

**SUBSTITUTE FOR
SENATE BILL NO. 961**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15,
18, 18c, 19, 20, 20d, 22a, 22b, 22d, 22f, 24, 24a, 24c, 25, 26a,
26b, 31a, 31d, 31f, 32d, 39, 39a, 51a, 51c, 51d, 53a, 54, 56, 61a,
62, 74, 81, 93, 94a, 98, 99, 101, 102, 104, 107, 147, 147a, 147b,
and 152a (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a,
388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612, 388.1615,
388.1618, 388.1618c, 388.1619, 388.1620, 388.1620d, 388.1622a,
388.1622b, 388.1622d, 388.1622f, 388.1624, 388.1624a, 388.1624c,
388.1625, 388.1626a, 388.1626b, 388.1631a, 388.1631d, 388.1631f,
388.1632d, 388.1639, 388.1639a, 388.1651a, 388.1651c, 388.1651d,
388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674,
388.1681, 388.1693, 388.1694a, 388.1698, 388.1699, 388.1701,

388.1702, 388.1704, 388.1707, 388.1747, 388.1747a, 388.1747b, and 388.1752a), sections 3, 19, and 101 as amended by 2010 PA 110, section 4 as amended by 2008 PA 268, sections 6, 11, 11a, 11m, 22a, 22b, 24a, 24c, 26b, 51a, 51c, 74, and 104 as amended by 2012 PA 29, sections 11g, 11k, 15, 18, 20, 20d, 22d, 24, 31a, 32d, 39, 39a, 51d, 54, 56, 61a, 81, 93, 94a, 98, 99, 107, 147, and 152a as amended and sections 12, 22f, 147a, and 147b as added by 2011 PA 62, sections 11j, 26a, 31d, 31f, 53a, and 62 as amended by 2011 PA 299, section 18c as added by 2000 PA 297, section 25 as amended by 2011 PA 322, and section 102 as amended by 2010 PA 204, and by adding sections 11t, 11u, 22g, 22i, 22j, 26c, 32p, 95, 101a, and 147c; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "ACHIEVEMENT AUTHORITY" MEANS THE EDUCATION
2 ACHIEVEMENT AUTHORITY, THE PUBLIC BODY CORPORATE AND SPECIAL
3 AUTHORITY INITIALLY CREATED UNDER SECTION 5 OF ARTICLE III AND
4 SECTION 28 OF ARTICLE VII OF THE STATE CONSTITUTION OF 1963 AND THE
5 URBAN COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO
6 124.512, BY AN INTERLOCAL AGREEMENT EFFECTIVE AUGUST 11, 2011,
7 BETWEEN THE SCHOOL DISTRICT OF THE CITY OF DETROIT AND THE BOARD OF
8 REGENTS OF EASTERN MICHIGAN UNIVERSITY, A STATE PUBLIC UNIVERSITY.

9 (2) "ACHIEVEMENT SCHOOL" MEANS A PUBLIC SCHOOL WITHIN THE
10 EDUCATION ACHIEVEMENT SYSTEM OPERATED, MANAGED, AUTHORIZED,
11 ESTABLISHED, OR OVERSEEN BY THE ACHIEVEMENT AUTHORITY.

12 (3) ~~(1)~~—"Average daily attendance", for the purposes of
13 complying with federal law, means 92% of the pupils counted in
14 membership on the pupil membership count day, as defined in section

1 6(7).

2 (4) ~~(2)~~—"Board" means the governing body of a district or
3 public school academy.

4 (5) ~~(3)~~—"Center" means the center for educational performance
5 and information created in section 94a.

6 (6) ~~(4)~~—"Cooperative education program" means a written
7 voluntary agreement between and among districts to provide certain
8 educational programs for pupils in certain groups of districts. The
9 written agreement shall be approved by all affected districts at
10 least annually and shall specify the educational programs to be
11 provided and the estimated number of pupils from each district who
12 will participate in the educational programs.

13 (7) ~~(5)~~—"Department", except in section 107, means the
14 department of education.

15 (8) ~~(6)~~—"District" means a local school district established
16 under the revised school code or, except in sections 6(4), 6(6),
17 13, 20, 22a, ~~23, 29, 31a, 51a(15), 51A(14)~~, 105, 105c, and 166b, a
18 public school academy. ~~Except in sections 6(4), 6(6), 13, 20, 22a,~~
19 ~~29, 51a(15), 105, 105c, and 166b, district also includes a~~
20 ~~university school.~~ **EXCEPT IN SECTIONS 6(4), 6(6), 6(8), 13, 20, 22A,**
21 **31A, 105, 105C, AND 166B, DISTRICT ALSO INCLUDES THE EDUCATION**
22 **ACHIEVEMENT SYSTEM.**

23 (9) ~~(7)~~—"District of residence", except as otherwise provided
24 in this subsection, means the district in which a pupil's custodial
25 parent or parents or legal guardian resides. For a pupil described
26 in section 24b, the pupil's district of residence is the district
27 in which the pupil enrolls under that section. For a pupil

described in section 6(4)(d), the pupil's district of residence shall be considered to be the district or intermediate district in which the pupil is counted in membership under that section. For a pupil under court jurisdiction who is placed outside the district in which the pupil's custodial parent or parents or legal guardian resides, the pupil's district of residence shall be considered to be the educating district or educating intermediate district.

(10) ~~(8)~~—"District superintendent" means the superintendent of a district, the chief administrator of a public school academy, or the ~~chief administrator of a university school.~~ **CHANCELLOR OF THE ACHIEVEMENT AUTHORITY.**

Sec. 4. (1) **"EDUCATION ACHIEVEMENT SYSTEM" MEANS THE ACHIEVEMENT AUTHORITY AND ALL ACHIEVEMENT SCHOOLS.**

(2) ~~(1)~~—"Elementary pupil" means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade. For the purposes of calculating universal service fund (e-rate) discounts, "elementary pupil" includes children enrolled in a preschool program operated by a district in its facilities.

(3) ~~(2)~~—"Extended school year" means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. The mandatory clock hours shall be completed by each pupil not more than 365 calendar days after the pupil's first day of classes for the school year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements

1 for the educational program.

2 (4) ~~(3)~~—"Fiscal year" means the state fiscal year that
3 commences October 1 and continues through September 30.

4 (5) ~~(4)~~—"General educational development testing preparation
5 program" means a program that has high school level courses in
6 English language arts, social studies, science, and mathematics and
7 that prepares a person to successfully complete the general
8 educational development (GED) test.

9 (6) ~~(5)~~—"High school pupil" means a pupil in membership in
10 grades 7 to 12, except in a district not maintaining grades above
11 the eighth grade.

12 Sec. 6. (1) "Center program" means a program operated by a
13 district or by an intermediate district for special education
14 pupils from several districts in programs for pupils with autism
15 spectrum disorder, pupils with severe cognitive impairment, pupils
16 with moderate cognitive impairment, pupils with severe multiple
17 impairments, pupils with hearing impairment, pupils with visual
18 impairment, and pupils with physical impairment or other health
19 impairment. Programs for pupils with emotional impairment housed in
20 buildings that do not serve regular education pupils also qualify.
21 Unless otherwise approved by the department, a center program
22 either shall serve all constituent districts within an intermediate
23 district or shall serve several districts with less than 50% of the
24 pupils residing in the operating district. In addition, special
25 education center program pupils placed part-time in noncenter
26 programs to comply with the least restrictive environment
27 provisions of section 612 of part B of the individuals with

1 disabilities education act, 20 USC 1412, may be considered center
2 program pupils for pupil accounting purposes for the time scheduled
3 in either a center program or a noncenter program.

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

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

13 (4) "Membership", except as otherwise provided in this
14 article, means for a district, **A** public school academy, ~~university~~
15 ~~school,~~ **THE EDUCATION ACHIEVEMENT SYSTEM**, or **AN** intermediate
16 district the sum of the product of .90 times the number of full-
17 time equated pupils in grades K to 12 actually enrolled and in
18 regular daily attendance on the pupil membership count day for the
19 current school year, plus the product of .10 times the final
20 audited count from the supplemental count day for the immediately
21 preceding school year. **A DISTRICT'S, PUBLIC SCHOOL ACADEMY'S, OR**
22 **INTERMEDIATE DISTRICT'S MEMBERSHIP SHALL BE ADJUSTED AS PROVIDED**
23 **UNDER SECTION 25 FOR PUPILS WHO ENROLL IN THE DISTRICT, PUBLIC**
24 **SCHOOL ACADEMY, OR INTERMEDIATE DISTRICT AFTER THE PUPIL MEMBERSHIP**
25 **COUNT DAY.** All pupil counts used in this subsection are as
26 determined by the department and calculated by adding the number of
27 pupils registered for attendance plus pupils received by transfer

1 and minus pupils lost as defined by rules promulgated by the
2 superintendent, and as corrected by a subsequent department audit.
3 For the purposes of this section and section 6a, for 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, **OR FOR THE EDUCATION**
7 **ACHIEVEMENT SYSTEM**, a pupil's participation in the cyber school's
8 educational program **OR IN AN ONLINE EDUCATIONAL PROGRAM OF THE**
9 **EDUCATION ACHIEVEMENT SYSTEM OR OF AN ACHIEVEMENT SCHOOL** is
10 considered regular daily attendance. The amount of the foundation
11 allowance for a pupil in membership is determined under section 20.
12 In making the calculation of membership, all of the following, as
13 applicable, apply to determining the membership of a district, **A**
14 public school academy, ~~university school,~~ **THE EDUCATION ACHIEVEMENT**
15 **SYSTEM**, or **AN** intermediate district:

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

21 (b) If a pupil is educated in a district other than the
22 pupil's district of residence, if the pupil is not being educated
23 as part of a cooperative education program, if the pupil's district
24 of residence does not give the educating district its approval to
25 count the pupil in membership in the educating district, and if the
26 pupil is not covered by an exception specified in subsection (6) to
27 the requirement that the educating district must have the approval

1 of the pupil's district of residence to count the pupil in
2 membership, the pupil shall not be counted in membership in any
3 district.

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

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

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

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

22 ~~— (g) A pupil enrolled in a university school shall be counted~~
23 ~~in membership in the university school.~~

24 (G) ~~(h)~~ A pupil enrolled in a public school academy shall be
25 counted in membership in the public school academy.

26 (H) A PUPIL ENROLLED IN AN ACHIEVEMENT SCHOOL SHALL BE COUNTED
27 IN MEMBERSHIP IN THE EDUCATION ACHIEVEMENT SYSTEM.

1 (i) For a new district ~~, university school,~~ or public school
2 academy beginning its operation after December 31, 1994, **OR FOR THE**
3 **EDUCATION ACHIEVEMENT SYSTEM OR AN ACHIEVEMENT SCHOOL**, membership
4 for the first 2 full or partial fiscal years of operation shall be
5 determined as follows:

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

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

24 (j) If a district is the authorizing body for a public school
25 academy, then, in the first school year in which pupils are counted
26 in membership on the pupil membership count day in the public
27 school academy, the determination of the district's membership

1 shall exclude from the district's pupil count for the immediately
2 preceding supplemental count day any pupils who are counted in the
3 public school academy on that first pupil membership count day who
4 were also counted in the district on the immediately preceding
5 supplemental count day.

6 (k) In a district, ~~A public school academy, university school,~~
7 **THE EDUCATION ACHIEVEMENT SYSTEM**, or **AN** intermediate district
8 operating an extended school year program approved by the
9 superintendent, a pupil enrolled, but not scheduled to be in
10 regular daily attendance on a pupil membership count day, shall be
11 counted.

12 (l) Pupils to be counted in membership shall be not less than 5
13 years of age on December 1 and less than 20 years of age on
14 September 1 of the school year except as follows:

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

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

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

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

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

3 (m) An individual who has obtained a high school diploma shall
4 not be counted in membership. An individual who has obtained a
5 general educational development (G.E.D.) certificate shall not be
6 counted in membership unless the individual is a ~~student~~-**PUPIL** with
7 a disability as defined in R 340.1702 of the Michigan
8 administrative code. An individual participating in a job training
9 program funded under former section 107a or a jobs program funded
10 under former section 107b, administered by the Michigan strategic
11 fund, ~~or the workforce development agency,~~ or participating in any
12 successor of either of those 2 programs, shall not be counted in
13 membership.

14 (n) If a pupil counted in membership in a public school
15 academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** is also educated by a
16 district or intermediate district as part of a cooperative
17 education program, the pupil shall be counted in membership only in
18 the public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM**
19 unless a written agreement signed by all parties designates the
20 party or parties in which the pupil shall be counted in membership,
21 and the instructional time scheduled for the pupil in the district
22 or intermediate district shall be included in the full-time equated
23 membership determination under subdivision (q). However, for pupils
24 receiving instruction in both a public school academy **OR THE**
25 **EDUCATION ACHIEVEMENT SYSTEM** and in a district or intermediate
26 district but not as a part of a cooperative education program, the
27 following apply:

1 (i) If the public school academy **OR THE EDUCATION ACHIEVEMENT**
2 **SYSTEM** provides instruction for at least 1/2 of the class hours
3 specified in subdivision (q), the public school academy **OR THE**
4 **EDUCATION ACHIEVEMENT SYSTEM** shall receive as its prorated share of
5 the full-time equated membership for each of those pupils an amount
6 equal to 1 times the product of the hours of instruction the public
7 school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** provides divided
8 by the number of hours specified in subdivision (q) for full-time
9 equivalency, and the remainder of the full-time membership for each
10 of those pupils shall be allocated to the district or intermediate
11 district providing the remainder of the hours of instruction.

12 (ii) If the public school academy **OR THE EDUCATION ACHIEVEMENT**
13 **SYSTEM** provides instruction for less than 1/2 of the class hours
14 specified in subdivision (q), the district or intermediate district
15 providing the remainder of the hours of instruction shall receive
16 as its prorated share of the full-time equated membership for each
17 of those pupils an amount equal to 1 times the product of the hours
18 of instruction the district or intermediate district provides
19 divided by the number of hours specified in subdivision (q) for
20 full-time equivalency, and the remainder of the full-time
21 membership for each of those pupils shall be allocated to the
22 public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM**.

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

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

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

11 (r) ~~Full-time equated memberships for pupils in kindergarten~~
12 ~~shall be determined by dividing the number of class hours scheduled~~
13 ~~and provided per year per kindergarten pupil by a number equal to~~
14 ~~1/2 the number used for determining full-time equated memberships~~
15 ~~for pupils in grades 1 to 12. However, beginning~~ **BEGINNING** in 2012-
16 2013, full-time equated memberships for pupils in kindergarten
17 shall be determined by dividing the number of ~~class~~ **INSTRUCTIONAL**
18 hours scheduled and provided per year per kindergarten pupil by the
19 same number used for determining full-time equated memberships for
20 pupils in grades 1 to 12. **HOWEVER, TO THE EXTENT ALLOWABLE UNDER**
21 **FEDERAL LAW, FOR A DISTRICT OR PUBLIC SCHOOL ACADEMY THAT PROVIDES**
22 **EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT IT USED FEDERAL TITLE**
23 **I MONEY IN THE 2 IMMEDIATELY PRECEDING SCHOOL FISCAL YEARS TO FUND**
24 **FULL-TIME KINDERGARTEN, FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN**
25 **KINDERGARTEN SHALL BE DETERMINED BY DIVIDING THE NUMBER OF CLASS**
26 **HOURS SCHEDULED AND PROVIDED PER YEAR PER KINDERGARTEN PUPIL BY A**
27 **NUMBER EQUAL TO 1/2 THE NUMBER USED FOR DETERMINING FULL-TIME**

1 EQUATED MEMBERSHIPS FOR PUPILS IN GRADES 1 TO 12. NOT LATER THAN
2 DECEMBER 1, 2012, THE DEPARTMENT SHALL SEEK A CLARIFICATION FROM
3 THE FEDERAL DEPARTMENT OF EDUCATION AS TO WHETHER THIS IS AN
4 ALLOWABLE USE OF FEDERAL TITLE I MONEY. THE CHANGE IN THE COUNTING
5 OF FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS IN KINDERGARTEN THAT
6 TAKES EFFECT IN 2012-2013 IS NOT A MANDATE. NOT LATER THAN THE
7 FIFTH WEDNESDAY AFTER THE PUPIL MEMBERSHIP COUNT DAY, EACH DISTRICT
8 OR PUBLIC SCHOOL ACADEMY AND THE EDUCATION ACHIEVEMENT SYSTEM SHALL
9 REPORT TO THE DEPARTMENT AND THE CENTER THE NUMBER OF INSTRUCTIONAL
10 HOURS SCHEDULED PER KINDERGARTEN PUPIL FOR 2012-2013. IF THE NUMBER
11 OF INSTRUCTIONAL HOURS SCHEDULED PER KINDERGARTEN PUPIL IS NOT
12 EQUAL FOR ALL KINDERGARTEN PUPILS IN THE DISTRICT, THE DISTRICT OR
13 PUBLIC SCHOOL ACADEMY AND THE EDUCATION ACHIEVEMENT SYSTEM SHALL
14 REPORT THE NUMBER OF KINDERGARTEN PUPILS WHO WERE SCHEDULED TO
15 RECEIVE EACH OF THE DIFFERENT NUMBERS OF INSTRUCTIONAL HOURS
16 SCHEDULED.

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

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

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

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

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

1 certificated teacher.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (cc) For the first year in which a pupil is counted in
27 membership on the pupil membership count day in a middle college

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

9 (dd) A district, **A PUBLIC SCHOOL ACADEMY, OR THE EDUCATION**
10 **ACHIEVEMENT SYSTEM** that educates a pupil who attends a United
11 States Olympic education center may count the pupil in membership
12 regardless of whether or not the pupil is a resident of this state.

13 (ee) A pupil enrolled in a district other than the pupil's
14 district of residence pursuant to section 1148(2) of the revised
15 school code, MCL 380.1148, shall be counted in the educating
16 district **OR THE EDUCATION ACHIEVEMENT SYSTEM**.

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

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

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

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

1 (c) A pupil enrolled in a public school academy or ~~university~~
2 ~~school~~. **THE EDUCATION ACHIEVEMENT SYSTEM.**

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

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

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

25 (i) "At school" means in a classroom, elsewhere on school
26 premises, on a school bus or other school-related vehicle, or at a
27 school-sponsored activity or event whether or not it is held on

1 school premises.

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

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

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

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

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

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

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

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

24 (i) A pupil enrolled in the Michigan virtual ~~high~~-school, for
25 the pupil's enrollment in the Michigan virtual ~~high~~-school.

26 (j) A pupil who is the child of a person who works at the
27 district or who is the child of a person who worked at the district

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

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

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

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

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

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

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

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

1 located within the boundaries of that other district, the educating
2 district must have the approval of that other district to count
3 those pupils in membership.

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

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

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

14 (i) Fourth Wednesday in July.

15 (ii) First Wednesday in October.

16 (iii) Second Wednesday in February.

17 (iv) Fourth Wednesday in April.

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

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

23 (9) "Rule" means a rule promulgated pursuant to the
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
25 24.328.

26 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
27 380.1852.

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

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

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

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

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

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

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

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

~~———— (21) "University school" means an instructional program operated by a public university under section 23 that meets the requirements of section 23.~~

Sec. 11. (1) Subject to subsection (3), for the fiscal year ending September 30, 2012, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of ~~\$10,967,333,600.00~~ **\$11,010,210,400.00** from the state school aid fund and the sum of ~~\$118,642,400.00~~ **\$78,642,400.00** from the general fund. **SUBJECT TO SUBSECTION (3), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$10,961,087,100.00 FROM THE STATE SCHOOL AID FUND AND THE SUM OF \$282,400,000.00 FROM THE GENERAL FUND.** In addition, all other available federal funds, except those otherwise appropriated under section 11p, are appropriated **EACH**

1 **FISCAL YEAR** for the fiscal year ending September 30, 2012 **AND FOR**
2 **THE FISCAL YEAR ENDING SEPTEMBER 30, 2013.**

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) and state payments in an amount
21 equal to the remainder of the projected shortfall shall be prorated
22 in the manner provided under section 11(4).

23 (7) For ~~2011-2012~~, **2012-2013**, 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 ~~on the effective date of this subsection,~~

1 **FEBRUARY 24, 2012**, in addition to any amounts otherwise deposited
2 into the school aid stabilization fund, there is transferred from
3 the state school aid fund to the school aid stabilization fund an
4 amount equal to \$100,000,000.00.

5 Sec. 11g. (1) From the appropriation in section 11, there is
6 allocated for this section an amount not to exceed \$39,000,000.00
7 for the fiscal year ending September 30, ~~2012~~**2013**, and for each
8 succeeding fiscal year through the fiscal year ending September 30,
9 2015, after which these payments will cease. These allocations are
10 for paying the amounts described in subsection (3) to districts and
11 intermediate districts, other than those receiving a lump-sum
12 payment under section 11f(2), that were not plaintiffs in the
13 consolidated cases known as Durant v State of Michigan, Michigan
14 supreme court docket no. 104458-104492 and that, on or before March
15 2, 1998, submitted to the state treasurer a waiver resolution
16 described in section 11f. The amounts paid under this section
17 represent offers of settlement and compromise of any claim or
18 claims that were or could have been asserted by these districts and
19 intermediate districts, as described in this section.

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

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

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

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

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

27 (a) First, to pay debt service on voter-approved bonds issued

1 by the district or intermediate district before the effective date
2 of this section.

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

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

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

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

16 Sec. 11j. From the appropriation in section 11, there is
17 allocated an amount not to exceed ~~\$2,837,800.00 for 2010-2011 and~~
18 ~~an amount not to exceed \$93,575,300.00 for 2011-2012~~
19 **\$120,390,000.00 FOR 2012-2013** for payments to the school loan bond
20 redemption fund in the department of treasury on behalf of
21 districts and intermediate districts. Notwithstanding section 11 or
22 any other provision of this act, funds allocated under this section
23 are not subject to proration and shall be paid in full.

24 Sec. 11k. For ~~2011-2012,~~ **2012-2013**, there is appropriated from
25 the general fund to the school loan revolving fund an amount equal
26 to the amount of school bond loans assigned to the Michigan finance
27 authority, not to exceed the total amount of school bond loans held

1 in reserve as long-term assets. As used in this section, "school
2 loan revolving fund" means that fund created in section 16c of the
3 shared credit rating act, 1985 PA 227, MCL 141.1066c.

4 Sec. 11m. From the appropriations in section 11, there is
5 allocated for 2011-2012 an amount not to exceed ~~\$8,500,000.00~~
6 **\$2,100,000.00 AND THERE IS ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO**
7 **EXCEED \$3,200,000.00** for fiscal year cash-flow borrowing costs
8 solely related to the state school aid fund established by section
9 11 of article IX of the state constitution of 1963.

10 **SEC. 11T. IT IS THE INTENT OF THE LEGISLATURE TO ENACT**
11 **LEGISLATION AS NECESSARY TO CHANGE THE NAME OF THE STATE SCHOOL AID**
12 **FUND TO THE "COMPREHENSIVE EDUCATION FUND".**

13 **SEC. 11U. IT IS THE INTENT OF THE LEGISLATURE TO EXAMINE THE**
14 **EXISTING STRUCTURE OF FUNDING UNDER THIS ARTICLE AND TO DETERMINE**
15 **TO WHAT EXTENT, IF ANY, CATEGORICAL FUNDING UNDER THIS ARTICLE MAY**
16 **INSTEAD BE USED FOR FUNDING FOUNDATION ALLOWANCES AND OTHER BASIC**
17 **PER PUPIL PAYMENTS.**

18 Sec. 12. It is the intent of the legislature to appropriate
19 and allocate for the fiscal year ending September 30, ~~2013-2014~~ the
20 same amounts of money from the same sources for the same purposes
21 as are appropriated and allocated under this article for the fiscal
22 year ending September 30, ~~2012-2013~~, as adjusted for changes in
23 pupil membership, taxable values, special education costs, **INTEREST**
24 **COSTS**, and available revenue. These adjustments will be determined
25 after the January ~~2012-2013~~ consensus revenue estimating
26 conference.

27 Sec. 15. (1) If a district or intermediate district fails to

1 receive its proper apportionment, the department, upon satisfactory
2 proof that the district or intermediate district was entitled
3 justly, shall apportion the deficiency in the next apportionment.
4 Subject to subsections (2) and (3), if a district or intermediate
5 district has received more than its proper apportionment, the
6 department, upon satisfactory proof, shall deduct the excess in the
7 next apportionment. Notwithstanding any other provision in this
8 article, state aid overpayments to a district, other than
9 overpayments in payments for special education or special education
10 transportation, may be recovered from any payment made under this
11 article other than a special education or special education
12 transportation payment. State aid overpayments made in special
13 education or special education transportation payments may be
14 recovered from subsequent special education or special education
15 transportation payments.

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

1 hardship.

2 (3) If, because of the receipt of new or updated data, the
3 department determines during a fiscal year that the amount paid to
4 a district or intermediate district under this ~~act~~ **ARTICLE** for a
5 prior fiscal year was incorrect under the law in effect for that
6 year, the department may make the appropriate deduction or payment
7 in the district's or intermediate district's allocation for the
8 fiscal year in which the determination is made. The deduction or
9 payment shall be calculated according to the law in effect in the
10 fiscal year in which the improper amount was paid.

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

14 (5) In addition to funds appropriated in section 11 for all
15 programs and services, there is appropriated for ~~2011-2012-2012-~~
16 **2013** for obligations in excess of applicable appropriations an
17 amount equal to the collection of overpayments, but not to exceed
18 amounts available from overpayments.

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

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

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

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

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

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

23 (A) Salaries and wages.

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

27 (C) Retirement benefit costs.

1 (D) All other personnel costs.

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

4 (A) Instruction.

5 (B) Support services.

6 (C) Business and administration.

7 (D) Operations and maintenance.

8 (c) Links to all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the immediately preceding fiscal year.

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

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

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

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

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

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

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

19 (11) NOT LATER THAN OCTOBER 1, 2012, IF A DISTRICT OR
20 INTERMEDIATE DISTRICT OFFERS ONLINE LEARNING, THE DISTRICT OR
21 INTERMEDIATE DISTRICT SHALL SUBMIT TO THE DEPARTMENT A REPORT THAT
22 DETAILS THE PER-PUPIL COSTS OF OPERATING THE ONLINE LEARNING. THE
23 REPORT SHALL INCLUDE, ON A PER-PUPIL BASIS, AT LEAST ALL OF THE
24 FOLLOWING COSTS:

25 (A) TEXTBOOKS, INSTRUCTIONAL MATERIALS, AND SUPPLIES,
26 INCLUDING ELECTRONIC INSTRUCTIONAL MATERIAL.

27 (B) COMPUTER AND OTHER ELECTRONIC EQUIPMENT, INCLUDING

1 INTERNET AND TELEPHONE ACCESS.

2 (C) SALARIES AND BENEFITS FOR THE ONLINE LEARNING EMPLOYEES.

3 (D) PURCHASED COURSES AND CURRICULA.

4 (E) FEES ASSOCIATED WITH OVERSIGHT AND REGULATION.

5 (F) TRAVEL COSTS ASSOCIATED WITH SCHOOL ACTIVITIES AND
6 TESTING.

7 (G) FACILITIES COSTS.

8 (H) COSTS ASSOCIATED WITH SPECIAL EDUCATION.

9 (12) NOT LATER THAN DECEMBER 31, 2012, THE DEPARTMENT SHALL
10 ISSUE A REPORT TO THE LEGISLATURE INCLUDING THE FOLLOWING:

11 (A) A REVIEW OF THE DATA SUBMITTED UNDER SUBSECTION (11).

12 (B) A COMPARISON WITH COSTS OF SUBSTANTIALLY SIMILAR PROGRAMS
13 IN OTHER STATES AND RELEVANT NATIONAL RESEARCH ON THE COSTS OF
14 ONLINE LEARNING.

15 (C) ANY CONCLUSIONS CONCERNING FACTORS OR CHARACTERISTICS OF
16 ONLINE LEARNING PROGRAMS THAT MAKE A DIFFERENCE IN THE COSTS OF
17 OPERATING THE PROGRAMS.

18 Sec. 18c. Any contract, mortgage, loan, or other instrument of
19 indebtedness entered into by a public school academy, **THE**
20 **ACHIEVEMENT AUTHORITY, OR AN ACHIEVEMENT SCHOOL** receiving funds
21 under this act and a third party does not constitute an obligation,
22 either general, special, or moral, of this state or of an
23 authorizing body. The full faith and credit or the taxing power of
24 this state or any agency of this state, or the full faith and
25 credit of an authorizing body, shall not be pledged for the payment
26 of any contract, mortgage, loan, or other instrument of
27 indebtedness entered into by a public school academy, **THE**

1 **ACHIEVEMENT AUTHORITY, OR AN ACHIEVEMENT SCHOOL.**

2 Sec. 19. (1) A district or intermediate district shall comply
3 with all applicable reporting requirements specified in state and
4 federal law. Data provided to the center, in a form and manner
5 prescribed by the center, shall be aggregated and disaggregated as
6 required by state and federal law. In addition, a district or
7 intermediate district shall cooperate with all measures taken by
8 the center to ~~comply with the provisions of the American recovery~~
9 ~~and reinvestment act of 2009, Public Law 111-5, requiring the~~
10 ~~establishment of~~ **ESTABLISH AND MAINTAIN** a statewide P-20
11 longitudinal data system.

12 (2) Each district shall furnish to the center not later than 5
13 weeks after the pupil membership count day **AND BY JUNE 30 OF THE**
14 **SCHOOL FISCAL YEAR ENDING IN THE FISCAL YEAR,** in a manner
15 prescribed by the center, the information necessary for the
16 preparation of the district and high school graduation report. This
17 information shall meet requirements established in the pupil
18 auditing manual approved and published by the department. The
19 center shall calculate an annual graduation and pupil dropout rate
20 for each high school, each district, and this state, in compliance
21 with nationally recognized standards for these calculations. The
22 center shall report all graduation and dropout rates to the senate
23 and house education committees and appropriations committees, the
24 state budget director, and the department not later than 30 days
25 after the publication of the list described in subsection (6).

26 (3) By the first business day in December and by June 30 of
27 each year, a district shall furnish to the center, in a manner

1 prescribed by the center, information related to educational
2 personnel as necessary for reporting required by state and federal
3 law.

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

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

17 (6) Before publishing a list of schools or districts
18 determined to have failed to make adequate yearly progress as
19 required by the no child left behind act of 2001, Public Law 107-
20 110, the department shall allow a school or district to appeal that
21 determination. The department shall consider and act upon the
22 appeal within 30 days after it is submitted and shall not publish
23 the list until after 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**, the basic
8 foundation allowance is \$8,019.00.

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
24 district's foundation allowance for the immediately preceding state
25 fiscal year plus the difference between twice the dollar amount of
26 the adjustment from the immediately preceding state fiscal year to
27 the current state fiscal year made in the basic foundation

1 allowance and [(the dollar amount of the adjustment from the
2 immediately preceding state fiscal year to the current state fiscal
3 year made in the basic foundation allowance minus \$20.00) times
4 (the difference between the district's foundation allowance for the
5 immediately preceding state fiscal year and the sum of \$7,108.00
6 plus the total dollar amount of all adjustments made from 2006-2007
7 to the immediately preceding state fiscal year in the lowest
8 foundation allowance among all districts) divided by the difference
9 between the basic foundation allowance for the current state fiscal
10 year and the sum of \$7,108.00 plus the total dollar amount of all
11 adjustments made from 2006-2007 to the immediately preceding state
12 fiscal year in the lowest foundation allowance among all
13 districts]. For 2011-2012, for a district that had a foundation
14 allowance for the immediately preceding state fiscal year that was
15 at least equal to the sum of \$7,108.00 plus the total dollar amount
16 of all adjustments made from 2006-2007 to the immediately preceding
17 state fiscal year in the lowest foundation allowance among all
18 districts, but less than the basic foundation allowance for the
19 immediately preceding state fiscal year, the district shall receive
20 a foundation allowance in an amount equal to the district's
21 foundation allowance for 2010-2011, minus \$470.00. **EXCEPT AS**
22 **OTHERWISE PROVIDED IN SUBDIVISION (H), FOR 2012-2013, FOR A**
23 **DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR THE IMMEDIATELY**
24 **PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO THE SUM OF**
25 **\$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM**
26 **2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE**
27 **LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS, BUT LESS THAN THE**

1 BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE
2 FISCAL YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE IN
3 AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE
4 IMMEDIATELY PRECEDING STATE FISCAL YEAR. However, the foundation
5 allowance for a district that had less than the basic foundation
6 allowance for the immediately preceding state fiscal year shall not
7 exceed the basic foundation allowance for the current state fiscal
8 year.

9 (b) Except as otherwise provided in this subsection, for a
10 district that in the immediately preceding state fiscal year had a
11 foundation allowance in an amount at least equal to the amount of
12 the basic foundation allowance for the immediately preceding state
13 fiscal year, the district shall receive a foundation allowance for
14 2011-2012 in an amount equal to the district's foundation allowance
15 for 2010-2011, minus \$470.00. **FOR 2012-2013, EXCEPT AS OTHERWISE**
16 **PROVIDED IN THIS SUBSECTION, FOR A DISTRICT THAT IN THE IMMEDIATELY**
17 **PRECEDING STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE IN AN AMOUNT**
18 **AT LEAST EQUAL TO THE AMOUNT OF THE BASIC FOUNDATION ALLOWANCE FOR**
19 **THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL**
20 **RECEIVE A FOUNDATION ALLOWANCE FOR 2012-2013 IN AN AMOUNT EQUAL TO**
21 **THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING**
22 **STATE FISCAL YEAR.**

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

1 year plus the lesser of the increase in the basic foundation
2 allowance for the current state fiscal year, as compared to the
3 immediately preceding state fiscal year, or the product of the
4 district's foundation allowance for the immediately preceding state
5 fiscal year times the percentage increase in the United States
6 consumer price index in the calendar year ending in the immediately
7 preceding fiscal year as reported by the May revenue estimating
8 conference conducted under section 367b of the management and
9 budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided
10 in subdivision (d), for 2011-2012, for a district that in the 1994-
11 1995 state fiscal year had a foundation allowance greater than
12 \$6,500.00, the district's foundation allowance is an amount equal
13 to the district's foundation allowance for the 2010-2011 fiscal
14 year minus \$470.00. **FOR 2012-2013, EXCEPT AS OTHERWISE PROVIDED IN**
15 **SUBDIVISION (D), FOR A DISTRICT THAT IN THE 1994-1995 STATE FISCAL**
16 **YEAR HAD A FOUNDATION ALLOWANCE GREATER THAN \$6,500.00, THE**
17 **DISTRICT'S FOUNDATION ALLOWANCE IS AN AMOUNT EQUAL TO THE**
18 **DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**
19 **FISCAL YEAR.**

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

27 (e) For a district that has a foundation allowance that is not

1 a whole dollar amount, the district's foundation allowance shall be
2 rounded up to the nearest whole dollar.

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

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

19 **(H) FOR 2012-2013, FOR A DISTRICT THAT HAD A FOUNDATION**
20 **ALLOWANCE FOR THE 2011-2012 STATE FISCAL YEAR OF LESS THAN**
21 **\$6,966.00, THE DISTRICT'S FOUNDATION ALLOWANCE IS AN AMOUNT EQUAL**
22 **TO \$6,966.00.**

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

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

27 (5) The allocation calculated under this section for a pupil

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

18 (6) ~~Subject to subsection (7) and except~~ **EXCEPT** as otherwise
 19 provided in this subsection, for pupils in membership, other than
 20 special education pupils, in a public school academy, ~~or a~~
 21 ~~university school,~~ the allocation calculated under this section is
 22 an amount per membership pupil other than special education pupils
 23 in the public school academy ~~or university school~~ equal to the
 24 foundation allowance of the district in which the public school
 25 academy ~~or university school~~ is located or the state maximum public
 26 school academy allocation, whichever is less. However, a public
 27 school academy ~~or university school~~ that had an allocation under

1 this subsection before 2009-2010 that was equal to the sum of the
2 local school operating revenue per membership pupil other than
3 special education pupils for the district in which the public
4 school academy ~~or university school~~ is located and the state
5 portion of that district's foundation allowance shall not have that
6 allocation reduced as a result of the 2010 amendment to this
7 subsection. Notwithstanding section 101, for a public school
8 academy that begins operations after the pupil membership count
9 day, the amount per membership pupil calculated under this
10 subsection shall be adjusted by multiplying that amount per
11 membership pupil by the number of hours of pupil instruction
12 provided by the public school academy after it begins operations,
13 as determined by the department, divided by the minimum number of
14 hours of pupil instruction required under section 101(3). The
15 result of this calculation shall not exceed the amount per
16 membership pupil otherwise calculated under this subsection.

17 ~~—— (7) If more than 25% of the pupils residing within a district~~
18 ~~are in membership in 1 or more public school academies located in~~
19 ~~the district, then the amount per membership pupil calculated under~~
20 ~~this section for a public school academy located in the district~~
21 ~~shall be reduced by an amount equal to the difference between the~~
22 ~~sum of the product of the taxable value per membership pupil of all~~
23 ~~property in the district that is nonexempt property times the~~
24 ~~district's certified mills and, for a district with certified mills~~
25 ~~exceeding 12, the product of the taxable value per membership pupil~~
26 ~~of property in the district that is commercial personal property~~
27 ~~times the certified mills minus 12 mills and the quotient of the ad~~

~~valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this article, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.~~

(7) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR PUPILS ATTENDING AN ACHIEVEMENT SCHOOL AND IN MEMBERSHIP IN THE EDUCATION ACHIEVEMENT SYSTEM, OTHER THAN SPECIAL EDUCATION PUPILS, THE ALLOCATION CALCULATED UNDER THIS SECTION IS AN AMOUNT PER MEMBERSHIP PUPIL OTHER THAN SPECIAL EDUCATION PUPILS EQUAL TO THE FOUNDATION ALLOWANCE OF THE DISTRICT IN WHICH THE ACHIEVEMENT SCHOOL IS LOCATED, NOT TO EXCEED THE BASIC FOUNDATION ALLOWANCE. NOTWITHSTANDING SECTION 101, FOR AN ACHIEVEMENT SCHOOL THAT BEGINS OPERATION AFTER THE PUPIL MEMBERSHIP COUNT DAY, THE AMOUNT PER MEMBERSHIP PUPIL CALCULATED UNDER THIS SUBSECTION SHALL BE ADJUSTED BY MULTIPLYING THAT AMOUNT PER MEMBERSHIP PUPIL BY THE NUMBER OF HOURS OF PUPIL INSTRUCTION PROVIDED BY THE ACHIEVEMENT SCHOOL AFTER IT BEGINS OPERATIONS, AS DETERMINED BY THE DEPARTMENT, DIVIDED BY

1 THE MINIMUM NUMBER OF HOURS OF PUPIL INSTRUCTION REQUIRED UNDER
2 SECTION 101(3). THE RESULT OF THIS CALCULATION SHALL NOT EXCEED THE
3 AMOUNT PER MEMBERSHIP PUPIL OTHERWISE CALCULATED UNDER THIS
4 SUBSECTION. FOR THE PURPOSES OF THIS SUBSECTION, IF A PUBLIC SCHOOL
5 IS TRANSFERRED FROM A DISTRICT TO THE STATE SCHOOL REFORM/REDESIGN
6 DISTRICT OR THE ACHIEVEMENT AUTHORITY UNDER SECTION 1280C OF THE
7 REVISED SCHOOL CODE, THAT PUBLIC SCHOOL IS CONSIDERED TO BE AN
8 ACHIEVEMENT SCHOOL WITHIN THE EDUCATION ACHIEVEMENT SYSTEM AND NOT
9 A SCHOOL THAT IS PART OF A DISTRICT, AND A PUPIL ATTENDING THAT
10 PUBLIC SCHOOL IS CONSIDERED TO BE IN MEMBERSHIP IN THE EDUCATION
11 ACHIEVEMENT SYSTEM AND NOT IN MEMBERSHIP IN THE DISTRICT THAT
12 OPERATED THE SCHOOL BEFORE THE TRANSFER.

13 (8) Subject to subsection (4), for a district that is formed
14 or reconfigured after June 1, 2002 by consolidation of 2 or more
15 districts or by annexation, the resulting district's foundation
16 allowance under this section beginning after the effective date of
17 the consolidation or annexation shall be the average of the
18 foundation allowances of each of the original or affected
19 districts, calculated as provided in this section, weighted as to
20 the percentage of pupils in total membership in the resulting
21 district who reside in the geographic area of each of the original
22 or affected districts.

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

27 (10) State payments related to payment of the foundation

1 allowance for a special education pupil are not calculated under
2 this section but are instead calculated under section 51a.

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

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

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

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

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

18 ~~—— (12) If the principals at the revenue estimating conference~~
 19 ~~reach a consensus on the index described in subsection (11)(c), the~~
 20 ~~lowest foundation allowance among all districts for the subsequent~~
 21 ~~state fiscal year shall be at least the amount of that consensus~~
 22 ~~index multiplied by the lowest foundation allowance among all~~
 23 ~~districts for the immediately preceding state fiscal year.~~

24 **(12)** ~~(13)~~ For a district in which 7.75 mills levied in 1992
 25 for school operating purposes in the 1992-93 school year were not
 26 renewed in 1993 for school operating purposes in the 1993-94 school
 27 year, the district's combined state and local revenue per

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

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

26 (14) ~~(15)~~—For a district that received a grant under former
27 section 32e for 2001-2002, the district's foundation allowance for

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

1 purposes identified in the plan are reasonably designed to reduce
2 class size. If the department does not act to approve or disapprove
3 an application within 30 days after it is submitted to the
4 department, the application is considered to be approved. If an
5 application for flexibility in using the funds is approved, the
6 district may use the funds identified in the application for any
7 purpose identified in the plan. A district receiving an adjustment
8 under this subsection shall not receive as a result of this
9 adjustment an amount that exceeds 68.5% of the amount the district
10 received as a result of this adjustment for 2010-2011. ~~This~~
11 ~~adjustment shall not be made after 2011-2012.~~

12 (15) ~~(16)~~ For a district that levied 1.9 mills in 1993 to
13 finance an operating deficit, the district's foundation allowance
14 shall be calculated as if those mills were included as operating
15 mills in the calculation of the district's 1994-1995 foundation
16 allowance. A district is not entitled to any retroactive payments
17 for fiscal years before 2006-2007 due to this subsection. A
18 district receiving an adjustment under this subsection shall not
19 receive more than \$800,000.00 for a fiscal year as a result of this
20 adjustment. A district receiving an adjustment under this
21 subsection shall not receive as a result of this adjustment an
22 amount that exceeds 50% of the amount the district received as a
23 result of this adjustment for 2010-2011. This adjustment shall not
24 be made after 2011-2012.

25 (16) ~~(17)~~ For a district that levied 2.23 mills in 1993 to
26 finance an operating deficit, the district's foundation allowance
27 shall be calculated as if those mills were included as operating

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

11 (17) ~~(18)~~ Payments to districts, ~~university schools, or public~~
 12 school academies, **OR THE EDUCATION ACHIEVEMENT SYSTEM** shall not be
 13 made under this section. Rather, the calculations under this
 14 section shall be used to determine the amount of state payments
 15 under section 22b.

16 (18) ~~(19)~~ If an amendment to section 2 of article VIII of the
 17 state constitution of 1963 allowing state aid to some or all
 18 nonpublic schools is approved by the voters of this state, each
 19 foundation allowance or per pupil payment calculation under this
 20 section may be reduced.

21 (19) ~~(20)~~ As used in this section:

22 (a) "Certified mills" means the lesser of 18 mills or the
 23 number of mills of school operating taxes levied by the district in
 24 1993-94.

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

1 operating revenue.

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

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

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

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

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

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

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

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

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

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

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

25 (m) "School operating taxes" means local ad valorem property
26 taxes levied under section 1211 of the revised school code, MCL
27 380.1211, and retained for school operating purposes.

1 (n) "Tax increment financing acts" means 1975 PA 197, MCL
2 125.1651 to 125.1681, the tax increment finance authority act, 1980
3 PA 450, MCL 125.1801 to 125.1830, the local development financing
4 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
5 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
6 or the corridor improvement authority act, 2005 PA 280, MCL
7 125.2871 to 125.2899.

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

13 Sec. 20d. In making the final determination required under
14 former section 20a of a district's combined state and local revenue
15 per membership pupil in 1993-94 and in making calculations under
16 section 20 for ~~2011-2012~~, **2012-2013**, the department and the
17 department of treasury shall comply with all of the following:

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

1 district's combined state and local revenue per membership pupil in
2 the 1994-95 state fiscal year and the department of treasury shall
3 make a final certification of the number of mills that may be
4 levied by the district under section 1211 of the revised school
5 code, MCL 380.1211, as a result of the adjustment under this
6 subdivision.

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

24 Sec. 22a. (1) From the appropriation in section 11, there is
25 allocated an amount not to exceed ~~\$5,769,000,000.00~~
26 **\$5,776,000,000.00** for 2011-2012 **AND THERE IS ALLOCATED AN AMOUNT**
27 **NOT TO EXCEED \$5,712,000,000.00 FOR 2012-2013** for payments to

1 districts ~~, qualifying university schools,~~ and qualifying public
2 school academies to guarantee each district ~~, qualifying university~~
3 ~~school,~~ and qualifying public school academy an amount equal to its
4 1994-95 total state and local per pupil revenue for school
5 operating purposes under section 11 of article IX of the state
6 constitution of 1963. Pursuant to section 11 of article IX of the
7 state constitution of 1963, this guarantee does not apply to a
8 district in a year in which the district levies a millage rate for
9 school district operating purposes less than it levied in 1994.

10 However, subsection (2) applies to calculating the payments under
11 this section. Funds allocated under this section that are not
12 expended in the state fiscal year for which they were allocated, as
13 determined by the department, may be used to supplement the
14 allocations under sections 22b and 51c in order to fully fund those
15 calculated allocations for the same fiscal year.

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

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

1 12, the product of the taxable value per membership pupil of
2 property in the district that is commercial personal property times
3 the certified mills minus 12 mills and the quotient of the ad
4 valorem property tax revenue of the district captured under tax
5 increment financing acts divided by the district's membership. For
6 a district that has a millage reduction required under section 31
7 of article IX of the state constitution of 1963, the state portion
8 of the district's foundation allowance shall be calculated as if
9 that reduction did not occur.

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

26 (3) Beginning in 2003-2004, for pupils in membership in a
27 qualifying public school academy, ~~or qualifying university school,~~

1 there is allocated under this section to the authorizing body that
2 is the fiscal agent for the qualifying public school academy for
3 forwarding to the qualifying public school academy ~~, or to the~~
4 ~~board of the public university operating the qualifying university~~
5 ~~school,~~ an amount equal to the 1994-95 per pupil payment to the
6 qualifying public school academy ~~or qualifying university school~~
7 under section 20.

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

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

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

12 (a) To be eligible for a payment under this subsection, a
13 district shall be determined by the department and the department
14 of treasury to meet all of the following:

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

17 (ii) Before January 1, 2011, the owner of a natural-gas-powered
18 power plant located in a renaissance zone within the district's
19 geographic boundaries for 2009 and 2010 appealed to the Michigan
20 tax tribunal an order of the state tax commission for tax years
21 2009 and 2010 pursuant to section 154 of the general property tax
22 act, 1893 PA 206, MCL 211.154, and appealed to the state tax
23 commission the 2011 classification and valuation of the power
24 plant.

25 (iii) The district received a reduced amount of local school
26 operating revenue for tax years 2009, 2010, and 2011 as a result of
27 the exemptions of industrial personal property and commercial

1 personal property under section 1211 of the revised school code,
2 MCL 380.1211.

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

7 (b) A payment made under this subsection shall be in addition
8 to renaissance zone reimbursement amounts paid in the 2009-2010 and
9 2010-2011 state fiscal years under section 26a to districts
10 eligible for payment under this subsection. The 2009-2010 and 2010-
11 2011 state fiscal year payments under section 26a to a district
12 receiving a payment under this subsection shall not be reduced as a
13 result of the reduction to the district's 2009 and 2010 taxable
14 value of real property under the appeals described in subdivision
15 (a) (ii) .

16 (7) As used in this section:

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

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

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

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

1 district's 1994-95 hold harmless millage by the district's current
2 year taxable value per membership pupil.

3 (e) "Hold harmless millage" means, for a district with a 1994-
4 95 foundation allowance greater than \$6,500.00, the number of mills
5 by which the exemption from the levy of school operating taxes on a
6 homestead, qualified agricultural property, qualified forest
7 property, supportive housing property, industrial personal
8 property, and commercial personal property could be reduced as
9 provided in section 1211 of the revised school code, MCL 380.1211,
10 and the number of mills of school operating taxes that could be
11 levied on all property as provided in section 1211(2) of the
12 revised school code, MCL 380.1211, as certified by the department
13 of treasury for the 1994 tax year.

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

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

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

26 (i) "Qualifying public school academy" means a public school
27 academy that was in operation in the 1994-95 school year and is in

operation in the current state fiscal year.

~~—— (j) "Qualifying university school" means a university school that was in operation in the 1994-95 school year and is in operation in the current fiscal year.~~

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

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

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

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

(ii) For the number of mills of school operating taxes that may

1 be levied on all property as provided in section 1211(2) of the
2 revised school code, MCL 380.1211, the taxable value of all
3 property for the calendar year ending in the current state fiscal
4 year.

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

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

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

22 (a) Administer in each grade level that it operates in grades
23 1 to 5 a standardized assessment approved by the department of
24 grade-appropriate basic educational skills. A district may use the
25 Michigan literacy progress profile to satisfy this requirement for
26 grades 1 to 3. Also, if the revised school code is amended to
27 require annual assessments at additional grade levels, in order to

1 receive an allocation under this section each district shall comply
2 with that requirement.

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

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

8 (d) Comply with section 1230g of the revised school code, MCL
9 380.1230g.

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

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

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

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

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

25 (9) If a claim is made in court that challenges the
26 legislative determination of the adequacy of funding for this
27 state's constitutional obligations or alleges that there exists an

1 unfunded constitutional requirement, any interested party may seek
2 an expedited review of the claim by the local claims review board.
3 If the claim exceeds \$10,000,000.00, this state may remove the
4 action to the court of appeals, and the court of appeals shall have
5 and shall exercise jurisdiction over the claim.

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

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

1 funds is challenged in the lawsuit. As used in this subsection,
2 "title XIX" means title XIX of the social security act, 42 USC 1396
3 to 1396v.

4 (12) NOT LATER THAN JANUARY 1, 2013, THE DEPARTMENT SHALL
5 SUBMIT A REPORT TO THE LEGISLATURE IDENTIFYING THE AMOUNT OF THE
6 SAVINGS THAT THE DEPARTMENT HAS CALCULATED AS HAVING BEEN ACHIEVED
7 DUE TO THE REVISED NUMBER OF INSTRUCTIONAL HOURS USED TO CALCULATE
8 FULL-TIME EQUATED MEMBERSHIPS FOR KINDERGARTEN PUPILS UNDER SECTION
9 6(4)(R) AS AMENDED BY 2011 PA 62.

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

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

18 (a) Operates grades K to 12.

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

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

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

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

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

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

15 (4) Subject to subsection (6), from the allocation in
16 subsection (1), there is allocated **EACH FISCAL YEAR** for 2011-2012
17 **AND FOR 2012-2013** an amount not to exceed \$1,275,000.00 for
18 payments under this subsection to districts that meet all of the
19 following:

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

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

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

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

Sec. 22f. (1) From the appropriation in section 11, there is allocated for ~~2011-2012 only~~ **2012-2013** an amount not to exceed ~~\$154,000,000.00~~ **\$80,000,000.00** to provide incentive payments to districts that meet ~~financial~~ best practices under this section.

~~The money allocated in this section represents a portion of the year-end state school aid fund balance for 2010-2011.~~ **PAYMENTS**

RECEIVED UNDER THIS SECTION MAY BE USED FOR ANY PURPOSE FOR WHICH PAYMENTS UNDER SECTIONS 22A AND 22B MAY BE USED.

(2) The amount of the incentive payment **UNDER THIS SECTION** is an amount equal to ~~\$100.00~~ **\$52.00** per pupil. A district shall receive an incentive payment under this section if the district satisfies at least ~~4~~ **7** of the following requirements not later than June 1, ~~2012~~ **2013**:

~~—— (a) If a district provides medical, pharmacy, dental, vision, disability, long-term care, or any other type of benefit that would constitute a health care services benefit, to employees and their dependents, the district does not pay on behalf of any employee a total amount that is greater than the state maximum allowable employer contribution for health care services benefits, as described in subsection (3), depending on the coverage option.~~

(A) ~~(b)~~ If a district provides medical, pharmacy, dental, vision, disability, long-term care, or any other type of benefit that would constitute a health care services benefit, to employees and their dependents, the district is the policyholder for each of its insurance policies that covers 1 or more of these benefits. A

1 district that does not directly employ its staff is considered to
2 have satisfied this requirement.

3 ~~—— (c) If a district did not enter into an agreement with the~~
4 ~~department to develop a service consolidation plan to reduce school~~
5 ~~operating costs under former section 11d as it was in effect for~~
6 ~~2010-2011, the district enters into an agreement with the~~
7 ~~department to develop a service consolidation plan that is in~~
8 ~~compliance with department guidelines described in subsection (2).~~
9 ~~If a district entered into an agreement with the department to~~
10 ~~develop a service consolidation plan under former section 11d, the~~
11 ~~district continues to implement that plan and report to the~~
12 ~~department not later than February 1 of each fiscal year the~~
13 ~~district's progress in implementing that plan.~~

14 (B) ~~(d)~~ The district has obtained competitive bids on the
15 provision of pupil transportation, food service, custodial, or 1 or
16 more other noninstructional services with a value of at least
17 ~~\$50,000.00.~~ **FOR 2012-2013.**

18 (C) **THE DISTRICT ACCEPTS APPLICATIONS FOR ENROLLMENT BY**
19 **NONRESIDENT APPLICANTS UNDER SECTION 105 OR 105C. A PUBLIC SCHOOL**
20 **ACADEMY IS CONSIDERED TO HAVE MET THIS REQUIREMENT.**

21 (D) **THE DISTRICT MONITORS INDIVIDUAL PUPIL ACADEMIC GROWTH IN**
22 **EACH SUBJECT AREA AT LEAST TWICE DURING THE SCHOOL YEAR USING**
23 **COMPETENCY-BASED ONLINE ASSESSMENTS AND REPORTS THOSE RESULTS TO**
24 **THE PUPIL AND HIS OR HER PARENT OR GUARDIAN, OR PROVIDES THE**
25 **DEPARTMENT WITH A PLAN AND IS ABLE TO SHOW PROGRESS TOWARD**
26 **DEVELOPING THE TECHNOLOGY INFRASTRUCTURE NECESSARY FOR THE**
27 **IMPLEMENTATION OF PUPIL ACADEMIC GROWTH ASSESSMENTS BY 2014-2015.**

1 (E) THE DISTRICT SUPPORTS OPPORTUNITIES FOR PUPILS TO RECEIVE
2 POSTSECONDARY CREDIT WHILE ATTENDING SECONDARY SCHOOL, BY DOING AT
3 LEAST 1 OF THE FOLLOWING, AND MAKES ALL ELIGIBLE PUPILS AND THEIR
4 PARENTS OR GUARDIANS AWARE OF THESE OPPORTUNITIES:

5 (i) SUPPORTS ATTENDANCE OF DISTRICT PUPILS UNDER THE
6 POSTSECONDARY ENROLLMENT OPERATIONS ACT, MCL 388.511 TO 388.524, OR
7 UNDER THE CAREER AND TECHNICAL PREPARATION ACT, MCL 388.1901 TO
8 388.1913, CONSISTENT WITH PROVISIONS UNDER SECTION 21B.

9 (ii) OFFERS COLLEGE-LEVEL EQUIVALENT COURSES, AS DEFINED IN
10 SECTION 1471 OF THE REVISED SCHOOL CODE, MCL 380.1471.

11 (iii) PARTICIPATES IN A MIDDLE COLLEGE. FOR THE PURPOSES OF THIS
12 SUBPARAGRAPH, "MIDDLE COLLEGE" MEANS A SERIES OF COURSES AND OTHER
13 REQUIREMENTS AND CONDITIONS THAT ALLOW A PUPIL TO GRADUATE WITH A
14 HIGH SCHOOL DIPLOMA AND A CERTIFICATE OR DEGREE FROM A COMMUNITY
15 COLLEGE OR STATE PUBLIC UNIVERSITY.

16 (iv) PROVIDES OTHER OPPORTUNITIES TO PUPILS THAT ALLOW THOSE
17 PUPILS TO GRADUATE WITH A HIGH SCHOOL DIPLOMA AND ALSO COMPLETE
18 COURSEWORK THAT A POSTSECONDARY INSTITUTION NORMALLY APPLIES TOWARD
19 SATISFACTION OF DEGREE REQUIREMENTS.

20 (v) IF A DISTRICT DOES NOT OFFER ANY HIGH SCHOOL GRADES, THE
21 DISTRICT INFORMS ALL PUPILS AND PARENTS OF THE OPPORTUNITIES THAT
22 ARE AVAILABLE FOR POSTSECONDARY OPTIONS DURING HIGH SCHOOL.

23 (F) THE DISTRICT OFFERS ONLINE INSTRUCTIONAL PROGRAMS OR
24 BLENDED LEARNING OPPORTUNITIES TO ALL ELIGIBLE PUPILS. IN ORDER TO
25 SATISFY THIS REQUIREMENT, DISTRICTS MUST MAKE ALL ELIGIBLE PUPILS
26 AND THEIR PARENTS OR GUARDIANS AWARE OF THESE OPPORTUNITIES. FOR
27 THE PURPOSES OF THIS SUBDIVISION:

1 (i) "BLENDED LEARNING" MEANS A HYBRID INSTRUCTIONAL DELIVERY
2 MODEL WHERE PUPILS ARE PROVIDED FACE-TO-FACE INSTRUCTION, IN PART
3 AT A SUPERVISED SCHOOL FACILITY AWAY FROM HOME AND PARTIALLY
4 THROUGH COMPUTER-BASED AND INTERNET-CONNECTED LEARNING ENVIRONMENTS
5 WITH SOME DEGREE OF PUPIL CONTROL OVER TIME, LOCATION, AND PACE OF
6 INSTRUCTION.

7 (ii) "ONLINE INSTRUCTIONAL PROGRAM" MEANS A COURSE OF STUDY
8 THAT GENERATES A CREDIT OR A GRADE, PROVIDED IN AN INTERACTIVE
9 COMPUTER-BASED AND INTERNET-CONNECTED LEARNING ENVIRONMENT, IN
10 WHICH PUPILS ARE SEPARATED FROM THEIR TEACHERS BY TIME OR LOCATION,
11 OR BOTH, AND IN WHICH A MICHIGAN CERTIFICATED TEACHER IS
12 RESPONSIBLE FOR PROVIDING DIRECT INSTRUCTION, DIAGNOSING LEARNING
13 NEEDS, ASSESSING PUPIL LEARNING, PRESCRIBING INTERVENTION
14 STRATEGIES, REPORTING OUTCOMES, AND EVALUATING THE EFFECTS OF
15 INSTRUCTION AND SUPPORT STRATEGIES.

16 (G) ~~(e)~~—The district provides to parents and community members
17 a dashboard or report card demonstrating the district's efforts to
18 manage its finances responsibly. The dashboard or report card shall
19 include at least all of the following for the 3 most recent school
20 years for which the data are available:

21 (i) Graduation and dropout rates.

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

23 (iii) College readiness as measured by Michigan merit
24 examination test scores.

25 (iv) Elementary and middle school MEAP scores.

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

1 (vi) General fund balance.

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

3 (H) THE DISTRICT PROVIDES PHYSICAL EDUCATION CONSISTENT WITH
4 THE STATE BOARD'S POLICY ON QUALITY PHYSICAL EDUCATION ADOPTED
5 SEPTEMBER 25, 2003, OR PROVIDES HEALTH EDUCATION CONSISTENT WITH
6 THE STATE BOARD'S POLICY ON COMPREHENSIVE SCHOOL HEALTH EDUCATION
7 ADOPTED JUNE 8, 2004.

8 ~~—— (2) The department shall maintain the guidelines for the~~
9 ~~service consolidation plans that were developed for former section~~
10 ~~11d as it was in effect for 2010-2011. The guidelines may identify,~~
11 ~~but are not limited to, allowable cost sharing arrangements for the~~
12 ~~provision of noninstructional and instructional services and the~~
13 ~~creation of joint operating agreements between and among districts,~~
14 ~~intermediate districts, and other units of local government. The~~
15 ~~department shall create benchmarks to measure success in~~
16 ~~implementing service consolidation plans, including, but not~~
17 ~~limited to, demonstrated cost reductions and efficiency. In~~
18 ~~determining eligibility for incentive payments, the department~~
19 ~~shall recognize service consolidation and cooperation and cost~~
20 ~~reductions already in effect as well as continued progress.~~

21 ~~—— (3) For the purposes of this section, the state maximum~~
22 ~~allowable employer contribution on behalf of any employee is an~~
23 ~~amount equal to 90% of the combined total costs for the employee~~
24 ~~for the school fiscal year for medical, pharmacy, dental, vision,~~
25 ~~disability, long term care, or any other type of benefit that would~~
26 ~~constitute a health care services benefit for each of the following~~
27 ~~coverage options.~~

~~1 (a) Employee only coverage.~~

~~2 (b) Employee and spouse coverage.~~

~~3 (c) Employee and children coverage.~~

~~4 (d) Full family coverage.~~

~~5 (4) A district that accepts funds allocated under this section
6 acknowledges that the incentive payment under this section is for
7 2011-2012 only and that funds will not be appropriated for the
8 purposes of this section for subsequent fiscal years.~~

9 (3) ~~(5)~~ If the department determines that a district has
10 intentionally submitted false information in order to qualify for
11 an incentive payment under this section, the district forfeits an
12 amount equal to the amount it received under this section from its
13 total state school aid for ~~2012-2013-2013-2014~~.

14 (4) IF THE DEPARTMENT DETERMINES THAT FUNDS ALLOCATED UNDER
15 THIS SECTION WILL REMAIN UNEXPENDED AFTER THE INITIAL ALLOCATION OF
16 \$52.00 PER PUPIL TO ELIGIBLE DISTRICTS UNDER SUBSECTION (2), THE
17 REMAINING UNEXPENDED AMOUNT IS ALLOCATED ON AN EQUAL PER PUPIL
18 BASIS TO DISTRICTS THAT MEET THE REQUIREMENTS OF SUBSECTION (2) AND
19 THAT HAVE A FOUNDATION ALLOWANCE, AS CALCULATED UNDER SECTION 20,
20 IN AN AMOUNT THAT IS LESS THAN THE BASIC FOUNDATION ALLOWANCE UNDER
21 THAT SECTION.

22 SEC. 22G. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE
23 IS ALLOCATED FOR 2012-2013 ONLY AN AMOUNT NOT TO EXCEED
24 \$10,000,000.00 FOR COMPETITIVE ASSISTANCE GRANTS TO DISTRICTS AND
25 INTERMEDIATE DISTRICTS. MONEY ALLOCATED IN THIS SECTION REPRESENTS
26 A PORTION OF THE YEAR-END STATE SCHOOL AID FUND BALANCE FOR 2011-
27 2012.

1 (2) FUNDS RECEIVED UNDER THIS SECTION MAY BE USED FOR
2 REIMBURSEMENT OF TRANSITION COSTS ASSOCIATED WITH THE CONSOLIDATION
3 OF OPERATIONS OR SERVICES BETWEEN 2 OR MORE DISTRICTS, INTERMEDIATE
4 DISTRICTS, OR OTHER LOCAL UNITS OF GOVERNMENT OR THE CONSOLIDATION
5 OF DISTRICTS OR INTERMEDIATE DISTRICTS. GRANT FUNDING SHALL BE
6 AVAILABLE FOR CONSOLIDATIONS THAT OCCUR ON OR AFTER JUNE 1, 2012.
7 THE DEPARTMENT SHALL DEVELOP AN APPLICATION PROCESS AND METHOD OF
8 GRANT DISTRIBUTION. HOWEVER, A DISTRICT OR INTERMEDIATE DISTRICT IS
9 NOT ELIGIBLE TO RECEIVE FUNDING UNDER THIS SECTION IF THE DISTRICT
10 OR INTERMEDIATE DISTRICT RECEIVES A GRANT FROM THE COMPETITIVE
11 GRANT ASSISTANCE PROGRAM IN THE DEPARTMENT OF TREASURY
12 APPROPRIATIONS FOR 2012-2013 UNDER SECTION 951 OF SENATE BILL NO.
13 954 OF THE 96TH LEGISLATURE.

14 SEC. 22I. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE
15 IS ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$50,000,000.00
16 FOR TECHNOLOGY INFRASTRUCTURE GRANTS TO DISTRICTS OR TO
17 INTERMEDIATE DISTRICTS ON BEHALF OF THEIR CONSTITUENT DISTRICTS.
18 FUNDS RECEIVED UNDER THIS SECTION SHALL BE USED FOR ACCESS TO A
19 COMPUTER-ADAPTIVE TEST OR FOR THE DEVELOPMENT OR IMPROVEMENT OF A
20 DISTRICT'S TECHNOLOGY INFRASTRUCTURE, INCLUDING, BUT NOT LIMITED
21 TO, HARDWARE AND SOFTWARE, IN PREPARATION FOR THE PLANNED
22 IMPLEMENTATION IN 2014-2015 OF ONLINE GROWTH ASSESSMENTS.

23 (2) THE DEPARTMENT SHALL DEVELOP A COMPETITIVE APPLICATION
24 PROCESS AND METHOD OF GRANT DISTRIBUTION. THE DEPARTMENT MAY
25 CONSULT WITH THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
26 DURING THE GRANT PROCESS AND GRANT DISTRIBUTION. GRANTS TO
27 DISTRICTS SHALL NOT EXCEED \$2,000,000.00 PER DISTRICT. A GRANT TO

1 AN INTERMEDIATE DISTRICT ON BEHALF OF ITS CONSTITUENT DISTRICTS
2 SHALL NOT EXCEED \$2,000,000.00 PER CONSTITUENT DISTRICT. TO RECEIVE
3 A GRANT UNDER THIS SECTION, AN INTERMEDIATE DISTRICT SHALL
4 DEMONSTRATE THAT A GRANT AWARDED TO THE INTERMEDIATE DISTRICT ON
5 BEHALF OF ITS CONSTITUENT DISTRICTS WOULD PROVIDE SAVINGS COMPARED
6 TO PROVIDING GRANTS TO INDIVIDUAL DISTRICTS.

7 SEC. 22J. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
8 ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$30,000,000.00 TO
9 PROVIDE SEPARATE INCENTIVE PAYMENTS TO DISTRICTS THAT MEET STUDENT
10 ACADEMIC PERFORMANCE FUNDING GOALS UNDER SUBSECTIONS (2) TO (5).
11 PAYMENTS RECEIVED UNDER THIS SECTION MAY BE USED FOR ANY PURPOSE
12 FOR WHICH PAYMENTS UNDER SECTIONS 22A AND 22B MAY BE USED.

13 (2) THE MAXIMUM AMOUNT OF THE INCENTIVE PAYMENT FOR STUDENT
14 ACADEMIC PERFORMANCE IS AN AMOUNT EQUAL TO \$100.00 PER PUPIL.
15 PAYMENTS CALCULATED AND AWARDED TO QUALIFYING DISTRICTS UNDER
16 SUBSECTIONS (3) TO (5) SHALL BE CALCULATED AND AWARDED SEPARATELY,
17 AND A DISTRICT MAY RECEIVE A PAYMENT UNDER ANY OR ALL OF
18 SUBSECTIONS (3) TO (5).

19 (3) AN AMOUNT NOT TO EXCEED 30% OF THE MAXIMUM PER PUPIL
20 AMOUNT ALLOCATED UNDER SUBSECTION (2) SHALL BE USED TO MAKE
21 PERFORMANCE INCENTIVE PAYMENTS TO QUALIFYING DISTRICTS UNDER THIS
22 SUBSECTION BASED ON PUPIL PERFORMANCE ON STATE ASSESSMENTS IN
23 MATHEMATICS IN GRADES 3 TO 8. THE AMOUNT OF A PAYMENT UNDER THIS
24 SUBSECTION IS AN AMOUNT EQUAL TO \$30.00 PER PUPIL FOR ALL PUPILS IN
25 MEMBERSHIP IN A QUALIFYING DISTRICT. THE DEPARTMENT SHALL DETERMINE
26 THE QUALIFYING DISTRICTS UNDER THIS SUBSECTION AS FOLLOWS:

27 (A) USING A MODEL DETERMINED BY THE DEPARTMENT THAT

1 INCORPORATES THE MOST RECENT CUT SCORES ADOPTED FOR THE MICHIGAN
2 EDUCATIONAL ASSESSMENT PROGRAM FOR EACH PUPIL IN GRADES 3 TO 8 IN
3 THE 2010-2011 SCHOOL YEAR, THE DEPARTMENT SHALL CALCULATE A POINT
4 SCORE USING A METRIC THAT ASSIGNS POINTS TO EACH OF THOSE PUPILS AS
5 FOLLOWS:

6 (i) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR NOT PERFORMING
7 PROFICIENTLY IN MATHEMATICS AND WHO DECLINES IN PROFICIENCY, AS
8 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 0 POINTS.

9 (ii) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR PERFORMING
10 PROFICIENTLY IN MATHEMATICS AND DECLINES IN PROFICIENCY, AS
11 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 0 POINTS.

12 (iii) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR NOT PERFORMING
13 PROFICIENTLY IN MATHEMATICS AND WHO MAINTAINS HIS OR HER LEVEL OF
14 PROFICIENCY, AS DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR,
15 1 POINT.

16 (iv) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR PERFORMING
17 PROFICIENTLY IN MATHEMATICS AND WHO MAINTAINS HIS OR HER LEVEL OF
18 PROFICIENCY, AS DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR,
19 2 POINTS.

20 (v) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR NOT PERFORMING
21 PROFICIENTLY IN MATHEMATICS AND WHO IMPROVES IN PROFICIENCY, AS
22 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 3 POINTS.

23 (vi) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR PERFORMING
24 PROFICIENTLY IN MATHEMATICS AND WHO IMPROVES IN PROFICIENCY, AS
25 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 2 POINTS.

26 (B) THE DEPARTMENT SHALL THEN CALCULATE A DISTRICT AVERAGE FOR
27 THIS METRIC FOR THE 2010-2011 SCHOOL YEAR BY TOTALING THE NUMBER OF

1 POINTS FOR ALL PUPILS IN GRADES 3 TO 8 UNDER SUBDIVISION (A) AND
2 DIVIDING THAT TOTAL BY THE NUMBER OF THOSE PUPILS.

3 (C) A DISTRICT IS A QUALIFYING DISTRICT FOR THE PAYMENT UNDER
4 THIS SUBSECTION IF THE DISTRICT AVERAGE FOR THE 2010-2011 SCHOOL
5 YEAR UNDER SUBDIVISION (B) IS AT LEAST EQUAL TO A FACTOR OF 1.5,
6 AND THE DISTRICT TESTED AT LEAST 95% OF ITS PUPILS IN MATHEMATICS,
7 AND THE DISTRICT HAD AT LEAST 30 FULL ACADEMIC YEAR PUPILS IN
8 GRADES 3 TO 8 WITH A PERFORMANCE LEVEL CHANGE DESIGNATION IN
9 MATHEMATICS.

10 (4) 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 READING 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 THE DISTRICT. THE DEPARTMENT SHALL DETERMINE THE
17 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 SCHOOL YEAR, THE DEPARTMENT SHALL CALCULATE A POINT
22 SCORE USING A METRIC THAT ASSIGNS POINTS TO EACH OF THOSE PUPILS AS
23 FOLLOWS:

24 (i) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR NOT PERFORMING
25 PROFICIENTLY IN READING 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 READING AND DECLINES IN PROFICIENCY, AS DETERMINED
2 BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 0 POINTS.

3 (iii) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR NOT PERFORMING
4 PROFICIENTLY IN READING AND WHO MAINTAINS PROFICIENCY, AS
5 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 1 POINT.

6 (iv) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR PERFORMING
7 PROFICIENTLY IN READING AND WHO MAINTAINS PROFICIENCY, AS
8 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 2 POINTS.

9 (v) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR NOT PERFORMING
10 PROFICIENTLY IN READING AND WHO IMPROVES IN PROFICIENCY, AS
11 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 3 POINTS.

12 (vi) FOR EACH PUPIL WHO BEGAN THE SCHOOL YEAR PERFORMING
13 PROFICIENTLY IN READING AND WHO IMPROVES IN PROFICIENCY, AS
14 DETERMINED BY THE DEPARTMENT, OVER THE SCHOOL YEAR, 2 POINTS.

15 (B) THE DEPARTMENT SHALL THEN CALCULATE A DISTRICT AVERAGE FOR
16 THIS METRIC FOR THE 2010-2011 SCHOOL YEAR BY TOTALING THE NUMBER OF
17 POINTS FOR ALL PUPILS IN GRADES 3 TO 8 UNDER SUBDIVISION (A) AND
18 DIVIDING THAT TOTAL BY THE NUMBER OF THOSE PUPILS.

19 (C) A DISTRICT IS A QUALIFYING DISTRICT FOR THE PAYMENT UNDER
20 THIS SUBSECTION IF THE DISTRICT AVERAGE FOR THE 2010-2011 SCHOOL
21 YEAR UNDER SUBDIVISION (B) IS AT LEAST EQUAL TO A FACTOR OF 1.5,
22 AND THE DISTRICT TESTED AT LEAST 95% OF ITS PUPILS IN READING, AND
23 THE DISTRICT HAD AT LEAST 30 FULL ACADEMIC YEAR PUPILS IN GRADES 3
24 TO 8 READING WITH A PERFORMANCE LEVEL CHANGE DESIGNATION IN
25 READING.

26 (5) AN AMOUNT NOT TO EXCEED 40% OF THE MAXIMUM PER PUPIL
27 AMOUNT ALLOCATED UNDER SUBSECTION (2) SHALL BE USED TO MAKE

1 PERFORMANCE INCENTIVE PAYMENTS TO QUALIFYING DISTRICTS UNDER THIS
2 SUBSECTION FOR HIGH SCHOOL IMPROVEMENT USING A METRIC BASED ON THE
3 POSITIVE TREND OVER A 4-YEAR PERIOD IN THE PERCENTAGE OF HIGH
4 SCHOOL PUPILS IN THE DISTRICT TESTING AS PROFICIENT IN ALL TESTED
5 SUBJECT AREAS ON THE STATE ASSESSMENTS OF HIGH SCHOOL PUPILS. THE
6 AMOUNT OF A PAYMENT UNDER THIS SUBSECTION IS AN AMOUNT EQUAL TO
7 \$40.00 PER PUPIL FOR ALL PUPILS IN MEMBERSHIP IN THE DISTRICT. THE
8 DEPARTMENT SHALL DETERMINE THE QUALIFYING DISTRICTS UNDER THIS
9 SUBSECTION AS FOLLOWS:

10 (A) CALCULATE A LINEAR REGRESSION OF THE PERCENTAGE OF HIGH
11 SCHOOL PUPILS IN THE DISTRICT TESTING AS PROFICIENT IN ALL TESTED
12 SUBJECT AREAS ON STATE ASSESSMENTS OF HIGH SCHOOL PUPILS ON SCHOOL
13 YEAR OVER THE 4-YEAR PERIOD ENDING WITH THE 2010-2011 SCHOOL YEAR
14 AS ADJUSTED FOR CHANGES IN CUT SCORES MOST RECENTLY ADOPTED FOR THE
15 MICHIGAN MERIT EXAMINATION.

16 (B) CALCULATE A STATEWIDE AVERAGE FOR ALL DISTRICTS OPERATING
17 A HIGH SCHOOL OF THE LINEAR REGRESSION OF THE PERCENTAGE OF HIGH
18 SCHOOL PUPILS TESTING AS PROFICIENT IN ALL TESTED SUBJECT AREAS ON
19 STATE ASSESSMENTS OF HIGH SCHOOL PUPILS ON SCHOOL YEAR OVER THE 4-
20 YEAR PERIOD ENDING WITH THE 2010-2011 SCHOOL YEAR, AS ADJUSTED FOR
21 CHANGES IN CUT SCORES MOST RECENTLY ADOPTED FOR THE MICHIGAN MERIT
22 EXAMINATION AS THE BASE YEAR FOR ALL COMPARISONS.

23 (C) A DISTRICT IS A QUALIFYING DISTRICT FOR THE PAYMENT UNDER
24 THIS SUBSECTION IF THE DISTRICT'S LINEAR REGRESSION OVER THE 4-YEAR
25 PERIOD ENDING WITH THE 2010-2011 SCHOOL YEAR UNDER SUBDIVISION (A)
26 IS AT LEAST EQUAL TO THE STATEWIDE AVERAGE LINEAR REGRESSION OVER
27 THE 4-YEAR PERIOD ENDING WITH THE BASE YEAR UNDER SUBDIVISION (B),

1 AND THE DISTRICT'S LINEAR REGRESSION OVER THE 4-YEAR PERIOD ENDING
2 WITH THE 2011-2012 SCHOOL YEAR UNDER SUBDIVISION (A) IS POSITIVE,
3 AND THE DISTRICT TESTED 95% OF HIGH SCHOOL PUPILS IN EACH TESTED
4 SUBJECT ON THE MICHIGAN MERIT EXAMINATION, AND THE DISTRICT HAD AT
5 LEAST 20 FULL ACADEMIC YEAR PUPILS TAKE ALL TESTED SUBJECTS ON THE
6 MICHIGAN MERIT EXAMINATION OVER EACH OF THE MOST RECENT 4 YEARS.

7 (6) IF THE ALLOCATION UNDER SUBSECTION (1) IS INSUFFICIENT TO
8 FULLY FUND PAYMENTS AS OTHERWISE CALCULATED UNDER THIS SECTION, THE
9 DEPARTMENT SHALL PRORATE PAYMENTS UNDER THIS SECTION ON AN EQUAL
10 PERCENTAGE BASIS.

11 Sec. 24. (1) From the appropriation in section 11, there is
12 allocated for ~~2011-2012-2012-2013~~ an amount not to exceed
13 \$8,000,000.00 for payments to the educating district or
14 intermediate district for educating pupils assigned by a court or
15 the department of human services to reside in or to attend a
16 juvenile detention facility or child caring institution licensed by
17 the department of human services and approved by the department to
18 provide an on-grounds education program. The amount of the payment
19 under this section to a district or intermediate district shall be
20 calculated as prescribed under subsection (2).

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

27 (a) "Added cost" means 100% of the added cost each fiscal year

1 for educating all pupils assigned by a court or the department of
2 human services to reside in or to attend a juvenile detention
3 facility or child caring institution licensed by the department of
4 human services or the department of licensing and regulatory
5 affairs and approved by the department to provide an on-grounds
6 education program. Added cost shall be computed by deducting all
7 other revenue received under this act for pupils described in this
8 section from total costs, as approved by the department, in whole
9 or in part, for educating those pupils in the on-grounds education
10 program or in a program approved by the department that is located
11 on property adjacent to a juvenile detention facility or child
12 caring institution. Costs reimbursed by federal funds are not
13 included.

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

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

1 operated by a district or intermediate district.

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

4 Sec. 24a. From the appropriation in section 11, there is
5 allocated an amount not to exceed ~~\$2,114,800.00 for 2011-2012~~
6 **\$2,135,800.00 FOR 2012-2013** for payments to intermediate districts
7 for pupils who are placed in juvenile justice service facilities
8 operated by the department of human services. Each intermediate
9 district shall receive an amount equal to the state share of those
10 costs that are clearly and directly attributable to the educational
11 programs for pupils placed in facilities described in this section
12 that are located within the intermediate district's boundaries. The
13 intermediate districts receiving payments under this section shall
14 cooperate with the department of human services to ensure that all
15 funding allocated under this section is utilized by the
16 intermediate district and department of human services for
17 educational programs for pupils described in this section. Pupils
18 described in this section are not eligible to be funded under
19 section 24. However, a program responsibility or other fiscal
20 responsibility associated with these pupils shall not be
21 transferred from the department of human services to a district or
22 intermediate district unless the district or intermediate district
23 consents to the transfer.

24 Sec. 24c. From the appropriation in section 11, there is
25 allocated an amount not to exceed ~~\$765,600.00~~ **\$1,500,000.00** for
26 ~~2011-2012-2012-2013~~ for payments to districts for pupils who are
27 enrolled in a nationally administered community-based education and

1 youth mentoring program, known as the youth challenge program, that
2 is located within the district and is administered by the
3 department of military and veterans affairs. Both of the following
4 apply to a district receiving payments under this section:

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

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

12 Sec. 25. ~~(1) If a pupil is enrolled in an alternative~~
13 ~~education program operated by an intermediate district or district~~
14 ~~for the purpose of educating pupils who have been expelled from~~
15 ~~school or referred from the court, and if the pupil is counted in~~
16 ~~membership in another intermediate district or district, the~~
17 ~~intermediate district or district operating the alternative~~
18 ~~education program shall report the enrollment information to the~~
19 ~~department and to the district in which the pupil is counted in~~
20 ~~membership, and the intermediate district or district in which the~~
21 ~~pupil is counted in membership shall pay to the intermediate~~
22 ~~district or district operating the alternative education program an~~
23 ~~amount equal to the amount of the foundation allowance or per pupil~~
24 ~~payment as calculated under section 20 for the intermediate~~
25 ~~district or district in which the pupil is counted in membership,~~
26 ~~prorated according to the number of days of the school year ending~~
27 ~~in the fiscal year the pupil is educated in the alternative~~

~~education program compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the intermediate district or district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If an intermediate district or district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the intermediate district or district for that fiscal year under this act, and shall pay that amount to the intermediate district or district operating the alternative education program. The intermediate district or district in which the pupil is counted in membership and the intermediate district or district operating the alternative education program shall provide to the department all information the department requires to enforce this section.~~

(1) ~~(2)~~ If a pupil is enrolled in a strict discipline academy for pupils who have been expelled or suspended from school or otherwise placed in a strict discipline academy as described in section 1311g of the revised school code, MCL 380.1311g, and if the pupil is counted in membership in another district or intermediate district, ~~the strict discipline academy~~ **IF A PUPIL ENROLLS IN A DISTRICT OR INTERMEDIATE DISTRICT AFTER THE PUPIL MEMBERSHIP COUNT DAY AND, DUE TO THE PUPIL'S ENROLLMENT AND ATTENDANCE STATUS AS OF THE PUPIL MEMBERSHIP COUNT DAY, THE PUPIL WAS NOT COUNTED IN MEMBERSHIP IN THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT, THE**

1 **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT** shall report the
 2 enrollment **AND ATTENDANCE** information to the department. ~~and to the~~
 3 ~~district or intermediate district in which the pupil is counted in~~
 4 ~~membership.~~ **IF THE PUPIL TRANSFERS FROM ANOTHER DISTRICT OR**
 5 **INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT OR INTERMEDIATE**
 6 **DISTRICT ALSO SHALL REPORT THE ENROLLMENT AND ATTENDANCE**
 7 **INFORMATION TO THAT OTHER DISTRICT OR INTERMEDIATE DISTRICT.** Upon
 8 receipt of enrollment information under this subsection indicating
 9 that a pupil has enrolled ~~in a strict discipline academy~~ **AND IS IN**
 10 **ATTENDANCE IN AN EDUCATING DISTRICT OR INTERMEDIATE DISTRICT** as
 11 described in this subsection, the department shall do both of the
 12 following:

13 (a) Adjust the membership calculation for ~~the~~ **EACH** district or
 14 intermediate district in which the pupil was **PREVIOUSLY** counted in
 15 membership **OR THAT PREVIOUSLY RECEIVED AN ADJUSTMENT IN ITS**
 16 **MEMBERSHIP CALCULATION UNDER THIS SECTION DUE TO THE PUPIL'S**
 17 **ENROLLMENT AND ATTENDANCE, IF ANY,** so that the district's or
 18 intermediate district's membership is prorated to allow the
 19 district or intermediate district to receive for each school day in
 20 which the pupil was enrolled **AND IN ATTENDANCE** in the district an
 21 amount equal to 1/180 of the foundation allowance or per pupil
 22 payment as calculated under section 20 for the district or
 23 intermediate district. The foundation allowance or per pupil
 24 payment shall be adjusted by the pupil's full-time equated status
 25 as affected by the membership definition under section 6(4).

26 (b) Include in the **MEMBERSHIP** calculation ~~of state school aid~~
 27 for the ~~strict discipline academy~~ **EDUCATING DISTRICT OR**

1 **INTERMEDIATE DISTRICT** for each school day in which the pupil is
 2 enrolled **AND IS IN ATTENDANCE** in the ~~strict-discipline-academy,~~
 3 **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT**, not to exceed a number
 4 of school days equal to the difference between 180 and the number
 5 of school days in which the pupil was reported under this section
 6 as previously enrolled in 1 or more other districts or intermediate
 7 districts, an amount equal to 1/180 of the **FOUNDATION ALLOWANCE OR**
 8 per pupil payment as calculated under section 20 for the ~~strict~~
 9 ~~discipline-academy.~~ **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT.**

10 The **FOUNDATION ALLOWANCE OR** per pupil payment shall be adjusted by
 11 the pupil's full-time equated status as affected by the membership
 12 definition under section 6(4).

13 (2) ~~(3)~~ The changes in calculation of state school aid
 14 required under subsection ~~(2)~~ **(1)** shall take effect as of the date
 15 that the pupil ~~enrolls in the strict-discipline-academy,~~ **BECOMES**
 16 **ENROLLED AND IN ATTENDANCE IN THE EDUCATING DISTRICT OR**
 17 **INTERMEDIATE DISTRICT**, and the department shall base all subsequent
 18 payments under this act for the fiscal year to the affected
 19 districts or intermediate districts ~~and for the strict-discipline~~
 20 ~~academy, as applicable,~~ on this recalculation of state school aid.

21 (3) ~~(4)~~ If a pupil enrolls in a ~~strict-discipline-academy~~ **AN**
 22 **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT** as described in
 23 subsection ~~(2)~~ **(1)**, if adjustments are made in calculations
 24 pursuant to subsection ~~(2)~~ **(1)** due to that enrollment, and if the
 25 pupil subsequently ceases to be enrolled **AND IN ATTENDANCE** in the
 26 ~~strict-discipline-academy, the strict-discipline-academy~~ **EDUCATING**
 27 **DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT OR**

1 INTERMEDIATE DISTRICT THAT RECEIVED AN ADJUSTMENT IN ITS MEMBERSHIP
 2 CALCULATION UNDER SUBSECTION (1) shall notify the department of the
 3 last date of the pupil's enrollment **AND ATTENDANCE** in the ~~strict~~
 4 ~~discipline academy~~ **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT** and
 5 the number of days the pupil was enrolled in the ~~strict-discipline~~
 6 ~~academy~~ **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT.**

7 (5) If a pupil enrolls in a ~~strict-discipline academy~~ **AN**
 8 **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT** as described in
 9 subsection ~~(2)~~, **(1)**, the district or intermediate district in which
 10 the pupil is counted in membership **OR ANOTHER EDUCATING DISTRICT OR**
 11 **INTERMEDIATE DISTRICT THAT RECEIVED AN ADJUSTMENT IN ITS MEMBERSHIP**
 12 **CALCULATION UNDER SUBSECTION (1), IF ANY,** and the ~~strict-discipline~~
 13 ~~academy~~ **EDUCATING DISTRICT OR INTERMEDIATE DISTRICT** shall provide
 14 to the department all information the department requires to comply
 15 with this section.

16 ~~— (6) The changes in the requirements under this section that~~
 17 ~~are contained in subsections (2) to (5) apply beginning with~~
 18 ~~payments made for the 2011-2012 fiscal year.~~

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

25 Sec. 26a. (1) From the state school aid fund appropriation in
 26 section 11, there is allocated an amount not to exceed
 27 ~~\$22,932,000.00 for 2010-2011~~ **\$25,137,500.00 FOR 2011-2012** and an

1 amount not to exceed \$26,300,000.00 for ~~2011-2012~~ **2012-2013** to
2 reimburse districts and intermediate districts pursuant to section
3 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692,
4 for taxes levied in ~~2011-2012~~. The allocations shall be made not
5 later than 60 days after the department of treasury certifies to
6 the department and to the state budget director that the department
7 of treasury has received all necessary information to properly
8 determine the amounts due to each eligible recipient.

9 **(2) IN ADDITION TO THE ALLOCATION UNDER SUBSECTION (1), FROM**
10 **THE GENERAL FUND MONEY APPROPRIATED UNDER SECTION 11, THERE IS**
11 **ALLOCATED AN AMOUNT NOT TO EXCEED \$1,500,000.00 FOR 2012-2013 TO**
12 **REIMBURSE PUBLIC LIBRARIES PURSUANT TO SECTION 12 OF THE MICHIGAN**
13 **RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2692, FOR TAXES LEVIED**
14 **IN 2012. THE ALLOCATIONS SHALL BE MADE NOT LATER THAN 60 DAYS AFTER**
15 **THE DEPARTMENT OF TREASURY CERTIFIES TO THE DEPARTMENT AND TO THE**
16 **STATE BUDGET DIRECTOR THAT THE DEPARTMENT OF TREASURY HAS RECEIVED**
17 **ALL NECESSARY INFORMATION TO PROPERLY DETERMINE THE AMOUNTS DUE TO**
18 **EACH ELIGIBLE RECIPIENT.**

19 Sec. 26b. (1) From the appropriation in section 11, there is
20 allocated for 2011-2012 an amount not to exceed ~~\$1,838,000.00~~
21 **\$3,000,500.00, AND THERE IS ALLOCATED FOR 2012-2013 AN AMOUNT NOT**
22 **TO EXCEED \$3,169,500.00,** for payments to districts, intermediate
23 districts, and community college districts for the portion of the
24 payment in lieu of taxes obligation that is attributable to
25 districts, intermediate districts, and community college districts
26 pursuant to section 2154 of the natural resources and environmental
27 protection act, 1994 PA 451, MCL 324.2154.

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

5 SEC. 26C. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
6 ALLOCATED AN AMOUNT NOT TO EXCEED \$276,800.00 FOR 2011-2012 AND AN
7 AMOUNT NOT TO EXCEED \$347,800.00 FOR 2012-2013 TO THE PROMISE ZONE
8 FUND CREATED IN SUBSECTION (3).

9 (2) FUNDS ALLOCATED TO THE PROMISE ZONE FUND UNDER THIS
10 SECTION SHALL BE USED SOLELY FOR PAYMENTS TO ELIGIBLE DISTRICTS AND
11 INTERMEDIATE DISTRICTS THAT HAVE A PROMISE ZONE DEVELOPMENT PLAN
12 APPROVED BY THE DEPARTMENT OF TREASURY UNDER SECTION 7 OF THE
13 MICHIGAN PROMISE ZONE AUTHORITY ACT, 2008 PA 549, MCL 390.1667.

14 (3) THE PROMISE ZONE FUND IS CREATED AS A SEPARATE ACCOUNT
15 WITHIN THE STATE SCHOOL AID FUND TO BE USED SOLELY FOR THE PURPOSES
16 OF THE MICHIGAN PROMISE ZONE AUTHORITY ACT, 2008 PA 549, MCL
17 390.1661 TO 390.1679. ALL OF THE FOLLOWING APPLY TO THE PROMISE
18 ZONE FUND:

19 (A) THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE
20 PROMISE ZONE FUND. THE STATE TREASURER SHALL CREDIT TO THE PROMISE
21 ZONE FUND INTEREST AND EARNINGS FROM FUND INVESTMENTS.

22 (B) MONEY IN THE PROMISE ZONE FUND AT THE CLOSE OF A FISCAL
23 YEAR SHALL REMAIN IN THE PROMISE ZONE FUND AND SHALL NOT LAPSE TO
24 THE GENERAL FUND.

25 (4) SUBJECT TO SUBSECTION (2), THE STATE TREASURER MAY MAKE
26 PAYMENTS FROM THE PROMISE ZONE FUND TO ELIGIBLE DISTRICTS AND
27 INTERMEDIATE DISTRICTS PURSUANT TO THE MICHIGAN PROMISE ZONE

1 **AUTHORITY ACT, 2008 PA 549, MCL 390.1661 TO 390.1679, TO BE USED**
2 **FOR THE PURPOSES OF A PROMISE ZONE AUTHORITY CREATED UNDER THAT**
3 **ACT.**

4 Sec. 31a. (1) From the state school aid fund money
5 appropriated in section 11, there is allocated for ~~2011-2012-2012-~~
6 **2013** an amount not to exceed \$317,695,500.00 for payments to
7 eligible districts, ~~and~~ eligible public school academies, **AND THE**
8 **EDUCATION ACHIEVEMENT SYSTEM** under this section. Subject to
9 subsection (14), the amount of the additional allowance under this
10 section, other than funding under subsection (6) or (7), shall be
11 based on the number of actual pupils in membership in the district
12 or public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** who
13 met the income eligibility criteria for free breakfast, lunch, or
14 milk in the immediately preceding state fiscal year, as determined
15 under the Richard B. Russell national school lunch act, 42 USC 1751
16 to 1769i, and reported to the department ~~by October 31~~ **NOT LATER**
17 **THAN THE FIFTH WEDNESDAY AFTER THE PUPIL MEMBERSHIP COUNT DAY** of
18 the immediately preceding fiscal year and adjusted not later than
19 December 31 of the immediately preceding fiscal year in the form
20 and manner prescribed by the center. However, for a public school
21 academy that began operations as a public school academy, **OR FOR AN**
22 **ACHIEVEMENT SCHOOL THAT BEGAN OPERATIONS AS AN ACHIEVEMENT SCHOOL,**
23 after the pupil membership count day of the immediately preceding
24 school year, the basis for the additional allowance under this
25 section shall be the number of actual pupils in membership in the
26 public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** who met
27 the income eligibility criteria for free breakfast, lunch, or milk

1 in the current state fiscal year, as determined under the Richard
2 B. Russell national school lunch act **AND REPORTED TO THE DEPARTMENT**
3 **NOT LATER THAN THE FIFTH WEDNESDAY AFTER THE PUPIL MEMBERSHIP COUNT**
4 **DAY.**

5 (2) To be eligible to receive funding under this section,
6 other than funding under subsection (6) or (7), a district or
7 public school academy that has not been previously determined to be
8 eligible **OR THE EDUCATION ACHIEVEMENT SYSTEM** shall apply to the
9 department, in a form and manner prescribed by the department, and
10 a district or public school academy **OR THE EDUCATION ACHIEVEMENT**
11 **SYSTEM** must meet all of the following:

12 (a) The sum of the district's or public school academy's **OR**
13 **THE EDUCATION ACHIEVEMENT SYSTEM'S** combined state and local revenue
14 per membership pupil in the current state fiscal year, as
15 calculated under section 20, is less than or equal to the basic
16 foundation allowance under section 20 for the current state fiscal
17 year.

18 (b) The district or public school academy **OR THE EDUCATION**
19 **ACHIEVEMENT SYSTEM** agrees to use the funding only for purposes
20 allowed under this section and to comply with the program and
21 accountability requirements under this section.

22 (3) Except as otherwise provided in this subsection, an
23 eligible district or eligible public school academy **OR THE**
24 **EDUCATION ACHIEVEMENT SYSTEM** shall receive under this section for
25 each membership pupil in the district or public school academy **OR**
26 **THE EDUCATION ACHIEVEMENT SYSTEM** who met the income eligibility
27 criteria for free breakfast, lunch, or milk, as determined under

1 the Richard B. Russell national school lunch act and as reported to
2 the department ~~by October 31~~ **NOT LATER THAN THE FIFTH WEDNESDAY**
3 **AFTER THE PUPIL MEMBERSHIP COUNT DAY** of the immediately preceding
4 fiscal year and adjusted not later than December 31 of the
5 immediately preceding fiscal year, an amount per pupil equal to
6 11.5% of the sum of the district's foundation allowance or **THE**
7 public school academy's **OR THE EDUCATION ACHIEVEMENT SYSTEM'S** per
8 pupil amount calculated under section 20, not to exceed the basic
9 foundation allowance under section 20 for the current state fiscal
10 year, or of the public school academy's **OR THE EDUCATION**
11 **ACHIEVEMENT SYSTEM'S** per membership pupil amount calculated under
12 section 20 for the current state fiscal year. A public school
13 academy that began operations as a public school academy, **OR AN**
14 **ACHIEVEMENT SCHOOL THAT BEGAN OPERATIONS AS AN ACHIEVEMENT SCHOOL,**
15 after the pupil membership count day of the immediately preceding
16 school year shall receive under this section for each membership
17 pupil in the public school academy **OR IN THE EDUCATION ACHIEVEMENT**
18 **SYSTEM** who met the income eligibility criteria for free breakfast,
19 lunch, or milk, as determined under the Richard B. Russell national
20 school lunch act and as reported to the department ~~by October 31~~
21 **NOT LATER THAN THE FIFTH WEDNESDAY AFTER THE PUPIL MEMBERSHIP COUNT**
22 **DAY** of the current fiscal year and adjusted not later than December
23 31 of the current fiscal year, an amount per pupil equal to 11.5%
24 of the public school academy's **OR THE EDUCATION ACHIEVEMENT**
25 **SYSTEM'S** per membership pupil amount calculated under section 20
26 for the current state fiscal year.

27 (4) Except as otherwise provided in this section, a district

1 or public school academy, **OR THE EDUCATION ACHIEVEMENT SYSTEM**,
2 receiving funding under this section shall use that money only to
3 provide instructional programs and direct noninstructional
4 services, including, but not limited to, medical or counseling
5 services, for at-risk pupils; for school health clinics; and for
6 the purposes of subsection (5), (6), or (7). In addition, a
7 district that is a school district of the first class or a district
8 or public school academy in which at least 50% of the pupils in
9 membership met the income eligibility criteria for free breakfast,
10 lunch, or milk in the immediately preceding state fiscal year, as
11 determined and reported as described in subsection (1), **OR THE**
12 **EDUCATION ACHIEVEMENT SYSTEM IF IT MEETS THIS REQUIREMENT**, may use
13 not more than 20% of the funds it receives under this section for
14 school security. A district, ~~or~~ **THE** public school academy, **OR THE**
15 **EDUCATION ACHIEVEMENT SYSTEM** shall not use any of that money for
16 administrative costs or to supplant another program or other funds,
17 except for funds allocated to the district or public school academy
18 **OR THE EDUCATION ACHIEVEMENT SYSTEM** under this section in the
19 immediately preceding year and already being used by the district
20 or public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** for
21 at-risk pupils. The instruction or direct noninstructional services
22 provided under this section may be conducted before or after
23 regular school hours or by adding extra school days to the school
24 year and may include, but are not limited to, tutorial services,
25 early childhood programs to serve children age 0 to 5, and reading
26 programs as described in former section 32f as in effect for 2001-
27 2002. A tutorial method may be conducted with paraprofessionals

1 working under the supervision of a certificated teacher. The ratio
2 of pupils to paraprofessionals shall be between 10:1 and 15:1. Only
3 1 certificated teacher is required to supervise instruction using a
4 tutorial method. As used in this subsection, "to supplant another
5 program" means to take the place of a previously existing
6 instructional program or direct noninstructional services funded
7 from a funding source other than funding under this section.

8 (5) Except as otherwise provided in subsection (12), a
9 district or public school academy that receives funds under this
10 section and that operates a school breakfast program under section
11 1272a of the revised school code, MCL 380.1272a, **OR THE EDUCATION**
12 **ACHIEVEMENT SYSTEM IF IT OPERATES A SCHOOL BREAKFAST PROGRAM**, shall
13 use from the funds received under this section an amount, not to
14 exceed \$10.00 per pupil for whom the district or public school
15 academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** receives funds under
16 this section, necessary to pay for costs associated with the
17 operation of the school breakfast program.

18 (6) From the funds allocated under subsection (1), there is
19 allocated for ~~2011-2012-2012-2013~~ an amount not to exceed
20 \$3,557,300.00 to support child and adolescent health centers. These
21 grants shall be awarded for 5 consecutive years beginning with
22 2003-2004 in a form and manner approved jointly by the department
23 and the department of community health. Each grant recipient shall
24 remain in compliance with the terms of the grant award or shall
25 forfeit the grant award for the duration of the 5-year period after
26 the noncompliance. To continue to receive funding for a child and
27 adolescent health center under this section a grant recipient shall

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

14 (7) From the funds allocated under subsection (1), there is
15 allocated for ~~2011-2012-2012-2013~~ an amount not to exceed
16 \$5,150,000.00 for the state portion of the hearing and vision
17 screenings as described in section 9301 of the public health code,
18 1978 PA 368, MCL 333.9301. A local public health department shall
19 pay at least 50% of the total cost of the screenings. The frequency
20 of the screenings shall be as required under R 325.13091 to R
21 325.13096 and R 325.3271 to R 325.3276 of the Michigan
22 administrative code. Funds shall be awarded in a form and manner
23 approved jointly by the department and the department of community
24 health. Notwithstanding section 17b, payments to eligible entities
25 under this subsection shall be paid on a schedule determined by the
26 department.

27 (8) Each district or public school academy receiving funds

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

21 (9) In order to receive funds under this section, a district
22 or public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** shall
23 allow access for the department or the department's designee to
24 audit all records related to the program for which it receives
25 those funds. The district or public school academy **OR THE EDUCATION**
26 **ACHIEVEMENT SYSTEM** shall reimburse the state for all disallowances
27 found in the audit.

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

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

(12) For an individual school or schools operated by a district or public school academy receiving funds under this section **OR THE EDUCATION ACHIEVEMENT SYSTEM** that have been determined by the department to meet the adequate yearly progress standards of the no child left behind act of 2001, Public Law 107-

1 110, in both mathematics and English language arts at all
2 applicable grade levels for all applicable subgroups, the district
3 or public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** may
4 ~~submit to the department an application for flexibility in using~~
5 ~~the funds received under this section that are attributable to the~~
6 ~~pupils in the school or schools. The application shall identify the~~
7 ~~affected school or schools and the affected funds and shall contain~~
8 ~~a plan for using the funds~~ **USE NOT MORE THAN 20% OF THE FUNDS IT**
9 **RECEIVES UNDER THIS SECTION** for specific **ALTERNATIVE** purposes
10 identified by the district **OR PUBLIC SCHOOL ACADEMY OR THE**
11 **EDUCATION ACHIEVEMENT SYSTEM** that are designed to benefit at-risk
12 pupils in the school, but that may be different from the purposes
13 otherwise allowable under this section. ~~The department shall~~
14 ~~approve the application if the department determines that the~~
15 ~~purposes identified in the plan are reasonably designed to benefit~~
16 ~~at risk pupils in the school. If the department does not act to~~
17 ~~approve or disapprove an application within 30 days after it is~~
18 ~~submitted to the department, the application is considered to be~~
19 ~~approved. If an application for flexibility in using the funds is~~
20 ~~approved, the district may use the funds identified in the~~
21 ~~application for any purpose identified in the plan.~~ **IF A DISTRICT**
22 **OR PUBLIC SCHOOL ACADEMY OR THE EDUCATION ACHIEVEMENT SYSTEM USES**
23 **FUNDS FOR ALTERNATIVE PURPOSES ALLOWED UNDER THE FLEXIBILITY**
24 **PROVISIONS UNDER THIS SUBSECTION, THE DISTRICT OR PUBLIC SCHOOL**
25 **ACADEMY OR THE EDUCATION ACHIEVEMENT SYSTEM SHALL MAINTAIN**
26 **DOCUMENTATION OF THE AMOUNTS USED FOR THOSE ALTERNATIVE PURPOSES**
27 **AND SHALL MAKE THAT INFORMATION AVAILABLE TO THE DEPARTMENT UPON**

1 **REQUEST.**

2 (13) A district or public school academy that receives funds
3 under this section **OR THE EDUCATION ACHIEVEMENT SYSTEM** may use
4 funds it receives under this section to implement and operate an
5 early intervening program for pupils in grades K to 3 that meets
6 either or both of the following:

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

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

1 study the needs of the individual child and work with the teacher
2 to match instruction to the needs of the individual child.

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

13 (15) If a district is formed by consolidation after June 1,
14 1995, and if 1 or more of the original districts was not eligible
15 before the consolidation for an additional allowance under this
16 section, the amount of the additional allowance under this section
17 for the consolidated district shall be based on the number of
18 pupils described in subsection (1) enrolled in the consolidated
19 district who reside in the territory of an original district that
20 was eligible before the consolidation for an additional allowance
21 under this section.

22 (16) As used in this section, "at-risk pupil" means a pupil
23 for whom the district has documentation that the pupil meets at
24 least 2 of the following criteria: is a victim of child abuse or
25 neglect; is below grade level in English language and communication
26 skills or mathematics; is a pregnant teenager or teenage parent; is
27 eligible for a federal free or reduced-price lunch subsidy; has

1 atypical behavior or attendance patterns; or has a family history
2 of school failure, incarceration, or substance abuse. For pupils
3 for whom the results of at least the applicable Michigan education
4 assessment program (MEAP) test have been received, at-risk pupil
5 also includes a pupil who does not meet the other criteria under
6 this subsection but who did not achieve at least a score of level 2
7 on the most recent MEAP English language arts, mathematics, ~~or~~
8 science test, **OR SOCIAL STUDIES** for which results for the pupil
9 have been received. For pupils for whom the results of the Michigan
10 merit examination have been received, at-risk pupil also includes a
11 pupil who does not meet the other criteria under this subsection
12 but who did not achieve proficiency on the reading component of the
13 most recent Michigan merit examination for which results for the
14 pupil have been received, did not achieve proficiency on the
15 mathematics component of the most recent Michigan merit examination
16 for which results for the pupil have been received, or did not
17 achieve basic competency on the science component of the most
18 recent Michigan merit examination for which results for the pupil
19 have been received. For pupils in grades K-3, at-risk pupil also
20 includes a pupil who is at risk of not meeting the district's core
21 academic curricular objectives in English language arts or
22 mathematics.

23 (17) A district or public school academy that receives funds
24 under this section **OR THE EDUCATION ACHIEVEMENT SYSTEM** may use
25 funds received under this section to provide an anti-bullying or
26 crisis intervention program.

27 Sec. 31d. (1) From the appropriations in section 11, there is

1 allocated an amount not to exceed ~~\$21,627,100.00 for 2010-2011~~ and
2 ~~an amount not to exceed \$22,495,100.00 for 2011-2012~~ **2012-2013** for
3 the purpose of making payments to districts and other eligible
4 entities under this section.

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

14 (3) The payments made under this section include all state
15 payments made to districts so that each district receives at least
16 6.0127% of the necessary costs of operating the state mandated
17 portion of the school lunch program in a fiscal year.

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

24 (5) From the federal funds appropriated in section 11, there
25 is allocated for ~~2011-2012~~ **2012-2013** all available federal funding,
26 estimated at \$400,000,000.00, for the national school lunch program
27 and all available federal funding, estimated at \$2,506,000.00, for

1 the emergency food assistance program.

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

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

9 Sec. 31f. (1) From the appropriations in section 11, there is
10 allocated an amount not to exceed ~~\$3,800,000.00 for 2010-2011 and~~
11 ~~an amount not to exceed \$9,625,000.00 for 2011-2012-2012-2013~~ for
12 the purpose of making payments to districts to reimburse for the
13 cost of providing breakfast.

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

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

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

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

1 reported in a manner approved by the department for the preceding
2 school year.

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

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

9 Sec. 32d. (1) ~~For 2011-2012, FROM THE FUNDS APPROPRIATED IN~~
10 **SECTION 11**, there is allocated to eligible intermediate districts
11 and consortia of intermediate districts for great start readiness
12 programs an amount not to exceed ~~\$104,275,000.00 from the state~~
13 ~~school aid fund money appropriated in section 11. \$109,275,000.00~~
14 **FOR 2012-2013**. Funds allocated under this section shall be used to
15 provide part-day, ~~or full-day~~ **SCHOOL-DAY, OR GSRP/HEAD START**
16 **BLENDED** comprehensive free compensatory **CLASSROOM** programs designed
17 to do 1 or both of the following:

18 (a) Improve the readiness and subsequent achievement of
19 educationally disadvantaged children as defined by the department
20 who will be at least 4, but less than 5 years of age, as of
21 December 1 of the school year in which the programs are offered,
22 and who meet the participant eligibility and prioritization
23 guidelines as defined by the state board.

24 (b) Provide preschool and parenting education programs similar
25 to those under former section 32b as in effect for 2001-2002.
26 Beginning in 2007-2008, funds spent ~~by a district for~~ programs
27 described in this subdivision shall not exceed ~~the lesser of the~~

1 ~~amount spent by the district under this subdivision for 2006-2007~~
2 ~~or the amount spent under this subdivision in any subsequent~~ **FOR**
3 **THE IMMEDIATELY PRECEDING** fiscal year. **FUNDS SPENT FOR PROGRAMS**
4 **DESCRIBED IN THIS SUBDIVISION SHALL BE USED FOR SERVICES TO**
5 **FAMILIES WITH INCOME BELOW 300% OF THE FEDERAL POVERTY LEVEL.**

6 (2) Funds allocated under this section shall be allocated to
7 intermediate districts or consortia of intermediate districts. An
8 intermediate district or consortium of intermediate districts
9 receiving funding under this section shall act as the fiduciary for
10 the great start readiness programs. For ~~2011-2012,~~ **2012-2013**, the
11 fiduciary intermediate districts and consortia of intermediate
12 districts shall allocate the funding under this section as follows:

13 (a) An amount not to exceed ~~\$95,400,000.00~~ **\$100,400,000.00**
14 allocated to **INTERMEDIATE** districts and consortia of **INTERMEDIATE**
15 districts as directed by the department based on the formula in
16 section 39. In order to be eligible to receive funds allocated
17 under this subdivision from an intermediate district or consortium
18 of intermediate districts, a district or consortium of districts
19 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 ~~2011-2012~~**2012-**
3 **2013** 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, ~~or~~ 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 (d) Health and developmental screening services for all
22 program participants.

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

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

27 (g) A plan to conduct and report annual great start readiness

1 program evaluations and continuous improvement plans using criteria
2 approved by the department.

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

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

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

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

18 (b) Ensure that more than 75% of the children participating in
19 an eligible great start readiness program are children who live
20 with families with a household income that is equal to or less than
21 300% of the federal poverty level.

22 (c) Ensure that the applicant only ~~employs~~ **USES** qualified
23 personnel for this program, as follows:

24 (i) Teachers possessing proper training. For programs managed
25 directly by ~~an~~ **A DISTRICT OR** intermediate district, a valid
26 teaching certificate and an early childhood (ZA or ZS) endorsement
27 are required. This provision does not apply to ~~an~~ **A DISTRICT,**

1 intermediate district, or competitive program that subcontracts
2 with an eligible child development program. In that situation, a
3 teacher must have a valid Michigan teaching certificate with an
4 early childhood (ZA or ZS) endorsement, a valid Michigan elementary
5 teaching certificate with a child development associate credential,
6 or a bachelor's degree in child development with specialization in
7 preschool teaching. However, if an ~~intermediate district~~ **APPLICANT**
8 demonstrates to the department that it is unable to fully comply
9 with this subparagraph after making reasonable efforts to comply,
10 teachers who have significant but incomplete training in early
11 childhood education or child development may be ~~employed by the~~
12 ~~intermediate district~~ **USED** if the ~~intermediate district~~ **APPLICANT**
13 provides to the department, and the department approves, a plan for
14 each teacher to come into compliance with the standards in this
15 subparagraph. A teacher's compliance plan must be completed within
16 2 years of the date of employment. Progress toward completion of
17 the compliance plan shall consist of at least 2 courses per
18 calendar year.

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

1 child development if the ~~intermediate district~~ **APPLICANT** provides
2 to the 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. The program budget shall indicate the extent to
13 which these funds will supplement other federal, state, local, or
14 private funds. Funds received under this section shall not be used
15 to supplant any federal funds by the applicant to serve children
16 eligible for a federally funded existing preschool program that has
17 the capacity to serve those children.

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

25 (7) An intermediate district or consortium of intermediate
26 districts receiving a grant under this section may contract with
27 for-profit or nonprofit preschool center providers that meet all

1 requirements of subsection (4) and retain for administrative
2 services an amount equal to not more than 5% of the grant amount.
3 An intermediate district, consortium of intermediate districts, or
4 competitive grant program may expend not more than 10% of the total
5 grant amount for administration of the program.

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

13 (9) A recipient of funds under this section shall report to
14 the department in a form and manner prescribed by the department
15 the number of children participating in the program who meet the
16 income or other eligibility criteria prescribed by the department
17 and the total number of children participating in the program. For
18 children participating in the program who meet the income or other
19 eligibility criteria specified under subsection (5)(b), a recipient
20 shall also report whether or not a parent is available to provide
21 care based on employment status. For the purposes of this
22 subsection, "employment status" shall be defined by the department
23 of human services in a manner consistent with maximizing the amount
24 of spending that may be claimed for temporary assistance for needy
25 families maintenance of effort purposes.

26 (10) As used in this section:

27 (A) **"GSRP/HEAD START BLENDED PROGRAM" MEANS A PART-DAY PROGRAM**

1 FUNDED UNDER THIS SECTION AND A HEAD START PROGRAM, WHICH ARE
 2 COMBINED FOR A SCHOOL-DAY PROGRAM.

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

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

12 (11) A grant recipient receiving funds under this section is
 13 encouraged to establish a sliding scale of tuition rates based upon
 14 a child's family income for the purpose of expanding eligible
 15 programs under this section. A grant recipient may charge tuition
 16 for programs provided under this section according to that sliding
 17 scale of tuition rates on a uniform basis for any child who does
 18 not meet the program eligibility requirements under this section.

19 (12) ~~Beginning with 2012-2013, it is the intent of the~~
 20 ~~legislature~~ **THE DEPARTMENT SHALL DEVELOP A PLAN FOR A MULTIYEAR**
 21 **PHASED-IN APPROACH** to transfer funding for great start readiness
 22 programs under this section into an early childhood block grant
 23 program, along with funding for great start collaboratives under
 24 section 32b and funding for great parents, great start programs
 25 under section 32j. The early childhood block grant program will
 26 allocate funds to intermediate districts and consortia of
 27 intermediate districts to act as fiduciaries and provide

1 administration of regional early childhood programs in conjunction
2 with their regional great start collaborative to improve program
3 quality, evaluation, and efficiency for early childhood programs.
4 The department shall work with intermediate districts, districts,
5 great start collaboratives, and the early childhood investment
6 corporation to establish a revised funding formula, application
7 process, program criteria, and data reporting requirements. ~~for~~
8 ~~2012-2013. Not later than January 1, 2012, the department shall~~
9 ~~report to the legislature its recommendations for the revisions~~
10 ~~required under this subsection.~~

11 **SEC. 32P. (1) FROM THE SCHOOL AID FUND APPROPRIATION IN**
12 **SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
13 **\$10,900,000.00 FOR 2012-2013 FOR THE PURPOSE OF PROVIDING EARLY**
14 **CHILDHOOD FUNDING TO INTERMEDIATE SCHOOL DISTRICTS IN BLOCK GRANTS.**
15 **THE FUNDING PROVIDED TO EACH INTERMEDIATE DISTRICT UNDER THIS**
16 **SECTION SHALL BE EQUAL TO THE SUM OF ALL FUNDING ALLOCATED UNDER**
17 **FORMER SECTIONS 32B AND 32J, AS THOSE SECTIONS WERE IN EFFECT FOR**
18 **2011-2012. IN ORDER TO RECEIVE FUNDING UNDER THIS SECTION, EACH**
19 **INTERMEDIATE DISTRICT SHALL PROVIDE AN APPLICATION TO THE OFFICE OF**
20 **GREAT START NOT LATER THAN AUGUST 15, 2012, INDICATING THE**
21 **ACTIVITIES PLANNED TO BE PROVIDED AND CHILDREN SERVED UNDER THE**
22 **BLOCK GRANT.**

23 **(2) EACH INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE**
24 **DISTRICTS THAT RECEIVES FUNDING UNDER THIS SECTION SHALL CONVENE A**
25 **LOCAL GREAT START COLLABORATIVE AND A PARENT COALITION TO ADDRESS**
26 **THE AVAILABILITY OF THE FOLLOWING 6 COMPONENTS OF A GREAT START**
27 **SYSTEM IN ITS COMMUNITIES: PHYSICAL HEALTH, SOCIAL-EMOTIONAL**

1 HEALTH, FAMILY SUPPORTS, BASIC NEEDS, ECONOMIC STABILITY AND
2 SAFETY, AND PARENTING EDUCATION AND EARLY EDUCATION AND CARE. THE
3 GOAL OF A LOCAL GREAT START COLLABORATIVE IS TO ENSURE THAT EVERY
4 CHILD IN THE COMMUNITY IS READY FOR KINDERGARTEN. EACH LOCAL GREAT
5 START COLLABORATIVE SHALL ENSURE THE COORDINATION AND EXPANSION OF
6 INFRASTRUCTURE OR PROGRAMMING TO SUPPORT HIGH-QUALITY EARLY
7 CHILDHOOD AND CHILDCARE PROGRAMS. AN INTERMEDIATE DISTRICT OR
8 CONSORTIUM OF INTERMEDIATE DISTRICTS MAY RECONSTITUTE ITS LOCAL
9 GREAT START COLLABORATIVE IF THAT COLLABORATIVE IS FOUND TO BE
10 INEFFECTIVE.

11 (3) NOT LATER THAN DECEMBER 1, 2013, EACH INTERMEDIATE
12 DISTRICT SHALL PROVIDE A REPORT TO THE DEPARTMENT DETAILING THE
13 ACTIVITIES ACTUALLY PROVIDED DURING 2012-2013 AND THE CHILDREN
14 ACTUALLY SERVED. THE DEPARTMENT SHALL COMPILE AND SUMMARIZE THESE
15 REPORTS AND SUBMIT ITS SUMMARY TO THE HOUSE AND SENATE
16 APPROPRIATIONS SUBCOMMITTEES ON SCHOOL AID AND TO THE HOUSE AND
17 SENATE FISCAL AGENCIES. THE BLOCK GRANTS ALLOCATED UNDER THIS
18 SECTION IMPLEMENT LEGISLATIVE INTENT LANGUAGE FOR THIS PURPOSE
19 ENACTED IN 2011 PA 62.

20 (4) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
21 DISTRICTS THAT RECEIVES FUNDING UNDER THIS SECTION MAY CARRY OVER
22 ANY UNEXPENDED FUNDS RECEIVED UNDER THIS SECTION FOR A FISCAL YEAR
23 INTO THE NEXT FISCAL YEAR AND MAY EXPEND THOSE UNUSED FUNDS IN THE
24 NEXT FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY
25 UNEXPENDED GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED
26 BY THE DEPARTMENT NOT LATER THAN SEPTEMBER 30 OF THE NEXT FISCAL
27 YEAR AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.

1 Sec. 39. (1) ~~A district~~ **AN ELIGIBLE APPLICANT** receiving funds
2 ~~from an intermediate district or consortium of intermediate~~
3 ~~districts~~ under section 32d shall submit a preapplication, in a
4 form and manner prescribed by the department, by a date specified
5 by the department in the immediately preceding state fiscal year.
6 The preapplication shall include a comprehensive needs assessment
7 **USING AGGREGATED DATA FROM THE APPLICANT'S ENTIRE SERVICE AREA** and
8 **A** community collaboration plan ~~, which~~ **THAT** is endorsed by the
9 local great start collaborative and is part of the community's
10 great start strategic plan that includes, but is not limited to,
11 great start readiness program and head start providers, and shall
12 identify all of the following:

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

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

20 (c) The number of children the ~~district~~ **APPLICANT** will be able
21 to serve who meet the criteria of section 32d including a
22 verification of physical facility and staff resources capacity.

23 (d) The estimated number of children who meet the criteria of
24 section 32d who will remain unserved after the ~~district~~ **APPLICANT**
25 and community early childhood programs have met their funded
26 enrollments. The ~~school district~~ **APPLICANT** shall maintain a waiting
27 list of identified unserved eligible children who would be served

1 when openings are available.

2 (2) ~~A district~~ **AN APPLICANT** receiving funds ~~from an~~
3 ~~intermediate district or consortium of intermediate districts~~ under
4 section 32d shall also submit a final application for approval, in
5 a form and manner prescribed by the department, by a date specified
6 by the department, that details how the ~~district~~ **APPLICANT** complies
7 with the program components established by the department pursuant
8 to section 32d.

9 (3) The number of prekindergarten children construed to be in
10 need of special readiness assistance under section 32d shall be
11 calculated for each ~~district~~ **APPLICANT** in the following manner: 1/2
12 of the percentage of the ~~district's~~ **APPLICANT'S** pupils in grades 1
13 to 5 **IN ALL DISTRICTS SERVED BY THE APPLICANT** who are eligible for
14 free lunch, as determined using the district's pupil membership
15 count as of the pupil membership count day in the school year prior
16 to the fiscal year for which the calculation is made, under the
17 Richard B. Russell national school lunch act, 42 USC 1751 to 1769i,
18 shall be multiplied by the average kindergarten enrollment of the
19 ~~district~~ **DISTRICTS SERVED BY THE APPLICANT** on the pupil membership
20 count day of the 2 immediately preceding fiscal years.

21 (4) The initial allocation for each fiscal year to each
22 eligible ~~district~~ **APPLICANT** under section 32d shall be determined
23 by multiplying the number of children determined by the formula
24 under subsection (3) or the number of children the ~~district~~
25 **APPLICANT** indicates it will be able to serve under subsection
26 (1)(c), whichever is less, by \$3,400.00 and shall be distributed
27 among ~~districts~~ **APPLICANT** in decreasing order of concentration of

1 eligible children as determined by the formula under subsection
 2 (3). If the number of children a ~~district~~ **AN APPLICANT** indicates it
 3 will be able to serve under subsection (1)(c) includes children
 4 able to be served in a school-day program, then the number able to
 5 be served in a school-day program shall be doubled for the purposes
 6 of making this calculation of the lesser of the number of children
 7 determined by the formula under subsection (3) and the number of
 8 children the ~~district~~ **APPLICANT** indicates it will be able to serve
 9 under subsection (1)(c) and determining the amount of the initial
 10 allocation to the ~~district~~ **APPLICANT** under section 32d. A district
 11 may contract with a head start agency to serve children enrolled in
 12 head start with a school-day program by blending head start funds
 13 with a part-day great start readiness program allocation. All head
 14 start and great start readiness program policies and regulations
 15 apply to the blended program.

16 (5) If funds allocated for eligible ~~districts~~ **APPLICANTS** in
 17 section 32d remain after the initial allocation under subsection
 18 (4), the allocation under this subsection shall be distributed to
 19 each eligible ~~district~~ **APPLICANT** under section 32d in decreasing
 20 order of concentration of eligible children as determined by the
 21 formula under subsection (3). The allocation shall be determined by
 22 multiplying the number of children each ~~eligible district~~ **WITHIN**
 23 **THE APPLICANT'S SERVICE AREA** served in the immediately preceding
 24 fiscal year or the number of children the ~~district~~ **APPLICANT**
 25 indicates it will be able to serve under subsection (1)(c),
 26 whichever is less, minus the number of children for which the
 27 ~~district~~ **APPLICANT** received funding in subsection (4) by \$3,400.00.

1 (6) If funds allocated for eligible ~~districts~~ **APPLICANTS** in
 2 section 32d remain after the allocations under subsections (4) and
 3 (5), remaining funds shall be distributed to each eligible ~~district~~
 4 **APPLICANT** under section 32d in decreasing order of concentration of
 5 eligible children as determined by the formula under subsection
 6 (3). If the number of children the ~~district~~ **APPLICANT** indicates it
 7 will be able to serve under subsection (1)(c) exceeds the number of
 8 children for which funds have been received under subsections (4)
 9 and (5), the allocation under this subsection shall be determined
 10 by multiplying the number of children the ~~district~~ **APPLICANT**
 11 indicates it will be able to serve under subsection (1)(c) less the
 12 number of children for which funds have been received under
 13 subsections (4) and (5) by \$3,400.00 until the funds allocated for
 14 eligible ~~districts~~ **APPLICANTS** in section 32d are distributed.

15 ~~—— (7) If a district is participating in a program under section~~
 16 ~~32d for the first year, the maximum allocation under this section~~
 17 ~~is 32 multiplied by \$3,400.00.~~

18 (7) ~~(8) A district~~ **AN APPLICANT** that offers supplementary
 19 child care funded by funds other than those received under ~~this~~
 20 section **32D** and therefore offers full-day programs as part of its
 21 early childhood development program shall receive priority in the
 22 allocation of funds under section 32d over other eligible
 23 ~~districts~~ **APPLICANTS**. As used in this subsection, "full-day
 24 program" means a program that provides supplementary child care
 25 that totals at least 10 hours of programming per day.

26 ~~—— (9) For any district with 315 or more eligible pupils, the~~
 27 ~~number of eligible pupils shall be 65% of the number calculated~~

~~using the formula under subsection (3). However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation for eligible districts under section 32d.~~

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

~~—— (11) A consortium of 2 or more districts shall be eligible for an allocation under section 32d if the districts designate a district or intermediate district to serve as the fiscal agent for the consortium's allocation. A consortium shall submit a single application for the total number of children to be served. The consortium may decide, with approval of all consortium members, to serve numbers of children based on the allocation to each district or based on the allocation to the entire consortium, allowing children residing in any district in the consortium to be served by the consortium at any location.~~

Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated for ~~2011-2012~~ **2012-2013** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$761,973,600.00,~~ **\$812,328,500.00**, for the federal programs under the no child left behind act of 2001, Public Law 107-110. These funds are allocated as follows:

(a) An amount estimated at \$10,808,600.00 to provide students

1 with drug- and violence-prevention programs and to implement
 2 strategies to improve school safety, funded from DED-OESE, drug-
 3 free schools and communities funds.

4 (b) An amount estimated at ~~\$7,461,800.00~~ **\$250,000.00** for the
 5 purpose of improving teaching and learning through a more effective
 6 use of technology, funded from DED-OESE, educational technology
 7 state grant funds.

8 (c) An amount estimated at ~~\$109,411,900.00~~ **\$111,111,900.00** for
 9 the purpose of preparing, training, and recruiting high-quality
 10 teachers and class size reduction, funded from DED-OESE, improving
 11 teacher quality funds.

12 (d) An amount estimated at ~~\$10,322,300.00~~ **\$12,200,000.00** for
 13 programs to teach English to limited English proficient (LEP)
 14 children, funded from DED-OESE, language acquisition state grant
 15 funds.

16 (e) An amount estimated at ~~\$8,550,000.00~~ **\$10,286,500.00** for
 17 the Michigan charter school subgrant program, funded from DED-OESE,
 18 charter school funds.

19 (f) An amount estimated at ~~\$1,760,000.00~~ **\$2,393,500.00** for
 20 rural and low income schools, funded from DED-OESE, rural and low
 21 income school funds.

22 ~~— (g) An amount estimated at \$1,000.00 to help schools develop~~
 23 ~~and implement comprehensive school reform programs, funded from~~
 24 ~~DED-OESE, title I and title X, comprehensive school reform funds.~~

25 (G) ~~(h)~~ An amount estimated at ~~\$517,479,800.00~~ **\$591,500,000.00**
 26 to provide supplemental programs to enable educationally
 27 disadvantaged children to meet challenging academic standards,

1 funded from DED-OESE, title I, disadvantaged children funds.

2 (H) ~~(i)~~—An amount estimated at ~~\$2,152,700.00~~ **\$250,000.00** for
3 the purpose of providing unified family literacy programs, funded
4 from DED-OESE, title I, even start funds.

5 (I) ~~(j)~~—An amount estimated at ~~\$8,807,200.00~~ **\$8,878,000.00** for
6 the purpose of identifying and serving migrant children, funded
7 from DED-OESE, title I, migrant education funds.

8 ~~——(k) An amount estimated at \$24,733,200.00 to promote high-~~
9 ~~quality school reading instruction for grades K-3, funded from DED-~~
10 ~~OESE, title I, reading first state grant funds.~~

11 ~~——(l) An amount estimated at \$2,849,000.00 for the purpose of~~
12 ~~implementing innovative strategies for improving student~~
13 ~~achievement, funded from DED-OESE, title VI, innovative strategies~~
14 ~~funds.~~

15 (J) ~~(m)~~—An amount estimated at \$40,050,000.00 for the purpose
16 of providing high-quality extended learning opportunities, after
17 school and during the summer, for children in low-performing
18 schools, funded from DED-OESE, twenty-first century community
19 learning center funds.

20 (K) ~~(n)~~—An amount estimated at ~~\$17,586,100.00~~ **\$24,600,000.00**
21 to help support local school improvement efforts, funded from DED-
22 OESE, title I, local school improvement grants.

23 (2) From the federal funds appropriated in section 11, there
24 is allocated for ~~2011-2012~~ **2012-2013** to districts, intermediate
25 districts, and other eligible entities all available federal
26 funding, estimated at ~~\$32,359,700.00,~~ **\$33,514,100.00** for the
27 following programs that are funded by federal grants:

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

4 (b) An amount estimated at \$1,814,100.00 to provide services
5 to homeless children and youth, funded from DED-OVAE, homeless
6 children and youth funds.

7 (c) An amount estimated at ~~\$1,445,600.00~~ **\$2,600,000.00** for
8 serve America grants, funded from the corporation for national and
9 community service funds.

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

13 (3) To the extent allowed under federal law, the funds
14 allocated under subsection ~~(1)(h), (i), (k), and (n)~~ **(1)(G), (H),**
15 **AND (K)** may be used for 1 or more reading improvement programs that
16 meet at least 1 of the following:

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

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

26 (c) A cognitive development program that is a research-based,
27 validated educational service program focused on assessing and

1 building essential cognitive and perceptual learning abilities to
2 strengthen pupil concentration and learning.

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

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

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

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

21 (6) As used in this section:

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

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

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

27 (d) "HHS" means the United States department of health and

1 human services.

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

4 Sec. 51a. (1) From the appropriation in section 11, there is
5 allocated for 2011-2012 an amount not to exceed ~~\$954,769,100.00~~
6 **\$956,769,100.00 AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
7 **\$996,269,100.00 FOR 2012-2013** from state sources and all available
8 federal funding under sections 611 to 619 of part B of the
9 individuals with disabilities education act, 20 USC 1411 to 1419,
10 estimated at \$363,400,000.00 for 2011-2012 **AND ESTIMATED AT**
11 **\$365,000,000.00 FOR 2012-2013**, plus any carryover federal funds
12 from previous year appropriations. The allocations under this
13 subsection are for the purpose of reimbursing districts and
14 intermediate districts for special education programs, services,
15 and special education personnel as prescribed in article 3 of the
16 revised school code, MCL 380.1701 to 380.1766; net tuition payments
17 made by intermediate districts to the Michigan schools for the deaf
18 and blind; and special education programs and services for pupils
19 who are eligible for special education programs and services
20 according to statute or rule. For meeting the costs of special
21 education programs and services not reimbursed under this article,
22 a district or intermediate district may use money in general funds
23 or special education funds, not otherwise restricted, or
24 contributions from districts to intermediate districts, tuition
25 payments, gifts and contributions from individuals **OR OTHER**
26 **ENTITIES**, or federal funds that may be available for this purpose,
27 as determined by the intermediate district plan prepared pursuant

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

10 (2) From the funds allocated under subsection (1), there is
 11 allocated the amount necessary, estimated at ~~\$247,000,000.00~~
 12 **\$247,500,000.00** for 2011-2012 **AND ESTIMATED AT \$257,400,000.00 FOR**
 13 **2012-2013**, for payments toward reimbursing districts and
 14 intermediate districts for 28.6138% of total approved costs of
 15 special education, excluding costs reimbursed under section 53a,
 16 and 70.4165% of total approved costs of special education
 17 transportation. Allocations under this subsection shall be made as
 18 follows:

19 (a) The initial amount allocated to a district under this
 20 subsection toward fulfilling the specified percentages shall be
 21 calculated by multiplying the district's special education pupil
 22 membership, excluding pupils described in subsection (11), times
 23 the foundation allowance under section 20 of the pupil's district
 24 of residence, not to exceed the basic foundation allowance under
 25 section 20 for the current fiscal year, or, for a special education
 26 pupil in membership in a district that is a public school academy,
 27 ~~or university school,~~ times an amount equal to the amount per

1 membership pupil calculated under section 20(6) **OR, FOR A PUPIL**
2 **DESCRIBED IN THIS SUBSECTION WHO IS COUNTED IN MEMBERSHIP IN THE**
3 **EDUCATION ACHIEVEMENT SYSTEM, TIMES AN AMOUNT EQUAL TO THE AMOUNT**
4 **PER MEMBERSHIP PUPIL UNDER SECTION 20(7).** For an intermediate
5 district, the amount allocated under this subdivision toward
6 fulfilling the specified percentages shall be an amount per special
7 education membership pupil, excluding pupils described in
8 subsection (11), and shall be calculated in the same manner as for
9 a district, using the foundation allowance under section 20 of the
10 pupil's district of residence, not to exceed the basic foundation
11 allowance under section 20 for the current fiscal year.

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

17 (3) From the funds allocated under subsection (1), there is
18 allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** an
19 amount not to exceed \$1,000,000.00 to make payments to districts
20 and intermediate districts under this subsection. If the amount
21 allocated to a district or intermediate district for a fiscal year
22 under subsection (2)(b) is less than the sum of the amounts
23 allocated to the district or intermediate district for 1996-97
24 under sections 52 and 58, there is allocated to the district or
25 intermediate district for the fiscal year an amount equal to that
26 difference, adjusted by applying the same proration factor that was
27 used in the distribution of funds under section 52 in 1996-97 as

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

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

1 (5) State funds shall be allocated on a total approved cost
2 basis. Federal funds shall be allocated under applicable federal
3 requirements, except that an amount not to exceed \$3,500,000.00 may
4 be allocated by the department **EACH FISCAL YEAR** for 2011-2012 **AND**
5 **FOR 2012-2013** to districts, intermediate districts, or other
6 eligible entities on a competitive grant basis for programs,
7 equipment, and services that the department determines to be
8 designed to benefit or improve special education on a statewide
9 scale.

10 (6) From the amount allocated in subsection (1), there is
11 allocated an amount not to exceed \$2,200,000.00 **EACH FISCAL YEAR**
12 for 2011-2012 **AND FOR 2012-2013** to reimburse 100% of the net
13 increase in necessary costs incurred by a district or intermediate
14 district in implementing the revisions in the administrative rules
15 for special education that became effective on July 1, 1987. As
16 used in this subsection, "net increase in necessary costs" means
17 the necessary additional costs incurred solely because of new or
18 revised requirements in the administrative rules minus cost savings
19 permitted in implementing the revised rules. Net increase in
20 necessary costs shall be determined in a manner specified by the
21 department.

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

24 (a) "Total approved costs of special education" shall be
25 determined in a manner specified by the department and may include
26 indirect costs, but shall not exceed 115% of approved direct costs
27 for section 52 and section 53a programs. The total approved costs

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

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

1 those special education classroom teachers and special education
2 classroom aides are transferred and counted in membership in the
3 other district or intermediate district in conjunction with the
4 transfer of those teachers and aides.

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

23 (d) Reimbursement for ancillary and other related services, as
24 defined by R 340.1701c of the Michigan administrative code, shall
25 not be provided when those services are covered by and available
26 through private group health insurance carriers or federal
27 reimbursed program sources unless the department and district or

1 intermediate district agree otherwise and that agreement is
2 approved by the state budget director. Expenses, other than the
3 incidental expense of filing, shall not be borne by the parent. In
4 addition, the filing of claims shall not delay the education of a
5 pupil. A district or intermediate district shall be responsible for
6 payment of a deductible amount and for an advance payment required
7 until the time a claim is paid.

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

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

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

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

12 (11) From the funds allocated in subsection (1), there is
13 allocated the amount necessary, estimated at ~~\$5,000,000.00~~
14 **\$5,300,000.00** for 2011-2012 **AND ESTIMATED AT \$5,600,000.00 FOR**
15 **2012-2013**, to pay the foundation allowances for pupils described in
16 this subsection. The allocation to a district under this subsection
17 shall be calculated by multiplying the number of pupils described
18 in this subsection who are counted in membership in the district
19 times the foundation allowance under section 20 of the pupil's
20 district of residence, not to exceed the basic foundation allowance
21 under section 20 for the current fiscal year, or, for a pupil
22 described in this subsection who is counted in membership in a
23 district that is a public school academy, ~~or university school,~~
24 times an amount equal to the amount per membership pupil under
25 section 20(6) **OR, FOR A PUPIL DESCRIBED IN THIS SUBSECTION WHO IS**
26 **COUNTED IN MEMBERSHIP IN THE EDUCATION ACHIEVEMENT SYSTEM, TIMES AN**
27 **AMOUNT EQUAL TO THE AMOUNT PER MEMBERSHIP PUPIL UNDER SECTION**

1 20(7). The allocation to an intermediate district under this
2 subsection shall be calculated in the same manner as for a
3 district, using the foundation allowance under section 20 of the
4 pupil's district of residence, not to exceed the basic foundation
5 allowance under section 20 for the current fiscal year. This
6 subsection applies to all of the following pupils:

7 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

22 Sec. 51c. As required by the court in the consolidated cases
23 known as Durant v State of Michigan, Michigan supreme court docket
24 no. 104458-104492, from the allocation under section 51a(1), there
25 is allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** the
26 amount necessary, estimated at ~~\$647,500,000.00~~ **\$648,700,000.00** for
27 2011-2012 **AND ESTIMATED AT \$678,000,000.00 FOR 2012-2013**, for

1 payments to reimburse districts for 28.6138% of total approved
2 costs of special education excluding costs reimbursed under section
3 53a, and 70.4165% of total approved costs of special education
4 transportation. Funds allocated under this section that are not
5 expended in the state fiscal year for which they were allocated, as
6 determined by the department, may be used to supplement the
7 allocations under sections 22a and 22b in order to fully fund those
8 calculated allocations for the same fiscal year.

9 Sec. 51d. (1) From the federal funds appropriated in section
10 11, there is allocated for **EACH FISCAL YEAR 2011-2012 AND FOR 2012-**
11 **2013** all available federal funding, estimated at \$74,000,000.00
12 **EACH FISCAL YEAR**, for special education programs that are funded by
13 federal grants. All federal funds allocated under this section
14 shall be distributed in accordance with federal law.

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

19 (2) From the federal funds allocated under subsection (1), the
20 following amounts are allocated **EACH FISCAL YEAR** for 2011-2012 **AND**
21 **FOR 2012-2013:**

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (5) Not more than ~~\$12,300,000.00 of the allocation for 2010-~~
 20 ~~2011 and not more than \$13,500,000.00 of the allocation for 2011-~~
 21 **2012 AND FOR 2012-2013** in section 51a(1) shall be allocated **FOR**
 22 **EACH FISCAL YEAR** under this section.

23 Sec. 54. Each intermediate district shall receive an amount
 24 per pupil for each pupil in attendance at the Michigan schools for
 25 the deaf and blind. The amount shall be proportionate to the total
 26 instructional cost at each school. Not more than \$1,688,000.00 of
 27 the allocation for ~~2011-2012-2012-2013~~ in section 51a(1) shall be

1 allocated under this section.

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

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

7 (b) "Millage levied" means the millage levied for special
8 education pursuant to part 30 of the revised school code, MCL
9 380.1711 to 380.1743, including a levy for debt service
10 obligations.

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

17 (2) From the allocation under section 51a(1), there is
18 allocated an amount not to exceed \$36,881,100.00 for ~~2011-2012~~
19 **2012-2013** to reimburse intermediate districts levying millages for
20 special education pursuant to part 30 of the revised school code,
21 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
22 reimbursement shall be limited as if the funds were generated by
23 these millages and governed by the intermediate district plan
24 adopted pursuant to article 3 of the revised school code, MCL
25 380.1701 to 380.1766. As a condition of receiving funds under this
26 section, an intermediate district distributing any portion of
27 special education millage funds to its constituent districts shall

1 submit for departmental approval and implement a distribution plan.

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

7 (4) **FOR 2012-2013 ONLY, REIMBURSEMENT TO EACH INTERMEDIATE**
8 **DISTRICT SHALL BE EQUAL TO ITS REIMBURSEMENT UNDER THIS SECTION FOR**
9 **2011-2012.**

10 Sec. 61a. (1) From the appropriation in section 11, there is
11 allocated an amount not to exceed ~~\$26,611,300.00 for 2011-2012~~
12 **\$26,611,300.00 FOR 2012-2013** to reimburse on an added cost basis
13 districts, except for a district that served as the fiscal agent
14 for a vocational education consortium in the 1993-94 school year,
15 and secondary area vocational-technical education centers for
16 secondary-level career and technical education programs according
17 to rules approved by the superintendent. Applications for
18 participation in the programs shall be submitted in the form
19 prescribed by the department. The department shall determine the
20 added cost for each career and technical education program area.
21 The allocation of added cost funds shall be based on the type of
22 career and technical education programs provided, the number of
23 pupils enrolled, and the length of the training period provided,
24 and shall not exceed 75% of the added cost of any program. With the
25 approval of the department, the board of a district maintaining a
26 secondary career and technical education program may offer the
27 program for the period from the close of the school year until

1 September 1. The program shall use existing facilities and shall be
2 operated as prescribed by rules promulgated by the superintendent.

3 (2) Except for a district that served as the fiscal agent for
4 a vocational education consortium in the 1993-94 school year,
5 districts and intermediate districts shall be reimbursed for local
6 career and technical education administration, shared time career
7 and technical education administration, and career education
8 planning district career and technical education administration.

9 The definition of what constitutes administration and reimbursement
10 shall be pursuant to guidelines adopted by the superintendent. Not
11 more than \$800,000.00 of the allocation in subsection (1) shall be
12 distributed under this subsection.

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

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

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

25 (c) "Taxable value" means the total taxable value of the
26 districts constituent to an intermediate district or area
27 vocational-technical education program, except that if a district

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

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

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

18 (2) From the appropriation in section 11, there is allocated
19 an amount not to exceed ~~\$8,693,000.00 for 2010-2011 and an amount~~
20 ~~not to exceed \$9,000,000.00 for 2011-2012-2012-2013~~ to reimburse
21 intermediate districts and area vocational-technical education
22 programs established under section 690(3) of the revised school
23 code, MCL 380.690, levying millages for area vocational-technical
24 education pursuant to sections 681 to 690 of the revised school
25 code, MCL 380.681 to 380.690. The purpose, use, and expenditure of
26 the reimbursement shall be limited as if the funds were generated
27 by those millages.

1 (3) Reimbursement for the millages levied in 2010-2011 shall
2 be made in 2011-2012 at an amount per 2010-2011 membership pupil
3 computed by subtracting from \$190,400.00 the 2010-2011 taxable
4 value behind each membership pupil and multiplying the resulting
5 difference by the 2010-2011 millage levied.

6 **(4) FOR 2012-2013 ONLY, REIMBURSEMENTS TO EACH INTERMEDIATE**
7 **DISTRICT SHALL BE EQUAL TO ITS REIMBURSEMENT UNDER THIS SECTION FOR**
8 **2011-2012.**

9 Sec. 74. (1) From the amount appropriated in section 11, there
10 is allocated an amount not to exceed ~~\$3,233,900.00 for 2011-2012~~
11 **\$3,259,900.00 FOR 2012-2013** for the purposes of this section.

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

27 (3) From the allocation in subsection (1), there is allocated

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

(4) From the funds allocated in subsection (1), there is allocated an amount not to exceed ~~\$1,608,900.00 for 2011-2012~~ **\$1,634,900.00 FOR 2012-2013** for reimbursement to districts and intermediate districts for costs associated with the inspection of school buses and pupil transportation vehicles by the department of state police as required under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The department of state police shall prepare a statement of costs attributable to each district for which bus inspections are provided and submit it to the department and to ~~each affected~~ **AN INTERMEDIATE** district **SERVING AS FIDUCIARY** in a time and manner determined jointly by the department and the department of state police. ~~The~~ **UPON REVIEW AND APPROVAL OF THE STATEMENT OF COST, THE** department shall ~~reimburse~~ **FORWARD TO THE DESIGNATED INTERMEDIATE DISTRICT SERVING AS FIDUCIARY THE AMOUNT OF THE REIMBURSEMENT ON BEHALF OF** each district and intermediate district for costs detailed on the statement within ~~30~~ **45** days after receipt of the statement. ~~Districts for which services are provided~~ **THE DESIGNATED INTERMEDIATE DISTRICT** shall make payment in the amount specified on the statement to the department of state police within 45 days

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

6 Sec. 81. (1) Except as otherwise provided in this section,
 7 from the appropriation in section 11, there is allocated for ~~2011-~~
 8 ~~2012-2012-2013~~ to the intermediate districts the sum necessary, but
 9 not to exceed ~~\$62,108,000.00,~~ **\$64,108,000.00**, to provide state aid
 10 to intermediate districts under this section. ~~Except as otherwise~~
 11 ~~provided in this section, there shall be allocated~~

12 **(2) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED**
 13 **AN AMOUNT NOT TO EXCEED \$62,108,000.00 FOR ALLOCATIONS** to each
 14 intermediate district for ~~2011-2012-2012-2013~~ **IN** an amount equal to
 15 ~~95%-100%~~ of the amount allocated **TO THE INTERMEDIATE DISTRICT** under
 16 this subsection for ~~2010-2011.~~ **2011-2012**. Funding provided under
 17 this section shall be used to comply with requirements of this
 18 article and the revised school code that are applicable to
 19 intermediate districts, and for which funding is not provided
 20 elsewhere in this article, and to provide technical assistance to
 21 districts as authorized by the intermediate school board.

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

27 **(4)** ~~(3)~~ From the allocation in subsection (1), there is

1 allocated to an intermediate district, formed by the consolidation
2 or annexation of 2 or more intermediate districts or the attachment
3 of a total intermediate district to another intermediate school
4 district or the annexation of all of the constituent K-12 districts
5 of a previously existing intermediate school district which has
6 disorganized, an additional allotment of \$3,500.00 each fiscal year
7 for each intermediate district included in the new intermediate
8 district for 3 years following consolidation, annexation, or
9 attachment.

10 (5) ~~(4)~~ During a fiscal year, the department shall not
11 increase an intermediate district's allocation under subsection (1)
12 because of an adjustment made by the department during the fiscal
13 year in the intermediate district's taxable value for a prior year.
14 Instead, the department shall report the adjustment and the
15 estimated amount of the increase to the house and senate fiscal
16 agencies and the state budget director not later than June 1 of the
17 fiscal year, and the legislature shall appropriate money for the
18 adjustment in the next succeeding fiscal year.

19 (6) ~~(5)~~ In order to receive funding under ~~this section,~~
20 **SUBSECTION (2)**, an intermediate district shall do all of the
21 following:

22 (a) Demonstrate to the satisfaction of the department that the
23 intermediate district employs at least 1 person who is trained in
24 pupil ~~counting~~ **ACCOUNTING AND AUDITING** procedures, rules, and
25 regulations.

26 (b) Demonstrate to the satisfaction of the department that the
27 intermediate district employs at least 1 person who is trained in

1 rules, regulations, and district reporting procedures for the
2 individual-level student data that serves as the basis for the
3 calculation of the district and high school graduation and dropout
4 rates.

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

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

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

12 (f) Comply with section 761 of the revised school code, MCL
13 380.761.

14 (7) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
15 AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2012-2013 FOR AN
16 INCENTIVE PAYMENT TO EACH INTERMEDIATE DISTRICT THAT MEETS BEST
17 PRACTICES AS DETERMINED BY THE DEPARTMENT UNDER THIS SUBSECTION.
18 THE AMOUNT OF THE INCENTIVE PAYMENT IS AN AMOUNT EQUAL TO 3.2% OF
19 THE AMOUNT ALLOCATED TO THE INTERMEDIATE DISTRICT UNDER SUBSECTION
20 (2). AN INTERMEDIATE DISTRICT IS ELIGIBLE FOR AN INCENTIVE PAYMENT
21 UNDER THIS SUBSECTION IF THE INTERMEDIATE DISTRICT SATISFIES AT
22 LEAST 4 OF THE FOLLOWING REQUIREMENTS NOT LATER THAN JUNE 1, 2013:

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

25 (i) DEVELOP A SERVICE CONSOLIDATION PLAN IN 2012-2013 TO REDUCE
26 OPERATING COSTS THAT IS IN COMPLIANCE WITH GUIDELINES THAT WERE
27 DEVELOPED BY THE DEPARTMENT FOR FORMER SECTION 11D AS THAT SECTION

1 WAS IN EFFECT FOR 2010-2011.

2 (ii) IMPLEMENT THE SERVICE CONSOLIDATION PLAN IN 2013-2014 AND
3 REPORT TO THE DEPARTMENT NOT LATER THAN FEBRUARY 1, 2014 ON THE
4 INTERMEDIATE DISTRICT'S PROGRESS IN IMPLEMENTING THE SERVICE
5 CONSOLIDATION PLAN.

6 (B) THE INTERMEDIATE DISTRICT HAS OBTAINED COMPETITIVE BIDS ON
7 THE PROVISION OF 1 OR MORE NONINSTRUCTIONAL SERVICES FOR THE
8 INTERMEDIATE DISTRICT OR ITS CONSTITUENT DISTRICTS WITH A VALUE OF
9 AT LEAST \$50,000.00.

10 (C) THE INTERMEDIATE DISTRICT DEVELOPS A TECHNOLOGY PLAN IN
11 ACCORDANCE WITH DEPARTMENT POLICY ON BEHALF OF ALL CONSTITUENT
12 DISTRICTS WITHIN THE INTERMEDIATE DISTRICT THAT INTEGRATES
13 TECHNOLOGY INTO THE CLASSROOM AND PREPARES TEACHERS TO USE DIGITAL
14 TECHNOLOGIES AS PART OF THE INSTRUCTIONAL PROGRAM OF EACH OF ITS
15 CONSTITUENT DISTRICTS.

16 (D) THE INTERMEDIATE DISTRICT PROVIDES TO PARENTS AND
17 COMMUNITY MEMBERS A DASHBOARD OR REPORT CARD DEMONSTRATING THE
18 INTERMEDIATE DISTRICT'S EFFORTS TO MANAGE ITS FINANCES RESPONSIBLY.
19 THE DASHBOARD OR REPORT CARD SHALL INCLUDE AT LEAST ALL OF THE
20 FOLLOWING FOR THE 3 MOST RECENT SCHOOL YEARS FOR WHICH THE DATA ARE
21 AVAILABLE:

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

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

27 (iii) THE NUMBER AND PERCENTAGE OF TEACHERS IN THE INTERMEDIATE

1 DISTRICT SERVICE AREA THAT ARE TRAINED TO INTEGRATE TECHNOLOGY INTO
2 THE CLASSROOM.

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

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

10 (E) THE INTERMEDIATE DISTRICT WORKS IN A CONSORTIUM WITH 1 OR
11 MORE OTHER INTERMEDIATE DISTRICTS TO DEVELOP INFORMATION MANAGEMENT
12 SYSTEM REQUIREMENTS AND BID SPECIFICATIONS THAT CAN BE USED AS
13 STATEWIDE MODELS. AT A MINIMUM, THESE SPECIFICATIONS SHALL ADDRESS
14 PUPIL MANAGEMENT SYSTEMS FOR BOTH GENERAL AND SPECIAL EDUCATION,
15 LEARNING MANAGEMENT TOOLS, AND BUSINESS SERVICES.

16 Sec. 93. From the general fund money appropriated in section
17 11, there is allocated for ~~2011-2012-2012-2013~~ an amount not to
18 exceed \$1,304,300.00 to the library of Michigan for state aid to
19 libraries payments to help support the provision of the Michigan
20 electronic library in public schools and public libraries. The
21 library of Michigan shall distribute the payments to libraries
22 under this section pursuant to the state aid to public libraries
23 act, 1977 PA 89, MCL 397.551 to 397.576.

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

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

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

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

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

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

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

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

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

26 (f) Provide public reports to the citizens of this state to
27 allow them to assess allocation of resources and the return on

1 their investment in the education system of this state.

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

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

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

17 (4) The center shall ensure that the ~~statewide~~ **P-20**
18 longitudinal data system required under subsection (1)(b) meets all
19 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 ~~\$5,768,700.00 for 2011-2012~~ **\$9,218,400.00 FOR 2012-2013** 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 ~~2011-2012~~ **2012-2013** the amount necessary, estimated at ~~\$2,893,200.00,~~ **\$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

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

7 (6) From the ~~federal funds~~ allocated in subsection (5), there
8 is allocated for ~~2011-2012~~ **2012-2013** an amount not to exceed
9 \$850,000.00 ~~funded from the competitive grants of DED OESE, title~~
10 ~~II, educational technology funds for the purposes of this~~
11 ~~subsection. Not later than November 30 of each fiscal year, the~~
12 ~~department shall award a single grant to an eligible partnership~~
13 ~~that includes an intermediate district with at least 1 high need~~
14 ~~local school district and the center.~~ **FOR COMPETITIVE GRANTS TO**
15 **SUPPORT COLLABORATIVE EFFORTS ON THE P-20 LONGITUDINAL DATA SYSTEM.**
16 **ALL OF THE FOLLOWING APPLY TO GRANTS AWARDED UNDER THIS SUBSECTION:**

17 (A) THE CENTER SHALL AWARD COMPETITIVE GRANTS TO ELIGIBLE
18 INTERMEDIATE DISTRICTS OR A CONSORTIUM OF INTERMEDIATE DISTRICTS
19 BASED ON CRITERIA ESTABLISHED BY THE CENTER.

20 (B) ACTIVITIES FUNDED UNDER THE GRANT SHALL SUPPORT THE P-20
21 LONGITUDINAL DATA SYSTEM PORTAL AND MAY INCLUDE PORTAL HOSTING,
22 HARDWARE AND SOFTWARE ACQUISITION, MAINTENANCE, ENHANCEMENTS, USER
23 SUPPORT AND RELATED MATERIALS, AND PROFESSIONAL LEARNING TOOLS AND
24 ACTIVITIES AIMED AT IMPROVING THE UTILITY OF THE P-20 LONGITUDINAL
25 DATA SYSTEM.

26 (C) AN APPLICANT THAT RECEIVED A GRANT UNDER THIS SUBSECTION
27 FOR THE IMMEDIATELY PRECEDING FISCAL YEAR SHALL RECEIVE PRIORITY

1 FOR FUNDING UNDER THIS SECTION. HOWEVER, AFTER 3 FISCAL YEARS OF
2 CONTINUOUS FUNDING, AN APPLICANT IS REQUIRED TO COMPETE OPENLY WITH
3 NEW APPLICANTS.

4 ~~—— (7) From the federal funds allocated in subsection (5), there~~
5 ~~is allocated for 2011-2012 an amount not to exceed \$242,000.00 to~~
6 ~~support the efforts of postsecondary institutions to comply with~~
7 ~~the requirements of this state's statewide longitudinal data~~
8 ~~system. The funds shall be distributed to postsecondary~~
9 ~~institutions in an amount and manner determined by the center.~~

10 ~~—— (8) The center and the department shall work cooperatively to~~
11 ~~develop a cost allocation plan that pays for center expenses from~~
12 ~~the appropriate federal fund and state restricted fund revenues.~~

13 (7) ~~(9)~~ Funds allocated under this section that are not
14 expended in the fiscal year in which they were allocated may be
15 carried forward to a subsequent fiscal year and are appropriated
16 for the purposes for which the funds were originally allocated.

17 (8) ~~(10)~~ The center may bill departments as necessary in order
18 to fulfill reporting requirements of state and federal law. The
19 center may also enter into agreements to supply custom data,
20 analysis, and reporting to other principal executive departments,
21 state agencies, local units of government, and other individuals
22 and organizations. The center may receive and expend funds in
23 addition to those authorized in subsection (5) to cover the costs
24 associated with salaries, benefits, supplies, materials, and
25 equipment necessary to provide such data, analysis, and reporting
26 services.

27 (9) ~~(11)~~ As used in this section:

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

3 ~~—— (b) "High-need local school district" means a local~~
4 ~~educational agency as defined in the enhancing education through~~
5 ~~technology part of the no child left behind act of 2001, Public Law~~
6 ~~107-110.~~

7 (B) ~~(e)~~ "State education agency" means the department.

8 SEC. 95. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE
9 IS ALLOCATED AN AMOUNT NOT TO EXCEED \$1,750,000.00 FOR 2012-2013
10 FOR GRANTS TO DISTRICTS TO SUPPORT PROFESSIONAL DEVELOPMENT FOR
11 PRINCIPALS AND ASSISTANT PRINCIPALS IN A DEPARTMENT-APPROVED
12 TRAINING PROGRAM FOR IMPLEMENTING EDUCATOR EVALUATIONS AS REQUIRED
13 UNDER SECTION 1249 OF THE REVISED SCHOOL CODE, MCL 380.1249.

14 (2) FOR 2012-2013, ALL DISTRICTS MAY APPLY FOR FUNDING UNDER
15 THIS SECTION BY A DATE DETERMINED BY THE DEPARTMENT. BEGINNING IN
16 2013-2014, IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT,
17 PRIORITY WILL BE GIVEN TO DISTRICTS THAT HAVE NEW BUILDING
18 ADMINISTRATORS WHO HAVE NOT PREVIOUSLY RECEIVED TRAINING IN
19 PROGRAMS FUNDED UNDER THIS SECTION.

20 (3) THE DEPARTMENT SHALL APPROVE TRAINING PROGRAMS FOR THE
21 PURPOSE OF THIS SECTION. THE DEPARTMENT SHALL APPROVE ALL TRAINING
22 PROGRAMS RECOMMENDED BY THE GOVERNOR'S COUNCIL ON EDUCATOR
23 EFFECTIVENESS AND MAY APPROVE OTHER TRAINING PROGRAMS THAT MEET
24 DEPARTMENT CRITERIA. AT A MINIMUM, THESE OTHER PROGRAMS SHALL MEET
25 ALL OF THE FOLLOWING CRITERIA:

26 (A) CONTAIN INSTRUCTIONAL CONTENT ON METHODS OF EVALUATING
27 TEACHERS CONSISTENTLY ACROSS MULTIPLE GRADES AND SUBJECTS.

1 (B) INCLUDE TRAINING ON EVALUATION OBSERVATION THAT IS FOCUSED
2 ON RELIABILITY AND BIAS AWARENESS AND THAT INSTILLS SKILLS NEEDED
3 FOR CONSISTENT, EVIDENCE-BASED OBSERVATIONS.

4 (C) INCORPORATE THE USE OF VIDEOS OF ACTUAL LESSONS FOR
5 APPLYING RUBRICS AND CONSISTENT SCORING.

6 (D) ALIGN WITH RECOMMENDATIONS OF THE GOVERNOR'S COUNCIL ON
7 EDUCATOR EFFECTIVENESS.

8 (E) PROVIDE ONGOING SUPPORT TO MAINTAIN INTER-RATER
9 RELIABILITY. AS USED IN THIS SUBDIVISION, "INTER-RATER RELIABILITY"
10 MEANS A CONSISTENCY OF MEASUREMENT FROM DIFFERENT EVALUATORS
11 INDEPENDENTLY APPLYING THE SAME EVALUATION CRITERIA TO THE SAME
12 CLASSROOM OBSERVATION.

13 (4) THE DEPARTMENT SHALL AWARD GRANTS TO ELIGIBLE DISTRICTS IN
14 AN AMOUNT DETERMINED BY THE DEPARTMENT, BUT NOT TO EXCEED \$350.00
15 PER PARTICIPANT.

16 (5) A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE
17 THE FUNDS ONLY FOR DEPARTMENT-APPROVED TRAINING PROGRAMS UNDER THIS
18 SECTION.

19 Sec. 98. (1) From the general fund money appropriated in
20 section 11, there is allocated an amount not to exceed
21 ~~\$1,687,500.00~~ **\$4,387,500.00** for 2011-2012 to provide a grant to the
22 ~~Michigan virtual university for the development, implementation,~~
23 ~~and operation of the Michigan virtual high school; to provide~~
24 ~~professional development opportunities for educators; and to fund~~
25 ~~ether 2012-2013 FOR THE~~ purposes described in this section. ~~In~~
26 ~~addition, from the federal funds appropriated in section 11, there~~
27 ~~is allocated for 2011-2012 an amount estimated at \$2,700,000.00.~~

~~———— (2) The Michigan virtual high school shall have the following goals:~~

~~———— (a) Significantly expand curricular offerings for high schools across this state through agreements with districts or licenses from other recognized providers.~~

~~———— (b) Create statewide instructional models using interactive multimedia tools delivered by electronic means, including, but not limited to, the internet, digital broadcast, or satellite network, for distributed learning at the high school level.~~

~~———— (c) Provide pupils with opportunities to develop skills and competencies through online learning.~~

~~———— (d) Grant high school diplomas through a dual enrollment method with districts.~~

~~———— (e) Act as a broker for college level equivalent courses, as defined in section 1471 of the revised school code, MCL 380.1471, and dual enrollment courses from postsecondary education institutions.~~

~~———— (f) Maintain the accreditation status of the Michigan virtual high school from recognized national and international accrediting entities.~~

(2) THE MICHIGAN VIRTUAL UNIVERSITY SHALL ESTABLISH THE CENTER FOR ONLINE LEARNING RESEARCH AND INNOVATION. THE CENTER FOR ONLINE LEARNING RESEARCH AND INNOVATION SHALL DO ALL OF THE FOLLOWING:

(A) SUPPORT AND ACCELERATE INNOVATION IN EDUCATION THROUGH THE FOLLOWING ACTIVITIES:

(i) TEST, EVALUATE, AND RECOMMEND AS APPROPRIATE NEW TECHNOLOGY-BASED INSTRUCTIONAL TOOLS AND RESOURCES.

1 (ii) RESEARCH, DESIGN, AND RECOMMEND ONLINE AND BLENDED
2 EDUCATION DELIVERY MODELS FOR USE BY PUPILS AND TEACHERS THAT
3 INCLUDE AGE-APPROPRIATE MULTIMEDIA INSTRUCTIONAL CONTENT.

4 (iii) RESEARCH, DESIGN, AND RECOMMEND COMPETENCY-BASED ONLINE
5 ASSESSMENTS.

6 (iv) RESEARCH, DEVELOP, AND RECOMMEND ANNUALLY TO THE
7 DEPARTMENT CRITERIA BY WHICH CYBER SCHOOLS AND ONLINE COURSE
8 PROVIDERS SHOULD BE MONITORED AND EVALUATED TO ENSURE A QUALITY
9 EDUCATION FOR THEIR PUPILS.

10 (v) BASED ON PUPIL COMPLETION AND PERFORMANCE DATA REPORTED TO
11 THE DEPARTMENT OR THE CENTER FOR EDUCATIONAL PERFORMANCE AND
12 INFORMATION FROM CYBER SCHOOLS AND OTHER ONLINE COURSE PROVIDERS
13 OPERATING IN THIS STATE, ANALYZE THE EFFECTIVENESS OF ONLINE
14 LEARNING DELIVERY MODELS IN PREPARING PUPILS TO BE COLLEGE- AND
15 CAREER-READY AND PUBLISH A REPORT THAT HIGHLIGHTS ENROLLMENT
16 TOTALS, COMPLETION RATES, AND THE OVERALL IMPACT ON PUPILS. THE
17 REPORT SHALL BE SUBMITTED TO THE HOUSE AND SENATE APPROPRIATIONS
18 SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE
19 HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT NOT LATER THAN
20 DECEMBER 31, 2013.

21 (vi) DESIGN PROFESSIONAL DEVELOPMENT SERVICES FOR TEACHERS,
22 SCHOOL ADMINISTRATORS, AND SCHOOL BOARD MEMBERS TO LEARN HOW TO
23 EFFECTIVELY INTEGRATE NEW TECHNOLOGIES AND ONLINE LEARNING INTO
24 CURRICULA AND INSTRUCTION.

25 (vii) IDENTIFY AND SHARE BEST PRACTICES FOR IMPLEMENTING ONLINE
26 AND BLENDED EDUCATION DELIVERY MODELS WITH INTERMEDIATE DISTRICTS,
27 DISTRICTS, AND PUBLIC SCHOOL ACADEMIES TO ACCELERATE THE ADOPTION

1 OF INNOVATIVE EDUCATION DELIVERY MODELS STATEWIDE.

2 (B) PROVIDE LEADERSHIP FOR THIS STATE'S SYSTEM OF ONLINE AND
3 BLENDED LEARNING EDUCATION BY DOING THE FOLLOWING ACTIVITIES:

4 (i) DEVELOP AND REPORT POLICY RECOMMENDATIONS TO THE GOVERNOR
5 AND THE LEGISLATURE THAT ACCELERATE THE EXPANSION OF EFFECTIVE
6 ONLINE LEARNING IN THIS STATE'S SCHOOLS.

7 (ii) PROVIDE A CLEARINGHOUSE FOR RESEARCH REPORTS, ACADEMIC
8 STUDIES, EVALUATIONS, AND OTHER INFORMATION RELATED TO ONLINE
9 LEARNING.

10 (iii) PROMOTE AND DISTRIBUTE THE MOST CURRENT INSTRUCTIONAL
11 DESIGN STANDARDS AND GUIDELINES FOR ONLINE TEACHING.

12 (iv) IN COLLABORATION WITH THE DEPARTMENT AND INTERESTED
13 COLLEGES AND UNIVERSITIES IN THIS STATE, RECOMMEND TO THE
14 SUPERINTENDENT GUIDELINES AND STANDARDS FOR A NEW TEACHER
15 ENDORSEMENT CREDENTIAL RELATED TO EFFECTIVE ONLINE AND BLENDED
16 INSTRUCTION.

17 (v) PURSUE PUBLIC/PRIVATE PARTNERSHIPS THAT INCLUDE DISTRICTS
18 TO STUDY AND IMPLEMENT COMPETENCY-BASED TECHNOLOGY-RICH ONLINE
19 LEARNING MODELS.

20 (vi) CONVENE FOCUS GROUPS AND CONDUCT ANNUAL SURVEYS OF
21 TEACHERS, ADMINISTRATORS, PUPILS, PARENTS, AND OTHERS TO IDENTIFY
22 BARRIERS AND OPPORTUNITIES RELATED TO ONLINE LEARNING.

23 (vii) PRODUCE AN ANNUAL CONSUMER AWARENESS REPORT FOR SCHOOLS
24 AND PARENTS ABOUT EFFECTIVE ONLINE EDUCATION PROVIDERS AND
25 EDUCATION DELIVERY MODELS, PERFORMANCE DATA, COST STRUCTURES, AND
26 RESEARCH TRENDS.

27 (3) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, FROM THE

1 FUNDS ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT
2 TO EXCEED \$500,000.00 FOR 2012-2013 TO THE MICHIGAN VIRTUAL SCHOOL
3 OPERATED BY THE MICHIGAN VIRTUAL UNIVERSITY TO CONDUCT AND REPORT
4 ON A YEAR-LONG PILOT STUDY OF A NEW PERFORMANCE-BASED FUNDING MODEL
5 FOR THE MICHIGAN VIRTUAL SCHOOL. THE PURPOSE OF THE PILOT STUDY IS
6 TO DETERMINE THE MERITS OF A PAYMENT SYSTEM FOR ONLINE
7 INSTRUCTIONAL PROGRAMS BASED ON PUPIL PERFORMANCE RATHER THAN
8 SOLELY ON ENROLLMENT AND ATTENDANCE FACTORS. ALL OF THE FOLLOWING
9 APPLY TO THE PILOT STUDY AND THE FUNDING UNDER THIS SUBSECTION:

10 (A) THE MICHIGAN VIRTUAL SCHOOL SHALL RANDOMLY SELECT A
11 MINIMUM OF 1,000 OF ITS QUALIFYING ONLINE COURSE ENROLLMENTS FOR
12 INCLUSION IN THE PILOT STUDY. THE MICHIGAN VIRTUAL SCHOOL SHALL
13 ISSUE A REFUND OR CREDIT TO DISTRICTS FOR ALL ONLINE COURSE
14 ENROLLMENTS INCLUDED IN THE PILOT STUDY.

15 (B) THE MICHIGAN VIRTUAL SCHOOL SHALL REPORT TO THE DEPARTMENT
16 THE NUMBER OF ONLINE COURSE ENROLLMENTS IN THE PILOT STUDY THAT
17 MEET THE FOLLOWING CONDITIONS:

18 (i) THE PUPIL SUCCESSFULLY COMPLETED THE ONLINE COURSE AS
19 MEASURED BY ASSESSMENTS ALIGNED TO THE COURSE CONTENT AND EARNED A
20 GRADE OR CREDIT FROM THE DISTRICT OR PUBLIC SCHOOL ACADEMY IN WHICH
21 THE PUPIL IS ENROLLED.

22 (ii) THE ONLINE COURSE IS TAUGHT BY A MICHIGAN CERTIFICATED
23 TEACHER CERTIFIED IN THE SUBJECT AREA IN WHICH THE COURSE IS BEING
24 OFFERED.

25 (iii) WHERE APPLICABLE, THE ONLINE COURSE IS ALIGNED WITH
26 MICHIGAN CURRICULUM STANDARDS.

27 (iv) THE ONLINE COURSE CURRICULUM CONTAINS PERIODIC ONLINE

1 PUPIL ASSESSMENTS.

2 (v) PUPILS HAVE ACCESS TO THE APPROPRIATE TECHNOLOGY HARDWARE
3 AND SOFTWARE NECESSARY TO TAKE THE ONLINE COURSE.

4 (vi) PARENTS OR GUARDIANS AND PUPILS HAVE SECURE ONLINE ACCESS
5 TO REVIEW PERIODIC PUPIL PROGRESS AND PERFORMANCE DATA.

6 (vii) THE ONLINE INSTRUCTOR IS AVAILABLE TO INTERACT WITH
7 PARENTS OR GUARDIANS AND PUPILS USING ELECTRONIC COMMUNICATIONS.

8 (C) THE DEPARTMENT SHALL PAY TO MICHIGAN VIRTUAL SCHOOL FROM
9 THE FUNDING UNDER THIS SUBSECTION AN AMOUNT NOT TO EXCEED THE
10 EQUIVALENT OF 1/12 OF THE STATE'S MINIMUM PER PUPIL FOUNDATION
11 ALLOWANCE FOR EACH ONLINE COURSE ENROLLMENT INCLUDED IN THE PILOT
12 STUDY THAT MEETS THE CONDITIONS OF SUBDIVISION (B) IN THE NEXT
13 SCHOOL AID PAYMENT AFTER THE REPORT IS RECEIVED BY THE DEPARTMENT.

14 (4) IN ORDER FOR THE MICHIGAN VIRTUAL UNIVERSITY TO RECEIVE
15 ANY FUNDS ALLOCATED UNDER THIS SECTION, THE MICHIGAN VIRTUAL SCHOOL
16 MUST MAINTAIN ITS ACCREDITATION STATUS FROM RECOGNIZED NATIONAL AND
17 INTERNATIONAL ACCREDITING ENTITIES.

18 (5) ~~(3)~~ The Michigan virtual high-school MAY OFFER ONLINE
19 course offerings ~~shall include, but are~~ IN ADDITION TO THOSE
20 OFFERED IN THE PILOT STUDY DESCRIBED IN SUBSECTION (4), INCLUDING,
21 BUT not limited to, all of the following:

22 (a) Information technology courses.

23 (b) College level equivalent courses, as defined in section
24 1471 of the revised school code, MCL 380.1471.

25 (c) Courses and dual enrollment opportunities.

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

27 (e) General education development test preparation courses for

1 adjudicated youth.

2 (f) Special interest courses.

3 (g) Professional development programs that teach Michigan
4 educators how to develop and deliver online instructional
5 services. **FOR TEACHERS, SCHOOL ADMINISTRATORS, OTHER SCHOOL**
6 **EMPLOYEES, AND SCHOOL BOARD MEMBERS.**

7 ~~—— (4) From the federal funds allocated in subsection (1), there~~
8 ~~is allocated for 2011-2012 an amount estimated at \$1,700,000.00~~
9 ~~from DED-OESE, title II, improving teacher quality funds for a~~
10 ~~grant to the Michigan virtual university for the purpose of this~~
11 ~~subsection. With the approval of the department, the Michigan~~
12 ~~virtual university shall coordinate the following activities~~
13 ~~related to DED-OESE, title II, improving teacher quality funds in~~
14 ~~accordance with federal law.~~

15 ~~—— (a) Develop, and assist districts in the development and use~~
16 ~~of, proven, innovative strategies to deliver intensive professional~~
17 ~~development programs that are both cost-effective and easily~~
18 ~~accessible, such as strategies that involve delivery through the~~
19 ~~use of technology, peer networks, and distance learning.~~

20 ~~—— (b) Encourage and support the training of teachers and~~
21 ~~administrators to effectively integrate technology into curricula~~
22 ~~and instruction.~~

23 ~~—— (c) Coordinate the activities of eligible partnerships that~~
24 ~~include higher education institutions for the purposes of providing~~
25 ~~professional development activities for teachers,~~
26 ~~paraprofessionals, and principals as defined in federal law.~~

27 ~~—— (d) Offer teachers opportunities to learn new skills and~~

~~strategies for developing and delivering instructional services.~~

~~—— (c) Provide online professional development opportunities for educators to update and expand knowledge and skills needed to support the Michigan merit curriculum core content standards and credit requirements.~~

~~—— (5) The Michigan virtual university shall offer at least 200 hours of online professional development for classroom teachers under this section each fiscal year beginning in 2006-2007 without charge to the teachers or to districts or intermediate districts.~~

~~—— (6) From the federal funds appropriated in subsection (1), there is allocated for 2011-2012 an amount estimated at \$1,000,000.00 from the DED OESE, title II, educational technology grant funds to support e-learning and virtual school initiatives consistent with the goals contained in the United States national educational technology plan issued in January 2005. These funds shall be used to support activities designed to build the capacity of the Michigan virtual university and shall not be used to supplant other funding. Not later than November 30, 2010, from the funds allocated in this subsection, the department shall award a single grant of \$1,000,000.00 to a consortium or partnership established by the Michigan virtual university that meets the requirements of this subsection. To be eligible for this funding, a consortium or partnership established by the Michigan virtual university shall include at least 1 intermediate district and at least 1 high need local district. All of the following apply to this funding:~~

~~—— (a) An eligible consortium or partnership must demonstrate the~~

1 following:

2 ~~—— (i) Prior success in delivering online courses and~~
3 ~~instructional services to K-12 pupils throughout this state.~~

4 ~~—— (ii) Expertise in designing, developing, and evaluating online~~
5 ~~K-12 course content.~~

6 ~~—— (iii) Experience in maintaining a statewide help desk service~~
7 ~~for pupils, online teachers, and other school personnel.~~

8 ~~—— (iv) Knowledge and experience in providing technical assistance~~
9 ~~and support to K-12 schools in the area of online education.~~

10 ~~—— (v) Experience in training and supporting K-12 educators in~~
11 ~~this state to teach online courses.~~

12 ~~—— (vi) Demonstrated technical expertise and capacity in managing~~
13 ~~complex technology systems.~~

14 ~~—— (vii) Experience promoting twenty-first century learning skills~~
15 ~~through the use of online technologies.~~

16 ~~—— (b) The Michigan virtual university, which operates the~~
17 ~~Michigan virtual high school, shall perform the following tasks~~
18 ~~related to this funding:~~

19 ~~—— (i) Strengthen its capacity by pursuing activities, policies,~~
20 ~~and practices that increase the overall number of Michigan virtual~~
21 ~~high school course enrollments and course completions by at-risk~~
22 ~~students.~~

23 ~~—— (ii) Examine the curricular and specific course content needs~~
24 ~~of middle and high school students in the areas of mathematics and~~
25 ~~science.~~

26 ~~—— (iii) Design, develop, and acquire online courses and related~~
27 ~~supplemental resources aligned to state standards to create a~~

~~comprehensive and rigorous statewide catalog of online courses and instructional services.~~

~~—— (iv) Continue to evaluate and conduct pilot programs for new and innovative online tools, resources, and courses.~~

~~—— (v) Evaluate existing online teaching and learning practices and develop continuous improvement strategies to enhance student achievement.~~

~~—— (vi) Develop, support, and maintain the technology infrastructure and related software required to deliver online courses and instructional services to students statewide.~~

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

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

(a) A list of the ~~Michigan schools~~-**DISTRICTS** served by the Michigan virtual ~~high~~-school.

(b) A list of online course titles available to ~~Michigan schools~~-**DISTRICTS**.

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

3 (d) The overall course completion rate percentage.

4 ~~(e) A summary of DED OESE, title IIA, teacher quality grant~~
5 ~~and DED OESE, title IID, education technology grant expenditures.~~

6 ~~(f) Identification of unmet educational needs that could be~~
7 ~~addressed by the Michigan virtual high school.~~

8 (E) AN ANALYSIS OF THE RESULTS OF THE PILOT STUDY DESCRIBED IN
9 SUBSECTION (3), INCLUDING, BUT NOT LIMITED TO:

10 (i) A LIST OF THE DISTRICTS THAT WERE SELECTED TO BE PART OF
11 THE PILOT STUDY.

12 (ii) THE NUMBER OF SUCCESSFUL ONLINE COURSE COMPLETIONS.

13 (iii) A LIST OF THE COURSES OFFERED IN THE PILOT STUDY AND THE
14 COMPLETION RATES FOR EACH COURSE.

15 (iv) IDENTIFICATION OF OPPORTUNITIES AND BARRIERS THAT MUST BE
16 ADDRESSED IN ORDER TO APPLY ONLINE LEARNING PERFORMANCE FUNDING
17 BASED ON SUCCESSFUL COMPLETIONS RATHER THAN ENROLLMENT AND
18 ATTENDANCE FOR ONLINE LEARNING OFFERINGS STATEWIDE.

19 (8) THE GOVERNOR MAY APPOINT AN ADVISORY GROUP FOR THE CENTER
20 FOR ONLINE LEARNING RESEARCH AND INNOVATION ESTABLISHED UNDER
21 SUBSECTION (2). THE MEMBERS OF THE ADVISORY GROUP SHALL SERVE AT
22 THE PLEASURE OF THE GOVERNOR AND SHALL SERVE WITHOUT COMPENSATION.
23 THE PURPOSE OF THE ADVISORY GROUP IS TO MAKE RECOMMENDATIONS TO THE
24 GOVERNOR, THE LEGISLATURE, AND THE PRESIDENT AND BOARD OF THE
25 MICHIGAN VIRTUAL UNIVERSITY THAT WILL ACCELERATE INNOVATION IN THIS
26 STATE'S EDUCATION SYSTEM IN A MANNER THAT WILL PREPARE ELEMENTARY
27 AND SECONDARY STUDENTS TO BE CAREER AND COLLEGE READY AND THAT WILL

1 PROMOTE THE GOAL OF INCREASING THE PERCENTAGE OF CITIZENS OF THIS
2 STATE WITH HIGH-QUALITY DEGREES AND CREDENTIALS TO AT LEAST 60% BY
3 2025.

4 (9) As used in this section:

5 ~~—— (a) "DED OESE" means the United States department of education~~
6 ~~office of elementary and secondary education.~~

7 ~~—— (b) "High need local district" means a local educational~~
8 ~~agency as defined in the enhancing education through technology~~
9 ~~part of the no child left behind act of 2001, Public Law 107-110.~~

10 ~~—— (c) "State education agency" means the department.~~

11 (A) "BLENDED LEARNING" MEANS A HYBRID INSTRUCTIONAL DELIVERY
12 MODEL WHERE PUPILS ARE PROVIDED FACE-TO-FACE INSTRUCTION, IN PART
13 AT A SUPERVISED SCHOOL FACILITY AWAY FROM HOME AND IN PART THROUGH
14 COMPUTER-BASED AND INTERNET-CONNECTED LEARNING ENVIRONMENTS WITH
15 SOME DEGREE OF PUPIL CONTROL OVER TIME, LOCATION, AND PACE OF
16 INSTRUCTION.

17 (B) "CYBER SCHOOL" MEANS A FULL-TIME ONLINE INSTRUCTIONAL
18 PROGRAM FOR PUPILS THAT MAY OR MAY NOT REQUIRE ATTENDANCE AT A
19 PHYSICAL SCHOOL LOCATION.

20 (C) "ONLINE INSTRUCTIONAL PROGRAM" MEANS A COURSE OF STUDY
21 THAT GENERATES A CREDIT OR A GRADE, PROVIDED IN AN INTERACTIVE
22 COMPUTER-BASED AND INTERNET-CONNECTED LEARNING ENVIRONMENT, IN
23 WHICH PUPILS ARE SEPARATED FROM THEIR TEACHERS BY TIME OR LOCATION,
24 OR BOTH, AND IN WHICH A MICHIGAN CERTIFICATED TEACHER IS
25 RESPONSIBLE FOR PROVIDING DIRECT INSTRUCTION, DIAGNOSING LEARNING
26 NEEDS, ASSESSING PUPIL LEARNING, PRESCRIBING INTERVENTION
27 STRATEGIES, REPORTING OUTCOMES, AND EVALUATING THE EFFECTS OF

1 **INSTRUCTION AND SUPPORT STRATEGIES.**

2 Sec. 99. (1) From the ~~state school aid fund money~~ **FUNDS**
3 appropriated in section 11, there is allocated an amount not to
4 exceed ~~\$2,515,000.00 for 2011-2012 and from the general fund~~
5 ~~appropriation in section 11, there is allocated an amount not to~~
6 ~~exceed \$110,000.00 for 2011-2012~~ **\$2,725,000.00 FOR 2012-2013** to
7 support the activities and programs of mathematics and science
8 centers and for other purposes as described in this section. In
9 addition, from the federal funds appropriated in section 11, there
10 is allocated for ~~2011-2012~~ **2012-2013** an amount estimated at
11 \$5,249,300.00 from DED-OESE, title II, mathematics and science
12 partnership grants.

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

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

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

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

16 (6) From the funds allocated in subsection (1), there is
17 allocated for ~~2011-2012-2012-2013~~ an amount not to exceed
18 \$750,000.00 in a form and manner determined by the department to
19 those centers able to provide curriculum and professional
20 development support to assist districts in implementing the
21 Michigan merit curriculum components for mathematics and science.
22 Funding under this subsection is in addition to funding allocated
23 under subsection (5).

24 **(7) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS**
25 **ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$100,000.00 IN A**
26 **FORM AND MANNER DETERMINED BY THE DEPARTMENT TO A SINGLE**
27 **MATHEMATICS AND SCIENCE CENTER THAT IS A PARTICIPANT IN THE**

1 MICHIGAN STEM PARTNERSHIP. FUNDING UNDER THIS SUBSECTION IS IN
2 ADDITION TO FUNDING ALLOCATED UNDER SUBSECTION (5) AND SHALL BE
3 USED FOR CONNECTING MATHEMATICS AND SCIENCE CENTERS FOR SCIENCE,
4 TECHNOLOGY, ENGINEERING, AND MATHEMATICS PURPOSES.

5 (8) ~~(7)~~—In order to receive state or federal funds under this
6 section, a grant recipient shall allow access for the department or
7 the department's designee to audit all records related to the
8 program for which it receives such funds. The grant recipient shall
9 reimburse the state for all disallowances found in the audit.

10 (9) ~~(8)~~—Not later than September 30, 2013, the department
11 shall reevaluate and update the comprehensive master plan described
12 in subsection (1).

13 (10) ~~(9)~~—The department shall give preference in awarding the
14 federal grants allocated in subsection (1) to eligible existing
15 mathematics and science centers.

16 (11) ~~(10)~~—In order to receive state funds under this section,
17 a grant recipient shall provide at least a 10% local match from
18 local public or private resources for the funds received under this
19 section.

20 (12) ~~(11)~~—Not later than July 1 of each year, a mathematics
21 and science center that receives funds under this section shall
22 report to the department in a form and manner prescribed by the
23 department on the following performance measures:

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

27 (b) Statistical change in pre- and post-assessment scores for

1 teachers who enrolled in professional development activities
2 provided by the mathematics and science center.

3 (13) ~~(12)~~—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 Sec. 101. (1) To be eligible to receive state aid under this
8 act, not later than the fifth Wednesday after the pupil membership
9 count day and not later than the fifth Wednesday after the
10 supplemental count day, each district superintendent shall submit
11 to the center and the intermediate superintendent, in the form and
12 manner prescribed by the center, the number of pupils enrolled and
13 in regular daily attendance in the district as of the pupil
14 membership count day and as of the supplemental count day, as
15 applicable, for the current school year. In addition, a district
16 maintaining school during the entire year, as provided under
17 section 1561 of the revised school code, MCL 380.1561, shall submit
18 to the center and the intermediate superintendent, in the form and
19 manner prescribed by the center, the number of pupils enrolled and
20 in regular daily attendance in the district for the current school
21 year pursuant to rules promulgated by the superintendent. Not later
22 than the seventh Wednesday after the pupil membership count day and
23 not later than the ~~seventh~~**SIXTH** Wednesday after the supplemental
24 count day, the district shall certify the data in a form and manner
25 prescribed by the center and file the certified data with the
26 intermediate superintendent. If a district fails to submit and
27 certify the attendance data, as required under this subsection, the

1 center shall notify the department and state aid due to be
2 distributed under this ~~act~~**ARTICLE** shall be withheld from the
3 defaulting district immediately, beginning with the next payment
4 after the failure and continuing with each payment until the
5 district complies with this subsection. If a district does not
6 comply with this subsection by the end of the fiscal year, the
7 district forfeits the amount withheld. A person who willfully
8 falsifies a figure or statement in the certified and sworn copy of
9 enrollment shall be punished in the manner prescribed by section
10 161.

11 (2) To be eligible to receive state aid under this ~~act~~,
12 **ARTICLE**, not later than the twenty-fourth Wednesday after the pupil
13 membership count day and not later than the twenty-fourth Wednesday
14 after the supplemental count day, an intermediate district shall
15 submit to the center, in a form and manner prescribed by the
16 center, the audited enrollment and attendance data for the pupils
17 of its constituent districts and of the intermediate district. If
18 an intermediate district fails to submit the audited data as
19 required under this subsection, state aid due to be distributed
20 under this ~~act~~**ARTICLE** shall be withheld from the defaulting
21 intermediate district immediately, beginning with the next payment
22 after the failure and continuing with each payment until the
23 intermediate district complies with this subsection. If an
24 intermediate district does not comply with this subsection by the
25 end of the fiscal year, the intermediate district forfeits the
26 amount withheld.

27 (3) Except as otherwise provided in subsection (11), all of

1 the following apply to the provision of pupil instruction:

2 (a) Except as otherwise provided in this section, each
3 district shall provide at least 1,098 hours and, beginning in 2010-
4 2011, the required minimum number of days of pupil instruction. For
5 2010-2011 and for 2011-2012, the required minimum number of days of
6 pupil instruction is 165. Beginning in 2012-2013, the required
7 minimum number of days of pupil instruction is 170. However,
8 beginning in 2010-2011, a district shall not provide fewer days of
9 pupil instruction than the district provided for 2009-2010. A
10 district may apply for a waiver under subsection (9) from the
11 requirements of this subdivision.

12 (b) Except as otherwise provided in this ~~act~~, **ARTICLE**, a
13 district failing to comply with the required minimum hours and days
14 of pupil instruction under this subsection shall forfeit from its
15 total state aid allocation an amount determined by applying a ratio
16 of the number of hours or days the district was in noncompliance in
17 relation to the required minimum number of hours and days under
18 this subsection. Not later than August 1, the board of each
19 district shall certify to the department the number of hours and,
20 beginning in 2010-2011, days of pupil instruction in the previous
21 school year. If the district did not provide at least the required
22 minimum number of hours and days of pupil instruction under this
23 subsection, the deduction of state aid shall be made in the
24 following fiscal year from the first payment of state school aid. A
25 district is not subject to forfeiture of funds under this
26 subsection for a fiscal year in which a forfeiture was already
27 imposed under subsection (6).

1 (c) Hours or days lost because of strikes or teachers'
2 conferences shall not be counted as hours or days of pupil
3 instruction.

4 (d) If a collective bargaining agreement that provides a
5 complete school calendar is in effect for employees of a district
6 as of October 19, 2009, and if that school calendar is not in
7 compliance with this subsection, then this subsection does not
8 apply to that district until after the expiration of that
9 collective bargaining agreement.

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

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

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

1 (ii) For each enrolled pupil, the district uses appropriate
2 academic assessments to develop an individual education plan that
3 leads to a high school diploma.

4 (iii) The district tests each pupil to determine academic
5 progress at regular intervals and records the results of those
6 tests in that pupil's individual education plan.

7 (g) The superintendent shall promulgate rules for the
8 implementation of this subsection.

9 (4) Except as otherwise provided in this subsection, the first
10 6 days or the equivalent number of hours for which pupil
11 instruction is not provided because of conditions not within the
12 control of school authorities, such as severe storms, fires,
13 epidemics, utility power unavailability, water or sewer failure, or
14 health conditions as defined by the city, county, or state health
15 authorities, shall be counted as hours and days of pupil
16 instruction. With the approval of the superintendent of public
17 instruction, the department shall count as hours and days of pupil
18 instruction for a fiscal year not more than 6 additional days or
19 the equivalent number of additional hours for which pupil
20 instruction is not provided in a district after April 1 of the
21 applicable school year due to unusual and extenuating occurrences
22 resulting from conditions not within the control of school
23 authorities such as those conditions described in this subsection.
24 Subsequent such hours or days shall not be counted as hours or days
25 of pupil instruction.

26 (5) A district shall not forfeit part of its state aid
27 appropriation because it adopts or has in existence an alternative

1 scheduling program for pupils in kindergarten if the program
2 provides at least the number of hours required under subsection (3)
3 for a full-time equated membership for a pupil in kindergarten as
4 provided under section 6(4).

5 ~~(6) Not later than April 15 of each fiscal year, the board of~~
6 ~~each district shall certify to the department the planned number of~~
7 ~~hours and days of pupil instruction in the district for the school~~
8 ~~year ending in the fiscal year.~~ In addition to any other penalty or
9 forfeiture under this section, if at any time the department
10 determines that 1 or more of the following has occurred in a
11 district, the district shall forfeit in the current fiscal year
12 beginning in the next payment to be calculated by the department a
13 proportion of the funds due to the district under this ~~act~~ **ARTICLE**
14 that is equal to the proportion below the required minimum number
15 of hours and days of pupil instruction under subsection (3), as
16 specified in the following:

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

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

25 (7) In providing the minimum number of hours and days of pupil
26 instruction required under subsection (3), a district shall use the
27 following guidelines, and a district shall maintain records to

1 substantiate its compliance with the following guidelines:

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

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

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

21 (d) If a pupil in grades 9 to 12 who is enrolled in a
22 cooperative education program or a special education pupil cannot
23 receive the required minimum number of hours of pupil instruction
24 solely because of travel time between instructional sites during
25 the school day, that travel time, up to a maximum of 3 hours per
26 school week, shall be considered to be pupil instruction time for
27 the purpose of determining whether the pupil is receiving the

1 required minimum number of hours of pupil instruction. However, if
2 a district demonstrates to the satisfaction of the department that
3 the travel time limitation under this subdivision would create
4 undue costs or hardship to the district, the department may
5 consider more travel time to be pupil instruction time for this
6 purpose.

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

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

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

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

25 (9) Upon application by the district for a particular fiscal
26 year, the superintendent may waive for a district the minimum
27 number of hours and days of pupil instruction requirement of

1 subsection (3) for a department-approved alternative education
2 program or another innovative program approved by the department,
3 including a 4-day school week. If a district applies for and
4 receives a waiver under this subsection and complies with the terms
5 of the waiver, for the fiscal year covered by the waiver the
6 district is not subject to forfeiture under this section for the
7 specific program covered by the waiver. If the district does not
8 comply with the terms of the waiver, the amount of the forfeiture
9 shall be calculated based upon a comparison of the number of hours
10 and days of pupil instruction actually provided to the minimum
11 number of hours and days of pupil instruction required under
12 subsection (3). Pupils enrolled in a department-approved
13 alternative education program under this subsection shall be
14 reported to the center in a form and manner determined by the
15 center.

16 (10) A district may count up to 38 hours of qualifying
17 professional development for teachers as hours of pupil
18 instruction. Professional development provided online is allowable
19 and encouraged, as long as the instruction has been approved by the
20 district. The department shall issue a list of approved online
21 professional development providers, which shall include the
22 Michigan virtual university. ~~However, if a collective bargaining~~
23 ~~agreement that provides more than 38 but not more than 51 hours of~~
24 ~~professional development for teachers is in effect for employees of~~
25 ~~a district as of October 1, 2006, then until the fiscal year that~~
26 ~~begins after the expiration of that collective bargaining agreement~~
27 ~~a district may count up to 51 hours of qualifying professional~~

~~development for teachers as hours of pupil instruction. A district that elects to use this exception shall notify the department of its election.~~ **SCHOOL.** As used in this subsection, "qualifying professional development" means professional development that is focused on 1 or more of the following:

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

(b) Achieving accreditation or improving a school's accreditation status under section 1280 of the revised school code, MCL 380.1280.

(c) Achieving highly qualified teacher status as defined under the no child left behind act of 2001, Public Law 107-110.

(d) Integrating technology into classroom instruction.

(e) Maintaining teacher certification.

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

~~(12) The department shall study the actual costs of providing distance learning or other alternative instructional delivery that is being used in this state and shall report on its findings to the house and senate fiscal agencies and the office of the state budget not later than September 10, 2012. Upon request by the department, a school of excellence described in subsection (11), the Michigan virtual university, or a school that receives a seat time waiver from the department under this section shall submit to the department any data requested by the department for the purposes of~~

1 ~~this study.~~

2 SEC. 101A. FOR 2012-2013, IF A DISTRICT WANTS TO ENROLL AN
3 INDIVIDUAL AFTER THE INDIVIDUAL HAS DROPPED OUT OF ANOTHER DISTRICT
4 AND THE INDIVIDUAL'S MOST RECENT EDUCATING DISTRICT HAS FAILED TO
5 IMMEDIATELY UPDATE THE INDIVIDUAL'S STATUS IN THE MICHIGAN STUDENT
6 DATA SYSTEM (MSDS) OPERATED BY THE CENTER, THE DISTRICT MAY SUBMIT
7 EVIDENCE TO THE DEPARTMENT INDICATING THAT THE INDIVIDUAL IS A
8 DROPOUT. THE DEPARTMENT SHALL REVIEW EVIDENCE SUBMITTED BY A
9 DISTRICT UNDER THIS SECTION TO DETERMINE IF THE INDIVIDUAL IS A
10 DROPOUT FROM ANOTHER DISTRICT. IF THE DEPARTMENT DETERMINES THAT
11 THE INDIVIDUAL IS A DROPOUT, THE DEPARTMENT SHALL ALLOW THE
12 INDIVIDUAL TO BE ENROLLED IN THE NEW DISTRICT AS A PUPIL WHO HAS
13 DROPPED OUT OF ANOTHER DISTRICT.

14 Sec. 102. (1) A district or intermediate district receiving
15 money under this act shall not adopt or operate under a deficit
16 budget, and a district or intermediate district shall not incur an
17 operating deficit in a fund during a school fiscal year. A district
18 or intermediate district that has an existing deficit fund balance,
19 that incurs a deficit fund balance in the most recently completed
20 school fiscal year, or that adopts a current year budget that
21 projects a deficit fund balance shall not be allotted or paid a
22 further sum under this act until the district or intermediate
23 district submits to the department for approval a budget for the
24 current school fiscal year and a plan to eliminate the district's
25 or intermediate district's deficit not later than the end of the
26 second school fiscal year after the deficit was incurred or the
27 budget projecting a deficit was adopted. Withheld state aid

1 payments shall be released after the department approves the
2 deficit reduction plan and ensures that the budget for the current
3 school fiscal year is balanced. **AFTER THE DEPARTMENT APPROVES A**
4 **DISTRICT'S OR INTERMEDIATE DISTRICT'S DEFICIT REDUCTION PLAN, THE**
5 **DISTRICT OR INTERMEDIATE DISTRICT SHALL POST THE DEFICIT**
6 **ELIMINATION PLAN ON THE DISTRICT'S OR INTERMEDIATE DISTRICT'S**
7 **WEBSITE.**

8 (2) Not later than March 1 of each year, the department shall
9 prepare a report of deficits incurred or projected by districts and
10 intermediate districts in the immediately preceding fiscal year and
11 the progress made in reducing those deficits and submit the report
12 to the standing committees of the legislature responsible for K-12
13 education legislation, the appropriations subcommittees of the
14 legislature responsible for K-12 education appropriations, the
15 house and senate fiscal agencies, the state treasurer, and the
16 state budget director. ~~The department shall also submit interim~~
17 ~~reports concerning district and intermediate district deficits as~~
18 ~~necessary.~~ **THE DEPARTMENT ALSO SHALL SUBMIT QUARTERLY INTERIM**
19 **REPORTS CONCERNING THE PROGRESS MADE BY DISTRICTS AND INTERMEDIATE**
20 **DISTRICTS IN REDUCING THOSE DEFICITS. ON A QUARTERLY BASIS, THE**
21 **SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL PUBLICLY PRESENT THOSE**
22 **REPORTS TO THE APPROPRIATIONS SUBCOMMITTEES OF THE LEGISLATURE**
23 **RESPONSIBLE FOR K-12 EDUCATION APPROPRIATIONS.**

24 (3) The amount of the permissible deficit for each school
25 fiscal year shall not exceed the amount of state aid reduced by an
26 executive order during that school fiscal year.

27 (4) A district or intermediate district that has an existing

1 deficit fund balance, that incurs a deficit fund balance in the
2 most recently completed school fiscal year, or that adopts a
3 current year budget that projects a deficit fund balance shall
4 submit to the department a monthly monitoring report on revenue and
5 expenditures in a form and manner prescribed by the department **AND**
6 **SHALL POST THESE REPORTS ON ITS WEBSITE.**

7 (5) If a district or intermediate district is not able to
8 comply with the provisions of this section, the district or
9 intermediate district shall submit to the department a plan to
10 eliminate its deficit. Upon approval of the plan submitted, the
11 superintendent of public instruction may continue allotment and
12 payment of funds under this act, extend the period of time in which
13 a district or intermediate district has to eliminate its deficit,
14 and set special conditions that the district or intermediate
15 district must meet during the period of the extension. **AFTER THE**
16 **DEPARTMENT APPROVES A DISTRICT'S OR INTERMEDIATE DISTRICT'S DEFICIT**
17 **REDUCTION PLAN UNDER THIS SUBSECTION, THE DISTRICT OR INTERMEDIATE**
18 **DISTRICT SHALL POST THE DEFICIT ELIMINATION PLAN ON THE DISTRICT'S**
19 **OR INTERMEDIATE DISTRICT'S WEBSITE.**

20 (6) For the purposes of this section, "deficit fund balance"
21 means that term as defined in the Michigan public school accounting
22 manual published by the department.

23 Sec. 104. (1) In order to receive state aid under this
24 article, a district shall comply with sections 1249, 1278a, 1278b,
25 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
26 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
27 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from

1 the state school aid fund money appropriated in section 11, there
2 is allocated for ~~2011-2012-2012-2013~~ an amount not to exceed
3 ~~\$35,194,400.00~~ **\$26,694,400.00** for payments on behalf of districts
4 for costs associated with complying with those provisions of law.
5 In addition, from the federal funds appropriated in section 11,
6 there is allocated for ~~2011-2012-2012-2013~~ an amount estimated at
7 \$8,250,000.00, funded from DED-OESE, title VI, state assessment
8 funds, **AND FROM** DED-OSERS, section 504 of part B of the individuals
9 with disabilities education act, Public Law 94-142, plus any
10 carryover federal funds from previous year appropriations, for the
11 purposes of complying with the federal no child left behind act of
12 2001, Public Law 107-110.

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

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

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

27 (5) As used in this section:

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

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

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

6 Sec. 107. (1) From the appropriation in section 11, there is
7 allocated an amount not to exceed \$22,000,000.00 for ~~2011-2012~~
8 **2012-2013** for adult education programs authorized under this
9 section. Funds allocated under this section are restricted for
10 adult education programs as authorized under this section only. A
11 recipient of funds under this section shall not use those funds for
12 any other purpose.

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

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

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

27 (i) Is less than 20 years of age on September 1 of the school

1 year and is enrolled in the Michigan career and technical
2 institute.

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

7 (iii) Is enrolled in an English as a second language program.

8 (iv) Is enrolled in a high school completion program.

9 (b) If the individual has not obtained a high school diploma
10 or G.E.D. certificate, the individual meets 1 of the following:

11 (i) Is at least 20 years of age on September 1 of the school
12 year.

13 (ii) Is at least 16 years of age on September 1 of the school
14 year, has been permanently expelled from school under section
15 1311(2) or 1311a of the revised school code, MCL 380.1311 and
16 380.1311a, and has no appropriate alternative education program
17 available through his or her district of residence.

18 (4) Except as otherwise provided in subsection (5), the money
19 allocated under this section shall be distributed as follows:

20 (a) For districts and consortia that received payments for
21 ~~2010-2011-2011-2012~~ under this section, the amount allocated to
22 each for ~~2011-2012-2012-2013~~ shall be based on the number of
23 participants served by the district or consortium for ~~2011-2012,~~
24 **2012-2013**, using the amount allocated per full-time equated
25 participant under subsection (7), up to a maximum total allocation
26 under this subsection in an amount equal to ~~100.9% of~~ the amount
27 the district or consortium received for ~~2010-2011-2011-2012~~ under

1 this section before any reallocations made for ~~2010-2011-2011-2012~~
2 under subsection (5).

3 (b) A district or consortium that received funding in ~~2010-~~
4 ~~2011-2011-2012~~ under this section may operate independently of a
5 consortium or join or form a consortium for ~~2011-2012.-2012-2013.~~
6 The allocation for ~~2011-2012-2012-2013~~ to the district or the newly
7 formed consortium under this subsection shall be determined by the
8 department and shall be based on the proportion of the amounts that
9 are attributable to the district or consortium that received
10 funding in ~~2010-2011.-2011-2012.~~ A district or consortium described
11 in this subdivision shall notify the department of its intention
12 with regard to ~~2011-2012-2012-2013~~ by October 1, ~~2011-2012.~~

13 ~~—— (c) If a district had a declaration of financial emergency in~~
14 ~~place under the local government fiscal responsibility act, 1990 PA~~
15 ~~72, MCL 141.1201 to 141.1291, and that declaration was revoked~~
16 ~~during 2005, the district may operate a program under this section~~
17 ~~independently of a consortium or may join or form a consortium to~~
18 ~~operate a program under this section. The allocation for 2011-2012~~
19 ~~to the district or the newly formed consortium under this~~
20 ~~subsection shall be determined by the department and shall be based~~
21 ~~on the proportion of the amounts that are attributable to the~~
22 ~~district or consortium that received funding in 2010-2011 or, for a~~
23 ~~district for which a declaration of financial emergency was revoked~~
24 ~~during 2005, based on the amount the district received under this~~
25 ~~section using a 3 year average of the 3 most recent fiscal years~~
26 ~~the district received funding under this section. A district or~~
27 ~~consortium described in this subdivision shall notify the~~

1 ~~department of its intention with regard to 2011-2012 by October 1,~~
2 ~~2011.~~

3 (5) A district that operated an adult education program in
4 ~~2010-2011-2011-2012~~ and does not intend to operate a program in
5 ~~2011-2012-2012-2013~~ shall notify the department by October 1, ~~2011~~
6 **2012** of its intention. The money intended to be allocated under
7 this section to a district that does not operate a program in ~~2011-~~
8 ~~2012-2012-2013~~ and the unspent money originally allocated under
9 this section to a district or consortium that subsequently operates
10 a program at less than the level of funding allocated under
11 subsection (4) and any other unallocated money under this section
12 shall instead be proportionately reallocated to the other districts
13 described in subsection (4)(a) that are operating an adult
14 education program in ~~2011-2012-2012-2013~~ under this section.

15 (6) The amount allocated under this section per full-time
16 equated participant is \$2,850.00 for a 450-hour program. The amount
17 shall be proportionately reduced for a program offering less than
18 450 hours of instruction.

19 (7) An adult basic education program or an adult English as a
20 second language program operated on a year-round or school year
21 basis may be funded under this section, subject to all of the
22 following:

23 (a) The program enrolls adults who are determined by a
24 department-approved assessment, in a form and manner prescribed by
25 the department, to be below ninth grade level in reading or
26 mathematics, or both, or to lack basic English proficiency.

27 (b) The program tests individuals for eligibility under

1 subdivision (a) before enrollment and upon completion of the
2 program in compliance with the state-approved assessment policy.

3 (c) A participant in an adult basic education program is
4 eligible for reimbursement until 1 of the following occurs:

5 (i) The participant's reading and mathematics proficiency are
6 assessed at or above the ninth grade level.

7 (ii) The participant fails to show progress on 2 successive
8 assessments after having completed at least 450 hours of
9 instruction.

10 (d) A funding recipient enrolling a participant in an English
11 as a second language program is eligible for funding according to
12 subsection (11) until the participant meets 1 of the following:

13 (i) The participant is assessed as having attained basic
14 English proficiency as determined by a department-approved
15 assessment.

16 (ii) The participant fails to show progress on 2 successive
17 department-approved assessments after having completed at least 450
18 hours of instruction. The department shall provide information to a
19 funding recipient regarding appropriate assessment instruments for
20 this program.

21 (8) A general educational development (G.E.D.) test
22 preparation program operated on a year-round or school year basis
23 may be funded under this section, subject to all of the following:

24 (a) The program enrolls adults who do not have a high school
25 diploma.

26 (b) The program shall administer a G.E.D. pre-test approved by
27 the department before enrolling an individual to determine the

1 individual's potential for success on the G.E.D. test, and shall
2 administer a post-test upon completion of the program in compliance
3 with the state-approved assessment policy.

4 (c) A funding recipient shall receive funding according to
5 subsection (11) for a participant, and a participant may be
6 enrolled in the program until 1 of the following occurs:

7 (i) The participant passes the G.E.D. test.

8 (ii) The participant fails to show progress on 2 successive
9 department-approved assessments used to determine readiness to take
10 the G.E.D. test after having completed at least 450 hours of
11 instruction.

12 (9) A high school completion program operated on a year-round
13 or school year basis may be funded under this section, subject to
14 all of the following:

15 (a) The program enrolls adults who do not have a high school
16 diploma.

17 (b) The program tests participants described in subdivision
18 (a) before enrollment and upon completion of the program in
19 compliance with the state-approved assessment policy.

20 (c) A funding recipient shall receive funding according to
21 subsection (11) for a participant in a course offered under this
22 subsection until 1 of the following occurs:

23 (i) The participant passes the course and earns a high school
24 diploma.

25 (ii) The participant fails to earn credit in 2 successive
26 semesters or terms in which the participant is enrolled after
27 having completed at least 900 hours of instruction.

1 (10) A job or employment-related adult education program
2 operated on a year-round or school year basis may be funded under
3 this section, subject to all of the following:

4 (a) The program enrolls adults referred by their employer who
5 are less than 20 years of age, have a high school diploma, are
6 determined to be in need of remedial mathematics or communication
7 arts skills and are not attending an institution of higher
8 education.

9 **(B) THE PROGRAM TESTS PARTICIPANTS DESCRIBED IN SUBDIVISION**
10 **(A) BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN**
11 **COMPLIANCE WITH THE DEPARTMENT-APPROVED ASSESSMENT POLICY.**

12 (C) ~~(b)~~—An individual may be enrolled in this program and the
13 grant recipient shall receive funding according to subsection (11)
14 until 1 of the following occurs:

15 (i) The individual achieves the requisite skills as determined
16 by department-approved assessment instruments. ~~administered at~~
17 ~~least after every 90 hours of attendance.~~

18 (ii) The individual fails to show progress on 2 successive
19 assessments after having completed at least 450 hours of
20 instruction. ~~The department shall provide information to a funding~~
21 ~~recipient regarding appropriate assessment instruments for this~~
22 ~~program.~~

23 (11) A funding recipient shall receive payments under this
24 section in accordance with the following:

25 (a) Ninety percent for enrollment of eligible participants.

26 (b) Ten percent for completion of the adult basic education
27 objectives by achieving an increase of at least 1 grade level of

1 proficiency in reading or mathematics; for achieving basic English
2 proficiency, as defined by the department in the adult education
3 guidebook; for obtaining a G.E.D. or passage of 1 or more
4 individual G.E.D. tests; for attainment of a high school diploma or
5 passage of a course required for a participant to attain a high
6 school diploma; or for completion of the course and demonstrated
7 proficiency in the academic skills to be learned in the course, as
8 applicable.

9 (12) As used in this section, "participant" means the sum of
10 the number of full-time equated individuals enrolled in and
11 attending a department-approved adult education program under this
12 section, using quarterly participant count days on the schedule
13 described in section 6(7)(b).

14 (13) A person who is not eligible to be a participant funded
15 under this section may receive adult education services upon the
16 payment of tuition. In addition, a person who is not eligible to be
17 served in a program under this section due to the program
18 limitations specified in subsection (7), (8), (9), or (10) may
19 continue to receive adult education services in that program upon
20 the payment of tuition. The tuition level shall be determined by
21 the local or intermediate district conducting the program.

22 (14) An individual who is an inmate in a state correctional
23 facility shall not be counted as a participant under this section.

24 (15) A district shall not commingle money received under this
25 section or from another source for adult education purposes with
26 any other funds of the district. A district receiving adult
27 education funds shall establish a separate ledger account for those

1 funds. This subsection does not prohibit a district from using
2 general funds of the district to support an adult education or
3 community education program.

4 (16) A district or intermediate district receiving funds under
5 this section may establish a sliding scale of tuition rates based
6 upon a participant's family income. A district or intermediate
7 district may charge a participant tuition to receive adult
8 education services under this section from that sliding scale of
9 tuition rates on a uniform basis. The amount of tuition charged per
10 participant shall not exceed the actual operating cost per
11 participant minus any funds received under this section per
12 participant. A district or intermediate district may not charge a
13 participant tuition under this section if the participant's income
14 is at or below 200% of the federal poverty guidelines published by
15 the United States department of health and human services.

16 (17) In order to receive funds under this section, a district
17 shall furnish to the department, in a form and manner determined by
18 the department, all information needed to administer this program
19 and meet federal reporting requirements; shall allow the department
20 or the department's designee to review all records related to the
21 program for which it receives funds; and shall reimburse the state
22 for all disallowances found in the review, as determined by the
23 department.

24 (18) All intermediate district participant audits of adult
25 education programs shall be performed pursuant to the adult
26 education participant auditing and accounting manuals published by
27 the department.

(19) As used in this section, "department" means the ~~workforce~~
~~development agency~~. **MICHIGAN STRATEGIC FUND.**

Sec. 147. The allocation for ~~2010-2011~~ **2012-2013** for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of technology, management, and budget. For public school employees who first worked for a public school reporting unit before July 1, 2010, the annual level percentage of payroll contribution rate is estimated at ~~15.96%~~ **18.62%** for pension and at ~~8.50%~~ **8.75%** for retiree health care for the ~~2011-2012~~ **2012-2013** fiscal year, **UNLESS A DIFFERENT CONTRIBUTION RATE IS CALCULATED AND APPLIED BY THE OFFICE OF RETIREMENT SERVICES PURSUANT TO PROVISIONS ENACTED UNDER SENATE BILL NO. 1040 OF THE 96TH LEGISLATURE.** For public school employees who first worked for a public school reporting unit on or after July 1, 2010, the annual level percentage of payroll contribution rate is estimated at ~~14.73%~~ **17.39%** for pension and ~~8.50%~~ **8.75%** for retiree health care for the ~~2011-2012~~ **2012-2013** fiscal year, **UNLESS A DIFFERENT CONTRIBUTION RATE IS CALCULATED AND APPLIED BY THE OFFICE OF RETIREMENT SERVICES PURSUANT TO PROVISIONS ENACTED UNDER SENATE BILL NO. 1040 OF THE 96TH LEGISLATURE.** For public school employees who first worked for a public school reporting unit before July 1, 2010, the annual level percentage of payroll contribution rate is estimated at ~~18.62%~~ **22.46%** for pension and **8.75%** for retiree health care for the ~~2012-2013~~ **2013-2014** fiscal

1 year, **UNLESS A DIFFERENT CONTRIBUTION RATE IS CALCULATED AND**
 2 **APPLIED BY THE OFFICE OF RETIREMENT SERVICES PURSUANT TO PROVISIONS**
 3 **ENACTED UNDER SENATE BILL NO. 1040 OF THE 96TH LEGISLATURE.** For
 4 public school employees who first worked for a public school
 5 reporting unit on or after July 1, 2010, the annual level
 6 percentage of payroll contribution rate is estimated at ~~17.39%~~
 7 **21.19%** for pension and 8.75% for retiree health care for the ~~2012-~~
 8 ~~2013-~~**2013-2014** fiscal year, **UNLESS A DIFFERENT CONTRIBUTION RATE IS**
 9 **CALCULATED AND APPLIED BY THE OFFICE OF RETIREMENT SERVICES**
 10 **PURSUANT TO PROVISIONS ENACTED UNDER SENATE BILL NO. 1040 OF THE**
 11 **96TH LEGISLATURE.** The portion of the contribution rate assigned to
 12 districts and intermediate districts for each fiscal year is all of
 13 the total percentage points. This contribution rate reflects an
 14 amortization period of 26 years for ~~2011-2012-~~**2012-2013.** The
 15 public school employees' retirement system board shall notify each
 16 district and intermediate district by February 28 of each fiscal
 17 year of the estimated contribution rate for the next fiscal year.

18 Sec. 147a. From the appropriation in section 11, there is
 19 allocated for ~~2011-2012 only~~**2012-2013** an amount not to exceed
 20 \$155,000,000.00 for ~~1-time~~ payments to participating districts. ~~The~~
 21 ~~money allocated in this section represents a portion of the year-~~
 22 ~~end state school aid fund balance for 2010-2011.~~ A district that
 23 receives money under this section shall use that money solely for
 24 the purpose of offsetting a portion of the retirement contributions
 25 owed by the district for the fiscal year ending September 30, ~~2012~~
 26 **2013.** The amount allocated to each participating district under
 27 this section shall be based on each participating district's

percentage of the total statewide payroll for all participating districts for the ~~state~~ **IMMEDIATELY PRECEDING** fiscal year. ~~ending September 30, 2011.~~ As used in this section, "participating district" means a district that is a reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, and that reports employees to the Michigan public school employees' retirement system for ~~September 2011.~~ **THE APPLICABLE FISCAL YEAR.**

Sec. 147b. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$133,000,000.00 for 2011-2012 ~~only~~ **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. ~~for 2010-2011.~~ Money allocated under this section shall be deposited in the MPERS retirement obligation reform reserve fund.

(2) The MPERS retirement obligation reform reserve fund is created as a separate account within the state school aid fund. The state treasurer may receive money or other assets from any source for deposit into the MPERS retirement obligation reform reserve fund. The state treasurer shall direct the investment of the MPERS retirement obligation reform reserve fund. The state treasurer shall credit to the MPERS retirement obligation reform reserve fund interest and earnings from the MPERS retirement obligation reform reserve fund. Money in the MPERS retirement obligation reform reserve fund at the close of the fiscal year shall remain in the MPERS retirement obligation reform reserve fund and shall not

1 lapse to the state school aid fund or to the general fund. The
 2 department of treasury shall be the administrator of the MPSERS
 3 retirement obligation reform reserve fund for auditing purposes.

4 (3) It is the intent of the legislature that the speaker of
 5 the house of representatives or the senate majority leader, or
 6 both, shall convene a workgroup to examine retirement obligations
 7 and potential reforms to the Michigan public school employees'
 8 retirement system established under the public school employees
 9 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. The
 10 chair of the senate appropriations committee and chair of the house
 11 appropriations committee, or his or her designee, each shall be a
 12 member of the workgroup, and the workgroup shall report to the
 13 speaker of the house of representatives or the senate majority
 14 leader, as applicable, by February 1, 2012, on reforms identified,
 15 timelines for implementing reforms, and estimated costs and savings
 16 of the identified reforms.

17 **SEC. 147C. FROM THE APPROPRIATION IN SECTION 11, THERE IS**
 18 **ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$130,000,000.00 TO**
 19 **THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM PURSUANT TO**
 20 **SECTION 41 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT ACT OF 1979,**
 21 **1980 PA 300, MCL 38.1341.**

22 Sec. 152a. (1) As required by the court in the consolidated
 23 cases known as Adair v State of Michigan, Michigan supreme court
 24 docket nos. 137424 and 137453, from the state school aid fund money
 25 appropriated in section 11 there is allocated for ~~2011-2012-2012-~~
 26 ~~2013~~ an amount not to exceed ~~\$34,064,500.00~~ **\$38,000,500.00** to be
 27 used solely for the purpose of paying necessary costs related to

1 the state-mandated collection, maintenance, and reporting of data
2 to this state.

3 (2) From the allocation in subsection (1), the department
4 shall make payments to districts and intermediate districts in an
5 equal amount per pupil based on the total number of pupils in
6 membership in each district and intermediate district. The
7 department shall not make any adjustment to these payments after
8 the final installment payment under section 17b is made.

9 Enacting section 1. (1) In accordance with section 30 of
10 article I of the state constitution of 1963, under article I of the
11 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896,
12 as amended by this amendatory act and by 2012 PA 29, 2011 PA 62,
13 and 2011 PA 299, total state spending on school aid from state
14 sources for fiscal year 2011-2012 is estimated at
15 \$11,088,852,800.00 and state appropriations for school aid to be
16 paid to local units of government for fiscal year 2011-2012 are
17 estimated at \$10,839,921,300.00.

18 (2) In accordance with section 30 of article I of the state
19 constitution of 1963, under article I of the state school aid act
20 of 1979, 1979 PA 94, MCL 388.1601 to 388.1896, as amended by this
21 amendatory act, total state spending on school aid from state
22 sources for fiscal year 2012-2013 is estimated at
23 \$11,243,487,100.00 and state appropriations for school aid to be
24 paid to local units of government for fiscal year 2012-2013 are
25 estimated at \$10,934,991,200.00.

26 Enacting section 2. Sections 22e, 23, 25a, 25b, 25c, 32b, 32j,
27 and 40 of the state school aid act of 1979, 1979 PA 94, MCL

1 388.1622e, 388.1623, 388.1625a, 388.1625b, 388.1625c, 388.1632b,
2 388.1632j, and 388.1640, are repealed effective October 1, 2012.

3 Enacting section 3. (1) Except as otherwise provided in
4 subsection (2), this amendatory act takes effect October 1, 2012.

5 (2) Sections 11, 11m, 18, 22a, 26a, 26b, 51a, and 51c of the
6 state school aid act of 1979, 1979 PA 94, MCL 388.1611, 388.1611m,
7 388.1618, 388.1622a, 388.1626a, 388.1626b, 388.1651a, and
8 388.1651c, as amended by this amendatory act, and section 26c as
9 added by this amendatory act, take effect upon enactment of this
10 amendatory act.