

**SUBSTITUTE FOR
SENATE BILL NO. 182**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 18,
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, 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, 388.1747b, 388.1747c, and 388.1752a), sections 6, 11, and 26b as amended by 2012 PA 465, sections 11a, 11g, 11j, 11k, 11m, 12, 18, 19, 20, 20d, 22a, 22b, 22d, 24, 24a, 24c, 26a, 31a, 31d, 31f, 32d, 39a, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99, 102, 104, 107, 147, 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, 22c, 22k, 22m, 25e, and 32q; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

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

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

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

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

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

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

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

1 residence.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 in the program and was in full attendance. The district operating
2 the program shall report to the center the number of pupils who
3 were enrolled in the program and were in full attendance for a
4 month not later than the tenth day of the next month. A district
5 shall not report a pupil as being in full attendance for a month
6 unless both of the following are met:

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

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

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

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

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

27 (b) A pupil receiving 1/2 or less of his or her instruction in

1 a district other than the pupil's district of residence.

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

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

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

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

26 (i) "At school" means in a classroom, elsewhere on school
27 premises, on a school bus or other school-related vehicle, or at a

1 school-sponsored activity or event whether or not it is held on
2 school premises.

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

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

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

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

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

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

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

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

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

27 (j) A pupil who is the child of a person who works at the

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

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

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

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

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

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

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

26 **(P) AN ONLINE LEARNING PUPIL ENROLLED IN A DISTRICT OTHER THAN**
 27 **THE PUPIL'S DISTRICT OF RESIDENCE AS AN ELIGIBLE PUPIL UNDER**

1 **SECTION 21F.**

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

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

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

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

18 (i) Fourth Wednesday in July.

19 (ii) First Wednesday in October.

20 (iii) Second Wednesday in February.

21 (iv) Fourth Wednesday in April.

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

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

27 (9) "Rule" means a rule promulgated pursuant to the

1 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
2 24.328.

3 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
4 380.1852.

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

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

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

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

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

18 (16) "Tuition pupil" means a pupil of school age attending
19 school in a district other than the pupil's district of residence
20 for whom tuition may be charged **TO THE DISTRICT OF RESIDENCE.**

21 Tuition pupil does not include a pupil who is a special education
22 pupil, ~~or~~ a pupil described in subsection (6)(c) to ~~(e)~~ **(P)**, **OR A**
23 **PUPIL WHOSE PARENT OR GUARDIAN VOLUNTARILY ENROLLS THE PUPIL IN A**
24 **DISTRICT THAT IS NOT THE PUPIL'S DISTRICT OF RESIDENCE.** A pupil's
25 district of residence shall not require a high school tuition
26 pupil, as provided under section 111, to attend another school
27 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~~ **FOR** the fiscal year ending September 30, ~~2013,~~ **2014**, 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~~ **\$11,081,665,700.00** from the state school aid fund, **THE SUM OF \$150,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND CREATED UNDER SECTION 147B**, and the sum of ~~\$282,400,000.00~~ **\$229,600,000.00** from the general fund. In addition, all other available federal funds ~~, except those otherwise~~

1 ~~appropriated under section 11p,~~ are appropriated for the fiscal
2 year ending September 30, ~~2013-2014.~~

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

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

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

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

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

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

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

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

1 money may be expended.

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

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

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

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

27 ~~— (8) Effective February 24, 2012, in addition to any amounts~~

1 ~~otherwise deposited into the school aid stabilization fund, there~~
2 ~~is transferred from the state school aid fund to the school aid~~
3 ~~stabilization fund an amount equal to \$100,000,000.00.~~

4 Sec. 11g. (1) From the appropriation in section 11, there is
5 allocated for this section an amount not to exceed ~~\$39,000,000.00~~
6 **\$39,500,000.00** for the fiscal year ending September 30, ~~2013,~~ **2014**
7 and for ~~each succeeding fiscal year through~~ the fiscal year ending
8 September 30, 2015, after which these payments will cease. These
9 allocations are for paying the amounts described in subsection (3)
10 to districts and intermediate districts, other than those receiving
11 a lump-sum payment under section 11f(2), that were not plaintiffs
12 in the consolidated cases known as Durant v State of Michigan,
13 Michigan supreme court docket no. 104458-104492 and that, on or
14 before March 2, 1998, submitted to the state treasurer a waiver
15 resolution described in section 11f. The amounts paid under this
16 section represent offers of settlement and compromise of any claim
17 or claims that were or could have been asserted by these districts
18 and intermediate districts, as described in this section.

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

27 (3) The amount paid each fiscal year to each district or

1 intermediate district under this section shall be 1 of the
2 following:

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

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

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

26 (a) First, to pay debt service on voter-approved bonds issued
27 by the district or intermediate district before the effective date

1 of this section.

2 (b) Second, to pay debt service on other limited tax
3 obligations.

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

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

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

15 Sec. 11j. From the appropriation in section 11, there is
16 allocated an amount not to exceed ~~\$120,390,000.00 for 2012-2013~~
17 **\$131,660,000.00 FOR 2013-2014** for payments to the school loan bond
18 redemption fund in the department of treasury on behalf of
19 districts and intermediate districts. Notwithstanding section ~~11~~
20 **296** or any other provision of this act, funds allocated under this
21 section are not subject to proration and shall be paid in full.

22 Sec. 11k. For ~~2012-2013,~~ **2013-2014**, there is appropriated from
23 the general fund to the school loan revolving fund an amount equal
24 to the amount of school bond loans assigned to the Michigan finance
25 authority, not to exceed the total amount of school bond loans held
26 in reserve as long-term assets. As used in this section, "school
27 loan revolving fund" means that fund created in section 16c of the

1 shared credit rating act, 1985 PA 227, MCL 141.1066c.

2 Sec. 11m. From the appropriations in section 11, ~~there is~~
3 ~~allocated for 2011-2012 an amount not to exceed \$2,100,000.00 and~~
4 there is allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
5 ~~\$3,200,000.00~~ **\$6,000,000.00** for fiscal year cash-flow borrowing
6 costs solely related to the state school aid fund established by
7 section 11 of article IX of the state constitution of 1963.

8 **SEC. 11S. FROM THE SCHOOL AID FUNDS APPROPRIATED IN SECTION**
9 **11, THERE IS ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED**
10 **\$22,000,000.00 TO THE EDUCATION RESERVE FUND. THE EDUCATION RESERVE**
11 **FUND IS CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID**
12 **FUND. FUNDS SHALL NOT BE APPROPRIATED FROM THE EDUCATION RESERVE**
13 **FUND UNTIL THE ENACTMENT OF A STATUTE AMENDING THIS SECTION THAT**
14 **PROVIDES FOR AN APPROPRIATION FROM THE EDUCATION RESERVE FUND AND**
15 **SPECIFIES THE PURPOSE OR PURPOSES OF APPROPRIATIONS FROM THE**
16 **EDUCATION RESERVE FUND.**

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

26 Sec. 15. (1) If a district or intermediate district fails to
27 receive its proper apportionment, the department, upon satisfactory

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

22 (2) If the result of an audit conducted by or for the
23 department affects the current fiscal year membership, affected
24 payments shall be adjusted in the current fiscal year. A deduction
25 due to an adjustment made as a result of an audit conducted by or
26 for the department, or as a result of information obtained by the
27 department from the district, an intermediate district, the

1 department of treasury, or the office of auditor general, shall be
2 deducted from the district's apportionments when the adjustment is
3 finalized. At the request of the district and upon the district
4 presenting evidence satisfactory to the department of the hardship,
5 the department may grant up to an additional 4 years for the
6 adjustment and may advance payments to the district otherwise
7 authorized under this ~~act~~ **ARTICLE** if the district would otherwise
8 experience a significant hardship in satisfying its financial
9 obligations.

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

26 (4) Expenditures made by the department under this article
27 that are caused by the write-off of prior year accruals may be

1 funded by revenue from the write-off of prior year accruals.

2 (5) In addition to funds appropriated in section 11 for all
3 programs and services, there is appropriated for ~~2012-2013-2013-~~
4 **2014** for obligations in excess of applicable appropriations an
5 amount equal to the collection of overpayments, but not to exceed
6 amounts available from overpayments.

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

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

1 prescribed by the department:

2 (a) The annual operating budget and subsequent budget
3 revisions.

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

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

10 (A) Salaries and wages.

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

14 (C) Retirement benefit costs.

15 (D) All other personnel costs.

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

18 (A) Instruction.

19 (B) Support services.

20 (C) Business and administration.

21 (D) Operations and maintenance.

22 (c) Links to all of the following:

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

25 (ii) Each health care benefits plan, including, but not limited
26 to, medical, dental, vision, disability, long-term care, or any
27 other type of benefits that would constitute health care services,

1 offered to any bargaining unit or employee in the district.

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

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

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

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

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

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

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

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

1 first class by a certified public accountant, the intermediate
2 superintendent, or the auditor general of the city.

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

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

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

22 (e) All of the following shall be done not later than November
23 15 each year:

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

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

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

5 (f) The annual financial audit reports and pupil accounting
6 procedures reports shall be available to the public in compliance
7 with the freedom of information act, 1976 PA 442, MCL 15.231 to
8 15.246.

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

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

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

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

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

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

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

24 (10) If a district or intermediate district does not comply
25 with subsections (4), (5), (6), and (7), the department shall
26 withhold all state school aid due to the district or intermediate
27 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**

1 OF PARTICIPATING STUDENTS WHO HAD PREVIOUSLY DROPPED OUT OF SCHOOL.

2 (f) ~~Travel costs associated with school activities and~~
 3 ~~testing.~~ THE NUMBER OF PARTICIPATING STUDENTS WHO HAD PREVIOUSLY
 4 BEEN EXPELLED FROM SCHOOL.

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

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

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

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

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

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

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

27 (a) The public school academy has been ineligible to receive

1 funding under this ~~act~~**ARTICLE** for 18 consecutive months.

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

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

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

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

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

24 (5) ~~(4)~~This section does not impose any liability on this
25 state, any agency of this state, or an authorizing body for any
26 debt incurred by a public school academy.

27 (6) ~~(5)~~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.

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

1 personnel as necessary for reporting required by state and federal
2 law.

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

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

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

24 (7) It is the intent of the legislature to implement not later
25 than 2014-2015 statewide standard reporting requirements for
26 education data approved by the department in conjunction with the
27 center. The department shall work with the center, intermediate

1 districts, districts, and other interested stakeholders to develop
2 recommendations on the implementation of this policy change. A
3 district or intermediate district shall implement the statewide
4 standard reporting requirements not later than 2014-2015 or when a
5 district or intermediate district updates its education data
6 reporting system, whichever is later.

7 Sec. 20. (1) For ~~2011-2012, and for 2012-2013, 2013-2014~~, the
8 basic foundation allowance is ~~\$8,019.00~~. **\$8,069.00.**

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

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

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

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

1 fiscal year in the lowest foundation allowance among all districts,
2 but less than the basic foundation allowance for the immediately
3 preceding state fiscal year, the district shall receive a
4 foundation allowance in an amount equal to the district's
5 foundation allowance for the immediately preceding state fiscal
6 year. However, the foundation allowance for a district that had
7 less than the basic foundation allowance for the immediately
8 preceding state fiscal year shall not exceed the basic foundation
9 allowance for the current state fiscal year.

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

24 (c) Except as otherwise provided in subdivision (d), for a
25 district that in the 1994-95 state fiscal year had a foundation
26 allowance greater than \$6,500.00, the district's foundation
27 allowance is an amount equal to the sum of the district's

1 foundation allowance for the immediately preceding state fiscal
2 year plus the lesser of the increase in the basic foundation
3 allowance for the current state fiscal year, as compared to the
4 immediately preceding state fiscal year, or the product of the
5 district's foundation allowance for the immediately preceding state
6 fiscal year times the percentage increase in the United States
7 consumer price index in the calendar year ending in the immediately
8 preceding fiscal year as reported by the May revenue estimating
9 conference conducted under section 367b of the management and
10 budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided
11 in subdivision (d), for 2011-2012, for a district that in the 1994-
12 1995 state fiscal year had a foundation allowance greater than
13 \$6,500.00, the district's foundation allowance is an amount equal
14 to the district's foundation allowance for the 2010-2011 fiscal
15 year minus \$470.00. For ~~2012-2013~~, **2013-2014**, except as otherwise
16 provided in subdivision (d), for a district that in the 1994-1995
17 state fiscal year had a foundation allowance greater than
18 \$6,500.00, the district's foundation allowance is an amount equal
19 to the district's foundation allowance for the immediately
20 preceding state fiscal year.

21 (d) For a district that in the 1994-95 state fiscal year had a
22 foundation allowance greater than \$6,500.00 and that had a
23 foundation allowance for the 2009-2010 state fiscal year, as
24 otherwise calculated under this section, that was less than the
25 basic foundation allowance, the district's foundation allowance for
26 2011-2012 and each succeeding fiscal year shall be considered to be
27 an amount equal to the basic foundation allowance.

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

4 (f) For a district that received a payment under section 22c
5 as that section was in effect for 2001-2002, the district's 2001-
6 2002 foundation allowance shall be considered to have been an
7 amount equal to the sum of the district's actual 2001-2002
8 foundation allowance as otherwise calculated under this section
9 plus the per pupil amount of the district's equity payment for
10 2001-2002 under section 22c as that section was in effect for 2001-
11 2002.

12 (g) For a district that received a payment under section 22c
13 as that section was in effect for 2006-2007, the district's 2006-
14 2007 foundation allowance shall be considered to have been an
15 amount equal to the sum of the district's actual 2006-2007
16 foundation allowance as otherwise calculated under this section
17 plus the per pupil amount of the district's equity payment for
18 2006-2007 under section 22c as that section was in effect for 2006-
19 2007.

20 (h) For 2012-2013, for a district that had a foundation
21 allowance for the 2011-2012 state fiscal year of less than
22 \$6,966.00, the district's foundation allowance is an amount equal
23 to \$6,966.00.

24 (4) Except as otherwise provided in this subsection, the state
25 portion of a district's foundation allowance is an amount equal to
26 the district's foundation allowance or the basic foundation
27 allowance for the current state fiscal year, whichever is less,

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

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

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

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

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

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

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

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

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

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

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

17 (b) The revenue adjustment factor shall be computed by
18 dividing the sum of the estimated total state school aid fund
19 revenue for the subsequent state fiscal year plus the estimated
20 total state school aid fund revenue for the current state fiscal
21 year, adjusted for any change in the rate or base of a tax the
22 proceeds of which are deposited in that fund and excluding money
23 transferred into that fund from the countercyclical budget and
24 economic stabilization fund under the management and budget act,
25 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
26 total school aid fund revenue for the current state fiscal year
27 plus the estimated total state school aid fund revenue for the

1 immediately preceding state fiscal year, adjusted for any change in
2 the rate or base of a tax the proceeds of which are deposited in
3 that fund. If a consensus revenue factor is not determined at the
4 revenue estimating conference, the principals of the revenue
5 estimating conference shall report their estimates to the house and
6 senate subcommittees responsible for school aid appropriations not
7 later than 7 days after the conclusion of the revenue conference.

8 (c) The index shall be calculated by multiplying the pupil
9 membership factor by the revenue adjustment factor. However, for
10 ~~2011-2012, the index shall be 0.93575 and for 2012-2013, 2013-2014,~~
11 the index shall be 1.00. If a consensus index is not determined at
12 the revenue estimating conference, the principals of the revenue
13 estimating conference shall report their estimates to the house and
14 senate subcommittees responsible for school aid appropriations not
15 later than 7 days after the conclusion of the revenue conference.

16 ~~—— (12) For a district in which 7.75 mills levied in 1992 for~~
17 ~~school operating purposes in the 1992-93 school year were not~~
18 ~~renewed in 1993 for school operating purposes in the 1993-94 school~~
19 ~~year, the district's combined state and local revenue per~~
20 ~~membership pupil shall be recalculated as if that millage reduction~~
21 ~~did not occur and the district's foundation allowance shall be~~
22 ~~calculated as if its 1994-95 foundation allowance had been~~
23 ~~calculated using that recalculated 1993-94 combined state and local~~
24 ~~revenue per membership pupil as a base. A district is not entitled~~
25 ~~to any retroactive payments for fiscal years before 2000-2001 due~~
26 ~~to this subsection. A district receiving an adjustment under this~~
27 ~~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 **THROUGH 2012-2013** 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. Except as otherwise provided in this subsection, a district qualifying for a foundation

1 allowance adjustment under this subsection shall use the funds
2 resulting from this adjustment for at least 1 of grades K to 3 for
3 purposes allowable under former section 32e as in effect for 2001-
4 2002. For an individual school or schools operated by a district
5 qualifying for a foundation allowance under this subsection that
6 have been determined by the department to meet the adequate yearly
7 progress standards of the federal no child left behind act of 2001,
8 Public Law 107-110, in both mathematics and English language arts
9 at all applicable grade levels for all applicable subgroups, the
10 district may submit to the department an application for
11 flexibility in using the funds resulting from this adjustment that
12 are attributable to the pupils in the school or schools. The
13 application shall identify the affected school or schools and the
14 affected funds and shall contain a plan for using the funds for
15 specific purposes identified by the district that are designed to
16 reduce class size, but that may be different from the purposes
17 otherwise allowable under this subsection. The department shall
18 approve the application if the department determines that the
19 purposes identified in the plan are reasonably designed to reduce
20 class size. If the department does not act to approve or disapprove
21 an application within 30 days after it is submitted to the
22 department, the application is considered to be approved. If an
23 application for flexibility in using the funds is approved, the
24 district may use the funds identified in the application for any
25 purpose identified in the plan. A district receiving an adjustment
26 under this subsection shall not receive as a result of this
27 adjustment an amount that exceeds 68.5% of the amount the district

1 received as a result of this adjustment for 2010-2011. FOR 2013-
2 2014, THE ADJUSTMENT UNDER THIS SUBSECTION SHALL BE THE DIFFERENCE
3 BETWEEN 85% OF THE AMOUNT OF THE ADJUSTMENT UNDER THIS SUBSECTION
4 FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR AND THE AMOUNT
5 RESULTING FROM SUBTRACTING THE DISTRICT'S FOUNDATION ALLOWANCE FOR
6 THE IMMEDIATELY PRECEDING STATE FISCAL YEAR EXCLUDING ANY
7 ADJUSTMENT UNDER THIS SUBSECTION FOR THE IMMEDIATELY PRECEDING
8 STATE FISCAL YEAR FROM \$6,966.00, IF THAT DIFFERENCE IS GREATER
9 THAN \$0.00. IF THAT DIFFERENCE IS LESS THAN \$0.00, THE ADJUSTMENT
10 UNDER THIS SUBSECTION SHALL BE 85% OF THE AMOUNT OF THE ADJUSTMENT
11 UNDER THIS SUBSECTION FOR THE IMMEDIATELY PRECEDING STATE FISCAL
12 YEAR.

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

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

~~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) BEGINNING IN 2014-2015, EQUITY PAYMENTS UNDER SECTION 22C SHALL BE INCORPORATED INTO THE CALCULATION OF A DISTRICT'S FOUNDATION ALLOWANCE OR PUBLIC SCHOOL ACADEMY'S PER PUPIL PAYMENT UNDER THIS SECTION.

(14) ~~(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.

(15) ~~(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.

(16) ~~(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

1 the district's state school aid received by or paid on behalf of
2 the district under this section and the district's local school
3 operating revenue.

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

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

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

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

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

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

1 among all public school academies for the immediately preceding
2 state fiscal year and the sum of \$7,108.00 plus the total dollar
3 amount of all adjustments made from 2006-2007 to the immediately
4 preceding state fiscal year in the lowest per-pupil allocation
5 among all public school academies) divided by the difference
6 between the basic foundation allowance for the current state fiscal
7 year and the sum of \$7,108.00 plus the total dollar amount of all
8 adjustments made from 2006-2007 to the immediately preceding state
9 fiscal year in the lowest per-pupil allocation among all public
10 school academies]. For ~~2011-2012 and 2012-2013~~, **2013-2014**, maximum
11 public school academy allocation means ~~\$7,110.00~~ **\$7,207.00**.

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

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

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

24 (l) "School operating purposes" means the purposes included in
25 the operation costs of the district as prescribed in sections 7 and
26 18.

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

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

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

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

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

20 (a) For a district that had combined state and local revenue
21 per membership pupil in the 1994-95 state fiscal year of \$6,500.00
22 or more and served as a fiscal agent for a state board designated
23 area vocational education center in the 1993-94 school year, total
24 state school aid received by or paid on behalf of the district
25 pursuant to this act in 1993-94 shall exclude payments made under
26 former section 146 and under section 147 on behalf of the
27 district's employees who provided direct services to the area

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

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

26 **SEC. 21F. (1) A PUPIL ENROLLED IN A DISTRICT IN ANY OF GRADES**
27 **5 TO 12 IS ELIGIBLE TO ENROLL IN AN ONLINE COURSE AS PROVIDED FOR**

1 IN THIS SECTION.

2 (2) WITH THE CONSENT OF THE PUPIL'S PARENT OR LEGAL GUARDIAN,
3 A DISTRICT SHALL ENROLL AN ELIGIBLE PUPIL IN UP TO 2 ONLINE COURSES
4 AS REQUESTED BY THE PUPIL DURING AN ACADEMIC TERM, SEMESTER, OR
5 TRIMESTER. HOWEVER, IF A PUPIL HAS DEMONSTRATED PREVIOUS SUCCESS
6 WITH ONLINE COURSES AS DETERMINED BY THE EDUCATING DISTRICT AND THE
7 EDUCATING DISTRICT AND THE PUPIL'S PARENT OR GUARDIAN DETERMINE
8 THAT IT IS IN THE BEST INTEREST OF THE PUPIL, A PUPIL MAY BE
9 ENROLLED IN MORE THAN 2 ONLINE COURSES IN AN ACADEMIC TERM,
10 SEMESTER, OR TRIMESTER. CONSENT OF THE PUPIL'S PARENT OR LEGAL
11 GUARDIAN IS NOT REQUIRED IF THE PUPIL IS AT LEAST AGE 18 OR IS AN
12 EMANCIPATED MINOR.

13 (3) AN ELIGIBLE PUPIL MAY ENROLL IN AN ONLINE COURSE PUBLISHED
14 IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES
15 DESCRIBED IN SUBSECTION (7) (A) OR THE STATEWIDE CATALOG OF ONLINE
16 COURSES MAINTAINED BY THE DEPARTMENT.

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

1 ORDERS.

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

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

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

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

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

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

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

26 (A) PROVIDE THE DEPARTMENT WITH THE COURSE SYLLABUS IN A FORM
27 AND METHOD PRESCRIBED BY THE DEPARTMENT FOR INCLUSION IN A

1 STATEWIDE ONLINE COURSE CATALOG. THE DISTRICT SHALL ALSO PROVIDE ON
2 ITS PUBLICLY ACCESSIBLE WEBSITE A LINK TO THE COURSE SYLLABI FOR
3 ALL OF THE ONLINE COURSES OFFERED BY THE DISTRICT AND A LINK TO THE
4 STATEWIDE CATALOG OF ONLINE COURSES MAINTAINED BY THE DEPARTMENT.

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

8 (8) FOR A PUPIL ENROLLED IN 1 OR MORE ONLINE COURSES PUBLISHED
9 IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES UNDER
10 SUBSECTION (7) OR IN THE STATEWIDE CATALOG OF ONLINE COURSES
11 MAINTAINED BY THE DEPARTMENT, THE DISTRICT SHALL USE FOUNDATION
12 ALLOWANCE OR PER PUPIL FUNDS CALCULATED UNDER SECTION 20 TO PAY FOR
13 THE EXPENSES ASSOCIATED WITH THE ONLINE COURSE OR COURSES. THE
14 DISTRICT SHALL PAY 50% OF THE COST OF THE ONLINE COURSE UPON
15 ENROLLMENT AND 50% UPON SUCCESSFUL COMPLETION AS DETERMINED BY THE
16 DISTRICT.

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

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

27 (11) THE ENROLLMENT OF A PUPIL IN 1 OR MORE ONLINE COURSES

1 SHALL NOT RESULT IN A PUPIL BEING COUNTED AS MORE THAN 1.0 FULL-
2 TIME EQUIVALENT PUPILS UNDER THIS ACT.

3 (12) AS USED IN THIS SECTION:

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

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

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

16 (ii) THE ONLINE COURSE CONTENT OUTLINE.

17 (iii) THE ONLINE COURSE REQUIRED ASSESSMENTS.

18 (iv) THE ONLINE COURSE PREREQUISITES.

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

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

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

23 (viii) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
24 ONLINE CONTENT.

25 (ix) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
26 ONLINE INSTRUCTOR.

27 (x) THE COURSE TITLES ASSIGNED BY THE DISTRICT AND THE COURSE

1 TITLES AND COURSE CODES FROM THE NATIONAL CENTER FOR EDUCATION
2 STATISTICS (NCES) SCHOOL CODES FOR THE EXCHANGE OF DATA (SCED).

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

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

7 Sec. 22a. (1) From the appropriation in section 11, ~~there is~~
8 ~~allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012~~
9 ~~and there is allocated an amount not to exceed \$5,712,000,000.00~~
10 ~~for 2012-2013 \$5,558,000,000.00 FOR 2013-2014~~ for payments to
11 districts and qualifying public school academies to guarantee each
12 district and qualifying public school academy an amount equal to
13 its 1994-95 total state and local per pupil revenue for school
14 operating purposes under section 11 of article IX of the state
15 constitution of 1963. Pursuant to section 11 of article IX of the
16 state constitution of 1963, this guarantee does not apply to a
17 district in a year in which the district levies a millage rate for
18 school district operating purposes less than it levied in 1994.
19 However, subsection (2) applies to calculating the payments under
20 this section. Funds allocated under this section that are not
21 expended in the state fiscal year for which they were allocated, as
22 determined by the department, may be used to supplement the
23 allocations under sections 22b and 51c in order to fully fund those
24 calculated allocations for the same fiscal year.

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

1 state portion of the district's 1994-95 foundation allowance in an
2 amount calculated as follows:

3 (a) Except as otherwise provided in this subsection, the state
4 portion of a district's 1994-95 foundation allowance is an amount
5 equal to the district's 1994-95 foundation allowance or \$6,500.00,
6 whichever is less, minus the difference between the sum of the
7 product of the taxable value per membership pupil of all property
8 in the district that is nonexempt property times the district's
9 certified mills and, for a district with certified mills exceeding
10 12, the product of the taxable value per membership pupil of
11 property in the district that is commercial personal property times
12 the certified mills minus 12 mills and the quotient of the ad
13 valorem property tax revenue of the district captured under tax
14 increment financing acts divided by the district's membership. For
15 a district that has a millage reduction required under section 31
16 of article IX of the state constitution of 1963, the state portion
17 of the district's foundation allowance shall be calculated as if
18 that reduction did not occur.

19 (b) For a district that had a 1994-95 foundation allowance
20 greater than \$6,500.00, the state payment under this subsection
21 shall be the sum of the amount calculated under subdivision (a)
22 plus the amount calculated under this subdivision. The amount
23 calculated under this subdivision shall be equal to the difference
24 between the district's 1994-95 foundation allowance minus \$6,500.00
25 and the current year hold harmless school operating taxes per
26 pupil. If the result of the calculation under subdivision (a) is
27 negative, the negative amount shall be an offset against any state

1 payment calculated under this subdivision. If the result of a
2 calculation under this subdivision is negative, there shall not be
3 a state payment or a deduction under this subdivision. The taxable
4 values per membership pupil used in the calculations under this
5 subdivision are as adjusted by ad valorem property tax revenue
6 captured under tax increment financing acts divided by the
7 district's membership.

8 (3) Beginning in 2003-2004, for pupils in membership in a
9 qualifying public school academy, there is allocated under this
10 section to the authorizing body that is the fiscal agent for the
11 qualifying public school academy for forwarding to the qualifying
12 public school academy an amount equal to the 1994-95 per pupil
13 payment to the qualifying public school academy under section 20.

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

18 (5) For a district that is formed or reconfigured after June
19 1, 2000 by consolidation of 2 or more districts or by annexation,
20 the resulting district's 1994-95 foundation allowance under this
21 section beginning after the effective date of the consolidation or
22 annexation shall be the average of the 1994-95 foundation
23 allowances of each of the original or affected districts,
24 calculated as provided in this section, weighted as to the
25 percentage of pupils in total membership in the resulting district
26 in the state fiscal year in which the consolidation takes place who
27 reside in the geographic area of each of the original districts. If

1 an affected district's 1994-95 foundation allowance is less than
2 the 1994-95 basic foundation allowance, the amount of that
3 district's 1994-95 foundation allowance shall be considered for the
4 purpose of calculations under this subsection to be equal to the
5 amount of the 1994-95 basic foundation allowance.

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

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

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

22 ~~—— (ii) Before January 1, 2011, the owner of a natural gas powered~~
23 ~~power plant located in a renaissance zone within the district's~~
24 ~~geographic boundaries for 2009 and 2010 appealed to the Michigan~~
25 ~~tax tribunal an order of the state tax commission for tax years~~
26 ~~2009 and 2010 pursuant to section 154 of the general property tax~~
27 ~~act, 1893 PA 206, MCL 211.154, and appealed to the state tax~~

~~commission the 2011 classification and valuation of the power plant.~~

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

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

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

~~(6) (7)~~—As used in this section:

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

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

1 1993-94.

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

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

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

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

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

27 (h) "Nonexempt property" means property that is not a

1 principal residence, qualified agricultural property, qualified
2 forest property, supportive housing property, industrial personal
3 property, or commercial personal property.

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

7 (j) "School operating taxes" means local ad valorem property
8 taxes levied under section 1211 of the revised school code, MCL
9 380.1211, and retained for school operating purposes.

10 (k) "Tax increment financing acts" means 1975 PA 197, MCL
11 125.1651 to 125.1681, the tax increment finance authority act, 1980
12 PA 450, MCL 125.1801 to 125.1830, the local development financing
13 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
14 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
15 or the corridor improvement authority act, 2005 PA 280, MCL
16 125.2871 to 125.2899.

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

19 (i) For the number of mills by which the exemption from the
20 levy of school operating taxes on a homestead, qualified
21 agricultural property, qualified forest property, supportive
22 housing property, industrial personal property, and commercial
23 personal property may be reduced as provided in section 1211 of the
24 revised school code, MCL 380.1211, the taxable value of homestead,
25 qualified agricultural property, qualified forest property,
26 supportive housing property, industrial personal property, and
27 commercial personal property for the calendar year ending in the

1 current state fiscal year.

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

7 Sec. 22b. (1) From the ~~state funds appropriated~~ **APPROPRIATION**
8 in section 11, ~~there is allocated for 2011-2012 an amount not to~~
9 ~~exceed \$3,052,000,000.00 and there is allocated for 2012-2013-2013-~~
10 **2014** an amount not to exceed ~~\$3,152,300,000.00~~ **\$3,438,000,000.00**
11 for discretionary nonmandated payments to districts under this
12 section. Funds allocated under this section that are not expended
13 in the state fiscal year for which they were allocated, as
14 determined by the department, may be used to supplement the
15 allocations under sections 22a and 51c in order to fully fund those
16 calculated allocations for the same fiscal year.

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

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

24 (a) ~~Administer in each grade level that it operates in grades~~
25 ~~1 to 5 a standardized assessment approved by the department of~~
26 ~~grade appropriate basic educational skills. A district may use the~~
27 ~~Michigan literacy progress profile to satisfy this requirement for~~

1 ~~grades 1 to 3. Also, if the revised school code is amended to~~
2 ~~require annual assessments at additional grade levels, in order to~~
3 ~~receive an allocation under this section each district shall comply~~
4 ~~with that requirement.~~ **COMPLY WITH SECTION 1280B OF THE REVISED**
5 **SCHOOL CODE, MCL 380.1280B.**

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

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

11 (d) Comply with section 1230g of the revised school code, MCL
12 380.1230g.

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

14 **(4) THE ACHIEVEMENT AUTHORITY SHALL NOT EXPEND ANY MONEY IT**
15 **RECEIVES FROM ANY SOURCE OTHER THAN AN ALLOCATION UNDER THIS ACT**
16 **UNLESS THE MONEY IS SPECIFICALLY APPROPRIATED TO THE ACHIEVEMENT**
17 **AUTHORITY. IF THE ACHIEVEMENT AUTHORITY DOES NOT COMPLY WITH THIS**
18 **SUBSECTION, THE ACHIEVEMENT AUTHORITY SHALL NOT RECEIVE AN**
19 **ALLOCATION UNDER SUBSECTION (1).**

20 **(5) ~~(4)~~** Districts are encouraged to use funds allocated under
21 this section for the purchase and support of payroll, human
22 resources, and other business function software that is compatible
23 with that of the intermediate district in which the district is
24 located and with other districts located within that intermediate
25 district.

26 **(6) ~~(5)~~** From the allocation in subsection (1), the department
27 shall pay up to \$1,000,000.00 in litigation costs incurred by this

1 state related to commercial or industrial property tax appeals,
2 including, but not limited to, appeals of classification, that
3 impact revenues dedicated to the state school aid fund.

4 (7) ~~(6)~~—From the allocation in subsection (1), the department
5 shall pay up to \$1,000,000.00 in litigation costs incurred by this
6 state associated with lawsuits filed by 1 or more districts or
7 intermediate districts against this state. If the allocation under
8 this section is insufficient to fully fund all payments required
9 under this section, the payments under this subsection shall be
10 made in full before any proration of remaining payments under this
11 section.

12 (8) ~~(7)~~—It is the intent of the legislature that all
13 constitutional obligations of this state have been fully funded
14 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by
15 an entity receiving funds under this article that challenges the
16 legislative determination of the adequacy of this funding or
17 alleges that there exists an unfunded constitutional requirement,
18 the state budget director may escrow or allocate from the
19 discretionary funds for nonmandated payments under this section the
20 amount as may be necessary to satisfy the claim before making any
21 payments to districts under subsection (2). If funds are escrowed,
22 the escrowed funds are a work project appropriation and the funds
23 are carried forward into the following fiscal year. The purpose of
24 the work project is to provide for any payments that may be awarded
25 to districts as a result of litigation. The work project shall be
26 completed upon resolution of the litigation.

27 (9) ~~(8)~~—If the local claims review board or a court of

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

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

17 (11) ~~(10)~~—If payments resulting from a final determination by
18 the local claims review board or a court of competent jurisdiction
19 that there has been a violation of section 29 of article IX of the
20 state constitution of 1963 exceed the amount allocated for
21 discretionary nonmandated payments under this section, the
22 legislature shall provide for adequate funding for this state's
23 constitutional obligations at its next legislative session.

24 (12) ~~(11)~~—If a lawsuit challenging payments made to districts
25 related to costs reimbursed by federal title XIX medicaid funds is
26 filed against this state, then, for the purpose of addressing
27 potential liability under such a lawsuit, the state budget director

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

15 ~~—— (12) Not later than January 1, 2013, the department shall~~
16 ~~submit a report to the legislature identifying the amount of the~~
17 ~~savings that the department has calculated as having been achieved~~
18 ~~due to the revised number of instructional hours used to calculate~~
19 ~~full time equated memberships for kindergarten pupils under section~~
20 ~~6(4)(r) as amended by 2011 PA 62.~~

21 **SEC. 22C. FROM THE APPROPRIATION IN SECTION 11, THERE IS**
22 **ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$24,500,000.00 TO**
23 **MAKE EQUITY PAYMENTS TO DISTRICTS THAT HAVE A FOUNDATION ALLOWANCE**
24 **OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR 2013-2014**
25 **OF LESS THAN \$7,100.00. THE EQUITY PAYMENT FOR A DISTRICT SHALL BE**
26 **AN AMOUNT PER MEMBERSHIP PUPIL EQUAL TO THE LESSER OF \$34.00 OR THE**
27 **DIFFERENCE BETWEEN \$7,066.00 AND THE DISTRICT'S 2013-2014**

1 **FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER**
2 **SECTION 20.**

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

7 (2) From the allocation under subsection (1), there is
8 allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
9 **2013-2014** an amount not to exceed ~~\$750,000.00~~ **\$957,300.00** for
10 payments under this subsection to districts that meet all of the
11 following:

12 (a) Operates grades K to 12.

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

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

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

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

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

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

9 (4) Subject to subsection (6), from the allocation in
10 subsection (1), there is allocated ~~each fiscal year for 2011-2012~~
11 ~~and for 2012-2013~~ **FOR 2013-2014** an amount not to exceed
12 ~~\$1,275,000.00~~ **\$1,627,300.00** for payments under this subsection to
13 districts that meet all of the following:

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

16 (b) The district has a total square mileage greater than 200.0
17 or is 1 of 2 districts that have consolidated transportation
18 services and have a combined total square mileage greater than
19 200.0.

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

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

24 Sec. 22j. (1) From the appropriation in section 11, there is
25 allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
26 ~~\$30,000,000.00~~ **\$46,400,000.00** to provide separate incentive
27 payments to districts that meet student academic performance

1 funding goals under subsections (2) to (5). Payments received under
2 this section may be used for any purpose for which payments under
3 sections 22a and 22b may be used.

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

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

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

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

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

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

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

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

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

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

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

21 (c) A district is a qualifying district for the payment under
22 this subsection if the district average for the ~~2010-2011~~**2011-2012**
23 school year under subdivision (b) is at least equal to a factor of
24 1.5, and the district tested at least 95% of its pupils in
25 mathematics, and the district had at least 30 full academic year
26 pupils in grades 3 to 8 with a performance level change designation
27 in mathematics.

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

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

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

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

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

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

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

1 proficiently in reading and who improves in proficiency, as
2 determined by the department, over the school year, 3 points.

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

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

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

17 (5) An amount not to exceed 40% of the maximum per pupil
18 amount allocated under subsection (2) shall be used to make
19 performance incentive payments to qualifying districts under this
20 subsection for high school improvement using a metric based on the
21 positive trend over a 4-year period in the percentage of high
22 school pupils in the district testing as proficient in all tested
23 subject areas on the state assessments of high school pupils. The
24 amount of a payment under this subsection is an amount equal to
25 \$40.00 per pupil for all pupils in membership in the district. The
26 department shall determine the qualifying districts under this
27 subsection as follows:

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

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

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

27 (6) If the allocation under subsection (1) is insufficient to

1 fully fund payments as otherwise calculated under this section, the
2 department shall prorate payments under this section on an equal
3 percentage basis.

4 (7) IT IS THE INTENT OF THE LEGISLATURE THAT GRANTS AWARDED
5 UNDER THIS SECTION IN 2014-2015 SHALL BE BASED ON GROWTH SCORES
6 ACHIEVED USING COMPUTER ADAPTIVE TESTS IN THE 2013-2014 SCHOOL
7 YEAR.

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

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

14 (A) PROVIDES A RIGOROUS CURRICULUM ALIGNED TO STATE, NATIONAL,
15 AND INTERNATIONAL STANDARDS.

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

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

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

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

22 (ii) BEST INSTRUCTIONAL PRACTICES.

23 (iii) TIME TO COLLABORATE WITH OTHERS.

24 (iv) MENTORS.

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

27 (3) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL SUBMIT

1 AN APPLICATION TO THE DEPARTMENT BY OCTOBER 1, 2013 IN A FORM AND
2 MANNER PRESCRIBED BY THE DEPARTMENT. THE DEPARTMENT SHALL AWARD
3 GRANTS ON A PER PUPIL BASIS TO ELIGIBLE RECIPIENTS NO LATER THAN
4 DECEMBER 30, 2013.

5 (4) THE AMOUNT OF A GRANT TO A DISTRICT RECEIVING A GRANT
6 UNDER THIS SECTION SHALL NOT EXCEED \$1,000,000.00.

7 SEC. 22M. (1) FROM THE STATE SCHOOL AID FUND MONEY
8 APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2013-2014 AN
9 AMOUNT NOT TO EXCEED \$18,000,000.00 FOR THE PURPOSE OF PROVIDING
10 EVERY DISTRICT WITH ACCESS TO A COMPUTER-ADAPTIVE TEST FOR EACH
11 PUPIL ENROLLED IN THE DISTRICT. THE COMPUTER-ADAPTIVE TEST PROVIDED
12 SHALL BE THE TEST THAT IS CHOSEN THROUGH A REQUEST FOR PROPOSAL
13 PROCESS UNDERTAKEN BY THE DEPARTMENT NOT LATER THAN AUGUST 1, 2013
14 AND THAT IS DETERMINED AS THE SOLE PROVIDER OF THE TEST. THE
15 COMPUTER-ADAPTIVE TEST CHOSEN BY THE DEPARTMENT SHALL PROVIDE AT
16 LEAST ALL OF THE FOLLOWING:

17 (A) INTERNET-DELIVERED, STANDARDS-BASED ASSESSMENT USING A
18 COMPUTER-ADAPTIVE MODEL TO TARGET THE INSTRUCTIONAL LEVEL OF EACH
19 PUPIL.

20 (B) UNLIMITED TESTING OPPORTUNITIES THROUGHOUT THE 2013-2014
21 SCHOOL YEAR.

22 (C) VALID AND RELIABLE DIAGNOSTIC ASSESSMENT DATA.

23 (D) ADJUSTMENT OF TESTING DIFFICULTY BASED ON PREVIOUS ANSWERS
24 TO TEST QUESTIONS.

25 (E) IMMEDIATE FEEDBACK TO PUPILS AND TEACHERS.

26 (2) MONEY ALLOCATED UNDER THIS SECTION SHALL BE USED ONLY TO
27 PROVIDE DISTRICTS WITH ACCESS TO A COMPUTER-ADAPTIVE TEST FOR EACH

1 PUPIL. THE DEPARTMENT SHALL NOT DISTRIBUTE OR USE THIS MONEY FOR
2 ANY OTHER PURPOSE.

3 Sec. 24. (1) From the appropriation in section 11, there is
4 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
5 \$8,000,000.00 for payments to the educating district or
6 intermediate district for educating pupils assigned by a court or
7 the department of human services to reside in or to attend a
8 juvenile detention facility or child caring institution licensed by
9 the department of human services and approved by the department to
10 provide an on-grounds education program. The amount of the payment
11 under this section to a district or intermediate district shall be
12 calculated as prescribed under subsection (2).

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

19 (a) "Added cost" means 100% of the added cost each fiscal year
20 for educating all pupils assigned by a court or the department of
21 human services to reside in or to attend a juvenile detention
22 facility or child caring institution licensed by the department of
23 human services or the department of licensing and regulatory
24 affairs and approved by the department to provide an on-grounds
25 education program. Added cost shall be computed by deducting all
26 other revenue received under this ~~act~~ **ARTICLE** for pupils described
27 in this section from total costs, as approved by the department, in

1 whole or in part, for educating those pupils in the on-grounds
2 education program or in a program approved by the department that
3 is located on property adjacent to a juvenile detention facility or
4 child caring institution. Costs reimbursed by federal funds are not
5 included.

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

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

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

23 Sec. 24a. From the appropriation in section 11, there is
24 allocated an amount not to exceed ~~\$2,135,800.00 for 2012-2013~~
25 **\$2,167,500.00 FOR 2013-2014** for payments to intermediate districts
26 for pupils who are placed in juvenile justice service facilities
27 operated by the department of human services. Each intermediate

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

16 Sec. 24c. From the appropriation in section 11, there is
17 allocated an amount not to exceed \$1,500,000.00 for ~~2012-2013-2013-~~
18 **2014** for payments to districts for pupils who are enrolled in a
19 nationally administered community-based education and youth
20 mentoring program, known as the youth challenge program, that is
21 located within the district and is administered by the department
22 of military and veterans affairs. Both of the following apply to a
23 district receiving payments under this section:

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

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

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

10 (2) IF A PUPIL ENROLLS IN A DISTRICT OR INTERMEDIATE DISTRICT
11 AFTER THE PUPIL MEMBERSHIP COUNT DAY AND, DUE TO THE PUPIL'S
12 ENROLLMENT AND ATTENDANCE STATUS AS OF THE PUPIL MEMBERSHIP COUNT
13 DAY, THE PUPIL WAS NOT COUNTED IN MEMBERSHIP IN THE EDUCATING
14 DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT OR
15 INTERMEDIATE DISTRICT MAY REPORT THE ENROLLMENT AND ATTENDANCE
16 INFORMATION TO THE CENTER THROUGH THE PUPIL TRANSFER APPLICATION
17 UNTIL THE SUPPLEMENTAL COUNT DAY. IF THE PUPIL TRANSFERS FROM
18 ANOTHER DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT
19 OR INTERMEDIATE DISTRICT ALSO MAY REPORT THE ENROLLMENT AND
20 ATTENDANCE INFORMATION TO THE CENTER THROUGH THE PUPIL TRANSFER
21 APPLICATION UNTIL THE SUPPLEMENTAL COUNT DAY. UPON RECEIPT OF THE
22 TRANSFER INFORMATION UNDER THIS SUBSECTION INDICATING THAT A PUPIL
23 HAS ENROLLED AND IS IN ATTENDANCE IN AN EDUCATING DISTRICT OR
24 INTERMEDIATE DISTRICT AS DESCRIBED IN THIS SUBSECTION, THE PUPIL
25 TRANSFER APPLICATION SHALL DO THE FOLLOWING:

26 (A) NOTIFY THE DISTRICT IN WHICH THE PUPIL WAS PREVIOUSLY
27 ENROLLED. THE DISTRICT SHALL PROVIDE PUPIL EXIT DATES AND OTHER

1 INFORMATION AS REQUIRED BY THE CENTER AND THE DEPARTMENT.

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

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

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

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

23 (B) ADJUST THE MEMBERSHIP CALCULATION FOR THE EDUCATING
24 DISTRICT OR INTERMEDIATE DISTRICT FOR EACH SCHOOL DAY IN WHICH THE
25 PUPIL IS ENROLLED AND IS IN ATTENDANCE IN THE EDUCATING DISTRICT OR
26 INTERMEDIATE DISTRICT SO THAT THE DISTRICT'S OR INTERMEDIATE
27 DISTRICT'S MEMBERSHIP IS INCREASED TO ALLOW THE DISTRICT OR

1 INTERMEDIATE DISTRICT TO RECEIVE, FOR EACH SCHOOL DAY BETWEEN THE
2 DAY THE PUPIL ENROLLED IN THE EDUCATING DISTRICT AND THE
3 SUPPLEMENTAL COUNT DAY, AN AMOUNT EQUAL TO 1/180 OF THE FOUNDATION
4 ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR
5 THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT. THE FOUNDATION
6 ALLOWANCE OR PER PUPIL PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S
7 FULL-TIME EQUATED STATUS AS AFFECTED BY THE MEMBERSHIP DEFINITION
8 UNDER SECTION 6(4).

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

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

24 (6) AS USED IN THIS SECTION, "EDUCATING DISTRICT OR
25 INTERMEDIATE DISTRICT" MEANS THE DISTRICT OR INTERMEDIATE DISTRICT
26 IN WHICH A PUPIL ENROLLS AFTER THE PUPIL MEMBERSHIP COUNT DAY OR
27 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 2012-2013-2013-2014 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 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 ~~2012-2013-2013-2014~~ an amount not to exceed
~~\$3,328,000.00~~ **\$4,009,500.00** for payments to districts, intermediate
districts, and community college districts for the portion of the

1 payment in lieu of taxes obligation that is attributable to
2 districts, intermediate districts, and community college districts
3 pursuant to section 2154 of the natural resources and environmental
4 protection act, 1994 PA 451, MCL 324.2154.

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

9 Sec. 26c. (1) From the appropriation in section 11, there is
10 allocated an amount not to exceed ~~\$276,800.00 for 2011-2012 and an~~
11 ~~amount not to exceed \$347,800.00 for 2012-2013~~ **\$224,000.00 FOR**
12 **2013-2014** to the promise zone fund created in subsection (3).

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

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

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

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

1 the general fund.

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

8 Sec. 31a. (1) From the state school aid fund money
9 appropriated in section 11, there is allocated for ~~2012-2013~~**2013-**
10 **2014** an amount not to exceed \$317,695,500.00 for payments to
11 eligible districts, eligible public school academies, and the
12 education achievement system under this section. Subject to
13 subsection (14), the amount of the additional allowance under this
14 section, other than funding under subsection (6) or (7), shall be
15 based on the number of actual pupils in membership in the district
16 or public school academy or the education achievement system who
17 met the income eligibility criteria for free breakfast, lunch, or
18 milk in the immediately preceding state fiscal year, as determined
19 under the Richard B. Russell national school lunch act, 42 USC 1751
20 to 1769i, and reported to the department not later than the fifth
21 Wednesday after the pupil membership count day of the immediately
22 preceding fiscal year and adjusted not later than December 31 of
23 the immediately preceding fiscal year in the form and manner
24 prescribed by the center. However, for a public school academy that
25 began operations as a public school academy, or for an achievement
26 school that began operations as an achievement school, after the
27 pupil membership count day of the immediately preceding school

1 year, the basis for the additional allowance under this section
2 shall be the number of actual pupils in membership in the public
3 school academy or the education achievement system who met the
4 income eligibility criteria for free breakfast, lunch, or milk in
5 the current state fiscal year, as determined under the Richard B.
6 Russell national school lunch act and reported to the department
7 not later than the fifth Wednesday after the pupil membership count
8 day.

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

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

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

26 (3) Except as otherwise provided in this subsection, an
27 eligible district or eligible public school academy or the

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

1 school academy's or the education achievement system's per
2 membership pupil amount calculated under section 20 for the current
3 state fiscal year.

4 (4) Except as otherwise provided in this section, a district
5 or public school academy, or the education achievement system,
6 receiving funding under this section shall use that money only to
7 provide instructional programs and direct noninstructional
8 services, including, but not limited to, medical or counseling
9 services, for at-risk pupils; for school health clinics; **FOR**
10 **PRESCHOOL PROGRAMS PURSUANT TO SECTION 32D;** and for the purposes of
11 subsection (5), (6), or (7). In addition, a district that is a
12 school district of the first class or a district or public school
13 academy in which at least 50% of the pupils in membership met the
14 income eligibility criteria for free breakfast, lunch, or milk in
15 the immediately preceding state fiscal year, as determined and
16 reported as described in subsection (1), or the education
17 achievement system if it meets this requirement, may use not more
18 than 20% of the funds it receives under this section for school
19 security. A district, the public school academy, or the education
20 achievement system shall not use any of that money for
21 administrative costs or to supplant another program or other funds,
22 except for funds allocated to the district or public school academy
23 or the education achievement system under this section in the
24 immediately preceding year and already being used by the district
25 or public school academy or the education achievement system for
26 at-risk pupils. The instruction or direct noninstructional services
27 provided under this section may be conducted before or after

1 regular school hours or by adding extra school days to the school
2 year and may include, but are not limited to, tutorial services,
3 early childhood programs to serve children age 0 to 5, and reading
4 programs as described in former section 32f as in effect for 2001-
5 2002. A tutorial method may be conducted with paraprofessionals
6 working under the supervision of a certificated teacher. The ratio
7 of pupils to paraprofessionals shall be between 10:1 and 15:1. Only
8 1 certificated teacher is required to supervise instruction using a
9 tutorial method. As used in this subsection, "to supplant another
10 program" means to take the place of a previously existing
11 instructional program or direct noninstructional services funded
12 from a funding source other than funding under this section.

13 (5) Except as otherwise provided in subsection (12), a
14 district or public school academy that receives funds under this
15 section and that operates a school breakfast program under section
16 1272a of the revised school code, MCL 380.1272a, or the education
17 achievement system if it operates a school breakfast program, shall
18 use from the funds received under this section an amount, not to
19 exceed \$10.00 per pupil for whom the district or public school
20 academy or the education achievement system receives funds under
21 this section, necessary to pay for costs associated with the
22 operation of the school breakfast program.

23 (6) From the funds allocated under subsection (1), there is
24 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
25 \$3,557,300.00 to support child and adolescent health centers. These
26 grants shall be awarded for 5 consecutive years beginning with
27 2003-2004 in a form and manner approved jointly by the department

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

19 (7) From the funds allocated under subsection (1), there is
20 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
21 \$5,150,000.00 for the state portion of the hearing and vision
22 screenings as described in section 9301 of the public health code,
23 1978 PA 368, MCL 333.9301. A local public health department shall
24 pay at least 50% of the total cost of the screenings. The frequency
25 of the screenings shall be as required under R 325.13091 to R
26 325.13096 and R 325.3271 to R 325.3276 of the Michigan
27 administrative code. Funds shall be awarded in a form and manner

1 approved jointly by the department and the department of community
2 health. Notwithstanding section 17b, payments to eligible entities
3 under this subsection shall be paid on a schedule determined by the
4 department.

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

26 (9) In order to receive funds under this section, a district
27 or public school academy or the education achievement system shall

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

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

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

1 (12) For an individual school or schools operated by a
2 district or public school academy receiving funds under this
3 section or the education achievement system that have been
4 determined by the department to meet the adequate yearly progress
5 standards of the no child left behind act of 2001, Public Law 107-
6 110, in both mathematics and English language arts at all
7 applicable grade levels for all applicable subgroups, the district
8 or public school academy or the education achievement system may
9 use not more than 20% of the funds it receives under this section
10 for specific alternative purposes identified by the district or
11 public school academy or the education achievement system that are
12 designed to benefit at-risk pupils in the school, but that may be
13 different from the purposes otherwise allowable under this section.
14 If a district or public school academy or the education achievement
15 system uses funds for alternative purposes allowed under the
16 flexibility provisions under this subsection, the district or
17 public school academy or the education achievement system shall
18 maintain documentation of the amounts used for those alternative
19 purposes and shall make that information available to the
20 department upon request.

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

26 (a) Monitors individual pupil learning and provides specific
27 support or learning strategies to pupils as early as possible in

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

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

22 (14) If necessary, and before any proration required under
23 section ~~11~~, **296**, the department shall prorate payments under this
24 section by reducing the amount of the per pupil payment under this
25 section by a dollar amount calculated by determining the amount by
26 which the amount necessary to fully fund the requirements of this
27 section exceeds the maximum amount allocated under this section and

1 then dividing that amount by the total statewide number of pupils
2 who met the income eligibility criteria for free breakfast, lunch,
3 or milk in the immediately preceding fiscal year, as described in
4 subsection (1).

5 (15) If a district is formed by consolidation after June 1,
6 1995, and if 1 or more of the original districts was not eligible
7 before the consolidation for an additional allowance under this
8 section, the amount of the additional allowance under this section
9 for the consolidated district shall be based on the number of
10 pupils described in subsection (1) enrolled in the consolidated
11 district who reside in the territory of an original district that
12 was eligible before the consolidation for an additional allowance
13 under this section.

14 (16) As used in this section, "at-risk pupil" means a pupil
15 for whom the district has documentation that the pupil meets at
16 least 2 of the following criteria: is a victim of child abuse or
17 neglect; is below grade level in English language ~~and communication~~
18 ~~skills-ARTS~~ or mathematics; is a pregnant teenager or teenage
19 parent; is eligible for a federal free or reduced-price lunch
20 subsidy; has atypical behavior or attendance patterns; or has a
21 family history of school failure, incarceration, or substance
22 abuse. **AT-RISK PUPIL ALSO INCLUDES ALL PUPILS IN A PRIORITY SCHOOL**
23 **AS DEFINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 2001**
24 **FLEXIBILITY REQUEST APPROVED BY THE UNITED STATES DEPARTMENT OF**
25 **EDUCATION.** For pupils for whom the results of at least the
26 applicable Michigan education assessment program (MEAP) test have
27 been received, at-risk pupil also includes a pupil who does not

1 meet the other criteria under this subsection but who did not
2 achieve at least a score of level 2 on the most recent MEAP English
3 language arts, mathematics, science test, or social studies for
4 which results for the pupil have been received. For pupils for whom
5 the results of the Michigan merit examination have been received,
6 at-risk pupil also includes a pupil who does not meet the other
7 criteria under this subsection but who did not achieve proficiency
8 on the reading, ~~component~~ **WRITING, MATHEMATICS, SCIENCE, OR SOCIAL**
9 **STUDIES COMPONENTS** of the most recent Michigan merit examination
10 for which results for the pupil have been received. ~~, did not~~
11 ~~achieve proficiency on the mathematics component of the most recent~~
12 ~~Michigan merit examination for which results for the pupil have~~
13 ~~been received, or did not achieve basic competency on the science~~
14 ~~component of the most recent Michigan merit examination for which~~
15 ~~results for the pupil have been received.~~ For pupils in grades K-3,
16 at-risk pupil also includes a pupil who is at risk of not meeting
17 the district's core academic curricular objectives in English
18 language arts or mathematics.

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

23 Sec. 31d. (1) From the appropriations in section 11, there is
24 allocated an amount not to exceed \$22,495,100.00 for ~~2012-2013~~
25 **2013-2014** for the purpose of making payments to districts and other
26 eligible entities under this section.

27 (2) The amounts allocated from state sources under this

1 section shall be used to pay the amount necessary to reimburse
2 districts for 6.0127% of the necessary costs of the state mandated
3 portion of the school lunch programs provided by those districts.
4 The amount due to each district under this section shall be
5 computed by the department using the methods of calculation adopted
6 by the Michigan supreme court in the consolidated cases known as
7 Durant v State of Michigan, Michigan supreme court docket no.
8 104458-104492.

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

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

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

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

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

5 Sec. 31f. (1) From the appropriations in section 11, there is
6 allocated an amount not to exceed ~~\$9,625,000.00 for 2012-2013~~
7 **\$5,625,000.00 FOR 2013-2014** for the purpose of making payments to
8 districts to reimburse for the cost of providing breakfast.

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

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

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

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

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

27 (5) In purchasing food for a school breakfast program funded

1 under this section, preference shall be given to food that is grown
 2 or produced by Michigan businesses if it is competitively priced
 3 and of comparable quality.

4 Sec. 32d. (1) From the funds appropriated in section 11, there
 5 is allocated to eligible intermediate districts and consortia of
 6 intermediate districts for great start readiness programs an amount
 7 not to exceed ~~\$109,275,000.00 for 2012-2013.~~ **\$174,275,000.00 FOR**
 8 **2013-2014.** Funds allocated under this section shall be used to
 9 provide part-day, school-day, or GSRP/head start blended
 10 comprehensive free compensatory classroom programs designed to ~~do 1~~
 11 ~~or both of the following:~~

12 ~~—— (a) Improve~~ **IMPROVE** the readiness and subsequent achievement
 13 of educationally disadvantaged children ~~as defined by the~~
 14 ~~department who will be at least 4, but less than 5 years of age, as~~
 15 ~~of December 1 of the school year in which the programs are offered,~~
 16 ~~and who meet the participant eligibility and prioritization~~
 17 ~~guidelines as defined by the state board.~~ **DEPARTMENT. BEGINNING IN**
 18 **2013-2014, FOR A CHILD TO BE ELIGIBLE TO PARTICIPATE IN A PROGRAM**
 19 **UNDER THIS SECTION, THE CHILD SHALL BE AT LEAST 4, BUT LESS THAN 5,**
 20 **YEARS OF AGE AS OF THE DATE SPECIFIED FOR DETERMINING A CHILD'S**
 21 **ELIGIBILITY TO ATTEND SCHOOL UNDER SECTION 1147 OF THE REVISED**
 22 **SCHOOL CODE, MCL 380.1147.**

23 ~~—— (b) Provide preschool and parenting education programs similar~~
 24 ~~to those under former section 32b as in effect for 2001-2002.~~
 25 ~~Beginning in 2007-2008, funds spent for programs described in this~~
 26 ~~subdivision shall not exceed the amount spent under this~~
 27 ~~subdivision for the immediately preceding fiscal year. Funds spent~~

1 ~~for programs described in this subdivision shall be used for~~
2 ~~services to families with income below 300% of the federal poverty~~
3 ~~level.~~

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

12 ~~—— (a) An amount not to exceed \$100,400,000.00 allocated to~~
13 ~~intermediate districts and consortia of intermediate districts as~~
14 ~~directed by the department based on the formula in section 39. In~~
15 order to be eligible to receive funds allocated under this
16 ~~subdivision~~ **SUBSECTION** from an intermediate district or consortium
17 of intermediate districts, a district, ~~or~~ **A** consortium of
18 districts, **OR A PUBLIC OR PRIVATE FOR-PROFIT OR NONPROFIT LEGAL**
19 **ENTITY OR AGENCY** shall comply with this section and section 39.

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

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

1 the general fund money appropriated under section 11, there is
2 allocated an amount not to exceed \$300,000.00 for ~~2012-2013-2013-~~
3 **2014** for a competitive grant to continue a longitudinal evaluation
4 of children who have participated in great start readiness
5 programs.

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

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

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

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

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

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

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

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

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

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

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

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

20 (b) Ensure that ~~more than 75%~~ **100%** of the children
21 participating in an eligible great start readiness program **FOR WHOM**
22 **THE PROVIDER IS RECEIVING FUNDS UNDER THIS SECTION** are children who
23 live with families with a household income that is equal to or less
24 than 300% of the federal poverty level.

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

27 (i) Teachers possessing proper training. For programs managed

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

20 (ii) Paraprofessionals possessing proper training in early
21 childhood development, including an associate's degree in early
22 childhood education or child development or the equivalent, or a
23 child development associate (CDA) credential. However, if an
24 applicant demonstrates to the department that it is unable to fully
25 comply with this subparagraph after making reasonable efforts to
26 comply, the applicant may use paraprofessionals who have completed
27 at least 1 course that earns college credit in early childhood

1 education or child development if the applicant provides to the
2 department, and the department approves, a plan for each
3 paraprofessional to come into compliance with the standards in this
4 subparagraph. A paraprofessional's compliance plan must be
5 completed within 2 years of the date of employment. Progress toward
6 completion of the compliance plan shall consist of at least 2
7 courses or 60 clock hours of training per calendar year.

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

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

26 (7) **FOR A GRANT RECIPIENT THAT ENROLLS PUPILS IN A GSRP/HEAD**
27 **START BLENDED PROGRAM, THE GRANT RECIPIENT SHALL ENSURE THAT ALL**

1 HEAD START AND GSRP POLICIES AND REGULATIONS ARE APPLIED TO THE
 2 BLENDED SLOTS, WITH ADHERENCE TO THE HIGHEST STANDARD FROM EITHER
 3 PROGRAM.

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

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

21 (9) **EACH PROVIDER SHALL ENROLL CHILDREN ACCORDING TO HOW FAR**
 22 **THE CHILD'S HOUSEHOLD INCOME IS BELOW 300% OF THE FEDERAL POVERTY**
 23 **LEVEL BY RANKING EACH APPLICANT CHILD'S HOUSEHOLD INCOME FROM**
 24 **LOWEST TO HIGHEST AND DIVIDING THE APPLICANT CHILDREN INTO**
 25 **QUINTILES BASED ON HOW FAR THE CHILD'S HOUSEHOLD INCOME IS BELOW**
 26 **300% OF THE FEDERAL POVERTY LEVEL, AND THEN ENROLLING CHILDREN IN**
 27 **THE QUINTILE WITH THE LOWEST HOUSEHOLD INCOME BEFORE ENROLLING**

1 CHILDREN IN THE QUINTILE WITH THE NEXT LOWEST HOUSEHOLD INCOME
2 UNTIL SLOTS ARE COMPLETELY FILLED. EACH PROVIDER SHALL RETAIN 10%
3 OF ITS FUNDING UNDER THIS SECTION TO ENROLL ELIGIBLE CHILDREN AFTER
4 THE START OF THE PROGRAM.

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

18 (11) ~~(9)~~ A recipient of funds under this section shall report
19 to the department in a form and manner prescribed by the department
20 the number of children participating in the program who meet the
21 ~~income or other eligibility criteria prescribed by the department~~
22 **ELIGIBILITY CRITERIA UNDER SUBSECTION (5) (B)** and the total number
23 of children participating in the program. For children
24 participating in the program who meet the income ~~or other~~
25 eligibility criteria specified under subsection (5) (b), a recipient
26 shall also report whether or not a parent is available to provide
27 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) ~~(10)~~ 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) ~~(11) 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 300% 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~~

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

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

19 (14) FROM THE AMOUNT ALLOCATED IN SUBSECTION (1), AN AMOUNT
20 NOT TO EXCEED \$100.00 IS ALLOCATED TO THE KALAMAZOO REGIONAL
21 EDUCATION SERVICE AGENCY FOR A PILOT PROGRAM TO EVALUATE AN
22 INNOVATIVE LOCAL, PREKINDERGARTEN SYSTEM INVOLVING PRIVATE
23 PRESCHOOLS, BRAIDED FUNDING FROM BOTH PUBLIC AND PRIVATE SOURCES
24 FOR THE SAME CLASSROOM, QUALITY DEVELOPMENT OF PRESCHOOLS THROUGH
25 MENTORING, AND ACCOUNTABILITY USING PRETESTS AND POSTTESTS. TO
26 CONDUCT THIS PILOT PROGRAM, THE INTERMEDIATE DISTRICT SHALL
27 COORDINATE AND CONTRACT WITH A PRIVATE NONPROFIT ENTITY FOR A

1 PREKINDERGARTEN PROGRAM THAT WILL INCLUDE ALL OF THE FOLLOWING:

2 (A) HELPING PRIVATE PROVIDERS MEET QUALITY STANDARDS THROUGH
3 TRAINING AND MENTORING.

4 (B) PROVIDING COMMON PROFESSIONAL DEVELOPMENT OFFERINGS FOR
5 PUBLIC AND PRIVATE TEACHERS IN THE AREAS OF CURRICULUM
6 IMPLEMENTATION, LITERACY, MATH, RESPONSE TO INTERVENTION, POSITIVE
7 BEHAVIOR SUPPORT, CLASSROOM MANAGEMENT, AND PARENT ENGAGEMENT
8 ACTIVITIES, AND EVALUATING THE EFFECTIVENESS OF THIS TRAINING.

9 (C) OFFERING ON-SITE TEACHER MENTORS/COACHES TO ASSIST
10 TEACHERS IN IMPLEMENTING RESEARCH-BASED PRACTICES.

11 (D) CREATING INCOME-INTEGRATED "BRAIDED" CLASSROOMS THAT MAY
12 INVOLVE FUNDING FOR VARIOUS CHILDREN IN THE SAME CLASS FROM HEAD
13 START, THE GREAT START READINESS PROGRAM, A LOCALLY FUNDED
14 PREKINDERGARTEN SYSTEM PROVIDING TUITION ASSISTANCE TO LOWER AND
15 MIDDLE INCOME FAMILIES AND SUPPORTING PRIVATE PROVIDERS IN REACHING
16 HIGH-QUALITY, AND PARENT PAY.

17 (E) PROVIDING TUITION ASSISTANCE THAT ENABLES FAMILIES TO
18 ACCESS HIGH-QUALITY PRIVATE PREKINDERGARTEN PROVIDERS AS WELL AS
19 PUBLIC PREKINDERGARTEN PROVIDERS.

20 (F) SUPPORTING THE CONTINUED DEVELOPMENT OF AN OUTREACH PLAN
21 TO CONNECT WITH COMMUNITIES WHO SERVE THE MOST VULNERABLE.

22 (G) DEMONSTRATING HOW THE SYSTEM'S RESULTS CAN BE RIGOROUSLY
23 EVALUATED BY A PRETEST AND POSTTEST AT PREKINDERGARTEN ENTRANCE AND
24 KINDERGARTEN ENTRANCE.

25 (15) STATE FUNDS SHALL NOT BE USED FOR TUITION ASSISTANCE FOR
26 THE PILOT PROGRAM UNDER SUBSECTION (14) EXCEPT FOR TUITION
27 ASSISTANCE FOR CHILDREN WITH A HOUSEHOLD INCOME BELOW 300% OF THE

1 FEDERAL POVERTY LINE, UP TO THE MAXIMUM AMOUNT THAT IS ALLOWED
2 UNDER THE GREAT START READINESS PROGRAM.

3 (16) THE DEPARTMENT SHALL WORK WITH THE KALAMAZOO REGIONAL
4 EDUCATION ASSISTANCE AGENCY TO DEVELOP A REPORT ON THE
5 EFFECTIVENESS OF THE PILOT PROGRAM UNDER SUBSECTION (14) AND SHALL
6 SUBMIT THE REPORT NOT LATER THAN DECEMBER 31, 2014 TO THE HOUSE AND
7 SENATE STANDING COMMITTEES ON EDUCATION, THE HOUSE AND SENATE
8 APPROPRIATIONS SUBCOMMITTEES ON SCHOOL AID, THE GOVERNOR, AND THE
9 HOUSE AND SENATE FISCAL AGENCIES. THE REPORT SHALL INCLUDE A
10 DETERMINATION OF THE EFFECTIVENESS OF INTEGRATING PUPILS LIVING
11 WITH FAMILIES WITH VARIOUS LEVELS OF INCOME IN THE SAME PRESCHOOL
12 CLASSROOM COMPARED TO SEGREGATING PUPILS INTO CLASSROOMS BASED ON
13 INCOME OR OTHER IDENTIFIED RISK FACTORS AND USING PRETESTS AND
14 POSTTESTS TO, IN PART, DETERMINE THAT EFFECTIVENESS.

15 Sec. 32p. (1) From the school aid fund appropriation in
16 section 11, there is allocated an amount not to exceed
17 \$10,900,000.00 **TO INTERMEDIATE DISTRICTS** for ~~2012-2013-2013-2014~~
18 for the purpose of providing early childhood funding to
19 intermediate school districts in block grants, **SUPPORTING THE**
20 **ACTIVITIES UNDER SUBSECTION (2), AND PROVIDING EARLY CHILDHOOD**
21 **PROGRAMS FOR CHILDREN FROM BIRTH THROUGH AGE 8.** ~~The BEGINNING IN~~
22 ~~2013-2014, THE~~ funding provided to each intermediate district under
23 this section shall be equal to ~~the sum of all funding allocated~~
24 ~~under former sections 32b and 32j, as those sections were in effect~~
25 ~~for 2011-2012.~~ **100% OF THE AMOUNT ALLOCATED TO THE INTERMEDIATE**
26 **DISTRICT UNDER THIS SECTION FOR THE IMMEDIATELY PRECEDING FISCAL**
27 **YEAR.** In order to receive funding under this section, each

1 intermediate district shall provide an application to the office of
 2 great start not later than ~~August 15, 2012,~~ **SEPTEMBER 15 OF THE**
 3 **IMMEDIATELY PRECEDING FISCAL YEAR** indicating the activities planned
 4 to be provided. ~~and children served under the block grant.~~

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

17 (A) CHILDREN BORN HEALTHY.

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

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

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

24 (3) Each local great start collaborative **AND PARENT COALITION**
 25 **SHALL CONVEENE A WORKGROUP TO SERVE AS A SCHOOL READINESS ADVISORY**
 26 **COMMITTEE AS REQUIRED UNDER SECTION 32D AND** shall ensure ~~the~~
 27 ~~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) ~~(3)~~ 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) ~~(4)~~ 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

1 by the department not later than September 30 of the next fiscal
2 year after the fiscal year in which the funds are received.

3 SEC. 32Q. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION
4 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2013-2014 AN AMOUNT
5 NOT TO EXCEED \$100.00 FOR A GRANT TO THE COMMUNITIES IN SCHOOLS OF
6 MICHIGAN PROGRAM. THE PURPOSES OF THE COMMUNITIES IN SCHOOLS OF
7 MICHIGAN PROGRAM INCLUDE ALL OF THE FOLLOWING:

8 (A) IMPROVING THE COORDINATION, AVAILABILITY, DELIVERY, AND
9 EFFECTIVENESS OF INTEGRATED SERVICES AND COMPREHENSIVE SUPPORTS FOR
10 PUPILS AND FAMILIES, INCLUDING ENHANCING STUDENT LEARNING OUTCOMES
11 FOR PUPILS.

12 (B) ACTING AS A LIAISON WITH OTHER ORGANIZATIONS IN ORDER TO
13 ASSIST PUBLIC SCHOOLS IN PROVIDING PUPILS AND FAMILIES THE
14 INTEGRATED SERVICES AND COMPREHENSIVE SUPPORTS NEEDED TO IMPROVE
15 THE LEARNING OF PUPILS AND THEIR ABILITY TO PLAN FOR POSTSECONDARY
16 EDUCATIONAL OPPORTUNITIES, SUCH AS HEALTH, EMPLOYMENT,
17 MENTOR/TUTOR, AND HUMAN SERVICES, ENRICHMENT AND ACCELERATED
18 LEARNING OPPORTUNITIES, BEFORE- AND AFTER-SCHOOL PROGRAMS, AND
19 RECREATION, AND RELATED ASSISTANCE.

20 (C) IMPROVING COORDINATION BETWEEN PUBLIC SCHOOLS AND THE
21 PUPILS AND FAMILIES THEY SERVE.

22 (2) FROM THE GRANT UNDER SUBSECTION (1), COMMUNITIES IN
23 SCHOOLS OF MICHIGAN SHALL AWARD SUBGRANTS, ON A COMPETITIVE BASIS,
24 TO 1 OR MORE ELIGIBLE ENTITIES TO CONNECT INTEGRATED SERVICES AND
25 COMPREHENSIVE SUPPORTS TO PUPILS AND FAMILIES IN ORDER TO ENHANCE
26 STUDENT LEARNING AND OUTCOMES, BY PERFORMING THE FOLLOWING:

27 (A) CONDUCTING AN ASSESSMENT OF PUPIL AND FAMILY NEEDS IN

1 SCHOOLS.

2 (B) ASSESSING THE AVAILABILITY AND QUALITY OF LEARNING
3 OPPORTUNITIES BEYOND THE CLASSROOM, INCLUDING SERVICE-LEARNING
4 OPPORTUNITIES.

5 (C) LINKING NEEDED INTEGRATED SERVICES AND COMPREHENSIVE
6 SUPPORTS TO PUPILS, THEIR FAMILIES, AND THEIR PUBLIC SCHOOLS, AND
7 EVALUATING THE IMPACT OF SUCH SERVICES AND SUPPORTS ONCE THE
8 SERVICES AND SUPPORTS ARE PROVIDED.

9 (D) ENHANCING THE SOCIAL, EMOTIONAL, INTELLECTUAL, AND
10 PHYSICAL DEVELOPMENT OF PUPILS.

11 (E) PROVIDING TRAINING AND SUPPORT RELATED TO INTEGRATED
12 SERVICES AND COMPREHENSIVE SUPPORTS FOR STAFF, TEACHERS, AND, AS
13 APPROPRIATE, PARENT AND COMMUNITY OUTREACH COORDINATORS IN PUBLIC
14 SCHOOLS.

15 (3) AS USED IN THIS SECTION, "ELIGIBLE ENTITY" MEANS A
16 NONPROFIT COMMUNITY-BASED ORGANIZATION THAT IS OPERATING IN
17 PARTNERSHIP WITH A PUBLIC SCHOOL TO IMPLEMENT AN INDEPENDENTLY
18 EVALUATED MODEL OF INTEGRATED STUDENT SERVICES AND COMPREHENSIVE
19 SUPPORTS THAT IS PROVEN TO INCREASE PUPIL ACHIEVEMENT.

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

26 (a) An amount estimated at \$10,808,600.00 to provide students
27 with drug- and violence-prevention programs and to implement

1 strategies to improve school safety, funded from DED-OESE, drug-
2 free schools and communities funds.

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

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

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

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

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

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

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

27 (G) ~~(i)~~ An amount estimated at \$8,878,000.00 for the purpose

1 of identifying and serving migrant children, funded from DED-OESE,
2 title I, migrant education funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

27 Notwithstanding section 17b, payments of federal funds to

1 districts, intermediate districts, and other eligible entities
 2 under this section shall be paid on a schedule determined by the
 3 department.

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

9 (6) As used in this section:

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

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

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

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

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

19 Sec. 51a. (1) From the appropriation in section 11, there is
 20 allocated for ~~2011-2012-2013-2014~~ an amount not to exceed
 21 ~~\$956,769,100.00 and there is allocated an amount not to exceed~~
 22 ~~\$996,269,100.00 for 2012-2013-~~**\$980,569,100.00** from state sources
 23 and all available federal funding under sections 611 to 619 of part
 24 B of the individuals with disabilities education act, 20 USC 1411
 25 to 1419, estimated at ~~\$363,400,000.00 for 2011-2012 and estimated~~
 26 ~~at \$365,000,000.00 for 2012-2013,~~**\$370,000,000.00 FOR 2013-2014,**
 27 plus any carryover federal funds from previous year appropriations.

1 The allocations under this subsection are for the purpose of
2 reimbursing districts and intermediate districts for special
3 education programs, services, and special education personnel as
4 prescribed in article 3 of the revised school code, MCL 380.1701 to
5 380.1766; net tuition payments made by intermediate districts to
6 the Michigan schools for the deaf and blind; and special education
7 programs and services for pupils who are eligible for special
8 education programs and services according to statute or rule. For
9 meeting the costs of special education programs and services not
10 reimbursed under this article, a district or intermediate district
11 may use money in general funds or special education funds, not
12 otherwise restricted, or contributions from districts to
13 intermediate districts, tuition payments, gifts and contributions
14 from individuals or other entities, or federal funds that may be
15 available for this purpose, as determined by the intermediate
16 district plan prepared pursuant to article 3 of the revised school
17 code, MCL 380.1701 to 380.1766. All federal funds allocated under
18 this section in excess of those allocated under this section for
19 2002-2003 may be distributed in accordance with the flexible
20 funding provisions of the individuals with disabilities education
21 act, Public Law 108-446, including, but not limited to, 34 CFR
22 300.206 and 300.208. Notwithstanding section 17b, payments of
23 federal funds to districts, intermediate districts, and other
24 eligible entities under this section shall be paid on a schedule
25 determined by the department.

26 (2) From the funds allocated under subsection (1), there is
27 allocated the amount necessary, estimated at ~~\$247,500,000.00~~ for

1 ~~2011-2012 and estimated at \$257,400,000.00 for 2012-2013,~~
2 **\$258,300,000.00 FOR 2013-2014,** for payments toward reimbursing
3 districts and intermediate districts for 28.6138% of total approved
4 costs of special education, excluding costs reimbursed under
5 section 53a, and 70.4165% of total approved costs of special
6 education transportation. Allocations under this subsection shall
7 be made as follows:

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

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

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

25 (4) If the department determines that the sum of the amounts
26 allocated for a fiscal year to a district or intermediate district
27 under subsection (2)(a) and (b) is not sufficient to fulfill the

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

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

26 (6) From the amount allocated in subsection (1), there is
27 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~

1 ~~for 2011-2012 and for 2012-2013~~ **FOR 2013-2014** to reimburse 100% of
2 the net increase in necessary costs incurred by a district or
3 intermediate district in implementing the revisions in the
4 administrative rules for special education that became effective on
5 July 1, 1987. As used in this subsection, "net increase in
6 necessary costs" means the necessary additional costs incurred
7 solely because of new or revised requirements in the administrative
8 rules minus cost savings permitted in implementing the revised
9 rules. Net increase in necessary costs shall be determined in a
10 manner specified by the department.

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

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

1 services shall be reimbursed under this section only for that
2 portion of time actually spent providing these programs and
3 services, with the exception of special education programs and
4 services provided to youth placed in child caring institutions or
5 juvenile detention programs approved by the department to provide
6 an on-grounds education program.

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

21 (c) If the department determines before bookclosing for a
22 fiscal year that the amounts allocated for that fiscal year under
23 subsections (2), (3), (6), and (11) and sections 53a, 54, and 56
24 will exceed expenditures for that fiscal year under subsections
25 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a
26 district or intermediate district whose reimbursement for that
27 fiscal year would otherwise be affected by subdivision (b),

1 subdivision (b) does not apply to the calculation of the
2 reimbursement for that district or intermediate district and
3 reimbursement for that district or intermediate district shall be
4 calculated in the same manner as it was for 2003-2004. If the
5 amount of the excess allocations under subsections (2), (3), (6),
6 and (11) and sections 53a, 54, and 56 is not sufficient to fully
7 fund the calculation of reimbursement to those districts and
8 intermediate districts under this subdivision, then the
9 calculations and resulting reimbursement under this subdivision
10 shall be prorated on an equal percentage basis. This reimbursement
11 shall not be made after 2014-2015.

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

24 (e) Beginning with calculations for 2004-2005, if an
25 intermediate district purchases a special education pupil
26 transportation service from a constituent district that was
27 previously purchased from a private entity; if the purchase from

1 the constituent district is at a lower cost, adjusted for changes
2 in fuel costs; and if the cost shift from the intermediate district
3 to the constituent does not result in any net change in the revenue
4 the constituent district receives from payments under sections 22b
5 and 51c, then upon application by the intermediate district, the
6 department shall direct the intermediate district to continue to
7 report the cost associated with the specific identified special
8 education pupil transportation service and shall adjust the costs
9 reported by the constituent district to remove the cost associated
10 with that specific service.

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

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

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

1 (11) From the funds allocated in subsection (1), there is
2 allocated the amount necessary, estimated at ~~\$5,300,000.00 for~~
3 ~~2011-2012 and estimated at \$5,600,000.00 for 2012-2013,~~
4 **\$4,500,000.00 FOR 2013-2014**, to pay the foundation allowances for
5 pupils described in this subsection. The allocation to a district
6 under this subsection shall be calculated by multiplying the number
7 of pupils described in this subsection who are counted in
8 membership in the district times the foundation allowance under
9 section 20 of the pupil's district of residence, not to exceed the
10 basic foundation allowance under section 20 for the current fiscal
11 year, or, for a pupil described in this subsection who is counted
12 in membership in a district that is a public school academy, times
13 an amount equal to the amount per membership pupil under section
14 20(6) or, for a pupil described in this subsection who is counted
15 in membership in the education achievement system, times an amount
16 equal to the amount per membership pupil under section 20(7). The
17 allocation to an intermediate district under this subsection shall
18 be calculated in the same manner as for a district, using the
19 foundation allowance under section 20 of the pupil's district of
20 residence, not to exceed the basic foundation allowance under
21 section 20 for the current fiscal year. This subsection applies to
22 all of the following pupils:

23 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

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

11 Sec. 51b. A district or intermediate district shall not
12 receive funds under ~~this article~~ **SECTION 51A** unless the district or
13 intermediate district complies with rules promulgated under article
14 3 of the revised school code, being sections 380.1701 to 380.1766
15 of the Michigan Compiled Laws.

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

1 to supplement the allocations under sections 22a and 22b in order
2 to fully fund those calculated allocations for the same fiscal
3 year.

4 Sec. 51d. (1) From the federal funds appropriated in section
5 11, there is allocated for ~~each fiscal year 2011-2012 and for 2012-~~
6 ~~2013-2013-2014~~ all available federal funding, estimated at
7 \$74,000,000.00, ~~each fiscal year,~~ for special education programs
8 that are funded by federal grants. All federal funds allocated
9 under this section shall be distributed in accordance with federal
10 law. Notwithstanding section 17b, payments of federal funds to
11 districts, intermediate districts, and other eligible entities
12 under this section shall be paid on a schedule determined by the
13 department.

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

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

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

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

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

1 rehabilitative services.

2 Sec. 53a. (1) For districts, reimbursement for pupils
3 described in subsection (2) shall be 100% of the total approved
4 costs of operating special education programs and services approved
5 by the department and included in the intermediate district plan
6 adopted pursuant to article 3 of the revised school code, MCL
7 380.1701 to 380.1766, minus the district's foundation allowance
8 calculated under section 20. For intermediate districts,
9 reimbursement for pupils described in subsection (2) shall be
10 calculated in the same manner as for a district, using the
11 foundation allowance under section 20 of the pupil's district of
12 residence, not to exceed the basic foundation allowance under
13 section 20 for the current fiscal year.

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

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

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

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

26 (d) Pupils enrolled in a department-approved on-grounds
27 educational program longer than 180 days, but not longer than 233

1 days, at a residential child care institution, if the child care
2 institution offered in 1991-92 an on-grounds educational program
3 longer than 180 days but not longer than 233 days.

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

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

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

14 (5) Not more than \$13,500,000.00 of the allocation for ~~2011-~~
15 ~~2012 and for 2012-2013-2013-2014~~ in section 51a(1) shall be
16 allocated ~~for each fiscal year~~ under this section.

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

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

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

1 (b) "Millage levied" means the millage levied for special
2 education pursuant to part 30 of the revised school code, MCL
3 380.1711 to 380.1743, including a levy for debt service
4 obligations.

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

11 (2) From the allocation under section 51a(1), there is
12 allocated an amount not to exceed ~~\$36,881,100.00 for 2012-2013~~
13 **\$37,758,100.00 FOR 2013-2014** to reimburse intermediate districts
14 levying millages for special education pursuant to part 30 of the
15 revised school code, MCL 380.1711 to 380.1743. The purpose, use,
16 and expenditure of the reimbursement shall be limited as if the
17 funds were generated by these millages and governed by the
18 intermediate district plan adopted pursuant to article 3 of the
19 revised school code, MCL 380.1701 to 380.1766. As a condition of
20 receiving funds under this section, an intermediate district
21 distributing any portion of special education millage funds to its
22 constituent districts shall submit for departmental approval and
23 implement a distribution plan.

24 (3) Reimbursement for those millages levied in ~~2010-2011-2012-~~
25 **2013** shall be made in ~~2011-2012-2013-2014~~ at an amount per ~~2010-~~
26 ~~2011-2012-2013~~ membership pupil computed by subtracting from
27 ~~\$174,700.00~~ **\$169,900.00** the ~~2010-2011-2012-2013~~ taxable value

1 behind each membership pupil and multiplying the resulting
2 difference by the ~~2010-2011-2012-2013~~ millage levied.

3 ~~—— (4) For 2012-2013 only, reimbursement to each intermediate~~
4 ~~district shall be equal to its reimbursement under this section for~~
5 ~~2011-2012.~~

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

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

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

1 of a district maintaining a secondary career and technical
2 education program may offer the program for the period from the
3 close of the school year until September 1. The program shall use
4 existing facilities and shall be operated as prescribed by rules
5 promulgated by the superintendent.

6 (2) Except for a district that served as the fiscal agent for
7 a vocational education consortium in the 1993-94 school year,
8 districts and intermediate districts shall be reimbursed for local
9 career and technical education administration, shared time career
10 and technical education administration, and career education
11 planning district career and technical education administration.
12 The definition of what constitutes administration and reimbursement
13 shall be pursuant to guidelines adopted by the superintendent. Not
14 more than \$800,000.00 of the allocation in subsection (1) shall be
15 distributed under this subsection.

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

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

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

1 (c) "Taxable value" means the total taxable value of the
2 districts constituent to an intermediate district or area
3 vocational-technical education program, except that if a district
4 has elected not to come under sections 681 to 690 of the revised
5 school code, MCL 380.681 to 380.690, the membership and taxable
6 value of that district shall not be included in the membership and
7 taxable value of the intermediate district. However, the membership
8 and taxable value of a district that has elected not to come under
9 sections 681 to 690 of the revised school code, MCL 380.681 to
10 380.690, shall be included in the membership and taxable value of
11 the intermediate district if the district meets both of the
12 following:

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

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

21 (2) From the appropriation in section 11, there is allocated
22 an amount not to exceed ~~\$9,000,000.00 for 2012-2013~~ **\$9,190,000.00**
23 **FOR 2013-2014** to reimburse intermediate districts and area
24 vocational-technical education programs established under section
25 690(3) of the revised school code, MCL 380.690, levying millages
26 for area vocational-technical education pursuant to sections 681 to
27 690 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 ~~2010-2011-2012-~~
2013 shall be made in ~~2011-2012-~~**2013-2014** at an amount per ~~2010-~~
~~2011-2012-2013~~ 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. 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

1 exceed 75% of the actual cost of instruction and driver
2 compensation for each public or nonpublic school bus driver
3 attending a course of instruction. For the purpose of computing
4 compensation, the hourly rate allowed each school bus driver shall
5 not exceed the hourly rate received for driving a school bus.
6 Reimbursement compensating the driver during the course of
7 instruction shall be made by the department to the college or
8 university or intermediate district providing the course of
9 instruction.

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

17 (4) From the funds allocated in subsection (1), there is
18 allocated an amount not to exceed ~~\$1,634,900.00 for 2012-2013~~
19 **\$1,674,000.00 FOR 2013-2014** for reimbursement to districts and
20 intermediate districts for costs associated with the inspection of
21 school buses and pupil transportation vehicles by the department of
22 state police as required under section 715a of the Michigan vehicle
23 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
24 transportation act, 1990 PA 187, MCL 257.1839. The department of
25 state police shall prepare a statement of costs attributable to
26 each district for which bus inspections are provided and submit it
27 to the department and to an intermediate district serving as

1 fiduciary in a time and manner determined jointly by the department
 2 and the department of state police. Upon review and approval of the
 3 statement of cost, the department shall forward to the designated
 4 intermediate district serving as fiduciary the amount of the
 5 reimbursement on behalf of each district and intermediate district
 6 for costs detailed on the statement within 45 days after receipt of
 7 the statement. The designated intermediate district shall make
 8 payment in the amount specified on the statement to the department
 9 of state police within 45 days after receipt of the statement. The
 10 total reimbursement of costs under this subsection shall not exceed
 11 the amount allocated under this subsection. Notwithstanding section
 12 17b, payments to eligible entities under this subsection shall be
 13 paid on a schedule prescribed by the department.

14 Sec. 81. (1) Except as otherwise provided in this section,
 15 from the appropriation in section 11, there is allocated for ~~2012-~~
 16 ~~2013-2014~~ to the intermediate districts the sum necessary, but
 17 not to exceed ~~\$64,108,000.00~~, **\$64,115,100.00**, to provide state aid
 18 to intermediate districts under this section.

19 (2) From the allocation in subsection (1), there is allocated
 20 an amount not to exceed ~~\$62,108,000.00~~ **\$64,108,000.00** for
 21 allocations to each intermediate district for ~~2012-2013-2014~~
 22 in an amount equal to ~~100%~~ **103.2%** of the amount allocated to the
 23 intermediate district under this subsection for ~~2011-2012~~. **THE**
 24 **IMMEDIATELY PRECEDING FISCAL YEAR**. Funding provided under this
 25 section shall be used to comply with requirements of this article
 26 and the revised school code that are applicable to intermediate
 27 districts, and for which funding is not provided elsewhere in this

1 article, and to provide technical assistance to districts as
2 authorized by the intermediate school board.

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

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

21 ~~—— (5) During a fiscal year, the department shall not increase an~~
22 ~~intermediate district's allocation under subsection (1) because of~~
23 ~~an adjustment made by the department during the fiscal year in the~~
24 ~~intermediate district's taxable value for a prior year. Instead,~~
25 ~~the department shall report the adjustment and the estimated amount~~
26 ~~of the increase to the house and senate fiscal agencies and the~~
27 ~~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.

~~—(7) 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 pupil management systems for both general and special education, learning management tools, and business services.~~

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

1 all of the following:

2 (a) Coordinate the collection of all data required by state
3 and federal law from districts, intermediate districts, and
4 postsecondary institutions.

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

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

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

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

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

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

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

27 (f) Provide public reports to the citizens of this state to

1 allow them to assess allocation of resources and the return on
2 their investment in the education system of this state.

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

4 (2) Each state department, officer, or agency that collects
5 information from districts, intermediate districts, or
6 postsecondary institutions as required under state or federal law
7 shall make arrangements with the center to ensure that the state
8 department, officer, or agency is in compliance with subsection
9 (1). This subsection does not apply to information collected by the
10 department of treasury under the uniform budgeting and accounting
11 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
12 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
13 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
14 388.1939; or section 1351a of the revised school code, MCL
15 380.1351a.

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

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

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

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

27 (c) Enables the matching of individual teacher and student

1 records so that an individual student may be matched with those
2 teachers providing instruction to that student.

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

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

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

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

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

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

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

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

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

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

27 (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~~ **\$9,435,100.00 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

1 provided to the United States department of education in order to
2 receive state fiscal stabilization funds. The center shall
3 cooperate with the department to ensure that this state is in
4 compliance with federal law and is maximizing opportunities for
5 increased federal funding to improve education in this state.

6 (6) From the funds allocated in subsection (5), there is
7 allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
8 \$850,000.00 for competitive grants to support collaborative efforts
9 on the P-20 longitudinal data system. All of the following apply to
10 grants awarded under this subsection:

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

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

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

25 (7) Funds allocated under this section that are not expended
26 in the fiscal year in which they were allocated may be carried
27 forward to a subsequent fiscal year and are appropriated for the

1 purposes for which the funds were originally allocated.

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

11 (9) As used in this section:

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

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

15 Sec. 95. (1) From the funds appropriated in section 11, there
16 is allocated an amount not to exceed ~~\$1,750,000.00 for 2012-2013~~
17 **\$500,000.00 FOR 2013-2014** for grants to districts to support
18 professional development for principals and assistant principals in
19 a department-approved training program for implementing educator
20 evaluations as required under section 1249 of the revised school
21 code, MCL 380.1249.

22 ~~(2) For 2012-2013, all districts may apply for funding under~~
23 ~~this section by a date determined by the department. Beginning in~~
24 ~~2013-2014, in~~ **IN** a form and manner determined by the department,
25 priority will be given to districts that have new building
26 administrators who have not previously received training in
27 programs funded under this section.

1 (3) The department shall approve training programs for the
2 purpose of this section. The department shall approve all training
3 programs recommended by the ~~governor's~~ council on educator
4 effectiveness and may approve other training programs that meet
5 department criteria. At a minimum, these other programs shall meet
6 all of the following criteria:

7 (a) Contain instructional content on methods of evaluating
8 teachers consistently across multiple grades and subjects.

9 (b) Include training on evaluation observation that is focused
10 on reliability and bias awareness and that instills skills needed
11 for consistent, evidence-based observations.

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

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

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

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

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

27 Sec. 98. (1) From the general fund money appropriated in

1 section 11, there is allocated an amount not to exceed
2 ~~\$4,387,500.00 for 2012-2013~~ **\$4,388,000.00 FOR 2013-2014** for the
3 purposes described in this section.

4 (2) The Michigan virtual university shall ~~establish the center~~
5 ~~for online learning research and innovation. The center for online~~
6 ~~learning research and innovation~~ **OPERATE THE MICHIGAN VIRTUAL**
7 **LEARNING RESEARCH INSTITUTE. THE MICHIGAN VIRTUAL LEARNING RESEARCH**
8 **INSTITUTE** shall do all of the following:

9 (a) Support and accelerate innovation in education through the
10 following activities:

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

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

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

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

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

1 totals, completion rates, and the overall impact on pupils. The
2 report shall be submitted to the house and senate appropriations
3 subcommittees on state school aid, the state budget director, the
4 house and senate fiscal agencies, and the department not later than
5 December ~~31, 2013~~.1, 2014.

6 (vi) ~~Design professional development services for~~ BEFORE AUGUST
7 31, 2014, PROVIDE AN EXTENSIVE PROFESSIONAL DEVELOPMENT PROGRAM TO
8 AT LEAST 1,000 EDUCATIONAL PERSONNEL, INCLUDING teachers, school
9 administrators, and school board members, ~~to learn how to~~
10 ~~effectively integrate new technologies and online learning into~~
11 ~~curricula and instruction.~~ THAT FOCUSES ON THE EFFECTIVE INTEGRATION
12 OF DIGITAL LEARNING INTO CURRICULA AND INSTRUCTION. NOT LATER THAN
13 DECEMBER 1, 2014, THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE
14 SHALL SUBMIT A REPORT TO THE HOUSE AND SENATE APPROPRIATIONS
15 SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE
16 HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT ON THE NUMBER
17 AND PERCENTAGE OF TEACHERS, SCHOOL ADMINISTRATORS, AND SCHOOL BOARD
18 MEMBERS WHO HAVE RECEIVED PROFESSIONAL DEVELOPMENT SERVICES FROM
19 THE MICHIGAN VIRTUAL UNIVERSITY. THE REPORT SHALL ALSO IDENTIFY
20 BARRIERS AND OTHER OPPORTUNITIES TO ENCOURAGE THE ADOPTION OF
21 DIGITAL LEARNING IN THE PUBLIC EDUCATION SYSTEM. THE MICHIGAN
22 VIRTUAL UNIVERSITY SHALL ENSURE THAT NOT MORE THAN \$100.00 OF THE
23 MONEY ALLOCATED UNDER SUBSECTION (1) IS EXPENDED FOR THE ACTIVITIES
24 DESCRIBED IN THIS SUBPARAGRAPH.

25 (vii) Identify and share best practices for PLANNING,
26 implementing, AND EVALUATING online and blended education delivery
27 models with intermediate districts, districts, and public school

1 academies to accelerate the adoption of innovative education
2 delivery models statewide. BEGINNING IN 2013-2014, THE MICHIGAN
3 VIRTUAL UNIVERSITY SHALL AWARD UP TO \$100.00 IN COMPETITIVE GRANTS
4 TO INTERMEDIATE DISTRICTS OR CONSORTIA OF INTERMEDIATE DISTRICTS TO
5 SUPPORT AND ACCELERATE STATEWIDE EFFORTS TO EXPAND THE INTEGRATION
6 OF ONLINE AND BLENDED LEARNING. THESE GRANT FUNDS MAY NOT BE USED
7 TO SUPPLANT PERSONNEL COSTS AT AN INTERMEDIATE DISTRICT. NOT LATER
8 THAN DECEMBER 1, 2014, THE MICHIGAN VIRTUAL UNIVERSITY SHALL REPORT
9 TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON STATE
10 SCHOOL AID, THE STATE BUDGET DIRECTOR, THE HOUSE AND SENATE FISCAL
11 AGENCIES, AND THE DEPARTMENT ON BARRIERS AND OTHER OPPORTUNITIES TO
12 ENCOURAGE THE ACCEPTANCE OF DIGITAL LEARNING IN THE PUBLIC
13 EDUCATION SYSTEM.

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

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

20 (ii) Provide a clearinghouse for research reports, academic
21 studies, evaluations, and other information related to online
22 learning.

23 (iii) Promote and distribute the most current instructional
24 design standards and guidelines for online teaching.

25 (iv) In collaboration with the department and interested
26 colleges and universities in this state, recommend to the
27 superintendent guidelines and standards for a new teacher

1 endorsement credential related to effective ~~online and blended~~
2 DIGITAL LEARNING instruction. NOT LATER THAN SEPTEMBER 30, 2013,
3 THE MICHIGAN VIRTUAL LEARNING RESEARCH INSTITUTE SHALL REPORT ITS
4 RECOMMENDATIONS FOR A NEW DIGITAL LEARNING TEACHER ENDORSEMENT
5 CREDENTIAL. BEGINNING IN 2013-2014, THE MICHIGAN VIRTUAL UNIVERSITY
6 SHALL CONVENE AND SUPPORT A STATEWIDE COHORT OF HIGHER EDUCATION
7 FACULTY MEMBERS TO IMPLEMENT THE NEW TEACHER ENDORSEMENT CREDENTIAL
8 WITHIN THEIR HIGHER EDUCATION INSTITUTIONS' TEACHER PREPARATION
9 PROGRAMS. THE MICHIGAN VIRTUAL UNIVERSITY MAY SUPPORT A PORTION OF
10 THE PERSONNEL COSTS ASSOCIATED WITH THIS INITIATIVE. THE MICHIGAN
11 VIRTUAL UNIVERSITY SHALL ENSURE THAT HIGHER EDUCATION FACULTY
12 MEMBERS PARTICIPATING IN THIS INITIATIVE ARE REQUIRED TO CONDUCT
13 RESEARCH WORK THAT CONTRIBUTES TO THE GOALS OF THE MICHIGAN VIRTUAL
14 LEARNING RESEARCH INSTITUTE. THE MICHIGAN VIRTUAL UNIVERSITY SHALL
15 ENSURE THAT NOT MORE THAN \$100.00 OF THE MONEY ALLOCATED UNDER
16 SUBSECTION (1) IS EXPENDED FOR THE ACTIVITIES DESCRIBED IN THIS
17 SUBPARAGRAPH.

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

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

24 (vii) Produce an annual consumer awareness report for schools
25 and parents about effective online education providers and
26 education delivery models, performance data, cost structures, and
27 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.~~

1 ~~—— (iv) The online course curriculum contains periodic online~~
2 ~~pupil assessments.~~

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

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

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

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

15 **(viii) RESEARCH AND ESTABLISH AN INTERNET-BASED PLATFORM THAT**
16 **EDUCATORS CAN USE TO CREATE STUDENT-CENTRIC LEARNING TOOLS AND**
17 **RESOURCES AND FACILITATE A USER NETWORK THAT ASSISTS EDUCATORS IN**
18 **USING THE PLATFORM. AS PART OF THIS INITIATIVE, THE MICHIGAN**
19 **VIRTUAL UNIVERSITY SHALL WORK COLLABORATIVELY WITH DISTRICTS AND**
20 **INTERMEDIATE DISTRICTS TO ESTABLISH A PLAN TO MAKE AVAILABLE ONLINE**
21 **RESOURCES THAT ALIGN TO MICHIGAN'S K-12 CURRICULUM STANDARDS FOR**
22 **USE BY STUDENTS, EDUCATORS, AND PARENTS. THE MICHIGAN VIRTUAL**
23 **UNIVERSITY SHALL ENSURE THAT NOT MORE THAN \$100.00 OF THE MONEY**
24 **ALLOCATED UNDER SUBSECTION (1) IS EXPENDED FOR THE ACTIVITIES**
25 **DESCRIBED IN THIS SUBPARAGRAPH.**

26 **(3) ~~(4)~~**In order for the Michigan virtual university to
27 receive any funds allocated under this section, the Michigan

1 virtual school must maintain its accreditation status from
2 recognized national and international accrediting entities.

3 (4) ~~(5)~~—The Michigan virtual school **OPERATED BY THE MICHIGAN**
4 **VIRTUAL UNIVERSITY** may offer online course offerings, ~~in addition~~
5 ~~to those offered in the pilot study described in subsection (3),~~
6 including, but not limited to, all of the following:

7 (a) Information technology courses.

8 (b) College level equivalent courses, as defined in section
9 1471 of the revised school code, MCL 380.1471.

10 (c) Courses and dual enrollment opportunities.

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

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

14 (f) Special interest courses.

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

17 **(H) THE DEPARTMENT SHALL INCLUDE MICHIGAN VIRTUAL SCHOOL**
18 **ONLINE COURSES IN THE STATEWIDE CATALOG OF ONLINE COURSES.**

19 (5) ~~(6)~~—If a home-schooled or nonpublic school student is a
20 resident of a district that subscribes to services provided by the
21 Michigan virtual school, the student may use the services provided
22 by the Michigan virtual school to the district without charge to
23 the student beyond what is charged to a district pupil using the
24 same services.

25 (6) ~~(7)~~—Not later than December 1 of each fiscal year, the
26 Michigan virtual university shall provide a report to the house and
27 senate appropriations subcommittees on state school aid, the state

1 budget director, the house and senate fiscal agencies, and the
 2 department that includes at least all of the following information
 3 related to the Michigan virtual school for the preceding state
 4 fiscal year:

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

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

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

10 (d) The overall course completion rate percentage.

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

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

15 ~~—— (ii) The number of successful online course completions.~~

16 ~~—— (iii) A list of the courses offered in the pilot study and the~~
 17 ~~completion rates for each course.~~

18 ~~—— (iv) Identification of opportunities and barriers that must be~~
 19 ~~addressed in order to apply online learning performance funding~~
 20 ~~based on successful completions rather than enrollment and~~
 21 ~~attendance for online learning offerings statewide.~~

22 (7) ~~(8)~~ The governor may appoint an advisory group for the
 23 ~~center for online learning research and innovation~~ **MICHIGAN VIRTUAL**
 24 **LEARNING RESEARCH INSTITUTE** established under subsection (2). The
 25 members of the advisory group shall serve at the pleasure of the
 26 governor and shall serve without compensation. The purpose of the
 27 advisory group is to make recommendations to the governor, the

1 legislature, and the president and board of the Michigan virtual
2 university that will accelerate innovation in this state's
3 education system in a manner that will prepare elementary and
4 secondary students to be career and college ready and that will
5 promote the goal of increasing the percentage of citizens of this
6 state with high-quality degrees and credentials to at least 60% by
7 2025.

8 (8) NOT LATER THAN OCTOBER 1, 2013, THE MICHIGAN VIRTUAL
9 UNIVERSITY SHALL SUBMIT TO THE HOUSE AND SENATE APPROPRIATIONS
10 SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, AND
11 THE HOUSE AND SENATE FISCAL AGENCIES A DETAILED BUDGET FOR THE
12 2013-2014 FISCAL YEAR WITH DETAILS ON THE MICHIGAN VIRTUAL
13 UNIVERSITY'S STAFFING, INFRASTRUCTURE, REVENUES, EXPENDITURES, AND
14 COSTS CHARGED TO DISTRICTS. BEGINNING IN 2013-2014, THE MICHIGAN
15 VIRTUAL UNIVERSITY SHALL SUBMIT THIS BUDGET FOR THE NEXT FISCAL
16 YEAR TO THESE ENTITIES NOT LATER THAN AUGUST 1 IMMEDIATELY
17 PRECEDING THAT FISCAL YEAR.

18 (9) FROM THE FUNDS APPROPRIATED IN SUBSECTION (1), THERE IS
19 ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$100.00 TO
20 IMPLEMENT A STATEWIDE INFORMATION TECHNOLOGY ACADEMY PROGRAM
21 DESIGNED TO ENHANCE CAREER AND COLLEGE READINESS FOR STUDENTS
22 ACROSS MICHIGAN. THIS PROGRAM SHALL BE IMPLEMENTED IN PUBLIC-
23 PRIVATE PARTNERSHIP WITH A LEADING TECHNOLOGY COMPANY AND SHALL BE
24 DESIGNED TO PROVIDE EDUCATIONAL SOFTWARE, INFORMATION TECHNOLOGY
25 INDUSTRY CERTIFICATION, AND TECHNICAL SKILLS EDUCATION RESOURCES
26 AND OPPORTUNITIES FOR PUBLIC AND PRIVATE SCHOOL STUDENTS, TEACHERS,
27 AND STAFF THROUGHOUT THIS STATE.

1 (10) ~~(9)~~ As used in this section:

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

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

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

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

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

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

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

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

1 this section.

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

12 (6) From the funds allocated in subsection (1), there is
13 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
14 \$750,000.00 in a form and manner determined by the department to
15 those centers able to provide curriculum and professional
16 development support to assist districts in implementing the
17 Michigan merit curriculum components for mathematics and science.
18 Funding under this subsection is in addition to funding allocated
19 under subsection (5).

20 (7) From the funds allocated in subsection (1), there is
21 allocated for ~~2012-2013-2013-2014~~ an amount not to exceed
22 \$100,000.00 in a form and manner determined by the department to a
23 single mathematics and science center that is a participant in the
24 Michigan STEM partnership. Funding under this subsection is in
25 addition to funding allocated under subsection (5) and shall be
26 used for connecting mathematics and science centers for science,
27 technology, engineering, and mathematics purposes.

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

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

9 (10) The department shall give preference in awarding the
10 federal grants allocated in subsection (1) to eligible existing
11 mathematics and science centers.

12 (11) In order to receive state funds under this section, a
13 grant recipient shall provide at least a 10% local match from local
14 public or private resources for the funds received under this
15 section.

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

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

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

26 (13) As used in this section:

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

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

3 Sec. 101. (1) To be eligible to receive state aid under this
4 ~~act,~~ **ARTICLE**, not later than the fifth Wednesday after the pupil
5 membership count day and not later than the fifth Wednesday after
6 the supplemental count day, each district superintendent shall
7 submit to the center and the intermediate superintendent, in the
8 form and manner prescribed by the center, the number of pupils
9 enrolled and in regular daily attendance in the district as of the
10 pupil membership count day and as of the supplemental count day, as
11 applicable, for the current school year. In addition, a district
12 maintaining school during the entire year, as provided under
13 section 1561 of the revised school code, MCL 380.1561, shall submit
14 to the center and the intermediate superintendent, in the form and
15 manner prescribed by the center, the number of pupils enrolled and
16 in regular daily attendance in the district for the current school
17 year pursuant to rules promulgated by the superintendent. Not later
18 than the ~~seventh~~ **SIXTH** Wednesday after the pupil membership count
19 day and not later than the sixth Wednesday after the supplemental
20 count day, the district shall certify the data in a form and manner
21 prescribed by the center and file the certified data with the
22 intermediate superintendent. If a district fails to submit and
23 certify the attendance data, as required under this subsection, the
24 center shall notify the department and state aid due to be
25 distributed under this article shall be withheld from the
26 defaulting district immediately, beginning with the next payment
27 after the failure and continuing with each payment until the

1 district complies with this subsection. If a district does not
2 comply with this subsection by the end of the fiscal year, the
3 district forfeits the amount withheld. A person who willfully
4 falsifies a figure or statement in the certified and sworn copy of
5 enrollment shall be punished in the manner prescribed by section
6 161.

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

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

25 (a) Except as otherwise provided in this section, each
26 district shall provide at least 1,098 hours and, beginning in 2010-
27 2011, the required minimum number of days of pupil instruction. For

1 2010-2011 and for 2011-2012, the required minimum number of days of
2 pupil instruction is 165. Beginning in 2012-2013, the required
3 minimum number of days of pupil instruction is 170. However,
4 ~~beginning in 2010-2011,~~ a district shall not provide fewer days of
5 pupil instruction than the district provided for 2009-2010. A
6 district may apply for a waiver under subsection (9) from the
7 requirements of this subdivision.

8 (b) Except as otherwise provided in this article, a district
9 failing to comply with the required minimum hours and days of pupil
10 instruction under this subsection shall forfeit from its total
11 state aid allocation an amount determined by applying a ratio of
12 the number of hours or days the district was in noncompliance in
13 relation to the required minimum number of hours and days under
14 this subsection. Not later than August 1, the board of each
15 district shall certify to the department the number of hours and,
16 beginning in 2010-2011, days of pupil instruction in the previous
17 school year. If the district did not provide at least the required
18 minimum number of hours and days of pupil instruction under this
19 subsection, the deduction of state aid shall be made in the
20 following fiscal year from the first payment of state school aid. A
21 district is not subject to forfeiture of funds under this
22 subsection for a fiscal year in which a forfeiture was already
23 imposed under subsection (6).

24 (c) Hours or days lost because of strikes or teachers'
25 conferences shall not be counted as hours or days of pupil
26 instruction.

27 (d) If a collective bargaining agreement that provides a

1 complete school calendar is in effect for employees of a district
2 as of October 19, 2009, and if that school calendar is not in
3 compliance with this subsection, then this subsection does not
4 apply to that district until after the expiration of that
5 collective bargaining agreement.

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

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

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

23 (ii) For each enrolled pupil, the district uses appropriate
24 academic assessments to develop an individual education plan that
25 leads to a high school diploma.

26 (iii) The district tests each pupil to determine academic
27 progress at regular intervals and records the results of those

1 tests in that pupil's individual education plan.

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

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

8 (ii) If the waiver is for a 100% online model of delivery and
9 the educational program for which the waiver is granted makes
10 educational services available to pupils for a minimum of at least
11 1,098 hours during a school year and ensures that each pupil
12 participates in the educational program for at least 1,098 hours
13 during a school year, a waiver that is granted for the 2011-2012
14 fiscal year or a subsequent fiscal year remains in effect unless it
15 is revoked by the superintendent.

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

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

21 (4) Except as otherwise provided in this subsection, the first
22 6 days or the equivalent number of hours for which pupil
23 instruction is not provided because of conditions not within the
24 control of school authorities, such as severe storms, fires,
25 epidemics, utility power unavailability, water or sewer failure, or
26 health conditions as defined by the city, county, or state health
27 authorities, shall be counted as hours and days of pupil

1 instruction. With the approval of the superintendent of public
2 instruction, the department shall count as hours and days of pupil
3 instruction for a fiscal year not more than 6 additional days or
4 the equivalent number of additional hours for which pupil
5 instruction is not provided in a district after April 1 of the
6 applicable school year due to unusual and extenuating occurrences
7 resulting from conditions not within the control of school
8 authorities such as those conditions described in this subsection.
9 Subsequent such hours or days shall not be counted as hours or days
10 of pupil instruction.

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

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

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

1 counted under subsection (4).

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

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

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

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

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

1 equivalent pupil.

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

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

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

24 (ii) The board of the district or intermediate district
25 employing or assigning the instructor complies with the
26 requirements of sections 1230 and 1230a of the revised school code,
27 MCL 380.1230 and 380.1230a, with respect to the instructor to the

1 same extent as if employing the instructor as a regular classroom
2 teacher.

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

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

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

1 (b) If the waiver is for a 100% online model of delivery and
2 the educational program for which the waiver is granted makes
3 educational services available to pupils for a minimum of at least
4 1,098 hours during a school year and ensures that each pupil
5 participates in the educational program for at least 1,098 hours
6 during a school year, a waiver that is granted for the 2011-2012
7 fiscal year or a subsequent fiscal year remains in effect unless it
8 is revoked by the superintendent.

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

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

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

23 (b) Achieving accreditation or improving a school's
24 accreditation status under section 1280 of the revised school code,
25 MCL 380.1280.

26 (c) Achieving highly qualified teacher status as defined under
27 the no child left behind act of 2001, Public Law 107-110.

1 (d) Integrating technology into classroom instruction.

2 (e) Maintaining teacher certification.

3 (11) Subsections (3) and (8) do not apply to a school of
4 excellence that is a cyber school, as defined in section 551 of the
5 revised school code, MCL 380.551, and is in compliance with section
6 553a of the revised school code, MCL 380.553a.

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

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

18 Sec. 102. (1) A district or intermediate district receiving
19 money under this ~~act~~-**ARTICLE** shall not adopt or operate under a
20 deficit budget, and a district or intermediate district shall not
21 incur an operating deficit in a fund during a school fiscal year. A
22 district or intermediate district that has an existing deficit fund
23 balance, that incurs a deficit fund balance in the most recently
24 completed school fiscal year, or that adopts a current year budget
25 that projects a deficit fund balance shall not be allotted or paid
26 a further sum under this ~~act~~-**ARTICLE** until the district or
27 intermediate district submits to the department for approval a

1 budget for the current school fiscal year and a plan to eliminate
2 the district's or intermediate district's deficit not later than
3 the end of the second school fiscal year after the deficit was
4 incurred or the budget projecting a deficit was adopted. Withheld
5 state aid payments shall be released after the department approves
6 the deficit ~~reduction~~-**ELIMINATION** plan and ensures that the budget
7 for the current school fiscal year is balanced. After the
8 department approves a district's or intermediate district's deficit
9 ~~reduction~~-**ELIMINATION** plan, the district or intermediate district
10 shall post the deficit elimination plan on the district's or
11 intermediate district's website.

12 (2) Not later than March 1 of each year, the department shall
13 prepare a report of deficits incurred or projected by districts and
14 intermediate districts in the immediately preceding fiscal year and
15 the progress made in reducing those deficits and submit the report
16 to the standing committees of the legislature responsible for K-12
17 education legislation, the appropriations subcommittees of the
18 legislature responsible for K-12 education appropriations, the
19 house and senate fiscal agencies, the state treasurer, and the
20 state budget director. The department also shall submit quarterly
21 interim reports concerning the progress made by districts and
22 intermediate districts in reducing those deficits. On a quarterly
23 basis, the superintendent of public instruction shall publicly
24 present those reports to the appropriations subcommittees of the
25 legislature responsible for K-12 education appropriations.

26 (3) The amount of the permissible deficit for each school
27 fiscal year shall not exceed the amount of state aid reduced by an

1 executive order during that school fiscal year.

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

9 (5) If a district or intermediate district is not able to
10 comply with the provisions of this section, the district or
11 intermediate district shall submit to the department a plan to
12 eliminate its deficit. Upon approval of the plan submitted, the
13 superintendent of public instruction may continue allotment and
14 payment of funds under this ~~act~~, **ARTICLE**, extend the period of time
15 in which a district or intermediate district has to eliminate its
16 deficit, and set special conditions that the district or
17 intermediate district must meet during the period of the extension.
18 After the department approves a district's or intermediate
19 district's deficit ~~reduction~~ **ELIMINATION** plan under this
20 subsection, the district or intermediate district shall post the
21 deficit elimination plan on the district's or intermediate
22 district's website.

23 (6) For the purposes of this section, "deficit fund balance"
24 means that term as defined in the Michigan public school accounting
25 manual published by the department.

26 Sec. 104. (1) In order to receive state aid under this
27 article, a district shall comply with sections 1249, 1278a, 1278b,

1 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
2 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
3 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
4 the state school aid fund money appropriated in section 11, there
5 is allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
6 \$26,694,400.00 for payments on behalf of districts for costs
7 associated with complying with those provisions of law. In
8 addition, from the federal funds appropriated in section 11, there
9 is allocated for ~~2012-2013~~**2013-2014** an amount estimated at
10 \$8,250,000.00, funded from DED-OESE, title VI, state assessment
11 funds, and from DED-OSERS, section 504 of part B of the individuals
12 with disabilities education act, Public Law 94-142, plus any
13 carryover federal funds from previous year appropriations, for the
14 purposes of complying with the federal no child left behind act of
15 2001, Public Law 107-110.

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

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

26 (4) Notwithstanding section 17b, payments on behalf of
27 districts, intermediate districts, and other eligible entities

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

3 (5) As used in this section:

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

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

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

9 Sec. 107. (1) From the appropriation in section 11, there is
10 allocated an amount not to exceed \$22,000,000.00 for ~~2012-2013~~
11 **2013-2014** for adult education programs authorized under this
12 section. Funds allocated under this section are restricted for
13 adult education programs as authorized under this section only. A
14 recipient of funds under this section shall not use those funds for
15 any other purpose.

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

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

27 (a) If the individual has obtained a high school diploma or a

1 general educational development (G.E.D.) certificate, the
2 individual meets 1 of the following:

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

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

10 (iii) Is enrolled in an English as a second language program.

11 (iv) Is enrolled in a high school completion program.

12 (b) If the individual has not obtained a high school diploma
13 or G.E.D. certificate, the individual meets 1 of the following:

14 (i) Is at least 20 years of age on September 1 of the school
15 year.

16 (ii) Is at least 16 years of age on September 1 of the school
17 year, has been permanently expelled from school under section
18 1311(2) or 1311a of the revised school code, MCL 380.1311 and
19 380.1311a, and has no appropriate alternative education program
20 available through his or her district of residence.

21 (4) Except as otherwise provided in subsection (5), the money
22 allocated under this section shall be distributed as follows:

23 (a) For districts and consortia that received payments for
24 ~~2011-2012-2012-2013~~ under this section, the amount allocated to
25 each for ~~2012-2013-2013-2014~~ shall be based on the number of
26 participants served by the district or consortium for 2012-2013,
27 using the amount allocated per full-time equated participant under

1 subsection (7), up to a maximum total allocation under this
2 subsection in an amount equal to the amount the district or
3 consortium received for ~~2011-2012-2012-2013~~ under this section
4 before any reallocations made for ~~2011-2012-2012-2013~~ under
5 subsection (5).

6 (b) A district or consortium that received funding in ~~2011-~~
7 ~~2012-2012-2013~~ under this section may operate independently of a
8 consortium or join or form a consortium for ~~2012-2013-2013-2014~~.
9 The allocation for ~~2012-2013-2013-2014~~ to the district or the newly
10 formed consortium under this subsection shall be determined by the
11 department and shall be based on the proportion of the amounts that
12 are attributable to the district or consortium that received
13 funding in ~~2011-2012-2012-2013~~. A district or consortium described
14 in this subdivision shall notify the department of its intention
15 with regard to ~~2012-2013-2013-2014~~ by October 1, ~~2012-2013~~.

16 (5) A district that operated an adult education program in
17 ~~2011-2012-2012-2013~~ and does not intend to operate a program in
18 ~~2012-2013-2013-2014~~ shall notify the department by October 1, ~~2012~~
19 ~~2013~~ of its intention. The money intended to be allocated under
20 this section to a district that does not operate a program in ~~2012-~~
21 ~~2013-2013-2014~~ and the unspent money originally allocated under
22 this section to a district or consortium that subsequently operates
23 a program at less than the level of funding allocated under
24 subsection (4) and any other unallocated money under this section
25 shall instead be proportionately reallocated to the other districts
26 described in subsection (4)(a) that are operating an adult
27 education program in ~~2012-2013-2013-2014~~ under this section.

1 (6) The amount allocated under this section per full-time
2 equated participant is \$2,850.00 for a 450-hour program. The amount
3 shall be proportionately reduced for a program offering less than
4 450 hours of instruction.

5 (7) An adult basic education program or an adult English as a
6 second language program operated on a year-round or school year
7 basis may be funded under this section, subject to all of the
8 following:

9 (a) The program enrolls adults who are determined by a
10 department-approved assessment, in a form and manner prescribed by
11 the department, to be below ninth grade level in reading or
12 mathematics, or both, or to lack basic English proficiency.

13 (b) The program tests individuals for eligibility under
14 subdivision (a) before enrollment and upon completion of the
15 program in compliance with the state-approved assessment policy.

16 (c) A participant in an adult basic education program is
17 eligible for reimbursement until 1 of the following occurs:

18 (i) The participant's reading and mathematics proficiency are
19 assessed at or above the ninth grade level.

20 (ii) The participant fails to show progress on 2 successive
21 assessments after having completed at least 450 hours of
22 instruction.

23 (d) A funding recipient enrolling a participant in an English
24 as a second language program is eligible for funding according to
25 subsection (11) until the participant meets 1 of the following:

26 (i) The participant is assessed as having attained basic
27 English proficiency as determined by a department-approved

1 assessment.

2 (ii) The participant fails to show progress on 2 successive
3 department-approved assessments after having completed at least 450
4 hours of instruction. The department shall provide information to a
5 funding recipient regarding appropriate assessment instruments for
6 this program.

7 (8) A general educational development (G.E.D.) test
8 preparation program operated on a year-round or school year basis
9 may be funded under this section, subject to all of the following:

10 (a) The program enrolls adults who do not have a high school
11 diploma.

12 (b) The program shall administer a G.E.D. pre-test approved by
13 the department before enrolling an individual to determine the
14 individual's potential for success on the G.E.D. test, and shall
15 administer a post-test upon completion of the program in compliance
16 with the state-approved assessment policy.

17 (c) A funding recipient shall receive funding according to
18 subsection (11) for a participant, and a participant may be
19 enrolled in the program until 1 of the following occurs:

20 (i) The participant passes the G.E.D. test.

21 (ii) The participant fails to show progress on 2 successive
22 department-approved assessments used to determine readiness to take
23 the G.E.D. test after having completed at least 450 hours of
24 instruction.

25 (9) A high school completion program operated on a year-round
26 or school year basis may be funded under this section, subject to
27 all of the following:

1 (a) The program enrolls adults who do not have a high school
2 diploma.

3 (b) The program tests participants described in subdivision
4 (a) before enrollment and upon completion of the program in
5 compliance with the state-approved assessment policy.

6 (c) A funding recipient shall receive funding according to
7 subsection (11) for a participant in a course offered under this
8 subsection until 1 of the following occurs:

9 (i) The participant passes the course and earns a high school
10 diploma.

11 (ii) The participant fails to earn credit in 2 successive
12 semesters or terms in which the participant is enrolled after
13 having completed at least 900 hours of instruction.

14 (10) A job- or employment-related adult education program
15 operated on a year-round or school year basis may be funded under
16 this section, subject to all of the following:

17 (a) The program enrolls adults referred by their employer who
18 are less than 20 years of age, have a high school diploma, are
19 determined to be in need of remedial mathematics or communication
20 arts skills and are not attending an institution of higher
21 education.

22 (b) The program tests participants described in subdivision
23 (a) before enrollment and upon completion of the program in
24 compliance with the department-approved assessment policy.

25 (c) An individual may be enrolled in this program and the
26 grant recipient shall receive funding according to subsection (11)
27 until 1 of the following occurs:

1 (i) The individual achieves the requisite skills as determined
2 by department-approved assessment instruments.

3 (ii) The individual fails to show progress on 2 successive
4 assessments after having completed at least 450 hours of
5 instruction.

6 (11) A funding recipient shall receive payments under this
7 section in accordance with the following:

8 (a) Ninety percent for enrollment of eligible participants.

9 (b) Ten percent for completion of the adult basic education
10 objectives by achieving an increase of at least 1 grade level of
11 proficiency in reading or mathematics; for achieving basic English
12 proficiency, as defined by the department in the adult education
13 guidebook; for obtaining a G.E.D. or passage of 1 or more
14 individual G.E.D. tests; for attainment of a high school diploma or
15 passage of a course required for a participant to attain a high
16 school diploma; or for completion of the course and demonstrated
17 proficiency in the academic skills to be learned in the course, as
18 applicable.

19 (12) As used in this section, "participant" means the sum of
20 the number of full-time equated individuals enrolled in and
21 attending a department-approved adult education program under this
22 section, using quarterly participant count days on the schedule
23 described in section 6(7)(b).

24 (13) A person who is not eligible to be a participant funded
25 under this section may receive adult education services upon the
26 payment of tuition. In addition, a person who is not eligible to be
27 served in a program under this section due to the program

1 limitations specified in subsection (7), (8), (9), or (10) may
2 continue to receive adult education services in that program upon
3 the payment of tuition. The tuition level shall be determined by
4 the local or intermediate district conducting the program.

5 (14) An individual who is an inmate in a state correctional
6 facility shall not be counted as a participant under this section.

7 (15) A district shall not commingle money received under this
8 section or from another source for adult education purposes with
9 any other funds of the district. A district receiving adult
10 education funds shall establish a separate ledger account for those
11 funds. This subsection does not prohibit a district from using
12 general funds of the district to support an adult education or
13 community education program.

14 (16) A district or intermediate district receiving funds under
15 this section may establish a sliding scale of tuition rates based
16 upon a participant's family income. A district or intermediate
17 district may charge a participant tuition to receive adult
18 education services under this section from that sliding scale of
19 tuition rates on a uniform basis. The amount of tuition charged per
20 participant shall not exceed the actual operating cost per
21 participant minus any funds received under this section per
22 participant. A district or intermediate district may not charge a
23 participant tuition under this section if the participant's income
24 is at or below 200% of the federal poverty guidelines published by
25 the United States department of health and human services.

26 (17) In order to receive funds under this section, a district
27 shall furnish to the department, in a form and manner determined by

1 the department, all information needed to administer this program
 2 and meet federal reporting requirements; shall allow the department
 3 or the department's designee to review all records related to the
 4 program for which it receives funds; and shall reimburse the state
 5 for all disallowances found in the review, as determined by the
 6 department.

7 (18) All intermediate district participant audits of adult
 8 education programs shall be performed pursuant to the adult
 9 education participant auditing and accounting manuals published by
 10 the department.

11 (19) As used in this section, "department" means the Michigan
 12 strategic fund.

13 Sec. 147. (1) The allocation **EACH FISCAL YEAR** for ~~2012-2013~~
 14 **2013-2014 AND FOR 2014-2015** for the public school employees'
 15 retirement system pursuant to the public school employees
 16 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall
 17 be made using the **INDIVIDUAL PROJECTED BENEFIT** entry age normal
 18 cost ~~actuarial-method~~ **OF VALUATION** and risk assumptions adopted by
 19 the public school employees retirement board and the department of
 20 technology, management, and budget.

21 (2) **THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES**
 22 **FOR THE 2013-2014 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT**
 23 **SYSTEM, ARE ESTIMATED AS FOLLOWS:**

24 (A) For public school employees who first worked for a public
 25 school reporting unit before July 1, 2010 **AND WHO ARE ENROLLED IN**
 26 **THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of payroll
 27 contribution rate is estimated at ~~18.62% for pension and at 8.75%~~

1 ~~for retiree health care for the 2012-2013 fiscal year, unless a~~
2 ~~different contribution rate is calculated and applied by the office~~
3 ~~of retirement services pursuant to provisions enacted under Senate~~
4 ~~Bill No. 1040 of the 96th Legislature. 29.35%, WITH 24.79% PAID~~
5 **DIRECTLY BY THE EMPLOYER.**

6 (B) For public school employees who first worked for a public
7 school reporting unit on or after July 1, 2010 **AND WHO ARE ENROLLED**
8 **IN THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of
9 payroll contribution rate is estimated at **29.12%, WITH 24.56% PAID**
10 **DIRECTLY BY THE EMPLOYER.** ~~17.39% for pension and 8.75% for retiree~~
11 ~~health care for the 2012-2013 fiscal year, unless a different~~
12 ~~contribution rate is calculated and applied by the office of~~
13 ~~retirement services pursuant to provisions enacted under Senate~~
14 ~~Bill No. 1040 of the 96th Legislature. For public school employees~~
15 ~~who first worked for a public school reporting unit before July 1,~~
16 ~~2010, the annual level percentage of payroll contribution rate is~~
17 ~~estimated at 22.46% for pension and 8.75% for retiree health care~~
18 ~~for the 2013-2014 fiscal year, unless a different contribution rate~~
19 ~~is calculated and applied by the office of retirement services~~
20 ~~pursuant to provisions enacted under Senate Bill No. 1040 of the~~
21 ~~96th Legislature. For public school employees who first worked for~~
22 ~~a public school reporting unit on or after July 1, 2010, the annual~~
23 ~~level percentage of payroll contribution rate is estimated at~~
24 ~~21.19% for pension and 8.75% for retiree health care for the 2013-~~
25 ~~2014 fiscal year, unless a different contribution rate is~~
26 ~~calculated and applied by the office of retirement services~~
27 ~~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

1 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.42%, WITH 23.86% PAID
2 DIRECTLY BY THE EMPLOYER.

3 (3) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES
4 FOR THE 2014-2015 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT
5 SYSTEM, ARE ESTIMATED AS FOLLOWS:

6 (A) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
7 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO ARE ENROLLED IN
8 THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
9 CONTRIBUTION RATE IS ESTIMATED AT 33.10%, WITH 25.78% PAID DIRECTLY
10 BY THE EMPLOYER.

11 (B) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
12 SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO ARE ENROLLED
13 IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF
14 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.02%, WITH 24.70% PAID
15 DIRECTLY BY THE EMPLOYER.

16 (C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
17 SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE
18 IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
19 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 31.51%, WITH 24.19% PAID
20 DIRECTLY BY THE EMPLOYER.

21 (D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
22 SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT
23 DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL
24 HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
25 CONTRIBUTION RATE IS ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY
26 BY THE EMPLOYER.

27 (E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC

1 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
2 CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY,
3 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
4 ESTIMATED AT 28.79%, WITH 21.47% PAID DIRECTLY BY THE EMPLOYER.

5 (F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
6 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
7 CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND,
8 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
9 ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

10 (G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
11 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN
12 THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
13 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.59%, WITH 25.27% PAID
14 DIRECTLY BY THE EMPLOYER.

15 (4) IN ADDITION TO THE EMPLOYER PAYMENTS DESCRIBED IN
16 SUBSECTIONS (2) AND (3), THE EMPLOYER SHALL PAY THE APPLICABLE
17 CONTRIBUTIONS TO THE TIER 2 PLAN, AS DETERMINED BY THE PUBLIC
18 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300 MCL 38.1301 TO
19 38.1408.

20 (5) ~~THE contribution rate reflects~~ RATES IN SUBSECTION (2)
21 REFLECT an amortization period of ~~26-25~~ years for ~~2012-2013-2013-~~
22 2014. The public school employees' retirement system board shall
23 notify each district and intermediate district by February 28 of
24 each fiscal year of the estimated contribution rate for the next
25 fiscal year.

26 Sec. 147b. ~~(1) From the appropriation in section 11, there is~~
27 ~~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~~ FROM the appropriation in section 11, there is allocated for
~~2012-2013-2013-2014~~ an amount not to exceed ~~\$130,000,000.00 to~~
 \$253,300,000.00 FROM THE STATE SCHOOL AID FUND, AND THERE IS
 APPROPRIATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$150,000,000.00
 FROM THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND, FOR
 PAYMENTS TO DISTRICTS AND INTERMEDIATE DISTRICTS THAT ARE

1 PARTICIPATING ENTITIES OF the Michigan public school employees'
2 retirement system.

3 (2) IN ADDITION TO THE ALLOCATION UNDER SUBSECTION (1), FROM
4 THE GENERAL FUND MONEY APPROPRIATED UNDER SECTION 11, THERE IS
5 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,300,000.00 FOR PAYMENTS TO
6 DISTRICT LIBRARIES THAT ARE PARTICIPATING ENTITIES OF THE
7 RETIREMENT SYSTEM.

8 (3) PAYMENTS MADE UNDER THIS SECTION SHALL BE EQUAL TO THE
9 DIFFERENCE BETWEEN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
10 CONTRIBUTION RATE AS CALCULATED pursuant to section 41 of the
11 public school employees' retirement act of 1979, 1980 PA 300, MCL
12 38.1341, AS CALCULATED WITHOUT TAKING INTO ACCOUNT THE MAXIMUM
13 EMPLOYER RATE OF 20.96% INCLUDED IN SECTION 41 OF THE PUBLIC SCHOOL
14 EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341, AND THE
15 MAXIMUM EMPLOYER RATE OF 20.96% INCLUDED IN SECTION 41 OF THE
16 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
17 38.1341.

18 ~~—— (2) If section 41 of the public school employees' retirement~~
19 ~~act of 1979, 1980 PA 300, MCL 38.1341, is not amended by Senate~~
20 ~~Bill No. 1040 of the 96th Legislature, then the allocation under~~
21 ~~subsection (1) shall lapse to the state school aid fund unless the~~
22 ~~legislature takes action to allocate the funding in another manner.~~

23 (4) THE AMOUNT ALLOCATED TO EACH PARTICIPATING ENTITY UNDER
24 THIS SECTION SHALL BE BASED ON EACH PARTICIPATING ENTITY'S
25 PROPORTION OF THE TOTAL COVERED PAYROLL FOR THE IMMEDIATELY
26 PRECEDING FISCAL YEAR FOR THE SAME TYPE OF PARTICIPATING ENTITIES.
27 A PARTICIPATING ENTITY THAT RECEIVES FUNDS UNDER THIS SECTION SHALL

1 USE THE FUNDS SOLELY FOR THE PURPOSE OF RETIREMENT CONTRIBUTIONS AS
2 SPECIFIED IN SUBSECTION (5).

3 (5) EACH PARTICIPATING ENTITY RECEIVING FUNDS UNDER THIS
4 SECTION SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT ALLOCATED UNDER
5 SUBSECTION (4) TO THE RETIREMENT SYSTEM IN A FORM, MANNER, AND TIME
6 FRAME DETERMINED BY THE RETIREMENT SYSTEM.

7 (6) AS USED IN THIS SECTION:

8 (A) "PARTICIPATING ENTITY" MEANS A DISTRICT, INTERMEDIATE
9 DISTRICT, OR DISTRICT LIBRARY THAT IS A REPORTING UNIT OF THE
10 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM UNDER THE
11 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
12 38.1301 TO 38.1437, AND THAT REPORTS EMPLOYEES TO THE MICHIGAN
13 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE APPLICABLE
14 FISCAL YEAR.

15 (B) "RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE
16 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT
17 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

18 (C) "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL
19 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
20 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

21 Sec. 152a. (1) As required by the court in the consolidated
22 cases known as Adair v State of Michigan, Michigan supreme court
23 docket nos. 137424 and 137453, from the state school aid fund money
24 appropriated in section 11 there is allocated for ~~2012-2013-2013-~~
25 ~~2014~~ an amount not to exceed \$38,000,500.00 to be used solely for
26 the purpose of paying necessary costs related to the state-mandated
27 collection, maintenance, and reporting of data to this state.

1 (2) From the allocation in subsection (1), the department
2 shall make payments to districts and intermediate districts in an
3 equal amount per pupil based on the total number of pupils in
4 membership in each district and intermediate district. The
5 department shall not make any adjustment to these payments after
6 the final installment payment under section 17b is made.

7 Enacting section 1. In accordance with section 30 of article I
8 of the state constitution of 1963, total state spending on school
9 aid under article I as amended by this amendatory act from state
10 sources for fiscal year 2013-2014 is estimated at
11 \$11,461,265,700.00 and state appropriations for school aid to be
12 paid to local units of government for fiscal year 2013-2014 are
13 estimated at \$11,287,482,500.00.

14 Enacting section 2. Sections 11q, 11t, 11u, 22f, 22g, 22h,
15 22i, 25, 25d, 32g, 32l, 93, 101a, and 147a of the state school aid
16 act of 1979, 1979 PA 94, MCL 388.1611q, 388.1611t, 388.1611u,
17 388.1622f, 388.1622g, 388.1622h, 388.1622i, 388.1625, 388.1625d,
18 388.1632g, 388.1632l, 388.1693, 388.1701a, and 388.1747a, are
19 repealed effective October 1, 2013.