–2015~~ **2015–2016** an amount not to exceed
 11 \$5,150,000.00 for the state portion of the hearing and vision
 12 screenings as described in section 9301 of the public health code,
 13 1978 PA 368, MCL 333.9301. A local public health department shall
 14 pay at least 50% of the total cost of the screenings. The frequency
 15 of the screenings shall be as required under R 325.13091 to R
 16 325.13096 and R 325.3271 to R 325.3276 of the Michigan
 17 administrative code. Funds shall be awarded in a form and manner
 18 approved jointly by the department and the department of community
 19 health. Notwithstanding section 17b, payments to eligible entities
 20 under this subsection shall be paid on a schedule determined by the
 21 department.

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



~~1 each program conducted or services performed by the district or
2 public school academy or the education achievement system using
3 funds under this section, the amount of funds under this section
4 allocated to each of those programs or services, the total number
5 of at-risk pupils served by each of those programs or services, and
6 the data necessary for the department and the department of human
7 services to verify matching funds for the temporary assistance for
8 needy families program. If a district or public school academy or
9 the education achievement system does not comply with this
10 subsection, the department shall withhold an amount equal to the
11 August payment due under this section until the district or public
12 school academy or the education achievement system complies with
13 this subsection. If the district or public school academy or the
14 education achievement system does not comply with this subsection
15 by the end of the state fiscal year, the withheld funds shall be
16 forfeited to the school aid fund.~~

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

~~24 — (10) Subject to subsections (5), (6), and (7), a district may
25 use up to 100% of the funds it receives under this section to
26 implement schoolwide reform in schools with 40% or more of their
27 pupils identified as at-risk pupils by providing supplemental~~



1 ~~instructional or noninstructional services consistent with the~~
2 ~~school improvement plan.~~

3 (7) ~~(11)~~—If necessary, and before any proration required under
4 section 296, the department shall prorate payments under this
5 section by reducing the amount of the per pupil payment under this
6 section by a dollar amount calculated by determining the amount by
7 which the amount necessary to fully fund the requirements of this
8 section exceeds the maximum amount allocated under this section and
9 then dividing that amount by the total statewide number of pupils
10 who met the income eligibility criteria for free breakfast, lunch,
11 or milk in the immediately preceding fiscal year, as described in
12 subsection (3).

13 (8) ~~(12)~~—If a district is formed by consolidation after June
14 1, 1995, and if 1 or more of the original districts ~~was~~ **WERE** not
15 eligible before the consolidation for an additional allowance under
16 this section, the amount of the additional allowance under this
17 section for the consolidated district shall be based on the number
18 of pupils described in subsection (1) enrolled in the consolidated
19 district who reside in the territory of an original district that
20 was eligible before the consolidation for an additional allowance
21 under this section. In addition, if a district is dissolved
22 pursuant to section 12 of the revised school code, MCL 380.12, the
23 intermediate district to which the dissolved school district was
24 constituent shall determine the estimated number of pupils that
25 meet the income eligibility criteria for free breakfast, lunch, or
26 milk, as described under subsection (3), enrolled in each of the
27 other districts within the intermediate district and provide that



1 estimate to the department for the purposes of distributing funds
2 under this section within 60 days after the school district is
3 declared dissolved.

4 ~~—— (13) As used in this section, "at-risk pupil" means a pupil
5 for whom the district has documentation that the pupil meets any of
6 the following criteria:~~

7 ~~—— (a) Is a victim of child abuse or neglect.~~

8 ~~—— (b) Is a pregnant teenager or teenage parent.~~

9 ~~—— (c) Has a family history of school failure, incarceration, or
10 substance abuse.~~

11 ~~—— (d) For pupils for whom the results of the Michigan merit
12 examination have been received, is a pupil who does not meet the
13 other criteria under this subsection but who did not achieve
14 proficiency on the reading, writing, mathematics, science, or
15 social studies components of the most recent Michigan merit
16 examination for which results for the pupil have been received.~~

17 ~~—— (e) For pupils in grades K-3, is a pupil who is at risk of not
18 meeting the district's core academic curricular objectives in
19 English language arts or mathematics.~~

20 ~~—— (f) The pupil is enrolled in a priority or priority-successor
21 school, as defined in the elementary and secondary education act of
22 2001 flexibility waiver approved by the United States department of
23 education.~~

24 ~~—— (g) The pupil did not achieve a score of at least proficient
25 on 2 or more state-administered assessments for English language
26 arts, mathematics, science, or social studies.~~

27 ~~—— (h) For high school pupils in grades not assessed by the~~



~~1 state, the pupil did not receive a satisfactory score on 2 or more
2 end-of-course examinations that are aligned with state standards in
3 English language arts, mathematics, science, or social studies. For
4 middle school pupils in grades not assessed by the state, the pupil
5 did not receive a satisfactory score on 2 or more end-of-semester
6 or end-of-trimester examinations that are aligned with state
7 standards in science or social studies. For pupils in the
8 elementary grades in grades and subjects not assessed by the state,
9 the pupil did not receive a satisfactory score or did not have a
10 satisfactory outcome on 2 or more interim assessments in English
11 language arts, mathematics, science, or social studies.~~

~~12 — (i) In the absence of state or local assessment data, the
13 pupil meets at least 2 of the following criteria, as documented in
14 a form and manner approved by the department:~~

~~15 — (i) The pupil is eligible for free breakfast, lunch, or milk.~~

~~16 — (ii) The pupil is absent more than 10% of enrolled days or 10
17 school days during the school year.~~

~~18 — (iii) The pupil is homeless.~~

~~19 — (iv) The pupil is a migrant.~~

~~20 — (v) The pupil is an English language learner.~~

~~21 — (vi) The pupil is an immigrant who has immigrated within the
22 immediately preceding 3 years.~~

~~23 — (vii) The pupil did not complete high school in 4 years and is
24 still continuing in school as identified in the Michigan cohort
25 graduation and dropout report.~~

~~26 — (14) Beginning in 2014-2015, if a district, public school
27 academy, or the education achievement system does not demonstrate~~



1 ~~to the satisfaction of the department that at least 50% of at-risk~~
2 ~~pupils are reading at grade level by the end of grade 3 as measured~~
3 ~~by the state assessment and demonstrate to the satisfaction of the~~
4 ~~department improvement over 3 consecutive years in the percentage~~
5 ~~of at-risk pupils that are career- and college-ready as measured by~~
6 ~~the pupil's score on each of the individual subject areas on the~~
7 ~~college entrance examination portion of the Michigan merit~~
8 ~~examination under section 1279g(2) (a) of the revised school code,~~
9 ~~MCL 380.1279g, the district, public school academy, or education~~
10 ~~achievement system shall ensure all of the following:~~

11 ~~—— (a) The district, public school academy, or the education~~
12 ~~achievement system shall determine the proportion of total at-risk~~
13 ~~pupils that represents the number of pupils in grade 3 that are not~~
14 ~~reading at grade level by the end of grade 3, and the district,~~
15 ~~public school academy, or the education achievement system shall~~
16 ~~expend that same proportion multiplied by 1/2 of its total at-risk~~
17 ~~funds under this section on tutoring and other methods of improving~~
18 ~~grade 3 reading levels.~~

19 ~~—— (b) The district, public school academy, or the education~~
20 ~~achievement system shall determine the proportion of total at-risk~~
21 ~~pupils that represent the number of pupils in grade 11 that are not~~
22 ~~career- and college-ready as measured by the student's score on~~
23 ~~each of the individual subject areas on the college entrance~~
24 ~~examination portion of the Michigan merit examination under section~~
25 ~~1279g(2) (a) of the revised school code, MCL 380.1279g, and the~~
26 ~~district, public school academy, or the education achievement~~
27 ~~system shall expend that same proportion multiplied by 1/2 of its~~



1 ~~total at risk funds under this section on tutoring and other~~
 2 ~~activities to improve scores on the college entrance examination~~
 3 ~~portion of the Michigan merit examination.~~

4 ~~—— (15) As used in subsection (14), "total at risk pupils" means~~
 5 ~~the sum of the number of pupils in grade 3 that are not reading at~~
 6 ~~grade level by the end of third grade and the number of pupils in~~
 7 ~~grade 11 that are not career- and college-ready as measured by the~~
 8 ~~student's score on each of the individual subject areas on the~~
 9 ~~college entrance examination portion of the Michigan merit~~
 10 ~~examination under section 1279g(2) (a) of the revised school code,~~
 11 ~~MCL 380.1279g.~~

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

16 Sec. 31d. (1) From the appropriations in section 11, there is
 17 allocated an amount not to exceed \$22,495,100.00 for ~~2014-2015~~
 18 **2015-2016** for the purpose of making payments to districts and other
 19 eligible entities under this section.

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



1 104458-104492.

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

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

12 (5) From the federal funds appropriated in section 11, there
13 is allocated for ~~2014-2015~~**2015-2016** all available federal funding,
14 estimated at \$510,000,000.00 for the national school lunch program
15 and all available federal funding, estimated at \$3,200,000.00 for
16 the emergency food assistance program.

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

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

24 Sec. 31f. (1) From the appropriations in section 11, there is
25 allocated an amount not to exceed \$5,625,000.00 for ~~2014-2015~~**2015-**
26 **2016** for the purpose of making payments to districts to reimburse
27 for the cost of providing breakfast.



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

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

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

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

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

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

23 Sec. 32d. (1) From the funds appropriated in section 11, there
24 is allocated to eligible intermediate districts and consortia of
25 intermediate districts for great start readiness programs an amount
26 not to exceed ~~\$214,275,000.00 for 2014-2015. In addition, from the~~
27 ~~funds appropriated in section 11, there is allocated to the great~~



1 ~~start readiness reserve fund created under subsection (19) an~~
2 ~~amount not to exceed \$25,000,000.00 for 2014-2015. \$239,275,000.00~~
3 **FOR 2015-2016.** Funds allocated under this section for great start
4 readiness programs shall be used to provide part-day, school-day,
5 or GSRP/head start blended comprehensive free compensatory
6 classroom programs designed to improve the readiness and subsequent
7 achievement of educationally disadvantaged children who meet the
8 participant eligibility and prioritization guidelines as defined by
9 the department. For a child to be eligible to participate in a
10 program under this section, the child shall be at least 4, but less
11 than 5, years of age as of the date specified for determining a
12 child's eligibility to attend school under section 1147 of the
13 revised school code, MCL 380.1147.

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

24 (3) In addition to the allocation under subsection (1), from
25 the general fund money appropriated under section 11, there is
26 allocated an amount not to exceed \$300,000.00 for ~~2014-2015-2015-~~
27 **2016** for a competitive grant to continue a longitudinal evaluation



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

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

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

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

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

17 (d) Physical and dental health and developmental screening
18 services for all program participants.

19 (e) Referral services for families of program participants to
20 community social service agencies, including mental health
21 services, as appropriate.

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

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

27 (h) Participation in a school readiness advisory committee



1 convened as a workgroup of the great start collaborative that
2 provides for the involvement of classroom teachers, parents or
3 guardians of program participants, and community, volunteer, and
4 social service agencies and organizations, as appropriate. The
5 advisory committee annually shall review and make recommendations
6 regarding the program components listed in this subsection. The
7 advisory committee also shall make recommendations to the great
8 start collaborative regarding other community services designed to
9 improve all children's school readiness.

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

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

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

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

19 (b) Except as otherwise provided in this subdivision, ensure
20 that at least 90% of the children participating in an eligible
21 great start readiness program for whom the intermediate district is
22 receiving funds under this section are children who live with
23 families with a household income that is equal to or less than 250%
24 of the federal poverty level. If the intermediate district
25 determines that all eligible children are being served and that
26 there are no children on the waiting list under section 39(1)(d)
27 who live with families with a household income that is equal to or



1 less than 250% of the federal poverty level, the intermediate
2 district may then enroll children who live with families with a
3 household income that is equal to or less than 300% of the federal
4 poverty level. The enrollment process shall consider income and
5 risk factors, such that children determined with higher need are
6 enrolled before children with lesser need. For purposes of this
7 subdivision, all age-eligible children served in foster care or who
8 are experiencing homelessness or who have individualized education
9 plans recommending placement in an inclusive preschool setting
10 shall be considered to live with families with household income
11 equal to or less than 250% of the federal poverty level regardless
12 of actual family income.

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

15 (i) Teachers possessing proper training. A lead teacher must
16 have a valid teaching certificate with an early childhood (ZA or
17 ZS) endorsement or a bachelor's degree in child development or
18 early child development with specialization in preschool teaching.
19 However, if an applicant demonstrates to the department that it is
20 unable to fully comply with this subparagraph after making
21 reasonable efforts to comply, teachers who have significant but
22 incomplete training in early childhood education or child
23 development may be used if the applicant provides to the
24 department, and the department approves, a plan for each teacher to
25 come into compliance with the standards in this subparagraph. A
26 teacher's compliance plan must be completed within 2 years of the
27 date of employment. Progress toward completion of the compliance



1 plan shall consist of at least 2 courses per calendar year.

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

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



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

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

13 (8) An intermediate district or consortium of intermediate
14 districts receiving a grant under this section shall designate an
15 early childhood coordinator, and may provide services directly or
16 may contract with 1 or more districts or public or private for-
17 profit or nonprofit providers that meet all requirements of
18 subsection (4).

19 (9) Funds received under this section may be retained for
20 administrative services as follows:

21 (a) For the portion of the total grant amount for which
22 services are provided directly by an intermediate district or
23 consortium of intermediate districts, the intermediate district or
24 consortium of intermediate districts may retain an amount equal to
25 not more than 7% of that portion of the grant amount.

26 (b) For the portion of the total grant amount for which
27 services are contracted, the intermediate district or consortium of



1 intermediate districts receiving the grant may retain an amount
2 equal to not more than ~~2%~~**5%** of that portion of the grant amount
3 and the subrecipients engaged by the intermediate district to
4 provide program services may retain for administrative services an
5 amount equal to not more than ~~5%~~**2%** of that portion of the grant
6 amount.

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

10 (11) Each grant recipient shall enroll children identified
11 under subsection (5) (b) according to how far the child's household
12 income is below 250% of the federal poverty level by ranking each
13 applicant child's household income from lowest to highest and
14 dividing the applicant children into quintiles based on how far the
15 child's household income is below 250% of the federal poverty
16 level, and then enrolling children in the quintile with the lowest
17 household income before enrolling children in the quintile with the
18 next lowest household income until slots are completely filled. If
19 the grant recipient determines that all eligible children are being
20 served and that there are no children on the waiting list under
21 section 39(1) (d) who live with families with a household income
22 that is equal to or less than 250% of the federal poverty level,
23 the grant recipient may then enroll children who live with families
24 with a household income that is equal to or less than 300% of the
25 federal poverty level. The enrollment process shall consider income
26 and risk factors, such that children determined with higher need
27 are enrolled before children with lesser need. For purposes of this



1 subdivision, all age-eligible children served in foster care or who
2 are experiencing homelessness or who have individualized education
3 plans recommending placement in an inclusive preschool setting
4 shall be considered to live with families with household income
5 equal to or less than 250% of the federal poverty level regardless
6 of actual family income.

7 (12) An intermediate district or consortium of intermediate
8 districts receiving a grant under this section shall allow parents
9 of eligible children who are residents of the intermediate district
10 or within the consortium to choose a program operated by or
11 contracted with another intermediate district or consortium of
12 intermediate districts and shall pay to the educating intermediate
13 district or consortium the per-child amount attributable to each
14 child enrolled pursuant to this sentence, as determined under
15 section 39.

16 (13) An intermediate district or consortium of intermediate
17 districts receiving a grant under this section shall conduct a
18 local process to contract with interested and eligible public and
19 private for-profit and nonprofit community-based providers that
20 meet all requirements of subsection (4) for at least 30% of its
21 total slot allocation. The intermediate district or consortium
22 shall report to the department, in a manner prescribed by the
23 department, a detailed list of community-based providers by
24 provider type, including private for-profit, private nonprofit,
25 community college or university, head start grantee or delegate,
26 and district or intermediate district, and the number and
27 proportion of its total slot allocation allocated to each provider



1 as subrecipient. If the intermediate district or consortium is not
2 able to contract for at least 30% of its total slot allocation, the
3 grant recipient shall notify the department and, if the department
4 verifies that the intermediate district or consortium attempted to
5 contract for at least 30% of its total slot allocation and was not
6 able to do so, then the intermediate district or consortium may
7 retain and use all of its allocated slots as provided under this
8 section. To be able to use this exemption, the intermediate
9 district or consortium shall demonstrate to the department that the
10 intermediate district or consortium increased the percentage of its
11 total slot allocation for which it contracts with a community-based
12 provider and the intermediate district or consortium shall submit
13 evidence satisfactory to the department, and the department must be
14 able to verify this evidence, demonstrating that the intermediate
15 district or consortium took measures to contract for at least 30%
16 of its total slot allocation as required under this subsection,
17 including, but not limited to, at least all of the following
18 measures:

19 (a) The intermediate district or consortium notified each
20 licensed child care center located in the service area of the
21 intermediate district or consortium at least twice regarding the
22 center's eligibility to participate. One of these notifications may
23 be made electronically, but at least 1 of these notifications shall
24 be made via hard copy through the United States mail. At least 1 of
25 these notifications shall be made within 7 days after the
26 intermediate district or consortium receives notice from the
27 department of its slot allocations.



1 (b) The intermediate district or consortium provided to each
2 licensed child care center located in the service area of the
3 intermediate district or consortium information regarding great
4 start readiness program requirements and a description of the
5 application and selection process for community-based providers.

6 (c) The intermediate district or consortium provided to the
7 public and to participating families a list of community-based
8 great start readiness program subrecipients with a great start to
9 quality rating of at least 3 stars.

10 (14) If an intermediate district or consortium of intermediate
11 districts receiving a grant under this section fails to submit
12 satisfactory evidence to demonstrate its effort to contract for at
13 least 30% of its total slot allocation, as required under
14 subsection (1), the department shall reduce the slots allocated to
15 the intermediate district or consortium by a percentage equal to
16 the difference between the percentage of an intermediate district's
17 or consortium's total slot allocation awarded to community-based
18 providers and 30% of its total slot allocation.

19 (15) In order to assist intermediate districts and consortia
20 in complying with the requirement to contract with community-based
21 providers for at least 30% of their total slot allocation, the
22 department shall do all of the following:

23 (a) Ensure that a great start resource center or the
24 department provides each intermediate district or consortium
25 receiving a grant under this section with the contact information
26 for each licensed child care center located in the service area of
27 the intermediate district or consortium by March 1 of each year.



1 (b) Provide, or ensure that an organization with which the
2 department contracts provides, a community-based provider with a
3 validated great start to quality rating within 90 days of the
4 provider's having submitted a request and self-assessment.

5 (c) Ensure that all intermediate district, district, community
6 college or university, head start grantee or delegate, private for-
7 profit, and private nonprofit providers are subject to a single
8 great start to quality rating system. The rating system shall
9 ensure that regulators process all prospective providers at the
10 same pace on a first-come, first-served basis and shall not allow 1
11 type of provider to receive a great start to quality rating ahead
12 of any other type of provider.

13 (d) Not later than November 1 of each year, compile the
14 results of the information reported by each intermediate district
15 or consortium under subsection ~~(10)~~ **(16)** and report to the
16 legislature a list by intermediate district or consortium with the
17 number and percentage of each intermediate district's or
18 consortium's total slot allocation allocated to community-based
19 providers by provider type, including private for-profit, private
20 nonprofit, community college or university, head start grantee or
21 delegate, and district or intermediate district.

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



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

8 (17) As used in this section:

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

12 (b) "Part-day program" means a program that operates at least
13 4 days per week, 30 weeks per year, for at least 3 hours of
14 teacher-child contact time per day but for fewer hours of teacher-
15 child contact time per day than a school-day program.

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

21 (18) An intermediate district or consortium of intermediate
22 districts receiving funds under this section shall establish a
23 sliding scale of tuition rates based upon household income for
24 children participating in an eligible great start readiness program
25 who live with families with a household income that is more than
26 250% of the federal poverty level to be used by all of its
27 providers, as approved by the department. A grant recipient shall



1 charge tuition according to that sliding scale of tuition rates on
 2 a uniform basis for any child who does not meet the income
 3 eligibility requirements under this section.

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

20 **(19)** ~~(20)~~ From the amount appropriated in subsection (1),
 21 there is allocated an amount not to exceed \$10,000,000.00 for
 22 reimbursement of transportation costs for children attending great
 23 start readiness programs funded under this section. To receive
 24 reimbursement under this subsection, not later than November 1,
 25 2014, **2015**, a program funded under this section that provides
 26 transportation shall submit to the intermediate district that is
 27 the fiscal agent for the program a projected transportation budget.



1 The amount of the reimbursement for transportation under this
2 subsection shall be the lesser of the projected transportation
3 budget or \$150.00 multiplied by the number of slots funded for the
4 program under this section. If the amount allocated under this
5 subsection is insufficient to fully reimburse the transportation
6 costs for all programs that provide transportation and submit the
7 required information, the reimbursement shall be prorated in an
8 equal amount per slot funded. Payments shall be made to the
9 intermediate district that is the fiscal agent for each program,
10 and the intermediate district shall then reimburse the program
11 provider for transportation costs as prescribed under this
12 subsection.

13 Sec. 32p. (1) From the school aid fund appropriation in
14 section 11, there is allocated an amount not to exceed
15 \$10,900,000.00 to intermediate districts for ~~2014-2015~~**2015-2016**
16 for the purpose of providing early childhood funding to
17 intermediate school districts in block grants ~~, supporting TO~~
18 **SUPPORT** the activities under subsection (2) ~~, and providing TO~~
19 **PROVIDE** early childhood programs for children from birth through
20 age 8. The funding provided to each intermediate district under
21 this section shall be determined by the distribution formula
22 established by the department's office of great start to provide
23 equitable funding statewide. In order to receive funding under this
24 section, each intermediate district shall provide an application to
25 the office of great start not later than September 15 of the
26 immediately preceding fiscal year indicating the activities planned
27 to be provided.



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

8 (a) Children born healthy.

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

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

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

15 (3) Each local great start collaborative and parent coalition
16 shall convene workgroups to make recommendations about community
17 services designed to achieve the outcomes described in subsection
18 (2) and to ensure that its local great start system includes the
19 following supports for children from birth 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) Not later than December 1 of each year, each intermediate
26 district shall provide a report to the department detailing the
27 activities actually provided during the immediately preceding



1 school year and the families and children actually served. The
2 department shall compile and summarize these reports and submit its
3 summary to the house and senate appropriations subcommittees on
4 school aid and to the house and senate fiscal agencies not later
5 than February 15 of each year.

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

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

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



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

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

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

14 (2) After notification of funding allocations, an applicant
15 receiving funds under section 32d shall also submit an
16 implementation plan for approval, in a form and manner prescribed
17 by the department, by a date specified by the department, that
18 details how the applicant complies with the program components
19 established by the department pursuant to section 32d.

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



1 Russell national school lunch act, 42 USC 1751 to 1769i, shall be
2 multiplied by the average kindergarten enrollment of the districts
3 served by the applicant on the pupil membership count day of the 2
4 immediately preceding fiscal years.

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

27 (5) If funds allocated for eligible applicants ~~or to the great~~



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

13 (6) If funds allocated for eligible applicants ~~or to the great~~
14 ~~start readiness reserve fund~~ under section 32d remain after the
15 allocations under subsections (4) and (5), remaining funds shall be
16 distributed to each eligible applicant under section 32d in
17 decreasing order of concentration of eligible children as
18 determined by the formula under subsection (3). If the number of
19 children the applicant indicates it will be able to serve under
20 subsection (1)(c) exceeds the number of children for which funds
21 have been received under subsections (4) and (5), the allocation
22 under this subsection shall be determined by multiplying the number
23 of children the applicant indicates it will be able to serve under
24 subsection (1)(c) less the number of children for which funds have
25 been received under subsections (4) and (5) by \$3,625.00 until the
26 funds allocated for eligible applicants in section 32d are
27 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 ~~2014-2015~~**2015-2016** to districts,
 18 intermediate districts, and other eligible entities all available
 19 federal funding, estimated at ~~\$807,969,900.00~~**\$779,076,400.00** 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 ~~\$8,000,000.00~~**\$5,000,000.00** to
 23 provide students with drug- and violence-prevention programs and to
 24 implement strategies to improve school safety, funded from DED-
 25 OESE, drug-free schools and communities funds.

26 (b) An amount estimated at \$111,111,900.00 for the purpose of
 27 preparing, training, and recruiting high-quality teachers and class



1 size reduction, funded from DED-OESE, improving teacher quality
2 funds.

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

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

9 (e) An amount estimated at ~~\$2,393,500.00~~ **\$3,000,000.00** for
10 rural and low income schools, funded from DED-OESE, rural and low
11 income school funds.

12 (f) An amount estimated at ~~\$591,500,000.00~~ **\$565,000,000.00** to
13 provide supplemental programs to enable educationally disadvantaged
14 children to meet challenging academic standards, funded from DED-
15 OESE, title I, disadvantaged children funds.

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

19 (h) An amount estimated at \$39,000,000.00 for the purpose of
20 providing high-quality extended learning opportunities, after
21 school and during the summer, for children in low-performing
22 schools, funded from DED-OESE, twenty-first century community
23 learning center funds.

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

27 (2) From the federal funds appropriated in section 11, there



1 is allocated for ~~2014-2015~~**2015-2016** to districts, intermediate
 2 districts, and other eligible entities all available federal
 3 funding, estimated at ~~\$31,300,000.00~~**\$30,800,000.00** for the
 4 following programs that are funded by federal grants:

5 (a) An amount estimated at \$200,000.00 for acquired
 6 immunodeficiency syndrome education grants, funded from HHS -
 7 ~~center for disease control,~~**CENTERS FOR DISEASE CONTROL AND**
 8 **PREVENTION**, AIDS funding.

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

12 **(C) AN AMOUNT ESTIMATED AT \$4,000,000.00 TO PROVIDE MENTAL**
 13 **HEALTH, SUBSTANCE ABUSE, OR VIOLENCE PREVENTION SERVICES TO**
 14 **STUDENTS, FUNDED FROM HHS-SAMHSA.**

15 **(D)** ~~(e)~~An amount estimated at ~~\$28,500,000.00~~**\$24,000,000.00**
 16 for providing career and technical education services to pupils,
 17 funded from DED-OVAE, basic grants to states.

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

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

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



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

4 (5) As used in this section:

5 (a) "DED" means the United States ~~department of~~
 6 ~~education.~~ **DEPARTMENT OF EDUCATION.**

7 (b) "DED-OESE" means the DED ~~office of elementary and~~
 8 ~~secondary education.~~ **OFFICE OF ELEMENTARY AND SECONDARY EDUCATION.**

9 (c) "DED-OVAE" means the DED ~~office of vocational and adult~~
 10 ~~education.~~ **OFFICE OF VOCATIONAL AND ADULT EDUCATION.**

11 (d) "HHS" means the United States ~~department of health and~~
 12 ~~human services.~~ **DEPARTMENT OF HEALTH AND HUMAN SERVICES.**

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

15 **(E) "HHS-SAMHSA" MEANS THE HHS SUBSTANCE ABUSE AND MENTAL**
 16 **HEALTH SERVICES ADMINISTRATION.**

17 Sec. 43. From the general fund money appropriated in section
 18 11, there is allocated to the department for ~~2014-2015-2015-2016~~ an
 19 amount not to exceed \$1,800,000.00 for updating teacher
 20 certification tests. The department shall use these funds to update
 21 the set of teacher certification tests, including content-specific
 22 and subject-relevant tests, to reflect current education standards
 23 by not later than September 30, 2016. **THIS IS THE SECOND YEAR OF 2**
 24 **YEARS OF FUNDING.**

25 Sec. 51a. (1) From the appropriation in section 11, there is
 26 allocated an amount not to exceed ~~\$914,946,100.00 for 2014-2015~~
 27 **\$934,546,100.00 FOR 2015-2016** from state sources and all available



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

25 (2) From the funds allocated under subsection (1), there is
26 allocated the amount necessary, estimated at ~~\$251,800,000.00 for~~
27 ~~2014-2015,~~ **\$257,200,000.00 FOR 2015-2016** for payments toward



1 reimbursing districts and intermediate districts for 28.6138% of
2 total approved costs of special education, excluding costs
3 reimbursed under section 53a, and 70.4165% of total approved costs
4 of special education transportation. Allocations under this
5 subsection shall be made as follows:

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

26 (b) After the allocations under subdivision (a), districts and
27 intermediate districts for which the payments calculated under



1 subdivision (a) do not fulfill the specified percentages shall be
2 paid the amount necessary to achieve the specified percentages for
3 the district or intermediate district.

4 (3) From the funds allocated under subsection (1), there is
5 allocated for ~~2014-2015~~**2015-2016** an amount not to exceed
6 \$1,000,000.00 to make payments to districts and intermediate
7 districts under this subsection. If the amount allocated to a
8 district or intermediate district for a fiscal year under
9 subsection (2)(b) is less than the sum of the amounts allocated to
10 the district or intermediate district for 1996-97 under sections 52
11 and 58, there is allocated to the district or intermediate district
12 for the fiscal year an amount equal to that difference, adjusted by
13 applying the same proration factor that was used in the
14 distribution of funds under section 52 in 1996-97 as adjusted to
15 the district's or intermediate district's necessary costs of
16 special education used in calculations for the fiscal year. This
17 adjustment is to reflect reductions in special education program
18 operations or services between 1996-97 and subsequent fiscal years.
19 Adjustments for reductions in special education program operations
20 or services shall be made in a manner determined by the department
21 and shall include adjustments for program or service shifts.

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



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

14 (5) State funds shall be allocated on a total approved cost
15 basis. Federal funds shall be allocated under applicable federal
16 requirements, except that an amount not to exceed \$3,500,000.00 may
17 be allocated by the department for ~~2014-2015~~**2015-2016** to
18 districts, intermediate districts, or other eligible entities on a
19 competitive grant basis for programs, equipment, and services that
20 the department determines to be designed to benefit or improve
21 special education on a statewide scale.

22 (6) From the amount allocated in subsection (1), there is
23 allocated an amount not to exceed \$2,200,000.00 for ~~2014-2015~~**2015-**
24 **2016** to reimburse 100% of the net increase in necessary costs
25 incurred by a district or intermediate district in implementing the
26 revisions in the administrative rules for special education that
27 became effective on July 1, 1987. As used in this subsection, "net



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

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

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



1 an on-grounds education program.

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

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



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

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

19 (D) ~~(e)~~ Beginning with calculations for 2004-2005, if an
20 intermediate district purchases a special education pupil
21 transportation service from a constituent district that was
22 previously purchased from a private entity; if the purchase from
23 the constituent district is at a lower cost, adjusted for changes
24 in fuel costs; and if the cost shift from the intermediate district
25 to the constituent does not result in any net change in the revenue
26 the constituent district receives from payments under sections 22b
27 and 51c, then upon application by the intermediate district, the



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

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

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

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

23 (11) From the funds allocated in subsection (1), there is
24 allocated the amount necessary, estimated at ~~\$4,000,000.00 for~~
25 ~~2014-2015,~~ **\$3,200,000.00 FOR 2015-2016**, to pay the foundation
26 allowances for pupils described in this subsection. The allocation
27 to a district under this subsection shall be calculated by



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

18 (a) Pupils described in section 53a.

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

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

26 (12) If it is determined that funds allocated under subsection
27 (2) or (11) or under section 51c will not be expended, funds up to



1 the amount necessary and available may be used to supplement the
2 allocations under subsection (2) or (11) or under section 51c in
3 order to fully fund those allocations. After payments under
4 subsections (2) and (11) and section 51c, the remaining
5 expenditures from the allocation in subsection (1) shall be made in
6 the following order:

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

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

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

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

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

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

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



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

6 **(15) A DISTRICT OR INTERMEDIATE DISTRICT THAT FAILS TO COMPLY**
 7 **WITH SUBSECTION (14) OR WITH THE REQUIREMENTS OF FEDERAL**
 8 **REGULATIONS REGARDING THE TREATMENT OF PUBLIC SCHOOL ACADEMIES AND**
 9 **PUBLIC SCHOOL ACADEMY PUPILS FOR THE PURPOSES OF SPECIAL EDUCATION,**
 10 **34 CFR 300.209, FORFEITS FROM ITS TOTAL STATE AID AN AMOUNT EQUAL**
 11 **TO 10% OF ITS TOTAL STATE AID.**

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 for ~~2014-2015~~**2015-2016** the amount necessary,
 16 estimated at ~~\$606,000,000.00~~**\$621,000,000.00**, for payments to
 17 reimburse districts for 28.6138% of total approved costs of special
 18 education excluding costs reimbursed under section 53a, and
 19 70.4165% of total approved costs of special education
 20 transportation. Funds allocated under this section that are not
 21 expended in the state fiscal year for which they were allocated, as
 22 determined by the department, may be used to supplement the
 23 allocations under sections 22a and 22b in order to fully fund those
 24 calculated allocations for the same fiscal year.

25 Sec. 51d. (1) From the federal funds appropriated in section
 26 11, there is allocated for ~~2014-2015~~**2015-2016**, all available
 27 federal funding, estimated at ~~\$74,000,000.00~~**\$71,000,000.00**, for



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

7 (2) From the federal funds allocated under subsection (1), the
 8 following amounts are allocated for ~~2014-2015~~:**2015-2016**:

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

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

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

18 (3) As used in this section, "DED-OSERS" means the United
 19 States ~~department of education office of special education and~~
 20 ~~rehabilitative services.~~**DEPARTMENT OF EDUCATION OFFICE OF SPECIAL**
 21 **EDUCATION AND REHABILITATIVE SERVICES.**

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



1 calculated under section 20. For intermediate districts,
2 reimbursement for pupils described in subsection (2) shall be
3 calculated in the same manner as for a district, using the
4 foundation allowance under section 20 of the pupil's district of
5 residence, not to exceed the basic foundation allowance under
6 section 20 for the current fiscal year.

7 (2) Reimbursement under subsection (1) is for the following
8 special education pupils:

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

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

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

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

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

27 (3) Only those costs that are clearly and directly



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

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

7 (5) Not more than \$10,500,000.00 of the allocation for ~~2014-~~
 8 ~~2015-~~**2015-2016** in section 51a(1) shall be allocated under this
 9 section.

10 Sec. 54. Each intermediate district shall receive an amount
 11 per-pupil for each pupil in attendance at the Michigan schools for
 12 the deaf and blind. The amount shall be proportionate to the total
 13 instructional cost at each school. Not more than \$1,688,000.00 of
 14 the allocation for ~~2014-2015-~~**2015-2016** in section 51a(1) shall be
 15 allocated under this section.

16 **SEC. 55. (1) FROM THE MONEY APPROPRIATED IN SECTION 11, THERE**
 17 **IS ALLOCATED AN AMOUNT NOT TO EXCEED \$150,000.00 FOR 2015-2016 TO**
 18 **MICHIGAN STATE UNIVERSITY, DEPARTMENT OF EPIDEMIOLOGY, FOR A STUDY**
 19 **OF THE CONDUCTIVE LEARNING CENTER LOCATED AT AQUINAS COLLEGE. THIS**
 20 **FUNDING SHALL BE USED TO DEVELOP AND IMPLEMENT AN EVALUATION OF THE**
 21 **EFFECTIVENESS OF CONDUCTIVE EDUCATION FOR CHILDREN WITH CEREBRAL**
 22 **PALSY. THE EVALUATION SHALL BE MULTIDIMENSIONAL AND SHALL INCLUDE A**
 23 **CONTROL GROUP OF CHILDREN WITH CEREBRAL PALSY NOT ENROLLED IN**
 24 **CONDUCTIVE EDUCATION. IT SHOULD INCLUDE AN ASSESSMENT OF THE MOTOR**
 25 **SYSTEM ITSELF AS WELL AS THE IMPACT OF CONDUCTIVE EDUCATION ON EACH**
 26 **OF THE FOLLOWING:**

27 (A) **THE ACQUISITION OF SKILLS PERMITTING COMPLEX MOTOR**



1 **FUNCTIONS.**

2 (B) **THE PERFORMANCE OF TASKS ESSENTIAL TO DAILY LIVING.**

3 (C) **THE ATTITUDES AND FEELINGS OF BOTH CHILDREN AND PARENTS.**

4 (D) **THE LONG-TERM NEED FOR SPECIAL EDUCATION FOR CHILDREN WITH**
5 **CEREBRAL PALSY.**

6 (2) **IT IS THE INTENT OF THE LEGISLATURE THAT THIS FUNDING IS**
7 **FOR THE FIRST OF 2 YEARS OF FUNDING FOR THIS PURPOSE.**

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

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

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

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

23 (2) From the allocation under section 51a(1), there is
24 allocated an amount not to exceed \$37,758,100.00 for ~~2014-2015~~
25 **2015-2016** to reimburse intermediate districts levying millages for
26 special education pursuant to part 30 of the revised school code,
27 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the



1 reimbursement shall be limited as if the funds were generated by
 2 these millages and governed by the intermediate district plan
 3 adopted pursuant to article 3 of the revised school code, MCL
 4 380.1701 to 380.1766. As a condition of receiving funds under this
 5 section, an intermediate district distributing any portion of
 6 special education millage funds to its constituent districts shall
 7 submit for departmental approval and implement a distribution plan.

8 (3) Reimbursement for those millages levied in ~~2013-2014-2014-~~
 9 ~~2015~~ shall be made in ~~2014-2015-~~**2015-2016** at an amount per ~~2013-~~
 10 ~~2014-~~**2014-2015** membership pupil computed by subtracting from
 11 ~~\$172,200.00-~~**\$174,400.00** the ~~2013-2014-~~**2014-2015** taxable value
 12 behind each membership pupil and multiplying the resulting
 13 difference by the ~~2013-2014-~~**2014-2015** millage levied.

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

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

21 Sec. 61a. (1) From the appropriation in section 11, there is
 22 allocated an amount not to exceed ~~\$26,611,300.00 for 2014-2015~~
 23 **\$42,611,300.00 FOR 2015-2016** to reimburse on an added cost basis
 24 districts, except for a district that served as the fiscal agent
 25 for a vocational education consortium in the 1993-94 school year,
 26 and secondary area vocational-technical education centers for
 27 secondary-level career and technical education programs according



1 to rules approved by the superintendent. Applications for
 2 participation in the programs shall be submitted in the form
 3 prescribed by the department. The department shall determine the
 4 added cost for each career and technical education program area.
 5 The allocation of added cost funds shall be based on the ~~type of~~
 6 **COST OF THE** career and technical education programs provided; ~~the~~
 7 number of pupils enrolled; ~~THE ADVANCEMENT OF PUPILS THROUGH THE~~
 8 **INSTRUCTIONAL PROGRAM; THE PROGRAM RANK IN STUDENT PLACEMENT;** and
 9 the length of the training period provided, and shall not exceed
 10 75% of the added cost of any program. With the approval of the
 11 department, the board of a district maintaining a secondary career
 12 and technical education program may offer the program for the
 13 period from the close of the school year until September 1. The
 14 program shall use existing facilities and shall be operated as
 15 prescribed by rules promulgated by the superintendent.

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

26 ~~— (3) In addition to the funds allocated in subsection (1), from~~
 27 ~~the appropriation in section 11, there is allocated an amount not~~



1 ~~to exceed \$1,000,000.00 for 2014-2015 to districts or intermediate~~
2 ~~districts for area career and technical education centers for the~~
3 ~~purpose of integrating the Michigan merit curriculum content~~
4 ~~standards under sections 1278a and 1278b of the revised school~~
5 ~~code, MCL 380.1278a and 380.1278b, into state-approved career and~~
6 ~~technical education instructional programs for the purpose of~~
7 ~~awarding academic credit. The department shall determine the~~
8 ~~allocation to each career and technical education center in a~~
9 ~~manner that provides for maximum integration of Michigan merit~~
10 ~~curriculum content standards statewide.~~

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

12 (a) "Membership" means for a particular fiscal year the total
13 membership for the immediately preceding fiscal year of the
14 intermediate district and the districts constituent to the
15 intermediate district or the total membership for the immediately
16 preceding fiscal year of the area vocational-technical program.

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

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



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

8 (i) The district operates the area vocational-technical
 9 education program pursuant to a contract with the intermediate
 10 district.

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

16 (2) From the appropriation in section 11, there is allocated
 17 an amount not to exceed \$9,190,000.00 for ~~2014-2015-2015-2016~~ to
 18 reimburse intermediate districts and area vocational-technical
 19 education programs established under section 690(3) of the revised
 20 school code, MCL 380.690, levying millages for area vocational-
 21 technical education pursuant to sections 681 to 690 of the revised
 22 school code, MCL 380.681 to 380.690. The purpose, use, and
 23 expenditure of the reimbursement shall be limited as if the funds
 24 were generated by those millages.

25 (3) Reimbursement for the millages levied in ~~2013-2014-2014-~~
 26 ~~2015~~ shall be made in ~~2014-2015-2015-2016~~ at an amount per ~~2013-~~
 27 ~~2014-2014-2015~~ membership pupil computed by subtracting from



1 ~~\$188,100.00~~ **\$189,400.00** the ~~2013-2014~~ **2014-2015** taxable value
2 behind each membership pupil and multiplying the resulting
3 difference by the ~~2013-2014~~ **2014-2015** millage levied.

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

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

11 Sec. 74. (1) From the amount appropriated in section 11, there
12 is allocated an amount not to exceed ~~\$3,316,500.00 for 2014-2015~~
13 **\$3,315,700.00 FOR 2015-2016** for the purposes of this section.

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



1 (3) From the allocation in subsection (1), there is allocated
2 for ~~2014-2015~~ **2015-2016** the amount necessary to pay the reasonable
3 costs of nonspecial education auxiliary services transportation
4 provided pursuant to section 1323 of the revised school code, MCL
5 380.1323. Districts funded under this subsection shall not receive
6 funding under any other section of this article for nonspecial
7 education auxiliary services transportation.

8 (4) From the funds allocated in subsection (1), there is
9 allocated an amount not to exceed ~~\$1,691,500.00 for 2014-2015~~
10 **\$1,690,700.00 FOR 2015-2016** for reimbursement to districts and
11 intermediate districts for costs associated with the inspection of
12 school buses and pupil transportation vehicles by the department of
13 state police as required under section 715a of the Michigan vehicle
14 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
15 transportation act, 1990 PA 187, MCL 257.1839. The department of
16 state police shall prepare a statement of costs attributable to
17 each district for which bus inspections are provided and submit it
18 to the department and to an intermediate district serving as
19 fiduciary in a time and manner determined jointly by the department
20 and the department of state police. Upon review and approval of the
21 statement of cost, the department shall forward to the designated
22 intermediate district serving as fiduciary the amount of the
23 reimbursement on behalf of each district and intermediate district
24 for costs detailed on the statement within 45 days after receipt of
25 the statement. The designated intermediate district shall make
26 payment in the amount specified on the statement to the department
27 of state police within 45 days after receipt of the statement. The



1 total reimbursement of costs under this subsection shall not exceed
 2 the amount allocated under this subsection. Notwithstanding section
 3 17b, payments to eligible entities under this subsection shall be
 4 paid on a schedule prescribed by the department.

5 Sec. 81. (1) Except as otherwise provided in this section,
 6 from the appropriation in section 11, there is allocated for ~~2014-~~
 7 ~~2015-2015-2016~~ to the intermediate districts the sum necessary, but
 8 not to exceed ~~\$67,115,000.00~~ **\$67,108,000.00** to provide state aid to
 9 intermediate districts under this section.

10 (2) From the allocation in subsection (1), there is allocated
 11 for ~~2014-2015-2015-2016~~ an amount not to exceed ~~\$65,108,000.00~~
 12 **\$67,108,000.00** for allocations to each intermediate district in an
 13 amount equal to ~~104.8%~~ **103.1%** of the amount allocated to the
 14 intermediate district under this subsection for ~~2013-2014.~~ ~~2014-~~
 15 **2015**. Funding provided under this section shall be used to comply
 16 with requirements of this article and the revised school code that
 17 are applicable to intermediate districts, and for which funding is
 18 not provided elsewhere in this article, and to provide technical
 19 assistance to districts as authorized by the intermediate school
 20 board.

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

26 (4) From the allocation in subsection (1), there is allocated
 27 to an intermediate district, formed by the consolidation or



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

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

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

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

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

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



1 (e) Comply with section 1230g of the revised school code, MCL
2 380.1230g.

3 (f) Comply with section 761 of the revised school code, MCL
4 380.761.

5 ~~—— (6) From the allocation in subsection (1), there is allocated~~
6 ~~an amount not to exceed \$2,000,000.00 for 2014-2015 for an~~
7 ~~incentive payment to each intermediate district that meets best~~
8 ~~practices as determined by the department under this subsection.~~
9 ~~The amount of the incentive payment is an amount equal to 3.1% of~~
10 ~~the amount allocated to the intermediate district under subsection~~
11 ~~(2). An intermediate district is eligible for an incentive payment~~
12 ~~under this subsection if the intermediate district satisfies at~~
13 ~~least 5 of the following requirements not later than June 1, 2015:~~

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

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

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

26 ~~—— (iii) Make the intermediate district's service consolidation~~
27 ~~plan publicly available on the intermediate district's website.~~



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

~~8 (c) The intermediate district develops a technology plan in
9 accordance with department policy on behalf of all constituent
10 districts within the intermediate district that integrates
11 technology into the classroom and prepares teachers to use digital
12 technologies as part of the instructional program of each of its
13 constituent districts. An intermediate district that developed a
14 technology plan in 2012-2013 or 2013-2014 shall continue to
15 implement that technology plan in 2014-2015.~~

~~16 (d) The intermediate district provides to parents and
17 community members a dashboard or report card demonstrating the
18 intermediate district's efforts to manage its finances responsibly.
19 The dashboard or report card shall include revenue and expenditure
20 projections for the intermediate district for 2014-2015 and 2015-
21 2016, a listing of all debt service obligations, detailed by
22 project, including anticipated 2014-2015 payment for each project,
23 a listing of total outstanding debt, and at least all of the
24 following for the 3 most recent school years for which the data are
25 available:~~

~~26 (i) A list of services offered by the intermediate district
27 that are shared by other local or intermediate districts and a list~~



1 ~~of the districts or intermediate districts that participate.~~
2 ~~—— (ii) The total cost savings to local or other intermediate~~
3 ~~districts that share services with the intermediate district.~~
4 ~~—— (iii) The number and percentage of teachers in the intermediate~~
5 ~~district service area that are trained to integrate technology into~~
6 ~~the classroom.~~
7 ~~—— (iv) The total funds received from levying special education~~
8 ~~and vocational education millages, and the number of special~~
9 ~~education and vocational education pupils served with those~~
10 ~~dollars.~~
11 ~~—— (v) The number and percentage of individualized education~~
12 ~~programs developed for special education pupils that contain~~
13 ~~academic goals.~~
14 ~~—— (e) The intermediate district works in a consortium with 1 or~~
15 ~~more other intermediate districts and the center to develop local~~
16 ~~information management system requirements and bid specifications~~
17 ~~that result in a recommended model information system that supports~~
18 ~~interoperability to ensure linkage and connectivity in a manner~~
19 ~~that facilitates the efficient exchange of data among districts,~~
20 ~~intermediate districts, and the center. At a minimum, these~~
21 ~~specifications shall include pupil management systems for both~~
22 ~~general and special education, learning management tools, and~~
23 ~~business services.~~
24 ~~—— (f) If an intermediate district provides medical, pharmacy,~~
25 ~~dental, vision, disability, long-term care, or any other type of~~
26 ~~benefit that would constitute a health care services benefit, to~~
27 ~~employees and their dependents, the intermediate district is the~~



1 ~~policyholder for each of its insurance policies that covers 1 or~~
2 ~~more of these benefits. An intermediate district that does not~~
3 ~~directly employ its staff or an intermediate district with a~~
4 ~~voluntary employee beneficiary association that pays no more than~~
5 ~~the maximum per employee contribution amount and that contributes~~
6 ~~no more than the maximum employer contribution percentage of total~~
7 ~~annual costs for the medical benefit plans as described in sections~~
8 ~~3 and 4 of the publicly funded health insurance contribution act,~~
9 ~~2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied~~
10 ~~this requirement.~~

11 Sec. 94. (1) From the general fund appropriation in section
12 11, there is allocated to the department for ~~2014-2015~~**2015-2016** an
13 amount not to exceed \$250,000.00 for efforts to increase the number
14 of pupils who participate and succeed in advanced placement and
15 international baccalaureate programs.

16 (2) From the funds allocated under this section, the
17 department shall award funds to cover all or part of the costs of
18 advanced placement test fees or international baccalaureate test
19 fees for low-income pupils who take an advanced placement or an
20 international baccalaureate test. Payments shall not exceed \$20.00
21 per test completed.

22 (3) The department shall only award funds under this section
23 if the department determines that all of the following criteria are
24 met:

25 (a) Each pupil for whom payment is made meets eligibility
26 requirements of the federal advanced placement test fee program
27 under section 1701 of the no child left behind act of 2001, Public



1 Law 107-110.

2 (b) The tests are administered by the college board, the
3 international baccalaureate organization, or another test provider
4 approved by the department.

5 (c) The pupil for whom payment is made pays at least \$5.00
6 toward the cost of each test for which payment is made.

7 (4) The department shall establish procedures for awarding
8 funds under this section.

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

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

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

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

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

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



1 limited to, all of the following:

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

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

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

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

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

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

17 (2) Each state department, officer, or agency that collects
18 information from districts, intermediate districts, or
19 postsecondary institutions as required under state or federal law
20 shall make arrangements with the center to ensure that the state
21 department, officer, or agency is in compliance with subsection
22 (1). This subsection does not apply to information collected by the
23 department of treasury under the uniform budgeting and accounting
24 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
25 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
26 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
27 388.1939; or section 1351a of the revised school code, MCL



1 380.1351a.

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

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

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

8 (b) Supports interoperability by using standard data
9 structures, data formats, and data definitions to ensure linkage
10 and connectivity in a manner that facilitates the exchange of data
11 among agencies and institutions within the state and between
12 states.

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

16 (d) Enables the matching of individual teachers with
17 information about their certification and the institutions that
18 prepared and recommended those teachers for state certification.

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

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

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

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



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

4 (ii) Contains student-level enrollment, demographic, and
5 program participation information.

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

9 (iv) Has the capacity to communicate with higher education data
10 systems.

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

13 (i) Contains yearly test records of individual students for
14 assessments approved by DED-OESE for accountability purposes under
15 section 1111(b) of the elementary and secondary education act of
16 1965, 20 USC 6311, including information on individual students not
17 tested, by grade and subject.

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

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

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

22 (i) Contains data that provide information regarding the extent
23 to which individual students transition successfully from secondary
24 school to postsecondary education, including, but not limited to,
25 all of the following:

26 (A) Enrollment in remedial coursework.

27 (B) Completion of 1 year's worth of college credit applicable



1 to a degree within 2 years of enrollment.

2 (ii) Contains data that provide other information determined
3 necessary to address alignment and adequate preparation for success
4 in postsecondary education.

5 (5) From the general fund appropriation in section 11, there
6 is allocated an amount not to exceed ~~\$12,022,800.00 for 2014-2015~~
7 **\$11,967,000.00 FOR 2015-2016** to the department of technology,
8 management, and budget to support the operations of the center. In
9 addition, from the federal funds appropriated in section 11 there
10 is allocated for ~~2014-2015-2015-2016~~ the amount necessary,
11 estimated at \$193,500.00, to support the operations of the center
12 and to establish a P-20 longitudinal data system ~~as provided under~~
13 ~~this section in compliance with the assurance provided to the~~
14 ~~United States department of education in order to receive state~~
15 ~~fiscal stabilization funds.~~ **NECESSARY FOR STATE AND FEDERAL**
16 **REPORTING PURPOSES.** The center shall cooperate with the department
17 to ensure that this state is in compliance with federal law and is
18 maximizing opportunities for increased federal funding to improve
19 education in this state.

20 (6) From the funds allocated in subsection (5), there is
21 allocated for ~~2014-2015-2015-2016~~ an amount ~~not to exceed~~
22 ~~\$850,000.00~~ **DETERMINED BY THE CENTER** for competitive grants to
23 support collaborative efforts on the P-20 longitudinal data system.
24 All of the following apply to grants awarded under this subsection:

25 (a) The center shall award competitive grants to eligible
26 intermediate districts or a consortium of intermediate districts
27 based on criteria established by the center.



1 (b) Activities funded under the grant shall support the P-20
 2 longitudinal data system portal and may include portal hosting,
 3 hardware and software acquisition, maintenance, enhancements, user
 4 support and related materials, and professional learning tools and
 5 activities aimed at improving the utility of the P-20 longitudinal
 6 data system.

7 (c) An applicant that received a grant under this subsection
 8 for the immediately preceding fiscal year shall receive priority
 9 for funding under this section. However, after 3 fiscal years of
 10 continuous funding, an applicant is required to compete openly with
 11 new applicants.

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

16 (8) The center may bill departments as necessary in order to
 17 fulfill reporting requirements of state and federal law. The center
 18 may also enter into agreements to supply custom data, analysis, and
 19 reporting to other principal executive departments, state agencies,
 20 local units of government, and other individuals and organizations.
 21 The center may receive and expend funds in addition to those
 22 authorized in subsection (5) to cover the costs associated with
 23 salaries, benefits, supplies, materials, and equipment necessary to
 24 provide such data, analysis, and reporting services.

25 (9) As used in this section:

26 (a) "DED-OESE" means the United States ~~department of education~~
 27 ~~office of elementary and secondary education.~~ **DEPARTMENT OF**



1 **EDUCATION OFFICE OF ELEMENTARY AND SECONDARY EDUCATION.**

2 (b) "State education agency" means the department.

3 Sec. 95a. (1) The educator evaluation reserve fund is created
4 as a separate account within the state school aid fund.

5 (2) The state treasurer may receive money or other assets from
6 any source for deposit into the educator evaluation reserve fund.
7 The state treasurer shall direct the investment of the educator
8 evaluation reserve fund. The state treasurer shall credit to the
9 educator evaluation reserve fund interest and earnings from the
10 educator evaluation reserve fund.

11 (3) Money in the educator evaluation reserve fund at the close
12 of the fiscal year shall remain in the educator evaluation reserve
13 fund and shall not lapse to the state school aid fund or to the
14 general fund. The department of treasury shall be the administrator
15 of the educator evaluation reserve fund for auditing purposes.

16 (4) From the appropriations in section 11, there is allocated
17 to the educator evaluation reserve fund for 2014-2015 an amount not
18 to exceed \$12,100,000.00 from the state school aid fund and an
19 amount not to exceed \$2,700,000.00 from the general fund. Subject
20 to subsections (5) and (6), the department shall expend the money
21 in the educator evaluation reserve fund for implementing evaluation
22 systems for public school teachers and school administrators.

23 ~~—— (5) Funds in the educator evaluation reserve fund shall not be~~
24 ~~expended unless House Bill Nos. 5223 and 5224 of the 97th~~
25 ~~Legislature are enacted into law.~~

26 **(5)** ~~(6)~~ Funds in the educator evaluation reserve fund shall
27 not be expended unless the state budget office has approved the



1 department's spending plan.

2 Sec. 98. (1) From the general fund money appropriated in
3 section 11, there is allocated an amount not to exceed
4 ~~\$7,387,500.00 for 2014-2015~~ **\$7,987,500.00 FOR 2015-2016** for the
5 purposes described in this section.

6 (2) The Michigan ~~virtual university~~ **VIRTUAL UNIVERSITY** shall
7 operate the Michigan ~~virtual learning research institute.~~ **VIRTUAL**
8 **LEARNING RESEARCH INSTITUTE**. The Michigan ~~virtual learning research~~
9 ~~institute~~ **VIRTUAL LEARNING RESEARCH INSTITUTE** shall do all of the
10 following:

11 (a) Support and accelerate innovation in education through the
12 following activities:

13 (i) Test, evaluate, and recommend as appropriate new
14 technology-based instructional tools and resources.

15 (ii) Research, design, and recommend digital education delivery
16 models for use by pupils and teachers that include age-appropriate
17 multimedia instructional content.

18 (iii) Research, develop, and recommend annually to the
19 department criteria by which cyber schools and online course
20 providers should be monitored and evaluated to ensure a quality
21 education for their pupils.

22 (iv) Based on pupil completion and performance data reported to
23 the department or the center for educational performance and
24 information from cyber schools and other online course providers
25 operating in this state, analyze the effectiveness of online
26 learning delivery models in preparing pupils to be college- and
27 career-ready and publish a report that highlights enrollment



1 totals, completion rates, and the overall impact on pupils. The
 2 report shall be submitted to the house and senate appropriations
 3 subcommittees on state school aid, the state budget director, the
 4 house and senate fiscal agencies, and the department not later than
 5 ~~December 1, 2015.~~ **MARCH 31, 2016.**

6 (v) Before August 31, ~~2015,~~ **2016**, provide an extensive
 7 professional development program to at least 500 educational
 8 personnel, including teachers, school administrators, and school
 9 board members, that focuses on the effective integration of digital
 10 learning into curricula and instruction. Not later than December 1,
 11 ~~2015,~~ **2016**, the Michigan ~~virtual learning research institute~~
 12 **VIRTUAL LEARNING RESEARCH INSTITUTE** shall submit a report to the
 13 house and senate appropriations subcommittees on state school aid,
 14 the state budget director, the house and senate fiscal agencies,
 15 and the department on the number and percentage of teachers, school
 16 administrators, and school board members who have received
 17 professional development services from the Michigan ~~virtual~~
 18 ~~university.~~ **VIRTUAL UNIVERSITY**. The report shall also identify
 19 barriers and other opportunities to encourage the adoption of
 20 digital learning in the public education system.

21 (vi) Identify and share best practices for planning,
 22 implementing, and evaluating online and blended education delivery
 23 models with intermediate districts, districts, and public school
 24 academies to accelerate the adoption of innovative education
 25 delivery models statewide.

26 (b) Provide leadership for this state's system of digital
 27 learning education by doing the following activities:



1 (i) Develop and report policy recommendations to the governor
2 and the legislature that accelerate the expansion of effective
3 online learning in this state's schools.

4 (ii) Provide a clearinghouse for research reports, academic
5 studies, evaluations, and other information related to online
6 learning.

7 (iii) Promote and distribute the most current instructional
8 design standards and guidelines for online teaching.

9 (iv) In collaboration with the department and interested
10 colleges and universities in this state, support implementation and
11 improvements related to effective digital learning instruction.

12 ~~(v) Pursue public/private partnerships that include districts~~
13 ~~to study and implement competency-based technology-rich online~~
14 ~~learning models.~~ **CREATE A STATEWIDE NETWORK OF SCHOOL-BASED MENTORS**
15 **SERVING AS LIAISONS BETWEEN PUPILS, ONLINE INSTRUCTORS, PARENTS,**
16 **AND SCHOOL STAFF AND PROVIDE MENTORS WITH RESEARCH-BASED TRAINING**
17 **AND TECHNICAL ASSISTANCE DESIGNED TO HELP MORE PUPILS BE SUCCESSFUL**
18 **ONLINE LEARNERS.**

19 (vi) Convene focus groups and conduct annual surveys of
20 teachers, administrators, pupils, parents, and others to identify
21 barriers and opportunities related to online learning.

22 (vii) Produce an annual consumer awareness report for schools
23 and parents about effective online education providers and
24 education delivery models, performance data, cost structures, and
25 research trends.

26 (viii) Research and establish an internet-based platform that
27 educators can use to create student-centric learning tools and



1 resources and facilitate a user network that assists educators in
 2 using the platform. As part of this initiative, the Michigan
 3 virtual university shall work collaboratively with districts and
 4 intermediate districts to establish a plan to make available online
 5 resources that align to Michigan's K-12 curriculum standards for
 6 use by students, educators, and parents.

7 (ix) Create and maintain a public statewide catalog of online
 8 learning courses being offered by all public schools **AND COMMUNITY**
 9 **COLLEGES** in this state. The Michigan ~~virtual learning research~~
 10 ~~institute~~ **VIRTUAL LEARNING RESEARCH INSTITUTE** shall identify and
 11 develop a list of nationally recognized best practices for online
 12 learning and use this list to support reviews of online course
 13 vendors, courses, and instructional practices. The Michigan ~~virtual~~
 14 ~~learning research institute~~ **VIRTUAL LEARNING RESEARCH INSTITUTE**
 15 shall also provide a mechanism for intermediate districts to use
 16 the identified best practices to review content offered by
 17 constituent districts. The Michigan ~~virtual learning research~~
 18 ~~institute~~ **VIRTUAL LEARNING RESEARCH INSTITUTE** shall review the
 19 online course offerings of the Michigan ~~virtual university,~~ **VIRTUAL**
 20 **UNIVERSITY**, and make the results from these reviews available to
 21 the public as part of the statewide catalog. The Michigan ~~virtual~~
 22 ~~learning research institute~~ **VIRTUAL LEARNING RESEARCH INSTITUTE**
 23 shall ensure that the statewide catalog is made available to the
 24 public on the Michigan ~~virtual university~~ **VIRTUAL UNIVERSITY**
 25 website and shall allow the ability to link it to each district's
 26 website as provided for in section 21f. ~~Beginning in 2014-2015, the~~
 27 **THE** statewide catalog shall also contain all of the following:



1 (A) The number of enrollments in each online course in the
2 immediately preceding school year.

3 (B) The number of enrollments that earned 60% or more of the
4 total course points for each online course in the immediately
5 preceding school year.

6 (C) The completion rate for each online course.

7 ~~(x) Collaborate with key stakeholders to examine the need and~~
8 ~~process for incorporating~~ **DEVELOP PROTOTYPE AND PILOT** registration,
9 payment services, and transcript functionality to the statewide
10 catalog **AND TRAIN KEY STAKEHOLDERS ON HOW TO USE NEW FEATURES.**

11 ~~—— (xi) Collaborate with key stakeholders to examine district~~
12 ~~level accountability and teacher effectiveness issues related to~~
13 ~~online learning under section 21f and make findings and~~
14 ~~recommendations publicly available.~~

15 (3) ~~In order for the Michigan virtual university to receive~~
16 ~~any funds allocated under this section, the~~ **TO FURTHER ENHANCE ITS**
17 **EXPERTISE AND LEADERSHIP IN DIGITAL LEARNING, THE MICHIGAN VIRTUAL**
18 **UNIVERSITY SHALL CONTINUE TO OPERATE THE MICHIGAN VIRTUAL SCHOOL AS**
19 **A STATEWIDE LABORATORY AND QUALITY MODEL OF INSTRUCTION BY**
20 **IMPLEMENTING ONLINE AND BLENDED LEARNING SOLUTIONS FOR MICHIGAN**
21 **SCHOOLS IN ACCORDANCE WITH THE FOLLOWING PARAMETERS:**

22 (A) ~~THE Michigan virtual school~~ **VIRTUAL SCHOOL** must maintain
23 its accreditation status from recognized national and international
24 accrediting entities.

25 (B) **THE MICHIGAN VIRTUAL UNIVERSITY SHALL USE NO MORE THAN**
26 **\$1,000,000.00 OF THE AMOUNT ALLOCATED UNDER THIS SECTION TO**
27 **SUBSIDIZE THE COST PAID BY DISTRICTS FOR ONLINE COURSES.**



1 (C) IN THE COURSE OF PROVIDING EDUCATORS RESPONSIBLE FOR THE
 2 TEACHING OF ONLINE COURSES AS PROVIDED FOR IN THIS SECTION, THE
 3 MICHIGAN VIRTUAL SCHOOL SHALL FOLLOW THE REQUIREMENTS TO REQUEST
 4 AND ASSESS, AND THE DEPARTMENT OF STATE POLICE SHALL PROVIDE, A
 5 CRIMINAL HISTORY CHECK AND CRIMINAL RECORDS CHECK UNDER SECTIONS
 6 1230 AND 1230A OF THE REVISED SCHOOL CODE, MCL 380.1230 AND
 7 380.1230A, IN THE SAME MANNER AS IF THE MICHIGAN VIRTUAL SCHOOL
 8 WERE A DISTRICT.

9 (4) If the course offerings are included in the statewide
 10 catalog of online courses under subsection (2) (b) (ix), the Michigan
 11 ~~virtual school~~**VIRTUAL SCHOOL** operated by the Michigan ~~virtual~~
 12 ~~university~~**VIRTUAL UNIVERSITY** may offer online course offerings,
 13 including, but not limited to, all of the following:

14 (a) Information technology courses.

15 (b) College level equivalent courses, as defined in section
 16 1471 of the revised school code, MCL 380.1471.

17 (c) Courses and dual enrollment opportunities.

18 (d) Programs and services for at-risk pupils.

19 (e) General education development test preparation courses for
 20 adjudicated youth.

21 (f) Special interest courses.

22 (g) Professional development programs for teachers, school
 23 administrators, other school employees, and school board members.

24 (5) If a home-schooled or nonpublic school student is a
 25 resident of a district that subscribes to services provided by the
 26 Michigan ~~virtual school~~**VIRTUAL SCHOOL**, the student may use the
 27 services provided by the Michigan ~~virtual school~~**VIRTUAL SCHOOL** to



1 the district without charge to the student beyond what is charged
2 to a district pupil using the same services.

3 (6) Not later than December 1 of each fiscal year, the
4 Michigan ~~virtual university~~ **VIRTUAL UNIVERSITY** shall provide a
5 report to the house and senate appropriations subcommittees on
6 state school aid, the state budget director, the house and senate
7 fiscal agencies, and the department that includes at least all of
8 the following information related to the Michigan ~~virtual school~~
9 **VIRTUAL SCHOOL** for the preceding state fiscal year:

10 (a) A list of the districts served by the Michigan ~~virtual~~
11 ~~school~~ **VIRTUAL SCHOOL**.

12 (b) A list of online course titles available to districts.

13 (c) The total number of online course enrollments and
14 information on registrations and completions by course.

15 (d) The overall course completion rate percentage.

16 (7) The governor may appoint an advisory group for the
17 Michigan ~~virtual learning research institute~~ **VIRTUAL LEARNING**
18 **RESEARCH INSTITUTE** established under subsection (2). The members of
19 the advisory group shall serve at the pleasure of the governor and
20 shall serve without compensation. The purpose of the advisory group
21 is to make recommendations to the governor, the legislature, and
22 the president and board of the Michigan ~~virtual university~~ **VIRTUAL**
23 **UNIVERSITY** that will accelerate innovation in this state's
24 education system in a manner that will prepare elementary and
25 secondary students to be career and college ready and that will
26 promote the goal of increasing the percentage of citizens of this
27 state with high-quality degrees and credentials to at least 60% by



1 2025.

2 (8) Not later than November 1, ~~2014,~~**2015**, the Michigan
3 ~~virtual university~~**VIRTUAL UNIVERSITY** shall submit to the house and
4 senate appropriations subcommittees on state school aid, the state
5 budget director, and the house and senate fiscal agencies a
6 detailed budget for the ~~2014-2015~~**2015-2016** fiscal year that
7 includes a breakdown on its projected costs to deliver online
8 educational services to districts and a summary of the anticipated
9 fees to be paid by districts for those services. ~~Beginning in 2013-~~
10 ~~2014, not~~**NOT** later than ~~February 1,~~**MARCH 1 EACH YEAR**, the
11 Michigan ~~virtual university~~**VIRTUAL UNIVERSITY** shall submit to the
12 house and senate appropriations subcommittees on state school aid,
13 the state budget director, and the house and senate fiscal agencies
14 a breakdown on its actual costs to deliver online educational
15 services to districts and a summary of the actual fees paid by
16 districts for those services based on audited financial statements
17 for the immediately preceding fiscal year.

18 (9) As used in this section:

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

27 (b) "Cyber school" means a full-time instructional program of



1 online courses for pupils that may or may not require attendance at
2 a physical school location.

3 (c) "Digital learning" means instruction delivered via a web-
4 based educational delivery system that uses various information
5 technologies to provide a structured learning environment,
6 including online and blended learning instructional methods.

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

17 Sec. 99. (1) ~~From the funds appropriated in section 11, there~~
18 ~~is allocated for 2014-2015 an amount not to exceed \$2,750,000.00~~
19 ~~from the state school aid fund and an amount not to exceed~~
20 ~~\$475,000.00 from the general fund to support the activities and~~
21 ~~programs of mathematics and science centers and for other purposes~~
22 ~~as described in this section. In addition, from **FROM** the federal~~
23 ~~funds appropriated in section 11, there is allocated for 2014-2015~~
24 **2015-2016** an amount estimated at \$5,249,300.00 from DED-OESE, title
25 II, mathematics and science partnership grants **TO SUPPORT**
26 **MATHEMATICS AND SCIENCE CENTERS.**

27 (2) Within a service area designated locally, approved by the



1 department, and consistent with the comprehensive master plan for
2 mathematics and science centers developed by the department and
3 approved by the state board, an established mathematics and science
4 center shall provide 2 or more of the following 6 basic services,
5 as described in the master plan, to constituent districts and
6 communities: leadership, pupil services, curriculum support,
7 community involvement, professional development, and resource
8 clearinghouse services.

9 ~~— (3) The department shall not award a state grant under this~~
10 ~~section to more than 1 mathematics and science center located in a~~
11 ~~designated region as prescribed in the 2007 master plan unless each~~
12 ~~of the grants serves a distinct target population or provides a~~
13 ~~service that does not duplicate another program in the designated~~
14 ~~region.~~

15 (3) ~~(4)~~—As part of the technical assistance process, the
16 department shall provide minimum standard guidelines that may be
17 used by the mathematics and science center for providing fair
18 access for qualified pupils and professional staff as prescribed in
19 this section.

20 (4) ~~(5)~~—Allocations under this section to support the
21 activities and programs of mathematics and science centers shall be
22 continuing support grants to all 33 established mathematics and
23 science centers. ~~Each established mathematics and science center~~
24 ~~that was funded in the immediately preceding fiscal year shall~~
25 ~~receive state funding in an amount equal to 100% of the amount it~~
26 ~~was allocated under this subsection for the immediately preceding~~
27 ~~fiscal year. If a center declines state funding or a center closes,~~



1 ~~the remaining money available under this section shall be~~
2 ~~distributed to the remaining centers, as determined by the~~
3 ~~department.~~

4 ~~—— (6) From the funds allocated in subsection (1), there is~~
5 ~~allocated for 2014-2015 an amount not to exceed \$750,000.00 in a~~
6 ~~form and manner determined by the department to those centers able~~
7 ~~to provide curriculum and professional development support to~~
8 ~~assist districts in implementing the Michigan merit curriculum~~
9 ~~components for mathematics and science. Funding under this~~
10 ~~subsection is in addition to funding allocated under subsection~~
11 ~~(5).~~

12 ~~—— (7) From the general fund money allocated in subsection (1),~~
13 ~~there is allocated for 2014-2015 an amount not to exceed~~
14 ~~\$100,000.00 to the Michigan STEM partnership, to be used to~~
15 ~~administer the grant process under this subsection. From the~~
16 ~~general fund money allocated in subsection (1), there is allocated~~
17 ~~for 2014-2015 an amount not to exceed \$375,000.00 to the Michigan~~
18 ~~STEM partnership to be used for a competitive grant process to~~
19 ~~award competitive grants to organizations conducting student-~~
20 ~~focused, project-based programs and competitions, either in the~~
21 ~~classroom or extracurricular, in science, technology, engineering,~~
22 ~~and mathematics subjects such as, but not limited to, robotics,~~
23 ~~coding, and design-build-test projects, from pre-kindergarten~~
24 ~~through college level. Funding under this subsection is in addition~~
25 ~~to funding allocated under subsection (5) and shall be used for~~
26 ~~connecting mathematics and science centers for science, technology,~~
27 ~~engineering, and mathematics purposes and to support the goals of~~



1 ~~the Michigan STEM partnership. A program receiving funds under~~
 2 ~~section 99h may not receive funds under this subsection.~~

3 (5) ~~(8)~~—In order to receive ~~state or~~ federal funds under this
 4 section, a grant recipient shall allow access for the department or
 5 the department's designee to audit all records related to the
 6 program for which it receives such funds. The grant recipient shall
 7 reimburse the state for all disallowances found in the audit.

8 (6) ~~(9)~~—Not later than September 30, 2018, the department
 9 shall reevaluate and update the comprehensive master plan described
 10 in subsection ~~(1)~~. (2) .

11 (7) ~~(10)~~—The department shall give preference in awarding the
 12 federal grants allocated in subsection (1) to eligible existing
 13 mathematics and science centers.

14 ~~—(11) In order to receive state funds under this section, a~~
 15 ~~grant recipient shall provide at least a 10% local match from local~~
 16 ~~public or private resources for the funds received under this~~
 17 ~~section.~~

18 (8) ~~(12)~~—Not later than July 1 of each year, a mathematics and
 19 science center that receives funds under this section shall report
 20 to the department in a form and manner prescribed by the department
 21 on the following performance measures:

22 (a) Statistical change in pre- and post-assessment scores for
 23 students who enrolled in mathematics and science activities
 24 provided to districts by the mathematics and science center.

25 (b) Statistical change in pre- and post-assessment scores for
 26 teachers who enrolled in professional development activities
 27 provided by the mathematics and science center.



1 (9) ~~(13)~~ As used in this section:

2 (a) "DED" means the United States ~~department of~~
3 ~~education.~~ **DEPARTMENT OF EDUCATION.**

4 (b) "DED-OESE" means the DED ~~office of elementary and~~
5 ~~secondary education.~~ **OFFICE OF ELEMENTARY AND SECONDARY EDUCATION.**

6 Sec. 99b. (1) From the funds appropriated in section 11, there
7 is allocated an amount not to exceed \$330,000.00 for ~~2014-2015~~
8 **2015-2016** for grants to districts to support professional
9 development for teachers in a department-approved training program
10 for science, technology, engineering, and mathematics (STEM)
11 instruction.

12 (2) Any district may apply for funding under this section for
13 ~~2014-2015-2015-2016~~ by a date determined by the department.
14 ~~Beginning in 2014-2015, in~~ **IN** awarding grants, the department shall
15 give priority, in a form and manner determined by the department,
16 to applicant districts with teachers who have not previously
17 received training in programs funded under this section.

18 (3) For a training program to be approved by the department
19 for the purposes of this section, the program shall meet all of the
20 following criteria:

21 (a) Utilizes an integrative STEM approach to content
22 organization and delivery. The integrative STEM approach shall
23 include content derived from science, technology, engineering, and
24 mathematics.

25 (b) Offers evidence that the program outcomes address
26 mathematics, science, and technological literacy standards in an
27 exploratory middle school or high school offering.



1 (c) Offers evidence that the program positively influences
2 student career choices along STEM career paths and increases
3 student engagement through peer-reviewed research.

4 (d) Presents evidence of the periodic improvement of the
5 curriculum.

6 (e) Utilizes outcome measures for teacher professional
7 development.

8 (f) Provides peer-reviewed evidence that the program is
9 effective with disadvantaged students and those with language
10 barriers.

11 (4) The department shall award grants to districts in an
12 amount determined by the department, but not to exceed \$3,200.00
13 per participant.

14 (5) A district receiving funds under this section shall use
15 the funds only for department-approved training programs under this
16 section.

17 Sec. 99h. (1) From the appropriation in section 11, there is
18 allocated an amount not to exceed ~~\$2,000,000.00 for 2014-2015~~
19 **\$3,000,000.00 FOR 2015-2016** for competitive grants to districts
20 that provide pupils in grades ~~7-K~~ to 12 with expanded opportunities
21 to improve mathematics, science, and technology skills by
22 participating in events hosted by a science and technology
23 development program known as FIRST (for inspiration and recognition
24 of science and technology) robotics, **INCLUDING JR. FIRST LEGO**
25 **LEAGUE, FIRST LEGO LEAGUE, FIRST TECH CHALLENGE, AND FIRST ROBOTICS**
26 **COMPETITION.**

27 (2) A district applying for a ~~FIRST tech challenge or FIRST~~



1 ~~robotics competition program grant~~ **UNDER THIS SECTION** shall submit
 2 an application in a form and manner determined by the department.
 3 To be eligible for a grant, a district shall demonstrate in its
 4 application that the district has established a partnership for the
 5 purposes of the FIRST program with at least 1 sponsor, business
 6 entity, higher education institution, or technical school, shall
 7 submit a spending plan, and shall pay at least 25% of the cost of
 8 the FIRST robotics program.

9 (3) The department shall distribute the grant funding under
 10 this section for the following purposes:

11 (a) Grants to districts to pay for stipends of \$1,500.00 for 1
 12 coach per team. ~~, distributed as follows:~~

13 ~~—— (i) Not more than 500 stipends for coaches of high school~~
 14 ~~teams, including existing teams.~~

15 ~~—— (ii) Not more than 100 stipends for coaches of middle school or~~
 16 ~~junior high teams, including existing teams.~~

17 ~~—— (iii) If the requests for stipends exceed the numbers of~~
 18 ~~stipends allowed, under subparagraphs (i) and (ii), and if there is~~
 19 ~~funding remaining unspent under subdivisions (b) and (c), the~~
 20 ~~department shall use that remaining unspent funding for grants to~~
 21 ~~districts to pay for additional stipends in a manner that expands~~
 22 ~~the geographical distribution of teams.~~

23 (b) Grants to districts for event registrations, materials,
 24 travel costs, and other expenses associated with the preparation
 25 for and attendance at ~~FIRST tech challenge and FIRST robotics~~
 26 **EVENTS AND** competitions. Each grant recipient shall provide a local
 27 match from other private or local funds for the funds received



1 under this subdivision equal to at least 50% of the costs of
 2 participating in an event. The department shall set maximum grant
 3 amounts under this subdivision in a manner that maximizes the
 4 number of teams that will be able to receive funding.

5 (c) Grants to districts for awards to teams that advance to
 6 the state and world championship competitions. The department shall
 7 determine an equal amount per team for those teams that advance to
 8 the state championship and a second equal award amount to those
 9 teams that advance to the world championship.

10 (4) The funds allocated under this section are a work project
 11 appropriation, and any unexpended funds for ~~2014-2015-2015-2016~~ are
 12 carried forward into ~~2015-2016.~~ **2016-2017**. The purpose of the work
 13 project is to continue to implement the projects described under
 14 subsection (1). The estimated completion date of the work project
 15 is September 30, ~~2017.~~ **2018**.

16 **SEC. 99Q. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
 17 **ALLOCATED AN AMOUNT NOT TO EXCEED \$900,000.00 FOR 2015-2016 FOR**
 18 **COMPETITIVE GRANTS TO DISTRICTS FOR EDUCATION PROGRAMS IN SCIENCE,**
 19 **TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM).**

20 **(2) FROM THE ALLOCATION UNDER SUBSECTION (1), THERE IS**
 21 **ALLOCATED AN AMOUNT NOT TO EXCEED \$500,000.00 FOR 2015-2016 FOR**
 22 **COMPETITIVE GRANTS TO DISTRICTS THAT PROVIDE PUPILS IN GRADES**
 23 **KINDERGARTEN TO 12 WITH EXPANDED OPPORTUNITIES IN SCIENCE EDUCATION**
 24 **AND SKILLS BY PARTICIPATING IN EVENTS AND COMPETITIONS HOSTED BY**
 25 **SCIENCE OLYMPIAD.**

26 **(3) A DISTRICT APPLYING FOR A GRANT UNDER SUBSECTION (2) SHALL**
 27 **SUBMIT AN APPLICATION IN THE FORM AND MANNER DETERMINED BY THE**



1 DEPARTMENT NOT LATER THAN NOVEMBER 15, 2015. THE DEPARTMENT SHALL
2 SELECT DISTRICTS FOR GRANTS AND MAKE NOTIFICATION NOT LATER THAN
3 DECEMBER 15, 2015. TO BE ELIGIBLE FOR A GRANT, A DISTRICT SHALL PAY
4 AT LEAST 25% OF THE COST OF PARTICIPATING IN THE SCIENCE OLYMPIAD
5 PROGRAM.

6 (4) THE DEPARTMENT SHALL DISTRIBUTE THE GRANT FUNDING
7 ALLOCATED UNDER SUBSECTION (2) FOR THE FOLLOWING PURPOSES:

8 (A) GRANTS TO DISTRICTS OF UP TO \$800.00 FOR NEW ELEMENTARY
9 TEAMS.

10 (B) GRANTS TO DISTRICTS OF UP TO \$400.00 FOR ESTABLISHED
11 ELEMENTARY TEAMS.

12 (C) GRANTS TO DISTRICTS OF UP TO \$1,600.00 FOR NEW SECONDARY
13 TEAMS.

14 (D) GRANTS TO DISTRICTS OF UP TO \$800.00 FOR ESTABLISHED
15 SECONDARY TEAMS.

16 (5) FROM THE ALLOCATION UNDER SUBSECTION (1), THERE IS
17 ALLOCATED AN AMOUNT NOT TO EXCEED \$400,000.00 FOR 2015-2016 FOR
18 COMPETITIVE GRANTS TO DISTRICTS FOR STUDENT-PARTICIPATORY
19 EXPERIENTIAL LEARNING STEM PROGRAMS INCLUDING CURRICULA AND
20 PROFESSIONAL DEVELOPMENT TO HELP TEACHERS INTEGRATE EXPERIENTIAL
21 LEARNING OPTIONS INTO THE CLASSROOM. TO BE ELIGIBLE FOR A GRANT, A
22 DISTRICT SHALL PAY AT LEAST 25% OF THE COST OF THE PROGRAM.

23 SEC. 99R. FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION
24 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$500,000.00 FOR
25 2015-2016 FOR A GRANT TO THE VAN ANDEL EDUCATION INSTITUTE FOR THE
26 PURPOSES OF ADVANCING AND PROMOTING SCIENCE EDUCATION AND
27 INCREASING THE NUMBER OF STUDENTS WHO CHOOSE TO PURSUE CAREERS IN



1 **SCIENCE OR SCIENCE-RELATED FIELDS. FUNDS ALLOCATED UNDER THIS**
2 **SECTION SHALL BE USED TO PROVIDE PROFESSIONAL DEVELOPMENT FOR**
3 **SCIENCE TEACHERS IN USING STUDENT-DRIVEN, INQUIRY-BASED**
4 **INSTRUCTION.**

5 Sec. 101. (1) To be eligible to receive state aid under this
6 article, not later than the fifth Wednesday after the pupil
7 membership count day and not later than the fifth Wednesday after
8 the supplemental count day, each district superintendent shall
9 submit to the center and the intermediate superintendent, in the
10 form and manner prescribed by the center, the number of pupils
11 enrolled and in regular daily attendance in the district as of the
12 pupil membership count day and as of the supplemental count day, as
13 applicable, for the current school year. In addition, a district
14 maintaining school during the entire year, as provided under
15 section 1561 of the revised school code, MCL 380.1561, shall submit
16 to the center and the intermediate superintendent, in the form and
17 manner prescribed by the center, the number of pupils enrolled and
18 in regular daily attendance in the district for the current school
19 year pursuant to rules promulgated by the superintendent. Not later
20 than the sixth Wednesday after the pupil membership count day and
21 not later than the sixth Wednesday after the supplemental count
22 day, the district shall certify the data in a form and manner
23 prescribed by the center and file the certified data with the
24 intermediate superintendent. If a district fails to submit and
25 certify the attendance data, as required under this subsection, the
26 center shall notify the department and state aid due to be
27 distributed under this article shall be withheld from the



1 defaulting district immediately, beginning with the next payment
2 after the failure and continuing with each payment until the
3 district complies with this subsection. If a district does not
4 comply with this subsection by the end of the fiscal year, the
5 district forfeits the amount withheld. A person who willfully
6 falsifies a figure or statement in the certified and sworn copy of
7 enrollment shall be punished in the manner prescribed by section
8 161.

9 (2) To be eligible to receive state aid under this article,
10 not later than the twenty-fourth Wednesday after the pupil
11 membership count day and not later than the twenty-fourth Wednesday
12 after the supplemental count day, an intermediate district shall
13 submit to the center, in a form and manner prescribed by the
14 center, the audited enrollment and attendance data for the pupils
15 of its constituent districts and of the intermediate district. If
16 an intermediate district fails to submit the audited data as
17 required under this subsection, state aid due to be distributed
18 under this article shall be withheld from the defaulting
19 intermediate district immediately, beginning with the next payment
20 after the failure and continuing with each payment until the
21 intermediate district complies with this subsection. If an
22 intermediate district does not comply with this subsection by the
23 end of the fiscal year, the intermediate district forfeits the
24 amount withheld.

25 (3) Except as otherwise provided in subsections (11) and (12),
26 all of the following apply to the provision of pupil instruction:

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



1 district shall provide at least 1,098 hours and, beginning in 2010-
2 2011, the required minimum number of days of pupil instruction.
3 Beginning in 2014-2015, the required minimum number of days of
4 pupil instruction is 175. However, all of the following apply to
5 these requirements:

6 (i) If a collective bargaining agreement that provides a
7 complete school calendar was in effect for employees of a district
8 as of July 1, 2013, and if that school calendar is not in
9 compliance with this subsection, then this subsection does not
10 apply to that district until after the expiration of that
11 collective bargaining agreement. If a district entered into a
12 collective bargaining agreement on or after July 1, 2013 and if
13 that collective bargaining agreement did not provide for at least
14 175 days of pupil instruction beginning in 2014-2015, then the
15 department shall withhold from the district's total state school
16 aid an amount equal to 5% of the funding the district receives in
17 2014-2015 under sections 22a and 22b.

18 (ii) A district may apply for a waiver under subsection (9)
19 from the requirements of this subdivision.

20 (b) Beginning in 2016-2017, the required minimum number of
21 days of pupil instruction is 180. If a collective bargaining
22 agreement that provides a complete school calendar was in effect
23 for employees of a district as of the effective date of the
24 amendatory act that added this subdivision, and if that school
25 calendar is not in compliance with this subdivision, then this
26 subdivision does not apply to that district until after the
27 expiration of that collective bargaining agreement. A district may



1 apply for a waiver under subsection (9) from the requirements of
2 this subdivision.

3 (c) Except as otherwise provided in this article, a district
4 failing to comply with the required minimum hours and days of pupil
5 instruction under this subsection shall forfeit from its total
6 state aid allocation an amount determined by applying a ratio of
7 the number of hours or days the district was in noncompliance in
8 relation to the required minimum number of hours and days under
9 this subsection. Not later than August 1, the board of each
10 district shall certify to the department the number of hours and
11 days of pupil instruction in the previous school year. If the
12 district did not provide at least the required minimum number of
13 hours and days of pupil instruction under this subsection, the
14 deduction of state aid shall be made in the following fiscal year
15 from the first payment of state school aid. A district is not
16 subject to forfeiture of funds under this subsection for a fiscal
17 year in which a forfeiture was already imposed under subsection
18 (6).

19 (d) Hours or days lost because of strikes or teachers'
20 conferences shall not be counted as hours or days of pupil
21 instruction.

22 (e) If a collective bargaining agreement that provides a
23 complete school calendar is in effect for employees of a district
24 as of October 19, 2009, and if that school calendar is not in
25 compliance with this subsection, then this subsection does not
26 apply to that district until after the expiration of that
27 collective bargaining agreement.



1 (f) Except as otherwise provided in subdivisions (g) and (h),
2 a district not having at least 75% of the district's membership in
3 attendance on any day of pupil instruction shall receive state aid
4 in that proportion of 1/180 that the actual percent of attendance
5 bears to the specified percentage.

6 (g) If a district adds 1 or more days of pupil instruction to
7 the end of its instructional calendar for a school year to comply
8 with subdivision (a) because the district otherwise would fail to
9 provide the required minimum number of days of pupil instruction
10 even after the operation of subsection (4) due to conditions not
11 within the control of school authorities, then subdivision (f) does
12 not apply for any day of pupil instruction that is added to the end
13 of the instructional calendar. Instead, for any of those days, if
14 the district does not have at least 60% of the district's
15 membership in attendance on that day, the district shall receive
16 state aid in that proportion of 1/180 that the actual percentage of
17 attendance bears to the specified percentage. For any day of pupil
18 instruction added to the instructional calendar as described in
19 this subdivision, the district shall report to the department the
20 percentage of the district's membership that is in attendance, in
21 the form and manner prescribed by the department.

22 (h) At the request of a district that operates a department-
23 approved alternative education program and that does not provide
24 instruction for pupils in all of grades K to 12, the superintendent
25 ~~may~~**SHALL** grant a waiver from the requirements of subdivision (f).
26 The waiver shall indicate that an eligible district is subject to
27 the proration provisions of subdivision (f) only if the district



1 does not have at least 50% of the district's membership in
2 attendance on any day of pupil instruction. In order to be eligible
3 for this waiver, a district must maintain records to substantiate
4 its compliance with the following requirements:

5 (i) The district offers the minimum hours of pupil instruction
6 as required under this section.

7 (ii) For each enrolled pupil, the district uses appropriate
8 academic assessments to develop an individual education plan that
9 leads to a high school diploma.

10 (iii) The district tests each pupil to determine academic
11 progress at regular intervals and records the results of those
12 tests in that pupil's individual education plan.

13 (i) All of the following apply to a waiver granted under
14 subdivision (h):

15 (i) If the waiver is for a blended model of delivery, a waiver
16 that is granted for the 2011-2012 fiscal year or a subsequent
17 fiscal year remains in effect unless it is revoked by the
18 superintendent.

19 (ii) If the waiver is for a 100% online model of delivery and
20 the educational program for which the waiver is granted makes
21 educational services available to pupils for a minimum of at least
22 1,098 hours during a school year and ensures that each pupil
23 participates in the educational program for at least 1,098 hours
24 during a school year, a waiver that is granted for the 2011-2012
25 fiscal year or a subsequent fiscal year remains in effect unless it
26 is revoked by the superintendent.

27 (iii) A waiver that is not a waiver described in subparagraph



1 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
2 to remain in effect.

3 (j) The superintendent shall promulgate rules for the
4 implementation of this subsection.

5 (4) Except as otherwise provided in this subsection, the first
6 6 days or the equivalent number of hours for which pupil
7 instruction is not provided because of conditions not within the
8 control of school authorities, such as severe storms, fires,
9 epidemics, utility power unavailability, water or sewer failure, or
10 health conditions as defined by the city, county, or state health
11 authorities, shall be counted as hours and days of pupil
12 instruction. With the approval of the superintendent of public
13 instruction, the department shall count as hours and days of pupil
14 instruction for a fiscal year not more than ~~6-3~~ additional days or
15 the equivalent number of additional hours for which pupil
16 instruction is not provided in a district ~~after April 1 of the~~
17 ~~applicable school year~~ due to unusual and extenuating occurrences
18 resulting from conditions not within the control of school
19 authorities such as those conditions described in this subsection.
20 Subsequent such hours or days shall not be counted as hours or days
21 of pupil instruction.

22 (5) A district shall not forfeit part of its state aid
23 appropriation because it adopts or has in existence an alternative
24 scheduling program for pupils in kindergarten if the program
25 provides at least the number of hours required under subsection (3)
26 for a full-time equated membership for a pupil in kindergarten as
27 provided under section 6(4).



1 (6) In addition to any other penalty or forfeiture under this
2 section, if at any time the department determines that 1 or more of
3 the following have occurred in a district, the district shall
4 forfeit in the current fiscal year beginning in the next payment to
5 be calculated by the department a proportion of the funds due to
6 the district under this article that is equal to the proportion
7 below the required minimum number of hours and days of pupil
8 instruction under subsection (3), as specified in the following:

9 (a) The district fails to operate its schools for at least the
10 required minimum number of hours and days of pupil instruction
11 under subsection (3) in a school year, including hours and days
12 counted under subsection (4).

13 (b) The board of the district takes formal action not to
14 operate its schools for at least the required minimum number of
15 hours and days of pupil instruction under subsection (3) in a
16 school year, including hours and days counted under subsection (4).

17 (7) In providing the minimum number of hours and days of pupil
18 instruction required under subsection (3), a district shall use the
19 following guidelines, and a district shall maintain records to
20 substantiate its compliance with the following guidelines:

21 (a) Except as otherwise provided in this subsection, a pupil
22 must be scheduled for at least the required minimum number of hours
23 of instruction, excluding study halls, or at least the sum of 90
24 hours plus the required minimum number of hours of instruction,
25 including up to 2 study halls.

26 (b) The time a pupil is assigned to any tutorial activity in a
27 block schedule may be considered instructional time, unless that



1 time is determined in an audit to be a study hall period.

2 (c) Except as otherwise provided in this subdivision, a pupil
3 in grades 9 to 12 for whom a reduced schedule is determined to be
4 in the individual pupil's best educational interest must be
5 scheduled for a number of hours equal to at least 80% of the
6 required minimum number of hours of pupil instruction to be
7 considered a full-time equivalent pupil. A pupil in grades 9 to 12
8 who is scheduled in a 4-block schedule may receive a reduced
9 schedule under this subsection if the pupil is scheduled for a
10 number of hours equal to at least 75% of the required minimum
11 number of hours of pupil instruction to be considered a full-time
12 equivalent pupil.

13 (d) If a pupil in grades 9 to 12 who is enrolled in a
14 cooperative education program or a special education pupil cannot
15 receive the required minimum number of hours of pupil instruction
16 solely because of travel time between instructional sites during
17 the school day, that travel time, up to a maximum of 3 hours per
18 school week, shall be considered to be pupil instruction time for
19 the purpose of determining whether the pupil is receiving the
20 required minimum number of hours of pupil instruction. However, if
21 a district demonstrates to the satisfaction of the department that
22 the travel time limitation under this subdivision would create
23 undue costs or hardship to the district, the department may
24 consider more travel time to be pupil instruction time for this
25 purpose.

26 (e) In grades 7 through 12, instructional time that is part of
27 a junior reserve officer training corps (JROTC) program shall be



1 considered to be pupil instruction time regardless of whether the
2 instructor is a certificated teacher if all of the following are
3 met:

4 (i) The instructor has met all of the requirements established
5 by the United States ~~department of defense~~ **DEPARTMENT OF DEFENSE**
6 and the applicable branch of the armed services for serving as an
7 instructor in the junior reserve officer training corps program.

8 (ii) The board of the district or intermediate district
9 employing or assigning the instructor complies with the
10 requirements of sections 1230 and 1230a of the revised school code,
11 MCL 380.1230 and 380.1230a, with respect to the instructor to the
12 same extent as if employing the instructor as a regular classroom
13 teacher.

14 (8) Except as otherwise provided in subsections (11) and (12),
15 the department shall apply the guidelines under subsection (7) in
16 calculating the full-time equivalency of pupils.

17 (9) Upon application by the district for a particular fiscal
18 year, the superintendent ~~may~~ **SHALL** waive for a district the minimum
19 number of hours and days of pupil instruction requirement of
20 subsection (3) for a department-approved alternative education
21 program or another innovative program approved by the department,
22 including a 4-day school week. If a district applies for and
23 receives a waiver under this subsection and complies with the terms
24 of the waiver, the district is not subject to forfeiture under this
25 section for the specific program covered by the waiver. If the
26 district does not comply with the terms of the waiver, the amount
27 of the forfeiture shall be calculated based upon a comparison of

1 the number of hours and days of pupil instruction actually provided
2 to the minimum number of hours and days of pupil instruction
3 required under subsection (3). Pupils enrolled in a department-
4 approved alternative education program under this subsection shall
5 be reported to the center in a form and manner determined by the
6 center. All of the following apply to a waiver granted under this
7 subsection:

8 (a) If the waiver is for a blended model of delivery, a waiver
9 that is granted for the 2011-2012 fiscal year or a subsequent
10 fiscal year remains in effect unless it is revoked by the
11 superintendent.

12 (b) If the waiver is for a 100% online model of delivery and
13 the educational program for which the waiver is granted makes
14 educational services available to pupils for a minimum of at least
15 1,098 hours during a school year and ensures that each pupil
16 ~~participates in the educational program for at least 1,098 hours~~
17 ~~during a school year,~~ **IS ON TRACK FOR COURSE COMPLETION AT**
18 **PROFICIENCY LEVEL,** a waiver that is granted for the 2011-2012
19 fiscal year or a subsequent fiscal year remains in effect unless it
20 is revoked by the superintendent.

21 (c) A waiver that is not a waiver described in subdivision (a)
22 or (b) is valid for 1 fiscal year and must be renewed annually to
23 remain in effect.

24 (10) Until 2014-2015, a district may count up to 38 hours of
25 qualifying professional development for teachers as hours of pupil
26 instruction. However, if a collective bargaining agreement that
27 provides for the counting of up to 38 hours of qualifying



1 professional development for teachers as pupil instruction is in
2 effect for employees of a district as of July 1, 2013, then until
3 the school year that begins after the expiration of that collective
4 bargaining agreement a district may count up to the contractually
5 specified number of hours of qualifying professional development
6 for teachers as hours of pupil instruction. Professional
7 development provided online is allowable and encouraged, as long as
8 the instruction has been approved by the district. The department
9 shall issue a list of approved online professional development
10 providers, which shall include the Michigan ~~virtual school.~~ **VIRTUAL**
11 **SCHOOL.** As used in this subsection, "qualifying professional
12 development" means professional development that is focused on 1 or
13 more of the following:

14 (a) Achieving or improving adequate yearly progress as defined
15 under the no child left behind act of 2001, Public Law 107-110.

16 (b) Achieving accreditation or improving a school's
17 accreditation status under section 1280 of the revised school code,
18 MCL 380.1280.

19 (c) Achieving highly qualified teacher status as defined under
20 the no child left behind act of 2001, Public Law 107-110.

21 (d) Integrating technology into classroom instruction.

22 (e) Maintaining teacher certification.

23 (11) Subsections (3) and (8) do not apply to a school of
24 excellence that is a cyber school, as defined in section 551 of the
25 revised school code, MCL 380.551, and is in compliance with section
26 553a of the revised school code, MCL 380.553a.

27 (12) Subsections (3) and (8) do not apply to eligible pupils



1 enrolled in a dropout recovery program that meets the requirements
2 of section 23a. As used in this subsection, "eligible pupil" means
3 that term as defined in section 23a.

4 (13) Beginning in 2013, at least every 2 years the
5 superintendent shall review the waiver standards set forth in the
6 pupil accounting and auditing manuals to ensure that the waiver
7 standards and waiver process continue to be appropriate and
8 responsive to changing trends in online learning. The
9 superintendent shall solicit and consider input from stakeholders
10 as part of this review.

11 Sec. 104. (1) In order to receive state aid under this
12 article, a district shall comply with sections 1249, 1278a, 1278b,
13 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
14 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
15 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
16 the state school aid fund money appropriated in section 11, there
17 is allocated for ~~2014-2015-2015-2016~~ an amount not to exceed
18 \$41,394,400.00 for payments on behalf of districts for costs
19 associated with complying with those provisions of law. In
20 addition, from the federal funds appropriated in section 11, there
21 is allocated for ~~2014-2015-2015-2016~~ an amount estimated at
22 \$6,250,000.00, funded from DED-OESE, title VI, state assessment
23 funds, and from DED-OSERS, section 504 of part B of the individuals
24 with disabilities education act, Public Law 94-142, plus any
25 carryover federal funds from previous year appropriations, for the
26 purposes of complying with the federal no child left behind act of
27 2001, Public Law 107-110.



1 (2) The results of each test administered as part of the
2 Michigan ~~educational assessment program,~~ **STUDENT TEST OF**
3 **EDUCATIONAL PROGRESS (M-STEP)**, including tests administered to high
4 school students, shall include an item analysis that lists all
5 items that are counted for individual pupil scores and the
6 percentage of pupils choosing each possible response.

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

11 (4) Notwithstanding section 17b, payments on behalf of
12 districts, intermediate districts, and other eligible entities
13 under this section shall be paid on a schedule determined by the
14 department.

15 (5) From the allocation in subsection (1), there is allocated
16 an amount not to exceed \$8,500,000.00 for the following purposes:

17 (a) Converting existing student assessments to online
18 assessments.

19 (b) Providing paper and pencil test versions to districts not
20 prepared to implement online assessments.

21 (c) Expanding writing assessments to additional grade levels.

22 (d) Providing an increased number of constructed response test
23 questions so that pupils can demonstrate higher-order skills such
24 as problem solving and communicating reasoning.

25 (6) From the allocation in subsection (1), there is allocated
26 an amount not to exceed \$3,200,000.00 for the development or
27 selection of an online reporting tool to provide student-level



1 assessment data in a secure environment to educators, parents, and
 2 pupils immediately after assessments are scored. The department and
 3 the center shall ensure that any data collected by the online
 4 reporting tool do not provide individually identifiable student
 5 data to the federal government.

6 (7) From the allocation in subsection (1), there is allocated
 7 an amount not to exceed \$3,000,000.00 for the purpose of
 8 implementing a summative assessment system pursuant to section
 9 104c.

10 (8) As used in this section:

11 (a) "DED" means the United States ~~department of~~
 12 ~~education.~~ **DEPARTMENT OF EDUCATION.**

13 (b) "DED-OESE" means the DED ~~office of elementary and~~
 14 ~~secondary education.~~ **OFFICE OF ELEMENTARY AND SECONDARY EDUCATION.**

15 (c) "DED-OSERS" means the DED ~~office of special education and~~
 16 ~~rehabilitative services.~~ **OFFICE OF SPECIAL EDUCATION AND**
 17 **REHABILITATIVE SERVICES.**

18 Sec. 104b. (1) In order to receive state aid under this
 19 article, a district shall comply with this section and shall
 20 administer the Michigan merit examination to pupils in grade 11,
 21 and to pupils in grade 12 who did not take the complete Michigan
 22 merit examination in grade 11, as provided in this section. **THE**
 23 **MICHIGAN MERIT EXAMINATION CONSISTS OF A COLLEGE ENTRANCE TEST,**
 24 **WORK SKILLS TEST, AND THE SUMMATIVE ASSESSMENT KNOWN AS THE**
 25 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP) .**

26 (2) For the purposes of this section, the department of
 27 technology, management, and budget shall contract with 1 or more



1 providers to develop, supply, and score the Michigan merit
 2 examination. The Michigan merit examination shall consist of all of
 3 the following:

4 (a) Assessment instruments that **ARE ALIGNED TO THIS STATE'S**
 5 **CONTENT STANDARDS, THAT** measure English language arts, mathematics,
 6 reading, and science, and **THAT** are used by colleges and
 7 universities in this state for entrance or placement purposes. This
 8 ~~shall~~**MAY** include 1 or more writing components.

9 (b) One or more tests from 1 or more test developers that
 10 assess a pupil's ability to apply at least reading and mathematics
 11 skills in a manner that is intended to allow employers to use the
 12 results in making employment decisions. The department of
 13 technology, management, and budget and the superintendent shall
 14 ensure that any test or tests selected under this subdivision have
 15 all the components necessary to allow a pupil to be eligible to
 16 receive the results of a nationally recognized evaluation of
 17 workforce readiness if the pupil's test performance is adequate.

18 (c) A social studies component.

19 (d) Any other component that is necessary to obtain the
 20 approval of the United States ~~department of education~~**DEPARTMENT OF**
 21 **EDUCATION** to use the Michigan merit examination for the purposes of
 22 the no child left behind act of 2001, Public Law 107-110.

23 (3) In addition to all other requirements of this section, all
 24 of the following apply to the Michigan merit examination:

25 (a) The department of technology, management, and budget and
 26 the superintendent shall ensure that any contractor used for
 27 scoring the Michigan merit examination supplies an individual



1 report for each pupil that will identify for the pupil's parents
2 and teachers whether the pupil met expectations or failed to meet
3 expectations for each standard, to allow the pupil's parents and
4 teachers to assess and remedy problems before the pupil moves to
5 the next grade.

6 (b) The department of technology, management, and budget and
7 the superintendent shall ensure that any contractor used for
8 scoring, developing, or processing the Michigan merit examination
9 meets quality management standards commonly used in the assessment
10 industry, including at least meeting level 2 of the capability
11 maturity model developed by the software engineering institute of
12 Carnegie Mellon university for the first year the Michigan merit
13 examination is offered to all grade 11 pupils and at least meeting
14 level 3 of the capability maturity model for subsequent years.

15 (c) The department of technology, management, and budget and
16 the superintendent shall ensure that any contract for scoring,
17 administering, or developing the Michigan merit examination
18 includes specific deadlines for all steps of the assessment
19 process, including, but not limited to, deadlines for the correct
20 testing materials to be supplied to schools and for the correct
21 results to be returned to schools, and includes penalties for
22 noncompliance with these deadlines.

23 (d) The superintendent shall ensure that the Michigan merit
24 examination meets all of the following:

25 (i) Is designed to test pupils on ~~grade level content~~
26 ~~expectations or course content expectations, as appropriate, THIS~~
27 **STATE'S CONTENT STANDARDS** in all subjects tested.



1 (ii) Complies with requirements of the no child left behind act
2 of 2001, Public Law 107-110.

3 (iii) Is consistent with the code of fair testing practices in
4 education prepared by the ~~joint committee on testing practices of~~
5 ~~the American psychological association.~~ **JOINT COMMITTEE ON TESTING**
6 **PRACTICES OF THE AMERICAN PSYCHOLOGICAL ASSOCIATION.**

7 (iv) Is factually accurate. If the superintendent determines
8 that a question is not factually accurate and should be excluded
9 from scoring, the state board and the superintendent shall ensure
10 that the question is excluded from scoring.

11 (4) A district shall include on each pupil's high school
12 transcript all of the following:

13 (a) For each high school graduate who has completed the
14 Michigan merit examination under this section, the pupil's scaled
15 score on each subject area component of the Michigan merit
16 examination.

17 (b) The number of school days the pupil was in attendance at
18 school each school year during high school and the total number of
19 school days in session for each of those school years.

20 (5) The superintendent shall work with the provider or
21 providers of the Michigan merit examination to produce Michigan
22 merit examination subject area scores for each pupil participating
23 in the Michigan merit examination ~~, including scaling and merging~~
24 ~~of test items~~ for the different subject area components. The
25 superintendent shall design and distribute to districts,
26 intermediate districts, and nonpublic schools a simple and concise
27 document that describes the scoring for each subject area and



1 indicates the scaled score ranges for each subject area.

2 (6) The Michigan merit examination shall be administered in
3 each district during the last 12 weeks of the district's school
4 year. The superintendent shall ensure that the Michigan merit
5 examination is scored and the scores are returned to pupils, their
6 parents or legal guardians, and districts not later than the
7 beginning of the pupil's first semester of grade 12. The returned
8 scores shall indicate at least the pupil's scaled score for each
9 subject area component and the range of scaled scores for each
10 subject area. In reporting the scores to pupils, parents, and
11 schools, the superintendent shall provide standards-specific,
12 meaningful, and timely feedback on the pupil's performance on the
13 Michigan merit examination.

14 (7) A district shall administer the complete Michigan merit
15 examination to a pupil only once and shall not administer the
16 complete Michigan merit examination to the same pupil more than
17 once. If a pupil does not take the complete Michigan merit
18 examination in grade 11, the district shall administer the complete
19 Michigan merit examination to the pupil in grade 12. If a pupil
20 chooses to retake the college entrance examination component of the
21 Michigan merit examination, as described in subsection (2)(a), the
22 pupil may do so through the provider of the college entrance
23 examination component and the cost of the retake is the
24 responsibility of the pupil unless all of the following are met:

25 (a) The pupil has taken the complete Michigan merit
26 examination.

27 (b) The pupil did not qualify for a Michigan promise grant



1 under section 6 of the Michigan promise grant act, 2006 PA 479, MCL
2 390.1626, based on the pupil's performance on the complete Michigan
3 merit examination.

4 (c) The pupil meets the income eligibility criteria for free
5 breakfast, lunch, or milk, as determined under the Richard B.
6 Russell national school lunch act, 42 USC 1751 to 1769i.

7 (d) The pupil has applied to the provider of the college
8 entrance examination component for a scholarship or fee waiver to
9 cover the cost of the retake and that application has been denied.

10 (e) After taking the complete Michigan merit examination, the
11 pupil has not already received a free retake of the college
12 entrance examination component paid for either by this state or
13 through a scholarship or fee waiver by the provider.

14 (8) The superintendent shall ensure that the length of the
15 Michigan merit examination and the combined total time necessary to
16 administer all of the components of the Michigan merit examination
17 are the shortest possible that will still maintain the degree of
18 reliability and validity of the Michigan merit examination results
19 determined necessary by the superintendent. The superintendent
20 shall ensure that the maximum total combined length of time that
21 schools are required to set aside for pupils to answer all test
22 questions on the Michigan merit examination does not exceed 8
23 hours. ~~if the superintendent determines that sufficient alignment~~
24 ~~to applicable Michigan merit curriculum content standards can be~~
25 ~~achieved within that time limit.~~

26 (9) A district shall provide accommodations to a pupil with
27 disabilities for the Michigan merit examination, as provided under



1 section 504 of title V of the rehabilitation act of 1973, 29 USC
 2 794; subtitle A of title II of the Americans with disabilities act
 3 of 1990, 42 USC 12131 to 12134; the individuals with disabilities
 4 education act amendments of 1997, Public Law 105-17; and the
 5 implementing regulations for those statutes. The provider or
 6 providers of the Michigan merit examination and the superintendent
 7 shall mutually agree upon the accommodations to be provided under
 8 this subsection.

9 (10) To the greatest extent possible, the Michigan merit
 10 examination shall be based on ~~grade level content expectations or~~
 11 ~~course content expectations, as appropriate. Not later than July 1,~~
 12 ~~2008, the department shall identify specific grade level content~~
 13 ~~expectations to be taught before and after the middle of grade 11,~~
 14 ~~so that teachers will know what content will be covered within the~~
 15 ~~Michigan merit examination.~~**THIS STATE'S CONTENT STANDARDS. THE**
 16 **DEPARTMENT MAY AUGMENT THE COLLEGE ENTRANCE AND WORK SKILLS**
 17 **COMPONENTS OF THE MICHIGAN MERIT EXAM TO DEVELOP THE ASSESSMENT,**
 18 **DEPENDING ON THE ALIGNMENT OF THOSE COMPONENTS TO THIS STATE'S**
 19 **CONTENT STANDARDS. IF THESE COMPONENTS DO NOT ALIGN TO THESE**
 20 **STANDARDS, THE DEPARTMENT SHALL PRODUCE ADDITIONAL COMPONENTS AS**
 21 **REQUIRED BY LAW, WHILE MINIMIZING THE AMOUNT OF TIME NEEDED FOR**
 22 **ASSESSMENTS.**

23 (11) A child who is a student in a nonpublic school or home
 24 school may take the Michigan merit examination under this section.
 25 To take the Michigan merit examination, a child who is a student in
 26 a home school shall contact the district in which the child
 27 resides, and that district shall administer the Michigan merit



1 examination, or the child may take the Michigan merit examination
2 at a nonpublic school if allowed by the nonpublic school. Upon
3 request from a nonpublic school, the superintendent shall direct
4 the provider or providers to supply the Michigan merit examination
5 to the nonpublic school and the nonpublic school may administer the
6 Michigan merit examination. If a district administers the Michigan
7 merit examination under this subsection to a child who is not
8 enrolled in the district, the scores for that child are not
9 considered for any purpose to be scores of a pupil of the district.

10 (12) In contracting under subsection (2), the department of
11 **TECHNOLOGY**, management, and budget shall consider a contractor that
12 provides electronically-scored essays with the ability to score
13 constructed response feedback in multiple languages and provide
14 ongoing instruction and feedback.

15 (13) The purpose of the Michigan merit examination is to
16 assess pupil performance in mathematics, science, social studies,
17 and English language arts for the purpose of improving academic
18 achievement and establishing a statewide standard of competency.
19 The assessment under this section provides a common measure of data
20 that will contribute to the improvement of Michigan schools'
21 curriculum and instruction by encouraging alignment with Michigan's
22 curriculum framework standards and promotes pupil participation in
23 higher level mathematics, science, social studies, and English
24 language arts courses. These standards are based upon the
25 expectations of what pupils should learn through high school and
26 are aligned with national standards.

27 (14) For a pupil enrolled in a middle college program, other



1 than a middle college operated as a shared educational entity or a
 2 specialized shared educational entity, if the pupil receives at
 3 least 50% of his or her instruction at the high school while in
 4 grade 11, the Michigan merit examination shall be administered to
 5 the pupil at the high school at which the pupil receives high
 6 school instruction, and the department shall include the pupil's
 7 scores on the Michigan merit examination in the scores for that
 8 high school for all purposes for which a school's or district's
 9 results are reported. The department shall allow the middle college
 10 program to use a 5-year graduation rate for determining adequate
 11 yearly progress. As used in this subsection, "middle college" means
 12 a program consisting of a series of courses and other requirements
 13 and conditions, including an early college or other program created
 14 under a memorandum of understanding, that allows a pupil to
 15 graduate from high school with both a high school diploma and a
 16 certificate or degree from a community college or state public
 17 university.

18 (15) As used in this section:

19 (a) "English language arts" means reading and writing.

20 (b) "Social studies" means United States history, world
 21 history, world geography, economics, and American government.

22 Sec. 104c. (1) In order to receive state aid under this
 23 article, a district shall administer the state assessments
 24 described in this section.

25 (2) For the purposes of this section, the department shall
 26 develop for use in the spring of ~~2014-2015 new Michigan education~~
 27 ~~assessment program (MEAP)~~ **2015-2016 THE MICHIGAN STUDENT TEST OF**



1 **EDUCATIONAL PROGRESS (M-STEP)** assessments in English language arts
2 and mathematics. These assessments shall be aligned to state
3 standards.

4 (3) For the purposes of this section, the department shall
5 implement ~~beginning in the 2015-2016 school year~~ a summative
6 assessment system that is proven to be valid and reliable for
7 administration to pupils as provided under this subsection. The
8 summative assessment system shall meet all of the following
9 requirements:

10 (a) The summative assessment system shall measure student
11 proficiency on the current state standards, shall measure student
12 growth for consecutive grade levels in which students are assessed
13 in the same subject area in both grade levels, and shall be capable
14 of measuring individual student performance.

15 (b) The summative assessments for English language arts and
16 mathematics shall be administered to all public school pupils in
17 grades 3 to ~~10~~, **11**, including those pupils as required by the
18 federal individuals with disabilities education act, Public Law
19 108-446, and by title I of the federal elementary and secondary
20 education act.

21 (c) The summative assessments for science shall be
22 administered to all public school pupils in at least grades 4 and
23 7, including those pupils as required by the federal individuals
24 with disabilities education act, Public Law 108-446, and by title I
25 of the federal elementary and secondary education act.

26 (d) The summative assessments for social studies shall be
27 administered to all public school pupils in at least grades 5 and



1 8, including those pupils as required by the federal individuals
2 with disabilities education act, Public Law 108-446, and by title I
3 of the federal elementary and secondary education act.

4 (e) The content of the summative assessments shall be aligned
5 to state standards.

6 (f) The pool of questions for the summative assessments shall
7 be subject to a transparent review process for quality, bias, and
8 sensitive issues involving educator review and comment. The
9 department shall post samples from tests or retired tests featuring
10 questions from this pool for review by the public.

11 (g) The summative assessment system shall ensure that
12 students, parents, and teachers are provided with reports that
13 convey individual student proficiency and growth on the assessment
14 and that convey individual student domain-level performance in each
15 subject area, including representative questions, and individual
16 student performance in meeting state standards.

17 (h) The summative assessment system shall be capable of
18 providing, and the department shall ensure that students, parents,
19 teachers, administrators, and community members are provided with,
20 reports that convey aggregate student proficiency and growth data
21 by teacher, grade, school, and district.

22 (i) The summative assessment system shall ensure the
23 capability of reporting the available data to support educator
24 evaluations.

25 (j) The summative assessment system shall ensure that the
26 reports provided to districts containing individual student data
27 are available within 60 days after completion of the assessments.



1 ~~(k) The assessments shall be capable of being implemented~~
 2 ~~statewide in a fully operational manner no later than the 2015-2016~~
 3 ~~school year.~~

4 **(K)** ~~(l)~~—The summative assessment system shall ensure that
 5 access to individually identifiable student data meets all of the
 6 following:

7 (i) Is in compliance with 20 USC 1232g, commonly referred to as
 8 the family educational rights and privacy act of 1974.

9 (ii) Except as may be provided for in an agreement with a
 10 vendor to provide assessment services, as necessary to support
 11 educator evaluations pursuant to subdivision (i), or for research
 12 or program evaluation purposes, is available only to the student;
 13 to the student's parent or legal guardian; and to a school
 14 administrator or teacher, to the extent that he or she has a
 15 legitimate educational interest.

16 **(l)** ~~(m)~~—The summative assessment system shall ensure that the
 17 assessments are pilot tested before statewide implementation.

18 **(M)** ~~(n)~~—The summative assessment system shall ensure that
 19 assessments are designed so that the maximum total combined length
 20 of time that schools are required to set aside for a pupil to
 21 answer all test questions on all assessments that are part of the
 22 system for the pupil's grade level does not exceed that maximum
 23 total combined length of time for the previous statewide assessment
 24 system or 9 hours, whichever is less. This subdivision does not
 25 limit the amount of time a district may allow a pupil to complete a
 26 test.

27 **(N)** ~~(o)~~—The total cost of executing the summative assessment



1 system statewide each year, including, but not limited to, the cost
 2 of contracts for administration, scoring, and reporting, shall not
 3 exceed an amount equal to 2 times the cost of executing the
 4 previous statewide assessment after adjustment for inflation.

5 ~~—— (4) To begin the process required under subsection (3), not~~
 6 ~~later than September 1, 2014, the department shall issue a request~~
 7 ~~for proposals for the summative assessment system described in that~~
 8 ~~subsection.~~

9 (4) ~~(5)~~—This section does not prohibit districts from adopting
 10 interim assessments.

11 ~~—— (6) The department shall seek a waiver or amendment to an~~
 12 ~~existing waiver for federal approval of the assessment framework~~
 13 ~~under this section and shall notify the United States department of~~
 14 ~~education about the provisions of this section and take necessary~~
 15 ~~steps to assure the United States department of education that this~~
 16 ~~state is on track to develop and implement a summative assessment~~
 17 ~~system as required by federal law.~~

18 (5) ~~(7)~~—As used in this section, "English language arts" means
 19 that term as defined in section 104b.

20 Sec. 147. (1) The allocation for ~~2014-2015~~ **2015-2016** for the
 21 public school employees' retirement system pursuant to the public
 22 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
 23 to 38.1408, shall be made using the individual projected benefit
 24 entry age normal cost method of valuation and risk assumptions
 25 adopted by the public school employees retirement board and the
 26 department of technology, management, and budget.

27 (2) The annual level percentage of payroll contribution rates



1 for the ~~2014-2015~~**2015-2016** fiscal year, as determined by the
2 retirement system, are estimated as follows:

3 (a) For public school employees who first worked for a public
4 school reporting unit before July 1, 2010 and who are enrolled in
5 the health premium subsidy, the annual level percentage of payroll
6 contribution rate is estimated at ~~33.41%~~**36.31%**, with 25.78% paid
7 directly by the employer.

8 (b) For public school employees who first worked for a public
9 school reporting unit on or after July 1, 2010 and who are enrolled
10 in the health premium subsidy, the annual level percentage of
11 payroll contribution rate is estimated at ~~32.33%~~**35.09%**, with
12 ~~24.70%~~**24.56%** paid directly by the employer.

13 (c) For public school employees who first worked for a public
14 school reporting unit on or after July 1, 2010 and who participate
15 in the personal healthcare fund, the annual level percentage of
16 payroll contribution rate is estimated at ~~31.82%~~**34.66%**, with
17 ~~24.19%~~**24.13%** paid directly by the employer.

18 (d) For public school employees who first worked for a public
19 school reporting unit on or after September 4, 2012, who elect
20 defined contribution, and who participate in the personal
21 healthcare fund, the annual level percentage of payroll
22 contribution rate is estimated at ~~28.59%~~**31.49%**, with 20.96% paid
23 directly by the employer.

24 (e) For public school employees who first worked for a public
25 school reporting unit before July 1, 2010, who elect defined
26 contribution, and who are enrolled in the health premium subsidy,
27 the annual level percentage of payroll contribution rate is



1 estimated at ~~29.10%~~, **31.92%**, with ~~21.47%~~ **21.39%** paid directly by
2 the employer.

3 (f) For public school employees who first worked for a public
4 school reporting unit before July 1, 2010, who elect defined
5 contribution, and who participate in the personal healthcare fund,
6 the annual level percentage of payroll contribution rate is
7 estimated at ~~28.59%~~, **31.49%**, with 20.96% paid directly by the
8 employer.

9 (g) For public school employees who first worked for a public
10 school reporting unit before July 1, 2010 and who participate in
11 the personal healthcare fund, the annual level percentage of
12 payroll contribution rate is estimated at ~~32.90%~~, **35.88%**, with
13 ~~25.27%~~ **25.35%** paid directly by the employer.

14 (3) In addition to the employer payments described in
15 subsection (2), the employer shall pay the applicable contributions
16 to the Tier 2 plan, as determined by the public school employees
17 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408.

18 (4) The contribution rates in subsection (2) reflect an
19 amortization period of ~~24~~ **23** years for ~~2014-2015~~. **2015-2016**. The
20 public school employees' retirement system board shall notify each
21 district and intermediate district by February 28 of each fiscal
22 year of the estimated contribution rate for the next fiscal year.

23 Sec. 147a. From the appropriation in section 11, there is
24 allocated for ~~2014-2015~~ **2015-2016** an amount not to exceed
25 ~~\$100,000,000.00~~ **\$50,000,000.00** for payments to participating
26 districts. A district that receives money under this section shall
27 use that money solely for the purpose of offsetting a portion of



1 the retirement contributions owed by the district for the fiscal
 2 year in which it is received. The amount allocated to each
 3 participating district under this section shall be based on each
 4 participating district's percentage of the total statewide payroll
 5 for all participating districts for the immediately preceding
 6 fiscal year. As used in this section, "participating district"
 7 means a district that is a reporting unit of the Michigan public
 8 school employees' retirement system under the public school
 9 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
 10 38.1408, and that reports employees to the Michigan public school
 11 employees' retirement system for the applicable fiscal year.

12 Sec. 147c. (1) From the appropriation in section 11, there is
 13 allocated for ~~2014-2015-2015-2016~~ an amount not to exceed
 14 ~~\$658,400,000.00~~ **\$892,900,000.00** from the state school aid fund ~~r~~
 15 ~~and there is appropriated for 2014-2015 an amount not to exceed~~
 16 ~~\$18,000,000.00 from the MPSEERS retirement obligation reform reserve~~
 17 ~~fund,~~ for payments to districts and intermediate districts that are
 18 participating entities of the Michigan public school employees'
 19 retirement system. In addition, from the general fund money
 20 appropriated in section 11, there is allocated for ~~2014-2015-2015-~~
 21 **2016** an amount not to exceed ~~\$500,000.00~~ **\$600,000.00** for payments
 22 to district libraries that are participating entities of the
 23 Michigan public school employees' retirement system.

24 (2) For ~~2014-2015,~~ **2015-2016**, the amounts allocated under
 25 subsection (1) are estimated to provide an average MPSEERS rate cap
 26 per-pupil amount of \$449.00 and are estimated to provide a rate cap
 27 per pupil for districts ranging between \$4.00 and \$2,056.00.



1 (3) Payments made under this section for ~~2014-2015~~**2015-2016**
2 shall be equal to the difference between the unfunded actuarial
3 accrued liability contribution rate as calculated pursuant to
4 section 41 of the public school employees retirement act of 1979,
5 1980 PA 300, MCL 38.1341, as calculated without taking into account
6 the maximum employer rate of 20.96% included in section 41 of the
7 public school employees retirement act of 1979, 1980 PA 300, MCL
8 38.1341, and the maximum employer rate of 20.96% included in
9 section 41 of the public school employees retirement act of 1979,
10 1980 PA 300, MCL 38.1341.

11 (4) The amount allocated to each participating entity under
12 this section shall be based on each participating entity's
13 proportion of the total covered payroll for the immediately
14 preceding fiscal year for the same type of participating entities.
15 A participating entity that receives funds under this section shall
16 use the funds solely for the purpose of retirement contributions as
17 specified in subsection (5).

18 (5) Each participating entity receiving funds under this
19 section shall forward an amount equal to the amount allocated under
20 subsection (4) to the retirement system in a form, manner, and time
21 frame determined by the retirement system.

22 (6) Funds allocated under this section should be considered
23 when comparing a district's growth in total state aid funding from
24 1 fiscal year to the next.

25 (7) Not later than ~~October 20, 2014,~~**DECEMBER 20, 2015,** the
26 department shall publish and post on its website an estimated
27 MPSERS rate cap per pupil for each district.



1 (8) As used in this section:

2 (a) "MPSEERS rate cap per pupil" means an amount equal to the
3 quotient of the district's payment under this section divided by
4 the district's pupils in membership.

5 (b) "Participating entity" means a district, intermediate
6 district, or district library that is a reporting unit of the
7 Michigan public school employees' retirement system under the
8 public school employees retirement act of 1979, 1980 PA 300, MCL
9 38.1301 to 38.1437, and that reports employees to the Michigan
10 public school employees' retirement system for the applicable
11 fiscal year.

12 (c) "Retirement board" means the board that administers the
13 retirement system under the public school employees retirement act
14 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

15 (d) "Retirement system" means the Michigan public school
16 employees' retirement system under the public school employees
17 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

18 Sec. 152a. (1) As required by the court in the consolidated
19 cases known as Adair v State of Michigan, Michigan supreme court
20 docket nos. 137424 and 137453, from the state school aid fund money
21 appropriated in section 11 there is allocated for ~~2014-2015-2015-~~
22 **2016** an amount not to exceed \$38,000,500.00 to be used solely for
23 the purpose of paying necessary costs related to the state-mandated
24 collection, maintenance, and reporting of data to this state.

25 (2) From the allocation in subsection (1), the department
26 shall make payments to districts and intermediate districts in an
27 equal amount per-pupil based on the total number of pupils in



1 membership in each district and intermediate district. The
 2 department shall not make any adjustment to these payments after
 3 the final installment payment under section 17b is made.

4 **SEC. 152B. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN**
 5 **SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
 6 **\$5,000,000.00 FOR 2015-2016 TO REIMBURSE NONPUBLIC SCHOOLS FOR THE**
 7 **COSTS IDENTIFIED IN THE NONPUBLIC MANDATE REPORT PUBLISHED BY THE**
 8 **DEPARTMENT ON NOVEMBER 25, 2014 TO ENSURE THE HEALTH AND SAFETY OF**
 9 **ALL SCHOOLCHILDREN IN THE STATE.**

10 **(2) THE DEPARTMENT SHALL DISTRIBUTE FUNDS ALLOCATED UNDER**
 11 **SUBSECTION (1) TO NONPUBLIC SCHOOL APPLICANTS IN AN AMOUNT EQUAL TO**
 12 **\$50.00 PER ENROLLED STUDENT IN A FORM AND MANNER DETERMINED BY THE**
 13 **DEPARTMENT.**

14 **(3) IF THE FUNDS ALLOCATED UNDER THIS SECTION ARE INSUFFICIENT**
 15 **TO FULLY FUND PAYMENTS AS OTHERWISE CALCULATED UNDER THIS SECTION,**
 16 **THE DEPARTMENT SHALL PRORATE PAYMENTS ON AN EQUAL PER-STUDENT**
 17 **BASIS.**

18 Sec. 163. (1) Except as provided in the revised school code,
 19 the board of a district or intermediate district shall not permit
 20 any of the following:

21 (a) A noncertificated ~~teacher~~**EDUCATOR** to teach in an
 22 elementary or secondary school or in an adult basic education or
 23 high school completion program.

24 (b) A noncertificated ~~counselor~~**EDUCATOR** to provide counseling
 25 services to pupils in an elementary or secondary school or in an
 26 adult basic education or high school completion program.

27 **(C) A NONCERTIFICATED EDUCATOR TO ADMINISTER INSTRUCTIONAL**



1 PROGRAMS IN AN ELEMENTARY OR SECONDARY SCHOOL, OR IN AN ADULT BASIC
 2 EDUCATION OR HIGH SCHOOL COMPLETION PROGRAM, UNLESS THAT EDUCATOR
 3 IS FULFILLING APPLICABLE CONTINUING EDUCATION REQUIREMENTS.

4 (2) Except as provided in the revised school code, a district
 5 or intermediate district employing ~~teachers or counselors~~ **EDUCATORS**
 6 not legally certificated **OR LICENSED** shall have deducted the sum
 7 equal to the amount paid the ~~teachers or counselors~~ **EDUCATORS** for
 8 the period of noncertificated, **UNLICENSED**, or illegal employment.
 9 Each intermediate superintendent shall notify the department of the
 10 name of the noncertificated ~~teacher or counselor,~~ **OR UNLICENSED**
 11 **EDUCATOR**, and the district employing that individual and the amount
 12 of salary the noncertificated ~~teacher or counselor~~ **OR UNLICENSED**
 13 **EDUCATOR** was paid within a constituent district.

14 (3) If a school official is notified by the department that he
 15 or she is employing a nonapproved, noncertificated, ~~teacher or~~
 16 ~~counselor~~ **OR UNLICENSED EDUCATOR** in violation of this section and
 17 knowingly continues to employ that ~~teacher or counselor,~~ **EDUCATOR**,
 18 the school official is guilty of a misdemeanor, punishable by a
 19 fine of \$1,500.00 for each incidence. This penalty is in addition
 20 to all other financial penalties otherwise specified in this
 21 article.

22 Enacting section 1. In accordance with section 30 of article I
 23 of the state constitution of 1963, total state spending on school
 24 aid in this amendatory act from state sources for fiscal year 2015-
 25 2016 is estimated at \$12,133,699,700.00 and state appropriations
 26 for school aid to be paid to local units of government for fiscal
 27 year 2015-2016 are estimated at \$11,958,745,200.00.



1 Enacting section 2. Sections 12, 20g, 22f, 22i, 22j, 31b, 32r,
2 41, 64b, 64c, 64d, 74a, 107, and 147d of the state school aid act
3 of 1979, 1979 PA 94, MCL 388.1612, 388.1620g, 388.1622f, 388.1622i,
4 388.1622j, 388.1631b, 388.1632r, 388.1641, 388.1664b, 388.1664c,
5 388.1664d, 388.1674a, 388.1707, and 388.1747d, are repealed
6 effective October 1, 2015.

7 Enacting section 3. (1) Except as otherwise provided in
8 subsection (2), this amendatory act takes effect October 1, 2015.

9 (2) Sections 18a and 95a of the state school aid act of 1979,
10 1979 PA 94, MCL 388.1618a and 388.1695a, as amended by this
11 amendatory act, take effect upon enactment of this amendatory act.

