FIRST CONFERENCE REPORT

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

Senate Bill No. 182, entitled

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

Recommends:

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

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

(attached)

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

Howard Walker

Bill Rogers

Roger Kahn

Phil Potvin

Hoon-Yung Hopgood

Brandon Dillon

Conferees for the Senate

Conferees for the House
A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 18, 18b, 19, 20, 20d, 22a, 22b, 22d, 22f, 22g, 22i, 22j, 24, 24a, 24c, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 51a, 51b, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 95, 98, 99, 101, 102, 104, 107, 147, 147a, 147b, 147c, and 152a (MCL 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1622a, 388.1622b, 388.1622d, 388.1622f, 388.1622g, 388.1622i, 388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1651a, 388.1651b, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674,
THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 6. (1) "Center program" means a program operated by a district or by an intermediate district for special education pupils from several districts in programs for pupils with autism spectrum disorder, pupils with severe cognitive impairment, pupils with moderate cognitive impairment, pupils with severe multiple impairments, pupils with hearing impairment, pupils with visual impairment, and pupils with physical impairment or other health impairment. Programs for pupils with emotional impairment housed in buildings that do not serve regular education pupils also qualify. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district. In addition, special education center program pupils placed part-time in noncenter
programs to comply with the least restrictive environment
provisions of section 612 of part B of the individuals with
disabilities education act, 20 USC 1412, may be considered center
program pupils for pupil accounting purposes for the time scheduled
in either a center program or a noncenter program.

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

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

(4) "Membership", except as otherwise provided in this
article, means for a district, a public school academy, the
education achievement system, or an intermediate district the sum
of the product of .90 times the number of full-time equated pupils
in grades K to 12 actually enrolled and in regular daily attendance
on the pupil membership count day for the current school year, plus
the product of .10 times the final audited count from the
supplemental count day for the immediately preceding CURRENT school
year. A district's, public school academy's, or intermediate
district's membership shall be adjusted as provided under section
25 for pupils who enroll in the district, public school academy, or
intermediate district after the pupil membership count day. All
pupil counts used in this subsection are as determined by the
department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. For the purposes of this section and section 6a, for a school of excellence that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551, and is in compliance with section 553a of the revised school code, MCL 380.553a, or for the education achievement system, a pupil's participation in the cyber school's educational program or in an online educational program of the education achievement system or of an achievement school is considered regular daily attendance; for the education achievement system, a pupil's participation in an online educational program of the education achievement system or of an achievement school is considered regular daily attendance; and for a district a pupil's participation in an online course as defined in section 21F is considered regular daily attendance. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, a public school academy, the education achievement system, or an intermediate district:

(a) Except as otherwise provided in this subsection, and pursuant to subsection (6), a pupil shall be counted in membership in the pupil's educating district or districts. An individual pupil shall not be counted for more than a total of 1.0 full-time equated membership.
(b) If a pupil is educated in a district other than the pupil's district of residence, if the pupil is not being educated as part of a cooperative education program, if the pupil's district of residence does not give the educating district its approval to count the pupil in membership in the educating district, and if the pupil is not covered by an exception specified in subsection (6) to the requirement that the educating district must have the approval of the pupil's district of residence to count the pupil in membership, the pupil shall not be counted in membership in any district.

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

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

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

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

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

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

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

(ii) If operations begin after the pupil membership count day for the fiscal year and not later than the supplemental count day for the fiscal year, membership is the final audited count of the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the supplemental count day for the current school year.
(j) If a district is the authorizing body for a public school academy, then, in the first school year in which pupils are counted in membership on the pupil membership count day in the public school academy, the determination of the district's membership shall exclude from the district's pupil count for the immediately preceding supplemental count day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

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

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

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

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

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

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

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

(iii) If a child becomes a resident of a district and the child does not meet the minimum age requirement to be eligible to attend school for that school year under section 1147 of the Revised School Code, MCL 380.1147, but will be 5 years of age not later than December 1 of that school year, the district may count the child in membership for that school year if the parent or legal guardian has notified the district in writing that he or she intends to enroll the child in kindergarten for that school year.

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

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

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

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

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

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

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

(r) Beginning in 2012-2013, full-time equated memberships for pupils in kindergarten shall be determined by dividing the number of instructional hours scheduled and provided per year per kindergarten pupil by the same number used for determining full-time equated memberships for pupils in grades 1 to 12. However, to
the extent allowable under federal law, for a district or public
school academy that provides evidence satisfactory to the
department that it used federal title I money in the 2 immediately
preceding school fiscal years to fund full-time kindergarten, full-
time equated memberships for pupils in kindergarten shall be
determined by dividing the number of class hours scheduled and
provided per year per kindergarten pupil by a number equal to 1/2
the number used for determining full-time equated memberships for
pupils in grades 1 to 12. Not later than December 1, 2012, the
department shall seek a clarification from the federal department
of education as to whether this is an allowable use of federal
title I money. The change in the counting of full-time equated
memberships for pupils in kindergarten that took effect in
2012-2013 is not a mandate. Not later than the fifth Wednesday
after the pupil membership count day, each district or public
school academy and the education achievement system shall report to
the department and the center the number of instructional hours
scheduled per kindergarten pupil for 2012-2013. If the number of
instructional hours scheduled per kindergarten pupil is not equal
for all kindergarten pupils in the district, the district or public
school academy and the education achievement system shall report
the number of kindergarten pupils who were scheduled to receive
each of the different numbers of instructional hours scheduled.

(s) For a district, a public school academy, or the education
achievement system that has pupils enrolled in a grade level that
was not offered by the district, the public school academy, or the
education achievement system in the immediately preceding school
year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

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

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

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

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

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

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

(w) If a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked or the public school academy otherwise ceases to operate, and if the pupil enrolls in a district or the education achievement system within 45 days after the pupil membership count day, the department shall adjust the district's or the education achievement system's pupil count for the pupil membership count day to include the pupil in the count.
(x) For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of .90 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .10 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent.

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

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

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

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

(aa) Full-time equated memberships for special education  
pupils who are not enrolled in kindergarten but are enrolled in a  
classroom program under R 340.1754 of the Michigan administrative  
code shall be determined by dividing the number of class hours  
scheduled and provided per year by 450. Full-time equated  
memberships for special education pupils who are not enrolled in  
kindergarten but are receiving early childhood special education  
services under R 340.1755 of the Michigan administrative code shall  
be determined by dividing the number of hours of service scheduled  
and provided per year per pupil by 180.
(bb) A pupil of a district that begins its school year after Labor day who is enrolled in an intermediate district program that begins before Labor day shall not be considered to be less than a full-time pupil solely due to instructional time scheduled but not attended by the pupil before Labor day.

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

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

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

(ff) For a pupil enrolled in a dropout recovery program that meets the requirements of section 23a, the pupil shall be counted as 1/12 of a full-time equated membership for each month that the district operating the program reports that the pupil was enrolled.
in the program and was in full attendance. **HOWEVER, A PUPIL COUNTED UNDER THIS SUBDIVISION SHALL NOT BE COUNTED AS MORE THAN 1.0 FTE IN A FISCAL YEAR.** The district operating the program shall report to the center the number of pupils who were enrolled in the program and were in full attendance for a month not later than the tenth day of the next month. A district shall not report a pupil as being in full attendance for a month unless both of the following are met:

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

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

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

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

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

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

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

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

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

(f) A pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal sexual assault or other serious assault, if the official complaint either indicates that the assault occurred at school or that the assault was committed by 1 or more other pupils enrolled in the school the pupil would otherwise attend in the district of residence or by an employee of the district of residence. A person who intentionally makes a false report of a crime to law enforcement officials for the purposes of this subdivision is subject to section 411a of the Michigan penal code, 1931 PA 328, MCL 750.411a, which provides criminal penalties for that conduct. As used in this subdivision:
"At school" means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(p) A pupil enrolled in a district other than the pupil's district of residence as a qualifying pupil under section 22h(2).
(P) AN ONLINE LEARNING PUPIL ENROLLED IN A DISTRICT OTHER THAN
THE PUPIL'S DISTRICT OF RESIDENCE AS AN ELIGIBLE PUPIL UNDER
SECTION 21F.

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

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

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

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

(i) Fourth Wednesday in July.

(ii) First Wednesday in October.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) "Pupils in grades K to 12 actually enrolled and in regular
daily attendance" means pupils in grades K to 12 in attendance and
receiving instruction in all classes for which they are enrolled on
the pupil membership count day or the supplemental count day, as
applicable. Except as otherwise provided in this subsection, a pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. A pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. In addition, a pupil who was enrolled and in attendance in a district, an intermediate district, a public school academy, or the education achievement system before the pupil membership count day or supplemental count day of a particular year but was expelled or suspended on the pupil membership count day or supplemental count day shall only be counted as 1.0 full-time equated membership if the pupil resumed attendance in the district, intermediate district, public school academy, or education achievement system within 45 days after the pupil membership count day or supplemental count day of that particular year. Pupils not counted as 1.0 full-time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, "class" means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction
is taking place.

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

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

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

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

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

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

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

(16) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged to the district of residence. Tuition pupil does not include a pupil who is a special education pupil, or a pupil described in subsection (6)(c) to (o), or a pupil whose parent or guardian voluntarily enrolls the pupil in a district that is not the pupil's district of residence. A pupil's district of residence shall not require a high school tuition
pupil, as provided under section 111, to attend another school
district after the pupil has been assigned to a school district.

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

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

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

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

Sec. 11. (1) Subject to subsection (3), for the fiscal
year ending September 30, 2013, there is appropriated for the
public schools of this state and certain other state purposes
relating to education the sum of $10,961,245,600.00
$10,928,614,200.00 from the state school aid fund and the sum of
$282,400,000.00 from the general fund. FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2014, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF
THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION

THE SUM OF $11,211,382,300.00 FROM THE STATE SCHOOL AID FUND, THE
SUM OF $156,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM
RESERVE FUND CREATED UNDER SECTION 147B, AND THE SUM OF
$230,000,000.00 FROM THE GENERAL FUND. In addition, all other
available federal funds, except those otherwise appropriated under
section 11p, are appropriated for the fiscal year ending September

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

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

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

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

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

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

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

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

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

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

(6) If the maximum amount appropriated under section 11 from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, there is appropriated from the school aid stabilization fund to the state school aid fund an amount equal to the projected shortfall as determined by the department of treasury, but not to exceed available money in the school aid stabilization fund. If the money in the school aid stabilization fund is insufficient to fully fund an amount equal to the projected shortfall, the state budget director shall notify the legislature as required under section 11(3) and state payments in an amount equal to the remainder of the projected shortfall shall be
prorated in the manner provided under section 11(4).

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

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

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

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

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

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

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

(4) The entire amount of each payment under this section each fiscal year shall be paid on May 15 of the applicable fiscal year or on the next business day following that date. If a district or intermediate district borrows money and issues bonds under section 11i, the district or intermediate district shall use funds received under this section to pay debt service on bonds issued under section 11i. If a district or intermediate district does not borrow money and issue bonds under section 11i, then the district or intermediate district shall divide the amount appropriated under this section in each fiscal year among each school district and intermediate district for which the district or intermediate district receives funds under this section.
money and issue bonds under section 11i, the district or
intermediate district shall use funds received under this section
only for the following purposes, in the following order of
priority:
   (a) First, to pay debt service on voter-approved bonds issued
by the district or intermediate district before the effective date
of this section.
   (b) Second, to pay debt service on other limited tax
obligations.
   (c) Third, for deposit into a sinking fund established by the
district or intermediate district under the revised school code.
   (5) To the extent payments under this section are used by a
district or intermediate district to pay debt service on debt
payable from millage revenues, and to the extent permitted by law,
the district or intermediate district may make a corresponding
reduction in the number of mills levied for debt service.
   (6) A district or intermediate district may pledge or assign
payments under this section as security for bonds issued under
section 11i, but shall not otherwise pledge or assign payments
under this section.
Sec. 11j. From the appropriation in section 11, there is
allocated an amount not to exceed $120,390,000.00 for 2012-2013
$131,660,000.00 FOR 2013-2014 for payments to the school loan bond
redemption fund in the department of treasury on behalf of
districts and intermediate districts. Notwithstanding section 11
296 or any other provision of this act, funds allocated under this
section are not subject to proration and shall be paid in full.
Sec. 11k. For 2012-2013, 2013-2014, there is appropriated from the general fund to the school loan revolving fund an amount equal to the amount of school bond loans assigned to the Michigan finance authority, not to exceed the total amount of school bond loans held in reserve as long-term assets. As used in this section, "school loan revolving fund" means that fund created in section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c.

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

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

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

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

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

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

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

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

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

(a) The annual operating budget and subsequent budget
revisions.
(b) Using data that have already been collected and submitted to the department, a summary of district expenditures for the most recent fiscal year for which they are available, expressed in the following 2 pie charts:

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

(A) Salaries and wages.
(B) Employee benefit costs, including, but not limited to, medical, dental, vision, life, disability, and long-term care benefits.
(C) Retirement benefit costs.
(D) All other personnel costs.

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

(A) Instruction.
(B) Support services.
(C) Business and administration.
(D) Operations and maintenance.

(c) Links to all of the following:

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

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

(iii) The audit report of the audit conducted under subsection (4) for the most recent fiscal year for which it is available.
(iv) The bids required under section 5 of the public employee health benefits act, 2007 PA 106, MCL 124.75.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) Not later than October 1, 2012, SEPTEMBER 1, 2014, if a
district or intermediate district offers online learning, the
district or intermediate district shall submit to the department a
report that details the per-pupil costs of operating the online
learning. The report shall include, on a per-pupil basis, at least
all of the following costs:

INFORMATION CONCERNING THE OPERATION OF
ONLINE LEARNING FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 2014:

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

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

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

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

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

(f) Travel costs associated with school activities and
testing. THE NUMBER OF PARTICIPATING STUDENTS WHO HAD PREVIOUSLY
BEN EXPULSED FROM SCHOOL.

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

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

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

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

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

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

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

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

(b) The public school academy's contract has been revoked or
terminated for any reason.
(c) The public school academy's contract has **EXPIRED AND HAS** not been reissued by the authorizing body.

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

(3) Property required to be transferred to this state under this section includes title to all real and personal property, interests in real or personal property, and other assets owned by the public school academy corporation that were substantially acquired with funds appropriated under this act.

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

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

(6) As used in this section and section 18c, "authorizing body" means an authorizing body defined under section 501 or 1311b of the revised school code, MCL 380.501 and 380.1311b.
with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner prescribed by the center, shall be aggregated and disaggregated as required by state and federal law. In addition, a district or intermediate district shall cooperate with all measures taken by the center to establish and maintain a statewide P-20 longitudinal data system.

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

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

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

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

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

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

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

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

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

(a) For a district that had a foundation allowance for the
immediately preceding state fiscal year that was at least equal to
the sum of $7,108.00 plus the total dollar amount of all
adjustments made from 2006-2007 to the immediately preceding state
fiscal year in the lowest foundation allowance among all districts,
but less than the basic foundation allowance for the immediately
preceding state fiscal year, the district shall receive a
foundation allowance in an amount equal to the sum of the GREATER
OF $6,966.00 OR THE district's foundation allowance for the
immediately preceding state fiscal year plus the difference between
twice the dollar amount of the adjustment from the immediately
preceding state fiscal year to the current state fiscal year made
in the basic foundation allowance and [(the dollar amount of the
adjustment from the immediately preceding state fiscal year to the
current state fiscal year made in the basic foundation allowance
minus $20.00) times (the difference between the district's foundation allowance for the immediately preceding state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. For 2011-2012, for a district that had a foundation allowance for the immediately preceding state fiscal year that was at least equal to the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the district's foundation allowance for 2010-2011, minus $470.00. Except as otherwise provided in subdivision (h), for 2012-2013, 2013-2014, for a district that had a foundation allowance for the immediately preceding state fiscal year that was at least equal to the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the district's
foundation allowance for the immediately preceding state fiscal year. However, the foundation allowance for a district that had less than the basic foundation allowance for the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

(b) Except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance for 2011-2012 in an amount equal to the district's foundation allowance for 2010-2011, minus $470.00. For 2012-2013, except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance for 2012-2013 in an amount equal to the district's foundation allowance for the immediately preceding state fiscal year.

(c) Except as otherwise provided in subdivision (d), for a district that in the 1994-95 state fiscal year had a foundation allowance greater than $6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the
district's foundation allowance for the immediately preceding state
fiscal year times the percentage increase in the United States
consumer price index in the calendar year ending in the immediately
preceding fiscal year as reported by the May revenue estimating
conference conducted under section 367b of the management and
budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided
in subdivision (d), for 2011-2012, for a district that in the 1994-
1995 state fiscal year had a foundation allowance greater than
$6,500.00, the district's foundation allowance is an amount equal
to the district's foundation allowance for the 2010-2011 fiscal
year minus $470.00. For 2012-2013, 2013-2014, except as otherwise
provided in subdivision (d), for a district that in the 1994-1995
state fiscal year had a foundation allowance greater than
$6,500.00, the district's foundation allowance is an amount equal
to the district's foundation allowance for the immediately
preceding state fiscal year.

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

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

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

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

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

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


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

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

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

(7) Except as otherwise provided in this subsection, for pupils attending an achievement school and in membership in the education achievement system, other than special education pupils, the allocation calculated under this section is an amount per membership pupil other than special education pupils equal to the foundation allowance of the district in which the achievement school is located, not to exceed the basic foundation allowance. Notwithstanding section 101, for an achievement school that begins operation after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the achievement school after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection. For the purposes of this subsection, if a public school is transferred from a district to the state school reform/redesign district or the achievement authority under section 1280c of the revised school code, that public school is considered to be an
achievement school within the education achievement system and not a school that is part of a district, and a pupil attending that public school is considered to be in membership in the education achievement system and not in membership in the district that operated the school before the transfer.

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

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

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

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

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

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

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

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

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

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

(A) Except as otherwise provided in this subsection, SUBDIVISION, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes
allowable under former section 32e as in effect for 2001-2002. For
an individual school or schools operated by a district qualifying
for a foundation allowance ADJUSTMENT under this subsection that
have been determined by the department to meet the adequate yearly
progress standards of the federal no child left behind act of 2001,
Public Law 107-110, in both mathematics and English language arts
at all applicable grade levels for all applicable subgroups, the
district may submit to the department an application for
flexibility in using the funds resulting from this adjustment that
are attributable to the pupils in the school or schools. The
application shall identify the affected school or schools and the
affected funds and shall contain a plan for using the funds for
specific purposes identified by the district that are designed to
reduce class size, but that may be different from the purposes
otherwise allowable under this subsection. SUBDIVISION. The
department shall approve the application if the department
determines that the purposes identified in the plan are reasonably
designed to reduce class size. If the department does not act to
approve or disapprove an application within 30 days after it is
submitted to the department, the application is considered to be
approved. If an application for flexibility in using the funds is
approved, the district may use the funds identified in the
application for any purpose identified in the plan.

(B) A district receiving an adjustment under this subsection
shall not receive as a result of this adjustment an amount that
exceeds 68.5% of the amount the district received as a result of
this adjustment for 2010-2011.
(C) NOTWITHSTANDING SUBSECTION (8), FOR A DISTRICT THAT IS FORMED OR RECONFIGURED BY CONSOLIDATION OF 2 OR MORE DISTRICTS, 1 OF WHICH RECEIVED AN ADJUSTMENT UNDER THIS SUBSECTION FOR 2012-2013, THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014 AND EACH SUCCEEDING FISCAL YEAR SHALL BE ADJUSTED TO BE AN AMOUNT EQUAL TO THE SUM OF THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE AS CALCULATED UNDER SUBSECTION (8) EXCLUDING ANY ADJUSTMENT CALCULATED UNDER THIS SUBSECTION PLUS [(THE ORIGINAL DISTRICT'S ADJUSTMENT UNDER THIS SUBSECTION IN 2012-2013 TIMES THE NUMBER OF PUPILS IN THE ORIGINAL DISTRICT'S MEMBERSHIP FOR 2012-2013) DIVided BY THE NUMBER OF PUPILS IN THE RESULTING DISTRICT'S MEMBERSHIP FOR 2013-2014].

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) "Maximum public school academy allocation", except as
otherwise provided in this subdivision, means the maximum per-pupil
allocation as calculated by adding the highest per-pupil allocation
among all public school academies for the immediately preceding
state fiscal year plus the difference between twice the dollar
amount of the adjustment from the immediately preceding state
fiscal year to the current state fiscal year made in the basic
foundation allowance and [(the dollar amount of the adjustment from
the immediately preceding state fiscal year to the current state
fiscal year made in the basic foundation allowance minus $20.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of $7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies]. For 2011-2012 and 2012-2013, maximum public school academy allocation means $7,110.00.

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

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

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

(l) "School operating purposes" means the purposes included in the operation costs of the district as prescribed in sections 7 and
18. (m) "School operating taxes" means local ad valorem property taxes levied under section 1211 of the revised school code, MCL 380.1211, and retained for school operating purposes.

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

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

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

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

(b) If a district had an adjustment made to its 1993-94 total 
state school aid that excluded payments made under former section 
146 and under section 147 on behalf of the district's employees who 
provided direct services for intermediate district center programs 
operated by the district under article 5, if nonresident pupils 
attending the center programs were included in the district's 
membership for purposes of calculating the combined state and local 
revenue per membership pupil for 1993-94, and if there is a signed 
agreement by all constituent districts of the intermediate district 
that an adjustment under this subdivision shall be made, the 
foundation allowances for 1995-96 and 1996-97 of all districts that 
had pupils attending the intermediate district center program 
operated by the district that had the adjustment shall be 
calculated as if their combined state and local revenue per 
membership pupil for 1993-94 included resident pupils attending the 
center program and excluded nonresident pupils attending the center 
program.
SEC. 20F. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED $6,000,000.00 FOR 2013-2014 FOR PAYMENTS TO ELIGIBLE DISTRICTS UNDER THIS SECTION. A DISTRICT IS ELIGIBLE FOR FUNDING UNDER THIS SECTION IF THE SUM OF THE FOLLOWING IS LESS THAN $5.00:

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

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


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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) FOR A PUPIL ENROLLED IN 1 OR MORE ONLINE COURSES PUBLISHED
IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES UNDER
SUBSECTION (7) OR IN THE STATEWIDE CATALOG OF ONLINE COURSES
MAINTAINED BY THE MICHIGAN VIRTUAL UNIVERSITY, THE DISTRICT SHALL
USE FOUNDATION ALLOWANCE OR PER PUPIL FUNDS CALCULATED UNDER
SECTION 20 TO PAY FOR THE EXPENSES ASSOCIATED WITH THE ONLINE
COURSE OR COURSES. THE DISTRICT SHALL PAY 80% OF THE COST OF THE
ONLINE COURSE UPON ENROLLMENT AND 20% UPON COMPLETION AS DETERMINED
BY THE DISTRICT. A DISTRICT IS NOT REQUIRED TO PAY TOWARD THE COST
OF AN ONLINE COURSE AN AMOUNT THAT EXCEEDS 1/12 OF THE DISTRICT'S FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 PER SEMESTER OR AN AMOUNT THAT EXCEEDS 1/18 OF THE DISTRICT'S FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 PER TRIMESTER.

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

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

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

(12) AS USED IN THIS SECTION:

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

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

(i) THE STATE ACADEMIC STANDARDS ADDRESSED IN AN ONLINE COURSE.
(ii) THE ONLINE COURSE CONTENT OUTLINE.
(iii) THE ONLINE COURSE REQUIRED ASSESSMENTS.
(iv) THE ONLINE COURSE PREREQUISITES.
(v) EXPECTATIONS FOR ACTUAL INSTRUCTOR CONTACT TIME WITH THE ONLINE LEARNING PUPIL AND OTHER PUPIL-TO-INSTRUCTOR COMMUNICATIONS.
(vi) ACADEMIC SUPPORT AVAILABLE TO THE ONLINE LEARNING PUPIL.
(vii) THE ONLINE COURSE LEARNING OUTCOMES AND OBJECTIVES.
(viii) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE ONLINE CONTENT.
(ix) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE ONLINE INSTRUCTOR.
(x) THE COURSE TITLES ASSIGNED BY THE DISTRICT AND THE COURSE TITLES AND COURSE CODES FROM THE NATIONAL CENTER FOR EDUCATION STATISTICS (NCES) SCHOOL CODES FOR THE EXCHANGE OF DATA (SCED).
(xi) THE NUMBER OF ELIGIBLE NONRESIDENT PUPILS THAT WILL BE ACCEPTED BY THE DISTRICT IN THE ONLINE COURSE.
(xii) THE RESULTS OF THE ONLINE COURSE QUALITY REVIEW USING THE GUIDELINES AND MODEL REVIEW PROCESS PUBLISHED BY THE MICHIGAN VIRTUAL UNIVERSITY.

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

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed $5,776,000,000.00 for 2011-2012
and there is allocated an amount not to exceed $5,712,000,000.00 for 2012-2013 and there is allocated an amount not to exceed $5,630,000,000.00 for 2012-2013 and there is allocated an amount not to exceed $5,534,000,000.00 for 2013-2014 for payments to districts and qualifying public school academies to guarantee each district and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or $6,500.00, whichever is less, minus the difference between the sum of the product of the taxable value per membership pupil of all property
in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than $6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus $6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue captured under tax increment financing acts divided by the district's membership.
(3) Beginning in 2003-2004, for pupils in membership in a qualifying public school academy, there is allocated under this section to the authorizing body that is the fiscal agent for the qualifying public school academy for forwarding to the qualifying public school academy an amount equal to the 1994-95 per pupil payment to the qualifying public school academy under section 20.

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

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

(6) Subject to conditions set forth in this subsection, from the allocation in subsection (1), there is allocated for 2011-2012
only an amount not to exceed $6,000,000.00 for payments to
districts that meet the eligibility requirements under this
subsection, for the reduction in school operating revenues
resulting from a settlement or other disposition of appeals
described in subdivision (a). A payment may only be made under this
subsection if a settlement agreement is signed by all applicable
parties. Payments made under this subsection shall be in accordance
with the settlement agreement. All of the following apply to
payments under this subsection:

(a) To be eligible for a payment under this subsection, a
district shall be determined by the department and the department
of treasury to meet all of the following:
(i) The district does not receive any state portion of its
foundation allowance, as calculated under section 20(4).
(ii) Before January 1, 2011, the owner of a natural-gas-powered
power plant located in a renaissance zone within the district's
geographic boundaries for 2009 and 2010 appealed to the Michigan
tax tribunal an order of the state tax commission for tax years
2009 and 2010 pursuant to section 154 of the general property tax
act, 1893 PA 206, MCL 211.154, and appealed to the state tax
commission the 2011 classification and valuation of the power
plant.
(iii) The district received a reduced amount of local school
operating revenue for tax years 2009, 2010, and 2011 as a result of
the exemptions of industrial personal property and commercial
personal property under section 1211 of the revised school code,
MCL 380.1211.
(iv) A settlement agreement has been signed to resolve the Michigan tax tribunal appeal described in subparagraph (ii) and a memorandum of understanding that stipulates terms of the settlement has been executed by the parties.

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

(6) As used in this section:
(a) "1994-95 foundation allowance" means a district's 1994-95 foundation allowance calculated and certified by the department of treasury or the superintendent under former section 20a as enacted in 1993 PA 336 and as amended by 1994 PA 283.
(b) "Certified mills" means the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94.
(c) "Current state fiscal year" means the state fiscal year for which a particular calculation is made.
(d) "Current year hold harmless school operating taxes per pupil" means the per pupil revenue generated by multiplying a district's 1994-95 hold harmless millage by the district's current year taxable value per membership pupil.
(e) "Hold harmless millage" means, for a district with a 1994-95 foundation allowance greater than $6,500.00, the number of mills by which the exemption from the levy of school operating taxes on a homestead, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property could be reduced as provided in section 1211 of the revised school code, MCL 380.1211, and the number of mills of school operating taxes that could be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, as certified by the department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

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

(ii) For the number of mills of school operating taxes that may be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, the taxable value of all property for the calendar year ending in the current state fiscal year.
in section 11, there is allocated for 2011-2012 an amount not to exceed $3,052,000,000.00 and there is allocated for 2012-2013 an amount not to exceed $3,152,330,000.00-$3,215,000,000.00 FOR 2012-2013 AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED $3,373,700,000.00 FOR 2013-2014 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

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

(a) Administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3. Also, if the revised school code is amended to require annual assessments at additional grade levels, in order to receive an allocation under this section each district shall comply with that requirement. COMPLY WITH SECTION 1280B OF THE REVISED SCHOOL CODE, MCL 380.1280B.
(b) Comply with sections 1278a and 1278b of the revised school code, MCL 380.1278a and 380.1278b.

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

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

(E) COMPLY WITH SECTION 21F.

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

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

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

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

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

(9) If a claim is made in court that challenges the legislative determination of the adequacy of funding for this state's constitutional obligations or alleges that there exists an unfunded constitutional requirement, any interested party may seek
an expedited review of the claim by the local claims review board.

If the claim exceeds $10,000,000.00, this state may remove the action to the court of appeals, and the court of appeals shall have and shall exercise jurisdiction over the claim.

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

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

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

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

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

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

(a) Operates grades K to 12.
(b) Has fewer than 250 pupils in membership.

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

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

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

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

(4) Subject to subsection (6), from the allocation in subsection (1), there is allocated each fiscal year for 2011-2012 and for 2012-2013 an amount not to exceed $1,275,000.00 for payments under this subsection to
districts that meet all of the following:

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

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

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

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

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

(2) The amount of the incentive payment under this section is an amount equal to $52.00 per pupil. A district shall receive an incentive payment under this section if the district satisfies at least 7 of the following requirements not later than June 1, 2013-2014:

(a) If a district provides medical, pharmacy, dental, vision, disability, long-term care, or any other type of benefit that would constitute a health care services benefit, to employees and their dependents, the district is the policyholder for each of its insurance policies that covers 1 or more of these benefits. A
district that does not directly employ its staff OR A DISTRICT WITH
A VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION THAT PAYS NO MORE THAN
THE MAXIMUM PER EMPLOYEE CONTRIBUTION AMOUNT AND THAT CONTRIBUTES
NO MORE THAN THE MAXIMUM EMPLOYER CONTRIBUTION PERCENTAGE OF TOTAL
ANNUAL COSTS FOR THE MEDICAL BENEFIT PLANS AS DESCRIBED IN SECTIONS
3 AND 4 OF THE PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT,
2011 PA 152, MCL 15.563 AND 15.564, is considered to have satisfied
this requirement.

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

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

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

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

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

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

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

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

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

(f) The district offers online instructional programs or blended learning opportunities to all eligible pupils. In order to satisfy this requirement, districts must make all eligible pupils and their parents or guardians aware of these opportunities AND MUST PUBLISH AN ONLINE COURSE SYLLABUS AS DESCRIBED IN SECTION 21F FOR EACH ONLINE COURSE THAT THE DISTRICT OFFERS. For the purposes of this subdivision:
(i) "Blended learning" means a hybrid instructional delivery model where pupils are provided face-to-face CONTENT, instruction, AND ASSESSMENT in part at a supervised school—EDUCATIONAL facility away from home WHERE THE PUPIL AND A TEACHER WITH A VALID MICHIGAN TEACHING CERTIFICATE ARE IN THE SAME PHYSICAL LOCATION and partially IN PART through computer-based and internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.

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

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

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

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

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

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

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

Sec. 22i. (1) From the funds appropriated in section 11, there is allocated for 2012-2013 an amount not to exceed $50,000,000.00 for the technology infrastructure grants to districts or intermediate districts on behalf of their constituent districts. Funds received under this section shall be used for
access to a computer-adaptive test or for the development or improvement of a district's technology infrastructure, including, but not limited to, hardware and software, **THE SHARED SERVICES CONSOLIDATION OF TECHNOLOGY AND DATA, AND HARDWARE** in preparation for the planned implementation in 2014-2015 of online growth assessments.

(2) The department shall develop a competitive application process and method of grant distribution to eligible districts and intermediate districts that demonstrate need for grants under **SUBSECTION (1)**. The department may consult with the department of technology, management, and budget during the grant process and grant distribution. Grants to districts shall not exceed $2,000,000.00 per district. A grant to an intermediate district on behalf of its constituent districts shall not exceed $2,000,000.00 per constituent district. To receive a grant under this section, **SUBSECTION (1)**, an intermediate district shall demonstrate that a grant awarded to the intermediate district on behalf of its constituent districts would provide savings compared to providing grants to individual districts.

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

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

(B) PROVIDES AT LEAST ALL OF THE FOLLOWING:

(i) ONE-TO-ONE MOBILE DEVICES.

(ii) LAPTOP OR DESKTOP COMPUTERS FOR EACH CLASSROOM.

(iii) ON- AND OFF-CAMPUS FILTERING.

(iv) WIRELESS NETWORKS AND PERIPHERALS.

(v) WIRELESS AUDIO EQUIPMENT.

(vi) OPERATING SOFTWARE.

(vii) INSTRUCTIONAL SOFTWARE.

(viii) REPAIRS AND REPLACEMENTS.

(ix) PROFESSIONAL DEVELOPMENT.

(x) ONGOING SUPPORT.

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

(2) The maximum amount of the incentive payment for student academic performance is an amount equal to $100.00 per pupil. Payments calculated and awarded to qualifying districts under subsections (3) to (5) shall be calculated and awarded separately, and a district may receive a payment under any or all of subsections (3) to (5).
(3) An amount not to exceed 30% of the maximum per pupil amount allocated under subsection (2) shall be used to make performance incentive payments to qualifying districts under this subsection based on pupil performance on state assessments in mathematics in grades 3 to 8. The amount of a payment under this subsection is an amount equal to $30.00 per pupil for all pupils in membership in a qualifying district. The department shall determine the qualifying districts under this subsection as follows:

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

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

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

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

(iv) For each pupil who began the school year performing proficiently in mathematics and who maintains his or her level of proficiency, as determined by the department, over the school year,
(v) For each pupil who began the school year not performing proficiently in mathematics and who improves in proficiency, as determined by the department, over the school year, 3 points.

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

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

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

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

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

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

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

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

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

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

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

(b) The department shall then calculate a district average for this metric for the 2010-2011-2011-2012 school year by totaling the number of points for all pupils in grades 3 to 8 under subdivision (a) and dividing that total by the number of those pupils.
(c) A district is a qualifying district for the payment under this subsection if the district average for the 2010-2011-2011-2012 school year under subdivision (b) is at least equal to a factor of 1.5, and the district tested at least 95% of its pupils in reading, and the district had at least 30 full academic year pupils in grades 3 to 8 reading with a performance level change designation in reading.

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

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

(b) Calculate a statewide average for all districts operating a high school of the linear regression of the percentage of high school pupils testing as proficient in all tested subject areas on...
state assessments of high school pupils on school year over the 4-year period ending with the 2010-2011-2011-2012 school year, as adjusted for changes in cut scores most recently adopted for the Michigan merit examination as the base year for all comparisons.

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

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

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

(2) IN ORDER TO BE ELIGIBLE TO RECEIVE GRANTS, A DISTRICT SHALL DEMONSTRATE TO THE SATISFACTION OF THE DEPARTMENT THAT THE DISTRICT DOES ALL OF THE FOLLOWING:
(A) PROVIDES A RIGOROUS CURRICULUM ALIGNED TO STATE, NATIONAL, AND INTERNATIONAL STANDARDS.

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

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

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

(i) TIMELY AND MEANINGFUL PUPIL ACADEMIC ACHIEVEMENT DATA.

(ii) BEST INSTRUCTIONAL PRACTICES.

(iii) TIME TO COLLABORATE WITH OTHERS.

(iv) MENTORS.

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

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

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

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

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

(b) "Department's approved per pupil allocation" for a district or intermediate district shall be determined by dividing the total amount allocated under this section for a fiscal year by the full-time equated membership total for all pupils approved by the department to be funded under this section for that fiscal year for the district or intermediate district.
(3) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.

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

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

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

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

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

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

(2) IF A PUPIL TRANSFERS FROM A DISTRICT OR INTERMEDIATE DISTRICT TO ENROLL IN ANOTHER DISTRICT OR INTERMEDIATE DISTRICT
AFTER THE PUPIL MEMBERSHIP COUNT DAY AND, DUE TO THE PUPIL'S ENROLLMENT AND ATTENDANCE STATUS AS OF THE PUPIL MEMBERSHIP COUNT DAY, THE PUPIL WAS NOT COUNTED IN MEMBERSHIP IN THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT MAY REPORT THE ENROLLMENT AND ATTENDANCE INFORMATION WITHIN 30 DAYS AFTER THE TRANSFER TO THE CENTER THROUGH THE PUPIL TRANSFER APPLICATION UNTIL THE SUPPLEMENTAL COUNT DAY. UPON RECEIPT OF THE TRANSFER INFORMATION UNDER THIS SUBSECTION INDICATING THAT A PUPIL HAS ENROLLED AND IS IN ATTENDANCE IN AN EDUCATING DISTRICT OR INTERMEDIATE DISTRICT AS DESCRIBED IN THIS SUBSECTION, THE PUPIL TRANSFER APPLICATION SHALL DO THE FOLLOWING:

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

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

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

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

(A) ADJUST THE MEMBERSHIP CALCULATION FOR EACH DISTRICT OR INTERMEDIATE DISTRICT IN WHICH THE PUPIL WAS PREVIOUSLY COUNTED IN MEMBERSHIP OR THAT PREVIOUSLY RECEIVED AN ADJUSTMENT IN ITS MEMBERSHIP CALCULATION UNDER THIS SECTION DUE TO THE PUPIL'S ENROLLMENT AND ATTENDANCE, IF ANY, SO THAT THE DISTRICT'S OR
INTERMEDIATE DISTRICT'S MEMBERSHIP IS PRORATED TO ALLOW THE DISTRICT OR INTERMEDIATE DISTRICT TO RECEIVE FOR EACH SCHOOL DAY IN WHICH THE PUPIL WAS ENROLLED AND IN ATTENDANCE IN THE DISTRICT AN AMOUNT EQUAL TO 1/180 OF THE FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR THE DISTRICT OR INTERMEDIATE DISTRICT. THE FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S FULL-TIME EQUATED STATUS AS AFFECTED BY THE MEMBERSHIP DEFINITION UNDER SECTION 6(4).

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

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

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

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

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

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

Sec. 26b. (1) From the appropriation in section 11, there is
allocated for 2012-2013 an amount not to exceed
$3,228,000.00 $4,009,500.00 for payments to districts, intermediate
districts, and community college districts for the portion of the
payment in lieu of taxes obligation that is attributable to
districts, intermediate districts, and community college districts
pursuant to section 2154 of the natural resources and environmental
protection act, 1994 PA 451, MCL 324.2154.

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

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

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

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

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

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

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

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2012-2013-2013-2014 an amount not to exceed $317,695,500.00 for payments to eligible districts, eligible public school academies, and the education achievement system under this section. Subject to subsection (14), the amount of the additional allowance under this
section, other than funding under subsection (6) or (7), shall be based on the number of actual pupils in membership in the district or public school academy or the education achievement system who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769i, and reported to the department not later than the fifth Wednesday after the pupil membership count day of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year in the form and manner prescribed by the center. However, for a public school academy that began operations as a public school academy, or for an achievement school that began operations as an achievement school, after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy or the education achievement system who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act and reported to the department not later than the fifth Wednesday after the pupil membership count day.

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

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

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

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

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

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

(6) From the funds allocated under subsection (1), there is allocated for 2012-2013 an amount not to exceed $3,557,300.00 to support child and adolescent health centers. These grants shall be awarded for 5 consecutive years beginning with 2003-2004 in a form and manner approved jointly by the department and the department of community health. Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 5-year period after the noncompliance. To continue to receive funding for a child and adolescent health center under this section a grant recipient shall ensure that the child and adolescent health center has an advisory committee and that at least one-third of the members of the advisory committee are parents or legal guardians of school-aged children. A child and adolescent health center program shall recognize the role of a child's parents or legal guardian in the physical and emotional well-being of the child. Funding under this subsection shall be used to support child and adolescent health center services provided to children up to age 21. If any funds allocated under this subsection are not used for the purposes of
(7) From the funds allocated under subsection (1), there is allocated for 2012-2013 an amount not to exceed $5,150,000.00 for the state portion of the hearing and vision screenings as described in section 9301 of the public health code, 1978 PA 368, MCL 333.9301. A local public health department shall pay at least 50% of the total cost of the screenings. The frequency of the screenings shall be as required under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of the Michigan administrative code. Funds shall be awarded in a form and manner approved jointly by the department and the department of community health. Notwithstanding section 17b, payments to eligible entities under this subsection shall be paid on a schedule determined by the department.

(8) Each district or public school academy receiving funds under this section and the education achievement system shall submit to the department by July 15 of each fiscal year a report, not to exceed 10 pages, on the usage by the district or public school academy or the education achievement system of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy or the education achievement system using funds under this section, the amount of funds under this section allocated to each of those programs, the number of at-risk pupils
eligible for free or reduced price school lunch who were served by each of those programs, and the total number of at-risk pupils served by each of those programs. If a district or public school academy or the education achievement system does not comply with this subsection, the department shall withhold an amount equal to the August payment due under this section until the district or public school academy or the education achievement system complies with this subsection. If the district or public school academy or the education achievement system does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

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

(10) Subject to subsections (5), (6), (7), (12), and (13), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-12, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsections (5), (6), (7), (12), and (13), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-12, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district’s aggregate percentage of those pupils.
pupils to teachers in grades K-12, or any combination of those
grades, in school buildings in which the percentage of pupils
described in subsection (1) is at least 60% of the district's
aggregate percentage of those pupils and at least 30% of the total
number of pupils enrolled in the school building. To obtain a
waiver, a district must apply to the department and demonstrate to
the satisfaction of the department that the class size reductions
would be in the best interests of the district's at-risk pupils.

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

(12) For an individual school or schools operated by a
district or public school academy receiving funds under this
section or the education achievement system that have been
determined by the department to meet the adequate yearly progress
standards of the no child left behind act of 2001, Public Law 107-
110, in both mathematics and English language arts at all
applicable grade levels for all applicable subgroups, the district
or public school academy or the education achievement system may
use not more than 20% of the funds it receives under this section
for specific alternative purposes identified by the district or
public school academy or the education achievement system that are
designed to benefit at-risk pupils in the school, but that may be
different from the purposes otherwise allowable under this section.
If a district or public school academy or the education achievement
system uses funds for alternative purposes allowed under the flexibility provisions under this subsection, the district or public school academy or the education achievement system shall maintain documentation of the amounts used for those alternative purposes and shall make that information available to the department upon request.

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

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

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

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

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

(16) As used in this section, "at-risk pupil" means a pupil
for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills–ARTS or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. AT-RISK PUPIL ALSO INCLUDES ALL PUPILS IN A PRIORITY SCHOOL AS DEFINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 2001 FLEXIBILITY REQUEST APPROVED BY THE UNITED STATES DEPARTMENT OF EDUCATION. For pupils for whom the results of at least the applicable Michigan education assessment program (MEAP) test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of level 2 on the most recent MEAP English language arts, mathematics, science test, or social studies for which results for the pupil have been received. For pupils for whom the results of the Michigan merit examination have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve proficiency on the reading, writing, mathematics, science, or social studies components of the most recent Michigan merit examination for which results for the pupil have been received. did not achieve proficiency on the mathematics component of the most recent Michigan merit examination for which results for the pupil have been received, or did not achieve basic competency on the science component of the most recent Michigan merit examination for which
results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language arts or mathematics.

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

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

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

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

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

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

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

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

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

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

(a) The district participates in the federal school breakfast program and meets all standards as prescribed by 7 CFR parts 220 and 245.
(b) Each breakfast eligible for payment meets the federal standards described in subdivision (a).

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

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

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

Sec. 32d. (1) From the funds appropriated in section 11, there is allocated to eligible intermediate districts and consortia of intermediate districts for great start readiness programs an amount not to exceed $109,275,000.00 for 2013-2014. In addition, from the funds appropriated in section 11, there is allocated to the great start readiness reserve fund created under subsection (14) an amount not to exceed $25,000,000.00 for 2013-2014. Funds allocated under this section for great start readiness programs shall be used to provide part-day, school-day, or GSRP/head start blended comprehensive free compensatory classroom programs designed to do 1 or both of the
(a) Improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who meet the participant eligibility and prioritization guidelines as defined by the state board. 

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

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

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

(a) An amount not to exceed $100,400,000.00 allocated to intermediate districts and consortia of intermediate districts as directed by the department based on the formula in section 39. In order to be eligible to receive funds allocated under this subdivision—SUBSECTION from an intermediate district or consortium of intermediate districts, a district, or a consortium of districts, OR a public or private for-profit or nonprofit legal entity or agency shall comply with this section and section 39.

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

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

(4) To be eligible for funding under this section, a program shall prepare children for success in school through comprehensive part-day, school-day, or GSRP/head start blended programs that contain all of the following program components, as determined by the department:
(a) Participation in a collaborative recruitment and enrollment process. At a minimum, the process shall include all other funded preschool programs that may serve children in the same geographic area, to assure that each child is enrolled in the program most appropriate to his or her needs and to maximize the use of federal, state, and local funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Teachers possessing proper training. For programs managed directly by a district or intermediate district, a valid teaching certificate and an early childhood (ZA or ZS) endorsement are required. This provision does not apply to a district, intermediate district, or competitive program that subcontracts with an eligible child development program. In that situation, a teacher must have a valid Michigan teaching certificate with an early childhood (ZA or ZS) endorsement, a valid Michigan elementary teaching certificate with a child development associate credential, or a bachelor's
degree in child development with specialization in preschool teaching. However, if an applicant demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, teachers who have significant but incomplete training in early childhood education or child development may be used if the applicant provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

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

(d) Include a program budget that contains only those costs
that are not reimbursed or reimbursable by federal funding, that
are clearly and directly attributable to the great start readiness
program, and that would not be incurred if the program were not
being offered. **ELIGIBLE COSTS INCLUDE TRANSPORTATION COSTS.** The
program budget shall indicate the extent to which these funds will
supplement other federal, state, local, or private funds. Funds
received under this section shall not be used to supplant any
federal funds **RECEIVED** by the applicant to serve children eligible
for a federally funded **existing** preschool program that has the
capacity to serve those children.

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

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

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

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

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

(10) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL CONDUCT A LOCAL PROCESS TO CONTRACT WITH INTERESTED AND ELIGIBLE PUBLIC AND PRIVATE FOR-PROFIT AND NONPROFIT COMMUNITY-BASED PROVIDERS THAT MEET ALL REQUIREMENTS OF SUBSECTION (4) FOR AT LEAST 30% OF ITS TOTAL SLOT ALLOCATION. IF THE INTERMEDIATE DISTRICT OR CONSORTIUM
IS NOT ABLE TO CONTRACT FOR AT LEAST 30% OF ITS TOTAL SLOT ALLOCATION, THE GRANT RECIPIENT SHALL NOTIFY THE DEPARTMENT AND, IF THE DEPARTMENT VERIFIES THAT THE INTERMEDIATE DISTRICT OR CONSORTIUM ATTEMPTED TO CONTRACT FOR AT LEAST 30% OF ITS TOTAL SLOT ALLOCATION AND WAS NOT ABLE TO DO SO, THEN THE INTERMEDIATE DISTRICT OR CONSORTIUM MAY RETAIN AND USE ALL OF ITS ALLOCATED SLOTS AS PROVIDED UNDER THIS SECTION.

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

(12) As used in this section:

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

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

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

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

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

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

Sec. 32p. (1) From the school aid fund appropriation in
section 11, there is allocated an amount not to exceed
$10,900,000.00 TO INTERMEDIATE DISTRICTS for 2012-2013-2013-2014
for the purpose of providing early childhood funding to intermediate school districts in block grants, Supporting the activities under subsection (2), and providing early childhood programs for children from birth through age 8. The beginning in 2013-2014, the funding provided to each intermediate district under this section shall be equal to the sum of all funding allocated under former sections 32b and 32j, as those sections were in effect for 2011-2012, determined by the distribution formula established by the department's office of great start to provide equitable funding statewide. In order to receive funding under this section, each intermediate district shall provide an application to the office of great start not later than August 15, 2012, September 15 of the immediately preceding fiscal year indicating the activities planned to be provided and children served under the block grant.

(2) Each intermediate district or consortium of intermediate districts that receives funding under this section shall convene a local great start collaborative and a parent coalition to address the availability of the following 6 components of a great start system in its communities: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care. The goal of each local great start collaborative is and parent coalition shall be to ensure the coordination and expansion of local early childhood infrastructure and programs that allow every child in the community is ready for kindergarten. To achieve the following outcomes:

(A) Children born healthy.
(B) CHILDREN HEALTHY, THRIVING, AND DEVELOPMENTALLY ON TRACK FROM BIRTH TO THIRD GRADE.

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

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

(3) Each local great start collaborative AND PARENT COALITION SHALL CONVENE A WORKGROUP TO SERVE AS A SCHOOL READINESS ADVISORY COMMITTEE AS REQUIRED UNDER SECTION 32D AND shall ensure the coordination and expansion of infrastructure or programming to support high-quality early childhood and childcare programs. An intermediate district or consortium of intermediate districts may reconstitute its local great start collaborative if that collaborative is found to be ineffective.

THAT ITS LOCAL GREAT START SYSTEM INCLUDES THE FOLLOWING SUPPORTS FOR CHILDREN FROM BIRTH THROUGH AGE 8:

(A) PHYSICAL HEALTH.

(B) SOCIAL-EMOTIONAL HEALTH.

(C) FAMILY SUPPORTS AND BASIC NEEDS.

(D) PARENT EDUCATION AND CHILD ADVOCACY.

(E) EARLY EDUCATION AND CARE.

(4) Not later than December 1, 2013, OF EACH YEAR, each intermediate district shall provide a report to the department detailing the activities actually provided during 2012-2013 THE IMMEDIATELY PRECEDING SCHOOL YEAR and the FAMILIES AND children actually served. The department shall compile and summarize these reports and submit its summary to the house and senate.
appropriations subcommittees on school aid and to the house and senate fiscal agencies. The block grants allocated under this section implement legislative intent language for this purpose enacted in 2011 PA 62.

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

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

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

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

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

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

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

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

(4) The initial allocation for each fiscal year to each eligible applicant under section 32d shall be determined by multiplying the number of children determined by the formula under subsection (3) or the number of children the applicant indicates it will be able to serve under subsection (1)(c), whichever is less, by $3,400.00 - $3,625.00 and shall be distributed among applicants in decreasing order of concentration of eligible children as determined by the formula under subsection (3). If the number of children an applicant indicates it will be able to serve under subsection (1)(c) includes children able to be served in a school-day program, then the number able to be served in a school-day program shall be doubled for the purposes of making this calculation of the lesser of the number of children determined by the formula under subsection (3) and the number of children the applicant indicates it will be able to serve under subsection (1)(c) and determining the amount of the initial allocation to the applicant under section 32d. A district may contract with a head start agency to serve children enrolled in head start with a school-day program by blending head start funds with a part-day great start readiness program allocation. All head start and great start readiness program policies and regulations apply to the blended program.

(5) If funds allocated for eligible applicants in OR TO THE GREAT START READINESS RESERVE FUND UNDER section 32d remain after
the initial allocation under subsection (4), the allocation under this subsection shall be distributed to each eligible applicant under section 32d in decreasing order of concentration of eligible children as determined by the formula under subsection (3). The allocation shall be determined by multiplying the number of children each district within the applicant's service area served in the immediately preceding fiscal year or the number of children the applicant indicates it will be able to serve under subsection (1)(c), whichever is less, minus the number of children for which the applicant received funding in subsection (4) by $3,400.00–$3,625.00.

(6) If funds allocated for eligible applicants in the GREAT START READINESS RESERVE FUND UNDER section 32d remain after the allocations under subsections (4) and (5), remaining funds shall be distributed to each eligible applicant under section 32d in decreasing order of concentration of eligible children as determined by the formula under subsection (3). If the number of children the applicant indicates it will be able to serve under subsection (1)(c) exceeds the number of children for which funds have been received under subsections (4) and (5), the allocation under this subsection shall be determined by multiplying the number of children the applicant indicates it will be able to serve under subsection (1)(c) less the number of children for which funds have been received under subsections (4) and (5) by $3,400.00–$3,625.00 until the funds allocated for eligible applicants in section 32d are distributed.

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

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

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

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

(b) An amount estimated at $250,000.00 for the purpose of
improving teaching and learning through a more effective use of
technology, funded from DED-OESE, educational technology state
grant funds.

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

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

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

(E) (f) An amount estimated at $2,393,500.00 for rural and low income schools, funded from DED-OESE, rural and low income school funds.

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

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

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

(H) (j) An amount estimated at $40,050,000.00 for the purpose of providing high-quality extended learning opportunities, after school and during the summer, for children in low-performing
schools, funded from DED-OESE, twenty-first century community learning center funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) As used in this section:

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

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

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

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

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

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

(2) A DISTRICT OR INTERMEDIATE DISTRICT SHALL NOT RECEIVE FUNDS UNDER THIS SECTION IF IT Allows PUPILS TO PARTICIPATE IN THE
Sec. 51a. (1) From the appropriation in section 11, there is allocated for 2011-2012 an amount not to exceed $956,769,100.00 and there is allocated an amount not to exceed $996,269,100.00 $952,569,100.00 for 2012-2013 AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED $980,446,100.00 FOR 2013-2014 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, estimated at $363,400,000.00 for 2011-2012 and estimated at $365,000,000.00 for 2012-2013, AND ESTIMATED AT $370,000,000.00 FOR 2013-2014, plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and special education programs and services for pupils who are eligible for special education programs and services according to statute or rule. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals or other entities, or federal funds that may be available for this purpose, as determined by the...
intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. All federal funds allocated under this section in excess of those allocated under this section for 2002-2003 may be distributed in accordance with the flexible funding provisions of the individuals with disabilities education act, Public Law 108-446, including, but not limited to, 34 CFR 300.206 and 300.208. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

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

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

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

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

(4) If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) is not sufficient to fulfill the specified percentages in subsection (2), then the shortfall shall be paid to the district or intermediate district during the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) exceeds the sum of the amount necessary to fulfill the specified percentages in subsection (2), then the department shall deduct the amount of the excess from the district's or intermediate district's payments under this article for the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. However, if the amount allocated under subsection (2)(a) in itself exceeds the amount necessary to fulfill the specified percentages in subsection (2), there shall be no
(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed $3,500,000.00 may be allocated by the department each fiscal year for 2011-2012 and for 2012-2013 AND FOR 2013-2014 to districts, intermediate districts, or other eligible entities on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

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

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

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

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

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

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

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

(8) A pupil who is enrolled in a full-time special education program conducted or administered by an intermediate district or a pupil who is enrolled in the Michigan schools for the deaf and blind shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of
(9) Special education personnel transferred from 1 district to another to implement the revised school code shall be entitled to the rights, benefits, and tenure to which the person would otherwise be entitled had that person been employed by the receiving district originally.

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

(11) From the funds allocated in subsection (1), there is allocated the amount necessary, estimated at $5,300,000.00 for 2011-2012 and estimated at $5,600,000.00 for 2012-2013, AND ESTIMATED AT $4,300,000.00 FOR 2013-2014, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation allowance under section 20 for the current fiscal year, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy, times an amount equal to the amount per membership pupil under section 20(6) or, for a pupil described in this subsection who is counted in membership in the education
achievement system, times an amount equal to the amount per membership pupil under section 20(7). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation allowance under section 20 for the current fiscal year. This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

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

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

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

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

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

(c) 100% of the payment required under section 54.
(d) 100% of the payment required under subsection (3).
(e) 100% of the payments under section 56.

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

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

Sec. 51b. A district or intermediate district shall not receive funds under this article—SECTION 51A unless the district or intermediate district complies with rules promulgated under article 3 of the revised school code, being sections 380.1701 to 380.1766.
Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated each fiscal year for 2011-2012 and for 2012-2013 AND FOR 2013-2014 the amount necessary, estimated at $648,700,000.00 for 2011-2012 and estimated at $678,000,000.00 $642,000,000.00 for 2012-2013, AND ESTIMATED AT $662,200,000.00 FOR 2013-2014, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Not more than $13,500,000.00 of the allocation for 2011-
Sec. 54. Each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan schools for the deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than $1,688,000.00 of the allocation for 2012-2013-2013-2014 in section 51a(1) shall be allocated under this section.

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

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

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

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed $36,881,100.00 for 2012-2013 $37,758,100.00 FOR 2013-2014 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the
revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

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

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

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

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

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

(2) Except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, districts and intermediate districts shall be reimbursed for local career and technical education administration, shared time career and technical education administration, and career education planning district career and technical education administration. The definition of what constitutes administration and reimbursement shall be pursuant to guidelines adopted by the superintendent. Not more than $800,000.00 of the allocation in subsection (1) shall be
(3) In addition to the funds allocated in subsection (1), from the appropriation in section 11, there is allocated an amount not to exceed $1,000,000.00 for 2013-2014 to districts or intermediate districts for area career and technical education centers for the purpose of integrating the Michigan Merit curriculum content standards under sections 1278A and 1278B of the Revised School Code, MCL 380.1278A and 380.1278B, into state-approved career and technical education instructional programs for the purpose of awarding academic credit. The department shall determine the allocation to each career and technical education center in a manner that provides for maximum integration of Michigan Merit curriculum content standards statewide.

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

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

(b) "Millage levied" means the millage levied for area vocational-technical education pursuant to sections 681 to 690 of the Revised School Code, MCL 380.681 to 380.690, including a levy for debt service obligations incurred as the result of borrowing for capital outlay projects and in meeting capital projects fund requirements of area vocational-technical education.

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district or area.
vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, the membership and taxable value of that district shall not be included in the membership and taxable value of the intermediate district. However, the membership and taxable value of a district that has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, shall be included in the membership and taxable value of the intermediate district if the district meets both of the following:

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

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed $9,000,000.00 for 2012-2013 $9,190,000.00 FOR 2013-2014 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, MCL 380.690, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.
(3) Reimbursement for the millages levied in 2010-2011 shall be made in 2011-2012-2013-2014 at an amount per 2010-2011 membership pupil computed by subtracting from $190,400.00 $186,500.00 the 2010-2011-2012-2013 taxable value behind each membership pupil and multiplying the resulting difference by the 2010-2011-2012-2013 millage levied.

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

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

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

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

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

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

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

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated EACH FISCAL YEAR for 2012-2013 AND FOR 2013-2014 to the intermediate districts the sum necessary, but not to exceed $64,108,000.00, $64,115,100.00 EACH FISCAL YEAR, to provide state aid to intermediate districts under this section.
(2) From the allocation in subsection (1), there is allocated an amount not to exceed $62,108,000.00 for allocations to each intermediate district for 2012-2013 in an amount equal to 100% of the amount allocated to the intermediate district under this subsection for 2011-2012. FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED $62,108,000.00 FOR ALLOCATIONS TO EACH INTERMEDIATE DISTRICT FOR 2013-2014 IN AN AMOUNT EQUAL TO 100.0% OF THE AMOUNT ALLOCATED TO THE INTERMEDIATE DISTRICT UNDER THIS SUBSECTION FOR 2012-2013. Funding provided under this section shall be used to comply with requirements of this article and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this article, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(4) From the allocation in subsection (1), there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of $3,500.00 each fiscal year for each intermediate district included in the new intermediate district.
district for 3 years following consolidation, annexation, or attachment. FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED $7,000.00 FOR PURPOSES OF THIS SUBSECTION FOR 2012-2013, FOR 2013-2014, AND FOR 2014-2015, AFTER WHICH THE PAYMENT UNDER THIS SUBSECTION WILL CEASE.

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

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

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

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

(c) Comply with sections 1278a and 1278b of the revised school code, MCL 380.1278a and 380.1278b.
(d) Furnish data and other information required by state and federal law to the center and the department in the form and manner specified by the center or the department, as applicable.

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

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

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

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

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

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

(b) The intermediate district has obtained competitive bids on
the provision of 1 or more noninstructional services for the intermediate district or its constituent districts with a value of at least $50,000.00.

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

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

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

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

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

(iv) The total funds received from levying special education and vocational education millages, and the number of special education and vocational education pupils served with those dollars.
(v) The number and percentage of individualized education programs developed for special education pupils that contain academic goals.

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

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

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

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

(ii) IF THE INTERMEDIATE DISTRICT DID NOT DEVELOP A SERVICE CONSOLIDATION PLAN IN 2012-2013, DEVELOP A SERVICE CONSOLIDATION
PLAN IN 2013-2014 TO REDUCE OPERATING COSTS THAT IS IN COMPLIANCE WITH GUIDELINES THAT WERE DEVELOPED BY THE DEPARTMENT FOR FORMER SECTION 11D AS THAT SECTION WAS IN EFFECT FOR 2010-2011.


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

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

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

(D) THE INTERMEDIATE DISTRICT PROVIDES TO PARENTS AND COMMUNITY MEMBERS A DASHBOARD OR REPORT CARD DEMONSTRATING THE
INTERMEDIATE DISTRICT'S EFFORTS TO MANAGE ITS FINANCES RESPONSIBLY.

THE DASHBOARD OR REPORT CARD SHALL INCLUDE REVENUE AND EXPENDITURE
PROJECTIONS FOR THE INTERMEDIATE DISTRICT FOR 2013-2014 AND 2014-
2015, A LISTING OF ALL DEBT SERVICE OBLIGATIONS, DETAILED BY
PROJECT, INCLUDING ANTICIPATED 2013-2014 PAYMENT FOR EACH PROJECT,
A LISTING OF TOTAL OUTSTANDING DEBT, AND AT LEAST ALL OF THE
FOLLOWING FOR THE 3 MOST RECENT SCHOOL YEARS FOR WHICH THE DATA ARE
AVAILABLE:

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

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

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

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

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

(E) THE INTERMEDIATE DISTRICT WORKS IN A CONSORTIUM WITH 1 OR
MORE OTHER INTERMEDIATE DISTRICTS AND THE CENTER TO DEVELOP LOCAL
INFORMATION MANAGEMENT SYSTEM REQUIREMENTS AND BID SPECIFICATIONS
THAT RESULT IN A RECOMMENDED MODEL INFORMATION SYSTEM THAT SUPPORTS
INTEROPERABILITY TO ENSURE LINKAGE AND CONNECTIVITY IN A MANNER
THAT FACILITATES THE EFFICIENT EXCHANGE OF DATA AMONG DISTRICTS,
INTERMEDIATE DISTRICTS, AND THE CENTER. AT A MINIMUM, THESE
SPECIFICATIONS SHALL INCLUDE PUPIL MANAGEMENT SYSTEMS FOR BOTH
GENERAL AND SPECIAL EDUCATION, LEARNING MANAGEMENT TOOLS, AND
BUSINESS SERVICES.

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

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

(a) Coordinate the collection of all data required by state
and federal law from districts, intermediate districts, and
postsecondary institutions.
(b) Create, maintain, and enhance this state's P-20 longitudinal data system and ensure that it meets the requirements of subsection (4).

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

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

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

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

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

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

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

(g) Other functions as assigned by the state budget director.
information from districts, intermediate districts, or postsecondary institutions as required under state or federal law shall make arrangements with the center to ensure that the state department, officer, or agency is in compliance with subsection (1). This subsection does not apply to information collected by the department of treasury under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939; or section 1351a of the revised school code, MCL 380.1351a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Contains yearly test records of individual students for assessments approved by DED-OESE for accountability purposes under section 1111(b) of the elementary and secondary education act of 1965, 20 USC 6311, including information on individual students not tested, by grade and subject.
(ii) Contains student-level transcript information, including information on courses completed and grades earned.

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

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

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

(A) Enrollment in remedial coursework.

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

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

(5) From the general fund appropriation in section 11, there is allocated an amount not to exceed $9,218,400.00 for 2012-2013 $9,535,100.00 FOR 2013-2014 to the department of technology, management, and budget to support the operations of the center. In addition, from the federal funds appropriated in section 11 there is allocated for 2012-2013 2013-2014 the amount necessary, estimated at $193,500.00, for 2012-2013, to support the operations of the center and to establish a P-20 longitudinal data system as provided under this section in compliance with the assurance provided to the United States department of education in order to receive state fiscal stabilization funds. The center shall cooperate with the department to ensure that this state is in compliance with federal law and is maximizing opportunities for
increased federal funding to improve education in this state.

(6) From the funds allocated in subsection (5), there is allocated for 2012-2013-2013-2014 an amount not to exceed $850,000.00 for competitive grants to support collaborative efforts on the P-20 longitudinal data system. All of the following apply to grants awarded under this subsection:

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

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

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

(7) FROM THE FUNDS ALLOCATED IN SUBSECTION (5), THERE IS ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED $100,000.00 FOR THE CENTER TO DEVELOP THE PUPIL TRANSFER APPLICATION AS REQUIRED UNDER SECTION 25E.

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

(9) IT IS THE INTENT OF THE LEGISLATURE THAT, BEGINNING IN 2014-2015, A DISTRICT SHALL REPORT TO THE CENTER BY JUNE 30, IN A MANNER PRESCRIBED BY THE CENTER, THE NUMBER OF PUPILS IN THE DISTRICT WHO HAVE HAD 10 OR MORE UNEXCUSED ABSENCES EACH SCHOOL YEAR. FOR PUPILS IN GRADES 9 TO 12, THE REPORT SHALL INCLUDE BOTH THE TOTAL NUMBER OF UNEXCUSED ABSENCES IN ANY SINGLE COURSE AND THE TOTAL NUMBER OF UNEXCUSED ABSENCES IN ALL COURSES. EACH DISTRICT SHALL DEFINE UNEXCUSED ABSENCE. IT IS THE INTENT OF THE LEGISLATURE THAT A DISTRICT THAT REPORTS FALSE INFORMATION UNDER THIS SUBSECTION SHALL FORFEIT AN AMOUNT EQUAL TO 5% OF ITS TOTAL STATE AID ALLOCATION UNDER THIS ACT.

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

(11) As used in this section:

(a) "DED-OESE" means the United States department of education office of elementary and secondary education.

(b) "State education agency" means the department.
is allocated an amount not to exceed $1,750,000.00 for 2012-2013
AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED $500,000.00 FOR
2013-2014 for grants to districts to support professional
development for principals and assistant principals in a
department-approved training program for implementing educator
evaluations as required under section 1249 of the revised school
code, MCL 380.1249.

(2) THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT
APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2012-2013 ARE CARRIED
FORWARD INTO 2013-2014. THE PURPOSE OF THE WORK PROJECT IS TO
CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION (1).
THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30,
2014.

(3) (2)—For 2012-2013, all districts may apply for funding
under this section by a date determined by the department.
Beginning in 2013-2014, in a form and manner determined by the
department, priority will be given to districts that have new
building administrators who have not previously received training
in programs funded under this section.

(4) (3)—The department shall approve training programs for the
purpose of this section. The department shall approve all training
programs recommended by the governor's council on educator
effectiveness and may approve other training programs that meet
department criteria. At a minimum, these other programs shall meet
all of the following criteria:
(a) Contain instructional content on methods of evaluating
teachers consistently across multiple grades and subjects.
(b) Include training on evaluation observation that is focused on reliability and bias awareness and that instills skills needed for consistent, evidence-based observations.

(c) Incorporate the use of videos of actual lessons for applying rubrics and consistent scoring.

(d) Align with recommendations of the governor's council on educator effectiveness.

(e) Provide ongoing support to maintain inter-rater reliability. As used in this subdivision, "inter-rater reliability" means a consistency of measurement from different evaluators independently applying the same evaluation criteria to the same classroom observation.

(5) The department shall award grants to eligible districts in an amount determined by the department, but not to exceed $350.00 per participant.

(6) A district receiving funds under this section shall use the funds only for department-approved training programs under this section.

Sec. 98. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed $4,387,500.00 for 2012-2013, $9,387,500.00 for 2013-2014 for the purposes described in this section.

(2) The Michigan virtual university shall establish the center for online learning research and innovation. The center for online learning research and innovation—OPERATE THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE shall do all of the following:
(a) Support and accelerate innovation in education through the following activities:

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

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

(iii) Research, design, and recommend competency-based online assessments.

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

(v) Based on pupil completion and performance data reported to the department or the center for educational performance and information from cyber schools and other online course providers operating in this state, analyze the effectiveness of online learning delivery models in preparing pupils to be college- and career-ready and publish a report that highlights enrollment totals, completion rates, and the overall impact on pupils. The report shall be submitted to the house and senate appropriations subcommittees on state school aid, the state budget director, the house and senate fiscal agencies, and the department not later than December 31, 2013-1, 2014.

(vi) Design professional development services for BEFORE AUGUST

31, 2014, PROVIDE AN EXTENSIVE PROFESSIONAL DEVELOPMENT PROGRAM TO AT LEAST 500 EDUCATIONAL PERSONNEL, INCLUDING teachers, school
editors, and school board members, to learn how to
effectively integrate new technologies and online learning into
curricula and instruction. THAT FOCUSES ON THE EFFECTIVE INTEGRATION
OF DIGITAL LEARNING INTO CURRICULA AND INSTRUCTION. NOT LATER THAN
DECEMBER 1, 2014, THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE
SHALL SUBMIT A REPORT TO THE HOUSE AND SENATE APPROPRIATIONS
SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE
HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT ON THE NUMBER
AND PERCENTAGE OF TEACHERS, SCHOOL ADMINISTRATORS, AND SCHOOL BOARD
MEMBERS WHO HAVE RECEIVED PROFESSIONAL DEVELOPMENT SERVICES FROM
THE MICHIGAN VIRTUAL UNIVERSITY. THE REPORT SHALL ALSO IDENTIFY
BARRIERS AND OTHER OPPORTUNITIES TO ENCOURAGE THE ADOPTION OF
DIGITAL LEARNING IN THE PUBLIC EDUCATION SYSTEM.

(vii) Identify and share best practices for PLANNING,
implementing, AND EVALUATING online and blended education delivery
models with intermediate districts, districts, and public school
academies to accelerate the adoption of innovative education
delivery models statewide.

(b) Provide leadership for this state's system of online and
blended DIGITAL learning education by doing the following
activities:

(i) Develop and report policy recommendations to the governor
and the legislature that accelerate the expansion of effective
online learning in this state's schools.

(ii) Provide a clearinghouse for research reports, academic
studies, evaluations, and other information related to online
learning.
(iii) Promote and distribute the most current instructional design standards and guidelines for online teaching.

(iv) In collaboration with the department and interested colleges and universities in this state, recommend to the superintendent guidelines and standards for a new teacher endorsement credential related to effective online and blended DIGITAL LEARNING instruction.

(v) Pursue public/private partnerships that include districts to study and implement competency-based technology-rich online learning models.

(vi) Convene focus groups and conduct annual surveys of teachers, administrators, pupils, parents, and others to identify barriers and opportunities related to online learning.

(vii) Produce an annual consumer awareness report for schools and parents about effective online education providers and education delivery models, performance data, cost structures, and research trends.

(3) Subject to the provisions of this subsection, from the funds allocated in subsection (1), there is allocated an amount not to exceed $500,000.00 for 2012-2013 to the Michigan virtual school operated by the Michigan virtual university to conduct and report on a year-long pilot study of a new performance-based funding model for the Michigan virtual school. The purpose of the pilot study is to determine the merits of a payment system for online instructional programs based on pupil performance rather than solely on enrollment and attendance factors. All of the following apply to the pilot study and the funding under this subsection:
(a) The Michigan virtual school shall randomly select a minimum of 1,000 of its qualifying online course enrollments for inclusion in the pilot study. The Michigan virtual school shall issue a refund or credit to districts for all online course enrollments included in the pilot study.

(b) The Michigan virtual school shall report to the department the number of online course enrollments in the pilot study that meet the following conditions:

(i) The pupil successfully completed the online course as measured by assessments aligned to the course content and earned a grade or credit from the district or public school academy in which the pupil is enrolled.

(ii) The online course is taught by a Michigan certificated teacher certified in the subject area in which the course is being offered.

(iii) Where applicable, the online course is aligned with Michigan curriculum standards.

(iv) The online course curriculum contains periodic online pupil assessments.

(v) Pupils have access to the appropriate technology hardware and software necessary to take the online course.

(vi) Parents or guardians and pupils have secure online access to review periodic pupil progress and performance data.

(vii) The online instructor is available to interact with parents or guardians and pupils using electronic communications.

(c) The department shall pay to Michigan virtual school from the funding under this subsection an amount not to exceed the
equivalent of 1/12 of the state's minimum per pupil foundation allowance for each online course enrollment included in the pilot study that meets the conditions of subdivision (b) in the next school aid payment after the report is received by the department.

(viii) RESEARCH AND ESTABLISH AN INTERNET-BASED PLATFORM THAT EDUCATORS CAN USE TO CREATE STUDENT-CENTRIC LEARNING TOOLS AND RESOURCES AND FACILITATE A USER NETWORK THAT ASSISTS EDUCATORS IN USING THE PLATFORM. AS PART OF THIS INITIATIVE, THE MICHIGAN VIRTUAL UNIVERSITY SHALL WORK COLLABORATIVELY WITH DISTRICTS AND INTERMEDIATE DISTRICTS TO ESTABLISH A PLAN TO MAKE AVAILABLE ONLINE RESOURCES THAT ALIGN TO MICHIGAN'S K-12 CURRICULUM STANDARDS FOR USE BY STUDENTS, EDUCATORS, AND PARENTS.

(ix) CREATE AND MAINTAIN A PUBLIC STATEWIDE CATALOG OF ONLINE LEARNING COURSES BEING OFFERED BY ALL PUBLIC SCHOOLS IN THIS STATE. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL IDENTIFY AND DEVELOP A LIST OF NATIONALLY RECOGNIZED BEST PRACTICES FOR ONLINE LEARNING AND USE THIS LIST TO PROVIDE REVIEWS OF ONLINE COURSE VENDORS, COURSES, AND INSTRUCTIONAL PRACTICES. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL ALSO PROVIDE A MECHANISM FOR INTERMEDIATE DISTRICTS TO USE THE IDENTIFIED BEST PRACTICES TO REVIEW CONTENT OFFERED BY CONSTITUENT DISTRICTS. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL REVIEW THE ONLINE COURSE OFFERINGS OF THE MICHIGAN VIRTUAL UNIVERSITY, AND MAKE THE RESULTS FROM THESE REVIEWS AVAILABLE TO THE PUBLIC AS PART OF THE STATEWIDE CATALOG. THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL ENSURE THAT THE STATEWIDE CATALOG IS MADE AVAILABLE TO THE PUBLIC ON THE MICHIGAN VIRTUAL UNIVERSITY WEBSITE AND LINKED TO EACH...
DISTRICT'S WEBSITE AS PROVIDED FOR IN SECTION 21F. BEGINNING IN 2014-2015, THE STATEWIDE CATALOG SHALL ALSO CONTAIN ALL OF THE FOLLOWING:

(A) THE NUMBER OF PUPILS ENROLLED IN EACH ONLINE COURSE IN THE 2012-2013 SCHOOL YEAR.

(B) THE NUMBER OF PUPILS WHO SUCCESSFULLY COMPLETED EACH ONLINE COURSE IN THE 2012-2013 SCHOOL YEAR.

(C) THE COMPLETION RATE FOR EACH ONLINE COURSE.

(3) In order for the Michigan virtual university to receive any funds allocated under this section, the Michigan virtual school must maintain its accreditation status from recognized national and international accrediting entities.

(4) The IF THE COURSE OFFERINGS ARE INCLUDED IN THE STATEWIDE CATALOG OF ONLINE COURSES UNDER SUBSECTION (2)(B)(ix), THE Michigan virtual school OPERATED BY THE MICHIGAN VIRTUAL UNIVERSITY may offer online course offerings, in addition to those offered in the pilot study described in subsection (3), including, but not limited to, all of the following:

(a) Information technology courses.

(b) College level equivalent courses, as defined in section 1471 of the revised school code, MCL 380.1471.

(c) Courses and dual enrollment opportunities.

(d) Programs and services for at-risk pupils.

(e) General education development test preparation courses for adjudicated youth.

(f) Special interest courses.

(g) Professional development programs for teachers, school
administrators, other school employees, and school board members.

(5) (6) If a home-schooled or nonpublic school student is a resident of a district that subscribes to services provided by the Michigan virtual school, the student may use the services provided by the Michigan virtual school to the district without charge to the student beyond what is charged to a district pupil using the same services.

(6) (7) Not later than December 1 of each fiscal year, the Michigan virtual university shall provide a report to the house and senate appropriations subcommittees on state school aid, the state budget director, the house and senate fiscal agencies, and the department that includes at least all of the following information related to the Michigan virtual school for the preceding state fiscal year:

(a) A list of the districts served by the Michigan virtual school.

(b) A list of online course titles available to districts.

(c) The total number of online course enrollments and information on registrations and completions by course.

(d) The overall course completion rate percentage.

(e) An analysis of the results of the pilot study described in subsection (3), including, but not limited to:

(i) A list of the districts that were selected to be part of the pilot study.

(ii) The number of successful online course completions.

(iii) A list of the courses offered in the pilot study and the completion rates for each course.
(iv) Identification of opportunities and barriers that must be addressed in order to apply online learning performance funding based on successful completions rather than enrollment and attendance for online learning offerings statewide.

(7) The governor may appoint an advisory group for the center for online learning research and innovation—MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE—established under subsection (2). The members of the advisory group shall serve at the pleasure of the governor and shall serve without compensation. The purpose of the advisory group is to make recommendations to the governor, the legislature, and the president and board of the Michigan virtual university that will accelerate innovation in this state's education system in a manner that will prepare elementary and secondary students to be career and college ready and that will promote the goal of increasing the percentage of citizens of this state with high-quality degrees and credentials to at least 60% by 2025.

DIRECTOR, AND THE HOUSE AND SENATE FISCAL AGENCIES A BREAKDOWN ON ITS ACTUAL COSTS TO DELIVER ONLINE EDUCATIONAL SERVICES TO DISTRICTS AND A SUMMARY OF THE ACTUAL FEES PAID BY DISTRICTS FOR THOSE SERVICES BASED ON AUDITED FINANCIAL STATEMENTS FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

(9) As used in this section:

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

(b) "Cyber school" means a full-time online instructional program OF ONLINE COURSES for pupils that may or may not require attendance at a physical school location.

(C) "DIGITAL LEARNING" MEANS INSTRUCTION DELIVERED VIA A WEB-BASED EDUCATIONAL DELIVERY SYSTEM THAT USES VARIOUS INFORMATION TECHNOLOGIES TO PROVIDE A STRUCTURED LEARNING ENVIRONMENT, INCLUDING ONLINE AND BLENDED LEARNING INSTRUCTIONAL METHODS.

(D) (c) "Online instructional program" COURSE" means a course of study that generates IS CAPABLE OF GENERATING a credit or a grade, THAT IS provided in an interactive computer-based and internet-connected learning environment, in which pupils are separated from their teachers by time or location, or both, and in which a Michigan certificated teacher TEACHER WHO HOLDS A VALID
MICHIGAN TEACHING CERTIFICATE is responsible for providing direct instruction, determining appropriate instructional methods for each pupil, diagnosing learning needs, assessing pupil learning, prescribing intervention strategies, reporting outcomes, and evaluating the effects of instruction and support strategies.

Sec. 99. (1) From the funds appropriated in section 11, there is allocated for 2013-2014 an amount not to exceed $2,725,000.00 for 2012-2013 $2,850,000.00 from the state school aid fund and an amount not to exceed $375,000.00 from the general fund to support the activities and programs of mathematics and science centers and for other purposes as described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for 2012-2013 2013-2014 an amount estimated at $5,249,300.00 from DED-OESE, title II, mathematics and science partnership grants.

(2) Within a service area designated locally, approved by the department, and consistent with the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board, an established mathematics and science center shall provide 2 or more of the following 6 basic services, as described in the master plan, to constituent districts and communities: leadership, pupil services, curriculum support, community involvement, professional development, and resource clearinghouse services.

(3) The department shall not award a state grant under this section to more than 1 mathematics and science center located in a designated region as prescribed in the 2007 master plan unless each of the grants serves a distinct target population or provides a
service that does not duplicate another program in the designated region.

(4) As part of the technical assistance process, the department shall provide minimum standard guidelines that may be used by the mathematics and science center for providing fair access for qualified pupils and professional staff as prescribed in this section.

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 33 established mathematics and science centers. Each established mathematics and science center that was funded in the immediately preceding fiscal year shall receive state funding in an amount equal to 100% of the amount it was allocated under this subsection for the immediately preceding fiscal year. If a center declines state funding or a center closes, the remaining money available under this section shall be distributed to the remaining centers, as determined by the department.

(6) From the funds allocated in subsection (1), there is allocated for 2012-2013 an amount not to exceed $750,000.00 in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in implementing the Michigan merit curriculum components for mathematics and science. Funding under this subsection is in addition to funding allocated under subsection (5).

(7) From the funds allocated in subsection (1), there is allocated for 2012-2013 an amount not to exceed $750,000.00 in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in implementing the Michigan merit curriculum components for mathematics and science.
amount not to exceed $100,000.00 in a form and manner determined by
the department to a single mathematics and science center that is a
participant in the Michigan STEM partnership, TO BE USED TO
ADMINISTER THE GRANT PROCESS UNDER THIS SUBSECTION. FROM THE
GENERAL FUND MONEY ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED
FOR 2013-2014 AN AMOUNT NOT TO EXCEED $375,000.00 TO THE MICHIGAN
STEM PARTNERSHIP TO BE USED FOR A COMPETITIVE GRANT PROCESS TO
AWARD COMPETITIVE GRANTS TO ORGANIZATIONS CONDUCTING STUDENT-
FOCUSED, PROJECT-BASED PROGRAMS AND COMPETITIONS, EITHER IN THE
CLASSROOM OR EXTRACURRICULAR, IN SCIENCE, TECHNOLOGY, ENGINEERING,
AND MATHEMATICS SUBJECTS SUCH AS, BUT NOT LIMITED TO, ROBOTICS,
CODING, AND DESIGN-BUILD-TEST PROJECTS, FROM PRE-KINDERGARTEN
THROUGH COLLEGE LEVEL. Funding under this subsection is in addition
to funding allocated under subsection (5) and shall be used for
connecting mathematics and science centers for science, technology,
engineering, and mathematics purposes. A PROGRAM RECEIVING FUNDS
UNDER SECTION 99H MAY NOT RECEIVE FUNDS UNDER THIS SUBSECTION.

(8) In order to receive state or federal funds under this
section, a grant recipient shall allow access for the department or
the department's designee to audit all records related to the
program for which it receives such funds. The grant recipient shall
reimburse the state for all disallowances found in the audit.

(9) Not later than September 30, 2013, the department shall
reevaluate and update the comprehensive master plan described in
subsection (1).

(10) The department shall give preference in awarding the
federal grants allocated in subsection (1) to eligible existing
In order to receive state funds under this section, a grant recipient shall provide at least a 10% local match from local public or private resources for the funds received under this section.

Not later than July 1 of each year, a mathematics and science center that receives funds under this section shall report to the department in a form and manner prescribed by the department on the following performance measures:

(a) Statistical change in pre- and post-assessment scores for students who enrolled in mathematics and science activities provided to districts by the mathematics and science center.

(b) Statistical change in pre- and post-assessment scores for teachers who enrolled in professional development activities provided by the mathematics and science center.

As used in this section:

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

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

SEC. 99H. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED $3,000,000.00 FOR 2013-2014 FOR COMPETITIVE GRANTS TO DISTRICTS THAT PROVIDE PUPILS IN GRADES 7 TO 12 WITH EXPANDED OPPORTUNITIES TO IMPROVE MATHEMATICS, SCIENCE, AND TECHNOLOGY SKILLS BY PARTICIPATING IN EVENTS HOSTED BY A SCIENCE AND TECHNOLOGY DEVELOPMENT PROGRAM KNOWN AS FIRST (FOR INSPIRATION AND RECOGNITION OF SCIENCE AND TECHNOLOGY) ROBOTICS.

(2) A DISTRICT APPLYING FOR A FIRST TECH CHALLENGE OR FIRST
ROBOTICS COMPETITION PROGRAM GRANT SHALL SUBMIT AN APPLICATION IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT. TO BE ELIGIBLE FOR A GRANT, A DISTRICT SHALL DEMONSTRATE IN ITS APPLICATION THAT THE DISTRICT HAS ESTABLISHED A PARTNERSHIP FOR THE PURPOSES OF THE FIRST PROGRAM WITH AT LEAST 1 SPONSOR, BUSINESS ENTITY, HIGHER EDUCATION INSTITUTION, OR TECHNICAL SCHOOL.

(3) THE DEPARTMENT SHALL DISTRIBUTE THE GRANT FUNDING UNDER THIS SECTION FOR THE FOLLOWING PURPOSES:

(A) EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (iii), NOT MORE THAN $1,000,000.00 FOR GRANTS TO DISTRICTS TO PAY FOR STIPENDS OF $1,500.00 FOR 1 COACH PER TEAM, DISTRIBUTED AS FOLLOWS:

(i) NOT MORE THAN 500 STIPENDS FOR COACHES OF HIGH SCHOOL TEAMS, INCLUDING EXISTING TEAMS.

(ii) NOT MORE THAN 100 STIPENDS FOR COACHES OF MIDDLE SCHOOL OR JUNIOR HIGH TEAMS, INCLUDING EXISTING TEAMS.

(iii) IF THE REQUESTS FOR STIPENDS EXCEED THE NUMBERS OF STIPENDS ALLOWED UNDER SUBPARAGRAPHS (i) AND (ii), AND IF THERE IS FUNDING REMAINING UNSPENT UNDER SUBDIVISIONS (B) AND (C), THE DEPARTMENT SHALL USE THAT REMAINING UNSPENT FUNDING FOR GRANTS TO DISTRICTS TO PAY FOR ADDITIONAL STIPENDS IN A MANNER THAT EXPANDS THE GEOGRAPHICAL DISTRIBUTION OF TEAMS.

(B) NOT MORE THAN $1,000,000.00 FOR GRANTS TO DISTRICTS FOR EVENT REGISTRATIONS, MATERIALS, TRAVEL COSTS, AND OTHER EXPENSES ASSOCIATED WITH THE PREPARATION FOR AND ATTENDANCE AT FIRST TECH CHALLENGE AND FIRST ROBOTICS COMPETITIONS. EACH GRANT RECIPIENT SHALL PROVIDE A LOCAL MATCH FROM OTHER PRIVATE OR LOCAL FUNDS FOR THE FUNDS RECEIVED UNDER THIS SUBDIVISION EQUAL TO AT LEAST 50% OF
THE COSTS OF PARTICIPATING IN AN EVENT. THE DEPARTMENT SHALL SET MAXIMUM GRANT AMOUNTS UNDER THIS SUBDIVISION IN A MANNER THAT MAXIMIZES THE NUMBER OF TEAMS THAT WILL BE ABLE TO RECEIVE FUNDING.

(C) NOT MORE THAN $1,000,000.00 FOR GRANTS TO DISTRICTS FOR AWARDS TO TEAMS THAT ADVANCE TO THE STATE AND WORLD CHAMPIONSHIP COMPETITIONS. THE DEPARTMENT SHALL DETERMINE AN EQUAL AMOUNT PER TEAM FOR THOSE TEAMS THAT ADVANCE TO THE STATE CHAMPIONSHIP AND A SECOND EQUAL AWARD AMOUNT TO THOSE TEAMS THAT ADVANCE TO THE WORLD CHAMPIONSHIP.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth Wednesday after the pupil membership count day and not later than the fifth Wednesday after the supplemental count day, each district superintendent shall submit to the center and the intermediate superintendent, in the form and manner prescribed by the center, the number of pupils enrolled and in regular daily attendance in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the revised school code, MCL 380.1561, shall submit to the center and the intermediate superintendent, in the form and manner prescribed by the center, the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to rules promulgated by the superintendent. Not later than the seventh—SIXTH Wednesday after the pupil membership count day and not later than the sixth Wednesday after the supplemental count day, the district shall certify the data in a form and manner
prescribed by the center and file the certified data with the
intermediate superintendent. If a district fails to submit and
certify the attendance data, as required under this subsection, the
center shall notify the department and state aid due to be
distributed under this article shall be withheld from the
defaulting district immediately, beginning with the next payment
after the failure and continuing with each payment until the
district complies with this subsection. If a district does not
comply with this subsection by the end of the fiscal year, the
district forfeits the amount withheld. A person who willfully
falsifies a figure or statement in the certified and sworn copy of
enrollment shall be punished in the manner prescribed by section
161.

(2) To be eligible to receive state aid under this article,
not later than the twenty-fourth Wednesday after the pupil
membership count day and not later than the twenty-fourth Wednesday
after the supplemental count day, an intermediate district shall
submit to the center, in a form and manner prescribed by the
center, the audited enrollment and attendance data for the pupils
of its constituent districts and of the intermediate district. If
an intermediate district fails to submit the audited data as
required under this subsection, state aid due to be distributed
under this article shall be withheld from the defaulting
intermediate district immediately, beginning with the next payment
after the failure and continuing with each payment until the
intermediate district complies with this subsection. If an
intermediate district does not comply with this subsection by the
end of the fiscal year, the intermediate district forfeits the amount withheld.

(3) Except as otherwise provided in subsections (11) and (12), all of the following apply to the provision of pupil instruction:

(a) Except as otherwise provided in this section, each district shall provide at least 1,098 hours and, beginning in 2010-2011, the required minimum number of days of pupil instruction. Beginning in 2012-2013, the required minimum number of days of pupil instruction is 170. **BEGINNING IN 2013-2014, THE REQUIRED MINIMUM NUMBER OF DAYS OF PUPIL INSTRUCTION IS 175.** However, beginning in 2010-2011, a district shall not provide fewer days of pupil instruction than the district provided for 2009-2010. A district may apply for a waiver under subsection (9) from the requirements of this subdivision. For 2012-2013 only, if a district is unable to provide the required minimum number of days of pupil instruction because of school closures occurring before April 20, 2013 due to conditions not within the control of school authorities, such as severe storms, fires, epidemics, utility power unavailability, water or sewer failure, or health conditions as defined by the city, county, or state health authorities, but the district does provide at least the required minimum number of hours of pupil instruction, the district is not subject to the minimum number of days of pupil instruction requirement of this subsection. A district that uses the 2012-2013 exception from the minimum number of days of pupil instruction requirement shall submit to the department not later than July 1, 2013, in the form and manner prescribed by the department, a report that details the amount of
instructional time that was lost due to school closures and the amount of additional instructional time that was added to compensate; when the additional instructional time was provided; the activities that were carried out and subject areas addressed during the additional instructional time; and other information specified by the department to assess whether appropriate instruction occurred during the additional instructional time. The department shall aggregate and provide these reports to the senate and house standing committees on education.

(b) Except as otherwise provided in this article, a district failing to comply with the required minimum hours and days of pupil instruction under this subsection shall forfeit from its total state aid allocation an amount determined by applying a ratio of the number of hours or days the district was in noncompliance in relation to the required minimum number of hours and days under this subsection. Not later than August 1, the board of each district shall certify to the department the number of hours and days of pupil instruction in the previous school year. If the district did not provide at least the required minimum number of hours and days of pupil instruction under this subsection, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (6).

(c) Hours or days lost because of strikes or teachers' conferences shall not be counted as hours or days of pupil
(d) If a collective bargaining agreement that provides a complete school calendar is in effect for employees of a district as of October 19, 2009, and if that school calendar is not in compliance with this subsection, then this subsection does not apply to that district until after the expiration of that collective bargaining agreement.

(e) Except as otherwise provided in subdivision (f), a district not having at least 75% of the district's membership in attendance on any day of pupil instruction shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to the specified percentage.

(f) At the request of a district that operates a department-approved alternative education program and that does not provide instruction for pupils in all of grades K to 12, the superintendent may grant a waiver from the requirements of subdivision (e). The waiver shall indicate that an eligible district is subject to the proration provisions of subdivision (e) only if the district does not have at least 50% of the district's membership in attendance on any day of pupil instruction. In order to be eligible for this waiver, a district must maintain records to substantiate its compliance with the following requirements:

(i) The district offers the minimum hours of pupil instruction as required under this section.

(ii) For each enrolled pupil, the district uses appropriate academic assessments to develop an individual education plan that leads to a high school diploma.
(iii) The district tests each pupil to determine academic progress at regular intervals and records the results of those tests in that pupil's individual education plan.

(g) All of the following apply to a waiver granted under subdivision (f):

(i) If the waiver is for a blended model of delivery, a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it is revoked by the superintendent.

(ii) If the waiver is for a 100% online model of delivery and the educational program for which the waiver is granted makes educational services available to pupils for a minimum of at least 1,098 hours during a school year and ensures that each pupil participates in the educational program for at least 1,098 hours during a school year, a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it is revoked by the superintendent.

(iii) A waiver that is not a waiver described in subparagraph (i) or (ii) is valid for 1 fiscal year and must be renewed annually to remain in effect.

(h) The superintendent shall promulgate rules for the implementation of this subsection.

(4) Except as otherwise provided in this subsection, the first 6 days or the equivalent number of hours for which pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, utility power unavailability, water or sewer failure, or
health conditions as defined by the city, county, or state health authorities, shall be counted as hours and days of pupil instruction. With the approval of the superintendent of public instruction, the department shall count as hours and days of pupil instruction for a fiscal year not more than 6 additional days or the equivalent number of additional hours for which pupil instruction is not provided in a district after April 1 of the applicable school year due to unusual and extenuating occurrences resulting from conditions not within the control of school authorities such as those conditions described in this subsection. Subsequent such hours or days shall not be counted as hours or days of pupil instruction.

(5) A district shall not forfeit part of its state aid appropriation because it adopts or has in existence an alternative scheduling program for pupils in kindergarten if the program provides at least the number of hours required under subsection (3) for a full-time equated membership for a pupil in kindergarten as provided under section 6(4).

(6) In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this article that is equal to the proportion below the required minimum number of hours and days of pupil instruction under subsection (3), as specified in the following:

(a) The district fails to operate its schools for at least the
required minimum number of hours and days of pupil instruction
under subsection (3) in a school year, including hours and days
counted under subsection (4).

(b) The board of the district takes formal action not to
operate its schools for at least the required minimum number of
hours and days of pupil instruction under subsection (3) in a
school year, including hours and days counted under subsection (4).

(7) In providing the minimum number of hours and days of pupil
instruction required under subsection (3), a district shall use the
following guidelines, and a district shall maintain records to
substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil
must be scheduled for at least the required minimum number of hours
of instruction, excluding study halls, or at least the sum of 90
hours plus the required minimum number of hours of instruction,
including up to 2 study halls.

(b) The time a pupil is assigned to any tutorial activity in a
block schedule may be considered instructional time, unless that
time is determined in an audit to be a study hall period.

(c) Except as otherwise provided in this subdivision, a pupil
in grades 9 to 12 for whom a reduced schedule is determined to be
in the individual pupil's best educational interest must be
scheduled for a number of hours equal to at least 80% of the
required minimum number of hours of pupil instruction to be
considered a full-time equivalent pupil. A pupil in grades 9 to 12
who is scheduled in a 4-block schedule may receive a reduced
schedule under this subsection if the pupil is scheduled for a
number of hours equal to at least 75% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil.

(d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a special education pupil cannot receive the required minimum number of hours of pupil instruction solely because of travel time between instructional sites during the school day, that travel time, up to a maximum of 3 hours per school week, shall be considered to be pupil instruction time for the purpose of determining whether the pupil is receiving the required minimum number of hours of pupil instruction. However, if a district demonstrates to the satisfaction of the department that the travel time limitation under this subdivision would create undue costs or hardship to the district, the department may consider more travel time to be pupil instruction time for this purpose.

(e) In grades 7 through 12, instructional time that is part of a junior reserve officer training corps (JROTC) program shall be considered to be pupil instruction time regardless of whether the instructor is a certificated teacher if all of the following are met:

(i) The instructor has met all of the requirements established by the United States department of defense and the applicable branch of the armed services for serving as an instructor in the junior reserve officer training corps program.

(ii) The board of the district or intermediate district employing or assigning the instructor complies with the
requirements of sections 1230 and 1230a of the revised school code, MCL 380.1230 and 380.1230a, with respect to the instructor to the same extent as if employing the instructor as a regular classroom teacher.

(8) Except as otherwise provided in subsections (11) and (12), the department shall apply the guidelines under subsection (7) in calculating the full-time equivalency of pupils.

(9) Upon application by the district for a particular fiscal year, the superintendent may waive for a district the minimum number of hours and days of pupil instruction requirement of subsection (3) for a department-approved alternative education program or another innovative program approved by the department, including a 4-day school week. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, the district is not subject to forfeiture under this section for the specific program covered by the waiver. If the district does not comply with the terms of the waiver, the amount of the forfeiture shall be calculated based upon a comparison of the number of hours and days of pupil instruction actually provided to the minimum number of hours and days of pupil instruction required under subsection (3). Pupils enrolled in a department-approved alternative education program under this subsection shall be reported to the center in a form and manner determined by the center. All of the following apply to a waiver granted under this subsection:

(a) If the waiver is for a blended model of delivery, a waiver that is granted for the 2011-2012 fiscal year or a subsequent
fiscal year remains in effect unless it is revoked by the superintendent.

(b) If the waiver is for a 100% online model of delivery and the educational program for which the waiver is granted makes educational services available to pupils for a minimum of at least 1,098 hours during a school year and ensures that each pupil participates in the educational program for at least 1,098 hours during a school year, a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it is revoked by the superintendent.

(c) A waiver that is not a waiver described in subdivision (a) or (b) is valid for 1 fiscal year and must be renewed annually to remain in effect.

(10) **UNTIL 2014-2015, A** district may count up to 38 hours of qualifying professional development for teachers as hours of pupil instruction. Professional development provided online is allowable and encouraged, as long as the instruction has been approved by the district. The department shall issue a list of approved online professional development providers, which shall include the Michigan virtual school. As used in this subsection, "qualifying professional development" means professional development that is focused on 1 or more of the following:

(a) Achieving or improving adequate yearly progress as defined under the no child left behind act of 2001, Public Law 107-110.

(b) Achieving accreditation or improving a school's accreditation status under section 1280 of the revised school code, MCL 380.1280.
(c) Achieving highly qualified teacher status as defined under the no child left behind act of 2001, Public Law 107-110.

(d) Integrating technology into classroom instruction.

(e) Maintaining teacher certification.

(11) Subsections (3) and (8) do not apply to a school of excellence that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551, and is in compliance with section 553a of the revised school code, MCL 380.553a.

(12) Subsections (3) and (8) do not apply to eligible pupils enrolled in a dropout recovery program that meets the requirements of section 23a. As used in this subsection, "eligible pupil" means that term as defined in section 23a.

(13) Beginning in 2013, at least every 2 years the superintendent shall review the waiver standards set forth in the pupil accounting and auditing manuals to ensure that the waiver standards and waiver process continue to be appropriate and responsive to changing trends in online learning. The superintendent shall solicit and consider input from stakeholders as part of this review.

Sec. 102. (1) A district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and a district or intermediate district shall not incur an operating deficit in a fund during a school fiscal year. A district or intermediate district that has an existing deficit fund balance, that incurs a deficit fund balance in the most recently completed school fiscal year, or that adopts a current year budget that projects a deficit fund balance shall not be allotted or paid
a further sum under this act ARTICLE until the district or intermediate district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate the district's or intermediate district's deficit not later than the end of the second school fiscal year after the deficit was incurred or the budget projecting a deficit was adopted. Withheld state aid payments shall be released after the department approves the deficit reduction ELIMINATION plan and ensures that the budget for the current school fiscal year is balanced. After the department approves a district's or intermediate district's deficit reduction ELIMINATION plan, the district or intermediate district shall post the deficit elimination plan on the district's or intermediate district's website.

(2) Not later than March 1 of each year, the department shall prepare a report of deficits incurred or projected by districts and intermediate districts in the immediately preceding fiscal year and the progress made in reducing those deficits and submit the report to the standing committees of the legislature responsible for K-12 education legislation, the appropriations subcommittees of the legislature responsible for K-12 education appropriations, the house and senate fiscal agencies, the state treasurer, and the state budget director. The department also shall submit quarterly interim reports concerning the progress made by districts and intermediate districts in reducing those deficits. On a quarterly basis, the superintendent of public instruction shall publicly present those reports to the appropriations subcommittees of the legislature responsible for K-12 education appropriations.
(3) The amount of the permissible deficit for each school fiscal year shall not exceed the amount of state aid reduced by an executive order during that school fiscal year.

(4) A district or intermediate district that has an existing deficit fund balance, that incurs a deficit fund balance in the most recently completed school fiscal year, or that adopts a current year budget that projects a deficit fund balance shall submit to the department a monthly monitoring report on revenue and expenditures in a form and manner prescribed by the department and shall post these reports on its website.

(5) If a district or intermediate district is not able to comply with the provisions of this section, the district or intermediate district shall submit to the department a plan to eliminate its deficit. Upon approval of the plan submitted, the superintendent of public instruction may continue allotment and payment of funds under this act, extend the period of time in which a district or intermediate district has to eliminate its deficit, and set special conditions that the district or intermediate district must meet during the period of the extension. After the department approves a district's or intermediate district's deficit reduction-ELIMINATION plan under this subsection, the district or intermediate district shall post the deficit elimination plan on the district's or intermediate district's website.

(6) For the purposes of this section, "deficit fund balance" means that term as defined in the Michigan public school accounting manual published by the department.
Sec. 104. (1) In order to receive state aid under this article, a district shall comply with sections 1249, 1278a, 1278b, 1279, 1279g, and 1280b of the revised school code, MCL 380.1249, 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from the state school aid fund money appropriated in section 11, there is allocated for 2012-2013 an amount not to exceed $26,694,400.00 for payments on behalf of districts for costs associated with complying with those provisions of law. In addition, from the federal funds appropriated in section 11, there is allocated for 2012-2013 an amount estimated at $8,250,000.00, funded from DED-OESE, title VI, state assessment funds, and from DED-OSERS, section 504 of part B of the individuals with disabilities education act, Public Law 94-142, plus any carryover federal funds from previous year appropriations, for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

(2) The results of each test administered as part of the Michigan educational assessment program, including tests administered to high school students, shall include an item analysis that lists all items that are counted for individual pupil scores and the percentage of pupils choosing each possible response.

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

(5) As used in this section:

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

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

(c) "DED-OSERS" means the DED office of special education and rehabilitative services.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed $22,000,000.00 for 2013-2014 for adult education programs authorized under this section. Funds allocated under this section are restricted for adult education programs as authorized under this section only. A recipient of funds under this section shall not use those funds for any other purpose.

(2) To be eligible for funding under this section, a program shall employ certificated teachers and qualified administrative staff and shall offer continuing education opportunities for teachers to allow them to maintain certification.

(3) To be eligible to be a participant funded under this section, a person shall be enrolled in an adult basic education program, an adult English as a second language program, a general educational development (G.E.D.) test preparation program, a job- or employment-related program, or a high school completion program, that meets the requirements of this section, and shall meet either
of the following, as applicable:

(a) If the individual has obtained a high school diploma or a general educational development (G.E.D.) certificate, the individual meets 1 of the following:

(i) Is less than 20 years of age on September 1 of the school year and is enrolled in the Michigan career and technical institute.

(ii) Is less than 20 years of age on September 1 of the school year, is not attending an institution of higher education, and is enrolled in a job- or employment-related program through a referral by an employer.

(iii) Is enrolled in an English as a second language program.

(iv) Is enrolled in a high school completion program.

(b) If the individual has not obtained a high school diploma or G.E.D. certificate, the individual meets 1 of the following:

(i) Is at least 20 years of age on September 1 of the school year.

(ii) Is at least 16 years of age on September 1 of the school year, has been permanently expelled from school under section 1311(2) or 1311a of the revised school code, MCL 380.1311 and 380.1311a, and has no appropriate alternative education program available through his or her district of residence.

(4) Except as otherwise provided in subsection (5), the money allocated under this section shall be distributed as follows:

(a) For districts and consortia that received payments for 2011-2012 2012-2013 under this section, the amount allocated to each for 2012-2013 2013-2014 shall be based on the number of
participants served by the district or consortium for 2012-2013, using the amount allocated per full-time equated participant under subsection (7), up to a maximum total allocation under this subsection in an amount equal to the amount the district or consortium received for 2011-2012-2013 under this section before any reallocations made for 2011-2012-2013 under subsection (5).

(b) A district or consortium that received funding in 2011-2012-2013 under this section may operate independently of a consortium or join or form a consortium for 2012-2013-2014. The allocation for 2012-2013-2013-2014 to the district or the newly formed consortium under this subsection shall be determined by the department and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in 2011-2012-2012-2013. A district or consortium described in this subdivision shall notify the department of its intention with regard to 2012-2013-2013-2014 by October 1, 2012-2013.

(5) A district that operated an adult education program in 2011-2012-2012-2013 and does not intend to operate a program in 2012-2013-2013-2014 shall notify the department by October 1, 2013 of its intention. The money intended to be allocated under this section to a district that does not operate a program in 2012-2013-2013-2014 and the unspent money originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (4) and any other unallocated money under this section shall instead be proportionately reallocated to the other districts
described in subsection (4)(a) that are operating an adult education program in 2012-2013 under this section.

(6) The amount allocated under this section per full-time equated participant is $2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.

(7) An adult basic education program or an adult English as a second language program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who are determined by a department-approved assessment, in a form and manner prescribed by the department, to be below ninth grade level in reading or mathematics, or both, or to lack basic English proficiency.

(b) The program tests individuals for eligibility under subdivision (a) before enrollment and upon completion of the program in compliance with the state-approved assessment policy.

(c) A participant in an adult basic education program is eligible for reimbursement until 1 of the following occurs:

(i) The participant's reading and mathematics proficiency are assessed at or above the ninth grade level.

(ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (11) until the participant meets 1 of the following:

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(i) The participant is assessed as having attained basic English proficiency as determined by a department-approved assessment.

(ii) The participant fails to show progress on 2 successive department-approved assessments after having completed at least 450 hours of instruction. The department shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(8) A general educational development (G.E.D.) test preparation program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(b) The program shall administer a G.E.D. pre-test approved by the department before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall administer a post-test upon completion of the program in compliance with the state-approved assessment policy.

(c) A funding recipient shall receive funding according to subsection (11) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

(i) The participant passes the G.E.D. test.

(ii) The participant fails to show progress on 2 successive department-approved assessments used to determine readiness to take the G.E.D. test after having completed at least 450 hours of instruction.

(9) A high school completion program operated on a year-round
or school year basis may be funded under this section, subject to
all of the following:

(a) The program enrolls adults who do not have a high school
diploma.

(b) The program tests participants described in subdivision
(a) before enrollment and upon completion of the program in
compliance with the state-approved assessment policy.

(c) A funding recipient shall receive funding according to
subsection (11) for a participant in a course offered under this
subsection until 1 of the following occurs:

(i) The participant passes the course and earns a high school
diploma.

(ii) The participant fails to earn credit in 2 successive
semesters or terms in which the participant is enrolled after
having completed at least 900 hours of instruction.

(10) A job- or employment-related adult education program
operated on a year-round or school year basis may be funded under
this section, subject to all of the following:

(a) The program enrolls adults referred by their employer who
are less than 20 years of age, have a high school diploma, are
determined to be in need of remedial mathematics or communication
arts skills and are not attending an institution of higher
education.

(b) The program tests participants described in subdivision
(a) before enrollment and upon completion of the program in
compliance with the department-approved assessment policy.

(c) An individual may be enrolled in this program and the
grant recipient shall receive funding according to subsection (11) until 1 of the following occurs:

(i) The individual achieves the requisite skills as determined by department-approved assessment instruments.

(ii) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(11) A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.
(b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency, as defined by the department in the adult education guidebook; for obtaining a G.E.D. or passage of 1 or more individual G.E.D. tests; for attainment of a high school diploma or passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(12) As used in this section, "participant" means the sum of the number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).

(13) A person who is not eligible to be a participant funded under this section may receive adult education services upon the
payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (7), (8), (9), or (10) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

(14) An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section.

(15) A district shall not commingle money received under this section or from another source for adult education purposes with any other funds of the district. A district receiving adult education funds shall establish a separate ledger account for those funds. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(16) A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.
(17) In order to receive funds under this section, a district shall furnish to the department, in a form and manner determined by the department, all information needed to administer this program and meet federal reporting requirements; shall allow the department or the department's designee to review all records related to the program for which it receives funds; and shall reimburse the state for all disallowances found in the review, as determined by the department.

(18) All intermediate district participant audits of adult education programs shall be performed pursuant to the adult education participant auditing and accounting manuals published by the department.

(19) IT IS THE INTENT OF THE LEGISLATURE TO STUDY ALLOCATING FUNDS UNDER THIS SECTION ON A COMPETITIVE BASIS BEGINNING FOR 2014-2015.

(20) As used in this section, "department" means the Michigan strategic fund.

Sec. 147. (1) The allocation EACH FISCAL YEAR for 2012-2013 2013-2014 AND FOR 2014-2015 for the public school employees' retirement system pursuant to the public school employees' retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the INDIVIDUAL PROJECTED BENEFIT entry age normal cost actuarial method OF VALUATION and risk assumptions adopted by the public school employees retirement board and the department of technology, management, and budget.

(2) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES FOR THE 2013-2014 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT
SYSTEM, ARE ESTIMATED AS FOLLOWS:

(A) For public school employees who first worked for a public school reporting unit before July 1, 2010 AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, the annual level percentage of payroll contribution rate is estimated at 18.62% for pension and at 8.75% for retiree health care for the 2012-2013 fiscal year, unless a different contribution rate is calculated and applied by the office of retirement services pursuant to provisions enacted under Senate Bill No. 1040 of the 96th Legislature. For public school employees who first worked for a public school reporting unit on or after July 1, 2010 AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, the annual level percentage of payroll contribution rate is estimated at 29.35%, WITH 24.79% PAID DIRECTLY BY THE EMPLOYER.

(B) For public school employees who first worked for a public school reporting unit on or after July 1, 2010 AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, the annual level percentage of payroll contribution rate is estimated at 29.12%, WITH 24.56% PAID DIRECTLY BY THE EMPLOYER. 17.39% for pension and 8.75% for retiree health care for the 2012-2013 fiscal year, unless a different contribution rate is calculated and applied by the office of retirement services pursuant to provisions enacted under Senate Bill No. 1040 of the 96th Legislature. For public school employees who first worked for a public school reporting unit before July 1, 2010, the annual level percentage of payroll contribution rate is estimated at 22.46% for pension and 8.75% for retiree health care for the 2013-2014 fiscal year, unless a different contribution rate is calculated and applied by the office of retirement services pursuant to provisions enacted under Senate Bill No. 1040 of the 96th Legislature. For public school employees who first worked for a public school reporting unit on or after July 1, 2010, the annual
level percentage of payroll contribution rate is estimated at 21.19% for pension and 8.75% for retiree health care for the 2013-2014 fiscal year, unless a different contribution rate is calculated and applied by the office of retirement services pursuant to provisions enacted under Senate Bill No. 1040 of the 96th Legislature. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This

(C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE IN THE PENSION PLUS PLAN AND IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.19%, WITH 23.63% PAID DIRECTLY BY THE EMPLOYER.

(D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

(E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 26.45%, WITH 21.89% PAID DIRECTLY BY THE EMPLOYER.

(F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND,
THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

(G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.42%, WITH 23.86% PAID DIRECTLY BY THE EMPLOYER.

(3) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES FOR THE 2014-2015 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT SYSTEM, ARE ESTIMATED AS FOLLOWS:

(A) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 33.10%, WITH 25.78% PAID DIRECTLY BY THE EMPLOYER.

(B) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.02%, WITH 24.70% PAID DIRECTLY BY THE EMPLOYER.

(C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 31.51%, WITH 24.19% PAID DIRECTLY BY THE EMPLOYER.

(D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT
DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

(E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.79%, WITH 21.47% PAID DIRECTLY BY THE EMPLOYER.

(F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

(G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.59%, WITH 25.27% PAID DIRECTLY BY THE EMPLOYER.

(4) IN ADDITION TO THE EMPLOYER PAYMENTS DESCRIBED IN SUBSECTIONS (2) AND (3), THE EMPLOYER SHALL PAY THE APPLICABLE CONTRIBUTIONS TO THE TIER 2 PLAN, AS DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300 MCL 38.1301 TO 38.1408.

(5) THE contribution rate reflects RATES IN SUBSECTION (2) REFLECT an amortization period of 25 years for 2012-2013. The public school employees' retirement system board shall
notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

Sec. 147a. From the appropriation in section 11, there is allocated for 2012-2013 2013-2014 an amount not to exceed $155,000,000.00 $100,000,000.00 for payments to participating districts. A district that receives money under this section shall use that money solely for the purpose of offsetting a portion of the retirement contributions owed by the district for the fiscal year ending September 30, 2013. IN WHICH IT IS RECEIVED. The amount allocated to each participating district under this section shall be based on each participating district's percentage of the total statewide payroll for all participating districts for the immediately preceding SCHOOL fiscal year. As used in this section, "participating district" means a district that is a reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.

Sec. 147b. (1) From the appropriation in section 11, there is allocated an amount not to exceed $133,000,000.00 for 2011-2012 and an amount not to exceed $41,000,000.00 for 2012-2013 for the purposes of this section. The money allocated in this section represents a portion of the year-end school aid fund balance. Money allocated under this section shall be deposited in the MPSERS retirement obligation reform reserve fund.
(1) (2) The MPSERS retirement obligation reform reserve fund is created as a separate account within the state school aid fund.

(2) The state treasurer may receive money or other assets from any source for deposit into the MPSERS retirement obligation reform reserve fund. The state treasurer shall direct the investment of the MPSERS retirement obligation reform reserve fund. The state treasurer shall credit to the MPSERS retirement obligation reform reserve fund interest and earnings from the MPSERS retirement obligation reform reserve fund.

(3) Money available in the MPSERS retirement obligation reform reserve fund shall not be expended without a specific appropriation.

(4) Money in the MPSERS retirement obligation reform reserve fund at the close of the fiscal year shall remain in the MPSERS retirement obligation reform reserve fund and shall not lapse to the state school aid fund or to the general fund. The department of treasury shall be the administrator of the MPSERS retirement obligation reform reserve fund for auditing purposes.

(3) It is the intent of the legislature that the speaker of the house of representatives or the senate majority leader, or both, shall convene a workgroup to examine retirement obligations and potential reforms to the Michigan public school employees' retirement system established under the public school employees' retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. The chair of the senate appropriations committee and chair of the house appropriations committee, or his or her designee, each shall be a member of the workgroup, and the workgroup shall report to the
speaker of the house of representatives or the senate majority leader, as applicable, by February 1, 2012, on reforms identified, timelines for implementing reforms, and estimated costs and savings of the identified reforms.

(5) IF THE CONTRIBUTIONS DESCRIBED IN SECTION 43E OF THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1343E, AS THAT SECTION WAS ADDED BY 2010 PA 75, ARE DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION FOR WHICH ALL RIGHTS OF APPEAL HAVE BEEN EXHAUSTED TO BE CONSTITUTIONAL AND IF THE ORDER FOR PRELIMINARY INJUNCTION IN CASE NO. 10-45-MM ISSUED ON JULY 13, 2010 IS LIFTED, THE MONEY PLACED IN A SEPARATE INTEREST BEARING ACCOUNT AS A RESULT OF IMPLEMENTING THE PRELIMINARY INJUNCTION SHALL BE DEPOSITED INTO THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND CREATED IN THIS SECTION TO BE USED SOLELY FOR HEALTH CARE UNFUNDED ACCRUED LIABILITIES.

Sec. 147c. (1) Except as otherwise provided in subsection (2), from the State School Aid Fund money appropriated in section 11, there is allocated for 2012-2013 an amount not to exceed $160,000,000.00 for payments to districts and intermediate districts that are participating entities of the retirement system. From the appropriation in section 11, there is allocated for 2012-2013-2014 an amount not to exceed $130,000,000.00 to $247,300,000.00 from the State School Aid Fund, and there is appropriated for 2013-2014 an amount not to exceed $156,000,000.00 from the MPSERS Retirement Obligation Reform Reserve Fund, for payments to districts and intermediate districts that are participating entities of the Michigan public school employees'
(2) IN ADDITION TO THE ALLOCATION UNDER SUBSECTION (1), FROM THE GENERAL FUND MONEY APPROPRIATED UNDER SECTION 11, THERE IS ALLOCATED FOR PAYMENTS TO DISTRICT LIBRARIES THAT ARE PARTICIPATING ENTITIES OF THE RETIREMENT SYSTEM AN AMOUNT NOT TO EXCEED $500,000.00 FOR 2012-2013 AND AN AMOUNT NOT TO EXCEED $1,300,000.00 FOR 2013-2014.


(2) If section 41 of the public school employees' retirement act of 1979, 1980 PA 300, MCL 38.1341, is not amended by Senate Bill No. 1040 of the 96th Legislature, then the allocation under subsection (1) shall lapse to the state school aid fund unless the
legislature takes action to allocate the funding in another manner.

(4) The amount allocated to each participating entity under this section shall be based on each participating entity's proportion of the total covered payroll for the immediately preceding fiscal year for the same type of participating entities.

A participating entity that receives funds under this section shall use the funds solely for the purpose of retirement contributions as specified in subsection (5).

(5) Each participating entity receiving funds under this section shall forward an amount equal to the amount allocated under subsection (4) to the retirement system in a form, manner, and time frame determined by the retirement system.

(6) Funds allocated under this section should be considered when comparing a district's growth in total state aid funding from one fiscal year to the next.

(7) As used in this section:

(A) "Participating entity" means a district, intermediate district, or district library that is a reporting unit of the Michigan Public School Employees' Retirement System under the Public School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to the Michigan Public School Employees' Retirement System for the applicable fiscal year.

(B) "Retirement Board" means the board that administers the retirement system under the Public School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(C) "Retirement system" means the Michigan Public School
EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

Sec. 152a. (1) As required by the court in the consolidated cases known as Adair v State of Michigan, Michigan supreme court docket nos. 137424 and 137453, from the state school aid fund money appropriated in section 11 there is allocated for 2012-2013-2014 an amount not to exceed $38,000,500.00 to be used solely for the purpose of paying necessary costs related to the state-mandated collection, maintenance, and reporting of data to this state.

(2) From the allocation in subsection (1), the department shall make payments to districts and intermediate districts in an equal amount per pupil based on the total number of pupils in membership in each district and intermediate district. The department shall not make any adjustment to these payments after the final installment payment under section 17b is made.

Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending on school aid under article I of the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, as amended by 2012 PA 201, 2012 PA 465, and this amendatory act from state sources for fiscal year 2012-2013 is estimated at $11,211,014,200.00 and the amount of that state spending from state sources to be paid to local units of government for fiscal year 2012-2013 is estimated at $11,032,518,300.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending on school aid under article I of the state school aid act of 1979, 1979 PA 94, MCL
388.1601 to 388.1772, as amended by this amendatory act, from state sources for fiscal year 2013-2014 is estimated at $11,597,382,300.00 and state appropriations for school aid to be paid to local units of government for fiscal year 2013-2014 are estimated at $11,437,124,700.00.

Enacting section 2. Sections 11q, 11t, 11u, 22h, 25, 25d, 32g, 32l, 93, and 101a of the state school aid act of 1979, 1979 PA 94, MCL 388.1611q, 388.1611t, 388.1611u, 388.1622h, 388.1625, 388.1625d, 388.1632g, 388.1632l, 388.1693, and 388.1701a, are repealed effective October 1, 2013.

Enacting section 3. (1) Except as otherwise provided in subsection (2), this amendatory act takes effect October 1, 2013.

(2) Sections 11, 22a, 22b, 26c, 51a, 51c, 81, 95, and 147c of the state school aid act of 1979, 1979 PA 94, MCL 388.1611, 388.1622a, 388.1622b, 388.1626c, 388.1651a, 388.1651c, 388.1681, 388.1695, and 388.1747c, as amended by this amendatory act, take effect upon enactment of this amendatory act.